AVINOR

AIR NAVIGATION SERVICES

Annual report 2023

Contents

KEY FIGURES 2023 (2022 in parentheses)

- Domestic (air transport movements): 279,074 (290,413) **-4%**
- International (air transport movements): 192,288 (172,100) **+12%**
- Overflights: 74,939 (63,761) **+18%**
- Increase in Norway (air transport movements) **+4%**
- Operating income: NOK 2,214 million (2,122) **+4%**
- Operating expenses: NOK 2,153 million (1,953) **+10%**
- Profit after tax: NOK 52 million (63) **-17%**
- Number of FTEs: 768 (928) **-17%**
- Proportion of women in senior positions (Levels 2 and 3) *:
  21% **+1%**
- Total proportion of women: 26% (25%) **+1%**

ABOUT AVINOR AIR NAVIGATION SERVICES

Avinor Air Navigation Services (Avinor ANS) is a wholly owned subsidiary of Avinor AS and is subject to the Norwegian Ministry of Transport. The company's headquarters are based in Oslo, but it has a presence in units across much of Norway. The company has about 770 employees.

Avinor Air Navigation Services provide tower services at airports, air traffic control services and AFIS services for traffic within Norwegian airspace. The company has divided its activities into the following main areas:

- En-route navigation services
- Tower services
- AFIS service

Avinor Air Navigation Services aims to be a leading supplier of air navigation services through safe, stable and efficient operations. The company aims to contribute to increased value creation for customers and society, as well as contribute to sustainable aviation.

Designated contractor

The provision of air navigation services is a part of Avinor Air Navigation Services' corporate social responsibility, and it has also been given responsibility by the public sector (the Norwegian Ministry of Transport) to deliver air navigation services in Norway – both civil and military.

The service and how the owner/ministry is of the opinion that it should be delivered are regulated in the "appointment decision". The appointment decision is a type of license with conditions for the delivery of the service.

Avinor Air Navigation Services has been awarded a number of appointment decisions, both for tower and en-route navigation services, as well as AFIS and Remote Towers. For tower, Remote and AFIS services, the appointment decision is made on a "rolling" basis without any specific notice period.

Existing appointment decisions for en-route navigation services are, however, time-limited and apply for the period 2014-2024. Further clarification is needed from the ministry on the conditions for a new appointment decision in 2024. Avinor Air Navigation Services will enter into dialogue with the ministry about the content and conditions of the appointment decision to ensure predictability and sustainable conditions for its future ATM investments.

IMPORTANT EVENTS 2023

New technology in en-route navigation services

New technology in the en-route services (FAS) through partnerships with air navigation and system suppliers in other countries is under development and introduction. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. The Group Board made the investment decision in 2022 to implement this system development project for the next generation of air traffic control. The technology investment is with Avinor AS, while the investments in building infrastructure as well as training costs are with Avinor Air Navigation Services. As at 31 December 2023, in excess of NOK 150 million was incurred for the investments and costs in Avinor Air Navigation services, and as of 2024, further investments and costs in the order of NOK 300 million will be incurred.

During 2023, the FAS program has assessed that there is a need to re-plan and revise the deadline for completion of the project. The main reason is that the existing platform, NATCON, is adapted to the en-route, approach and tower services, and there is considerable complexity associated with replacing existing systems with a new digital platform through FAS. Re-planning and postponement of the FAS programme will mean that Norway will not be able to implement key European regulatory requirements within the set deadline.It is a challenge that deadlines result in violations of European regulatory requirements, but do not pose any risk to the service. The Board of Directors of Avinor Air Navigation Services has assessed that progress in the FAS program must be made in light of the staffing priorities and operational risk.

Sustainability and environment

Climate challenges are high on the EU's agenda and it has clear emissions requirements for the aviation sector. The Commission wants to introduce legally binding environmental requirements for European aviation by 2050 through the regulatory changes in SES2+. For Avinor Air Navigation Services, this means that the company must ensure compliance with the expected European environmental requirements while also ensuring the competitiveness of the industry.

In addition, Avinor's corporate social responsibility involves facilitating further development and forecast growth in air traffic. This must not conflict with national climate targets and international climate commitments. Avinor Air Navigation Services has an important role in achieving these goals in collaboration with other stakeholders within aviation. Avinor Air Navigation Services is implementing several projects, both by itself and in partnership with other players, that are intended to optimise Norwegian airspace in relation to greater safety, secure future capacity, standardise and streamline service provision and reduce negative environmental impact.

Making airspace efficiency improvements is one of the EU's top priorities for European aviation and is high on Avinor's strategic agenda. Avinor can make a difference by prioritising measures and by coordinating and collaborating with a great potential for reducing fuel consumption and greenhouse gas emissions. Avinor, the airlines and the Norwegian Civil Aviation Authority are continuously working on measures in the airspace that reduce aircraft fuel consumption and greenhouse gas emissions.

In 2023, approaches and takeoffs have been optimised and facilitated for continuous ascents and descents. In 2023, Oslo Airport Gardermoen, OSL also received the best result in a continuous descent survey (CDO- Continuous Descend Operations), based on data from Eurocontrol. For many years, Norway's main airport has been among the best in efficient air traffic management.

Electronic aids for air traffic management and information sharing (Collaborative Decision Management, CDM) are important tools undergoing constant development.

The transition from ground-based navigation to the use of satellites (Performance Based Navigation – PBN) gives shorter and more direct route guides as well as more energy-efficient approaches and takeoffs. In 2022, Avinor decided that all of its airports should implement curved approaches (RNP-AR), initially at airports with long runways over the period up to 2028. The project has been extended in 2023 and will lead to a significant reduction in fuel consumption and greenhouse gas emissions.

Curved approaches have been in use at OSL for a number of years. In 2023, the share was between 7-16% a month, which is an average of 12.9%, somewhat below the 2023 target of 15%, but an increase from 2022. In Q1 2024, a support tool for the air traffic control services will be implemented that will increase the potential for carrying out curved approaches. The target for OSL in 2025 has been adjusted up to 25%.

At higher altitudes the Free Route Airspace (FRA) has been introduced in Norway, Sweden, Denmark, Finland, Latvia and Estonia and partly in the UK, with further expansions towards 2026. This is an approach to organising airspace that means airlines no longer follow predefined routes, but can choose the most optimal route and thus reduce fuel consumption and greenhouse gas emissions.

Avinor also works with airspace efficiency internationally, including in cooperation with Eurocontrol, through the Borealis business alliance, and the CANSO (Civil Air Navigation Service Organisation) and Airport Council International (ACI) special interest organisations. Avinor is also participating in the industrial research project SESAR 3 – CONCERTO Sol 2 (2023-2026). The project is focused on reducing climate impact from emissions at high altitudes. The goal is to design, test and validate tools to detect and avoid areas in the airspace where an increased potential to produce condensation trails during fly-through has been identified.

Consultations with airspace users and other customers

Avinor Air Navigation Services contributes to consultations with airspace users through multilateral consultations under the auspices of Eurocontrol and the Enlarged Committee for Route Charges. In 2023, meetings took place in June and November. Airspace users participate through their interest organisations.

For offshore fees, Avinor Air Navigation Services participates as a part of the Avinor Group in consultation with the offshore companies and other interest organisations.

Ongoing consultations are also carried out with both intra-Group and external airport customers.

Investment in drones

In 2021, a Group Drone Programme was established within Avinor, in which Avinor Air Navigation Services is taking part. The aim of the programme is to be a leading player in the development and management of drone activity in Norway, to ensure safety in the airspace, to look at the use of drones in the company's own operations, and to explore commercial opportunities.

In 2023, there has been much focus on the detection of unauthorised drones, and Avinor has such systems at a number of airports. Avinor Air Navigation Services has implemented the Ninox Drone system at 17 airports in Norway that have control towers. The system will make it easier for drone users to apply for approval to fly in controlled airspace around airports, as well as make it easier for air traffic controllers in control towers to handle requests for drone flights. The system has been made available to Android and Apple users, who can download the Ninox Drone app for mobile phones and tablets.

During 2024, a new future–oriented system will be acquired that will eventually enable automatic and autonomous flights across the country.

ECONOMY AND FINANCE

Financial results

In 2023, Avinor Air Navigation Services' operating income of NOK 2,214 million, compared to NOK 2,122 million in 2022, and the profit after tax was NOK 52 million, compared to NOK 63 million in 2022.

The combined operating expenses before depreciation in 2023 totalled NOK 2,153 million, compared to NOK 1,953 million in 2022.

During the period, the company had an operating profit of NOK 17 million. Total depreciation, amortisation, and write-downs for 2023 amounted to NOK 43 million, compared to NOK 127 million for 2022. The operating margin was 1%. Net finance costs amounted to NOK 49 million. The company's income tax expense for 2023 amounted to NOK 15 million.

Capitalised project costs as at 31 December 2023 amounted to NOK 95 million and are classified as facilities under construction on the balance sheet.

Negative estimate deviations for pensions in 2023 of NOK 153 million before tax are due to changes in economic assumptions. A more detailed description of pensions can be found in note 18 to the accounts.

The company's impairment loss tests have shown that there is no basis for impairment losses of the company's assets, see more in Note 9 to the accounts.

Cash flow and capital structure

The company had a net cash flow from operating activities of NOK 32 million. Significant accounting items with no cash flow effect are depreciation charges of NOK 43 million, of which NOK 20 million is depreciation of right-of-use assets according to accounting standards for lease agreements (IFRS 16) and the difference between expensed pensions and actual payments. The cash flow effect from lease costs are NOK 23 million. NOK 5 million of finance costs have no cash flow effects.

The company's total equity as at 31 December 2023 amounted to NOK 3,676 million, compared with NOK 3,795 million as at 31 December 2022. The equity ratio as at 31 December 2023 is 12.4%, compared to 13.7% as at 31 December 2022. Effects of changes in economic assumptions used in the calculation of pension obligations are recognised above comprehensive income (OCI).

As at 31 December 2023, Avinor Air Navigation Services had no interest-bearing debt with a cash flow effect, and the liquidity reserve amounted to NOK 1,934 million in receivables as a part of the Avinor Group cash pooling account service.

Appropriation of profit

The Board of Directors proposes that profits of NOK 52 million are transferred to other equity. For other equity movements, please refer to Note 17 Equity.

Based on management-approved forecasts and adequate equity and liquidity, the 2023 annual accounts have been prepared under the assumption of going concern (cf. section 3-3 of the Norwegian Accounting Act). The Board of Directors confirms that the assumption of going concern is in place.

Equity in Avinor Air Navigation Services is extremely volatile to changes in pension obligations. The Board of Directors is monitoring developments and has implemented appropriate measures. As at 31 December 2023, the company had satisfactory liquidity and adequate equity.

RISK ASSESSMENTS

Avinor ANS's primary goal is safe and stable operations. Procedures and measures have been established to minimise the risk of accidents and serious incidents. In addition to operational risk, the company is exposed to financial risk, including risks related to the implementation of complex, major technology projects, security risks, risks related to fee developments, future framework conditions and market-related consequences resulting from the pandemic and war in Ukraine.

The general security situation in the company is satisfactory. Focus areas are coordination of safety/reporting culture in the new organisation, which includes the AFIS service, and ensuring that the organisation is adequately prepared for regular traffic.

Due to increased digitalisation, the company will be required to manage risks of increased vulnerability, particularly in the area of cyber security, for example cyber attacks that knock out vital infrastructure, including jamming and spoofing, etc. This has become particularly relevant due to a permanently worsened and unpredictable security situation in Europe through Russia's warfare in Ukraine, as well as Sweden and Finland's entry into the NATO alliance. Norway's increased prioritisation of the defence sector and increased national security interests will be one of the major driving forces going forward. Close co-operation been safety and security competencies in the company must be facilitated alongside good coordination with the Norwegian Armed Forces.

