

# Annual report 2021



## Contents

KEY FIGURES FOR 2021 (2020 in parentheses) .....	3
ABOUT AVINOR FLYSIKRING AS .....	4
IMPORTANT EVENTS IN 2021.....	5
Financial situation due to COVID-19.....	7
ECONOMY AND FINANCES.....	8
CORPORATE GOVERNANCE AND COMPANY MANAGEMENT .....	10
TRAFFIC GROWTH .....	11
AIR SAFETY AND HSE.....	11
CORPORATE SOCIAL RESPONSIBILITY AND TASKS RELATING TO CORPORATE SOCIAL RESPONSIBILITY .....	12
PERSONNEL AND ORGANISATION .....	13
INCLUSION, GENDER EQUALITY AND DIVERSITY .....	14
OUTLOOK AND FRAMEWORK CONDITIONS .....	17
ANNUAL ACCOUNTS FOR 2021 WITH NOTES .....	21

## KEY FIGURES FOR 2021 (2020 in parentheses)

- Domestic (aircraft movements): 253,614 (229,105) **+10.7%**
- International (aircraft movements): 72,968 (78,760) **-7.4%**
- Overflights: 47,079 (36,447) **+29.2%**
- Increase in Norway (aircraft movements) **+8.5%**
- Operating income: NOK 1,576 million (1,460) **+7.9%**
- Operating expenses: NOK 1,809 million (1,730) **+4.4%**
- Profit after tax: NOK -305 million (-323) **+5.9%**
- Number of FTEs: 906 (937) **-3.3%**
- Percentage of women in senior positions: **17%** (17%)
- Total proportion of women: 23% (24%) **-1%**

## ABOUT AVINOR FLYSIKRING AS

Avinor Flysikring AS is a wholly owned subsidiary of Avinor AS and is regulated by the Norwegian Ministry of Transportation and Communications. The company has its head office in Oslo and a presence in units across much of Norway. The company has just over 900 employees.

Avinor Flysikring provides tower services at airports, air traffic control services for traffic in Norwegian airspace, and technical infrastructure for air navigation. It traditionally categorises its activities according to the following areas:

- En-route navigation services
- Tower services
- Technology services

During 2021, Avinor's Group Management decided to implement a restructuring of the Group. It decided to bring all IT and other technological groups together in a new Technology Division within Avinor AS, and the AFIS service has been transferred to Avinor Flysikring AS through the undertaking being transferred. Avinor Flysikring AS will continue to operate as a separate private limited company. As regards Avinor Flysikring AS's financial statements, this is not expected to have a significant impact on either total turnover or total costs in the income statement. In the company's balance sheet, non-current assets and plant under construction will be significantly reduced, and the balance sheet total will also be lower.

Avinor Flysikring's objective is to be a leading provider of air navigation services thanks to its safe, stable and efficient operations. The company aims to increase value for its customers and society by providing in-demand air navigation services.

### Designated provider

Avinor Flysikring AS is the designated provider of en-route navigation services until 2024.

In discussing White Paper 30 (2016-2017), the Norwegian parliament decided to open up local air traffic control services (tower services and approach control) to competition at Avinor's own airports. On 24 February 2020, the Ministry of Transport and Communications designated Spanish company Saerco as a supplier to Kjevik and Vigra airports, after the company won the competitive tendering processes for tower services in autumn 2019.

Following a major restructuring within Avinor AS in the autumn of 2021, it was decided to transfer responsibility for the Aeronautical Flight Information Service (AFIS) service from Avinor AS to Avinor Flysikring AS with effect from 1 March 2022. The decision reflected a strategic aim to bring all air traffic control services together under a single company. As a result of this, it became necessary to designate a new supplier, and Avinor Flysikring AS was duly designated as supplier for the AFIS service. For Avinor Flysikring AS, this means that the company will have a new business area.

On 9 December 2021, the Ministry of Transport and Communications amended Avinor Flysikring's designation decision as a provider of air navigation services as a result of the transfer of responsibility for the AFIS service.

The Ministry decided that the terms of the original designation decision dating from 1 December 2014 should otherwise remain in force, but with the following principal amendments:

- Avinor Flysikring AS is designated as the provider of local air navigation services, including AFIS. The designation also includes the provision of such services at Svalbard Airport.
- The designation does not include the provision of services at the airports where separate designation decisions have been made.
- The decision does not affect the duration of the designation for the en-route and approach service, which will still remain in force until 2024.

## IMPORTANT EVENTS IN 2021

### Investment in remotely operated towers

Avinor Flysikring is investing heavily in remote-controlled towers in co-operation with technology suppliers Kongsberg Defence & Aerospace and Indra. Tower services at Røst, Vardø, Hasvik, and Berlevåg airports have been transferred to the Remote Towers Centre in Bodø and are now provided from there. The roll-out of remote-controlled towers at the last 11 airports in phase 1 was deferred from 2021 to 2022, in an understanding with technology provider Kongsberg Defence & Aerospace. In 2022, the roll-out of remote-controlled towers at four airports is planned, while the last seven airports are expected to switch to remote-controlled tower operation by 2023. Avinor AS is the owner of the project, but responsibility for project implementation will remain with Avinor Flysikring AS until the restructuring process is complete.

### Investment in drones

In 2021, a Group Drone Programme was established within Avinor, in which Avinor Flysikring 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 controlled airspace, to look at the use of drones in the company's own operations, and to explore commercial opportunities. In 2021, Avinor Flysikring completed the implementation of the new *Ninox Drone* system at 17 airports in Norway which 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.

### Restructuring

In 2021, Avinor's Group Management decided to initiate a restructuring process throughout the Group, including Avinor Flysikring. The view was that it is challenging for the parent company and subsidiary to operate under different framework conditions. After many years of a clear distinction between the parent company Avinor AS and subsidiary Avinor Flysikring AS due to the introduction of competition for tower services, it was decided to strengthen the Avinor model by removing the barriers and reconnecting the companies.

Amongst other things, this has meant that the board of Flysikring has become an internal board with the main focus on financial management and HR-related issues, as well as operational matters. Most general administrative functions within Avinor Flysikring AS are transferred to Avinor AS through transfer of the undertaking. In addition, it has been decided to bring all IT and other technological groups together in a new Technology Division within Avinor AS. The AFIS service is transferred to Avinor Flysikring AS through the transfer of the undertaking. The restructuring will be effected in full during 2022.

### **Revised performance requirements for the en-route navigation service during reference period 3**

The European Commission's Single European Sky regulations, implemented in 2009, focus on things such as performance requirements for the supply of en-route navigation services. Reference period 3 (RP3), which runs from 2020 to 2024, will set important framework conditions for the supply of en-route navigation services in the future.

In the autumn of 2020, the European Commission adopted extraordinary Implementation Regulations (IR) in light of the the COVID-19 pandemic, which meant that the Commission had to adopt revised RP3 performance requirements.

During 2021, the EU's decision-making authorities agreed on the revised performance requirements for RP3. The position of the airlines is that, when setting the new performance targets, the EU did not take sufficient account of the airlines' financial situation. The European Commission's Performance Review Body (PRB) shares airlines' view that service providers are protected state monopolies which have avoided the worst consequences of the pandemic. The Unit Rate will increase in 2022 due to the increased costs incurred by providers of air navigation services as a result of lower traffic levels. The airlines consider this to be an unreasonable price increase which will harm the financial strength of the airlines.

Avinor Flysikring AS's revised cost and traffic forecasts for RP3 (2020-2024) are considerably lower than previously reported for the reference period and within the pan-European performance targets by a solid margin. From a customer perspective, however, this entails an actual cost increase from 2019.

Political guidelines have a greater impact on the national performance plan now than was previously the case. As a prerequisite for Avinor's operating subsidy, the Ministry has amongst other things stipulated a "zero growth ambition" for aviation taxes during the period 2022-2024. The Norwegian State has chosen not to take advantage of the option to carry forward the deficit from 2020 and 2021 of just under NOK 900 million and frozen tax in 2022 (Consumer price adjustment from 2021). This is reflected in Avinor Flysikring AS's impairment assessment; see Note 11 to the annual accounts and other discussion below.

### **Revised regulatory framework conditions for European airspace (SES2+)**

In the autumn of 2020, the EU submitted a proposal to amend the regulatory framework for airspace in Europe with regard to significant points (the SES2+ regulations). The EU's proposal for regulatory

changes is a structural reform with the aim of modernising European aviation and making it more efficient and sustainable, with a reduction in emissions of up to 10%. The primary intention of this is to develop new digitalised technology so that European aviation can meet future capacity challenges.

If the proposals are adopted, they will change European aviation considerably and affect all aviation stakeholders, including Avinor Flysikring and its future strategies. Throughout 2021, the proposals in the new EU initiatives were subject to consultation in both the EU institutions (the Commission, Parliament and Council) and amongst individual Member States without any agreement being reached regarding the key points. The Commission wants more governance and supranationality, while the EU Member States in Parliament and the Council want less. Avinor Flysikring is participating in efforts relating to Norway's position. It is still uncertain when or how the new framework for aviation will be adopted.

## Sustainability

The EU had climate challenges high on its agenda throughout 2021 and has established clear requirements regarding emissions in the aviation sector. The European Commission wants to introduce legally binding environmental requirements for European aviation by 2050 by way of regulatory changes in SES2+.

Avinor Flysikring's interest organisation, CANSO, and other stakeholders in the aviation industry have prepared the report *Destination 2050 - A Route to Net Zero European Aviation* to meet the expected European environmental requirements by 2050 as well as to safeguard the industry's competitiveness.

In addition, a joint binding EU environmental declaration was drawn up during 2021. The *Toulouse Declaration* will unite regulatory authorities and the aviation industry around a common zero emissions target for CO<sub>2</sub>. The declaration was adopted on 4 February 2022.

## Financial situation due to COVID-19

During 2020 and 2021, Avinor Flysikring's finances and accounts were severely affected by the decline in air traffic as a result of the COVID-19 pandemic. There has been considerable uncertainty about when, and how quickly, revenues will pick up again. The authorities have initiated several extraordinary national and international measures, support schemes, and rescue packages to alleviate the difficult economic situation in which the aviation industry finds itself. In addition, Avinor and Avinor Flysikring have implemented powerful efficiency measures. Reference is also made to the section on revised performance requirements for reference period 3, the fact that the deficit from 2020 and 2021 will not be carried forward to future periods, and the freeze on the tax rate for 2022.

## Efficiency programme in Avinor Flysikring

As a result of COVID-19, Avinor Flysikring has implemented a comprehensive efficiency programme ("Profitable Avinor Flysikring after COVID-19"). The company has reduced its variable and fixed costs so that it can scale the organisation according to the traffic situation and the expectations of the

owner. The programme has included staff layoffs, permanent staff reductions, and the streamlining of administration and operations.

## Group contributions

Avinor Flysikring's equity decreased during 2021 due to the loss of revenue as a result of the pandemic, and a negative deviation from estimates for the company's pension liabilities. The company received a group contribution of NOK 538.8 million at the end of 2021. As at 31 December, the company had an equity ratio of 8%, which is considered to be reasonable in relation to the company's risks. See Note 11, impairment assessment, which shows that real equity is higher than book equity.

## ECONOMY AND FINANCES

### Financial results

In 2021, Avinor Flysikring AS had an operating income of NOK 1,576 million, compared with NOK 1,460 million in 2020, and a loss after tax of NOK -305 million, compared with NOK -323 million in 2020.

Total operating costs before depreciation in 2021 amounted to NOK 1,809 million, compared with NOK 1,732 million in 2020.

During the period, the company recorded an operating loss of NOK -372 million. Total depreciation/amortisation and impairment amounted to NOK 139 million, compared with NOK 139 million in 2020. The operating margin was -19.1%. Net financial income amounted to NOK 18.6 million, primarily as a result of negative currency effects. The company's tax expense for 2021 was NOK -86 million.

Capitalised project expenses as at 31 December 2021 amounted to NOK 1,355 million and are classified as plant under construction in the balance sheet. Of this, the Remote Towers project accounts for roughly NOK 504 million, which will be transferred to Avinor AS in line with completion. Other major projects are the Future ATM system (FAS) at NOK 513 million and Norwam at NOK 102 million.

