INTERIM FINANCIAL REPORT

3rd quarter 2021

Content

About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 43 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions. The Group has approximately 3,000 employees and usually annual operating revenues of NOK 11 billion.

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications.

The Ministry of Transport and Communications manages the Norwegian state's ownership of Avinor, and stipulates e.g. the tasks imposed on the Group to safeguard the general interests of Norwegian society, the required rate of return and dividends. In addition, the Ministry of Transport and Communications regulates the aviation fees. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and also stipulates the Civil Aviation Authority's regulations, which have consequences for Avinor's operations.

Avinor has issued bonds that are listed on the Oslo and Luxembourg Stock Exchange. The Group's corporate governance must adhere to the Oslo Stock Exchange's recommendations for corporate governance to the extent applicable. The principles complement the government's focus on corporate governance in the management of the Norwegian state's shareholdings.

Avinor's head office is located in Oslo.

Avinor Group – Main Figures

Amounts in MNOK

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2021	2020	2021	2020	2020
Traffic income	476,9	234,4	984,7	881,9	1 149,2
Security (cost based)	192,8	124,9	335,7	353,2	443,8
Sales- and rental income - duty free	180,1	105,2	273,9	590,5	659,5
Sales- and rental income - parking	135,6	68,8	257,5	268,4	327,9
Sales- and rental income - other	318,6	221,7	761,9	792,2	991,6
Inter-group income	21,2	20,5	66,0	63,5	86,3
Total income airport operations	1 325,0	775,3	2 679,8	2 949,7	3 658,3
En route charges	247,0	157,1	543,1	506,4	654,5
Inter-group income approach and control tower services	147,3	153,0	429,3	477,0	627,4
Other income	43,4	46,7	127,8	125,3	178,0
Total income air navigation services	437,8	356,7	1 100,2	1 108,7	1 459,9
Other group income	1 466,4	616,4	4 407,3	3 125,3	4 434,0
Elimination of inter-group income	-281,7	-335,1	-958,4	-1 032,0	-1 368,9
Total group income	2 947,5	1 413,4	7 228,9	6 151,7	8 183,3
Operating expenses airport operations	-1 083,0	-1 004,5	-3 367,3	-3 489,8	-4 677,8
Operating expenses air navigation services	-399,7	-355,5	-1 307,3	-1 238,6	-1 720,8
Other operating expenses	-156,7	-170,9	-629,2	-1 005,1	-1 303,2
Elimination of inter-group expenses	281,7	335,1	958,4	1 032,0	1 368,9
Total group expenses	-1 357,6	-1 195,8	-4 345,4	-4 701,5	-6 333,0
EBITDA airport operations	242,1	-229,2	-687,5	-540,2	-1 019,5
EBITDA air navigation services	38,0	1,3	-207,1	-129,9	-260,9
EBITDA others	1 309,7	445,5	3 778,0	2 120,2	3 130,8
EBITDA group	1 589,9	217,6	2 883,5	1 450,2	1 850,3
Depreciation, amortisation and impairment charges	-545,7	-547,1	-1 645,1	-1 637,6	-2 199,5
Operating profit/-loss	1 044,1	-329,5	1 238,5	-187,4	-349,1
Net finance income/-costs	-123,0	-126,5	-408,0	-406,1	-576,3
Profit/(loss) before income tax	921,1	-456,0	830,5	-593,5	-925,5
Income tax expense	188,2	-100,2	182,8	-130,6	-201,8
Profit/-loss after tax	733,0	-355,8	647,6	-462,9	-723,6
EBITDA-margin airport operations	18,3 %	-29,6 %	-25,7 %	-18,3 %	-27,9 %
EBITDA-margin air navigation services	8,7 %	0,4 %	-18,8 %	-11,7 %	-17,9 %
EBITDA-margin others	53,9 %	15,4 %	39,9 %	23,6 %	22,6 %
Investments airport operations	506,6	384,9	1 307,1	1 141,8	1 848,8
Investments air navigation services	94,8	103,7	291,8	311,4	293,1
Investments others	67,2	187,8	295,9	365,1	427,1
Total investments	668,6	676,4	1 894,8	1 818,3	2 569,0
Distributed dividends	0,0	0,0	0,0	0,0	0,0
Cash flow before borrowings/repayments	1 009,5	-736,0	477,3	-714,8	-1 027,2
Interest-bearing debts (exclusive lease liabilities)			22 247,5	20 675,8	25 285,0
Total assets			47 019,8	45 596,0	49 650,0
Net debt to equity ratio (b)			40,0 %	41,6 %	40,6 %
Number of passengers (in 1000)	7 593,6	5 030,6	13 492,5	16 730,0	20 362,6
Number of aircraft departures (in 1000)	133,1	110,3	313,7	323,5	428,3
Number of service units (in 1000)	437,5	289,5	954,3	946,9	1 229,8
Punctuality (a)			92 %	88 %	91 %
Regularity (a)			98 %	97 %	97 %

(a) Past 12 months
(b) Equity as a percentage of total equity and net interest-bearing debt (including interest rate swaps). According to article 5 of the company's Article of Association

Board of Directors' Report

IMPORTANT EVENTS

Air traffic through Avinor's airports, measured by number of passengers and aircraft movements, fell by 19.4 per cent and 3.1 per cent in the first nine months of 2021 compared to the corresponding period in 2020. Comparing only the third quarter, the air traffic increased by 50.9 and 20.6 per cent, respectively. Over the last 12 months, average punctuality and regularity were 92 per cent and 98 per cent, respectively.

In the first nine months of 2021 Avinor's airports handled passenger traffic which in total was 67 per cent lower than 2019 levels. The downturn was greatest at airports with international traffic. Through the summer and autumn season, the travel activity increases as a result of more people being vaccinated and ease of travel restrictions. Measures implemented by the government to limit the spread of the virus, test regime, documentation requirements and travel restrictions, as well as the airlines route planning will determine when traffic again stabilize at increased levels. Fewer aircraft movements and fewer passengers has resulted in a sharp decline in traffic income and commercial income.

Work is conducted regarding the financing of new airports in Bodø and Mo i Rana. The airports are mentioned in the proposed national budged for 2022. In addition to financing by Avinor, the intention is financing by the state and local contributions.

After a tender, Onepark was in October awarded a new contract for operation of the parking facilities at Oslo Airport. Onepark has been responsible for the operation of the parking facilities for the last five years. The new contract, for the period 2022 - 2027, has an estimated total turnover value for Onepark of approximately NOK 2 billion.

Avinor continues to streamline the operations to ensure the group's financial solvency in the longer term. A reorganization within the group is planned from 2022, in order to coordinate resources and standardize processes. Avinor's strategic priorities, including the level of costs and investments, will be adjusted to a long-term situation for the aviation.

For the period 01.01. – 30.09.2021 Avinor has received grants of NOK 3,800 million, which has been recognized as government grants. This corresponds to the level of grants in the revised national budget for 2021. Absence of government grants in the fourth quarter of 2021 might lead to a group equity below 40 per cent at 31.12.2021. In an extraordinary general meeting, held 11.10.2021, the group has been granted a time-limited permit to deviate from paragraph 5 of the articles of association, down to a minimum of 36 per cent. The administration is working on measures to ensure that the group is in compliance with the equity ratio set in the articles of association in the long run. Measures includes continuation of cost cutting measures, reduced levels of investments, sale of assets and increased charges.