The company's revenues are exposed to changes in air traffic and the loss of existing customers. The worsened security situation in Europe has led to uncertainty related to future market and income potential. Avinor ANS has assumed a traffic forecast for 2023-2024 that returns to 2019 levels.

Unclarified future financial framework conditions and developments in fees for the company's main source of income, en-route navigation services, are an important strategic risk that is taken seriously.The reference period RP3 (2020-2024) and RP4 (2025-2029) set requirements for deliverables and revenues (fees) in a five-year period through performance plans. The difficulty for the company is to accurately estimate the significance that major investments the company makes will have on the level of fees in the reference period. There is a risk here that Avinor Air Navigation Services will have to make investments that are not financed through the prices/fees that predetermined by the EU during the reference period (RP4).

Another current strategic risk is the company's failure to fulfil regulatory requirements due to delays in complex technology projects such as the future ATM system, FAS. During the year, the Board has considered whether there is a need to make financial risk provisions due to potential EU sanctions

(*Infringement Procedures*) for failure to meet the European regulatory requirements, but has concluded that it is not considered necessary at this time. See note 21 Events after the reporting period.

Avinor Air Navigation Services has financial risk related to currency fluctuations due to both revenues and costs in foreign currencies. This applies to the greatest extent to revenues from en-route navigation services which amounts to more than 50% of the company's revenue, which is invoiced in Euros. Financial hedging instruments (foreign exchange derivatives) are used to curtail risk. See Note 3 of the annual accounts.

The company still has a capitalised pension obligation related to the defined-benefit pension scheme in the Norwegian Public Service Pension Fund, which is sensitive to changes in economic assumptions. For the effects of the changes, see Note 18.

Avinor Air Navigation Services is covered by the Avinor Group's Directors' liability insurance that indemnifies the Board of Directors and leading employees against any claims for compensation that they may be subject to as a result of negligence. This Directors' liability insurance also covers legal costs in the event of compensation claims against the Board, and is an essential component of the insurance coverage. The insured amount is based on a general assessment of the risk entailed.

CORPORATE GOVERNANCE AND COMPANY MANAGEMENT

The Avinor Group Board of Directors has prepared a separate statement on corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (NUES).

The Board of Directors of Avinor Air Navigation Services consists of owner-elected and employee-elected members. The CEO of Avinor AS is the Chairman of the Board. The Board of Directors' work is carried out in accordance with the Norwegian Limited Liability Companies Act, the Representation Regulation and the principles for sound corporate governance, including impartiality considerations and an appropriate power structure.

TRAFFIC DEVELOPMENT

The number of commercial aircraft movements increased in 2023 by 4% compared to 2022. International traffic has continued to increase and went up by 12% compared to 2022, but remains 18% lower than in 2019 and is the main explanation that overall traffic is still almost 8% lower than in 2019. Overflights increased by 18%, while domestic traffic has shown a 4% decline compared to 2022.

Offshore helicopter movements saw a negative development in 2023, and decreased by 6% compared to 2022.

Revenues from en-route fees are based on the number of service units and fixed en-route fees. Service units are calculated as a product of the factors distance and weight. The number of service units increased by 12% in 2023 compared to 2022, and is now 4% below the 2019 level.

The number of intercontinental air transport movements, which are most relevant to overflights over Norway, increased by around 26% from 2022 to 2023 – this is calculated as the total of relevant traffic between Europe and North America, and between Europe and Asia. In comparison, the number of overflights at Avinor grew by 24%, so the growth at Avinor was marginally lower than the overall market growth. This may indicate that consequences/geography with regard to Russia no longer affects growth rates, as the pattern of movement has now settled after the adjustments that came as a result of the outbreak of the Ukraine war in 2022.

ACHIEVEMENT OF THE PERFORMANCE TARGETS

As a supplier of air navigation services, Avinor Air Navigation Services is obliged to follow SES (Single European Sky) regulations, which are set by the European Commission. The regulations are incorporated into Norwegian law through performance and fee regimes. These set out the following four target areas: *safety, environment, capacity and cost-effectiveness*. The performance targets for Avinor Air Navigation Services are set in the applicable performance plan for Reference Period 3 (RP3) and are in accordance with the pan-European targets.

Safety

The safety performance target is a “level of effectiveness of safety management” within the areas ‘safety policy and objectives’, ‘safety risk management’, ‘safety assurance’, ‘safety promotion’ and ‘safety culture’. The national objectives of the performance plan for the above areas shall at a minimum be at level C, which means ‘Implementing’ – defined and standard processes are used for managing. Avinor Air Navigation Services satisfies this and is at a higher level than the requirement for several of the areas when reporting for 2023.

Safety Risk Management - Implementation of risk analyses and audits is done in accordance with requirements and processes as described and documented in Avinor Air Navigation Services’ governance system.
Safety Assurance – Avinor Air Navigation Services has established and well-functioning processes to follow the degree of reporting, receipt of aviation incident reports, investigation and follow-up thereof. Any trends in aviation incidents are identified and followed up.
Safety Policy and Objectives – Avinor AS has a common policy that states that flight safety must be of the highest priority and that Just Culture is a guide for the work on safety. In 2023, work was carried out to update the Just Culture Policy in FS, and this was published in January 2024.
Safety Promotion - Training and practice in the Safety Management System (SMS) is conducted in several phases from employment in Avinor Air Navigation Services. The process for transfer of experience is described in the management system, and it is in particular experiences from reporting and investigating aviation incidents that are shared systematically.
Safety Culture – Safety culture is at the heart of the organisation and at several levels. Employees have confidence in the reporting system and in ensuring that reports are handled in accordance with the Just Culture principles.

Environment

The environment performance target is defined in RP3 as “Horizontal en-route flight efficiency”. The 2023 national target, which equivalent to the pan-European target, is a maximum of 1.55% efficiency.

In 2023, Norway had a horizontal efficiency of 1.29%. This is clearly better than the 2023 national target. The target has been achieved by offering Free Route Airspace throughout Norwegian airspace and bordering countries, while also optimising routing continuously through tactical air traffic management.

Capacity

The capacity parameter is "En-route delay per flight". The 2023 national target was a maximum of 0.11 minutes per flight, which corresponds to the pan-European target of 0.11 minutes per flight.

In 2023, Norway had a 0.03 minute delay per flight, which is far ahead of the national target of 0.08 minutes. Throughout the pandemic, Norway has deliberately ensured capacity for the subsequent increase in traffic through temporary redundancies, re-training of operational staff and the optimisation of airspace, procedures and tools.

Cost-effectiveness

The performance target for cost-effectiveness is the size and development of the unit cost. Avinor Air Navigation Services' target for RP3 is a real increase (reduction) in unit cost of -11.3% in 2024 compared to 2019. The pan-European target is a maximum increase of 4%, meaning that the national target is significantly below the European target.

Overall, Avinor Air Navigation Services meets all four of the defined target areas in its 2023 performance plan.

FLIGHT SAFETY

Safety level and Safety Dashboard

The safety level is monitored by using the "Safety Dashboard", which was developed in 2020 and is currently used as a management tool in the organisation. Safety Dashboard presents safety data in a dynamic way and includes information on the status of Key Performance Indicators (KPI), an overview of incident reporting, risks/seriousness, contribution from Avinor Air Navigation Services, measures etc., which are presented in an aggregated or unit level. The tool is continuously under development, improvement and quality assurance.

Registered deviations on aviation incidents along with traffic figures constitute the data basis for the Safety Dashboard. Avinor Air Navigation Services is considered as having a strong reporting culture, which is characterised by the number of reports of aviation incidents (in relation to traffic), type of incidents reported, and open and honest descriptions.

Aviation incidents with particular focus

Aviation incidents that are a particular focus of Avinor Air Navigation Services are "Loss of Separation" (aircraft getting closer to each other than fixed minimum distances) and "Runway Incursions" (the improper presence of aircraft and/or cars on the runway). Furthermore, situations designated as "Late detected conflict" have a particular focus in the organisation. This is a conflict that was discovered late, which is a precursor to a close pass and was discovered and clarified in time. Such events and situations are considered to have significant risk potential.

There is focus on the risks associated with unauthorised drone flying and how this can be mitigated. This is done, among other things, by contributing to awareness-raising and competence building, drafting and following-up relevant rules and procedures, as well as through close collaboration with the user environment, public authorities, and other service providers. Avinor has established a system for the detection of unauthorised drone flights that was installed at 10 new airports in 2023.

Air traffic monitoring

In accordance with airspace monitoring strategy, Avinor has completed the implementation of WAM (*Wide Area Multilateration)* and soon also ADS-B *(Automatic Dependent Surveillance – Broadcast).* Together with strategically selected radars, this will provide a robust and adequate picture of air traffic in the airspace. During 2023, monitoring of controlled airspace was also introduced in the Polaris ACC sector group North/Oceanic airspace. This uses satellite-based ADS-B that enables better utilisation and efficiency in this airspace.

Remote Towers

Remote Tower operation is conducted in the Remote Tower Centre/RTC in Bodø. This has provided users of the system with good and modern work tools. At the end of 2023, RTC provided remote tower services to 11 AFIS units. In the RTC, new operating models have been implemented through "joint readiness" and "advanced sequential operations". Both of these modes of operation are based on an AFIS personnel being authorised for two AFIS units. Experience shows an increasingly stable Remote Tower System/RTS, including airport equipment.

ATM Security

For 2023, threats to aviation (ATM specifically) have concerned an intensification of the insider threat, as well as increased intelligence focus on critical infrastructure within core operations where state intelligence activities could be expected. Air Navigation Services has focused on the awareness of personnel within preventive security services. Training and awareness-raising was provided to both those responsible for authorisation and new employees within the air traffic control services.

In 2023, the threat assessments from the Norwegian Police Security Service, the Norwegian National Security Authority and the intelligence services have shown that increased pressure must be expected from other countries' intelligence organisations, especially with regard to mapping critical aviation infrastructure, particularly from Russia. Cyber threats are highlighted as low-risk intelligence methods that will be widely used.

CORPORATE SOCIAL RESPONSIBILITY AND TASKS CARRIED OUT ON BEHALF OF THE NORWEGIAN STATE

Corporate social responsibility and Avinor Air Navigation Services' goal is to operate air navigation services for civil and military aviation. The company's operations must be carried out in a safe, efficient, and environmentally friendly manner and ensure good accessibility for all airspace users.

In addition to corporate social responsibility, the owner may order Avinor Air Navigation Services to perform tasks on behalf of the Norwegian State.

The Office of the Auditor General has tasked Avinor AS and Avinor Air Navigation Services with preparing an overview of the costs of tasks carried out on behalf of the Norwegian State, which is to be regularly updated and submitted to the Norwegian Ministry of Transport. In December 2021, Avinor AS/Avinor Air Navigation Services submitted an updated report to the Norwegian Ministry of Transport regarding tasked carried out on behalf of the Norwegian State and their associated costs.

Avinor and Avinor Air Navigation Services are continuously commissioned by the Norwegian Ministry of Transport to report on their financial situation and whether there are tasks carried out on behalf of the Norwegian State that the company can cease performing or scale-down. In connection with this, the company has provided new assessments of its corporate social responsibility and tasks carried out on behalf of the Norwegian State. The preliminary assessment is that it is appropriate for Avinor Air Navigation Services to maintain its current corporate social responsibility and tasks carried out on behalf of the Norwegian State provided that there is a sufficient legal basis for the payment of the costs related to this responsibility.

Avinor Air Navigation Services has a goal of being a responsible operator that contributes to reducing greenhouse gas emissions and a responsible employer that provides equal opportunities to all, regardless of their gender, ethnic background, religion, disability or sexual orientation.

Reference is made to Avinor's Annual and Sustainability Report 2023 for the Group's report on the implementation of Norwegian Transparency Act in chapter 5. Avinor's Annual and Sustainability Report 2023 has been published on Avinor's website, www.avinor.no under "Investor", "Reports and presentations", "Reports" and "All reports".