Negative estimate deviations for pensions in 2021 of NOK 601 million before tax are due to changes in economic assumptions, primarily an increase in pension adjustments and wage growth. A more detailed description of pensions can be found in note 18 to the accounts.

The company's impairment tests have shown that there are no grounds for impairment of the company's assets. This is further explained in note 11 to the accounts.

### Cash flow and capital structure

The company had a net cash flow from operating activities of NOK 397 million. Material accounting items without a cash-flow effect of NOK 139 million have been charged to depreciation/amortisation, of which NOK 29 million relates to depreciation and amortisation of



right-of-use assets following the new accounting standard for leases (IFRS 16) and the difference between expensed pension and actual contributions. The cash flow effect of lease expenses was NOK 29 million. Of financial expenses, NOK 8 million does not have an impact on cash flow.

The company's total equity as at 31 December 2021 amounted to NOK 5,015 million, compared with NOK 4,374 million as at 31 December 2020. The equity ratio as at 31 December 2020 was 7.8%, compared with 14.3% as at 31 December 2020. The impact of changes to economic assumptions that formed the basis for the calculation of pension liabilities has been recognised directly in other comprehensive income (OCI).

As at 31 December 2021, Avinor Flysikring AS had non-interest-bearing liabilities with a cash-flow effect, and the liquidity reserve amounted to NOK 231 million in receivables as part of the Avinor group's group accounts scheme.

## Appropriation of profits

The board proposes that the loss of NOK 305 million be covered by other equity.

The annual accounts for 2021 have been prepared on the assumption that the company will continue as a going concern (see Section 3-3 of the Norwegian Accounting Act) on the basis of forecasts approved by the management and prudent equity and liquidity as a result of group contributions. The board confirms that the conditions for continuing as a going concern are present.

Avinor Flysikring AS's equity is incredibly volatile due to changes in its pension liabilities. The war in Ukraine and the COVID-19 pandemic are expected to continue to create uncertainty in relation to the company's results. The board is monitoring the situation and has taken action. As at 31 December 2021, the company had good liquidity and prudent equity.

## Risk

Avinor Flysikring AS's primary objective is safe and stable operations. Procedures and measures have been established to minimise both the likelihood and consequences of accidents and serious incidents. In addition to operational risk, the business is exposed to financial risk, including risks relating to the implementation of large and complex technology projects, safety/security risks, risks relating to tax developments, future framework conditions and market consequences resulting from pandemics and war.

The general safety and security situation within the company is satisfactory. Focus areas are the coordination of a safety/reporting culture in the new organisation, which includes the AFIS service, and ensuring that the organisation is adequately prepared for normal traffic when the COVID-19 pandemic is over.

As a result of increased digitalisation, society will require the company to manage the risk of heightened vulnerability, particularly within the field of cyber security, such as cyber attacks which put key infrastructure at risk, including jamming and spoofing, etc. This issue has become particularly topical as a result of Russia's invasion of Ukraine. The security interests of the Norwegian Armed Forces will become one of the major driving forces going forward. Close cooperation amongst the

company's safety and security experts and good coordination with the Armed Forces must be facilitated.

The company's revenues are exposed to fluctuations in air traffic and the loss of existing customers. The COVID-19 pandemic and the war in Ukraine have led to uncertainty regarding future market and revenue potential. If the pandemic continues and the war in Ukraine becomes protracted, it will have major financial consequences. Flysikring has adopted a traffic forecast according to which traffic will return to 2019 levels during the period 2023-24. However, there is uncertainty regarding future travel patterns and the introduction of new travel restrictions. Further lockdowns of society could impact on the future revenue base. Changes made by airlines to their aircraft fleets (including a trend to replace larger aircraft with smaller types) as a result of the pandemic could also adversely affect the service providers' future revenue base. It must be assumed that the Ukraine crisis will constitute a future uncertainty factor and market risk for the company.

Another current strategic risk is the company's failure to meet regulatory requirements due to delays in complex technology projects, such as the future ATM system, FAS. In autumn 2021, Avinor Flysikring AS received a complaint from the EFTA Surveillance Authority (ESA) for failing to provide data link services to aircraft operators flying in Norwegian airspace in line with European regulatory requirements.

There is also uncertainty associated with tax developments and the future framework conditions for the en-route navigation service. Amongst other things, provisions may be adopted in the SES2+ regulations which are not adapted to Norwegian conditions and which will increase costs for Norwegian aviation stakeholders, partly through the proposal in SES2+ for a pan-European unit rate. As mentioned above, the deficit from 2020 and 2021 will not be carried forward to future periods, and the rate for 2022 will be frozen. This will have a negative impact on Avinor Flysikring AS's revenues.

The Profitable Avinor Flysikring programme contains comprehensive measures aimed at reducing costs. Staff reductions are closely linked to expected traffic growth. The company has established good processes for implementing measures with an acceptable level of risk.

Avinor Flysikring AS's financial risk is related to currency fluctuations in relation to income and expenses in foreign currencies. This mostly applies to income from the en-route navigation services, which, in normal circumstances, account for more than half of the company's income, which is invoiced in Euro. Financial hedging instruments (currency derivatives) are used to curtail this risk. See note 3 to the annual accounts.

The company continues to have pension liabilities in the balance sheet relating to the defined-benefit pension scheme with the Norwegian Public Service Pension Fund, which is sensitive to changes in economic conditions. See note 18 for the effects of the changes. 18.

## **CORPORATE GOVERNANCE AND COMPANY MANAGEMENT**

The executive board is preparing a separate statement on corporate governance and company management in accordance with the Norwegian Code of Practice for Corporate Governance (NUES). This statement is enclosed as an annex to the consolidated accounts and annual report.

The board of Avinor Flysikring AS consists of members elected by the owners and by employees. The chief executive officer of Avinor AS is the chair of the board. The board carries out its work 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.

In 2021, Avinor's Group Management decided to restructure the entire Avinor Group, including Avinor Flysikring. After many years with a distinction between the parent company Avinor AS and subsidiary Avinor Flysikring AS due to the introduction of competition for tower services, it was decided in the autumn of 2021 to strengthen the Avinor model. However, Avinor Flysikring AS will continue to operate as a separate private limited company.

In light of the organisational changes, a new composition was chosen and changes to the role of the board of Flysikring adopted. The board is being converted into an internal board, with a principal focus on financial management, HR-related issues and operational matters.

## **TRAFFIC GROWTH**

The number of commercial aircraft movements rose by 9% in 2021 compared with 2020. International traffic proved to be even weaker in 2021 than in 2020, declining by a further 7%. Overflights increased by 29%, while domestic traffic increased by 11% compared with 2020. The figures include offshore helicopter movements, which, when viewed separately, fell by 3.5%.

Revenue from en-route navigation services is based on the number of service units and the set en-route tax. Service units are calculated as the product of the factors "distance" and "weight". The number of service units rose by 18% during 2021 compared with 2020, but still remained 41% below the 2019 level. It is international traffic to and from Norwegian airports that has been hardest hit by restrictions. Domestic traffic for 2021 as a whole was below the 2019 level, but was at a level similar to pre-pandemic levels at times, largely driven by strong competition on the most heavily trafficked routes. The volume from overflights gradually increased throughout the year, but there was considerable variation in the extent to which the different routes were affected by the pandemic. Some of the most revenue-generating routes have experienced little decline, while others saw marginal traffic volumes during the pandemic. Overall, the volume increased month by month, and in December the deviation with respect to 2019 was down to -14%.

## **AIR SAFETY AND HSE**

### **Focus areas in air navigation**

Safety levels have been established and reactive data is linked to proactive data. Collectively, data from proactive and reactive air safety activities give an improved risk picture and a more holistic approach to risk management. The dynamic Dashboard function based on available safety data has matured and been deployed at every level within the organisation in order to monitor the safety picture.

Within Avinor Flysikring, a special focus was placed on maintaining acceptable levels of safety during the pandemic in 2021. A particular focus was also placed on changes originating from the pandemic, as well as the international trends for exceedances of aircraft spacing minima, runway incursions and issues linked to the use of drones. Avinor Flysikring believes it has a robust reporting culture. The number of aviation incident reports made (per traffic movement) and Avinor Flysikring's contribution were stable throughout 2021, despite the special circumstances as a result of COVID-19.

### **Exceedances of aircraft spacing minimums**

A particular focus of Avinor Flysikring AS is the risk of exceeding aircraft spacing minimums, i.e. aircraft coming closer together than the set minimum distance. We did not have any serious aviation incidents in 2021 and exceedances were almost without exception marginal, where the air traffic controller was able to intervene immediately. The risk potential for undetected or late-detected aviation incidents of this type is nevertheless great, and it is important to monitor this trend.

### **Drones**

The unauthorised use of drones poses a potential risk of accidents and serious incidents. Avinor Flysikring is putting substantial effort and resources into minimising this risk by, for example, raising awareness and competence and issuing relevant regulations and procedures, as well as by working closely with the user environment, public authorities, and other service providers. In addition, Avinor initiated a project in 2021 aimed at implementing tools for drone detection.

### **Accidents and serious aviation incidents**

There were no aviation accidents or serious aviation incidents in Norwegian aviation to which Avinor Flysikring was a contributing party in 2021.

### **Security**

As a result of the threat picture within aviation, the insider threat and the intelligence threat to critical infrastructure have been given special attention. Awareness of the issue has been raised via digital courses. The pandemic has brought with it its own challenge, with far greater use of digital platforms for communication and the exchange of information. It has also opened up the possibility of variants of phishing based around the perception that most people now expect more digital interaction and more communication relating to the pandemic.

## **CORPORATE SOCIAL RESPONSIBILITY AND TASKS RELATING TO CORPORATE SOCIAL RESPONSIBILITY**

The purpose of Avinor Flysikring and its task relating to corporate social responsibility is to provide air navigation services for civil and military aviation. Operations must be carried out in a safe, efficient, and environmentally friendly manner and ensure good accessibility for all airspace users.

In addition to tasks relating to corporate social responsibility, the owner may order Avinor Flysikring to perform certain tasks relating to corporate social responsibility on behalf of the state.

The Office of the Auditor General has ordered Avinor AS and Avinor Flysikring AS to prepare an overview of costs for tasks relating to corporate social responsibility, which will be regularly updated and submitted to the Norwegian Ministry of Transport and Communications. In December 2021, Avinor AS/Avinor Flysikring AS submitted an updated report to the Norwegian Ministry of Transport and Communications on tasks relating to corporate social responsibility.

Avinor and Avinor Flysikring AS are regularly tasked by the Ministry of Transport and Communications with presenting an account of their financial situation and whether there are any tasks relating to corporate social responsibility which the company could stop performing or scale down. In this regard, the company has provided re-evaluations of the societal mission and the tasks relating to corporate social responsibility. The preliminary conclusion is that it is appropriate for Avinor Flysikring AS to continue to fulfil its existing corporate social responsibility and societal mission, provided that there is sufficient payment authority for the costs that are associated with the responsibility.

Avinor Flysikring AS aims to be a responsible actor that contributes to the reduction of greenhouse gas emissions, as well as a responsible employer that provides equal opportunities to everyone, regardless of their gender, ethnic background, religion, disability, or sexual orientation.

#### Climate and environment

An objective of Avinor Flysikring AS is to contribute to reducing the negative environmental impact of aviation.

Avinor Flysikring AS is implementing several projects that are intended to optimise Norwegian airspace to improve safety, safeguard future capacity, standardise and streamline the provision of services, and reduce the negative impact on the environment.

In 2021, Avinor Flysikring AS was environmentally certified in accordance with ISO 14001. This entails a commitment to the systematic and continuous improvement of its environmental work. The air navigation organisation will also be a driving force in implementing the Group's new and strengthened strategic Sustainability Initiative.

## **PERSONNEL AND ORGANISATION**

As at the end of 2021, Avinor Flysikring AS employed 928 people. The average number of FTEs was 906, including 891 permanent FTEs and three temporary FTEs. This is in addition to the 11 FTE student air traffic controllers. This represents a reduction in the number of permanent FTEs of approximately 3% compared with 2020.

As at the end of 2021, no employees of FS were either fully or partly furloughed.

