

## Annual report 2022



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## KEY FIGURES 2022 (2021 in parentheses)

- Domestic (air transport movements): 290,413 (253, 614) **+15%**
- International (air transport movements): 172,100 (72,968) **+136%**
- Overflights: 63,761 (47,079) **+35%**
- Increase in Norway (air transport movements) **+41%**
- Operating income: NOK 2,122 million (NOK 1,576 million) **+35%**
- Operating expenses: NOK 1,953 million (NOK 1,809 million) **+8%**
- Profit after tax: NOK 63 million (NOK -305 million)
- Number of FTEs: 928 (906) **+2%**
- Proportion of women in senior positions (Levels 2 and 3) \*: 20%
- Total proportion of women: 25% (23%) **+2%**

\* Due the Group reorganisation in 2022, this key figure has changed, and as such there is no basis for comparison in relation to 2021.

## ABOUT AVINOR AIR NAVIGATION SERVICES

Avinor Air Navigation Services (Avinor ANS) is a wholly owned subsidiary of Avinor AS and is subject to regulations from the Norwegian Ministry of Transport. The company's headquarters are based in Oslo, but it has a presence in units across much of Norway. The company has more than 900 employees.

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

- En-route navigation services
- Tower services
- AFIS service
- Technology Services (up to Q3 2022)

In 2021, Avinor Group management decided to reorganise the Group. In Q3 2022, the Technology Services at Avinor Air Navigation Services were transferred to Avinor AS and all IT and other technological communities were gathered into a new Technology Division at Avinor AS; the AFIS service was transferred in 2022 to Avinor Air Navigation Services through a business transfer.

Avinor Air Navigation Services shall remain a separate limited company. Avinor ANS's accounts are not expected to have any material effects on total revenue and costs on the income statement. The company's balance will see a significant reduction in fixed assets and facilities under construction, and a lower balance sheet total.

Avinor Air Navigation Services aims to be a leading supplier of air navigation services through safe, stable and efficient operations. The company aims to contribute to increased value creation for customers and society by delivering the required air navigation services.

### Designated contractor

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

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

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

Existing appointment decisions for en-route navigation services are, however, time-limited and apply for the period 2014-2024. Further clarification is needed from the ministry on the conditions for a new appointment decision in 2023. Avinor Air Navigation Services will enter into dialogue with the

ministry about the content and conditions of the appointment decision to ensure predictability and sustainable conditions for its future ATM investments.

## **IMPORTANT EVENTS 2022**

### **Technological development**

Avinor ANS is in a phase of extensive technological renovations, with more demanding projects such as the introduction of remote tower services, new technology for en-route navigation services (Future Air Traffic System, FAS) and monitoring airspace. The projects entail significant investment costs and resource consumption for the organisation. Ensuring good and efficient internal processes, good cost control in operations, and in projects are emphasised, as is meeting the expectations of the owner and customers. In 2022, the Avinor ANS Board monitored the company's income, funding, and regulatory frameworks and requirements closely.

### **New technology in en-route navigation services**

Avinor ANS's largest project is the introduction of new technology for en-route navigation services through partnerships with other European air navigation providers. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. The Board made the investment decision in 2022 to implement this system development project for the next generation of air traffic control.

### **Focus on remote towers**

Avinor, in collaboration with the technology suppliers Kongsberg Defence and Aerospace and Indra, is focusing a lot of resources on remote towers. Avinor AS has been the owner of the project since 2020, and in connection with the 2022 reorganisation, project implementation has been transferred to Avinor AS from Avinor Air Navigation Services. During 2022, tower services at Mehamn, Røros, Rørvik and Namsos were transferred to the Remote Towers Centre in Bodø, bringing the number of airports operated from there to a total of eight airports at the end of 2022. In 2023, the rollout of remote towers is planned for three airports, while remaining airports are expected to move to remote tower operations in 2024.

### **Group reorganisation**

In 2021, Avinor's Group Management decided to implement a reorganisation of the entire Group, including Avinor ANS. The reorganisation was finished in 2022. The purpose of the reorganisation is to strengthen the Avinor Model by removing barriers and integrating the companies together more again.

Most of the general administrative functions of Avinor ANS were transferred to Avinor AS through a business transfer. In addition, it was decided to collate all IT and other technological communities in Avinor ANS into a new technology division in Avinor AS. The operational connection between system development, operations and maintenance will, going forward, be linked just as closely as under its

previous organisational form. The Aeronautical Information Service (AFIS) was transferred to Avinor ANS through a business transfer.

Avinor ANS's accounts are not expected to have any material effects on total revenue and costs on the income statement. Avinor ANS's balance will see a significant reduction in fixed assets and facilities under construction, and a lower balance sheet total.

For a more detailed description of the financial effects of the above, please refer to Notes 22, 10, 11 and 16.

### RP3 performance plan

The EU Commission's Single European Sky regulation was introduced in 2009 for European aviation and included strictly regulated requirements for the delivery of en-route navigation services. The framework conditions for en-route navigation services in the form of a new performance plan for reference period 3 (RP3) set requirements for deliveries and revenues for en-route navigation services for the years 2020-2024. The EU Commission decided in 2021 to revise the regulations, performance requirements and performance plans for RP3 as a result of the COVID-19 pandemic. The revised RP3 performance plan was signed by Norwegian authorities in November 2021 and was formally approved in 2022.

While developing the 2022 performance plan, it became clear that political guidelines have a greater effect on the national performance plan than previously and with a negative impact on the en-route fees in 2022. The Norwegian Ministry of Transport has set a condition of Avinor's operating subsidies that there be a "zero growth ambition" for aviation fees over the period 2022-2024. For the revised national RP3 process, two decisions were taken that were of great significance for the level of fees for the years ahead:

- Political decision to freeze aviation fees from 2021 to 2022, which also included en-route navigation service fees. The consequence of this decision is that Norwegian en-route navigation service fees in 2022 do not cover all costs.
- The new adjustments to the performance and fee regimes opened up an opportunity for air navigation service providers to make up the shortfall in en-route traffic in 2020 and 2021 through increased en-route navigation services fees in later years.

### Sustainability

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

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

Continuous climbs and descents are being facilitated and approach and takeoff procedures are being optimised. For many years, Norway's main airport has put itself at the forefront in terms of efficient air traffic management and environmentally friendly "green landing". Based on data from Eurocontrol, Oslo Airport, Gardermoen came out best in 2022 in a survey on Continuous Descend Operations (CDO). For many years, Norway's main airport has put itself at the forefront in terms of efficient air traffic management and green landing.

Electronic aids for air traffic management and information sharing (Collaborative Decision Management, CDM) are important tools in the context of sustainability, which are still under development.

The transition from ground-based navigation to the use of satellite systems (Performance Based Navigation – PBN) gives shorter and more direct route guides as well as more energy-efficient approaches and takeoffs. In 2022, Avinor decided that all of its airports should implement curved approaches (RNP-AR), initially at airports with long runways over the period up to 2028. This will lead to a significant reduction in fuel consumption and greenhouse gas emissions. For several years, Oslo Airport has practised using curved approaches. The proportion in 2022 was between 5 and 14% a month, averaging out at 9% of total approaches. The target is 15%.

Norway, Sweden, Denmark, Finland, Latvia and the United Kingdom have introduced Free Route Airspace (FRA) through the Borealis Alliance. This is an approach to organising airspace that means airlines no longer follow predefined routes, but can choose the most optimal route. This opens the way for potential reductions in fuel consumption and greenhouse gas emissions.

In addition to this, Avinor works on airspace efficiency improvements internationally with the interest organisations ACI and CANSO through the Borealis alliance and with Eurocontrol.

## **Financial situation due to COVID-19**

Avinor Air Navigation Services' 2020 and 2021 finances and accounts were heavily impacted by the decrease in air traffic as a result of the COVID-19 pandemic. In 2022, air traffic has seen a positive development, but is still significantly below pre-pandemic levels. The beginning of 2022 was characterised by a new wave of COVID-19 ("Omicron") and the war in Ukraine, which affected air traffic due to changes in global traffic patterns, which has partially pushed air traffic outside of Norwegian airspace.

During the pandemic, the authorities introduced many extraordinary measures, support schemes and rescue packages to mitigate the challenging economic situation aviation found itself in. Norwegian authorities have, through the revised performance requirements for reference period 3, decided that the shortfall in 2020 and 2021 will be transferred to future periods, and that the fee

rate for 2022 will be frozen. As a result of COVID-19, the company has also implemented extensive efficiency improvements. Variable and fixed costs have been reduced so that the company can scale the organisation according to the air traffic situation and expectations from the owner, and temporary staff redundancies, permanent reduction in fulltime equivalents and the streamlining of administration and operations have been implemented.

## **Consultations with airspace users and other customers**

Avinor Air Navigation Services contributes to consultations with airspace users through multilateral consultations under the auspices of Eurocontrol and the Enlarged Committee for Route Charges. In 2022, meetings took place in June and November. Airspace users participate through their interest organisations.

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

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

## **Drones**

The Avinor Group established its drone programme in 2018. Part of the programme is developing an air traffic management system for the use of airspace for drone operations. This has resulted in Avinor being proposed in the Government's report to the Storting on Norwegian aviation as the operator of the currently unregulated airspace in Norway.



