AVARN
Security

ANNUAL REPORT **2023**

KEY FIGURES

	2021	2022	2023
Revenue	7 872 M	8 446 M	9 687 M
EBITDA	512 M	552 M	762 M

VISION

To deliver first-class security solutions.

MISSION

To help our customers succeed by creating a smooth and secure operational environment.

VALUES

Commitment, Compassion, Collaboration.

Contents

CEO statement for 2023

Avarn Security Group continues strong revenue and profit margin progress in 2023, and both Avarn Security and Nokas Cash Handling have proven to be resilient and surpassed expectations. The results are driven by high organic sales, improved productivity and solid operational quality in all services.

Organic sales growth is solid at 13,8% YOY, from mNOK 8 446 to mNOK 9 605 (excl. sale of shares). The positive revenue growth is driven by right price to wage cost balance, together with significant volume growth in all business units.

The profitability in 2023 is a continued sign of a stable growing and operationally robust business in all countries and service lines. Sustainable price and productivity measures are implemented the last couple of years which account for significant increases in the results. Organic EBITDA growth at 24% YOY, from mNOK 552 to mNOK 680 (excluding gain from sale of shares) is supported by all geographies and service lines.

We continue to make good progress in the journey towards becoming "Best-in-class" and the ambition of being "Best-in-class" appears both reasonable and within reach. Avarn is taking the next step in this journey by leveraging our Nordic scale and better meeting customer needs through integrated security as a service offering, while keeping pace with emerging technologies. We will continue to focus on higher profitability for new contracts, overall improvement of productivity, and accelerating profitable growth by commercialising new concepts.

Vidar Berg | GROUP CEO AVARN SECURITY GROUP

Avarn continues to take steps to future-proof our business by investing in technology and exploring new opportunities specifically within cybersecurity, automation, and artificial intelligence (AI), among others. We strongly believe that these technologies are critical enablers to further strengthen and improve our internal operations as well as differentiate our services in the market.

At Avarn Security, we care about our employees and our impact on the environment, and in 2023 we have made significant progress in bringing sustainability to the forefront of our operations and strategy. We focus on social responsibility and sustainability and are committed to aligning our practices with the United Nations' sustainable development goals (SDGs).

Please read more about our Nordic transformation strategy, innovation and digitalisation and sustainability focus in separate sections in the annual report.

What we do

Creating security and safety is our passion – we secure people and valuables.

Intelligent security technology

Alarm monitoring services

Manned security services

Risk solutions

Cash processing and transportation


JÄRJESTYKSENVALVOJA
ORDNINGSVAKT
JÄRJESTYKSENVALVOJA
ORDNINGSVAKT

Nordic Transformation

With the ambition of becoming Best-in-Class strongly in focus, Avarn is taking the next step in this journey by leveraging our Nordic scale and acting integrated across our business.

In 2021, Avarn Security embarked on journey toward a "Best-in-Class" ambition across our performance and solutions. In 2024 we are taking our next step in the Best-in-Class journey, now focusing on "Nordic Best-in-Class" transformation. This builds on the results achieved since the 2021 launch of the Best-in-Class strategic plan, adapting to the recent shifts in market trends, the latest technological advancements, and new consumer behaviours. We are uniting Avarn Security Group under a common north star, capitalising on the Nordic scale we have established over the past years of growth and transformation.

We also see that the traditional physical security industry is changing:

- **Evolving security risks in the market:** intrinsic need for security solutions, particularly driven by the evolving security risks in the Nordic region, coupled with stricter regulatory obligations
- **Technological developments:** a historically conservative industry is being disrupted by new technologies like artificial intelligence, cloud technology, and increasing use of devices like drones and robots to perform services
- **Changing customer demands:** customers are transitioning from single services to favouring comprehensive security as a service (SaaS) offerings
- **Physical and IT security moving closer together:** the overlap between IT and OT security is bigger than ever, with connected devices playing the major role in newer security deliveries

To capture future growth segments, we are working increasingly integrated across both geographies and business segments.

Avarn Security Group has grown to a scale where driving our business with more harmonisation and standardisation across the group will unlock the next level of performance. To capture future growth segments, we are working increasingly integrated across both geographies and business segments. At the same time, we have a relentless focus on continuous improvement of our core business. Our efforts have three main focus areas:

1. Maximise the value potential of our core business by focusing on profitability and scale
2. Integrate the full breadth of our product and service portfolio to meet more needs of more customers by offering security as a service (SaaS)
3. Future-proof our operations and offering by taking a clear position on new technologies and developing new product concepts to deploy across the group.

Innovation and digitalisation

In a changing security industry, Avarn continues to take steps to future-proof our business by investing in technology and exploring new opportunities specifically within cybersecurity, automation and artificial intelligence (AI). Whilst these are emerging technology areas, we strongly believe they represent critical enablers for us to strengthen and improve our internal operations as well as differentiate our services in the market. Below, we share our perspective and our efforts within AI.