Absence due to illness within Avinor Flysikring AS was 4.5% in 2021, an increase from 4% in 2020. Long-term sick leave of more than eight weeks was 1.9%. The company's target for sick leave is 4% or lower.

The company conducted an employee survey in the autumn of 2021, which had a response rate of 81%.

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

## INCLUSION, GENDER EQUALITY AND DIVERSITY

Avinor, including Avinor Flysikring AS, works actively, purposefully and systematically to promote gender equality and diversity, and to prevent discrimination. We also strive to prevent bullying, harassment, gender-based violence and sexual harassment, with a particular focus on awareness campaigns. All employees must have equal opportunities within the Group, and there is zero tolerance of any form of discrimination. Greater gender equality and diversity within the Group will be an instrument in the efforts being made to strengthen Avinor as an attractive workplace which is capable of attracting and developing highly skilled and motivated employees.

In 2021, Avinor's Group Board adopted overarching principles for diversity, gender equality and anti-discrimination, which have been published at [www.avinor.no](http://www.avinor.no). Emphasis is placed on ensuring that all employees have equal opportunities within the company, irrespective of their gender, age, disability, ethnicity or cultural background.

### Gender balance

Of the 928 employees at the end of 2021, 223 were women and 685 were men.

	Women	Men
<b>Gender balance in the business W/M</b>	23.4%	76.6%
<b>Proportion of W/M in temporary positions</b>	0.0%	0.4%
<b>Proportion of W/M in part-time positions</b>	0.5%	1.3%
<b>Proportion of W/M who have taken parental leave*</b>	33.6%	66.4%
<b>Salary survey (at least every two years)</b>		
<b>Survey of the use of involuntary part-time work (at least every two years)</b>		

The above table shows the distribution of women and men in permanent, or temporary full- or part-time positions. The figures include trainee air traffic controllers. Avinor Flysikring had four temporary positions at the end of the year, all of which were men, which at the time accounted for 0.4% of the total number of employees. There were 17 employees in part-time positions in 2021, of whom five were women and 12 were men, corresponding to 0.5% and 1.3% of the total population respectively. There are no recorded cases of involuntary part-time work in Flysikring in 2021.

The proportion of W/M\* who have taken parental leave must be viewed in light of the gender balance within the company. Women take a higher proportion of the leave period per child. The distribution of parental leave within Avinor Flysikring AS shows that women take an average of 19.5 weeks, while men take an average of eight weeks.

The proportion of women in Avinor Flysikring AS's senior management in 2021 was 17%.

## Salary survey

Avinor Flysikring AS aims to give men and women equal pay for equal work and work of equal value. There must be transparency regarding the criteria for salary adjustments. The majority of Avinor Flysikring AS's employees are covered by collective agreements. Consequently the company's salary levels are equal between genders. However, management and other groups have individually determined salaries. The existence of and reasons for any differences between occupational groups will be evaluated.

Avinor has assessed salary differences between men and women at company and group level. See the discussion in the Avinor Group's annual report. Figures from the salary survey for Avinor Flysikring AS are shown in the table below. As part of the survey, employees of Flysikring were divided into 11 groups. Job levels were derived on the basis of responsibility, workload and complexity. The job categories were derived in consultation with employee representatives within the company.

Stillings-nivå	Fast lønn og faste tillegg			Sum all lønn og godtgjørelser		
	Beløp			Beløp		
	Kvinner	Menn	Alle	Kvinner	Menn	Alle
Total Alle	94 %	102 %	100 %	92 %	102 %	100 %
Nivå 2		100 %	100 %	0 %	100 %	100 %
Nivå 3	89 %	103 %	100 %	89 %	103 %	100 %
Nivå 4	103 %	99 %	100 %	101 %	100 %	100 %
Nivå 5	102 %	100 %	100 %	96 %	101 %	100 %
Nivå 6	89 %	105 %	100 %	85 %	107 %	100 %
Nivå 7	102 %	100 %	100 %	100 %	100 %	100 %
Nivå 8	102 %	100 %	100 %	99 %	100 %	100 %
Nivå 9						
Nivå 10	100 %	100 %	100 %	99 %	101 %	100 %
Nivå 11	100 %	100 %	100 %	100 %	100 %	100 %

Table – salary survey for Avinor Flysikring AS

## Activities in 2021

In 2021, as part of the Avinor Group, the company is in the process of making its work relating to diversity and gender equality and the prevention of discrimination more structured and purposeful. Some of the activities that were established in 2021 are highlighted below.

### Involvement and collaboration

During 2021, with a joint working group consisting of managers, HR personnel and elected representatives within the company, work was carried out with the aim of identifying risks of discrimination and other obstacles to gender equality and diversity. Alongside this, an evaluation was carried out to determine the possible causes of the risks that were identified. An example of a risk that was identified was recruitment to the company. One reason for this that was identified is gender differences arising from the fact that fewer women than men pursue an education for the

occupations to which they are recruited. In 2021, a full review was carried out of all recruitments in Avinor Flysikring AS in order to identify any indicators of discrimination on the grounds of gender, but no evidence was found to suggest that this had occurred. However, this will not diminish the focus on this issue in the efforts being made to recruit staff going forward. The recruitment of women and follow-up of women candidates is a high priority. Another identified risk evident in the company, which has arisen as a result of the reasons identified within recruitment, is a skewed gender balance amongst the various occupational groups within the company, which impacts on the difference in wage levels between women and men.

The recruitment of new trainee air traffic controllers in 2021 was a continuation of the uptake which began in 2020 and had to be suspended due to the pandemic. Avinor Flysikring placed an emphasis on reaching out to both men and women in order to achieve a good gender balance in the pool of applicants for the air traffic controller training programme. Out of 643 applicants in 2020, 39.5% were women, while of the uptake of 20 pupils (2021), 20% were women.

In addition to adopting a specific purposeful policy to prevent discrimination and promote gender equality and diversity, as mentioned in the introduction, a number of measures have been implemented to highlight the level and actual status of diversity and gender equality. Management follow-up and reporting responsibility concerning the identified risks have been established. Avinor Flysikring AS has systematised performance reviews that ensure a neutral salary and career development. A working environment project entitled "My employeeship" has been initiated with a focus on inclusion and community. Furthermore, Avinor Flysikring AS has placed an emphasis on diversity in connection with announcements of studies funded by the company. A mentoring programme has been implemented under the auspices of the Avinor Group in which candidates from Flysikring have been involved. Diversity was an important factor in the allocation of study places in this programme.

### Awareness

In 2021, both International Women's Day and Pride were marked digitally. It was important to highlight the Group's attitudes, even though the possibility of any celebrations was severely limited. Pride was marked for the first time in 2021. In connection with International Women's Day, CEO and Stine Westbye, Director of Oslo Airport, streamed a discussion about Avinor's work to promote gender equality amongst all employees in the Group. The measures are helping to promote awareness and positive attitudes amongst employees. Avinor participates in the 'She-index', a ranking of the work of companies relating to gender equality.



## OUTLOOK AND FRAMEWORK CONDITIONS

### Economic forecast

#### The war in Ukraine

The outbreak of war in Ukraine in February 2022 has had unforeseen and significant negative consequences for European aviation. Amongst other things, European airspace has been closed to Russian and Belarusian aircraft, and parts of the airspace in certain countries have been converted into military zones. In addition, specific areas have been designated as emergency relief and refugee corridors. Russia has similarly banned overflights from European countries over Russian territory, which entails major detours for Euro-Asia flights. The security situation for European aviation has deteriorated due to the war, and a higher proportion of cyber attacks against European aviation is expected in the future. There is also both concern and uncertainty over the negative consequences that higher oil prices and inflation will have and the airlines' future route planning based on reduced demand.

#### COVID-19 pandemic

The economic impact of the COVID-19 pandemic on aviation has been significant. Due to the reduction in demand for both domestic and international flights, airlines have reduced their networks and laid off staff. The reduction in air traffic meant that Avinor Flysikring had significantly lower income from en-route navigation services than budgeted for 2020. Although air navigation fees are not covered by suspensions, as a member state of Eurocontrol, Norway approved payment deferrals for en-route navigation fees for February to May 2020, which had an adverse effect on the company's liquidity in 2020. Avinor Flysikring expects that traffic will return to 2019 levels no sooner than 2024.

On the safety side, the main focus has been a return to normal operations and any safety challenges relating to changes in operational concepts due to increases in traffic after the pandemic.

The COVID-19 pandemic has shown that the existing funding system for the aviation industry through the performance requirements of the Single European Sky regulations is not fit for purpose. Work has begun to assess alternatives which will ensure a more robust and predictable funding system.

The COVID-19 pandemic is affecting the progress of all development projects in Europe, including Flysikring's project concerning a future ATM system (FAS). The focus going forward will be placed on measures which provide effective solutions across the European network.

The uncertainty in the interest-rate market as a result of the outbreak affected the development of assumptions that form the basis for the company's pension liabilities and equity. This resulted in a negative deviation from estimates in 2020.

Avinor AS has received a group contribution as a result of increased risk factors concerning COVID-19 and effects on the company's earnings and liquidity, as well as the interest market with regard to pension liabilities. Avinor Flysikring expects positive results from operations in 2022.

Based on the above, the board believes that there is a basis to continue as a going concern. The administration and the board will closely monitor developments in the company's earnings and costs going forwards to ensure prudent equity and liquidity and in order to be able to implement further measures if necessary.

Framework conditions for the en-route navigation service – new designation decision and Performance Plan RP3

Avinor Flysikring is the designated provider of en-route navigation services until the end of 2024. To ensure predictability for its ATM investments for the future, amongst other things, the company will commence preliminary discussions with the Ministry of Transport and Communications in the autumn of 2022 concerning more detailed content and the terms and conditions of a new designation decision for the en-route navigation service after 2024. The framework conditions for en-route navigation services in the form of a new performance plan for reference period 3 (RP3) will determine the service requirements for en-route navigation services between 2020 and 2024. As a result of the COVID-19 pandemic, the European Commission decided to revise regulations, performance requirements and performance plans for RP3. The revised RP3 performance plan, which takes into account changes in traffic and cost levels as a result of the pandemic, was signed by the Norwegian authorities in November 2021. The revised performance plan was approved in April 2022.

In the national revised RP3 process, two decisions were made which will be of great importance as regards tax levels over the coming years:

- Political decision to freeze aviation taxes from 2021 to 2022, including the en-route tax. The consequence of this decision is that the Norwegian en-route tax in 2022 will not cover its costs.
- The new adjustments to the Performance and Charging Regulation enabled air navigation service providers to recoup the deficit from the loss of en-route traffic in 2020 and 2021 through an increase in the en-route tax in later years. The revised Norwegian performance plan assumes that Norway will not utilise this option, so that taxes in the coming years, from 2023 onwards, will follow the normal mechanisms of the Performance and Charging Regulation.

The abovementioned decisions have been taken into account in the company's impairment assessment; see Note 11 and the previous discussion.

Stricter environmental requirements

Climate change is high on the EU's agenda, with clear emission requirements for the aviation sector. The European Commission wants to introduce legally binding environmental requirements for European aviation by 2050 by way of regulatory changes in SES2+. Avinor Flysikring's interest organisation, CANSO, and other stakeholders in the aviation industry have prepared the report *Destination 2050 - A Route to Net Zero European Aviation* to meet the expected European environmental requirements by 2050 as well as to safeguard the industry's competitiveness. A joint EU environmental declaration, known as the *Toulouse Declaration*, which will unite regulators and

the aviation industry around a common zero CO2 emissions target, was adopted on 4 February 2022 and will put further pressure on the aviation industry.

### Competition

Over the next few years, no tower and technology services are expected to be put out to competitive tendering within the air traffic service. An alternative revenue model is currently being developed for the company, including with regard to revenues from external customers and intra-group revenues with the parent company. In addition, draft internal service agreements have been drawn up for the AFIS service.

### Pensions

The company's pension scheme is expected to result in more stable pension expenses over time. Avinor Flysikring AS retains regulatory responsibility for those remaining in the old scheme as well as for the accrued or so-called "established" rights of those who have transferred to the new defined-contribution scheme. This means that the company's balance sheet and equity are still sensitive to changes in pension conditions.