PERSONNEL AND ORGANISATION

In 2023, there were an average of 768 full time equivalents, of which around 13 are temporary FTEs. At the end of 2023, there were 770 permanent employees of Avinor Air Navigation Services, of which 200 women and 570 men. In addition, there are 14 full-time equivalents in the form of air traffic controller students. This is a decrease in average permanent full-time equivalents from 2022 of approximately 15%. This is mainly due to the technology department in Air Navigation Service being moved to Avinor AS in the reorganization in 2022.

At the end of 2023, there were no employees in Avinor Air Navigation Services were on full or partial temporary redundancy.

Due to a technical error in the reporting system for sickness absence in Avinor Air Navigation Services, it is not possible to provide official figures for sickness absence in 2023. Real sickness absence 5.8%, and includes absence on weekends. The company's goal for sickness absence is 4.7% or lower, but the goal does not include weekend absence.

In 2023, both a Puls survey was conducted in June, as well as an employee survey in November/December, with a response rate of 81%. Avinor Air Navigation Services achieved a good results in the 2023 employee survey, and better than previous years.

Collaboration between the company's management and the employee representatives is considered to be constructive and good.

After the pandemic, we are now moving towards a more normal rhythm in terms of recruitment/selection and training of air traffic controllers. In 2023, unit training started for two classes, ten students in January and nine students in September. AFIS basic education has been brought home and has been the responsibility of Avinor Air Navigation Services from September 2023. 11 students took part in unit training for AFIS authorisation at the start of 2023, nine of whom were authorised during the summer of 2023. In September, a new class of 11 students started at Værnes.

INCLUSION, EQUALITY AND DIVERSITY

Avinor, including Avinor Air Navigation Services, is working actively, purposefully, and systematically to promote equal opportunities and diversity and to prevent discrimination. Additionally, we are working to prevent bullying, harassment, gender-based violence and sexual harassment with a specific focus on awareness-raising efforts. All employees should have the same opportunities in the Group and we have zero tolerance for any form of discrimination. Increased equality and diversity in the Group is a tool to strengthen Avinor's status as a desirable place to work that is able to attract and develop talented and motivated personnel.

The Avinor Group has general principles for diversity and equality and preventing discrimination, which are published on www.avinor.no. Emphasis is placed on ensuring that all employees have equal opportunities in the company, irrespective of their gender, age, disability, and ethnicity or cultural background.

Gender balance

Of the 770 employees at the end of 2023, 200 were women, and 570 were men.

	Women	Men
Company gender balance W/M	26.2%	73.8%
Share W/M in temporary positions	46.7%	53.3 %
Share W/M in part-time positions	46.4%	53.6%
Share W/M who took parental leave*	35.2%	64.8%
Survey of the use of involuntary part-time work (at least every other year)	0 %	100 %

The table above shows the share of women and men in permanent or temporary full and part-time positions. The figures include air traffic controller students. At year-end, Avinor Air Navigation Services had 15 temporary positions, of which 7 were women, and 8 were men, constituting 2% of total employees. At the end of the year, there were 13 employees in part-time positions in 2023, of which 6 were women and 8 were men, 0.8% and 1% of the total number, respectively.

At the end of 2023, there were no women in senior management at Avinor Air Navigation Services.

Avinor Air Navigation Services' work on diversity

Avinor actively works for gender equality and diversity. The diversity promises launched in 2023 are the basis of this work. All Avinor employees should be allowed to have equal opportunities to use their skills and background. We view diversity among our employees as a strategic competitive advantage. Avinor's diversity pledges are:

- We shall be known for valuing differences between people, great and small, as a strength for Avinor.
- Everyone shall have equal opportunities at Avinor, and we have a zero-tolerance policy for discrimination at all levels.
- All employees shall contribute to creating an inclusive work environment that supports our values of being open, responsible, dynamic and customer-oriented.
- All managers shall actively encourage, facilitate and act as diversity role models. We shall be bold enough to place trust in all employees and provide them with opportunities to succeed. Through this, we will make a difference for our employees and the society we are a part of.
- Avinor shall have employees of different generations with different skills and backgrounds. The knowledge and experience of our most experienced employees shall be valued, as shall the ideas and perspectives of our newer and younger employees.

Diversity is an important strategic tool for Avinor and can act as a competitive advantage both in terms of what we deliver and for our ability to attract and develop our employees. The fact that people are different makes Avinor and our employees better. Differences in gender, age, skills, cultural background, experience, disability, sexual orientation, ethnicity and beliefs offers us more and better perspectives.

Avinor is working actively, purposefully, and systematically to promote equal opportunities and diversity and to prevent discrimination. Additionally, we are working to prevent bullying, harassment, gender-based violence and sexual harassment with a specific focus on awareness-raising efforts. All employees should have the same opportunities in the Group and we have zero tolerance for any form of discrimination. Increased equality and diversity in the Group is a tool to strengthen Avinor's status as a desirable place to work that is able to attract and retain the people we need to succeed with the tasks of the future.

The fact that Avinor and Avinor ANS will need a large number of new employees within the next decade gives us good conditions for working purposefully with a long-term agenda for increased diversity.

Emphasis has also been placed on diversity within the air traffic controller and AFIS professions by recruitment campaigns carried out in the company. In the course of 2023, two AFIS intakes were conducted, where 25% of the 212-strong applicant pool were women, and 37% of the 19 students were women. AFIS intake, where 37% of the 998-strong applicant pool were women, and 30% of the 21 students were women.

Salary survey

Avinor must pay men and women equal pay for equal work and work of equal value. There should be transparency around criteria for salary adjustments. Avinor does not have pay bonuses or other tax-related benefits in kind.

Avinor Air Naivigation Services is subject to collective agreements which cover all groups of employees. Avinor's largest, male-dominated professions have collectively agreed salaries and pathways for raises. Management and female-dominated salaried groups generally have individually agreed salaries.

In 2023, Avinor mapped wage disparities between men and women at the Group level, which did not reveal any material disparities. There was a special focus on this when conducting salary and performance interviews in connection with the wage settlement 2023.

Raising awareness and diversity

In 2023, both International Women's Day and Pride were celebrated internally and at airports. These celebrations highlight Avinor's values and contribute to raising awareness and creating positive attitudes among employees. Avinor participates in the SHE Index, which ranks companies equality efforts.

Avinor Air Navigation Services established a network for female managers whose aim is to build relationships across the organisation and together examine what it takes to motivate young people (both men and women) to apply for/accept leadership tasks/responsibilities. The plan going forward is to provide input to an action plan for increased diversity.

Avinor Air Navigation Services works actively to create a business with room for everyone by preventing absence due to illness and withdrawal from the labour market. Special arrangements are made for employees who, due to illness or other circumstances, no longer meet physical and medical requirements. Avinor Air Navigation Services has representatives in an Inclusive Working Life committee subject to the central Working Environment Committee in

Avinor. The duties of the Inclusive Working Life committee include supporting the follow-up of preventable absence in the Group and work to establish preventative measures throughout the organisation.

Health, safety, and environment efforts (HSE)

Avinor Air Navigation Services works systematically with HSE to prevent HSE non-compliance, personal injuries, and work-related illness, with emphasis on continuous improvement. H1 and H2 values for 2023 were 0.0 and 0.8 respectively. There were no serious personal injuries. The most important activities in 2023 have been:

- A new Group HSE strategy for the 2023-2025 period was developed and agreed on at the end of 2022. This has become more detailed and placed at an appropriate level.
- In 2023, the focus of HSE work in addition to systematic HSE has been to place greater emphasis on preventive work and the working environment in a larger context.
- The HSE work between Avinor AS and Avinor Air Navigation Services has become more coordinated, including in the management system, through common procedures, training and the development of a joint HSE website.
- The HSE website has been further enhanced as a focal point for all specialist information, HSE news, campaign information, results, tools, governing documents, contact information, etc.
- Implementation of the group-wide work environment basic course for managers, safety co-ordinator and Work Environment Committee members.
- The HSE department has worked to make itself more known and accessible to employees of Avinor Air Navigation Services.

Reference is made to chapter 5 of Avinor's Annual and Sustainability Report. The annual accounts are published on Avinor's website, www.avinor.no.

CONDITIONS AFFECTING FUTURE ECONOMIC DEVELOPMENT

Framework conditions and fee development for en-route navigation services

It is mainly external factors that govern the conditions the en-route services can provide its services for. The EU's framework conditions impose strict requirements on en-route services in the years ahead, including the binding implementation of new technology through the ATM Masterplan (the EU's Master Plan for Technology Implementation in European Airspace).

Service provision for the en-route services is divided into defined performance periods where the fee level in the period is determined by the EU. Reference Period 3 (RP3) runs from 2020 to 2024. A new reference period 4 (RP4) applies from 2025-29. The Norwegian authorities will formally approve the Norwegian Performance Plan in August 2024.

It is currently unclear what impact technology investments could have on the fee level in RP4. The RP4 requirements fix the revenues of the individual service providers for the period. There are strict regulations for the approval of deviations between planned and actual costs. It is therefore still unclear whether the fee developments for en-route services will cover the company's costs.
To reduce the risk that Avinor Air Navigation Services will not be able to finance the investments through fees, the investment plan must be up-to-date and realistic for the entire plan period, and there must be close dialogue with the owner and regulator.

The EU has established a funding mechanism called Connecting Europe Facility (CEF) Transport[1], which provides financial support to implement the SES requirements. Norway does not have access to the funds, and no national financing options have been established. Avinor Air Navigation Services thus does not have the same conditions as its European sister organisations and must finance the technological shift through its own revenues (the en-route fee). This could lead to an increase in future fee levels, which is contrary to the EU's requirement of a reduction of fees in RP4, as well as higher fees in Norwegian airspace and a competitive disadvantage.

Development in fees in Reference Period 4 (RP4)
On 29 September 2023, the European Commission published the guiding RP4 "Union Wide Performance targets" in the areas of safety, environment, capacity and cost-effectiveness, and on 23 March 2024 an updated draft was issued. The common European objectives will be decided in the EU on 1 June 2024.

The local objectives shall be consistent with the common European objectives which therefore provide strict guidelines for the cost and fee developments in RP4.

New resolution
Avinor ANS is the designated supplier of en-route navigation services in Norway until the end of 2024. To ensure predictability for ATM investments going forward, initial discussions with the Norwegian Ministry of Transport will begin regarding the more detailed content and conditions of a new resolution for en-route navigation services after 2024. The Board is concerned that Avinor Air Navigation Services has predictable and sustainable terms for the en-route services in the years to come.

[1] One of three parts of CEF. The others are CEF Energy and CEF Digital. Norway is only part of CEF Digital.

Development of European regulations (SES2+)
In April 2024, the EU's decision-making bodies have agreed on the detailed content of the new regulations for European aviation, known as the SES2+ regulations. The European aviation industry is concerned that final decision is the result of a compromise that prevents the development of a modern and appropriate regulatory framework adapted to future technology developments in Europe.

Increased environmental requirements

Climate challenges are high on the EU's agenda and it has clear emissions requirements for the aviation sector. The Commission wants to introduce legally binding environmental requirements for European aviation by 2050 through the regulatory changes in SES2+. Avinor Air Navigation Services' interest organisation, CANSO, and other stakeholders in the aviation industry have prepared a report titled "Destination 2050 – *a Route to Net Zero European Aviation*" to ensure the expected European environmental requirements by 2050, which will also ensure the competitiveness of the industry. A common and binding EU environmental charter, the so-called *Toulouse Declaration*, which will unite regulatory authorities and the aviation industry on a common zero CO2 emissions target, was adopted on 4 February 2022 and will place further pressure on the aviation industry.