## **ECONOMY AND FINANCE**

### **Financial results**

In 2022, Avinor Air Navigation Services' operating income of NOK 2,122 million, compared to NOK 1,576 million in 2021, and the profit after tax was NOK 63 million, compared to NOK -305 million in 2021.

The combined operating expenses before depreciation in 2022 totalled NOK 1,953 million, compared to NOK 1,809 million in 2021.

During the period, the company had an operating profit of NOK 41 million. Total depreciation, amortisation, and write-downs for 2021 amounted to NOK 127 million, compared to NOK 139 million. The operating margin was 2%. Net finance costs amounted to NOK 41 million. The company's income tax expense for 2022 amounted to NOK 18 million.

Capitalised project costs as at 31 December 2022 amounted to NOK 117 million and are classified as facilities under construction on the balance sheet.

Positive estimate deviations in pensions for 2022 of NOK 613 million before tax are due to changes in economic assumptions, primarily an increase in the discount rate. More detailed descriptions of pensions are found in Note 17 to the accounts.

The company's impairment loss tests have shown that there is no basis for impairment losses of the company's assets, see more in Note 11 to the accounts.

### **Cash flow and capital structure**

The company had a net cash flow from operating activities of NOK 155 million. Significant accounting items with no cash flow effect are depreciation charges of NOK 128 million, of which NOK 28 million is depreciation of right-of-use assets according to accounting standards for lease agreements (IFRS 16) and the difference between expensed pensions and actual payments. The cash flow effect from lease costs are NOK 31 million. NOK 7 million of finance costs have no cash flow effects.

The company's total equity as at 31 December 2022 amounted to NOK 3,795 million, compared to NOK 5,015 million as at 31 December 2021. The equity ratio as at 31 December 2022 is 13.7%, compared to 7.8% as at 31 December 2021. Effects of changes in economic assumptions used in the calculation of pension obligations are recognised above comprehensive income (OCI).

As at 31 December 2022, Avinor Air Navigation Services had no interest-bearing debt with a cash flow effect, and the liquidity reserve amounted to NOK 127 million in receivables as a part of the Avinor Group cash pooling account service.

### **Appropriation of profit**

The Board of Directors proposes that profits of NOK 63 million are transferred to other equity. In 2022, Group contributions were made to the parent company Avinor AS. For other equity movements, please refer to Note 16 Equity.

Based on management-approved forecasts and adequate equity and liquidity as a result of Group contributions, the 2022 annual accounts have been prepared under the assumption of going concern (cf. section 3-3 of the Norwegian Accounting Act). The Board of Directors confirms that the assumption of going concern is in place.

Equity in Avinor Air Navigation Services is extremely volatile to changes in pension obligations. The Board of Directors is monitoring developments and has implemented appropriate measures. As at 31 December 2022, the company had satisfactory liquidity and adequate equity.

## **RISK ASSESSMENTS**

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

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

Due to increased digitalisation, the company will be required to manage risks of increased vulnerability, particularly in the area of cyber security, for example cyber attacks that knock out vital infrastructure, including jamming and spoofing, etc. This has become particularly relevant in light of Russia's invasion of Ukraine. The Norwegian Armed Forces' national security interests will be one of the major driving forces going forward. Close co-operation between safety and security competencies in the company must be facilitated alongside good coordination with the Norwegian Armed Forces.

The company's revenues are exposed to changes in air traffic and the loss of existing customers. The COVID-19 pandemic and the war in Ukraine have led to uncertainty related to future market and revenue potential. If the war in Ukraine becomes prolonged, this could lead to major financial consequences. Avinor ANS has assumed a traffic forecast for 2023-2024 that returns to 2019 levels. It must be assumed that the Ukraine crisis will remain a future uncertainty factor and market risk for the company.

Unclarified future financial framework conditions and developments in fees for the company's main source of income, en-route navigation services, are an important strategic risk that is taken seriously.

The reference period RP3 (2020-2024) and RP4 (2025-2029) set requirements for deliverables and revenues (fees) in a five-year period through performance plans. The difficulty for the company is to accurately estimate the significance that major investments the company makes will have on the level of fees in the reference period. There is a risk here that Avinor Air Navigation Services will have to make investments that are not financed through the prices/fees that predetermined by the EU during the reference period (RP4).

Another current strategic risk is the company's failure to fulfil regulatory requirements due to delays in complex technology projects such as the future ATM system, FAS.

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

The company still has a capitalised pension obligation related to the defined-benefit pension scheme in the Norwegian Public Service Pension Fund, which is sensitive to changes in economic assumptions. For the effects of the changes, see Note 17.

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

## **CORPORATE GOVERNANCE AND COMPANY MANAGEMENT**

The Avinor Group Board of Directors has prepared a separate statement on corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (NUES). This statement is enclosed as an annex to the Group's Annual Report.

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

In 2021, Avinor's Group Management decided to implement a reorganisation of the entire Avinor Group, including Avinor Air Navigation Services. After a number of years with a distinction between the parent company, Avinor AS, and the subsidiary, Avinor Air Navigation Services, due to the introduction of competition for tower services, it was decided in autumn 2021 that the Avinor Model should be strengthened. However, Avinor Air Navigation Services shall remain a separate limited company.

In light of the organisational changes, Board members were newly elected and a change in the Board of Avinor Air Navigation Services was approved. The Board is to become an internal board primarily focussed on financial management, HR-related issues and operational matters.

## **TRAFFIC DEVELOPMENT**

The number of commercial aircraft movements increased in 2022 by 41% compared to 2021. International traffic saw a significant uptick of 136% compared to 2021, but remains 27% below

2019 levels. Overflights increased by 35%, while domestic traffic saw an increase of 15% compared to 2021.

Offshore helicopter movements saw a slight positive trend in 2022, compared with 2021, increasing by 1.2%.

Revenues from en-route fees are based on the number of service units and fixed en-route fees. Service units are calculated as a product of the factors distance and weight. The number of service units increased significantly in 2022 by 43% compared to 2021, though nevertheless 15% below 2019 levels.

The number of intercontinental air transport movements, which are most relevant to overflights over Norway, increased by around 200% from 2021 to 2022 – between Europe and North America. Between Europe and Asia, the increase in traffic was significantly lower, seeing around a 20% increase in air traffic for the same period. In total, this resulted in an approximately 65% increase in the long-haul market from Europe to these continents. By way of comparison, the number of overflights at Avinor grew by just over 30% in 2022 from 2021. It appears that the general increase in intercontinental traffic has not been realised in the same way for Norway, which can be put down in large part to the fallout from Russia’s invasion of Ukraine and the closure of Russian airspace.

## **ACHIEVEMENT OF THE PERFORMANCE TARGETS**

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

### **Safety**

The safety performance target is a so-called “level of effectiveness of safety management” within the areas ‘safety policy and objectives’, ‘safety risk management’, ‘safety assurance’, ‘safety promotion’ and ‘safety culture’. In 2022, Norway has met all the security requirements defined in the performance plan (levels C and D). This is done through systematic safety efforts and the development of the safety management system of Avinor Air Navigation Services.

### **Environment**

The environment performance target is defined in RP3 as “Horizontal en-route flight efficiency”. The 2022 national target, which equivalent to the pan-European target, is a maximum of 1.55% efficiency.

In 2022, Norway had a horizontal efficiency of 1.35%. This is clearly better than the 2022 national target. The target has been achieved by offering free-route airspace throughout Norwegian airspace and bordering countries, while also optimising routing continuously through tactical air traffic management.

## Capacity

The capacity parameter is “En-route delay per flight”. The 2022 national target was a maximum of 0.08 minutes per flight, which is below the pan-European target of 0.11 minutes per flight.

In 2022, Norway had a 0.006 minute delay per flight, which is far ahead of the national target of 0.08 minutes. Throughout the pandemic, Norway has deliberately ensured capacity for the subsequent increase in traffic through temporary redundancies, re-training of operational staff and the optimisation of airspace, procedures and tools.

## Cost-effectiveness

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

Overall, Avinor Air Navigation Services meets all four of the defined target areas in its 2022 performance plan.

## FLIGHT SAFETY

### Aviation accidents and serious aviation incidents

In 2022, there were no aviation accidents or serious aviation incidents in Norwegian aviation where Avinor Air Navigation Services was a contributing party.

### Safety level and Safety Dashboard

After the pandemic, common areas and systems for flight safety and incident follow-up were re-established in Avinor Air Navigation Services.

The safety level is monitored by using the “Safety Dashboard”, which was developed in 2020 and is currently used as a management tool in the organisation. Safety Dashboard presents safety data in a dynamic way and includes information on the status of Key Performance Indicators (KPI), an overview of incident reporting, risks/seriousness, contribution from Avinor Air Navigation Services, measures etc., which are presented in an aggregated or unit level. This tool is still under development and improvement, and considerable quality assurance and adjustments of new features was carried out in 2022.

Avinor Air Navigation Services is considered as having a strong reporting culture, which is characterised by the number of reports of aviation incidents (in relation to traffic), type of incidents reported, and open and honest descriptions. Aviation incidents that are particular focus of Avinor Air Navigation Services is “Loss of Separation” (aircraft getting closer to each other than fixed minimum distances) and “Runway Incursions” (the improper presence of aircraft and/or cars on the runway). These are incidents with a high risk potential, often with contributions from Avinor, and therefore have a particular focus in the organisation.