Changes in the basis for adjusting the retirement pension for 2022 and beyond were considered and adopted by the Storting in March 2022. The retirement pension for 2022 and beyond will be adjusted by the average of inflation and wages growth in society (see Note 22). The changes were sanctioned by the King in Council on 1 April 2022 and will consequently not take effect until the second quarter of 2022. The company is in the process of obtaining calculations concerning the impact that this will have on the company's pension liabilities, income statement and balance sheet, compared with the effect of an anticipated increase in the covered bonds interest rate.

### New regulatory requirements in Europe

The starting point is that nation states have typically governed their own airspace and determined the navigation rules within the conventional airspace within each state's borders. The EU is considering measures to transfer authority from the nation state to joint network-centric bodies to overcome existing capacity challenges and prevent unnecessary fragmentation. The proposals could, in the long term, have regulatory and business consequences for Avinor Flysikring. It must be expected that the airlines, as a result of the COVID-19 pandemic, will prioritise efficiency and cost control over capacity in relation to European air safety stakeholders in the coming years. There is uncertainty over what consequences the Ukraine crisis will have as regards regulatory requirements going forward.

### Technological development

Avinor Flysikring AS is currently in a phase of major technological renewal, with numerous major projects including remote towers, a new Air Traffic Management system and airspace monitoring, as a result of both regulatory requirements and strategic initiatives. The projects will result in substantial investment costs going forwards. Emphasis is placed on ensuring good and effective internal processes, sound cost management of operations and projects, and addressing the expectations of owners and customers. The board is therefore closely monitoring the company's

income, operating expenses, financing, and regulatory framework and requirements. Due to the war in Europe and increased digitalisation, society will need the company to address heightened vulnerability, and close cooperation with the security experts withing the company must be facilitated.

Norwegian Armed Forces' interests and national security interests

The interests of the Norwegian Armed Forces and national security interests will become two of the major driving forces going forward. This has become particularly relevant not only as a result of the outbreak of war in Ukraine, but also as a result of EU regulatory development in SES2+ with increased digitalisation, data sharing and more centralised control of airspace. The Norwegian Armed Forces have indicated that the provision of air navigation services covers needs in peacetime, and to a lesser extent in crisis and war. The Armed Forces have signalled that military requirements must be facilitated in existing airspace management, and that an emergency preparedness regulation to regulate conditions must be adopted. Consideration will also be given to alternative coordination models between the Armed Forces and Avinor Flysikring AS.

The board would like to thank all the employees and partners for their efforts in Avinor Flysikring AS.

Oslo, 20 May 2022

\_\_\_\_\_  
Abraham Foss  
Chair of the board

\_\_\_\_\_  
Thomas Øyn

\_\_\_\_\_  
Caroline Rostrup  
Brandshaug

\_\_\_\_\_  
Sverre Ivar Elsbak

\_\_\_\_\_  
Mari Cybelle Hermansen

\_\_\_\_\_  
Hilde Vedum

\_\_\_\_\_  
Espen Danielsen

\_\_\_\_\_  
Jan-Gunnar Pedersen  
Managing Director

**Avinor Flysikring AS**  
**Income statement**

<b>All amounts in NOK million</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<i>Operating income:</i>			
En-route navigation services		847,4	687,2
Tower services		447,9	476,2
Technology services		229,0	257,2
Other operating income		51,2	39,3
<b>Total operating income</b>	<b>4</b>	<b>1 575,5</b>	<b>1 459,9</b>
<i>Operating expenses:</i>			
Cost of sales		31,6	28,5
Payroll and other personnel expenses	5	1 375,2	1 294,4
Depreciation/amortisation and impairment losses	10, 11	138,9	139,4
Other operating expenses	7	402,1	409,1
<b>Total operating expenses before changes in value and other (losses)/gains</b>		<b>1 947,8</b>	<b>1 871,4</b>
<b>Operating profit/(loss)</b>		<b>-372,3</b>	<b>-411,5</b>
<i>Finance income and expenses:</i>			
Interest income	8	4,3	3,9
Other finance income	8	0,4	0,5
Interest expenses	8	6,2	14,6
Other finance expenses	8	17,1	-8,2
<b>Finance expenses – net</b>		<b>-18,6</b>	<b>-2,0</b>
<b>Profit/(loss) before tax</b>		<b>-390,9</b>	<b>-413,5</b>
Tax expense	9	-85,8	-90,8
<b>Profit/(loss) for the year</b>		<b>-305,1</b>	<b>-322,7</b>
<b>Extended profit/(loss) for the year</b>			
<i>Items that are not reversed in the income statement in later periods:</i>			
Actuarial gains/(losses) on pension liabilities	17, 18	-601,2	-589,7
Tax effect		132,3	129,7
<b>Total extended profit/(loss) after tax</b>		<b>-468,9</b>	<b>-459,9</b>
<b>Comprehensive income for the year</b>		<b>-774,0</b>	<b>-782,7</b>
<b>Attributable to:</b>			
Shareholders		-774,0	-782,7

**Avinor Flysikring AS**  
**Balance sheet**

All amounts in NOK million	Note	31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets:</i>			
Deferred tax assets	9	782,5	632,2
Other intangible assets	11	79,6	72,7
<b>Total intangible assets</b>		<b>862,1</b>	<b>705,0</b>
<i>Property, plant and equipment:</i>			
Property, plant and equipment	11	768,7	700,9
Plant under construction	11	1 355,1	1 171,0
Assets with a right of use	10	252,1	277,3
<b>Total property, plant and equipment</b>		<b>2 375,9</b>	<b>2 149,2</b>
<i>Financial fixed assets:</i>			
Investments in subsidiaries	21	1,2	1,3
<b>Total financial fixed assets</b>		<b>1,2</b>	<b>1,3</b>
<b>Total non-current assets</b>		<b>3 239,2</b>	<b>2 855,5</b>
<b>Current assets</b>			
Contract assets		5,7	3,4
Receivables	14	1 768,8	1 515,5
Derivatives	13	1,6	0,0
Bank deposits, cash and cash equivalents	15	0,0	0,0
<b>Total current assets</b>		<b>1 776,1</b>	<b>1 518,8</b>
<b>Total assets</b>		<b>5 015,3</b>	<b>4 374,3</b>

All amounts in NOK million	Note	31.12.2021	31.12.2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Paid-in equity:</i>			
Share capital	16,17	365,4	365,4
Share premium	17	599,6	599,6
Other paid-in equity	17	991,0	452,2
<b>Total paid-in equity</b>		<b>1 956,0</b>	<b>1 417,2</b>
<i>Retained earnings:</i>			
Other equity not recognised in the income statement	17	-1 368,1	-899,2
Other equity	17	-198,2	106,8
<b>Total retained earnings</b>		<b>-1 566,3</b>	<b>-792,4</b>
<b>Total equity</b>		<b>389,6</b>	<b>624,8</b>
<b>Liabilities and obligations</b>			
<i>Provisions for liabilities:</i>			
Pension liabilities	18	3 232,5	2 554,5
Other liabilities	19	0,3	0,9
<b>Total liabilities</b>		<b>3 232,7</b>	<b>2 555,3</b>
<i>Non-current liabilities:</i>			
Lease obligations	10	233,0	253,9
<b>Total other non-current liabilities</b>		<b>233,0</b>	<b>253,9</b>
<i>Current liabilities:</i>			
Accounts payable		73,3	48,0
Tax payable	9	0,0	0,0
Public duties payable		125,3	106,8
Derivatives	13	1,3	0,0
Lease obligations	10	32,0	31,0
Other current liabilities	19, 20	928,0	754,5
<b>Total current liabilities</b>		<b>1 159,9</b>	<b>940,3</b>
<b>Total liabilities</b>		<b>4 625,7</b>	<b>3 749,5</b>
<b>Total equity and liabilities</b>		<b>5 015,3</b>	<b>4 374,3</b>

The Board of Avinor Flysikring AS, Oslo, 20 May 2022

\_\_\_\_\_  
Abraham Foss  
Chair of the board

\_\_\_\_\_  
Thomas Øyn

\_\_\_\_\_  
Mari Hermansen

\_\_\_\_\_  
Hilde Vedum

\_\_\_\_\_  
Sverre Ivar Elsbak

\_\_\_\_\_  
Espen Danielsen

\_\_\_\_\_  
Caroline Rostrup Brandshaug

\_\_\_\_\_  
Jan Gunnar Pedersen  
Managing Director

**Avinor Flysikring AS**  
**Statement of cash flows**

<b>All amounts in NOK million</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Cash flows from operating activities*		387,1	-278,9
Interest received		1,6	1,7
Tax paid		8,1	-44,6
<b>Net cash flow from operating activities</b>		<b>396,8</b>	<b>-321,7</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment		-416,2	-475,4
Intra-group interest		1,6	-6,4
Intra-group investments		0,1	-0,2
Proceeds from sale of property, plant and equipment, including plant under cc		48,7	235,7
Intra-group repayment of liabilities		0,0	0,0
Change in other investments		0,4	0,4
<b>Net cash flow from investing activities</b>		<b>-365,4</b>	<b>-246,0</b>
<b>Cash flows from financing activities</b>			
Absorption of debt (converted to equity in December 2020)		0,0	600,0
Payment of lease obligations in accordance with IFRS 16		-23,4	-23,1
Payment of interest in accordance with IFRS 16		-8,2	-8,9
Interest paid		0,2	-0,2
<b>Net cash flow from financing activities</b>		<b>-31,4</b>	<b>567,8</b>
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
<b>Bank deposits, cash and cash equivalents as at 31 December</b>		<b>0,0</b>	<b>0,0</b>

<b>*Cash flow from operating activities</b>		<b>2021</b>	<b>2020</b>
Profit/(loss) before tax		-390,9	-413,5
Ordinary depreciation/amortisation	10	138,9	139,4
Gains/(losses) on the sale of non-current assets		15,4	-0,9
Changes in value and other (losses)/gains – net (unrealised)	6	-0,1	3,8
Net finance expenses		18,6	2,0
Currency gains/(losses) on operating activities		-14,9	10,7
Change in inventories, accounts receivable and accounts payable		-27,5	-125,9
Difference between recognised pension cost and amounts received/paid		76,8	28,6
Changes in other accrual accounting items		89,2	-38,2
Changes in intra-group receivables and liabilities		481,3	115,2
<b>Cash flow from operating activities</b>		<b>387,1</b>	<b>-278,9</b>



## 1. General information

Avinor Flysikring AS is a limited liability company registered in Norway. The company's head office is located in Oslo at Dronning Eufemias gate 6, NO-0191 OSLO, Norway.

## 2. Accounting policies

The annual accounts are prepared in accordance with § 3-9 of the Norwegian Accounting Act and the regulations on simplified IFRS as determined by the Norwegian Ministry of Finance in 2014. This essentially means that calculation and measurement follow international accounting standards (IFRS) and that the presentation and note disclosures are in accordance with the Norwegian Accounting Act and good accounting practices. The annual accounts were adopted

The financial statements for Avinor Flysikring AS are included in the consolidated accounts of Avinor AS (parent company), corporate identity number 985 198 group", consolidated accounts have not been prepared.

Accordingly, reference is made to Avinor's consolidated accounts, which can be found on the company's website at [avinor.no](http://avinor.no)

### 2.1. Simplified IFRS

The company has applied the following simplifications from the IFRS accounting and valuation rules:

IFRS 1 no. 7 on the carrying of the original cost of investments in subsidiaries, associated companies and joint ventures.

IAS 10 nos. 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.

### 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 one reporting segment.

### 2.4. Currency

Transactions in a foreign currency are translated at the rate at the time of the transaction. Monetary items in a foreign currency are translated to NOK using the exchange rate at the balance sheet date. Non-monetary items measured at the historical rate in a foreign currency are translated to NOK using the exchange rate at the date of transaction. Non-monetary items measured at fair value and presented in a foreign currency are translated at the exchange rate established on the balance sheet date. Foreign exchange gains and losses are recognised in the income statement on a rolling basis.

### 2.5. Use of estimates

In preparing the annual accounts the 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 profit/loss.