Q3 2021

KEY FINANCIAL FIGURES, THIRD QUARTER

MNOK	2021	2020	CHANGE
Operating income	2 947,5	1 413,4	108,5 %
EBITDA	1 589,7	217,6	630,6 %
EBIT	1 044,0	-329,5	416,8 %
Profit/-loss after tax	732,8	-355,8	306,0 %
Investments	668,6	676,4	-1,2 %

In the third quarter of 2021, the group had operating income of MOK 2,948 million, an increase of 108.5 per cent compared to the corresponding reporting period in 2020. Government grants increased by NOK 900 million, while traffic income and commercial income increased by NOK 400 million and NOK 234 million, respectively.

Operating expenses amounted to NOK 1,358 million compared to NOK 1,196 million in the corresponding reporting period of 2020. Depreciation and amortisation amounted to NOK 546 million, compared to NOK 547 million in the third quarter of 2020.

Net financial result amounted to NOK – 123 million, compared to NOK – 127 million in the third quarter of 2020.

The Group's result after tax ended at NOK 733 million, compared to NOK – 356 million in the third quarter of 2020.

1 JANUARY TO 30 SEPTEMBER 2021

KEY FINANCIAL FIGURES, 01.01 - 30.09.

MNOK	2021	2020	CHANGE
Operating income	7 228,9	6 151,7	17,5 %
EBITDA	2 883,4	1 450,2	98,8 %
EBIT	1 238,4	-187,4	760,8 %
Profit/-loss after tax	647,6	-462,9	239,9 %
Investments	1 894,8	1 818,3	4,2 %

In the first nine months of 2021, the Group had a result after tax of NOK 648 million compared to NOK – 463 million in the corresponding period of 2020.

The Group's balance sheet was reduced by NOK 2.6 billion in the first nine months of 2021, ending at NOK 47.0 billion at 30 September 2021. The group has repayment of a bond loan and other loans of in total NOK 2.9 billion in the period.

Operating income

Operating income in the first nine months of 2021 amounted to NOK 7,229 million, an increase of 17.5 per cent compared to the corresponding period in 2020.

OPERATING INCOME PER SEGMENT, 01.01. - 30.09.

MNOK	2021	2020	CHANGE
Airport operations	2 679,8	2 949,7	-9,1 %
Air navigation services	1 100,2	1 108,7	-0,8 %
Property development and hotels	84,6	74,8	13,2 %
Others (excluding Government Grants)	522,6	550,4	-5,0 %
Government grants	3 800,0	2 500,2	52,0 %
Elimination	-958,4	-1 032,0	7,1 %
Avinor Group	7 228,9	6 151,7	17,5 %

Within airport operations, there was a reduction in passengers of 19.4 per cent in the nine months of 2021 compared to the corresponding period of 2020. Revenues for airport operations ended for the first nine months of the year at NOK 2,680 million, a reduction of 9.1 per cent (NOK 270 million) compared to the corresponding period in 2020. Other income was reduced with NOK 358 million.

Within air navigation services, the volume of traffic in the first nine months of 2021 in terms of service units for en-route navigation services increased by 0.8 per cent and the number of aircraft movements at airports fell by 3.1 per cent compared with first nine months of 2020. Operating income for air navigation services was reduced with 0.8 per cent to NOK 1,100 million in the first nine months of 2021 compared to the corresponding period in 2020.

Rent income from commercial real estate increased by 13.2 per cent for the period 01.01. – 30.09.2021 compared to the corresponding period in 2020. All hotels owned by Avinor has been open so far in 2021, while one hotel was partially closed in the 2020 as a result of the corona pandemic.

As a result of the corona pandemic, Avinor has received NOK 3,800 million as a taxable government grant from the state, an increase of NOK 1,300 million compared to the corresponding period of 2020.

Operating expenses, depreciation and amortization, and other items

Total operating expenses for the first nine months of 2021 amounted to NOK 4,346 million, compared to NOK 4,702 million in the corresponding period in 2020. The decrease relates to lower volume-dependent costs as well as cost-cutting measures, including the furloughing of staff. In addition, the group had increased provision for losses in 2020.

Within airport operations, total operating expenses for the first nine months in 2021 fell by 3.5 per cent to NOK 3,367 million compared to the corresponding period in 2020. Within air navigation services operating expenses for the period ended at NOK 1,307 million, which is 5.5 per cent higher than the first nine months of 2020. Operating expenses for commercial real estate was NOK 6.1 million in the period 01.01. - 30.09.2021, the same level as the corresponding period in 2020.

Joint Group and unshared costs in the first nine months amounted to NOK 623 million, compared to NOK 999 million in the nine months of 2020. The reduction of NOK 375 million was primarily due to cost-cutting measures and large provisions for losses in 2020.

Total depreciation, amortisation, and write-downs for the period 01.01. - 30.09.2021 amounted to NOK 1,645 million, the same level as the corresponding period in 2020.

EBITDA and EBIT

EBITDA totalled NOK 2,883 million with an EBITDA margin of 39.9 per cent. In the corresponding period of 2020 EBITDA was NOK 1,450 million and a margin of 23.6 per cent.

EBIT and EBIT margin for the period 01.01. - 30.09.2021 was NOK 1,238 million and 17.1 per cent, compared to NOK – 187 million and – 3.0 per cent in the first nine months of 2020.

Government grants of NOK 3,800 million received at 30.09.2021, and NOK 2,500 million at 30.09.2020 are reflected in the figures.

Investments

Recognised additions to tangible fixed assets for the period 01.01. - 30.09.2021 amounted NOK 1,895 million, which is an increase of 4.2 per cent compared to the first nine months of 2020.

The investments can be broken down into business areas as follows:

ADDITIONS OF ASSETS UNDER CONSTRUCTION, 01.01 - 30.09.

MNOK	2021	2020	CHANGE
Airport operations	1 307,1	1 141,8	165,3
Air navigation services	291,8	311,4	-19,6
Property development and hotels	158,7	77,7	81,0
Joint items, group	95,0	243,3	-148,3
Consolidated items	42,2	44,1	-1,9
Avinor Group	1 894,8	1 818,3	76,5

Cash flow, financing, and commitments

In the first nine months of the year, the Group's cash flow before changes for liabilities was NOK 477 million. With a net decrease in debt of NOK 2,970 million, the Group's cash reserves decreased by NOK 2,493 million in the period 01.01. - 30.09.2021. This includes the received and recognised government grants of NOK 3,800 million.

Interest-bearing liabilities (not considering the value of derivatives related to interest rate hedging) and lease commitments as at 30 September 2021 amounted to NOK 23.4 billion, of which NOK 0.9 billion were current interest-bearing liabilities.

The Group's total assets at 30 September 2021 amounted to NOK 47.0 billion. Equity was at NOK 12.5 billion, which gives an equity ratio of 26.5 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of association) amounted to 40.0 per cent. In an extraordinary general meeting, held 11.10.2021, the group has been granted a time-limited permit to deviate from paragraph 5 of the articles of association, down to a minimum of 36 per cent. On the 22.10.2021 Avinor published a stock exchange announcement stating that there is risk that the equity ratio, calculated in accordance with the articles of association, is not above 40 per cent at 31.12.2021 which entails restrictions in the possibility of raising new long-term debt.