## Drones

The unauthorised use of drones poses a risk of accidents and serious aviation incidents. Avinor Air Navigation Services is investing significant amounts of time and resources to minimise this risk. This is done, among other things, by contributing to awareness-raising and competence building, drafting and following-up relevant rules and procedures, as well as through close collaboration with the user environment, public authorities, and other service providers. To further minimise this risk, Avinor established systems in 2022 to detect unauthorised drone flights. As of today, this system has been implemented at more than ten airports.

## Air traffic monitoring

Avinor has completed the installation of so-called Wide Area Multilateration (WAM) equipment with an extensive number of antennae on mountain tops and at airports in Norway. The technology will provide a better picture of air traffic in the airspace compared with previous radar technology.

In addition, radar coverage was introduced in Polaris ACC, sector group Nord/Oceanic, which provides the opportunity to monitor aviation in an area that previously had not been within radar coverage or any other type of monitoring.

## Remote Tower

The operation of remote towers was transferred to the Remote Tower Centre/RTC in Bodø during the year. During this transition, new and improved software was brought into use. This has provided users of the system with good and modern work tools. Throughout the year, RTC has gone from providing services to four AFIS units to supplying services to eight. Preparations have also been made to take over services for a further three AFIS units at the start of 2023. In the RTC, new operating models have been implemented through joint readiness and advanced sequential operations. Both of these modes of operation are based on an AFIS personnel being authorised for two AFIS units. Since the transfer to the new RTC centre, Remote Tower Systems/RTS and RTS equipment at the airports have become more stable, including network connections to this equipment.

## ATM Security

The threat to aviation meant that insider threats and intelligence threats to critical infrastructure in 2022 received significant attention. General awareness-raising has been carried out through digital tools and there has also been targeted awareness-raising for individual groups/units. The year's threat assessments from the Norwegian National Security Authority, the Norwegian Police Security Service and the Norwegian Intelligence Service have indicated a persistent threat to digital spaces, including phishing, as well as a recognition that digital intelligence operations are taking place and must be expected.

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

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

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

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

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

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

Reference is made to Avinor's Annual and Sustainability Report 2022 for the Group's report on the implementation of Norwegian Transparency Act in chapter 8. Avinor's Annual and Sustainability Report 2022 has been published on Avinor's website, [www.avinor.no](http://www.avinor.no) under "Investor", "Reports and presentations", "Reports" and "All reports".

## **PERSONNEL AND ORGANISATION**

At the end of 2022, there were 791 full-time equivalents within Avinor Air Navigation Services. The average number of full-time equivalents was 928, divided into 902 permanent full-time equivalents and 9 temporary full-time equivalents. In addition, there are 17 full-time equivalents in the form of air traffic controller students. This is an increase in average permanent full-time equivalents from 2021 of approximately 2%.

At the end of 2022, there were no employees in Avinor Air Navigation Services were on full or partial temporary redundancy.

Absence due to illness in Avinor Air Navigation Services was 5.5% in 2022, an increase from 4.5% in 2021. Long-term absence due to illness of more than eight weeks was 2%. The company's target for absence due to illness is 4.0% or lower.

The company carried out an employee survey in autumn 2022, which saw an 86% response rate.

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

## INCLUSION, EQUALITY AND DIVERSITY

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

In 2021, the Avinor Group Board of Directors approved general principles for diversity and equality and preventing discrimination, which are published on [www.avinor.no](http://www.avinor.no). Emphasis is placed on ensuring that all employees have equal opportunities in the company, irrespective of their gender, age, disability, and ethnicity or cultural background.

### Gender balance

Of the 807 employees at the end of 2022, 205 were women, and 602 were men.

	Women	Men
<b>Company gender balance W/M</b>	25.4%	74.6%
<b>Share W/M in temporary positions</b>	38.5%	61.5%
<b>Share W/M in part-time positions</b>	45.5%	54.5%
<b>Share W/M who took parental leave*</b>	36.5%	63.5%

The table above shows the share of women and men in permanent or temporary full and part-time positions. The figures include air traffic controller students. At year-end, Avinor Air Navigation Services had 13 temporary positions, of which 5 were women, and 8 were men, constituting 1.4% of total employees. There were 11 employees in part-time positions in 2022, of which 5 were women and 6 were men, 0.6% and 0.7% of the total employee base respectively.

Share W/M\* who have taken parental leave must be viewed in light of the gender balance in the company. Women take out proportionally more parental leave per child. The share of parental leave uptake in Avinor Air Navigation Services shows that women take 31.6 weeks on average, while men take 13.0 weeks on average.

At the end of 2022, there were no women in senior management at Avinor Air Navigation Services.

### Avinor Air Navigation Services' work on diversity

Diversity refers to human differences, great and small. Avinor's overall ambition is that our employees should reflect the society around us, our customers and our partners. This puts us in a better position to resolve challenges, increases our ability to innovate and creates positive experiences for our employees, customers and partners.

Diversity is an important strategic tool for Avinor and can act as a competitive advantage both in terms of what we deliver and for our ability to attract and develop our employees. The fact that



people are different makes Avinor and our employees better. Differences in gender, age, skills, cultural background, experience, disability, sexual orientation, ethnicity and beliefs offers us more and better perspectives.

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

Group Management has previously adopted a detailed equality and diversity action plan. This work was revitalised in 2022, and concrete plans have been drawn up for further follow-up in 2023.

Avinor's diversity pledges:

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

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

Emphasis has also been placed on diversity within the air traffic controller and AFIS professions by recruitment campaigns carried out in the company. In spring 2022, an AFIS intake was welcomed, where 41% of the 86-strong applicant pool were women, and 30% of the ten students were women. There were no withdrawals from air traffic controller training in 2022.

### **Raising awareness and diversity**

In 2022, both International Women's Day and Pride were celebrated internally and at airports. These celebrations highlight Avinor's values and contribute to raising awareness and creating positive attitudes among employees. Avinor participates in the SHE Index, which ranks companies' equality efforts.

Avinor Air Navigation Services established a network for female managers whose aim is to build relationships across the organisation and together examine what it takes to motivate young people

(both men and women) to apply for/accept leadership tasks/responsibilities. The plan going forward is to provide input to an action plan for increased diversity.

Avinor Air Navigation Services works actively to create a business with room for everyone by preventing absence due to illness and withdrawal from the labour market. This is especially relevant for employees who no longer meet physical or medical requirements due to illness or other conditions. Avinor Air Navigation Services has representatives participating in an Inclusive Working Life committee under the central Working Life Committee of Avinor. The duties of the Inclusive Working Life committee include supporting the follow-up of preventable absence in the Group and work to establish preventative measures throughout the organisation.

### **Health, safety, and environment efforts (HSE)**

Avinor Air Navigation Services works systematically with HSE to prevent HSE non-compliance, personal injuries, and work-related illness, with emphasis on continuous improvement. H1 and H2 values for 2022 were 0.6 and 1.2 respectively. There were no serious personal injuries. The most important activities in 2022 have been:

- A new Group HSE strategy for the 2023-2025 period has been developed and agreed on at the end of 2022.
- Coordination of the Group's HSE activities between Avinor AS and Avinor ANS, including the management system, training and creating a shared HSE website. This process will continue in 2023.
- Implementation of the renewed work environment basis course for managers, safety co-ordinator and Work Environment Committee members. From 2022, the course is focusing more on psychosocial conditions and is the same for all employees across the Group.
- Training managers in follow-up on absence due to illness in collaboration with the occupational health service.

Reference is made to chapter 7 of Avinor's Annual and Sustainability Report. The annual accounts are published on Avinor's website, [www.avinor.no](http://www.avinor.no).

## CONDITIONS AFFECTING FUTURE ECONOMIC DEVELOPMENT

### The war in Ukraine

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

### Framework conditions and fee development for en-route navigation services

#### *New resolution*

Avinor ANS is the designated supplier of en-route navigation services in Norway until the end of 2024. To ensure predictability for ATM investments going forward, initial discussions with the Norwegian Ministry of Transport will begin regarding the more detailed content and conditions of a new resolution for en-route navigation services after 2024.

#### *Development of European regulations (SES2+)*

The EU's decision-making bodies have been in negotiations for more than a year and a half on the detailed content of the new regulations for European aviation, known as the SES2+ regulations, without coming to any agreement on a number of central issues. This mainly concerns issues around the transfer of authority from nation states to centralised European bodies. If no agreement can be reached on the new regulatory proposals, the EU will need to re-assess its objectives and ambitions for SES2+. This is not a desirable situation. If this is the case, it would be perceived as a regulatory fiasco that the EU is unable to come to an agreement on regulations that are in line with European technological developments.

#### *RP3 performance plan*

The revised RP3 performance plan was signed by Norwegian authorities in November 2021 and was formally approved in 2022. Policy guidelines are expected to have a greater impact on the national performance plan than previously and also have negative consequences for future en-route fees.

#### *Development in fees in Reference Period 4 (RP4)*

The next reference period for en-route navigation services (RP4) applies to the years 2025-2029. It is difficult

for the company to accurately estimate the significance that major investments will have on the level of fees in the period. European regulatory requirements for RP4 fix the revenues of the individual service providers for the period. There are strict regulations for the approval of deviations between planned and actual costs. This entails a risk during a period where Avinor Air Navigation Services is making major investments that company risks not being able to fund through setting fees. It is therefore crucial to develop an updated and realistic investment plan for the entire plan period and stay in close dialogue with the owner and regulators on this issue.