The company's most significant accounting estimates and assumptions are related to the following items:

Depreciation of property, plant and equipment

Net pension liabilities

### 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. Fees for en-route navigation services account for the largest source of income.

Fees for en-route navigation services are recognised in the income statement each month on a rolling basis, based on the actual number of flights. Income surpluses/deficits arising when settled income diverges from the income framework for the period set by Eurocontrol are not carried forwards. This income surplus/deficit can be settled only through the adjustment of future fee rates, which entails an assumption as to future flights. Consequently this does not qualify as a balance sheet item pursuant to IFRS.

#### *Revenue from contracts with customers*

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

The company procures equipment and spare parts in connection with its revenue agreements. Such contract assets are capitalised at the lower of their original cost and their fair value. Contract assets are expensed in line with their consumption and sale.

#### *Rental income*

Revenue from the rental of real estate with a fixed rental remuneration is recognised in the income statement over the term of the rental agreement.

Group contributions made to the parent company are recognised directly in other equity. Group contributions made are recognised net (after tax). Group contributions received from the parent company are recognised as other paid-in equity.

## 2.7. Income tax

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognised when it is likely that the company will have a sufficient tax surplus in later periods in order to utilise the tax assets. The company recognises previously unrecognised deferred tax assets to the extent it has become likely that the company can benefit from the deferred tax asset. Similarly, the company will reduce deferred tax assets to the extent the company no longer deems it likely that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured based on expected future tax rates related to the items where a temporary difference has arisen. Deferred tax and deferred tax assets are recognised at their nominal value and classified as intangible assets (non-current liabilities) in the balance sheet.

Tax expenses consist of tax payable and deferred tax. Tax is recognised in the income statement, except for when 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 are recognised initially at their original cost. The original cost includes expenditure that is directly attributable to the acquisition of

Subsequent expenses are added to the carrying amount for the capital equipment or are carried forwards separately 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 repair and maintenance expenses are charged to the income statement in the period in which they are incurred.

Borrowing costs incurred during the construction of capital equipment are carried forwards until the asset is ready for its intended use.

Building sites, homes and plant under construction are not depreciated. Other capital equipment is depreciated using the straight-line method so that the original cost of the non-current assets is depreciated to its residual value over the assets' estimated useful lives as follows:

Buildings and real estate	10 to 50 years
Roads, infrastructure etc.	5 to 50 years
Runway systems	15 to 50 years
Transport assets	3 to 20 years
Other non-current assets	5 to 15 years

The assets' useful lives are reviewed, and adjusted if appropriate on each balance sheet date. Gains and losses on disposals are recognised in the income statement and are the difference between the selling price and the carrying amount.

## 2.9. Leases

### The company as a lessee:

The company includes a lease as an asset with a right of use with an associated lease obligation from the time the company has use of the asset. Each lease payment is distributed between financial expense and obligation. The financial expense is recognised in the income statement over the term of the lease at an interest rate that entails a constant periodic interest rate on the remaining expensed lease obligation for each period. Assets with a right of use are depreciated/amortised on a straight-line basis over the shorter of the contract period or the life of the asset.

The initial recognition of assets with a right of use and lease obligations is at fair value. Lease obligations include the net fair value of fixed lease payments in the agreed period as well as the likely exercise of extension options.

Estimated lease obligations are calculated as the present value of expected lease payments over the term of the lease. Lease payments are index-regulated where applicable. A discount rate equivalent to the company's marginal borrowing rate is applied. Assets with a right of use are measured at cost and correspond to the amount of the initial calculation of the lease obligations. Lease payments for short-term leases and small-value leases are expensed on an ongoing basis. In addition, the company has applied the option in IFRS 6.4 and does not apply IFRS 16 for intangible assets.

### The company as a lessor:

#### Operating leases:

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

## 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 of the asset. Management classifies financial assets upon their acquisition.

### *Financial assets at fair value through profit or loss*

Financial assets at fair value consist of financial derivatives with a positive market value. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

### *Loans and receivables*

Loans and receivables are financial assets with fixed payments, except for derivatives. These financial assets are not traded in 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 "accounts receivable and other receivables" in the balance sheet.

On each balance sheet date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised when the impairment is substantial and deemed to be permanent in nature.

The ordinary purchase and sale of financial assets is recognised at the time the agreement is concluded, 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 carried forwards at fair value plus transaction costs.

Financial assets that are recognised at fair value through profit or loss are recognised at fair value on their acquisition date and the transaction 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 cease or when these rights are transferred and the group has essentially transferred all the risk and potential for gains through ownership.

## 2.11. Derivatives and hedging

Derivatives are carried forwards at fair value at the time the derivative contract is concluded, and then on a rolling basis at fair value. The recognition 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 classifies derivatives relating to hedging as the hedging of a specific risk related to a carried asset, liability 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 longer than 12 months, and as a current asset or liability when the remaining term of the hedged item is shorter than 12 months. Trading derivatives are classified as a current asset or liability.

The company hedges the purchase of energy and foreign currency. For energy, energy derivatives are traded at NordPool. These derivatives do not qualify for hedge accounting.

Changes in the fair value of derivatives which do not qualify for hedge accounting are recognised as "changes in value and other (losses)/gains – net" or as "net finance expenses" in the income statement. 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 of the liability. The management classifies financial liabilities as they are incurred.

### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value consist of financial derivatives with a negative market value. Derivatives are carried forwards at fair value at the time the derivative contract is concluded. For subsequent measurement, changes in fair value are recognised in the income statement. Liabilities in this category are classified as current liabilities if they are expected to fall due within 12 months of the balance sheet date.

### *Other financial liabilities*

Other financial liabilities are financial liabilities with fixed payments, except for derivatives. These financial liabilities are not traded in an active market. The liabilities are carried forwards at fair value as the liability is incurred. Subsequent measurement is at amortised cost according to the effective interest 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 on a rolling basis

## 2.14. Accounts receivable

Accounts receivable and other receivables are listed in the balance sheet at their nominal value less a provision for expected losses. For accounts receivable without a major financing component, a simplified model is used whereby a provision is made for expected losses from initial recognition in the balance sheet over the lifetime.

## 2.15 Current investments

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

## 2.16. Bank deposits, cash and cash equivalents

Bank deposits and cash include cash in hand and bank balances. "Cash equivalents" is current liquid investments with a maximum term of three months which can be immediately converted into cash at a known amount.

## 2.17. Classification and valuation of balance sheet items

Current assets and liabilities include items falling due for payment within one year of the balance sheet date and items relating to the flow of goods. The first year's instalments vis-à-vis long-term liabilities are classified as current liabilities. Other items are classified as fixed assets/non-current liabilities.

Current assets are valued at the lower of their original cost and their fair value. Current liabilities are carried forwards at their nominal amount at the time of

Non-current assets are valued at their original cost but are depreciated to fair value if there are indications that future earnings cannot justify the carrying amount and this fall in value is not expected to be temporary. If assets have been impaired, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date. Non-current liabilities are carried forwards at their nominal amount at the time of establishment.

Impairment is recognised in the income statement at the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less selling costs and value in use. If assets have been impaired, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date.

## 2.18. Pensions

There are two main pension schemes: a defined benefit pension scheme and a defined contribution pension scheme. The company has both defined benefit and

### Defined benefit pensions:

A defined benefit pension scheme is a scheme where the employer commits to making periodic pension payments to the individual employee when they reach retirement age. Pension payments depend on a number of factors, such as the number of years of service in the company and salary.

The liability carried forwards related to the defined-benefit schemes is the current value of the defined benefits on the balance sheet date minus the fair value of the pension assets. Pension liabilities are calculated annually by an actuary on the basis of a linear accrual model. The present value of the defined benefits is determined by discounting the estimated future payments by applying the interest rate of a bond issued by a company with high creditworthiness in the same currency in which the benefits will be paid. The bond has a term to maturity equivalent to the term to maturity of the related pension liability.

Changes in assumptions, base data, and pension plan benefits which generate an accounting loss or gain are charged directly to comprehensive income in the period in which they occur. A change in the benefits attributable to previous service entails a change of plan that is a cost to the pension accrual of previous periods. A negative cost is incurred when the benefits are changed to the extent that the present value of the defined-benefit scheme is reduced. Plan changes are recognised in the income statement as they are implemented.

A new law on public-sector occupational pensions was passed by the Storting in June 2019 and came into effect on 1 January 2020. Pension earnings in the new scheme make up a percentage of income up to 12G. This means that the new regulations disapply the gross guarantee and that the pension is calculated independently of the Norwegian National Insurance Scheme. New regulations for co-ordination between the public sector occupational pension and rules of the Norwegian National Insurance Scheme have been adopted and were implemented in the accounts for 2019.

The new law does not contain provisions concerning a new AFP scheme or complete rules for special retirement pensions and the accounting effects of these, which cannot therefore be calculated until final rules have been adopted.

### Defined contribution pensions:

A defined contribution scheme is a scheme where the employer undertakes to pay an agreed premium to the scheme, and the premium payments are expensed on an ongoing basis. The contributions constitute a certain percentage of the employee's salary from the first krone to 12 times the National Insurance basic amount (G). The employer has no obligations other than the ongoing contributions.

## 2.19. Provisions for liabilities

The company recognises provisions for liabilities when a legal or self-imposed obligation exists as a result of earlier events, where the liability is more likely than not to be settled by way of a transfer of financial resources and where the size of the liability can be estimated with a sufficient degree of reliability. No provision is made for future operating losses.

Provisions are measured at the present value of future payments to settle the liability. A discount rate is used before tax that reflects current market conditions and the risks specific to the liability. An increase in the liability resulting from a change in value over time is recognised as a finance expense.

## 2.20. Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position as at the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as at the balance sheet date, but which will affect the company's financial position in the future, are disclosed if material.

## 2.21. Consolidated accounts

The leading company of the group, Avinor AS, prepares consolidated accounts. The consolidated accounts can be obtained from Avinor AS's website:

## 2.22. Statement of cash flows

The statement of cash flows has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other current liquid investments. The group account structure is classified as an intercompany balance in the balance sheet.

### 3. Financial risk factors

The company's activities entail different types of financial risk: Market risk (including currency risk, fair value interest rate risk, variable 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 results. The company uses financial derivatives to hedge against certain risks.

The company's risk management is carried out by a central finance department in the group in accordance with guidelines approved by the executive board. The group's finance department identifies, evaluates and hedges financial risks in close co-operation with the various operating units. Guidelines are established for overall risk management, as well as for specific areas such as currency risk, interest rate risk, credit risk, the use of financial derivatives and other financial instruments and the investment of excess liquidity.

#### Market risk

##### (i) Currency risk

The company is exposed to currency risk with respect to the value of NOK against other currencies due to income and expenses in foreign currencies. The company concludes forward contracts to reduce the currency risk in cash flows denominated in a foreign currency. Currency risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not carried forwards, and very likely purchases and sales in that currency.

As at 31 December 2021, the company had concluded six forward currency contracts.

Roughly half of the company's income from en-route navigation services is billed in Euro. The unit rate is set in Norwegian kroner but is converted to Euro at the average exchange rate in the relevant month for which the invoice is raised. This means that the company is exposed to currency fluctuations in the exchange rate used for invoicing versus the exchange rate that applies when Avinor Flysikring receives payment.

#### Credit risk

The company's most significant credit risk is related to accounts receivable and other current receivables.

The company has guidelines to ensure that credit as a rule is granted only to customers without any previous significant payment issues. The creditworthiness of new customers is assessed.

The company has no significant credit risk associated with any single party or parties that could be considered as a group due to similarities in credit risk.

The company's credit risk is considered to be low in a normal situation. As a result of the COVID-19 pandemic, this risk increased in 2020 and 2021, and is also expected to be higher than normal over the coming years.

The company does not act as guarantor for any third-party liabilities.

#### 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 manage the risk by having sufficient liquid funds available at any time to be able to fulfil its financial obligations when they are due, both under normal and extraordinary circumstances, without posing a risk of unacceptable losses.

The company is part of Avinor AS's group accounts system.

#### Other note disclosures

No financial assets have been reclassified in a way that changes the valuation method from amortised cost to fair value or vice versa.