In the first nine months of 2021, the Group's book equity was reduced with NOK 712 million. Profit after tax contributed with NOK 648 million, estimate deviations on pension liabilities decreased the equity by NOK 1,446 million, while changes in value of financial hedging instruments accounted for a positive effect of NOK 86 million. Estimate deviations on pension liabilities is related to updated calculation of pension liabilities at 30. September 2021 based on updated assumptions for pension obligations published by the Norwegian Accounting Standards Board. See note 8 for further information regarding pensions.

At the end of the second quarter in 2021, the Group's cash reserves amounted to NOK 7.8 billion, distributed between NOK 3.5 billion in bank deposits and NOK 4.3 billion in unutilised drawing rights.

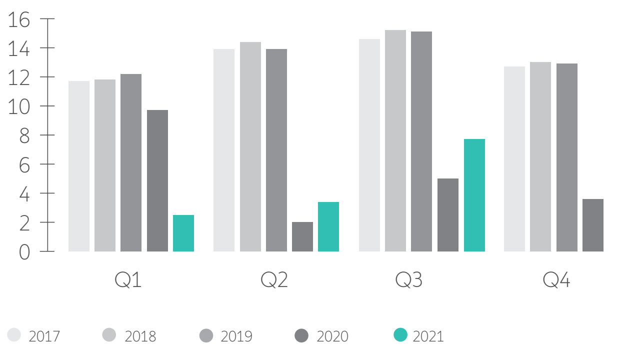
Traffic development and service targets

A total of 13.5 million passengers travelled through Avinor's airports in the first nine months of 2021. This is a decrease of 19.4 per cent compared to the corresponding period in 2020.

The figure below shows the trend in traffic on a quarterly basis for the period 2017 to 2021:

PASSENGERS

Millions



Domestic traffic in the first nine months of the year was reduced by 6.8 per cent compared to the corresponding period of 2020, while international traffic fell by 52.8 per cent. Offshore helicopter traffic had an increase of 5.6 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 30.09.

PASSENGERS (1000)	2021	2020	CHANGE
Gardermoen	5 226	7 723	-32,3 %
Flesland	1 987	2 116	-6,1 %
Sola	1 103	1 351	-18,4 %
Værnes	1 193	1 418	-15,8 %
Others	3 983	4 122	-3,4 %
Avinor group	13 492	16 730	-19,4 %

The number of commercial air transport movements in the first nine months of 2021 fell by 3.1 per cent compared to the corresponding period in 2020. Domestic aircraft movements increased with 5.1 per cent, while international aircraft movements fell by 36.3 per cent.

Over the past 12 months, average punctuality was recorded at 92 per cent and average regularity at 98 per cent throughout Avinor's network of airports. The internal targets for punctuality and regularity are 88 per cent and 98 per cent respectively.

AIR SAFETY AND HSE

Subject to investigations that are yet to be completed, in 2021 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental.

The H1 value (frequency of lost-time injuries) for the last 12 months was 2.3 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 6.6 in Avinor AS and 0.6 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 4.5 per cent.

Within HSE, the year has been characterised by coronavirus-related issues, including infection control at airports and increased home working for administrative staff. The situation is presently normalizing.

The campaign "Bother – shout out!", which uses several new instruments in injury prevention is being rolled out in Avinor. The campaign has so far yielded good results, among other things the frequency of injuries is more than halved during the last year.

RISK

Risks pertaining to air traffic volumes

Avinor's traffic income is affected by changes in the airlines' route layout, the demand for flights, and other factors outside of the Group's control. No special contracts have been established with the airlines that use Avinor's airports, and so airlines have no obligation to maintain set traffic volume levels.

A few airlines account for a substantial proportion of traffic volumes at Avinor's airports. Significant business decisions or financial difficulties in relation to these airlines could have a significant financial impact on Avinor.

Avinor has a high proportion of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. Consequently, the Group's earnings and financial value are affected by changes in traffic volume.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. Changes in traffic volumes will have an impact on the size of these revenues.

The coronavirus pandemic and the uncertainty surrounding its duration and long-term impact will affect the group's income and the value of its assets.

Risks pertaining to investment activities

The Group has an ongoing investment programme for infrastructure maintenance and adaptation within the operations of airports and air navigation services. The inherent project risk, changes in the economic situation, and political guidelines may affect the financial basis for these investments and subsequently the Group's financial position.

There are technical, economic, and regulatory risks associated with development projects.

Credit risk
The Group is exposed to credit risk in relation to airlines and related activities. The Group deems that the risk of airlines being unable to meet their obligations is present. If airlines are unable to meet their obligations, this could have a significant impact on the Group's business, financial position, and operating profit.

The Group has guidelines for minimising losses. No guarantees have been provided for liabilities that do not belong to companies in the group.

Financial risk
Foreign exchange risk
The Group is exposed to risk with respect to the value of the Norwegian krone against other currencies through income, expenses, and financing in foreign currencies. The exposure to euro is the most significant.

Revenues from en-route navigation services are in euros, while some purchasing contracts are concluded in foreign currencies. The groups financing is exposed to foreign exchange risk, a large portion of the long-term financing is in euro.

The groups total foreign exchange risk is partially reduced since the revenues and costs partially is exposed for the same foreign exchange risk, and through hedging of the groups long term debt in foreign currencies.

Interest rate risk
The Group is exposed to interest rate risk through its financing activities.

Liquidity and financing risk
Avinor is dependent on the external financing of development plans and projects in order to meet its financial obligations by their due date as well as to refinance existing debt. There is uncertainty regarding the availability and pricing of capital markets. For Avinor there have been no challenges in this regard yet.

Hedging
Financial hedging instruments are used to curtail risk related to changes in interest, exchange rates, and energy prices. The value of hedging instruments changes in line with prices in the market and may, to the extent that hedge accounting is not used, affect profit and loss. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

Regulatory risks
The Group's operations are focused on safe air traffic management, with procedures and measures to minimise the risks and consequences of accidents and serious incidents. Developments regarding national and international regulatory issues may have financial consequences for the Group.

Avinor safeguards defined national sectoral policy objectives. The Norwegian state sets guidelines for several conditions, including airport structure, emergency preparedness, aviation fees, and corporate social responsibility. The scope and organisation of sectoral policy guidelines may change over time.

New airport in Bodø
In the proposed national budget for 2022 the financing of a new airport in Bodø, to provide more space for urban development, is mentioned. Its implementation is dependent on the funding being put in place. The intention is that the funding is shared between the state, Bodø municipality and Avinor. The new airport will not be financially profitable for Avinor and represents a financial risk. The extent of this risk is dependent the size of Avinor's financing, and to what extent Avinor can factor in this effect in the calculation of aviation fees.