The EU's work on clarifying the framework conditions for RP4 is moving slowly. The national supervisory authorities have been given a deadline of 1 June 2023 to present preliminary data on cost bases and underlying data that will apply to RP4. By 1 October 2023, the European Commission will publish RP4 instructions "Union Wide Performance targets".

## Increased environmental requirements

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

## Competition

International en-route navigation services are primarily provided by state service providers within their national airspace. Avinor ANS is the designated supplier of en-route navigation services in Norway until 2024. Within tower, approach and air navigation services, competition has been introduced in several countries. So far, Avinor AS has put tower services for Ålesund Airport and Kristiansand Airport out to tender. The Spanish company SAERCO won the tender and operates these facilities. Over the coming years, no tendering of tower and technology services within air traffic control services is expected in Norway. Work is currently ongoing regarding an alternative revenue model for Avinor ANS, including through revenues from external customers and intra-group revenues with the parent company. Additionally, a draft internal service agreement for the AFIS service has been drawn up.

## Pensions

The company's pension scheme is expected to provide more stable pension costs over time. Avinor Air Navigation Services still has regulatory responsibility for the those remaining on the old scheme and for the accrued or so-called "established" rights of those who have transferred to the new

defined-contribution pension scheme. This means that the company's balance sheet and equity are still sensitive to changes in pension conditions.

## **Technological development**

Avinor ANS is in a phase of extensive technological renovations, with more demanding projects such as the introduction of remote tower services, new technology for en-route navigation services (Future Air Traffic System, FAS) and monitoring airspace. The projects entail significant investment costs and resource consumption for the organisation. Ensuring good and efficient internal processes, good cost control in operations, and in projects are emphasised, as is meeting the expectations of the owner and customers. In 2022, the Avinor ANS Board monitored the company's income, funding, and regulatory frameworks and requirements closely. Due to the war in Europe and increased digitalisation, the company will be required to handle increasing vulnerability.

### *Introduction of new technology in en-route navigation services*

The introduction of new technology for en-route navigation services through partnerships with other European air navigation providers is the most significant technology project for Avinor Air Navigation Services going forward. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. The pandemic has delayed the implementation of this, which has delayed the benefits of this accordingly. This, along with the fall in revenue resulting from the downturn in traffic, has led to the Avinor Group having a reduced financial framework to invest in.

### *European technological development*

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

## **The Norwegian Armed Forces interests and national security interests**

The Norwegian Armed Forces' interests and national security interests will be one of the major driving forces going forward. This is particularly topical in light of the invasion of Ukraine, but also through the EU's development of the SES2+ regulations with increased digitalisation, data sharing and more centralised control of airspace. The Norwegian Armed Forces has expressed that the delivery of air navigation services is adequate in times of peace, but less so in crises and war. The Norwegian Armed Forces have signalled that military requirements in existing airspace management must be facilitated, as should the adoption of an emergency preparedness regulation to regulate the conditions. Alternative collaboration models between the Norwegian Armed Forces and Avinor Air Navigation Services are also being examined.

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

Oslo, 5 May 2023

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Abraham Foss  
Chairman

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Thomas Øyn  
Vice-Chairman

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Caroline Rostrup  
Brandshaug

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Sverre Ivar Elsbak

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Mari Cybelle Hermansen

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Mari Halvorsen Sundgot

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Hilde Vedum

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Jan-Gunnar Pedersen  
CEO

**Avinor Air Navigation Services**  
**Income statement**

<b>All amounts in MNOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<i>Operating income:</i>			
En-route navigation services		1 240,4	847,4
Tower services		469,3	447,9
Technology Services		197,8	229,0
AFIS		152,4	0,0
Other operating income		61,8	51,2
<b>Total operating income</b>	<b>4</b>	<b>2 121,7</b>	<b>1 575,5</b>
<i>Operating expenses:</i>			
Cost of sales		21,5	31,6
Payroll and other personnel expenses	5	1 475,0	1 375,2
Depreciation, amortisation and impairment charges	9, 10	127,7	138,9
Other operating expenses	6	456,8	402,1
<b>Total operating expenses before change in value and other (losses)/gains,</b>		<b>2 081,0</b>	<b>1 947,8</b>
<b>Operating profit/(loss)</b>		<b>40,7</b>	<b>-372,3</b>
<i>Finance income and expenses:</i>			
Interest income	7	40,0	4,3
Other finance income	7	29,1	0,4
Interest expenses	7	7,5	6,2
Other finance costs	7	20,9	17,1
Finance costs – net		40,7	-18,6
<b>Pre-tax profit/(loss)</b>		<b>81,4</b>	<b>-390,9</b>
Income tax expense	8	18,4	-85,8
<b>Profit/(loss) for the year</b>		<b>63,0</b>	<b>-305,1</b>
<b>Comprehensive earnings</b>			
<i>Items without reversal in profit or loss in later periods:</i>			
Actuarial gains/(losses) on post employment benefit obligations	16, 17	612,9	-601,2
Tax effect		-134,8	132,3
<b>Total comprehensive earning after tax</b>		<b>478,0</b>	<b>-468,9</b>
<b>Annual comprehensive income</b>		<b>541,0</b>	<b>-774,0</b>
<b>Attributable to:</b>			
Owners of the parent		541,0	-774,0

**Avinor Air Navigation Services**  
**Balance sheet**

All amounts in MNOK	Note	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets:</i>			
Deferred tax assets	8	557,9	782,5
Other intangible assets	10	20,4	79,6
<b>Total intangible assets</b>		<b>578,3</b>	<b>862,1</b>
<i>Property, plant and equipment:</i>			
Property, plant and equipment	10	335,3	768,7
Plant under construction	10	116,6	1 355,1
Right-of-use assets	9	187,6	252,1
<b>Total property, plant and equipment</b>		<b>639,6</b>	<b>2 375,9</b>
<i>Non-current asset investments:</i>			
Investments in subsidiaries	20	0,2	1,2
Derivatives	12	3,7	0,0
<b>Total non-current asset investments</b>		<b>4,0</b>	<b>1,2</b>
<b>Total non-current assets</b>		<b>1 221,8</b>	<b>3 239,2</b>
<b>Current assets</b>			
Contract assets		0,0	5,7
Receivables	11, 13	2 572,5	1 768,8
Derivatives	12	0,1	1,6
Bank deposits, cash and cash equivalents	14	0,0	0,0
<b>Total current assets</b>		<b>2 572,6</b>	<b>1 776,1</b>
<b>Total assets</b>		<b>3 794,5</b>	<b>5 015,3</b>



All amounts in MNOK	Note	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Paid-in equity:</i>			
Share capital	15, 16	144,8	365,4
Share premium	16	445,4	599,6
Other paid-in equity	16	991,0	991,0
Total paid-in equity		1 581,1	1 956,0
<i>Retained earnings:</i>			
Other unrecognised equity	16	-890,1	-1 368,1
Other equity	16	-171,1	-198,2
Total retained earnings		-1 061,2	-1 566,3
<b>Total equity</b>		<b>519,9</b>	<b>389,6</b>
<b>Liabilities and obligations</b>			
<i>Provisions for liabilities:</i>			
Retirement benefit obligations	17	2 450,8	3 232,5
Other liabilities	18	0,0	0,3
Total liabilities		2 450,8	3 232,7
<i>Non-current liabilities:</i>			
Derivatives	12	0,0	0,0
Lease obligations	9	176,5	233,0
Total other non-current liabilities		176,5	233,0
<i>Current liabilities:</i>			
Trade payables		78,1	73,3
Tax payable	8	0,0	0,0
Public duties payable		119,8	125,3
Derivatives	12	1,9	1,3
Lease obligations	9	26,2	32,0
Group contributions	16	32,3	0,0
Other current liabilities	11, 18, 19	388,9	928,0
Total current liabilities		647,2	1 159,9
<b>Total liabilities</b>		<b>3 274,5</b>	<b>4 625,7</b>
<b>Total equity and liabilities</b>		<b>3 794,5</b>	<b>5 015,3</b>

From the Board of Directors of Avinor Air Navigation Services, Oslo, 5 May 2023

\_\_\_\_\_  
Abraham Foss  
Chairman

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Thomas Øyn

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Caroline Rostrup Brandshaug

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Sverre Ivar Elsbak

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Mari Cybelle Hermansen

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Mari Halvorsen Sundgot

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Hilde Vedum

\_\_\_\_\_  
Jan Gunnar Pedersen  
CEO

**Avinor Air Navigation Services**  
**Statement of cash flows**

All amounts in MNOK	Note	2022	2021
<b>Cash flows from operating activities</b>			
Cash flows from operating activities*		151,5	387,1
Interest received		3,4	1,6
Income tax paid		0,0	8,1
<b>Net cash flow generated from operating activities</b>		<b>155,0</b>	<b>396,8</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment		-348,1	-416,2
Intra-group interest		26,9	1,6
Intra-group investments		0,9	0,1
Net group contribution/dividend received		-0,7	0,0
Proceeds from sale of property, plant and equipment, including plant under co		184,3	48,7
Net payment received through business transfers	22	4,4	0,0
Change in other investments		0,0	0,4
<b>Net cash used in investing activities</b>		<b>-132,2</b>	<b>-365,4</b>
<b>Cash flows from financing activities</b>			
Payment of lease obligations in accordance with IFRS 16		-9,5	-23,4
Payment of interest in accordance with IFRS 16		-14,1	-8,2
Interest paid		0,8	0,2
<b>Net cash used in financing activities</b>		<b>-22,7</b>	<b>-31,4</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>