Avinor Air Navigation Services has a similar meeting of the environmental requirements as one of its main strategies and in particular, efficiency improvement of the airspace is high on Avinor Air Navigation Services' strategic agenda. Avinor Air Navigation Services plays an important role through coordination and cooperation in the interface between several stakeholders. Avinor Air Navigation Services collaborates both nationally and internationally to find measures to optimise the airspace, approaches/take-offs and taxing to reduce fuel consumption and greenhouse gas emissions.

Competition

International en-route navigation services are primarily provided by state service providers within their national airspace. Avinor ANS is the designated supplier of en-route navigation services in Norway until 2024. Within tower, approach and air navigation services, competition has been introduced in several countries. So far, Avinor AS has put tower services for Ålesund Airport and Kristiansand Airport out to tender. The Spanish company SAERCO won the tender and operates these facilities. Over the coming years, little tendering of tower and technology services within air traffic control services is expected in Norway for further towers.

The current service agreement for air traffic control and aircraft navigation at Sandefjord Airport, Torp, will expire on 31 December 2024. New tender competition has been initiated with a duration of 8 years (+3 year option) effective from 1 January 2025. The outcome of the competition may impact the company's future economic development.

Technological development

Avinor Air Navigation Services is in a phase of extensive technological renovations, with more demanding projects such as new technology for en-route navigation services (Future Air Traffic System, FAS) and the introduction of remote tower services and monitoring of the airspace. The majority of the investments were transferred to Avinor AS in connection with the reorganisation in 2022. Although these investments are not in Avinor Air Navigation Services, they are nevertheless instrumental in influencing the financial scope and responsibility of Avinor Air Navigation Services, and especially the FAS program, since Avinor Air Navigation Services is the appointed supplier for the en–route service. Ensuring good and efficient internal processes, good cost control in operations, and in projects are emphasised, as is meeting the expectations of the owner and customers. In 2023, the Avinor ANS Board monitored the company's income, funding, and regulatory frameworks and requirements closely. Due to the war in Europe, a more demanding security situation and increased digitalisation, the company will be required to handle increasing vulnerability.

Introduction of new technology in en-route navigation services
The introduction of new technology for en-route navigation services through partnerships with other European air navigation providers is the most significant technology project for Avinor Air Navigation Services going forward. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency.

European technological development
The EU will be investing heavily in technological development in European aviation in the years ahead. The EU's technology programme, SESAR, will see its budget doubled through the SESAR Joint Undertaking (JU) consortium. This partnership will also include new, disruptive airspace users, such as drone users. The existing European roadmap for technological development in the ATM Master Plan will be updated to include digitalisation through the "Digital European Sky Initiative". An assessment will also be made of whether existing technological infrastructure will be rendered unnecessary and need to be phased out due to the introduction of new technology, which is also important for sustainability and environmental considerations.

Worsened European security situation and unpredictable traffic patterns

The outbreak of war in Ukraine in February 2022 has had unforeseen and far-reaching negative consequences for European aviation. Among other things, European airspace has been closed to Russian and Belarusian aircraft, and some parts of airspace in certain countries have become military zones. In addition, specific areas have been designated as emergency and refugee corridors. In response, Russia has banned overflights from European countries over Russian territory, which has entailed major diversions for Eurasian flights. The security situation for European aviation has been permanently worsened due to the war, and there is an expectation of more cyber attacks against European aviation in the future. There are also concerns and uncertainty around the negative consequences of increased oil prices and inflation and airlines' future route planning based on reduced demand. The war may become prolonged and present long-term and unpredictable challenges for European aviation.

The Norwegian Armed Forces interests and national security interests

The Norwegian Armed Forces' interests and national security interests will be one of the major driving forces going forward. This is particularly relevant in Norway's increased defence priorities, among other things due to Russia's war with Ukraine, but also through the EU's development of the

SES2+ regulations with increased digitalisation, data sharing and more centralised control of airspace. The Norwegian Armed Forces has expressed that the delivery of air navigation services is adequate in times of peace, but less so in crises and war. The Norwegian Armed Forces have signalled that military requirements in existing airspace management must be facilitated, as should the adoption of an emergency preparedness regulation to regulate the conditions. Alternative collaboration models between the Norwegian Armed Forces and Avinor Air Navigation Services are also being examined.

The Board would like to thank all the employees and partners for their continued hard work at Avinor Air Navigation Services.

Oslo, 2 May 2024

Abraham Foss Chairman	Thomas Øyn Vice-Chairman	Caroline Rostrup Brandshaug
Dorothy Ann Billett	Mari Cybelle Hermansen	Ørjan Hansen
June Grashof	Lars Vågsdal	Jan Gunnar Pedersen CEO

Avinor Air Navigation Services
Income statement

All amounts in MNOK	**Note**	**2023**	**2022**
Operating income:			
En-route navigation services		1 380,0	1 240,4
Tower services		504,1	469,3
Technology Services		0,0	197,8
AFIS		216,7	152,4
Other operating income		112,9	61,8
Total operating income	4	2 213,7	2 121,7
Operating expenses:			
Cost of sales		9,1	21,5
Payroll and other personnel expenses	5	1 439,6	1 475,0
Depreciation, amortisation and impairment charges	9, 10	43,1	127,7
Other operating expenses	6	704,7	456,8
Total operating expenses before change in value and other (losses)/gains, net		2 196,5	2 081,0
Changes in value and other (losses)/gains – net	6		
Operating profit/(loss)		**17,2**	**40,7**
Finance income and expenses:			
Interest income	7	80,3	40,0
Other finance income	7	44,1	29,1
Interest expenses	7	5,5	7,5
Other finance costs	7	70,1	20,9
Finance costs – net		48,8	40,7
Pre-tax profit/(loss)		**66,0**	**81,4**
Income tax expense	8	14,5	18,4
Profit/(loss) for the year		**51,5**	**63,0**
Comprehensive earnings			
Items without reversal in profit or loss in later periods:			
Actuarial gains/(losses) on post employment benefit obligations	*17, 18*	-153,3	612,9
Tax effect		33,7	-134,8
Cash flow hedges	*14*	0,0	0,0
Tax effect		0,0	0,0
Change in tax rate, effect of deferred tax assets/liabilities	*17*	0,0	0,0
Total comprehensive earning after tax		-119,6	478,0
Annual comprehensive income		**-68,1**	**541,0**
Attributable to:			
Owners of the parent		-68,1	541,0

Avinor Air Navigation Services
Balance sheet

All amounts in MNOK	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets:			
Deferred tax assets	8	576,5	557,9
Other intangible assets	9	17,4	20,4
Total intangible assets		593,9	578,3
Property, plant and equipment:			
Property, plant and equipment	9	395,0	335,3
Plant under construction	9	95,2	116,6
Right-of-use assets	10	154,4	187,6
Total property, plant and equipment		644,6	639,6
Non-current asset investments:			
Investments in subsidiaries	11	0,2	0,2
Loans to group companies	13		0,0
Investments in associated companies			0,0
Derivatives	12	0,0	3,7
Other long-term receivables		0,0	0,0
Total non-current asset investments		0,2	4,0
Total non-current assets		**1 238,7**	**1 221,8**
Current assets			
Contract assets		0,0	0,0
Receivables	13, 14	2 436,0	2 572,5
Derivatives	12	1,0	0,1
Bank deposits, cash in hand, etc.	15	0,0	0,0
Total current assets		**2 437,0**	**2 572,6**
Total assets		**3 675,8**	**3 794,5**

All amounts in MNOK	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Paid-in equity:			
Total paid-in equity		1 581,1	1 581,1
Retained earnings:			
Other unrecognised equity	17	-1 009,7	-890,1
Other equity	17	-117,2	-171,1
Total retained earnings		-1 126,9	-1 061,2
Total equity		**454,2**	**519,9**
Liabilities and obligations			
Provisions for liabilities:			
Retirement benefit obligations	18	2 436,1	2 450,8
Other liabilities	19	2,6	0,0
Total liabilities		2 438,7	2 450,8
Non-current liabilities:			
Derivatives	12	19,4	0,0
Lease obligations	10	152,4	176,5
Other non-current liabilities		0,0	0,0
Total other non-current liabilities		171,8	176,5
Current liabilities:			
Bank overdraft	14	0,0	0,0
Trade payables		28,3	78,1
Tax payable	8	0,0	0,0
Public duties payable		141,9	119,8
Derivatives	12	19,4	1,9
First year's instalment on long-term debt			
Lease obligations	10	19,5	26,2
Group contributions	17	0,0	32,3
Other current liabilities	14, 19, 20	401,8	388,9
Total current liabilities		611,0	647,2
Total liabilities		**3 221,5**	**3 274,5**
Total equity and liabilities		**3 675,8**	**3 794,5**

From the Board of Directors of Avinor Air Navigation Services, Oslo, 2 May 2024

Abraham Foss Chairman	Thomas Øyn Vice-chairman	Mari Hermansen Board member
Dorothy Billett Board Member	Ørjan Hansen Board Member	June Grashof Board member
Caroline Rostrup Board Member	Lars Vågsdal Board Member	Jan Gunnar Pedersen CEO

Avinor Air Navigation Services
Statement of cash flows

All amounts in MNOK	Note	2023	2022
Cash flows from operating activities			
Cash flows from operating activities*		31,7	151,5
Interest received		2,4	3,4
Income tax paid		0,0	0,0
Net cash flow generated from operating activities		**34,1**	**155,0**
Cash flows from investing activities			
Investments in property, plant and equipment		-58,9	-348,1
Intra-group interest		80,1	26,9
Intra-group investments		0,0	0,9
Net group contribution/dividend received		-32,3	-0,7
Proceeds from sale of property, plant and equipment, including plant under construction		0,0	184,3
Net payment received through business transfers	22	0,1	4,4
Return on share investments		0,0	0,0
Intra-group repayment of liabilities		0,0	0,0
Change in other investments		0,0	0,0
Net cash used in investing activities		**-11,0**	**-132,2**
Cash flows from financing activities			
Absorption of debt (converted to equity in December 2020)		0,0	0,0
Repayments of borrowings		0,0	0,0
Payment of lease obligations in accordance with IFRS 16		-17,7	-9,5
Payment of interest in accordance with IFRS 16		-5,4	-14,1
Interest paid		0,0	0,8
Payment of new equity		0,0	0,0
Net cash used in financing activities		**-23,0**	**-22,7**
Change in bank deposits, cash and cash equivalents		0,0	0,0
Bank deposits, cash and cash equivalents as at 1 January		0,0	0,0
Bank deposits, cash and cash equivalents as at 31 December		**0,0**	**0,0**

*Cash flow from operating activities		2023	2022
Profit/(loss) before income tax		66,0	81,4
Ordinary depreciation	9, 10	43,1	127,7
Gains/(losses) on the sale of non-current assets		0,7	-7,4
Changes in value and other (losses)/gains – net (unrealised)		0,0	-11,3
Net finance costs		-48,8	-40,7
Currency gains/(losses) on operating activities		11,3	19,4
Change in inventories, trade receivables and trade payables		-64,5	-2,6
Difference between recognised post employment benefit expenses and amounts paid/receive		-165,7	8,7
Changes in other accruals		62,6	-101,3
Change in intra-group receivables and liabilities		127,1	77,6
Cash flow from operating activities		**31,7**	**151,5**

1. General information

Avinor Air Navigation Services is a limited company registered in Norway. The company's head office is located in Oslo, Drammensveien 144, 0277 Oslo, Norway.