Pensions
From 1 January 2019 the groups public-sector defined-benefit pension scheme was closed. New employees are from this date enrolled in a private defined-contribution pension scheme. Around 45 per cent of employees at 1 January 2019 were transferred to the new scheme. The public-sector pension scheme changed on 1 January 2020 for those born after 1962. The new scheme bears more resemblance to a private defined-contribution scheme. The transition to the new schemes means that those who have been transferred to the new scheme and those who are still members of the public-sector scheme and who were born after 1962 have been granted a set entitlement based on the rules of the old scheme.

Changes in the pension scheme, with effect from 1 January 2020, does not contain provisions for contractual early retirement pension scheme (afp) or schemes for employees with special age limits.

The Norwegian Parliament has adopted new principles for regulation of age pension for 2021. Age pension will be regulated with the average of price- and salary growth in the society. All assumptions for calculation of age pensions for 2022 and forward is not yet ready.

There are financial and regulatory risks linked to the calculated pension obligations, where minor changes in the assumptions might have substantial effect on the group equity.

Environmental conditions
Aviation affects the environment both locally and globally. The local environmental impact is primarily related to aircraft noise, air quality, and water and ground contamination. The global impact is primarily related to greenhouse gas emissions.

Greenhouse gas emissions from aviation affect the reputation of the industry and may impact national and international regulations of the industry. Avinor has for a period of time been working on reducing the greenhouse gas emissions from own operations and is also working to reduce the greenhouse gas emissions from the airline traffic. Assessments are conducted connected to how government and other stakeholders' expectations are on how Avinors works with and reports on sustainability/esg. This includes assessments on EU taxonomy and Task force on Climate-related Financial Disclosures.

The airports have discharge permits that require risk assessments of acute pollution that represents a risk of damage to the external environment. Work is continuing reducing the risk of incidents that harm the environment occurring, at the same time as existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airports have been detected. Future clean-up costs are dependent on regulatory requirements. The Norwegian Environment Agency has issued an order for measures at some airports and an overall order for the remaining airports.

EFSA, the European Food Safety Authority, has issued new stricter limits on PFAS related to human health. The Norwegian authorities are now considering the impact of this on the ongoing management of PFAS contaminants in Norway. There is a risk that the Norwegian Environment Agency will impose stricter clean-up requirements at Avinor's airports, and that more pollution will need to be addressed than has previously been indicated.

OUTLOOK

The coronavirus pandemic has placed the entire aviation industry into an unprecedented situation. The primary focus at Avinor has been to provide continuity and ensuring that operations continue throughout the coronavirus pandemic. Operations are being adjusted according to the reduction in traffic volumes.

With positivte tendencies through the summer and autumn season, more people being vaccinated and ease of travel restrictions, the traffic at Avinor's airports increases. Avinor has upscaled the operations through the summer and autumn of 2021. There is still great uncertainty regarding the forecasts for air traffic. The duration and ripple effects of the pandemic, as well as increased focus on environment and sustainability, might lead to a lasting change in people's travel habits.

Avinor continues to streamline the operations to ensure the group's financial solvency in the short and long term.

Avinor's strategic priorities, including the level of costs and investments, will be adjusted to a long-term situation for the aviation.

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. New technology will change aviation as we know it today. Avinor's social mission means that the group shall facilitate further development and expected changes in air traffic.

Avinor is aware of the challenges the group faces when combining growth and greenhouse gas emissions in sustainable value creation. Aviation shall contribute to development and restructuring within Norwegian society and business. At the same time, the aviation industry is dependent on innovation and technological improvements to reconcile the goals of emission reductions and expected traffic growth.

Oslo, 26 November 2021
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

Amounts in MNOK

		THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	NOTE	2021	2020	2021	2020	2020
Operating income:						
Traffic income		916,7	516,4	1 863,5	1 741,5	2 247,4
Government grants		1 300,0	400,0	3 800,0	2 500,2	3 600,2
Other operating income		730,8	497,0	1 565,4	1 910,0	2 335,7
Total operating income	4	2 947,5	1 413,4	7 228,9	6 151,7	8 183,3
Operating expenses:						
Raw materials and consumables used		64,7	25,0	125,5	73,9	110,6
Employee benefits expenses		709,8	680,2	2 517,7	2 537,8	3 401,9
Other operating expenses		588,2	502,1	1 724,3	2 073,9	2 771,6
Other expenses	5	-4,9	-11,5	-22,0	15,9	48,9
Total operating expenses		1 357,8	1 195,8	4 345,5	4 701,5	6 333,0
EBITDA		1 589,7	217,6	2 883,4	1 450,2	1 850,3
Depreciation, amortisation and impairment charges	6	545,7	547,1	1 645,1	1 637,6	2 199,5
Operating profit/-loss		1 044,0	-329,5	1 238,4	-187,4	-349,1
Finance income		7,6	8,5	20,1	27,1	35,4
Finance expenses		130,6	134,9	428,1	433,1	611,8
Net finance income/-expenses		-123,0	-126,5	-408,0	-406,1	-576,3
Profit/-loss before income tax		920,9	-456,0	830,4	-593,5	-925,5
Income tax expense	2	188,2	-100,2	182,8	-130,6	-201,8
Profit/-loss after tax		732,8	-355,8	647,6	-462,9	-723,6

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2021	2020	2021	2020	2020
Profit/-loss for the period	732,8	-355,8	647,6	-462,9	-723,6
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains/-losses on post employment benefit obligations	-2 033,2	197,4	-1 852,8	-1 328,4	-1 542,4
Tax effect	446,7	-43,9	407,2	291,3	338,3
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	66,8	20,1	110,6	-301,8	-210,5
Tax effect	-14,7	-4,4	-24,3	66,4	46,3
Other comprehensive income, net of tax	-1 534,4	169,2	-1 359,4	-1 272,5	-1 368,3
Total comprehensive income	-801,6	-186,6	-711,7	-1 735,4	-2 091,9
Attributable to:					
Owner of parent	-801,6	-186,6	-711,7	-1 735,4	-2 091,9

CONDENSED BALANCE SHEET

Amounts in MNOK

	NOTE	30 SEPTEMBER 2021	30 SEPTEMBER 2020	YEAR 2020
ASSETS				
Non-current assets				
Intangible assets:				
Deferred tax assets		2 196,6	1 911,7	2 009,7
Other intangible assets	6	459,5	356,6	407,5
Intangible assets under construction	6	694,7	640,1	565,6
Total intangible assets		3 350,8	2 908,5	2 982,8
Property, plant and equipment:				
Property, plant and equipment	6	32 407,3	33 210,9	33 320,8
Assets under construction	6	4 620,0	3 572,2	3 606,1
Right of use assets	6	398,2	444,9	431,5
Total property, plant and equipment		37 425,5	37 228,0	37 358,4
Financial assets:				
Derivative financial instruments	10	1 509,5	1 890,9	1 638,4
Other financial assets		179,0	152,7	169,6
Total financial assets		1 688,6	2 043,6	1 808,0
Total non-current assets		42 464,9	42 180,0	42 149,2
Current assets				
Inventories		30,6	38,1	38,7
Trade and other receivables		966,0	934,0	796,0
Derivative financial instruments	10	33,2	805,6	648,2
Cash and cash equivalents	9	3 525,2	1 638,2	6 017,9
Total current assets		4 555,0	3 416,0	7 500,8
TOTAL ASSETS		47 019,8	45 596,0	49 650,0