*Cash flow from operating activities		2022	2021
Profit/(loss) before income tax		81,4	-390,9
Ordinary depreciation	9, 10	127,7	138,9
Gains/(losses) on the sale of non-current assets		-7,4	15,4
Changes in value and other (losses)/gains – net (unrealised)		-11,3	-0,1
Net finance costs		-40,7	18,6
Currency gains/(losses) on operating activities		19,4	-14,9
Change in inventories, trade receivables and trade payables		-2,6	-27,5
Difference between recognised post employment benefit expenses and amount		8,7	76,8
Changes in other accruals		-101,3	89,2
Change in intra-group receivables and liabilities		77,6	481,3
<b>Cash flow from operating activities</b>		<b>151,5</b>	<b>387,1</b>

## 1. General information

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Avinor Air Navigation Services is a limited company registered in Norway. The company's head offices are located at Dronning Eufemias gate 6, 0191 Oslo, Norway.

## 2. Accounting policies

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

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

### 2.1. Simplified IFRS

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

IFRS 1, paragraph 7 on the carrying of the acquisition cost of investments in subsidiaries, associated companies and joint ventures

IAS 10, paragraphs 12 and 13 are waived so that dividends and Group contributions are recognised in accordance with the provisions of the Norwegian Accounting Act

IAS 28 and IAS 31 are waived so that the cost method is used for investments in associated companies and joint ventures

### 2.2. Basis for the preparation of the annual accounts

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

### 2.3. Segment information

The company is structured as a single reporting segment.

### 2.4. Currency

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

### 2.5. Use of estimates

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

The Company's most significant accounting estimates and judgements are related to the following items:

- Depreciation of property, plant and equipment
- Net pension obligation

### 2.6. Revenue recognition policies

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

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

#### *Income from contracts with customers*

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

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

#### *Rental income*

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

#### *Group contributions*

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

## 2.7. Income tax

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

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

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

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

## 2.8. Property, plant and equipment

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

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

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

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

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

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

## 2.9. Leases

### *The company as a lessee:*

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

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

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

### *The company as a lessor:*

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

## 2.10. Financial assets

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

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

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

### *Loans and receivables*

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

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

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

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

## 2.10. Financial assets – continued

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

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

## 2.11. Derivative financial instruments and hedging activities

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

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

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

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

## 2.12. Financial liabilities

The company classifies its financial liabilities in the following categories:

1. Fair value through profit or loss
2. Other financial liabilities

The classification depends on the purpose for which the financial liabilities were acquired. Management classifies financial liabilities when they are incurred.

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

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

### *Other financial liabilities*

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

## 2.13. Derivatives that are not hedging instruments

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

## 2.14. Trade receivables

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

## 2.15. Current investments

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

## 2.16. Bank deposits, cash and cash equivalents

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

## 2.17. Classification and valuation of balance sheet items

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

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

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

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

## 2.18. Pension benefits

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

### *Defined-benefit pension scheme:*

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

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

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

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

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

### *Defined-contribution pension scheme:*

A defined-contribution pension scheme is a scheme where the employer is obliged to pay an agreed premium into the scheme and where the premium

## 2.19. Provisions for liabilities

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

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

## 2.20. Events after the reporting period

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

## 2.21. Consolidated accounts

The Group management of Avinor AS prepares the consolidated accounts. Consolidated accounts can be obtained from the Avinor AS website, [www.avinor.no](http://www.avinor.no)

## 2.22. Statement of cash flows

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

## 3. Financial risk factors

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

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

### **Market risk**

#### *(i) Foreign exchange risk*

The company is exposed to changes in foreign exchange rates with respect to the value of the Norwegian krone relative to other currencies due to income and expenses in foreign currencies. The company uses forward contracts to reduce the foreign exchange risk in cash flows nominated in foreign currency. Foreign exchange risk is calculated for each foreign currency and includes assets and liabilities, non-capitalised liabilities and highly probable purchases and sales in As at 31 December 2022, the company has entered into 18 forward foreign exchange contracts.

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

### 3. Financial risk factors – continued

#### Credit risk

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

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

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

The company has not furnished any third-party guarantees.

#### Liquidity risk

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

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

#### Other information in the notes

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

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

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

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

\* List price on an active market for an identical asset or liability (Level 1)

\* Valuation based on other observable factors either directly (price) or indirectly (derived from prices) than the listed price (used in Level 1) for the asset or liability (Level 2)

\* Valuation based on factors that are not taken from observable markets (non-observable assumptions, Level 3)

The table below presents the company's assets and liabilities measured at fair value as at 31 December 2022:

<i>Avinor Air Navigation Services as at 31 December 2022</i>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss	0,0	3,8	0,0	3,8
<b>Total assets</b>	<b>0,0</b>	<b>3,8</b>	<b>0,0</b>	<b>3,8</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	0,0	1,9	0,0	1,9
<b>Total liabilities</b>	<b>0,0</b>	<b>1,9</b>	<b>0,0</b>	<b>1,9</b>
<i>Avinor Air Navigation Services as at 31.12.2021</i>	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>

### 4. Operating income

Of the company's total revenues in 2022, MNOK 755.3 (2021: MNOK 588.2) was intra-group revenue.

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

All amounts in MNOK

Payroll expenses cover the period 01.01-31.12

	2022	2021
Salaries	1 057,5	965,0
Payroll tax, employers' contribution	159,5	155,2
Pension costs	226,0	228,6
Other benefits	32,0	26,3
<b>Total payroll costs</b>	<b>1 475,0</b>	<b>1 375,2</b>

Average number of man-years employed	928	906
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## 5. Payroll expenses, number of employees, remuneration, salary for employees and more – continued

<i>Remuneration of senior management:</i>	<b>2022</b>	<b>2021</b>
Salaries/fees	2,3	2,4
Pension costs	0,3	0,5
<b>Total benefits</b>	<b>2,6</b>	<b>2,9</b>

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

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

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

In 2022, MNOK 0.03 was paid out in directors' remuneration (2021: MNOK 0.4).

## 6. Operating expenses

All amounts in MNOK

<i>Specification:</i>	<b>2022</b>	<b>2021</b>
Leasing and operation of premises	13,8	14,7
Repairs, maintenance of operational materials	74,7	82,8
Contracted services	23,5	25,5
Meteorological services	50,4	57,5
Consulting services	6,4	8,3
Other operating expenses	116,5	139,3
Losses on receivables	-1,7	-11,7
<b>Intra-group expenses</b>	<b>173,1</b>	<b>85,8</b>
<b>Total</b>	<b>456,8</b>	<b>402,1</b>

<i>Specification of auditor's fee, excl. VAT:</i>	<b>2022</b>	<b>2021</b>
Statutory revision	0,4	0,5
Other attestation services	0,1	0,0
Other assistance	0,0	0,0
<b>Total auditor's fees</b>	<b>0,5</b>	<b>0,5</b>

*Leases:*

The company leases office premises from the parent company (Avinor AS). In 2022, this was recognised as an expense of MNOK 20.8 (2021: MNOK 19.2).

## 7. Finance income and costs

All amounts in MNOK

<b>Finance income</b>	<b>2022</b>	<b>2021</b>
Interest income on intra-group receivables	28,0	1,6
Other finance income	41,1	3,1
<b>Total finance income</b>	<b>69,1</b>	<b>4,7</b>

<b>Finance costs</b>		
Intra-Group finance costs	6,7	6,2
Other finance costs	21,7	17,2
<b>Total finance costs</b>	<b>28,4</b>	<b>23,3</b>

<b>Net finance income/(costs)</b>	<b>40,7</b>	<b>-18,6</b>
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## 8. Taxes

All amounts in MNOK

Income tax expense	2022	2021
Tax payable	7,1	0,0
Too much/too little paid in previous years	0,1	-6,6
Tax effect Group contributions	0,0	-61,2
Change in deferred tax assets adjustments for previous year.	0,0	0,0
Change in deferred tax	11,1	-18,0
<b>Total income tax expense</b>	<b>18,4</b>	<b>-85,8</b>

Tax payable in the balance sheet	2022	2021
Tax payable on the tax base for the year	7,1	0,0
Tax payable on Group contributions with tax effect	-7,1	0,0
<b>Tax payable in the balance sheet</b>	<b>0,0</b>	<b>0,0</b>

Reconciliation of effective tax rate	2022	2021
Tax on pre-tax profit/(loss) (22%/16%)	17,9	-86,0
Effect of too much/too little paid in previous years	0,1	0,0
Correction for deferred tax for previous year	0,0	0,0
Group contributions received without tax effect	0,0	0,0
Dividend received	0,0	0,0
Effect change tax rate deferred tax	0,0	0,0
Permanent differences (22%/16%)	0,3	0,2
<b>Income tax expense</b>	<b>18,4</b>	<b>-85,8</b>
<b>Effective tax rate</b>	<b>22,6</b>	<b>22,0</b>