2. Accounting policies

The annual accounts have been prepared in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulation on simplified IFRS set out by the Ministry of Finance in 2014. This means primarily that calculations and measurements follow international accounting standards (IFRS) and that the presentation and information on notes are in accordance with the Norwegian Accounting Act and proper accounting practices. The annual accounts have

The accounts for Avinor Air Navigation Services are included in the consolidated accounts of Avinor AS (parent company) – Bus. reg. no. 985 198 292.
In accordance with Section 3-7 of the Norwegian Accounting Act “Exemption from the consolidated accounts obligation for parent companies in subgroups”,
As a result, reference is made to Avinor’s consolidated accounts, which can be found on the company’s website: avinor.no

2.1. Simplified IFRS
The company has applied the following simplifications from the accounting and valuation rules of IFRS:
IFRS 1, paragraph 7 on the carrying of the acquisition cost of investments in subsidiaries, associated companies and joint ventures
IAS 10, paragraphs 12 and 13 are waived so that dividends and Group contributions are recognised in accordance with the provisions of the Norwegian Accounting Act
IAS 28 and IAS 31 are waived so that the cost method is used for investments in associated companies and joint ventures

Group contributions
Group contributions paid to the parent company are recognised directly against other equity. Paid group contributions are recognised net (after tax). Received group contributions from the parent company are recognised as other paid-in equity.

2.2. Basis for the preparation of the annual accounts
The policies of historical cost accounting, with the exception of financial instruments at fair value, form the basis of the company accounts.

2.3. Segment information
The company is structured as a single reporting segment.

2.4. Currency
Transactions in foreign currencies are translated at the exchange rate at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary asset and liabilities measured at historical cost denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non-monetary items measured at fair value and presented in foreign currency are translated using the exchange rate established on the balance sheet date. Foreign exchange gains and losses are recognised in the income

2.5. Use of estimates
In preparing the annual accounts, company management has used estimates based on judgements and assumptions believed to be reasonable under the circumstances. There may be situations or changes in the market conditions that may result in changes in estimates, and thereby have consequences for the company’s assets, liabilities, equity and profits/(losses).

The Company’s most significant accounting estimates and judgements are related to the following items:
Depreciation of property, plant and equipment
Net pension obligation

2.6. Revenue recognition policies
The company’s revenues primarily consist of air navigation fees. The fees include fees for en-route navigation services, approach control services and control tower services, with en-route fees accounting for the largest source of income.

En-route navigation fees are recognised each month on a rolling basis, based on the actual number of flights. Higher/lower income, which occurs when settled revenue diverges from the period’s income framework set by Eurocontrol, is not carried forwards. This higher/lower income can only be settled through the adjustment of future fee prices, which involves an assumption regarding future flights and thus does not qualify as a balance sheet item in accordance with IFRS.

Income from contracts with customers

Traffic income, income from the sale of goods and services, as well as income from the sale of property are recognised to reflect the transfer of agreed goods or services to customers, and at an amount that reflects the payment the company is expected to be entitled to in exchange for these goods or services.

The company procures equipment and spare parts in connection to its revenue agreements. Such contract assets are capitalised at the lower of procurement cost and fair value. Contract assets are recognised as an expense after consumption and sales.

Rental income
Revenue from the renting of real estate with fixed rental remuneration are recognised in the income statement over the period of the lease agreement.

2.7. Income tax
The tax expense comprises current tax and changes to deferred tax. Deferred tax/tax assets are calculated for all differences between the accounting and taxable value of assets and liabilities.

Deferred tax assets are recognised where it is likely that the company will have sufficient taxable profits in later periods to utilise the tax assets. The company recognises previously non-recognised deferred tax assets to the extent that it has become likely that the company can make use of the deferred tax assets. Similarly, the company will reduce deferred tax assets to the extent the company no longer regards it as likely that it can take advantage of the deferred tax assets.

Deferred tax and deferred tax assets are measured based on the expected future tax rate associated with the items where the temporary difference has occurred. Deferred tax and deferred tax assets are entered at nominal value and classified as intangible assets (long-term liabilities) in the balance sheet.

The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items charged directly to equity. If this is the case, the tax will also be charged directly to equity.

2.8. Property, plant and equipment
Property, plant and equipment is recognised initially at acquisition cost. Acquisition cost includes expenditure that is directly attributable to the acquisition of

Subsequent expenditure is added to the carried amount for the value of the asset or recognised separately in the balance sheet, when it is probable that the future economic benefits related to the expenditure will go to the Group, and that the expenditure can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the

Land, housing and facilities under construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and real property	10-50 years
Roads, plant etc.	5-50 years
Runway systems	15-50 years
Means of transport	3-20 years
Other non-current assets	5-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.9. Leases
The company as a lessee:
The company recognises a lease as a right-of-use asset with an associated lease obligation from the time at which the company takes possession of the asset. Each rent payment is divided between finance cost and obligation. The finance cost is recognised in the income statement over the lease term at an interest rate that entails a constant periodic interest rate on the remaining expensed lease obligation for each period. Right-of-use assets are depreciated over the shorter of the contract period and the asset's life time using a linear method.

Right-of-use assets and lease obligations are initially recognised at fair value. Lease obligations include net fair value of fixed lease payments during the agreed period as well as the likely exercise of extension options.

Estimated lease obligations are calculated as the current value of the expected lease payments over the lease period. Lease payments are index-linked where necessary. A discount rate equal to the company's marginal borrowing rate is used. Right-of-use assets are measured at cost and correspond to the amount at the initial recognition of the lease obligations. Lease payments for short-term leases and leases of lesser value are recognised as expenses on a rolling basis. The company has also made use of the option in IFRS 16.4 and does not apply IFRS 16 to intangible assets.

The company as a lessor:
The company presents leased assets as non-current assets in the balance sheet. Rental income is recognised in the income statement on a straight-line basis over the period of the lease.

2.10. Financial assets
The company classifies its financial assets in the following categories: 1. At fair value through profit or loss 2. Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value consist of financial derivatives with positive market value. Assets in this category are classified as current assets if they are expected to fall due within 12 months from the balance sheet date.

Loans and receivables
Loans and receivables are financial assets that have fixed payments, except for derivatives. These financial assets are not traded on an active market. They are classified as current assets, except for those falling due for payment more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised when the loss is material and assumed to be of a permanent nature.

The ordinary purchase and sale of financial assets is accounted for at the time of the agreement, which is the date the Group undertakes to buy or sell the asset.

All financial assets that are not recognised at fair value through profit or loss are recognised initially in the balance sheet at fair value plus transactions expenses.

2.10. Financial assets – continued
Financial assets that are recognised at fair value through profit or loss are recognised at fair value on their acquisition date and the transactions costs are recognised in the income statement.

Financial assets are eliminated from the balance sheet when the rights to receive cash flows from the investment expire or when these rights are transferred and the Group has essentially transferred all the risk and entire potential for gains through ownership.

2.11. Derivative financial instruments and hedging activities

Derivatives are carried at fair value at the time the derivative contract is signed, and on a current basis at fair value subsequently. Accounting of related gains and losses depends on the extent to which the derivative is allocated as a hedging instrument and, if so, the type of hedging involved. The company designates certain derivatives as a certain risk related to a carried asset, a commitment or a very probable future transaction (cash flow hedging).

The fair value of hedging derivatives is classified as a non-current asset or liability when the remaining term of the hedged item is more than 12 months, and as a current asset or liability when the remaining term of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The company uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at NordPool. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivates which do not qualify for hedge accounting are recognised as “Changes in value and other (losses)/gains – net” or as “Finance costs” net. The derivatives are valued at fair value through profit or loss.

2.12. Financial liabilities
The company classifies its financial liabilities in the following categories:
1. Fair value through profit or loss
2. Other financial liabilities
The classification depends on the purpose for which the financial liabilities were acquired. Management classifies financial liabilities when they are incurred.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value consist of financial derivatives with negative market value. The derivatives are carried at fair value at the time the derivative contract is signed. Changes in fair value are recognised in the income statement for subsequent measurements. Liabilities in this category are classified as current liabilities if they are expected to fall due within 12 months from the balance sheet date.

Other financial liabilities
Other financial liabilities are financial liabilities that have fixed payments, except for derivatives. These financial liabilities are not traded on an active market. The liabilities are carried at fair value at the time the liabilities are incurred. Subsequent measurement takes place at amortised cost according the effective interest rate method. They are classified as current liabilities, except for those falling due for payment more than 12 months after the balance sheet date. These are classified as non-current liabilities.

2.13. Derivatives that are not hedging instruments
Financial derivatives that are not recognised as hedging instruments are valued at fair value. Changes in fair value are recognised in the income statement

2.14. Trade receivables
Trade receivables and other receivables are entered in the balance sheet at nominal value after deductions for provisions of expected losses. For trade receivables without significant financing components, a simplified model is used where provisions are made for expected losses over the entire lifetime from

2.15. Current investments
Current investments (shares and units valued as current assets) are valued at the lower value of average acquisition cost and fair value on the balance sheet date.

2.16. Bank deposits, cash in hand, etc.
Bank deposits and cash and cash equivalents includes cash in hand and bank deposits. “Cash equivalents” refers to current liquid investments that can be immediately converted into cash of a known amount and with a maximum term of three months.

2.17. Classification and valuation of balance sheet items
Current assets and current liabilities include items that are due within one year of the balance sheet date, as well as items related to goods circulation. The first year’s repayment vis-à-vis non-current liabilities are classified as current liabilities. Other items are classified as non-current assets/liabilities.

Current assets are valued at the lower of the acquisition cost and fair value. Current liabilities are recognised in the balance sheet at the nominal amount at

Non-current assets are valued at acquisition cost but recognised at fair value when there are indicators that future earnings cannot justify the carrying amount and the impairment is not expected to be temporary. If an impairment loss has been made, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date. Non-current liabilities are recognised in the balance sheet at the nominal amount at the time of acquisition.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and utility value. If an impairment loss has been made, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date.

2.18. Pension benefits
The company has two main pension schemes: defined-benefit pension scheme and defined-contribution pension scheme.

Defined-benefit pension scheme:
A defined-benefit pension scheme is a scheme where the employer commits to making periodic pension payments to the individual employee when he or she reaches retirement age. Pension payments depend on a number of factors, such as the number of years spent working for the company and salary.

The carried commitment related to the contribution schemes is the current value of the defined contributions on the balance sheet date minus the fair value of the pension funds. The pension obligations are calculated annually by an actuary on the basis of a linear accrual model. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Changes in assumptions, basic data and pension plan contributions which generate an accounting loss or gain are recognised over extended profit and loss in the period in which they occur. A change in the benefits attributable to previous services involve a change in the plan, which is a cost for previous periods' pension accruals. Negative costs occur when benefits are changed so that the current value of the defined-benefit based pension scheme are reduced. Changes to the plan are entered in the income statement as the changes are implemented.

A new Act on public pensions, which entered into force on 1 January 2020, was adopted by the Storting in June 2019. Pension accrual under the new scheme constitutes a percentage of income up to 12G. This means that the new regulations disapply the gross guarantee and that pensions are calculated independently of the Norwegian National Insurance Scheme. New rules for coordination between public pensions and rules for the Norwegian National

The new law does not contain provisions for a new early retirement scheme or definitive rules for job-specific pensions and the accounting-related effects of this therefore cannot be calculated until definitive rules have been adopted.

Defined-contribution pension scheme:
A defined-contribution pension scheme is a scheme where the employer is obliged to pay an agreed premium into the scheme and where the premium payments are recognised as expenses on a rolling basis. The contribution constitutes a percentage of salary from the first krone up to 12G. Employers have no obligations beyond the ongoing contributions.

2.19. Provisions for liabilities
The company recognises provisions for liabilities when there is a legal or self-imposed liabilities as a result of past events, there is a preponderance of evidence that the liabilities will settled by a transfer of financial resources, and the size of the liabilities can be estimated with a sufficient level of reliability. No provisions are made for future operating losses.

Provisions are measured at the current value of expected payments to meet the liabilities. A discount rate before tax is used reflecting the current market situation and risk specific to the liability. The increase in the liability as a result of the change in time value is recognised as a finance cost.

2.20. Events after the reporting period
New information after the reporting period about conditions that existed at the end of the reporting period will be recognised in the annual accounts. Events after the reporting period that do not affect the Group's financial position on the balance sheet date, but will affect the Group's financial position in the future, will be disclosed if material.