CONDENSED BALANCE SHEET

Amounts in MNOK

	NOTE	30 SEPTEMBER 2021	30 SEPTEMBER 2020	YEAR 2020
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		7 075,2	8 143,5	7 787,0
Total equity		12 475,3	13 543,6	13 187,1
Liabilities				
Provisions:				
Retirement benefit obligations	8,11	7 496,3	5 345,9	5 621,0
Other provisions	11	935,5	1 114,1	1 010,3
Total provisions		8 431,7	6 459,9	6 631,3
Non-current liabilities				
State loan	9,10	972,0	1 416,4	1 194,2
Other non-current loans	9,10	21 146,4	18 193,4	22 574,5
Derivative financial instruments	10	747,1	0,0	420,7
Lease liabilities	9,10	366,4	404,5	390,9
Total non-current liabilities		23 231,9	20 014,3	24 580,3
Current liabilities				
Commercial papers	9,10	0,0	599,9	0,0
Trade payables		386,0	310,8	418,2
Tax payable		0,0	20,5	0,0
Public duties payable		197,5	205,2	178,5
Derivative financial instruments	10	9,6	15,3	5,0
First annual installment on long-term liabilities	9,10	891,5	3 159,3	3 381,5
Lease liabilities	9,10	54,7	55,2	57,8
Other current liabilities		1 341,6	1 212,1	1 210,4
Total current liabilities		2 880,9	5 578,3	5 251,3
Total liabilities		34 544,5	32 052,4	36 463,0
Total equity and liabilities		47 019,8	45 596,0	49 650,0

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2020	5 400,1	-886,6	10 765,5	**15 279,0**
Total comprehensive income		-1 272,5	-462,9	**-1 735,4**
Balance at 30 September 2020	5 400,1	-2 159,1	10 302,6	**13 543,6**
Balance at 1 January 2021	5 400,1	-2 254,9	10 041,9	**13 187,1**
Total comprehensive income		-1 359,4	647,6	**-711,7**
Balance at 30 September 2021	5 400,1	-3 614,3	10 689,5	**12 475,3**

CONDENSED STATEMENT OF CASH FLOWS

Amount in MNOK

		NINE MONTHS ENDED SEPTEMBER		YEAR
	NOTE	2021	2020	2020
Cash flow from operating activities				
Profit/(loss) before income tax		830,4	-593,5	-925,5
Depreciation, amortisation and impairment charges		1 645,1	1 637,6	2 199,5
(Profit)/loss on disposals of non-current assets		4,1	-10,9	-1,3
Changes in value and other losses/(gains) - net (unrealised)		-33,2	17,8	11,3
Net finance (income)/costs		408,0	406,1	576,3
Change in inventories, trade receivables and trade payables		-155,9	328,6	433,9
Difference between post employment benefit expense and amount paid/received	8	22,4	44,6	105,8
Change in other working capital items		15,3	-66,8	-138,0
Interest received		12,7	18,1	27,8
Income tax paid		0,0	-162,9	-298,8
Net cash flow from operating activities		2 748,8	1 618,7	1 991,0
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		-1 788,1	-1 817,2	-2 379,2
Proceeds from sale of PPE, incl assets under construction		19,6	21,2	26,2
Change in other investments		25,8	-22,8	-29,4
Net cash flow from investing activities		-1 742,7	-1 818,8	-2 382,5
Cash flow from financing activities				
Proceeds from borrowings	9	0,0	2 000,0	7 526,6
Repayment of borrowings	9	-2 970,0	-706,1	-940,6
Net proceeds/repayment of short term borrowings (commercial papers)	9	0,0	0,0	-600,0
Interest paid		-528,8	-508,6	-629,8
Other borrowing charges		0,0	-6,1	-5,9
Net cash flow from financing activities		-3 498,8	779,2	5 350,2
Net increase/-decrease in cash, cash equivalents and bank overdrafts		-2 492,7	579,1	4 958,7
Cash, cash equivalents and bank overdrafts at the beginning of the period		6 017,9	1 059,1	1 059,1
Cash, cash equivalents and bank overdrafts at the end of the period	9	3 525,2	1 638,2	6 017,9

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities to support the group's main business, including commercial development. The Avinor group's headquarters are located in Oslo.

The interim financial statements for the third quarter of 2021 were approved by the Board of Directors on 26 November 2021. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for the Avinor group for the third quarter 2021, ended 30 September 2021, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all its subsidiaries. The interim financial information has been prepared in accordance with IAS 34 Interim financial reporting. The interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2020. The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2020.

Income tax expense in the interim financial statements

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 22 %.

The group expects that a taxable profit at year end will be netted against tax losses carry forward. The calculated income tax expense for the interim period is therefore booked against deferred tax assets in the balance sheet.

NOTE 3 Segment information

Amount in MNOK

NINE MONTHS ENDED SEPTEMBER 2021

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	490,9	205,1	148,8	108,8	366,9	1 320,4
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	747,1	123,2	96,8	81,3	245,0	1 293,4
Inter-segment income	2,9	0,4	6,3	2,6	53,9	66,0
Total income	1 240,8	328,6	251,8	192,7	665,9	2 679,8
Employee benefits expenses	316,2	78,1	69,4	63,5	549,7	1 076,7
Other operating expenses	528,6	114,7	86,3	65,5	598,0	1 393,0
Inter-segment expenses	258,7	85,9	71,0	55,5	426,6	897,6
Total expenses	1 103,5	278,6	226,6	184,5	1 574,2	3 367,3
EBITDA	**137,4**	**50,0**	**25,2**	**8,2**	**-908,3**	**-687,5**
Depreciation, amortisation and impairment charges	715,0	226,4	90,9	82,1	325,5	1 440,0
Operating profit/-loss	**-577,6**	**-176,4**	**-65,7**	**-73,9**	**-1 233,8**	**-2 127,5**
Assets*	**16 401,0**	**5 228,1**	**1 679,0**	**1 637,1**	**6 044,6**	**30 989,8**

NINE MONTHS ENDED SEPTEMBER 2021 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 320,4	543,1	0,0	0,0		1 863,5
Government grants	0,0	0,0	0,0	3 800,0		3 800,0
Other income	1 293,4	127,8	68,9	75,3		1 565,4
Inter-segment income	66,0	429,3	15,7	447,3	-958,4	0,0
Total income	2 679,8	1 100,2	84,6	4 322,6	-958,4	7 228,9
Employee benefits expenses	1 076,7	984,5	0,0	456,5		2 517,7
Other operating expenses [1)]	1 393,0	244,2	5,3	185,3		1 827,8
Inter-segment expenses	897,6	78,6	0,8	-18,7	-958,4	0,0
Total expenses	3 367,3	1 307,3	6,1	623,2	-958,4	4 345,4
EBITDA	**-687,5**	**-207,1**	**78,6**	**3 699,5**		**2 883,4**
Depreciation, amortisation and impairment charges	1 440,0	101,0	25,0	79,1		1 645,1
Operating profit/-loss	**-2 127,5**	**-308,1**	**53,6**	**3 620,3**		**1 238,4**
Assets*	30 989,8	803,7	700,3	373,0		32 866,8

* Inclusive other intangible assets, exclusive assets under construction.