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

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

Specification of deferred tax assets and liabilities	01.01.2021	Profit/(loss)	Comprehensive earnings	31.12.2021
Receivables	-14,6	4,8		-9,8
Group contributions (receivables)	0	0,0		0,0
Non-current assets	27,5	-0,1		27,4
Right-of-use assets	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
Pension benefits	-562,0	-16,9	-132,3	-711,1
Group contributions (payables)	0,0	0,0		0,0
Profit and loss account	-0,3	-1,5		-1,8
Financial instruments	0,0	0,1		0,1
Deficit carry-forward	-79,8	-4,6		-84,4
<b>Net deferred tax asset (-)/liability (+)</b>	<b>-632,2</b>	<b>-18,0</b>	<b>-132,3</b>	<b>-782,5</b>
Of which recognised as a deferred tax asset in the balance sheet	-632,2			-782,5
Of which recognised as a deferred tax liability in the balance sheet	0,0			0,0

Deferred tax assets	2022	2021
Deferred tax assets expected to be realised in more than 12 months	-546,6	-772,7
Deferred tax assets expected to be realised within 12 months	-11,3	-9,8
	-557,9	-782,5
<b>Net deferred tax asset (-)/liability (+)</b>	<b>-557,9</b>	<b>-782,5</b>

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

## 9. Leases

Amounts in NOK

### Leases recognised in the balance sheet – right-of-use assets

	Land	Buildings and other real property	Total
<b>As at 1 January 2021</b>			
Acquisition cost	7,9	329,3	337,2
Accumulated depreciation and write-downs	-0,7	-59,1	-59,9
<b>Carrying amount as at 1 January.</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
Access	0,2	8,9	9,1
Disposals	-5,3	0,0	-5,3
Depreciation 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>			
Acquisition cost	2,9	338,1	341,0
Accumulated depreciation and write-downs	-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>
<b>2022 financial year</b>			
Carrying amount as at 1 January.	1,7	250,4	252,1
Disposal cost price (Note 22)	-2,6	-41,1	-43,8
Changes to leases	0,0	-11,3	-11,3
Disposal depreciation (Note 22)	1,0	17,3	18,3
Depreciation for the year	0,0	-27,7	-27,7
<b>Carrying amount as at 31 December</b>	<b>0,0</b>	<b>187,6</b>	<b>187,7</b>
<b>As at 31 December 2022</b>			
Acquisition cost	0,0	297,0	297,0
Accumulated depreciation and write-downs	0,0	-109,4	-109,4
<b>Carrying amount as at 31 December</b>	<b>0,0</b>	<b>187,6</b>	<b>187,6</b>

Depreciation period (year)

0 3-17

Depreciation method

Straight-line Straight-line

MNOK 159.4 of recognised right-of-use assets as at 31 December 2022 (MNOK 189.0 as at 31 December 2021) relates to intra-group leases, primarily with the parent company, Avinor AS.

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

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

	2022	2021
<b>Changes to lease obligations during the period</b>		
Liabilities as at 1 January	265,0	284,9
Disposal obligations for demergers	-27,3	0,0
Access to lease obligations	0,0	8,9
Disposal of lease obligations	0,0	-5,5
Changes to lease obligations	-11,3	0,0
Payment of the principal sum	-23,8	-23,4
Interest payments	-7,2	-8,2
Interest cost related to lease obligations	7,2	8,2
Transfers and reclassifications	0,0	0,0
<b>Carrying amount as at 31 December</b>	<b>202,7</b>	<b>265,0</b>
Current lease obligations	26,2	32,0
Long-term lease obligations	176,5	233,0
Net cash flow from lease obligations	-31,0	-31,6

MNOK 171.6 of recognised lease obligations as at 31 December 2022 (MNOK 197.6 as at 31 December 2021) relates to intra-group leases, primarily with the parent company, Avinor AS.

New leases are recognised as a discount rate corresponding to the Avinor Group's marginal borrowing rate at the time the lease was signed. The marginal borrowing rate as at 31 December 2022 is estimated to be 3.49 per cent (2021: 2.70 per cent).

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

The Group has made use of the option in IFRS 16.4 and does not apply IFRS 16 to intangible assets. Fees recognised as expenses related to intangible assets in 2022 amounted to MNOK 27.8 (2021: 32.0). Leases related to intangible leases primarily apply to licenses and maintenance agreements relating to software.

Future lease payments relating to capitalised leases will mature as follows:	Nominal	Present Value
Less than 1 year	26,6	26,2
Between 1 and 5 years	127,4	115,4
More than 5 years	82,2	61,1
<b>Total</b>	<b>236,2</b>	<b>202,7</b>

## 9. Leases – continued

### Practical solutions used

The company does not recognise leases where the underlying asset is of low value, and thus does not recognise leases and right-of-use assets for any of these leases. Instead, lease payments are recognised as expenses when they occur. The company also does not recognise lease obligations and right-of-use assets for short-term leases. Fees recognised as expenses relating to short-term leases and leases of low value in 2022 amount to approximately MNOK 1.3

### Options to extend a lease and purchase options

As at 31 December 2022, there are significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

## 10. Property, plant and equipment

All amounts in MNOK

	Land	Buildings and other real property	Means of transport and aircraft	Furniture, fittings and equipment	Roads, plants etc.	Total
<b>As at 1 January 2021</b>						
Acquisition cost	1,1	333,6	47,0	1 304,5	7,2	1 693,4
Accumulated depreciation and write-downs	0,0	-80,5	-32,4	-902,4	-2,8	-1 018,2
<b>Carrying amount as at 1 January</b>	<b>1,1</b>	<b>253,0</b>	<b>14,7</b>	<b>402,0</b>	<b>4,4</b>	<b>675,3</b>
<b>2021 financial year</b>						
Carrying amount as at 1 January	1,1	253,0	14,7	402,0	4,4	675,3
Access	0,0	15,2	0,2	190,5	0,0	205,9
Disposal (acquisition cost)	0,0	0,0	-0,8	-149,1	0,0	-149,9
Disposal (acc. depreciation)	0,0	0,0	0,8	133,0	0,0	133,8
Depreciation for the year	0,0	-12,8	-2,7	-80,7	-0,3	-96,4
<b>Carrying amount as at 31 December</b>	<b>1,1</b>	<b>255,5</b>	<b>12,2</b>	<b>495,7</b>	<b>4,2</b>	<b>768,7</b>
<b>As at 31 December 2021</b>						
Acquisition cost	1,1	348,8	46,4	1 345,9	7,2	1 749,5
Accumulated depreciation and write-downs	0,0	-93,3	-34,3	-850,2	-3,0	-980,8
<b>Carrying amount as at 31 December</b>	<b>1,1</b>	<b>255,5</b>	<b>12,2</b>	<b>495,7</b>	<b>4,2</b>	<b>768,7</b>
<b>2022 financial year</b>						
Carrying amount as at 1 January	1,1	255,5	12,2	495,7	4,2	768,7
Access		237,2	2,0	110,5		349,7
Disposal (acquisition cost)		-0,5	-1,9	-62,2		-64,6
Disposal (acc. depreciation)		0,3	1,4	62,2		63,9
Disposal upon demerger (acquisition cost, Note 22)		-161,1	-45,9	-1 331,1		-1 538,1
Disposal upon demerger (acc. depreciation, Note 22)		3,5	34,6	805,4		843,5
Depreciation for the year		-18,7	-1,9	-66,9	-0,3	-87,8
<b>Carrying amount as at 31 December</b>	<b>1,1</b>	<b>316,3</b>	<b>0,4</b>	<b>13,6</b>	<b>3,9</b>	<b>335,3</b>
<b>As at 31 December 2022</b>						
Acquisition cost	1,1	424,5	0,6	63,1	7,2	496,5
Accumulated depreciation and write-downs	0,0	-108,3	-0,1	-49,5	-3,3	-161,2
<b>Carrying amount as at 31 December</b>	<b>1,1</b>	<b>316,3</b>	<b>0,4</b>	<b>13,6</b>	<b>3,9</b>	<b>335,3</b>
Estimated useful life		10-50 years	15-50 years	5-15 years	5-50 years	
Depreciation method	N/A	Straight-line	Straight-line	Straight-line	Straight-line	

All amounts in MNOK

	AUU	Other intangible
<b>As at 1 January 2021</b>		
Acquisition cost	1 171,0	251,5
Accumulated depreciation and write-downs	0,0	-201,2
<b>Carrying amount as at 1 January</b>	<b>1 171,0</b>	<b>50,3</b>
<b>2021 financial year</b>		
Carrying amount as at 1 January	1 171,0	50,3
Access	184,2	42,7
Depreciation for the year	0,0	-13,5
<b>Carrying amount as at 31 December</b>	<b>1 355,1</b>	<b>79,6</b>
<b>As at 31 December 2021</b>		
Acquisition cost	1 355,1	294,3
Accumulated depreciation and write-downs	0,0	-214,7
<b>Carrying amount as at 31 December</b>	<b>1 355,1</b>	<b>79,6</b>

## 10. Property, plant and equipment – continued

	AUU	Other intangible assets
<b>2022 financial year</b>		
Carrying amount as at 1 January	1 355,1	79,6
Access	83,6	8,9
Disposal (acquisition cost)	-270,4	0,0
Disposal upon demerger (acquisition cost, Note 22)	-1 051,7	-234,4
Disposal upon demergers (acc. depreciation, Note 22)	0,0	178,6
Depreciation for the year	0,0	-12,2
Carrying amount as at 31 December	<b>116,6</b>	<b>20,4</b>
<b>As at 31 December 2022</b>		
Acquisition cost	116,6	68,7
Accumulated depreciation and write-downs	0,0	-48,3
Carrying amount as at 31 December	<b>116,6</b>	<b>20,4</b>
Estimated useful life		10 years
Depreciation method		Straight-line

### Impairment tests, calculation of recoverable amounts

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and utility value. If an impairment loss has been made, the possibility of reversing previous impairment of non-financial assets will be assessed at each reporting date.