2.21. Consolidated accounts
The Group management of Avinor AS prepares the consolidated accounts. Consolidated accounts can be obtains from the Avinor AS website,

2.22. Statement of cash flows
The statement of cash flows is prepared according to the indirect method. Cash and cash equivalents includes cash, bank deposits and other current, liquid investments. The cash pooling account service is classified as an intercompany transaction in the balance sheet.

3. Financial risk factors

The company's activities involve different types of financial risk: Market risk (including currency risk, fair value interest rate risk, floating interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management plan focuses on limiting the volatility of the company's financial profit and loss. The company uses derivative financial instruments to hedge certain risk exposures.

The company's risk management is carried out by a central finance department in the Group in accordance with guidelines approved by the Group Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Principles are laid down for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk
(i) Foreign exchange risk
The company is exposed to changes in foreign exchange rates with respect to the value of the Norwegian krone relative to other currencies due to income and expenses in foreign currencies. The company uses forward contracts to reduce the foreign exchange risk in cash flows nominated in foreign currency. Foreign exchange risk is calculated for each foreign currency and includes assets and liabilities, non-capitalised liabilities and highly probable purchases and As at 31 December 2023, the company has entered into 14 forward foreign exchange contracts.

Around half of the company's revenue from en-route navigation services are invoiced in Euros. The unit rate is fixed in Norwegian kroner, but translated into Euros at the average rate for the month before the month it was invoiced for. This means that the company is exposed to changes in foreign exchange rates used for invoicing at the applicable rate when Avinor ANS receives payments.

3. Financial risk factors – continued

Credit risk
The company's primary credit risk is related to trade receivables and other current receivables. The company has guidelines to ensure that credit as a rule is granted only to customers without any previous significant problems with non-payment. New customers are assessed on their creditworthiness.

The company is not exposed to significant credit risk relating to a single party or multiple parties that may be regarded as a group due to similarities in their

The company's credit risk is considered as low under regular circumstances. As a result of the COVID-19 pandemic, this risk has increased over recent years and is expected to remain higher than normal levels over the next few years.

The company has not furnished any third-party guarantees.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations when they are due. The company's strategy is to meet the risk by having sufficient funds available at any time to be able to fulfil the financial obligations when they are due, both under normal or extraordinary circumstances, without risking unacceptable losses.

The company is a part of the Avinor AS cash pooling account system.

Other information in the notes
No financial assets have been reclassified in such a way that the valuation method has been changed from amortised cost to fair value or vice versa.

The fair value of derivatives designated as hedging instruments is recognised as derivates under current assets/current liabilities or non-current asset investments/non-current liabilities depending upon the maturity date of the corresponding hedged item.

The company has implemented the changes in IFRS 7 relating to financial instruments measured at fair value on the balance sheet date.

The changes require the presentation of fair value measurements for each level with the following level classification for the measurement of fair value:
* List price on an active market for an identical asset or liability (Level 1)
* Valuation based on other observable factors either directly (price) or indirectly (derived from prices) than the listed price (used in Level 1) for the asset or liability (Level 2)
* Valuation based on factors that are not taken from observable markets (non-observable assumptions, Level 3)

The table below presents the company's assets and liabilities measured at fair value as at 31 December 2023:

Avinor Air Navigation Services, as at 31.12.2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss	0,0	1,0	0,0	1,0
Total assets	**0,0**	**1,0**	**0,0**	**1,0**
Liabilities				
Financial liabilities at fair value through profit or loss	0,0	38,7	0,0	38,7
Total liabilities	**0,0**	**38,7**	**0,0**	**38,7**

Avinor Air Navigation Services, as at 31.12.2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss	0,0	3,8	0,0	3,8
Total assets	**0,0**	**3,8**	**0,0**	**3,8**
Liabilities				
Financial liabilities at fair value through profit or loss	0,0	1,9	0,0	1,9
Total liabilities	**0,0**	**1,9**	**0,0**	**1,9**

4. Operating income

Of the company's total income in 2023, NOK 713.4 million (NOK 755.3 million in 2022) consists of intra-group income.

5. Payroll expenses, number of employees, remuneration, salary for employees and more

All amounts in MNOK
Payroll expenses cover the period 01.01-31.12

	2023	**2022**
Salaries	1 019,3	1 057,5
Payroll tax, employers' contribution	193,5	159,5
Pension costs	218,7	226,0
Other benefits	8,2	32,0
Total payroll costs	1 439,6	1 475,0
Average number of man-years employed	791	928

5. Payroll expenses, number of employees, remuneration, salary for employees and more – continued

All amounts in MNOK

Remuneration of senior management:	**2023**	**2022**
Salaries/fees	2,5	2,3
Pension costs	0,3	0,3
Total benefits	2,8	2,6

The CEO is a member of the company's defined-contribution pension scheme. The mutual notice period is three months. Upon termination from Avinor Air Navigation Services, the CEO is entitled to a reasonable severance package determined at the time of the termination.

There are otherwise no obligations to provide the CEO or Chairman of the Board with any specific compensation upon termination or changes in the conditions of their employment or appointment. Nor are there any arrangements concerning bonuses, profit sharing or share-based payments.

No loans have been granted to, nor security pledged for, the Managing Director, Board Chairman or other related parties.

In 2023, MNOK 0.0025 was paid out in directors' remuneration (2022: MNOK 0.03).

6. Operating expenses

All amounts in MNOK

Specification:	**2023**	**2022**
Leasing and operation of premises	2,3	13,8
Repairs, maintenance of operational materials	23,4	74,7
Contracted services	7,8	23,5
Meteorological services	53,5	50,4
Consulting services	5,4	6,4
Other operating expenses	133,5	116,5
Losses on receivables	13,0	-1,7
Intra-group expenses	465,9	173,1
Total	704,7	456,8

Specification of auditor's fee, excl. VAT:	**2023**	**2022**
Statutory revision	0,5	0,4
Other attestation services	0,1	0,1
Other assistance	0,0	0,0
Total auditor's fees	0,6	0,5

Leases:
The company leases office premises from the parent company (Avinor AS). In 2023, this was recognised as an expense of MNOK 22.8 (2022: MNOK 20.8).

7. Finance income and costs

All amounts in MNOK

Finance income	**2023**	**2022**
Interest income	0,1	12,0
Interest income on intra-group receivables	80,2	28,0
Other finance income	44,1	29,1
Total finance income	124,4	69,1
Finance costs		
Intra-Group finance costs	5,1	6,7
Other finance costs	70,6	21,7
Total finance costs	75,6	28,4
Net finance income/(costs)	**48,8**	**40,7**

8. Taxes

All amounts in MNOK

Income tax expense	**2023**	**2022**
Tax payable	0,0	7,1
Too much/too little paid in previous years	0,0	0,1
Change in deferred tax assets adjustments for previous year.	0,0	0,0
Change in deferred tax	14,5	11,1
Total income tax expense	14,5	18,4

Tax payable in the balance sheet	**2023**	**2022**
Tax payable on the tax base for the year	0,0	7,1
Tax payable on Group contributions with tax effect	0,0	-7,1
Tax payable in the balance sheet	0,0	0,0

Reconciliation of effective tax rate		
Tax on pre-tax profit/(loss) (22%/16%)	14,5	17,9
Effect of too much/too little paid in previous years	0,0	0,1
Correction for deferred tax for previous year	0,0	0,0
Permanent differences (22%/16%)	0,0	0,3
Income tax expense	14,5	18,4
Effective tax rate	22,0	22,6

Avinor Air Navigation Services primarily operates out of Norway where the tax rate is set at 22%. The company also has some operations on Svalbard where the tax rate is set at 16%.

Specification of deferred tax assets and liabilities	**01.01.2023**	**Profit/(loss)**	**Comprehensive earnings**	**Business transfers**	**31.12.2023**
Receivables	-11,2	-3,0			-14,2
Non-current assets	-6,7	4,2			-2,5
Right-of-use assets	41,3	-7,3			34,0
Lease obligations	-44,6	6,8			-37,8
Provisions according to good accounting practices	-0,1	-0,8			-0,8
Pension benefits	-539,2	36,7	-33,7		-536,2
Profit and loss account	2,2	-1,1		0,7	1,7
Financial instruments	0,4	-8,7			-8,3
Deficit carry-forward	0,0	-12,3			-12,3
Net deferred tax asset (-)/liability (+)	-557,9	14,5	-33,7	0,7	-576,5
Of which recognised as a deferred tax asset in the balance sheet	-557,9				-576,5
Of which recognised as a deferred tax liability in the balance sheet	0,0				0,0

Specification of deferred tax assets and liabilities	**01.01.2022**	**Profit/(loss)**	**Comprehensive earnings**	**Demerger and business transfers**	**31.12.2022**
Receivables	-9,8	-1,5			-11,2
Group contributions (receivables)	0,0				0,0
Non-current assets	27,4	-14,1		-19,9	-6,7
Right-of-use assets	55,5	-8,6		-5,6	41,3
Lease obligations	-58,3	7,7		6,0	-44,6
Provisions according to good accounting practices	-0,1				-0,1
Pension benefits	-711,1	-2,0	134,8	39,1	-539,2
Group contributions (payables)	0,0				0,0
Profit and loss account	-1,8	-0,5		4,5	2,2
Financial instruments	0,1	0,3			0,4
Deficit carry-forward	-84,4	29,8		54,6	0,0
Net deferred tax asset (-)/liability (+)	-782,5	11,1	134,8	78,7	-557,9
Of which recognised as a deferred tax asset in the balance sheet	-782,5				-557,9
Of which recognised as a deferred tax liability in the balance sheet	0,0				0,0

Deferred tax assets	**2023**	**2022**
Deferred tax assets expected to be realised in more than 12 months	-561,4	-546,6
Deferred tax assets expected to be realised within 12 months	-15,1	-11,3
	-576,5	-557,9
Net deferred tax asset (-)/liability (+)	-576,5	-557,9

Recognised deferred tax assets are primarily related to temporary tax effects of pensions. Based on the company's expectations of future positive taxable profits and losses, as well as the fact that the company is part of the same tax group as Avinor AS, the criteria for capitalising deferred tax assets are regarded as being present.