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

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

The changes require presentation of fair value measurements for each level with the following categorisation of levels for the measurement of fair value:

\* Quoted price in 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 quoted price (used in level 1) for the asset or liability (level 2)

\* Valuation based on factors not obtained from observable markets (non-observable assumptions) (level 3)

The following table shows the company's assets and liabilities measured at fair value as at 31 December 2021:

#### Avinor Flysikring AS as at 31 December 2021

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss	0,0	1,6	0,0	1,6
<b>Total assets</b>	<b>0,0</b>	<b>1,6</b>	<b>0,0</b>	<b>1,6</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	0,0	1,3	0,0	1,3
<b>Total liabilities</b>	<b>0,0</b>	<b>1,3</b>	<b>0,0</b>	<b>1,3</b>

#### Avinor Flysikring AS as at 31 December 2020

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss	0,0	0,0	0,0	0,0
<b>Total assets</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	0,0	0,0	0,0	0,0
<b>Total liabilities</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

#### 4. Operating income

Of the company's total income in 2021, NOK 588.2 million (NOK 627.4 million in 2020) consists of intra-group income.

#### 5. Payroll expenses, number of employees, remuneration, loans to employees, etc.

All amounts in NOK million

Payroll expenses relate to the period 1 January to 31 December

	2021	2020
Salaries	965,0	904,2
Employer contributions	155,2	125,1
Pension costs	228,6	242,7
Other benefits	26,3	22,4
<b>Total payroll expenses</b>	<b>1 375,2</b>	<b>1 294,3</b>

Average number of FTEs	906	937
------------------------	-----	-----

##### Remuneration to senior management:

	2021	2020
Salaries/fees	2,4	2,3
Pension costs	0,5	0,5
<b>Total benefits</b>	<b>2,9</b>	<b>2,7</b>

The managing director was covered by the company's collective pension scheme with the Norwegian Public Service Pension Fund up until 31 December 2018 and has a defined-contribution retirement pension as of 1 January 2019. In addition, an agreement is in place regarding pension coverage beyond 12G. Upon termination, the managing director is entitled to a full salary during the six-month notice period.

Upon termination or changes in the conditions of employment or the role, no obligations exist to give the managing director or the chair of the board any special remuneration. Nor are there any agreements concerning bonuses, profit sharing or share-based remuneration.

No loans have been granted to, nor security pledged for, the managing director, chair of the board, or other related parties.

In 2021, NOK 0.4 million was paid in remuneration to the board (NOK 0.6 million in 2020), of which NOK 0.1 million was to external parties (NOK 0.3 million in :

#### 6. Changes in value and other (losses)/gains – net

All amounts in NOK million

The company hedges the purchase of energy and foreign currency. These derivatives do not normally qualify for hedge accounting. Changes in the fair value of derivatives which do not qualify for hedge accounting have previously been classified as "Changes in value and other gains/(losses) - net" in the income statement.

In connection with the year-end 2021, a review and change was made to the classification of costs which have previously been recognised under "Value changes and other gains/(losses) - net" in the income statement. Items which relate to power derivatives are considered to be operating elements and classified as other operating costs, while realised and unrealised currency fluctuations are considered to be financial elements, and presented as foreign

Comparative figures for 2020 have been revised.

The following table shows how the items have been reclassified:

	2021	2020
Other operating expenses	0,3	-2,0
Finance income	0,1	14,4
Finance expenses	-14,8	-3,8
<b>Total - previously classified as changes in value and other gains/losses</b>	<b>-14,4</b>	<b>8,7</b>

#### 7. Operating expenses

All amounts in NOK million

Specification:	2021	2020
Lease and operation of premises	14,7	11,1
Repairs, maintenance of operating materials	82,8	73,5
Contracted services	25,5	23,9
Meteorological services	57,5	41,6
Consultancy services	8,3	3,3
Other operating expenses	139,3	120,4
Bad debts	-11,7	59,2
<b>Intra-group expenses</b>	<b>85,8</b>	<b>76,2</b>
<b>Total</b>	<b>402,1</b>	<b>409,1</b>

##### Specification of auditor's fees, excl. VAT

	2021	2020
Statutory audit	0,5	0,8
Other attestation services	0,0	0,2
<b>Total auditor's fees</b>	<b>0,5</b>	<b>1,1</b>

##### Leases:

The company leases office premises from the parent company (Avinor AS). NOK 19.2 million was expensed in 2021.

## 8. Financial items

All amounts in NOK million

	2021	2020
<b>Finance income</b>		
Interest income on intra-group receivables	1,6	1,4
Other finance income	3,1	3,0
<b>Total finance income</b>	<b>4,7</b>	<b>4,4</b>
<b>Finance expenses</b>		
Intra-group expenses	6,2	14,5
Other finance expenses	17,2	-8,1
<b>Total finance expenses</b>	<b>23,4</b>	<b>6,4</b>
<b>Net finance income/(expenses)</b>	<b>-18,7</b>	<b>-2,0</b>

## 9. Tax

All amounts in NOK million

	2021	2020
<b>Tax expense</b>		
Tax payable	0,0	0,0
Tax surplus/deficit in previous years	-6,6	0,0
Tax effect of group contribution	-61,2	
Change in deferred tax	-18,0	-90,8
<b>Total tax expense</b>	<b>-85,8</b>	<b>-90,8</b>
<b>Reconciliation of effective tax rate</b>		
22% tax on profit before tax	-86,0	-91,0
Effect of tax surplus/deficit in previous years	0,0	0,0
Dividend received	0,0	0,0
Permanent differences (22%)	0,2	0,2
<b>Tax expense</b>	<b>-85,8</b>	<b>-90,8</b>
<b>Effective tax rate</b>	<b>22,0</b>	<b>22,0</b>

	01.01.2021	Profit/(loss)	Other comprehensive income	31.12.2021
<b>Specification of deferred tax assets and liabilities</b>				
Receivables	-14,6	4,8		-9,8
Non-current assets	27,5	-0,1		27,4
Assets with a right of use	61,0	-5,5		55,5
Lease obligations	-62,7	4,4		-58,3
Provisions according to good accounting practices	-1,4	1,3		-0,1
Pensions	-562,0	-16,9	-132,3	-711,1
Profit and loss account	-0,3	-1,5		-1,8
Financial instruments	0,0	0,1		0,1
Deficit to carry forward	-79,8	-4,6		-84,4
<b>Net deferred tax assets(-)/liabilities</b>	<b>-632,2</b>	<b>-18,0</b>	<b>-132,3</b>	<b>-782,5</b>
Of which carried forwards as deferred tax assets	-632,2			-782,5
Of which carried forwards as deferred tax liabilities	0,0			0,0

	01.01.2020	Profit/(loss)	Other comprehensive income	31.12.2020
Receivables	-1,6	-13,0		-14,6
Non-current assets	27,0	0,5		27,5
Assets with a right of use – New 1 January 2019	52,6	8,4		61,0
Lease obligations – New 1 January 2019	-53,8	-8,9		-62,7
Provisions according to good accounting practices	-10,4	9,0		-1,4
Pensions	-426,0	-6,3	-129,7	-562,0
Profit and loss account	-0,4	0,1		-0,3
Financial instruments	0,9	-0,9		0,0
Deficit to carry forward	0,0	-79,8		-79,8
<b>Net deferred tax assets(-)/liabilities</b>	<b>-411,7</b>	<b>-90,8</b>	<b>-129,7</b>	<b>-632,2</b>
Of which carried forwards as deferred tax assets	-411,7			-632,2
Of which carried forwards as deferred tax liabilities	0,0			0,0

	2021	2020
<b>Deferred tax assets</b>		
Deferred tax assets expected to be realised after more than 12 months	-772,7	-609,7
Deferred tax assets expected to be realised within 12 months	-9,8	-22,5
	<b>-782,5</b>	<b>-632,2</b>
<b>Net deferred tax assets(-)/liabilities</b>	<b>-782,5</b>	<b>-632,2</b>

Capitalised deferred tax assets primarily relate to the temporary tax effects of pensions. Based on the company's expectations of future positive taxable profits, as well as the fact that the company is in the same taxable group as Avinor, the criteria for capitalising deferred tax assets are considered to be present.

## 10. Leases

Amounts in NOK

### Leases that are recognised in the balance sheet – assets with a right of use

	Building sites and land	Buildings and other real estate	Total
<b>As at 1 January 2020</b>			
Original cost	7,9	261,0	268,9
Accumulated depreciation/amortisation and impairment	-0,3	-29,7	-30,0
<b>Carrying amount as at 1 January</b>	<b>7,7</b>	<b>231,3</b>	<b>239,0</b>
<b>2020 financial year</b>			
Carrying amount as at 1 January	7,7	231,3	239,0
Additions	0,0	84,1	84,1
Disposals	0,0	-15,8	-15,8
Depreciation/amortisation for the year	-0,5	-29,4	-29,9
<b>Carrying amount as at 31 December</b>	<b>7,2</b>	<b>270,1</b>	<b>277,3</b>
<b>As at 31 December 2020</b>			
Original cost	7,9	329,3	337,2
Accumulated depreciation/amortisation and impairment	-0,7	-59,1	-59,9
<b>Carrying amount as at 31 December</b>	<b>7,2</b>	<b>270,1</b>	<b>277,3</b>
<b>2021 financial year</b>			
Carrying amount as at 1 January	7,2	270,1	277,3
Additions	0,2	8,9	9,1
Disposals	-5,3	0,0	-5,3
Depreciation/amortisation for the year	-0,4	-28,6	-29,0
<b>Carrying amount as at 31 December</b>	<b>1,7</b>	<b>250,4</b>	<b>252,1</b>
<b>As at 31 December 2021</b>			
Original cost	2,9	338,1	341,0
Accumulated depreciation/amortisation and impairment	-1,1	-87,7	-88,8
<b>Carrying amount as at 31 December</b>	<b>1,7</b>	<b>250,4</b>	<b>252,1</b>
Depreciation/amortisation period (years)	2-9	1-20	
Depreciation/amortisation method	Straight-line	Straight-line	

NOK 189.0 million of right-of-use assets recognised in the balance sheet as at 31 December 2021 (NOK 209.9 million as at 31 December 2020) relate to intra-group leases, primarily in respect of the parent company, Avinor AS.

Right-of-use assets are presented on their own line in the balance sheet. The depreciation/amortisation of assets with a right of use is presented on the line for depreciation/amortisation and impairment losses in the income statement.

### Leases that are recognised in the balance sheet – lease obligations

<b>Changes in lease obligations in the period</b>		
Obligation as at 1 January	2021	2020
	284,9	244,6
Addition of lease obligations	8,9	79,6
Disposal of lease obligations	-5,5	-16,2
Payment of principal amount	-23,4	-23,1
Payment of interest	-8,2	-8,9
Interest expense associated with lease obligations	8,2	8,9
Transfers and reclassifications	0,0	0,0
<b>Carrying amount as at 31 December</b>	<b>265,0</b>	<b>284,9</b>
Current lease obligations	32,0	31,0
Non-current lease obligations	233,0	253,9
Net cash flow from lease obligations	-31,6	-32,0

NOK 197.6 million of lease obligations recognised in the balance sheet as at 31 December 2021 (NOK 214.2 million as at 31 December 2020) relate to intra-group leases, primarily in respect of the parent company, Avinor AS.

New leases are recognised with a discount rate corresponding to the Avinor Group's marginal loan rate at the time of establishment of the lease. The marginal borrowing rate as at 31 December 2021 is estimated to be 2.70% (2.67% in 2020).

Interest expenses associated with lease obligations are presented on the line for finance expenses in the income statement. In the cash flow statement, payment of the principal amount is presented on the line for repayment of debt, while interest expenses associated with the lease obligation are presented as interest paid.

The group has applied the option in IFRS 16.4 and does not apply IFRS 16 for intangible assets. Expenses relating to intangible assets in 2021 amount to NOK 32.0 million (NOK 27.7 million in 2020). Leases related to intangible assets primarily relate to licences and maintenance agreements related to software.