Avinor Air Navigation Services calculates utility value based on the current value of future cash flows. The utility value is the present value of future cash flows expected to arise from existing assets.

Implementing impairment tests requires a high level of discretion. Among other things, an assessment has to be made of how long a period of time the potential impairment will last, estimation and valuation of future cash flows, in addition to the financial position and expected development in the market, including operating and financing cash flows.

#### Basis for measurement of recoverable amount

Norwegian airspace from 2020 up to and including Q1 2022. Increased focus on climate, the environment and sustainability are contributing to pressure on the aviation transition and changes in travel habits. The war in Ukraine and its impacts on world markets has led to increased uncertainty regarding expected future revenues.

The negative effects are still considered as impairment indicators for Avinor Air Navigation Services. Updated impairment tests were carried out at the end of 2022 taking into account new information and updated forecasts.

Uncertainty about the ripple effects of the pandemic, climate risks, tensions in global markets resulting from the war in Ukraine, as well as regulation of the company's revenue, are increasing sensitivity to the underlying assumptions of the impairment tests.

Avinor Air Navigation Services is a regulated infrastructure business, where a decrease in traffic in the short to medium term will not normally result in impairment loss requirements. Uncertainty relating to lasting changes in travel habits may lead to a need for impairment loss requirements.

The company's activities are carried out entirely within Norway. The current value of cash flows is estimated in Norwegian kroner and discounted based on a weighted required rate of return relevant to Avinor Air Navigation Services' activities.

There is a high degree of uncertainty relating to traffic forecasts. Avinor Air Navigation Services has therefore depended on various scenarios when determining cash flows in impairment loss assessments.

The key assumptions used in the impairment tests as at 31 December 2022 are set out below and represent the best assessment of the likely outcome:

Key assumption	Avinor Air Navigation Services
Operating margin 2023	-1,8 %
Operating margin 2028	3,3 %
Revenues in 2023 as a percentage of 2019 *	98,2 %
Revenues in 2028 as a percentage of 2019 *	123,9 %
Operating expenses in 2023 as a percentage	109,9 %
Operating expenses in 2028 as a percentage	133,8 %
Growth factor in terminal value	2,0 %
Required rate of return after tax	5,0 %

\* 2019 was the last normal year before the pandemic. Changes include expected price growth.

Cash flows in the first year of the measurement period are based on the management-approved budgets, and cash flows in years 2-6 are based on management-approved forecasts that are based on current fee adjustments and updated estimates for expected air traffic volumes and cost level. A real increase in fees collected by Avinor is assumed. For airport fees, a cash flow for year 6 is assumed that provides a return on invested capital equal to the required rate of return. Airport fees are regulated according to "single till" (co-financing of airport fees and commercial revenues for all airports as a whole), which requires a regulation so that, over time, Avinor achieves a profit margin that corresponds to the required rate of return. For en-route navigation fees, it is assumed that future performance plans provide a return corresponding to the required rate of return. The cash flow from year 6 and beyond are extrapolated in perpetuity with a growth factor of 2.0% based on expectations in the development of future travel activity and inflation. The expectations are based on the Avinor Group's own assessments, as well as analyses from recognised industry and analysis organisations. In Norway, aviation is in a strong position, with long distances, population structure and topography that indicate growth in the future. Climate and sustainability are expected to contribute to lasting changes in travel habits. This is accounted for in the forecasts through the expectation of higher CO2 costs (which affects both fees and quota allowances), which are also forecasted for a future decline in travellers of 3.2 million in the analysis period. The effects are expected to occur gradually during the period of 2023 and beyond. The required rate of return has been assessed at the end of 2022 based on market expectations for risk-free interest rates and debt interest, as well as an assessment of the required rate of return expected on equity for this type of business.

## 10. Property, plant and equipment – continued

### Impairment test results

Impairment tests have shown that the utility value exceeds the recognised value of assets by MNOK 650. As a result, no impairment loss of permanent impairment has been made as at 31 December 2022.

### Sensitivity impairment tests

At the time of presenting the 2022 annual accounts, there is uncertainty related to how focus on the climate and sustainability, the war in Ukraine as well as increased uncertainty in global markets may affect travel activity and the company going forward. Should the company management's current expectations not be met, this may result in significant loss in value.

Management has therefore carried out sensitivity analyses representing various scenarios based on changes to assumptions which the impairment tests are most sensitive to. The analyses have been prepared to illustrate the uncertainty in the management's assessments. The table below shows the sensitivity to changes in the sample space based on changes in operating margin, income, growth in terminal value and the required rate of return:

Amounts in MNOK	Avinor Air Navigation Services	
	Utility value	Impairment loss
<b>Change in assumptions</b>		
Operating margin: -1.0%	650	0
Operating margin: -2.0%	100	400
Operating income: -1.0%	550	0
Operating income: -2.0%	0	500
Growth in terminal value: -0.5%	950	0
Growth in terminal value: -1.0%	800	0
Required rate of return: +0.5%	900	0
Required rate of return: +1.0%	750	0

## 11. Outstanding accounts between companies in the same group:

All amounts in MNOK

Outstanding accounts between companies in the same group:

As at 31 December 2022	Svalbard		Total
	Avinor AS	Lufthavn AS	
Trade receivables for companies of the same group	162,4	3,9	166,4
Receivables	35,0	0,0	35,0
Group contributions	1 050,0	0,0	1 050,0
Demerger receivables	900,0	0,0	900,0
<b>Total receivables</b>	<b>2 147,4</b>	<b>3,9</b>	<b>2 151,3</b>
Trade payables for companies of the same group	61,9	0,0	61,9
Other current liabilities	161,3	4,7	165,9
<b>Total liabilities</b>	<b>223,2</b>	<b>4,7</b>	<b>227,9</b>

## 12. Derivatives

All amounts in MNOK

	2022	2021	Change
<b>Assets</b>			
Forward foreign exchange contracts	3,8	1,6	2,2
<b>Liabilities</b>			
Forward foreign exchange contracts	1,9	1,3	0,7
<b>Total</b>	<b>1,9</b>	<b>0,3</b>	<b>1,5</b>
<b>Net change</b>			<b>1,5</b>
<b>Specification of net change:</b>			
Changes in value, recognised finance incomes and costs	1,9	0,3	-1,5
<b>Net change</b>			<b>-1,5</b>

### 13. Receivables

All amounts in MNOK

Trade receivables	2022	2021
Trade receivables	205,0	206,2
Accrued, un invoiced income	98,9	93,5
Provisions for trade receivables	-51,7	-48,3
Book value of trade receivables	252,2	251,4
Receivables written off during the year	0,0	0,0

Current receivables	2022	2021
Trade receivables	153,3	157,8
Intra-group receivables	2 278,5	1 476,3
Accrued, un invoiced income	98,9	93,5
Prepaid operating expenses	28,9	29,8
Other current receivables	13,0	11,4
Total current receivables	2 572,5	1 768,8

### 13. Receivables – continued

The COVID-19 pandemic hit the aviation industry hard and has resulted in increased credit risk. This has led to a significantly increased provision for losses on trade receivables for the period after 2019. This is still valid as of the end of 2022.

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

### 14. Bank deposits, cash and cash equivalents

All amounts in MNOK

Cash deposits at the end of the period are shown in the statement of cash flows. The company is a participant in the cash pooling account system set up by the Avinor Group. Avinor AS is the formal owner of the bank account. The companies that participate in the cash pooling account service are jointly and severally liable for withdrawals made by the Avinor Group. As at 31 December 2022, the company has MNOK 127.2 (31 December 2021: MNOK 230.5) in the cash pooling account service. The balance is presented under "Liabilities" in the balance sheet. As at 31 December 2022, the Group had a total of MNOK 1,187.9 associated with the cash pooling account service (31 December 2021: MNOK 2,050.0).

A bank guarantee of MNOK 72.5 has been established for withheld tax deductions for employees. The bank guarantee provided exceeds withheld tax deductions as at 31 December 2022.