9. Property, plant and equipment

All amounts in MNOK

	Land and land	Buildings and other real property	Transport vehicles and aircraft	Furniture, fittings etc.	Roads, plants etc.	Total
As at 1 January 2022						
Acquisition cost	1,1	348,8	46,4	1 345,9	7,2	1 749,5
Accumulated depreciation and write-downs		-93,3	-34,3	-850,2	-3,0	-980,8
Carrying amount as at 1 January	**1,1**	**255,5**	**12,2**	**495,7**	**4,2**	**768,7**
2022 financial year						
Carrying amount as at 1 January	1,1	255,5	12,2	495,7	4,2	768,7
Access		237,2	2,0	110,5		349,7
Disposal (acquisition cost)		-0,5	-1,9	-62,2		-64,6
Disposal (acc. depreciation)		0,3	1,4	62,2		63,9
Disposal upon demerger (acquisition cost)		-161,1	-45,9	-1 331,1		-1 538,1
Disposal upon demergers (acc. depreciation)		3,5	34,6	805,4		843,5
Depreciation for the year		-18,7	-1,9	-66,9	-0,3	-87,8
Carrying amount as at 31 December	**1,1**	**316,3**	**0,4**	**13,6**	**3,9**	**335,3**
As at 31 December 2022						
Acquisition cost	1,1	424,5	0,6	63,1	7,2	496,5
Accumulated depreciation and write-downs		-108,3	-0,1	-49,5	-3,3	-161,2
Carrying amount as at 31 December	**1,1**	**316,3**	**0,4**	**13,6**	**3,9**	**335,3**
2023 financial year						
Carrying amount as at 1 January	1,1	316,3	0,4	13,6	3,9	335,3
Access		63,9		15,8	0,6	80,3
Disposal (acquisition cost)		-6,2				-6,2
Disposal (acc. depreciation)		5,5				5,5
Depreciation for the year		-15,9	-0,1	-3,7	-0,3	-19,9
Carrying amount as at 31 December	**1,1**	**363,6**	**0,4**	**25,7**	**4,3**	**395,1**
As at 31 December 2023						
Acquisition cost	1,1	482,2	0,6	78,9	7,8	570,7
Accumulated depreciation and write-downs	0,0	-118,6	-0,2	-53,2	-3,6	-175,6
Carrying amount as at 31 December	**1,1**	**363,6**	**0,4**	**25,7**	**4,3**	**395,1**
Estimated useful life		10-50 years	15-50 years	5-15 years	5-50 years	
Depreciation method	N/A	Straight-line	Straight-line	Straight-line	Straight-line	

	AUU	Other intangible assets
As at 1 January 2022		
Acquisition cost	1 355,1	294,3
Accumulated depreciation and write-downs	0,0	-214,7
Carrying amount as at 1 January	**1 355,1**	**79,6**
2022 financial year		
Carrying amount as at 1 January	1 355,1	79,6
Access	83,6	8,9
Disposal (acquisition cost)	-270,4	0,0
Disposal upon demerger (acquisition cost)	-1 051,7	-234,4
Disposal upon demergers (acc. depreciation)	0,0	178,6
Depreciation for the year	0,0	-12,2
Carrying amount as at 31 December	**116,6**	**20,4**
As at 31 December 2022		
Acquisition cost	116,6	68,7
Accumulated depreciation and write-downs	0,0	-48,3
Carrying amount as at 31 December	**116,6**	**20,4**

2023 financial year	**AUU**	**Other intangible assets**
Carrying amount as at 1 January	116,6	20,4
Access		
Disposal (acquisition cost)	-21,4	
Depreciation for the year		-3,0
Carrying amount as at 31 December	**95,2**	**17,4**
As at 31 December 2023		
Acquisition cost	95,2	68,7
Accumulated depreciation and write-downs	0,0	-51,3
Carrying amount as at 31 December	**95,2**	**17,4**
Estimated useful life		10 years
Depreciation method		Straight-line

9. Property, plant and equipment – continued

Write-down assessments of property plant and equipment and intangible assets

Indicators for fall in value are assessed at each reporting date for individual assets and cash generating units, and testing of fall in value is performed if any indicators are identified. When assessing use value, the estimated future cash flows are discounted to present value using a discount rate based on the weighted average capital cost (WACC). WACC reflects current market assessments of the time value of money and the risks specific to the asset or cash generating entity to which the asset belongs.

Avinor Air Navigation Services has capitalised assets related to buildings and fixtures related to the operation of aircraft hedging services. Air navigation services are primarily divided between by en-route services (provided to airlines for monitoring and control of flights in Norwegian airspace) and tower/AFIS services (provided to airports for tower and approach control services).

Following the reorganisation of the Avinor Group in 2022, ownership of technology development for air navigation services lies with the parent company Avinor AS. Tower/AFIS services are carried out in the towers of the individual airport, or via remote towers at Remote Tower Center in Bodø (which is owned by the parent company Avinor AS). For Avinor Air Navigation Services, balance-sheet values assets are associated with assets and technology used for the provision of tower/AFIS services of limited size. Capitalised fixed assets and intangible assets are primarily related to assets used for the provision of en-route

The en-route services are regulated revenues that are designed so that over time Avinor Air Navigation Services will be covered for actual costs and a necessary return, provided that defined performance goals are met. As of December 31, it has been assessed that there are no indications of loss of value for capitalised assets and intangible assets in Avinor Air Navigation Services.

10. Leases

All amounts in MNOK

Leases recognised in the balance sheet – right-of-use assets	**Land**	**Buildings and other real property**	**Total**
As at 1 January 2022			
Acquisition cost	2,9	338,1	341,0
Accumulated depreciation and write-downs	-1,1	-87,7	-88,8
Carrying amount as at 1 January.	**1,7**	**250,4**	**252,1**
2022 financial year			
Carrying amount as at 1 January.	1,7	250,4	252,1
Disposal cost price	-2,6	-41,1	-43,8
Changes to leases	0,0	-11,3	-11,3
Disposal depreciation	1,0	17,3	18,3
Depreciation for the year	0,0	-27,7	-27,7
Carrying amount as at 31 December	**0,0**	**187,6**	**187,7**
As at 31 December 2022			
Acquisition cost	0,0	297,1	297,1
Accumulated depreciation and write-downs	0,0	-109,4	-109,4
Carrying amount as at 31 December	**0,0**	**187,6**	**187,6**
2023 financial year			
Carrying amount as at 1 January.	0,0	187,6	187,6
Access	0,0	0,0	0,0
Departures	0,0	0,0	0,0
Changes to leases	0,0	-13,1	-13,1
Depreciation for the year	0,0	-20,2	-20,2
Carrying amount as at 31 December	**0,0**	**154,4**	**154,4**
As at 31 December 2023			
Acquisition cost	0,0	297,1	297,1
Accumulated depreciation and write-downs	0,0	-142,7	-142,7
Carrying amount as at 31 December	**0,0**	**154,4**	**154,4**
Depreciation period (year)	0	3-17	
Depreciation method	Straight-line	Straight-line	

MNOK 142.4 of recognised right-of-use assets as at 31 December 2023 (MNOK 159.4 as at 31 December 2022) relates to intra-group leases, primarily with the parent company, Avinor AS.

Right-of-use assets are presented on a separate line in the balance sheet. Depreciation of right-of-use assets is presented on the line for depreciation, amortisation and impairment charges in the income statement.

10. Leases – continued

All amounts in MNOK

Leases recognised in the balance sheet – lease obligations

Changes to lease obligations during the period	**2023**	**2022**
Liabilities as at 1 January	202,7	265,0
Disposal obligations for demergers	0,0	-27,3
Access to lease obligations	0,0	0,0
Disposal of lease obligations	0,0	0,0
Changes to lease obligations	-13,1	-11,3
Payment of the principal sum	-17,7	-23,8
Interest payments	-5,4	-7,2
Interest cost related to lease obligations	5,4	7,2
Transfers and reclassifications	0,0	0,0
Carrying amount as at 31 December	**172,0**	**202,7**
Current lease obligations	19,5	26,2
Long-term lease obligations	152,4	176,5
Net cash flow from lease obligations	-23,0	-31,0

MNOK 157.1 of recognised lease obligations as at 31 December 2023 (MNOK 171.6 as at 31 December 2022) relates to intra-group leases, primarily with the parent company, Avinor AS.

New leases are recognised as a discount rate corresponding to the Avinor Group's marginal borrowing rate at the time the lease was signed. The marginal borrowing rate as at 31 December 2023 is estimated to be 4.05 per cent (2022: 3.49 per cent).

Interest cost related to lease obligations is presented on the line for finance costs in the income statement. In the statement of cash flows, the payment of the principal sum is presented on the line for repayments of borrowings, while the interest cost related to lease obligations is presented as interest paid.

The Group has made use of the option in IFRS 16.4 and does not apply IFRS 16 to intangible assets. Fees recognised as expenses related to intangible assets in 2023 amounted to MNOK 0.5 (2022: 27.8). Leases related to intangible leases primarily apply to licenses and maintenance agreements relating to software.

Future lease payments relating to capitalised leases will mature as follows:	**Nominal**	**Present Value**
Less than 1 year	19,8	19,5
Between 1 and 5 years	116,8	106,2
More than 5 years	62,2	46,2
Total	198,8	172,0

Practical solutions used

The company does not recognise leases where the underlying asset is of low value, and thus does not recognise leases and right-of-use assets for any of these leases. Instead, lease payments are recognised as expenses when they occur. The company also does not recognise lease obligations and right-of-use assets for short-term leases. Fees recognised as expenses relating to short-term leases and leases of low value in 2023 amount to approximately MNOK 0.8

Options to extend a lease and purchase options

As at 31 December 2023, there are significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

11. Investments in subsidiaries

The company had one subsidiary at the end of 2023:

Ninox Air Navigation Services S.L, Spain, 51% owned by Avinor Air Navigation Services – established in 2019. There has been no activity in this subsidiary in the 2023 financial year.

12. Derivatives

All amounts in MNOK

	2023	**2022**	**Change**
Assets			
Forward foreign exchange contracts	1,0	3,8	-2,8
Liabilities			
Forward foreign exchange contracts	38,7	1,9	36,8
Net	-37,8	1,9	-39,6
Net change			**-39,6**
Specification of net change:			
Changes in value, recognised finance incomes and costs	-37,8	1,9	39,6
Net change			**39,6**

13. Receivables

All amounts in MNOK

Trade receivables	**2023**	**2022**
Trade receivables	331,6	205,0
Accrued, uninvoiced income	0,0	98,9
Provisions for trade receivables	-64,6	-51,7
Book value of trade receivables	267,0	252,2
Receivables written off during the year	0,0	0,0

Current receivables	**2023**	**2022**
Trade receivables	267,0	153,3
Intra-group receivables	2 145,1	2 278,5
Accrued, uninvoiced income	0,0	98,9
Prepaid operating expenses	12,9	28,8
Other current receivables	11,1	13,1
Total current receivables	2 436,0	2 572,5

There is considered to be increased credit risk due to the security situation in Europe and this is taken into account in provisions for losses on accounts receivable.

Provisions for losses are based on concrete assessments of the risk of loss in the company's trade receivables. For en-route navigation services, which are invoiced through Eurocontrol, a generic provision has been made based on an assessment of risk according to factors such as receivables due and the customer's status. For higher risk indicators, a concrete assessment is made of the size of the loss provisions.

14. Outstanding accounts between companies in the same group:

All amounts in MNOK

Outstanding accounts between companies in the same group:

As at 31 December 2022	**Avinor AS**	**Svalbard Lufthavn AS**	**Total**
Trade receivables for companies of the same group	182,4	4,4	186,8
Receivables	23,9	0,0	23,9
Total receivables	206,3	4,4	210,7
Trade payables for companies of the same group	34,9	0,2	35,1
Other current liabilities	182,1	4,4	186,5
Total liabilities	217,0	4,6	221,6

15. Bank deposits, cash in hand, etc.

All amounts in MNOK

Cash deposits at the end of the period are shown in the statement of cash flows. The company is a participant in the cash pooling account system set up by the Avinor Group. Avinor AS is the formal owner of the bank account. The companies that participate in the cash pooling account service are jointly and severally liable for withdrawals made by the Avinor Group. As at 31 December 2023, the company has MNOK 1,934.4 (31 December 2022:MNOK 127.2) in the cash pooling account service. The balance is presented under "Liabilities" in the balance sheet. As at 31 December 2023, the Group had a total of MNOK 1,423 associated with the cash pooling account service (31 December 2022: MNOK 1,187.9).

A joint bank guarantee of MNOK 195 for the group has been established for withheld tax deductions for employees. The bank guarantee provided exceeds withheld tax deductions as at 31 December 2023.

16. Number of shares, shareholders, etc.

All amounts in MNOK

	Number of shares	**Nominal value**	**Share capital**
	31.12.2022	**31.12.2022**	**31.12.2022**
Ordinary shares	36 500	0,00397	144,8
	31.12.2023	**31.12.2023**	**31.12.2023**
Ordinary shares	36 500	0,00397	144,8
Total	36 500	0,00397	144,8

All shares are owned by Avinor AS. Avinor AS's head office is located in Oslo.