1) Other operating expenses includes a net reduction in losses on accounts receivable of MNOK 73.8 as of 30 September 2021. This is distributed with MNOK 11.9 in the segment Air Navigation Services and MNOK 61.9 in the segment Others.

NINE MONTHS ENDED SEPTEMBER 2020

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	523,3	183,3	139,2	97,1	292,2	1 235,0
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	1 006,7	157,5	123,6	99,5	263,7	1 651,1
Inter-segment income	1,5	0,4	7,7	2,6	51,3	63,5
Total income	1 531,4	341,3	270,5	199,2	607,2	2 949,7
Employee benefits expenses	324,8	79,5	72,8	65,0	561,8	1 103,9
Other operating expenses	571,5	106,8	118,0	77,5	597,0	1 470,8
Inter-segment expenses	277,6	92,8	76,5	56,6	411,7	915,1
Total expenses	1 174,0	279,1	267,2	199,0	1 570,6	3 489,8
EBITDA	357,5	62,1	3,3	0,2	-963,3	-540,2
Depreciation, amortisation and impairment charges	703,5	233,2	88,9	80,0	318,7	1 424,4
Operating profit/-loss	-346,1	-171,1	-85,6	-79,7	-1 282,1	-1 964,6
Assets*	16 857,8	5 443,5	1 701,3	1 654,5	5 928,2	31 585,3

NINE MONTHS ENDED SEPTEMBER 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 235,0	506,4	0,0	0,0		1 741,5
Government grants	0,0	0,0	0,0	2 500,2		2 500,2
Other income	1 651,1	125,3	58,8	74,8		1 910,0
Inter-segment income	63,5	477,0	16,0	475,6	-1 032,0	0,0
Total income	2 949,7	1 108,7	74,8	3 050,6	-1 032,0	6 151,7
Employee benefits expenses	1 103,9	976,6	0,0	457,3		2 537,8
Other operating expenses 2)	1 470,8	193,3	6,0	493,6		2 163,8
Inter-segment expenses	915,1	68,7	0,5	47,6	-1 032,0	0,0
Total expenses	3 489,8	1 238,6	6,6	998,6	-1 032,0	4 701,5
EBITDA	-540,2	-129,9	68,2	2 052,0		1 450,2
Depreciation, amortisation and impairment charges	1 424,4	105,4	26,8	81,1		1 637,6
Operating profit/-loss	-1 964,6	-235,3	41,4	1 970,9		-187,3
Assets*	31 585,3	899,1	733,5	349,7		33 567,6

* Inclusive other intangible assets, exclusive assets under construction.

2) Other operating expenses includes estimated losses on accounts receivable of MNOK 187.6 as of 30 September 2020. The provision is distributed with MNOK 17.6 in the segment Air Navigation Services and MNOK 170.0 in the segment Others.

NOTE 4 Operating income

Amounts in MNOK

Revenue from contract with customers (IFRS 15) include all traffic income and part of other operating income, see specification below.

Traffic income, except for the en route charges, is distributed to the segments under airport operations. The en route charges are allocated in its entirety to the segment Air Navigation Services. See note 3.

Government Grants

Government grants are recognised in accordance with IAS20 Accounting for Government Grants and Disclosure of Government Assistance. Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

The grants are considered receivable and given for the purpose of providing immediate financial support without future associated expenses or future conditions attached to it.

Government grants are presented separately in the income statement.

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
SPESIFICATION	2021	2020	2021	2020	2020
Traffic income					
Takeoff charges	**201,8**	41,7	**459,7**	312,1	423,7
Terminal charges	**178,0**	117,2	**314,3**	335,6	420,5
En route charges	**247,0**	157,1	**543,1**	506,4	654,5
Security charges	**192,8**	124,9	**335,7**	353,2	443,8
Terminal navigation charges	**97,1**	75,5	**210,8**	234,2	305,0
Total traffic income	**916,7**	516,4	**1 863,5**	1 741,5	2 247,4
Government grants	**1 300,0**	400,0	**3 800,0**	2 500,2	3 600,2
Other operating income					
Revenue from contracts with customers:					
Duty free	**3,2**	2,9	**4,4**	19,8	21,4
Parking	**0,0**	0,0	**0,1**	0,1	0,1
Other	**151,6**	132,2	**477,1**	392,0	539,9
Total revenue from contracts with customers	**154,8**	135,1	**481,7**	411,9	561,4
Rental income:					
Duty free	**176,9**	102,3	**269,5**	570,7	638,1
Parking	**135,5**	68,7	**257,4**	268,3	327,8
Other	**263,5**	190,9	**556,8**	659,2	808,3
Total rental income	**575,9**	361,9	**1 083,7**	1 498,2	1 774,3
Total other operating income	**730,8**	497,0	**1 565,4**	1 910,1	2 335,7
Total income from contracts with customers	**1 071,6**	651,5	**2 345,2**	2 153,3	2 808,8
Total rental income	**575,9**	361,9	**1 083,7**	1 498,2	1 774,3
Government grants	**1 300,0**	400,0	**3 800,0**	2 500,2	3 600,2
Total operating income	**2 947,5**	1 413,4	**7 228,9**	6 151,7	8 183,3

NOTE 5 Other income and expenses

Amount in MNOK

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2021	2020	2021	2020	2020
Other expenses					
Changes in value - unrealised	**-5,7**	-12,1	**-28,7**	12,6	4,6
Changes in value - realised	**0,0**	11,6	**-8,5**	44,8	57,5
Foreign currency translation gains/losses	**0,8**	-11,0	**15,2**	-41,5	-13,1
Total	**-4,9**	-11,5	**-22,0**	15,9	48,9

NOTE 6 Property, plant and equipment and other intangible assets

Amount in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 30 September 2020					
Opening net book amount	233,7	34 244,5	3 264,8	485,0	**38 228,0**
Additions	150,7	720,1	1 818,3	0,0	**2 689,0**
Reclassification	0,0	0,0	-870,7	0,0	**-870,7**
Disposals	0,0	-7,9	0,0	0,0	**-7,9**
Depreciation charge	-27,7	-1 745,8	0,0	-40,2	**-1 813,7**
Closing net book amount	356,6	33 210,9	4 212,4	444,9	**38 224,7**
At 30 September 2021					
Opening net book amount	407,5	33 320,8	4 171,7	431,5	**38 331,5**
Additions	91,1	660,7	1 894,8	6,9	**2 653,5**
Reclassification	0,0	0,0	-751,8	0,0	**-751,8**
Disposals	0,0	-8,4	0,0	0,0	**-8,4**
Depreciation charge	-39,1	-1 565,8	0,0	-40,2	**-1 645,1**
Closing net book amount	459,5	32 407,3	5 314,7	398,2	**38 579,7**

MNOK 694.7 of assets under construction is classified as intangible as at 30 September 2021 (MNOK 640.1 as at 30 September 2020).

Impairment tests - measurement of recoverable amount

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020 and continues to have a negative impact in 2021.

The pandemic is already considered an impairment indicator for the group's cash-generating units (airport operations and air navigation services), and consequently management has performed updated impairment tests as at 30 September 2021 that take into account new information and updated forecasts.

Uncertainty regarding the long-term effects of the pandemic, environmental risks and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments.