Future lease payments related to leases recognised on the balance sheet are due as follows	Nominal value	present value
Less than 1 year	32,4	32,0
Between 1 and 5 years	160,3	145,0
More than 5 years	118,3	88,0
<b>Total</b>	<b>311,1</b>	<b>265,0</b>

#### Practical solutions applied

The company does not include leases where the underlying asset is of low value, and therefore it does not include lease obligations and assets with a right of use for any such leases. Instead, the lease payments are expensed as they are made. In addition, the company does not include lease obligations and assets with a right of use for short-term leases either. Expenses related to short-term leases and low-value leases in 2021 amounted to approximately NOK 1.2 million (NOK 1.1 million in 2020).

#### Options to extend a lease and purchase options

As at 31 December 2021, there were no significant future potential lease payments that were not included in the lease obligations as a result of an extension or purchase option.

## 11. Property, plant and equipment

All amounts in NOK million

	Building sites and land	Buildings and other real estate	Transport vehicles and aircraft	Furniture, fittings, and equipment	Roads, infrastructure , etc.	Plant under construction	Total
<b>As at 1 January 2020</b>							
Original cost	7,3	348,2	45,2	1 289,7	7,3	964,7	2 662,4
Accumulated depreciation/amortisation and ir	0,0	-72,3	-32,4	-833,8	-2,6	0,0	-941,1
Carrying amount as at 1 January	<b>7,3</b>	<b>275,9</b>	<b>12,7</b>	<b>455,9</b>	<b>4,7</b>	<b>964,7</b>	<b>1 721,3</b>
<b>2020 financial year</b>							
Carrying amount as at 1 January	7,3	275,9	12,7	455,9	4,7	964,7	1 721,3
Additions	0,0	13,6	4,8	57,1	0,0	413,0	488,5
Disposals (original cost)	-6,2	-28,2	-3,0	-42,3	-0,1	-206,7	-286,5
Disposals (acc. depreciation/amortisation)	0,0	5,5	2,9	4,0	0,0	0,0	12,5
Depreciation/amortisation for the year	0,0	-13,8	-2,8	-72,7	-0,3	0,0	-89,6
Carrying amount as at 31 December	<b>1,1</b>	<b>253,0</b>	<b>14,7</b>	<b>402,0</b>	<b>4,4</b>	<b>1 171,0</b>	<b>1 846,2</b>
<b>As at 31 December 2020</b>							
Original cost	1,1	333,6	47,0	1 304,5	7,2	1 171,0	2 864,4
Accumulated depreciation/amortisation and ir	0,0	-80,5	-32,4	-902,4	-2,8	0,0	-1 018,2
Carrying amount as at 31 December	<b>1,1</b>	<b>253,0</b>	<b>14,7</b>	<b>402,0</b>	<b>4,4</b>	<b>1 171,0</b>	<b>1 846,2</b>
<b>2021 financial year</b>							
Carrying amount as at 1 January	1,1	253,0	14,7	402,0	4,4	1 171,0	1 846,2
Additions	0,0	15,2	0,2	190,5	0,0	184,2	390,1
Disposals (original cost)	0,0	0,0	-0,8	-149,1	0,0	0,0	-149,9
Disposals (acc. depreciation/amortisation)	0,0	0,0	0,8	133,0	0,0	0,0	133,8
Depreciation/amortisation for the year	0,0	-12,8	-2,7	-80,7	-0,3	0,0	-96,4
Carrying amount as at 31 December	<b>1,1</b>	<b>255,5</b>	<b>12,2</b>	<b>495,7</b>	<b>4,2</b>	<b>1 355,1</b>	<b>2 123,8</b>
<b>As at 31 December 2021</b>							
Original cost	1,1	348,8	46,4	1 345,9	7,2	1 355,1	3 104,6
Accumulated depreciation/amortisation and ir	0,0	-93,3	-34,3	-850,2	-3,0	0,0	-980,8
Carrying amount as at 31 December	<b>1,1</b>	<b>255,5</b>	<b>12,2</b>	<b>495,7</b>	<b>4,2</b>	<b>1 355,1</b>	<b>2 123,8</b>
Estimated useful life		10 to 50 years	15 to 50 years	5 to 15 years	5 to 50 years		
Depreciation/amortisation method	N/A	Straight-line	Straight-line	Straight-line	Straight-line		

#### Plant under construction

As at 31 December 2021, plant under construction amounted to NOK 1,355,1 million. Of this, the Remote Towers project accounts for roughly NOK 505 million, which will be transferred to Avinor AS in line with completion.

#### Intangible assets

As at 31 December 2021, intangible assets valued at NOK 79.6 million were carried forward. This primarily relates to proprietary software. Amortisation for the year amounted to NOK 13.5 million.

The company's three largest ongoing projects are remote towers, FAS (future ATM system), and Infrastruktur Røyken. These amount to NOK 949 million as plant under construction.

### Impairment tests, calculation of recoverable amount

Property, plant, and equipment and intangible assets are assessed for impairment when there are indicators that future earnings cannot justify their carrying amount. Impairment is recognised in the income statement at the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less selling costs and value in use. If assets have been impaired, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date.

Avinor Flysikring calculates value in use based on the present value of future cash flows. Value in use is the present value of future cash flows that are expected to arise from existing assets.

Carrying out impairment tests requires a large degree of judgement. Among other things, an assessment is made of how long the fall in value will last and how much lower the value in use is than the acquisition cost, in addition to the financial position and expected development in the market, including factors such as operational and financial cash flows.

#### Assumptions used as a basis for calculating the recoverable amount

The coronavirus pandemic has had a major negative impact on Avinor Flysikring and affected revenues related to air traffic in the airspace in 2020 and 2021. See also Note 22 "Events after the balance sheet date" regarding the shortfall from the en-route tax as a result of COVID-19.

Uncertainty over the long-term effects of the pandemic, climate risks and regulation of the company's revenues increase the sensitivity of the assumptions used in the impairment tests, leaving less room for manoeuvre between the recoverable amount and the carrying amount of the company's assets.

Avinor Flysikring is a regulated infrastructure business, where a decrease in traffic in the short/medium term will not normally lead to an impairment requirement. The uncertainty associated with permanent changes in travel patterns may nevertheless lead to an impairment requirement.

The company's operations are conducted in their entirety in Norway. The present value of cash flows is therefore estimated in NOK, after which a discount is made based on a weighted return requirement relevant to Avinor Flysikring's operations.

The impairment assessments are subject to a particularly high level of uncertainty related to the effects of the pandemic on future traffic forecasts. Avinor Flysikring has therefore relied on different scenarios when determining cash flows in the impairment assessments.

The most important assumptions used in the impairment tests as at 31 December 2021 are set out below and represent updated forecasts, including the management's assessment of the most probable outcomes:

Key prerequisite	Avinor Flysikring
Operating margin 2022	2,7 %
Operating margin 2027	7,2 %
Revenues in 2022 as a percentage of 2019*	96,0 %
Revenues in 2027 as a percentage of 2019*	121,7 %
Operating expenses in 2022 as a percentage	90,1 %
Operating expenses in 2027 as a percentage	96,5 %
Growth factor in terminal segment	1,9 %
Return requirement after tax	4,5 %

\* 2019 last normal year before the pandemic. Changes include expected inflation.

Cash flows in the first year of the measurement period are based on the management-approved budget, and cash flows in years 2-6 are based on the management-approved projection, which is based on current fee regulation and updated estimates for the expected air traffic volume and cost level. It is assumed that the tax level will increase annually with the consumer price index throughout the projection period. Cash flow from year 6 onwards is extrapolated according to an eternity perspective with a growth factor of 1.9% based on expectations for the development of future travel activity and inflation. The expectations are based on the Avinor group's own assessments, as well as on analyses from reputable industry and analysis organisations. In Norway, aviation is in a strong position, with long distances, population structure, and topography all indicating long-term growth. At the same time, aviation fees will be regulated based on cost levels. Airport fees are based on current regulations.

#### Results of impairment tests

Impairment tests performed show that the value in use exceeds the book value of assets by NOK 950 million. Consequently, no impairment of a permanent fall in value was made as at 31 December 2021.

#### Sensitivity of impairment tests

Since, at the time of preparation of the annual accounts for 2021, there is still uncertainty as regards how the pandemic and its ripple effects, as well as a stronger focus on climate and sustainability, will impact on future travel patterns, it is uncertain how these factors will impact on the business. Should the management's current expectations not be met, this could result in a significant loss in value.

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

The table below shows the sensitivity to changes in outcome based on changes in operating margin, revenues, growth in the terminal segment and return

Amounts in NOK million	Avinor Flysikring	
	Value in use	Impairment
<b>Change in assumption</b>		
Operating margin -1%	2 050	0
Operating margin -2%	1 450	250
Operating income -1%	1 950	0
Operating income -2%	1 250	450
Growth in terminal segment -0,5%	2 100	0
Growth in terminal segment -1%	1 700	0
Return requirement: +0,5%	2 050	0
Return requirement: +1,0%	1 650	50

## 12. Intra-group balances

All amounts in NOK million

Intra-group balances

Company AS as at 31 December 2021	Avinor AS	Svalbard Lufthavn AS	Total
Intra-group accounts receivable	180,0	1,8	181,9
Receivables	463,8	0,1	463,9
Group contributions	600,0	0,0	600,0
<b>Total receivables</b>	<b>1 243,9</b>	<b>1,9</b>	<b>1 245,8</b>
Intra-group accounts payable	8,9	0,0	8,9
Other current liabilities	620,4	-1,8	618,6
<b>Total liabilities</b>	<b>629,3</b>	<b>-1,8</b>	<b>627,5</b>

## 13. Derivatives

All amounts in NOK million

	2021	2020	Change
<b>Assets</b>			
Forward currency contracts	1,6	0,0	1,6
<b>Liabilities</b>			
Forward currency contracts	1,3	0,0	1,3
<b>Total</b>	<b>0,3</b>	<b>0,0</b>	<b>0,3</b>
<b>Net change</b>			<b>0,3</b>
<b>Specification of net change:</b>			
Changes in value, recognised in the income statement as financial income and costs	0,3	0,0	-0,3
<b>Net change</b>			<b>-0,3</b>

## 14. Receivables

All amounts in NOK million

<b>Accounts receivable</b>	<b>2021</b>	<b>2020</b>
Accounts receivable	206,2	239,8
Accrued un invoiced income	93,5	43,9
Provision for losses on accounts receivable	-48,3	-66,3
<b>Book value of accounts receivable</b>	<b>251,4</b>	<b>217,4</b>
Accounts receivable written off during the year	0,0	0,0
<b>Current receivables</b>	<b>2021</b>	<b>2020</b>
Accounts receivable	157,8	173,5
Intra-group receivables	1 476,3	1 264,2
Accrued un invoiced income	93,5	43,9
Prepaid operating expenses	29,8	20,7
Other current receivables	11,4	13,2
<b>Total current receivables</b>	<b>1 768,8</b>	<b>1 515,5</b>

The COVID-19 pandemic has hit the aviation industry hard, resulting in heightened credit risk. This resulted in a significant increase in provisions for losses on accounts receivable in both 2020 and 2021.

Provisions for losses were made based on specific assessments of the risk of losses in the company's portfolio of accounts receivable. For en-route navigation services, which are invoiced through Eurocontrol, a standard provision was made based on an assessment of risk, according to factors such as overdue receivables and customer status. Where there were indicators of a higher level of risk, a specific assessment was made of the size of the loss provision.

## 15. Bank deposits, cash and cash equivalents

All amounts in NOK million

The cash holding at the end of the period is stated in the statement of cash flows. The company participates in the group accounts system established in the Avinor group. Avinor AS is the account holder of the group account. The companies which participate in the group accounts scheme are jointly and severally liable for the withdrawals made by the Avinor group. As at 31 December 2021 the company had NOK 230.5 million in the group accounts scheme. The balance is presented under "Receivables" in the balance sheet. As at 31 December 2020, the Group had a total of NOK 636.1 million relating to the group accounts scheme.

## 16. Number of shares, shareholders, etc.

All amounts in NOK million

	Number of shares	Nominal value	Share capital
	31.12.2020	31.12.2020	31.12.2020
Ordinary shares	36 500	0,01001	365,4
	31.12.2021	31.12.2021	31.12.2021
Ordinary shares	36 500	0,01001	365,4
Total	36 500	0,01001	365,4

All shares are owned by Avinor AS. Avinor AS's offices are located in Oslo.