17. Equity

All amounts in MNOK

	Share capital	Share premium	Other paid-in equity	Other equity not recognised in	Other equity	Total
Carrying amount as at 01 January 2022	**365,4**	**599,6**	**991,0**	**-1368,1**	**-198,2**	**389,6**
Profit/(loss) for the year					63,0	63,0
Actuarial pensions recognised above comprehensive earnings – net after tax				478,0		478,0
Demerger	-220,6	-154,2				-374,8
Business transfers					-10,1	-10,1
Group contributions					-25,9	-25,9
Carrying amount as at 31 December 2022	**144,8**	**445,4**	**991,0**	**-890,1**	**-171,1**	**519,9**
Carrying amount as at 01 January 2023	**144,8**	**445,4**	**991,0**	**-890,1**	**-171,1**	**519,9**
Profit/(loss) for the year					51,5	51,5
Actuarial pensions recognised above comprehensive earnings – net after tax				-119,6		-119,6
Business transfers (Note 22)					2,4	2,4
Group contributions						0,0
Carrying amount as at 31 December 2023	**144,8**	**445,4**	**991,0**	**-1009,7**	**-117,2**	**454,2**

18. Pension benefits

All amounts in MNOK

The Company is required to have an occupational pension plan pursuant to the Act relating to Mandatory Occupational Pensions (OTP). Established pension schemes within the company satisfy these rules.

In general, the company has been covered by the defined-benefit pensions in the Norwegian Public Service Pension Fund, however this scheme was shut down in 2019 with a voluntary/compulsory transfer. A contribution-based retirement pension pursuant to the new Defined-Contribution Pensions Act was introduced on the same date. Therefore from 2019 onwards, the company has had two main pension schemes.

Defined-benefit pension (Norwegian Public Service Pension Fund)
The pension plan encompasses pension benefits in accordance with the Act relating to the Norwegian Public Service Pension Fund. The benefits are retirement pension, disability pension and dependent pension. The old-age pension includes the job-specific pension for certain professions. Parts of the special age pension are financed via the Norwegian Public Service Pension Fund and parts are financed directly over operations. In addition, the calculations do include a contractual pension right, which is a tariff-regulated early retirement scheme from 62 years of age. Pension accrual according to the regulations applicable until 1 January 2020 were coordinated with the Norwegian National Insurance Scheme and any previously accrued entitlements from public

Gift pension
The company uses gift pensions as a tool for employees who are considering taking early retirement. The scheme is funded through operations (unsecured scheme) and is a part of the defined-benefit pension obligations.

Plan assets
The pension scheme in the Norwegian Public Service Pension Fund is not directly funded. The payment of pensions is guaranteed by the Norwegian State (Section 1 of the Pensions Act). The plan assets are a simulation of the allocation of funds as if these funds were invested in long-term government bonds (“Simulated funds”). Approximately 35 per cent of the pension funds in the company are simulated as if the funds were placed in the Government Pension Fund Global (GPFG). The pension scheme is not movable in the same way as private pensions schemes and it is assumed that the pension scheme will be continued in the Norwegian Public Service Pension Fund. It is assumed in the simulation that the bonds will be held until maturity. Therefore, the pension funds simulated as placed in bonds are valued at nominal value plus return. The funds simulated placed in the GPFG are valued at market value.

Net pension obligation
The value of net pension obligations is determined on an actuarial basis using a number of assumptions. These include, among others, the discount rate, future salary increases, regulation of pensions, and demographic assumptions about disability and mortality. These assumptions are based on observable market prices and historical developments in the Group and society as a whole. Changes in the assumptions will have a material effect on the estimated pension obligation/cost.

Private early retirement scheme
From 1 January 2019, the company has been affiliated with the private early retirement scheme, which is a collective pension scheme for sectors with collective agreements in Norway. The early retirement scheme is based on a three-way collaboration between the employers’ organisations, employees’ organisations and the state. The state covers a third of the pension expenses for the early retirement scheme, while affiliated organisations cover the remaining two-thirds.

In accounting terms, the scheme is regarded as a benefit-based multi-company scheme. It is not currently possible to calculate the Group’s share of liabilities under the scheme with a sufficient degree of reliability. Therefore, the scheme is recognised as a defined-contribution scheme with premium payments expensed on a rolling basis.

There is a significant shortfall in the scheme. In addition, companies participating in the early retirement scheme are jointly and severally liable for two-thirds of future pension payments. An increase in premiums for the scheme are therefore expected in the future. The premium in 2024 will be 2.7 per cent (2.6 per cent in 2023 and 2022) of a salary basis defined in more detail in the scheme’s articles of association.

18. Pensions – continued

All amounts in MNOK

Pension cost for the year is calculated as follows:

	2023	2022
Costs of the current period's defined-contribution pensions and private AFP	99,9	96,3
Current service cost	36,1	41,2
Changes of plan including	0,0	0,0
Interest cost	158,2	133,9
Return on plan assets	-89,8	-71,4
Employee deductible (deposit and	-13,3	-2,2
Administrative expenses	0,2	0,3
Payroll tax, employers' contribution	27,2	27,9
Pension cost for the year (Note 5)	**218,7**	**226,0**

Pension obligations and plan assets:	Funded	Unfunded	2023 Total	Funded	Unfunded	2022 Total
Change in gross pension obligation:						
Pension obligation as at 1 January	4 151,5	450,0	4 601,5	4 976,8	478,4	5 455,2
Costs of pension accrual for the current period	14,4	22,2	36,6	25,9	15,1	41,0
Interest cost	142,9	15,2	158,2	123,9	10,0	133,9
Business transfers	-5,4	0,0	-5,4	-371,1	0,0	-371,1
Actuarial losses and gains	202,4	33,1	235,4	-522,4	-42,3	-564,7
Pensions paid	-91,2	-7,7	-98,8	-81,6	-11,2	-92,9
Gross pension obligation as at 31 December	**4 414,7**	**512,7**	**4 927,4**	**4 151,5**	**450,0**	**4 601,5**
Change in gross plan assets:						
Fair value of plan assets as at 1 January	2 453,1	0,0	2 453,1	2 621,7	0,0	2 621,7
Return on plan assets	89,8	0,0	89,8	71,4	0,0	71,4
Business transfers	-3,4	0,0	-3,4	-215,9	0,0	-215,9
Premium contributions	250,6	0,0	250,6	85,4	0,0	85,4
Management cost	-0,2	0,0	-0,2	-0,3	0,0	-0,3
Actuarial losses and gains	101,1	0,0	101,1	-27,6	0,0	-27,6
Payment of pensions	-91,2	0,0	-91,2	-81,6	0,0	-81,6
Fair value of plan assets as at 31 December	**2 799,7**	**0,0**	**2 799,7**	**2 453,1**	**0,0**	**2 453,1**
Net pension obligation	1 615,0	512,7	2 127,7	1 698,4	450,0	2 148,4
Payroll tax on net pension obligation, employers' contribution	236,1	72,3	308,4	238,9	63,4	302,4
Net pension obligation recognised in the balance sheet	**1 851,0**	**585,0**	**2 436,1**	**1 937,3**	**513,4**	**2 450,9**
Actual return on plan assets previous year	-62,8		-62,8	125,2		125,2
Expected premium contributions next year	245,6		245,6	173,9		173,9
Expected payment of benefits next year	-93,7		-93,7	-83,8		-83,8

Changes in the obligation (amount including employer's	2023	2022
Changes in capitalised liability:		
Net pension obligation recognised in the balance sheet as at 1 January	2 450,8	3 232,5
Pension cost charged to the income statement	118,2	116,3
Premium payments	-275,4	-95,1
Administrative expenses	0,2	0,4
Payout - unsecured schemes	-8,8	-12,8
Business transfers	-2,3	-177,5
Actuarial gains or losses against comprehensive earnings	153,3	-612,9
Gains on realisation	0,0	0,0
Net pension obligation recognised in the balance sheet	**2 436,1**	**2 450,8**

Calculation assumptions

The pension cost and net pension obligation are estimated on the basis of a set of assumptions. The discount rate is set base don the market for bonds with preferential rights. Salary increases and pension adjustments are based on historical observations for the company.

	2023	2022
Discount rate and expected return on pension funds	3,30 %	3,20 %
Expected wage growth	3,50 %	3,50 %
Expected pension adjustments	2,80 %	2,60 %
Expected g adjustment	3,25 %	3,25 %
Early retirement scheme	15,00 %	15,00 %
Average turnover rate (under 50 years of age)	3,00 %	3,00 %
Average turnover rate (over 50 years of age)	0,20 %	0,20 %

The take-up tendency for the job-specific pension is estimated to be 90% if >55 years old, 40% if 40-55 years old and 10% if <40 years old.
The weighted average duration of pension liabilities is 22.3 years.

18. Pensions – continued

All amounts in MNOK

The risk table K2013 is used for death and life expectancy, while the risk table for disabilities is based on the risk table K1963*200.

	Life expectancy		Mortality expectancy		Disability expectancy	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
20	81	85	0,023 %	0,009 %	0,1148 %	0,1724 %
40	82	86	0,058 %	0,034 %	0,2638 %	0,5236 %
60	84	87	0,428 %	0,288 %	1,4064 %	2,4044 %
80	89	91	4,304 %	2,947 %	N/A	N/A

Sensitivity to pension liability:
Sensitivity to pension liability (including employer's contributions) for changes in the weighted financial assumptions based on a change of one percentage point (figures in MNOK, negative figure is a reduction of liability/positive is an increase of liability):

Percentage point	+1	-1
Discount rate	-989,0	1 310,7
Salary inflation as a percent	99,5	-94,5
Regulation of national insurance basic amount as a percent	591,4	-498,3
Pension adjustments as a percentage	559,7	-475,4

19. Provisions for other liabilities and charges

All amounts in MNOK

	Total
Balance as at 31 December 2022	0,0
Allocated	3,8
Reversed	0,0
Used	-1,2
Balance as at 31 December 2022	2,6
Current liabilities recognised as other current liabilities	
Long-term part of provisions for liabilities	2,6

Capitalised liabilities consist of final agreements entered into before the balance sheet date. Final agreements are recognised as expenses in full at the time of the conclusion of the agreement and associated liability is reversed over the duration of the final agreement.

20. Other current liabilities

All amounts in MNOK

	2023	2022
Holiday allowance	113,2	109,0
Advances from customers	26,6	23,7
Wages and social security	17,8	10,8
Accrual of operating and investment expenses	8,8	10,5
Intra-group liabilities	221,6	227,9
Other current liabilities	13,7	7,1
Total	401,8	388,9

21. Events after the reporting period

New information after the reporting period about conditions that existed at the end of the reporting period will be recognised in the annual accounts. Events after the reporting period that do not affect the Group's financial position on the balance sheet date, but will affect the Group's financial position in the future, will be disclosed if material.

EU sanctions CP1 (Common projects 1)

As a result of non-compliance with deadlines for completion of technology projects, the European Commission has published which calculations it will use as a basis for economic sanctions. During the year, the Board has considered whether there is a need to make financial risk provisions due to potential EU sanctions (Infringement Procedures) for failure by Norway to meet the European regulatory requirements, but has concluded that it is not considered necessary at this time, due to uncertainty as to whether sanctions will be implemented, and as to the size of an eventual claim against Norway.

22. Business Transfer

Business transfers
Business transfers were carried out in the Avinor Group in 2023 which also impacted Avinor Air Navigation Services. On 1 October 2023, activities associated with seven employees responsible for the delivery of operations and maintenance services were sold from Avinor Air Navigation Services to Avinor AS.

The payment for business transfer has been set at fair value. Since this was a reorganisation with unchanged ownership, the business transfer was carried out with continuity of accounts. Thus the carrying amounts in the company accounts of the seller were continued in the company accounts for the buyer. The difference between the payment at fair value and transferred carrying amounts is attributable to other equity.

The business transfers is treated as a taxable transaction.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor Flysikring AS

Opinion

We have audited the financial statements of Avinor Flysikring AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the executive director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 3. May 2024
ERNST & YOUNG AS

Trond Stian Nytveit
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)