There is no doubt that AI represents a shift towards automation of security processes and that it offers significantly enhanced threat detection accuracy and improved response time. The advancement within AI brings enhanced proactive monitoring, problem detection, anomalies filtering/ranking and support decision making. Whilst the potential appears limitless, we explore, develop and invest in AI-solutions tailored to and in accordance with the Nordic and European environment, regulations and scenarios.

We have put in place an iterative process which is focused on identification and feasibility analysis of opportunities for internal and external efficiencies before it is taken to pilot testing and internal upskilling before it finally moves to a full-scale implementation and ongoing operations across our geographies.

We strongly believe emerging technologies like artificial intelligence represent critical enablers for us to strengthen and improve our internal operations as well as differentiate our services in the market.

The following illustration shows six areas where Avarn firmly believes AI will make an impact in the physical security market which we hence either have initiated or planned for further exploration and piloting.

We believe AI will improve margins by enabling us to deliver existing products and services more efficiently, and that our efforts to deliver this to early-adopters will bolster Avarn's position as the leading company in the industry.

AI to impact 6 aspects of physical security market

Video Surveillance Analytics:
Leveraging deep-learning on real-time anomalies detection to reduce manual CCTV surveillance.

Automation of Tasks:
That can be carried out by AI algorithms, like searching for the same person on different videos.

Access Control System:
Are intelligent all-inclusive solutions for physical security to diagnose problems and recommend solutions.

Crowd Monitoring:
Harnessing AI to track each person in packed areas extrapolating its activity or behaviour.

Robot & Drone Patrol:
Can be employed to monitor, leaving security officers on standby in case of potential threats.

Decision Making Capabilities:
Might be sped up thanks to pre-set routines presented to human decision maker in a specific threat event.

Sustainability

At Avarn Security, we care about our employees and our impact on the environment, and in 2023 we made significant progress in bringing a sustainability focus to the forefront of our operations and strategy.

Avarn Security is focused on social responsibility and sustainability and is committed to aligning our practices with the United Nations' sustainable development goals (SDGs). We have pledged to actively pursue SDGs 3, 4, 5, 8, 9, 10, 12, 13, and 17, and have now tailored each of these to ensure they are recognisable and relevant to our own business areas.

To gauge our overall performance and progress in the area of sustainability as a whole, we obtain an annual assessment by the globally trusted body EcoVadis. This provides us with an objective view on our approach to sustainability and a benchmark towards other companies, as well as specific improvements to take into consideration. We see increasing demand from customers and other partners for this type of validation and will continue our efforts in this area.

In 2023 we also secured a sustainability-linked loan, which will give Avarn Security improved financing terms for achieving several time-bound sustainability performance targets, as well as increased accountability in our sustainability work. This also demonstrates our strategic commitment to sustainability as an enabler of financial success.

Environmental

We aim to minimise our environmental footprint and to mitigate the impacts of climate change by reducing our greenhouse gas emissions, energy consumption, water usage, and waste generation. We also seek to promote environmental awareness and responsibility among our employees, customers, and suppliers, and to offer innovative and eco-friendly security solutions. As part of our commitment to reduce climate change, we use science-based targets to establish goals and reduce emissions, and to make strict demands on our suppliers' environmental goals, methods, and results.

> **We aim to minimise our environmental footprint and to mitigate the impacts of climate change. We also seek to promote environmental awareness and responsibility among our employees, customers, and suppliers.**

To document that our climate actions have the desired effect, we have committed to having these approved and followed up by the Science Based Targets initiative (SBTi). SBTi is a collaboration between CDP (Carbon Disclosure Project), UN Global Compact, World Resources Institute, and World Wide Fund for Nature. Application for approval of our climate targets by SBTi has been submitted and validation is expected in the first half of 2024.

SOURCES OF AVARN SECURITY'S CO_2 EMISSIONS

- Purchased goods 42.1%
- Buildings 2.7%
- Transport and travel 8.6%
- Energy consumption 1.6%
- Direct emissions 15.9%
- Waste 0%
- Purchased services 29%

Our primary impact on Scope 1 CO_2 emissions is through fuel consumption by vehicles used in operations. We therefore are closely monitoring the decarbonisation of our vehicle fleet and made significant progress in 2023 in increasing the share of electric vehicles from 10.3% in 2022 to 18.6% in 2023, despite the total number of vehicles remaining stagnant from 2022 to 2023.

Our largest impact on CO_2 emissions, 82%, comes through indirect sources in our supply chain. To address these indirect emissions, we have initiated a programme to prioritise suppliers who are committed to reducing their own environmental impact. We are doing so by requesting those suppliers with the highest absolute share of our indirect CO_2 emissions (more than 1000 tCO_2/year) to commit to the SBTi, of which 15% have now committed to SBTi. Going forward we are prioritising new suppliers which are committed to SBTi, to build accountability for reducing our indirect emissions.

For more detailed information about our climate accounting, see the Appendix.