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

All amounts in MNOK

	Number of shares	Nominal value	Share capital
	31.12.2021	31.12.2021	31.12.2021
Ordinary shares	36 500	0,01001	365,4
	31.12.2022	31.12.2022	31.12.2022
Ordinary shares	36 500	0,00397	144,8
Total	36 500	0,00397	144,8

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

### 16. Equity

All amounts in MNOK

	Share capital	Share premium	Other paid-in equity	Other unrecognised equity	Other equity	Total
Carrying amount as at 01 January 2021	365,4	599,6	452,2	-899,2	106,8	624,8
Profit/(loss) for the year					-305,1	-305,1
Actuarial pensions recognised above comprehensive earnings – net after tax				-468,9		-468,9
Group contributions			538,8			538,8
Carrying amount as at 31 December 2021	365,4	599,6	991,0	-1368,1	-198,2	389,6
Carrying amount as at 01 January 2022	365,4	599,6	991,0	-1368,1	-198,2	389,6
Profit/(loss) for the year					63,0	63,0
Actuarial pensions recognised above comprehensive earnings – net after tax				478,0		478,0
Demerger (Note 22)	-220,6	-154,2				-374,8
Business transfers (Note 22)					-10,1	-10,1
Group contributions					-25,9	-25,9
Carrying amount as at 31 December 2022	144,8	445,4	991,0	-890,1	-171,1	519,9

## 17. Pension benefits

All amounts in MNOK

The Company is required to have an occupational pension plan pursuant to the Act relating to Mandatory Occupational Pensions (OTP). The Company's pension plans satisfy these requirements.

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

### Defined-benefit pension with the Norwegian Public Service Pension Fund

The pension plan encompasses pension benefits in accordance with the Act relating to the Norwegian Public Service Pension Fund. The benefits are retirement pension, disability pension and dependent pension. The old-age pension includes the job-specific pension for certain professions. In addition, the calculations do include a contractual pension right, which is a tariff-regulated early retirement scheme from 62 years of age. Pension accrual according to the regulations applicable until 1 January 2020 were coordinated with the Norwegian National Insurance Scheme and any previously accrued entitlements from public schemes. Gross pensions accrued under the old regulations have been guaranteed regardless of the benefits from the Norwegian National Insurance

## 17. Pensions – continued

### Plan assets

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

The establishment of premiums and calculation of provisions for pension contributions for pension accruals in the Norwegian Public Service Pension Fund are carried out on the basis of ordinary actuarial principles.

### Gift pension

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

### Net pension obligation

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

### Private early retirement scheme

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

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

There is a significant shortfall in the scheme. In addition, companies participating in the early retirement scheme are jointly and severally liable for two-thirds of future pension payments. An increase in premiums for the scheme are therefore expected in the future. The premium in 2022 will be 2.6 per cent (2.5 per cent

Pension cost for the year is calculated as follows:

	2022	2021
Costs related to defined-contribution pensions and the private early retirement scheme	96,3	99,8
Costs of pension accrual for the current period	41,2	61,4
Changes of plan including	0,0	0,0
Interest cost	133,9	84,3
Return on plan assets	-71,4	-42,8
Employees' 2 per cent contribution	-2,2	-2,8
Administrative expenses	0,3	0,5
Payroll tax, employers' contribution	27,9	28,2
<b>Pension cost for the year (Note 5)</b>	<b>226,0</b>	<b>228,7</b>

### Pension obligations and plan assets:

	2022			2021		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Change in gross pension obligation:						
Pension obligation as at 1 January	4 976,8	478,4	5 455,2	4 452,6	394,5	4 847,1
Costs of pension accrual for the current period	25,9	15,1	41,0	13,6	45,5	59,1
Interest cost	123,9	10,0	133,9	77,9	6,4	84,3
Business changes	-371,1	0,0	-371,1	0,0	0,0	0,0
Actuarial losses and gains	-522,4	-42,3	-564,7	509,3	42,5	551,8
Pensions paid	-81,6	-11,2	-92,9	-76,5	-10,5	-87,0
<b>Gross pension obligation as at 31 December</b>	<b>4 151,5</b>	<b>450,0</b>	<b>4 601,5</b>	<b>4 976,8</b>	<b>478,4</b>	<b>5 455,2</b>

Change in gross plan assets:						
Fair value of plan assets as at 1 January	2 621,7	0,0	2 621,7	2 607,8	0,0	2 607,8
Return on plan assets	71,4	0,0	71,4	42,8	0,0	42,8
Business changes	-215,9	0,0		0,0	0,0	0,0
Premium contributions	85,0	0,0	85,0	22,8	0,0	22,8
Actuarial losses and gains	-27,6	0,0	-27,6	24,9	0,0	24,9
Payment of pensions	-81,6	0,0	-81,6	-76,5	0,0	-76,5
<b>Fair value of plan assets as at 31 December</b>	<b>2 453,1</b>	<b>0,0</b>	<b>2 669,0</b>	<b>2 621,7</b>	<b>0,0</b>	<b>2 621,7</b>

<b>Net pension obligation</b>	1 698,4	450,0	2 148,4	2 355,1	478,4	2 833,5
Payroll tax on net pension obligation, employers' contribution	238,9	63,4	302,4	331,7	67,3	399,0
<b>Net pension obligation recognised in the balance sheet</b>	<b>1 937,3</b>	<b>513,4</b>	<b>2 450,8</b>	<b>2 686,8</b>	<b>545,7</b>	<b>3 232,6</b>

Actual return on plan assets previous year	125,2		125,2	85,1		85,1
Expected premium contributions next year	173,9		173,9	85,6		85,6
Expected payment of benefits next year	-83,8		-83,8	-79,2		-79,2

## 17. Pensions – continued

### Calculation assumptions

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

	<b>2022</b>	<b>2021</b>
Discount rate	3,20 %	1,90 %
Salary inflation as a percent	3,50 %	2,75 %
Pension adjustments as a percentage	2,60 %	1,75 %
Early retirement scheme	15,00 %	15,00 %
Average turnover rate (under 50 years of age)	3,00 %	3,00 %
Average turnover rate (over 50 years of age)	0,20 %	0,20 %

The take-up tendency for the job-specific pension is estimated to be 90% if >55 years old, 40% if 40-55 years old and 10% if <40 years old.  
The weighted average duration of pension liabilities is 27.3 years.

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

Age	Life expectancy		Mortality expectancy		Disability expectancy	
	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

### Sensitivity to pension liability:

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

Percentage point		
Discount rate	-976,7	1 313,2
Salary inflation as a percent	95,1	-90,9
Regulation of national insurance basic amount as a percent	597,4	-497,7
Pension adjustments as a percentage	560,1	-471,4

## 18. Provisions for other liabilities and charges

All amounts in MNOK

Balance as at 31 December 2021	5,5
Allocated	0,0
Reversed	0,0
Used	-5,1
<b>Balance as at 31 December 2022</b>	<b>0,3</b>
<b>Current liabilities recognised as other current liabilities</b>	<b>0,3</b>
<b>Long-term part of provisions for liabilities</b>	<b>0,0</b>

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



## 19. Other current liabilities

All amounts in MNOK

	2022	2021
Holiday allowance	109,0	115,3
Advances from customers	23,7	22,3
Wages and social security	10,8	23,5
Accrual of operating and investment expenses	10,5	138,0
Intra-group liabilities	227,9	627,5
Other current liabilities	7,1	1,47
<b>Total</b>	<b>388,9</b>	<b>928,0</b>

## 20. Investments in subsidiaries

The company had one subsidiary at the end of 2022:

Ninox Air Navigation Services S.L, Spain, 51% owned by Avinor Air Navigation Services – established in 2019. There has been no activity in this subsidiary in the 2022 financial year.

The previous subsidiary FS Air Navigation Services AS was sold to Avinor AS in 2022.

## 21. Events after the reporting period

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

### Bankruptcy of Flyr AS

On 31 January 2023, Flyr AS announced that it was filing for bankruptcy and all of its flights would be cancelled. The bankruptcy will not have a major impact on Avinor Air Navigation Services' position and profits for 2022. It is expected that the bankruptcy will have a limited impact on Avinor Air Navigation Services' profits for 2023.

## 22. Demerger and business transfers

### Demerger

On 1 October 2022, a demerger was completed where activities related to air navigation services were transferred from Avinor Air Navigation Services to Avinor AS.

Since this was a reorganisation with unchanged ownership, the demerger was carried out with continuity of accounts. Thus the carrying amounts in the company accounts of Avinor Air Navigation Services were continued in the company accounts for Avinor AS.

The demerger was carried out with tax continuity.

### Business transfers

Business transfers were carried out in the Avinor Group in 2022 which also impacted Avinor Air Navigation Services. On 1 January 2022, activities associated with 25 employees with project expertise within technology projects were sold by Avinor Air Navigation Services to Avinor AS. On 1 February 2022, activities related to 18 staff employees were sold by Avinor Air Navigation Services to Avinor AS. On 1 March 2022, AFIS (Aerodrome Flight Information Service) activities were sold by Avinor AS and Svalbard Lufthavn AS to Avinor Air Navigation Services. On 1 October 2022, ANS activities (operation and maintenance of air navigation services) on Svalbard were sold by Avinor Air Navigation Services to Svalbard Lufthavn AS.

In total business transfers have resulted in an increase in the number of employees at Avinor Air Navigation Services by 79.

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

The business transfers are treated as taxable transactions.

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor Flysikring AS

### Opinion

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We have audited the financial statements of Avinor Flysikring AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### Basis for opinion

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

### Other information

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

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

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

### Responsibilities of management for the financial statements

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Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

Oslo, 9 May 2023  
ERNST & YOUNG AS

Trond Stian Nytteit  
State Authorised Public Accountant (Norway)

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