## 17. Equity

All amounts in NOK million

	Share capital	Share premium	Other paid-in equity	Other equity not recognised in	Other equity	Total
<b>Carrying amount as at 1 January 2020</b>	<b>365,0</b>	<b>0,0</b>	<b>2,2</b>	<b>-439,3</b>	<b>429,6</b>	<b>357,5</b>
Profit/(loss) for the year					-322,7	-322,7
Deviation in estimates for pensions recognised via other comprehensive income – net after tax				-459,9		-459,9
Capital increase through debt conversion	0,4	599,6				
Group contributions			450,0			450,0
<b>Carrying amount as at 31 December 2020</b>	<b>365,4</b>	<b>599,6</b>	<b>452,2</b>	<b>-899,2</b>	<b>106,8</b>	<b>624,8</b>
<b>Carrying amount as at 1 January 2021</b>	<b>365,4</b>	<b>599,6</b>	<b>452,2</b>	<b>-899,2</b>	<b>106,8</b>	<b>624,8</b>
Profit/(loss) for the year					-305,1	-305,1
Deviation in estimates for pensions recognised via other comprehensive income – net after tax				-468,9		-468,9
Group contributions			538,8			538,8
<b>Carrying amount as at 31 December 2021</b>	<b>365,4</b>	<b>599,6</b>	<b>991,0</b>	<b>-1368,1</b>	<b>-198,2</b>	<b>389,6</b>

## 18. Pensions

All amounts in NOK million

The company is required to have an occupational pension scheme pursuant to the Norwegian act relating to mandatory occupational pensions. The company's pension scheme satisfies these requirements.

The company has generally been covered through a defined benefit pension scheme administered by the Norwegian Public Service Pension Fund (SPK), but this scheme was closed in 2019 with voluntary/compulsory transfer. A new defined contribution scheme pursuant to the Defined Contribution Pensions Act was introduced with effect from the same date. Since 2019, therefore, the company has had two main pension schemes.

### Defined benefit pension scheme administered by the Norwegian Public Service Pension Fund (SPK)

The pension scheme encompasses pension benefits in accordance with the Norwegian act relating to the Norwegian Public Service Pension Fund (Pensjonsloven). The benefits are retirement pension, disability pension, and dependent pension. The retirement pension includes a special retirement pension for some occupational groups. In addition, any calculations for benefits from the age of 62 pursuant to the contractual pension (AFP) for the public sector apply. Pension accruals pursuant to the regulations applicable up until 1 January 2020 are co-ordinated with the Norwegian National Insurance Scheme and any previous entitlements accrued within the public sector. Gross pensions accrued pursuant to old regulations have been guaranteed a level of gross payment.

### Pension assets

The pension scheme administered by SPK is not directly fund-based. The payment of pensions is guaranteed by the Norwegian State (§1 of the Norwegian Pensions Act). The assigned pension assets ("fictitious funds") are simulated as if these funds were invested in long-term government bonds. The pension scheme is not portable in the same way as private pension schemes. It is assumed that the pension scheme will remain in the Norwegian Public Service Pension Fund. The simulation assumes that the bond will be held until maturity. Consequently, the pension assets are valued at their nominal value plus returns.

The establishment of premiums and calculation of provisions for pension benefits for pension accrual in the Norwegian Public Service Pension Fund are made

### Gift pension

The company uses gift pensions as a tool for employees who are considering retirement early. The scheme is funded via operations (unsecured scheme) and is recognised under defined benefit pension liabilities.

### Net pension liabilities

Net pension liabilities are determined based on actuarial calculations using assumptions relating to discount rate, future wage growth, pension regulations, as well as demographic factors concerning disability and mortality. The assumptions are determined based on observable market prices and historical developments in the company and society at large. Changes in assumptions will have significant effects on the calculated pension liability/cost.

### Private AFP

Since 1 January 2019, the company has been affiliated to the private AFP scheme, which is a collective pension scheme for the collective-agreement-regulated sector in Norway. The AFP scheme is based on three-party co-operation between employers' organisations, employee organisations, and the state. The state covers a third of the AFP pension contributions, while the affiliated companies cover 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 the scheme liabilities with a sufficient degree of reliability. Consequently, the scheme is recognised as a defined-contribution scheme and the premium contributions are expensed on a rolling basis.

The scheme has a substantial deficit. In addition, companies which participate in the AFP scheme are jointly and severally liable for two-thirds of future pension payments. Consequently, premiums are expected to increase going forwards. The premium for 2022 will be 2.6% (2.5% in 2020 and 2021) of the salary basis defined in the statutes of the scheme.

### The pension cost for the year is calculated as follows

	2021	2020
Costs related to defined contribution pensions and private AFP	99,8	103,6
Costs of pension accrual for the current period	61,4	72,3
Plan changes, including	0,0	0,0
Interest expense	84,3	91,1
Return on pension assets	-42,8	-52,3
Employees' 2% contribution	-2,8	-3,2
Administrative expenses	0,5	0,8
Employer contributions	28,2	30,4
<b>Pension cost for the year (note 5)</b>	<b>228,6</b>	<b>242,7</b>

Pension liabilities and pension assets:	2021			2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Change in gross pension liabilities:						
Pension liabilities as at 1 January	4 452,6	394,5	4 847,1	3 967,5	303,6	4 271,1
Reclassification of liability gift pension 1.1.	0,0	0,0	0,0	0,0	3,5	3,5
Costs of pension accrual for the current period	13,6	45,5	59,1	30,7	39,1	69,9
Plan changes, including truncation/settlement	0,0	0,0	0,0		0,0	0,0
Interest expense	77,9	6,4	84,3	84,6	6,6	91,1
Actuarial gains and losses – financial assumption	509,3	42,5	551,8	430,0	47,8	477,9
Pension payments	-76,5	-10,5	-87,0	-60,2	-6,1	-66,4
<b>Gross pension liabilities as at 31 December</b>	<b>4 976,8</b>	<b>478,4</b>	<b>5 455,2</b>	<b>4 452,6</b>	<b>394,5</b>	<b>4 847,1</b>
Change in gross pension assets:						
Fair value of pension assets as at 1 December	2 607,8	0,0	2 607,8	2 573,9	0,0	2 573,9
Return on pension assets	42,8	0,0	42,8	52,5	0,0	52,5
Premium contributions	22,8	0,0	22,8	80,6	0,0	80,6
Actuarial gains and losses	24,9	0,0	24,9	-38,9	0,0	-38,9
Pensions paid	-76,5	0,0	-76,5	-60,2	0,0	-60,2
<b>Fair value of pension assets as at 31 December</b>	<b>2 621,7</b>	<b>0,0</b>	<b>2 621,7</b>	<b>2 607,8</b>	<b>0,0</b>	<b>2 607,8</b>
<b>Net pension liabilities</b>	<b>2 355,0</b>	<b>478,4</b>	<b>2 833,4</b>	<b>1 844,8</b>	<b>394,5</b>	<b>2 239,3</b>
Employer contributions of net pension liabilities	331,7	67,3	399,0	259,5	55,6	315,1
<b>Net pension liabilities carried forwards as at 31</b>	<b>2 686,8</b>	<b>545,7</b>	<b>3 232,5</b>	<b>2 104,3</b>	<b>450,1</b>	<b>2 554,5</b>
Actual return on pension assets for previous year	85,1		85,1	78,4		78,4
Expected premium contributions next year	85,6		85,6	17,7		17,7
Expected pension payments next year	-79,2		-79,2	-64,7		-64,7

#### Calculation assumptions

The pension cost and net pension liabilities are estimated on the basis of a number of assumptions. The discount rate is determined based on the market for bonds with preferential rights. Wage growth and pension adjustments are based on historical observations for the company.

	2021	2020
Discount rate	1,90 %	1,70 %
Wage growth in percent	2,75 %	2,25 %
Pension adjustments in percent	1,75 %	1,25 %
AFP withdrawals	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 withdrawal rate for special retirement pensions is estimated at 90% if >55 years, 40% if 55-40 years, and 10% if <40 years for 2021 and 2020. The weighted average duration of pension liabilities is 28.3 years.

The risk table K2013 is used for mortality probability and life expectancy, while the risk table for disability probability is based on risk table K1963\*200.

Age	Life expectancy		Mortality probability		Disability probability	
	Male	Female	Male	Female	Male	Female
20	81	85	0,0237 %	0,0094 %	0,1148 %	0,1724 %
40	82	86	0,0501 %	0,0293 %	0,2638 %	0,5236 %
60	84	87	0,3510 %	0,2383 %	1,4064 %	2,4044 %
80	89	91	3,8661 %	2,5469 %	N/A	N/A

#### Sensitivities to the pension liabilities:

Sensitivities to the pension liability (including employer's National Insurance contributions) for changes in weighted economic assumptions based on a change of one percentage point (a negative figure is reduction in liability/a positive figure is an increase):

Percent	+1	-1
Discount rate	-1 232,2	1 716,8
Wage growth in percent	133,0	-107,8
Pension adjustments in percent	1 556,3	-1 149,6

## 19. Other provisions for liabilities

All amounts in NOK million

	<b>Total</b>
Balance sheet as at 31 December 2020	6,3
Allocated	10,7
Used	-11,5
<b>Balance sheet as at 31 December 2021</b>	<b>5,5</b>
Current liabilities recognised as other current liabilities	5,2
Non-current portion of provisions for liabilities	0,3

The carrying amount of the liability consists of severance agreements entered into before the balance sheet date. Severance agreements are expensed in their entirety upon establishment, and the associated obligation is reversed over the term of the severance agreement.

## 20. Other current liabilities

All amounts in NOK million

	<b>2021</b>	<b>2020</b>
Holiday allowance	115,3	112,2
Advances from customers	22,3	19,0
Payroll and social security contributions	23,5	19,6
Accrual of operating and investment expenses	138,0	69,5
Intra-group liabilities	627,5	534,1
Other current liabilities	1,47	0,0
<b>Total</b>	<b>928,0</b>	<b>754,5</b>

## 21. Investments in subsidiaries

The company has two subsidiaries:

FS Air Navigation Services AS, Norwegian limited liability company, 100% owned by Avinor Flysikring AS – established in 2018

Ninox Air Navigation Services S.L, Spain, 51% owned by Avinor Flysikring AS – established in 2019

There was no activity in either of these companies in the 2021 financial year.

## 22. Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position as at the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as at the balance sheet date, but which will affect the company's financial position in the future, are disclosed if material.

### Conflict in Ukraine

The conflict between Ukraine and Russia is affecting the global economy and the aviation industry, and may therefore also impact on the Avinor Group in the future. Norway and other countries have imposed many sanctions on Russia, including a ban on flights operated by Russian airlines in the countries' airspace. In addition to the fact that it is not possible to fly to or over certain countries, the conflict brings with it higher prices for a number of input factors, which in turn could result in higher costs for flights (fuel, insurance premiums, the cost of heightened security measures, etc.). The conflict could lead to reduced travel activity, which will directly impact on the company's revenues.

At the time of preparation of the annual report, it is too early to determine exactly what consequences the conflict could have for the company. The situation is being monitored on an ongoing basis.

### Retirement pension

The Storting has adopted new principles for the regulation of retirement pensions from 2022 onwards. Retirement pensions will be adjusted by the average of inflation and wage growth in society, unlike the previous principle where wage growth minus a factor of 0.75 was used as a basis. The changes were sanctioned by the King in Council on 1 April 2022 and will consequently not take effect until the second quarter of 2022.

### Shortfall from en-route taxes as a result of COVID-19

As part of the national RP3 process, it was decided to introduce a freeze on aviation taxes from 2021 to 2022, which also includes en-route tax. The consequence of this decision is that the Norwegian en-route tax in 2022 will not cover its costs. The new adjustments to the Performance and Charging Regulation enabled air navigation service providers to recoup the deficit from the loss of en-route tax in 2020 and 2021 through an increase in the en-route tax in later years. The Norwegian revised performance plan is based on the assumption that Norway will not utilise this opportunity.

This will not affect the impairment assessment in Note 11, as this information has already been taken into account in the projection.