The group's cash-generating units (airport operations and air navigation services), are regulated infrastructure business where a decrease in traffic in the short / medium term normally not will entail need for impairments. However, the uncertainty regarding the long-term changes in travel habits might lead to impairment of assets.

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on a weighted average discount rate relevant for the group's type of operations.

The uncertainty regarding traffic forecasts is high. Hence, Avinor has relied on different scenarios in determining cash flows in the impairment assessments.

The most important assumptions used in the impairment tests as of 30 September 2021 are described below, and represent the most updated assessment of probable outcome:

KEY ASSUMPTIONS	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Revenues in 2021 in % of 2019 *	71,1 %	91,8 %
Revenues in 2027 in % of 2019 *	102,9 %	121,7 %
Operating expenses 2021 in % of 2019 *	75,1 %	89,8 %
Operating expenses in 2027 in % of 2019 *	93,0 %	96,5 %
Eternal growth in terminal value	1,7 %	1,7 %
Post-tax rate of return requirement	5,0 %	4,4 %

* 2019 the last normal year before the pandemic

Cash flows in the first year in the measurement period is based on management's best estimate. Cash flows for years 2 - 6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. In the estimate for charges, an expectation of regulation of the charges in accordance with consumer price index through the entire measurement period is assumed. Cash flow from year 6 onwards is extrapolated with an eternal growth of 1.7 % based on expectations in future travel activity and inflation. The expectations are based on Avinor's own assessments as well as analysis from reputable industry- and analysis organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth. At the same time, aviation fees will be regulated based on level of costs. Airport charges are based on current regulations.

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by MNOK 3,100 for airport operations and MNOK 850 for air navigation services. Consequently, no impairment loss has been recognized at the end of the third quarter of 2021.

Impairment tests - sensitivity analyses

At the time of approval of the third quarter 2021 statements there is still uncertainty how the pandemic and its ripple effects, as well as increased focus on environment and sustainability, will affect future travel activity. It is therefore still too early to predict the full impact the pandemic may have on the group. Should managements current estimates and assumptions not be met, it could lead to significant impairment losses.

Sensitivity analyses has been carried out that represent different scenarios based on changes in the assumptions to which the impairment tests are most sensitive. The analyses have been prepared to illustrate the uncertainty in the management's assessments.

The sensitivity to changes in operating margin, income, terminal growth and post-tax rate of return is summarised in the table below:

	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
IMPAIRMENT TESTS - RESULTS	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Change in assumption				
Operating margin: -1,0 %	37 200	0	1 850	0
Operating margin: - 2,0 %	35 100	1 300	1 300	300
Income: - 1,0 %	37 300	0	1 800	0
Income: -5,0 %	35 100	1 300	1 100	500
Terminal growth: -0,5 %	34 350	2 050	1 950	0
Terminal growth: -1,0 %	30 450	5 950	1 600	0
Post-tax rate of return: +0,5 %	34 100	2 300	1 900	0
Post-tax rate of return: +1,0 %	29 950	6 450	1 500	100

NOTE 7 Capital structure and equity

Amount in MNOK

	30 SEPTEMBER		YEAR
	2021	2020	2020
Interest bearing debt (see note 9)	**23 431,0**	23 828,6	27 598,9
Interest swaps liabilities (see note 10)	**747,1**	0,0	420,7
Interest rate swaps assets (see note 10)	**-1 509,5**	-2 693,2	-2 285,9
Lease liabilities	**-421,1**	-459,7	-448,7
Cash and cash equivalents	**-3 525,2**	-1 638,2	-6 017,9
Net interest bearing debt - exclusive lease liabilities	**18 722,3**	19 037,6	19 267,0
Equity	**12 475,3**	13 543,6	13 187,1
Total equity and net interest bearing debt - exclusive lease liabilities	**31 197,7**	32 581,2	32 454,1
Net debt to equity ratio*	**40,0 %**	41,6 %	40,6 %

* Equity as a percentage of total equity and net interest bearing debt - exclusive lease liabilities (according to article 5 of the company's Article of Association).

Article 5 of the company's Articles of association lays down the following financial limitation: "Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity". Lease liabilities are not included in the net interest-bearing debt when the calculating net debt to equity ratio set in the Articles of association. In an extraordinary general meeting, held 11.10.2021, the group was given a time-limited relief in the equity ratio set in the articles of association. For the period from 11.10.2021 until 31.12.2021 the equity ratio is adjusted from 40 to 36 per cent.

In addition, there are covenants on some of the debt issued by Avinor. The covenant is a net debt to equity ratio of at least 30 per cent. Lease liabilities are included in the net interest bearing debt in this calculation of the net debt to equity ratio.

Avinor complies with all equity covenants.

NOTE 8 Pensions

Amount in MNOK

Avinor bases its calculation of pension liabilities on updated assumptions for pension obligations published by the Norwegian Accounting Standards Board. The latest update of assumptions for pension obligation were as of 31.08.2021.

The following assumptions have been used to calculate the group's pension liabilities:

	30 SEPTEMBER		YEAR
	2021	2020	2020
Discount rate	**1,50 %**	1,50 %	1,70 %
Future return on plan assets	**1,50 %**	1,50 %	1,70 %
Future salary increases	**2,50 %**	2,00 %	2,25 %
Future pension increases	**1,50 %**	1,00 %	1,25 %
Future increases in the social security base rate (G)	**2,25 %**	1,75 %	2,00 %

PENSION OBLIGATION

	30 SEPTEMBER 2021	30 SEPTEMBER 2020	YEAR 2020
Net pension obligation at 1 January	**5 621,0**	3 972,8	3 972,8
Reclassification incoming balance gift pension	**0,0**	0,0	18,8
Pension cost (exclusive employee contribution)	**226,8**	230,7	411,5
Employer/employee contribution	**-204,4**	-186,0	-324,5
Actuarial gains/losses	**1 852,8**	1 328,4	1 542,4
Net pension obligation at the end of the period	**7 496,3**	5 345,9	5 621,0

In addition to the pension cost in the table above there is a cost of MNOK 89.2 as at 30 September 2021 related to employees that have transitioned to a defined contribution pension scheme (MNOK 115.4 as at 30 September 2020) and MNOK 19.2 related to the private AFP scheme (early retirement) (MNOK 22.4 as at 30 September 2020).

As at 30 September 2021 an actuarial loss of MNOK 1,852.8 is booked through other comprehensive income. The development in all assumptions used to calculate the pension liabilities has led to an increase in the liability calculated at 30 September 2021 compared to year end 2020: discount rate has decreased while expectations for future pension increases and salary increases has increased. In addition, changes in basis for calculation of pension and social security base rate adopted in 2021 has led to further increases in the actuarial losses.

NOTE 9 Borrowings and lease liabilities

Amount in MNOK

	30 SEPTEMBER 2021	30 SEPTEMBER 2020	YEAR 2020
Long term borrowings and lease liabilities	**22 484,8**	20 014,3	24 159,6
Short term borrowings and lease liabilities	**946,2**	3 814,4	3 439,3
Total	**23 431,0**	23 828,6	27 598,9
Movement in borrowings and lease liabilities			
Opening net book amount	**27 598,9**	21 295,0	21 295,0
Proceeds from borrowings	**0,0**	2 000,0	7 526,6
Repayment of borrowings	**-2 935,7**	-673,6	-896,7
Repayment of lease liabilities	**-34,3**	-32,5	-43,9
Net proceeds/repayment of short term borrowings (commercial papers)	**0,0**	0,0	-600,0
Net changes in borrowings with cash flow effect	**-2 970,0**	1 293,9	5 986,0
Change in value [1)]	**-1 197,9**	1 239,7	317,9
Closing net book amount	**23 431,0**	23 828,6	27 598,9

1) Parts of the loan portfolio is in euros. The strengthening of the Norwegian krone in the first nine months of 2021 results in reduced debt in Norwegian kroner during the period. In the first nine months of 2020 the change in value increased the debt because of the weakening of the Norwegian krone against the euro. The change in debt is offset, Avinor has purchased currency hedging instruments for the entire debt in foreign currency.

LIQUIDITY RESERVES

	30 SEPTEMBER 2021	30 SEPTEMBER 2020	YEAR 2020
Cash and cash equivalents	**3 525,2**	1 638,2	6 017,9
Unused bank overdraft	**300,0**	600,0	600,0
Unused credit facility	**4 000,0**	4 000,0	4 000,0
Total	**7 825,2**	6 238,2	10 617,9

The group has an internal objective of having a liquidity reserve, including drawing facilities, corresponding to at least 12 months' forecasted liquidity requirements, including repayment of borrowings. The internal objective is met at the end of third quarter 2021.

NOTE 10 Financial instruments

Amounts in MNOK

Fair value estimation

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value estimation of all interest rate swaps is collected from the groups treasury system and checked against fair value estimates from the main bank connection.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value due to the short maturity of these instruments. Similarly, the carrying amount of trade payables is approximately equal to fair value as they are entered into under "normal" conditions. This also applies to accounts receivables except for customer relationships where there are significant overdue, unpaid outstanding and where outstanding receivables are valued at fair value. The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

Below is a comparison of the carrying amounts and fair values of the group's interest-bearing debt.

FAIR VALUE ESTIMATION

	30 SEPTEMBER 2021		30 SEPTEMBER 2020	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 416,4	1 439,5	1 638,6	1 670,2
Bonds	17 043,9	18 163,2	16 133,7	16 928,3
Bank borrowings	4 549,7	4 805,7	4 996,7	5 605,3
Commercial papers	0,0	0,0	599,9	601,4
Lease liabilities	421,1	421,1	459,7	459,7
Total	23 431,0	24 829,6	23 828,6	25 264,8

DERIVATIVE FINANCIAL INSTRUMENTS

	30 SEPTEMBER		YEAR
	2021	2020	2020
Assets			
Interest rate swaps	**1 509,5**	2 693,2	2 285,9
Forward foreign exchange contracts	**3,3**	3,4	0,8
Forward energy contracs	**29,9**	0,0	0,0
Total assets	**1 542,7**	2 696,5	2 286,7
Liabilities			
Interest rate swaps	**747,1**	0,0	420,7
Forward foreign exchange contracts	**9,6**	0,3	1,0
Forward energy contracs	**0,0**	15,0	4,0
Total liabilities	**756,6**	15,3	425,7

Fair value hierarchy

The tables below shows financial instruments at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3))

The following table presents the group's assets and liabilities that are measured at fair value at 30 September 2021:

AT 30.09.2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	29,9	3,3		33,2
Derivatives used for hedging		1 509,5		1 509,5
Total assets	29,9	1 512,8	0,0	1 542,7
Liabilities				
Financial liabilities at fair value through profit or loss		4 722,3		4 722,3
Derivatives used for hedging		747,1		747,1
Total liabilities	0,0	5 469,3	0,0	5 469,3

The following table presents the group's assets and liabilities that are measured at fair value at 30 September 2020:

AT 30.09.2020	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		3,0		3,0
Derivatives used for hedging		2 693,2		2 693,2
Total assets	0,0	2 696,2	0,0	2 696,2
Liabilities				
Financial liabilities at fair value through profit or loss	15,0	1 714,9		1 729,9
Derivatives used for hedging		0,0		0,0
Total liabilities	15,0	1 714,9	0,0	1 729,9

NOTE 11 Contingencies and estimates

Equity according to the articles of association

The group's profit has been strongly negatively affected through the entire corona pandemic. In addition the groups pension liabilities have increased through 2021. So far in 2021 the group has received MNOK 3,800 in government grants. The government has signalized that no further grants can be expected for 2021 or 2022.

Article 5 of the company's Articles of association lays down the following financial limitation: "Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity". Lease liabilities are not included in the net interest bearing debt when the calculating net debt to equity ratio set in the Articles of association.

In an extraordinary general meeting, held 11 October 2021, the group was given a time-limited relief in the equity ratio set in the articles of association. For the period from 11 October 2021 until 31 December 2021 the equity ratio is adjusted from 40 to 36 per cent.

If a new extraordinary general meeting is not held, the required equity ratio will be back at 40 per cent from 1 January 2022. The group will thus be in breach with the articles of association if the equity ratio is below 40 per cent at 31 December 2021. The board is working on measures to ensure that the group is in compliance with the equity ratio set in the articles of association. Measures considered includes continuation of cost cutting measures, reduced levels of investments, sale of assets and increased charges.

External environment

According to assignment from the Norwegian Environment Agency a preliminary survey of possible external environment obligation attached to PFOS pollution on all of Avinor's airports (with the exception of Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases) have been carried out. There is established responsibility for clean-up of pollution on 32 localities.

Based on action plans approved by the Norwegian Environment Agency for comparable locations, the clean-up cost is estimated to MNOK 920 on the 32 locations in question in addition to responsibilities on other locations. Based on this, a provision of MNOK 871.2 was made in the second quarter of 2019. The total provision related to external environment clean-up costs as of 30 September 2021 amounts to MNOK 921.9.

Pensions

New act on public occupational scheme

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 30 September 2021. Regulation related to a new AFP scheme and special retirement pension are not included in the new law. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted.

Age pension

The Norwegian Parliament has adopted new principles for regulation of age pension for 2021. Age pension will be regulated with the average of price- and salary growth in the society, while previously the age pension was regulated with salary growth subtracted a factor of 0.75. All assumptions for calculation of age pensions for 2022 and forward is not yet ready.

The effect of changed regulation of age pension forward is not calculated as all assumptions to be able to estimate the effect is not yet ready.

Insurance settlement parking garage Stavanger Airport

The parking garage at Stavanger Airport was damaged in a fire on 7 January 2020. In 2020 Avinor received a preliminary insurance settlement, this was presented as a reduction of the impairment charge and demolition expenses of the assets that were considered lost as a result of the fire.

The building was fully insured, and the insurance covers the cost of rebuilding a similar building. Avinor is in dialogue with the insurance company regarding the insurance settlement and the planning for construction of a new parking garage is in progress.

The final financial and accounting consequences of the fire will not be known until the insurance settlement is fully completed.

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AVINOR

AVINOR AS
Org.nr. 985 198 292
Dronning Eufemias gate 6
0191 Oslo

Postboks 150
2061 Gardermoen

avinor.no