Social and Governance

Avarn Security continues to set high standards for how we conduct our business, relate to society, and treat our customers and employees. We have initiated mapping of all our suppliers using the Worldfavor platform to analyse and understand the current state and progress of our supply chain on sustainability topics, such as human rights, corruption, and water stress. We are also requesting suppliers to sign a new Supplier Code of Conduct, to ensure alignment with Avarn's values and commitment to equality, human rights and ethics.

To gauge our overall performance and progress in the area of sustainability as a whole, we obtain an annual assessment by the globally trusted body EcoVadis.

Internally, we hold ourselves to the highest ethical standards and provide training to employees in our Code of Conduct, Health and Safety routines, Fair competition and more. Avarn Security strives to be a great place to work, by promoting equality, supporting collective bargaining agreements for our employees, and ensuring a safe working environment. See the Appendix for a selection of key metrics regarding our workforce.

Additionally, Avarn Security has been granted a number of ISO certifications that further underline our commitment to transparency and responsible business operations. See more about these in the Appendix.

Looking ahead

In the coming period, Avarn Security will seek to continue enhancing its sustainability performance. We are committed to reporting on our progress and impact in accordance with the new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) from the first financial year where this is required.

For additional metrics and details regarding sustainability in Avarn Security, see the Appendix.

Selected UN Sustainable Development Goals tailored to Avarn Security

3 GOOD HEALTH AND WELL-BEING

Focus on employee health

Create a good and safe working environment supported by policies, striving for high employee satisfaction and low sick leave.

4 QUALITY EDUCATION

Vocational training relevant for working life

We provide quality vocational and on the job training in our fields of operation, as well as opportunities for continuous education and leadership development.

5 GENDER EQUALITY

Be the preferred employer in the markets we operate in

We believe diversity makes us stronger, and strive to be an inclusive workplace. Focused in particular on increasing the share of women in leadership positions, as well as our workforce in general.

8 DECENT WORK AND ECONOMIC GROWTH

Be the preferred employer in the markets we operate in

Create opportunities in a safe and modern working environment, with a proactive approach to prevent absences and burnout.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Innovation and digitalisation

Digitalisation and smart use of technology to further service development in all business areas, across business areas and in line with customer needs.

10 REDUCED INEQUALITIES

Contribute to a safer and diverse society

Everyone shall have the same rights and opportunities for work and career development. There is zero tolerance for discrimination based on gender, race, ethnicity, culture, religion, sexual orientation or disabilities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Make demands to suppliers and partners in the value chain

Require sustainability goals for suppliers, sub-suppliers and partners in order to take control of our indirect impacts.

13 CLIMATE ACTION

Take responsibility for our environmental impact

Strive to become carbon neutral through a broad set of measures, including the use of new technology, reduction of travel, facility building and location optimisation , and replacement to fossil free vehicles, in addition to environmental requirements for our suppliers.

17 PARTNERSHIPS FOR THE GOALS

Better together

Participate in and spearhead cooperation with partners to make the security sector more sustainable and drive positive change in the communities in which we operate.

The Board of directors report 2023 for Avarn Security Group Holding AS

Operations and locations

Avarn Security Group is a strategic and responsible security partner for corporate customers and public sector organisations. Avarn Security secures people and values, with a mission to help customers succeed by creating smooth and secure operational environments. The Group provides security services and solutions in the Nordic market, with main operations in Norway, Sweden, Denmark and Finland. The head office is in Oslo, Norway.

Avarn Security delivers an important part of the infrastructure of a modern society. The Group has the responsibility for safety across many customers and at airports, nuclear power plants, shopping malls, train and subway stations. Through services in Nokas Cash Handling, the Group also ensures that cash can be used as a legal, accessible and alternative means of payment.

The business is run according to the company values and has an ongoing focus on the work of quality assurance throughout all parts of the business. Avarn Security's vision is to be a full-service security provider and to deliver first-class security solutions. Three core values are rooted in daily work: Commitment, Compassion and Collaboration. These values are important guiding principles in the business and form the basis of all decisions, services and products. Internally, these core values help to maintain a steady course, as the Group works to uphold its commitment to customers.

Avarn Security is an important player in the Nordic security and cash handling market. With solid operations and footprints in the Nordic market, together with a strong common culture, the Group is prepared for further growth. This will primarily be achieved through profitable organic growth, commercialisation of new concepts and digitalisation .

Avarn Security continues strong revenue and profit margin growth in 2023.

Comments related to the consolidated financial statements

Avarn Security Group continues strong revenue and profit margin growth in 2023. The results are driven by high organic sales, improved productivity and solid operational quality.

Total revenue increased by 15% in 2023 compared to 2022. The positive revenue growth is driven by margin threshold discipline, together with significant volume growth across all service lines.

The profitability and improving cash flow in 2023 is a continued sign of a stable growing and operationally robust business in all countries and all service lines, resilient to dynamic market conditions. EBITDA improved by 38% in 2023 compared to 2022, from mNOK 552 in 2022 to mNOK 762 in 2023. Cash flow from operations improved by 41%, from mNOK 472 in 2022 to mNOK 664 in 2023.

The difference between cash flow from operations and EBITDA is related to the sale of Semac AS.

Semac AS was sold during the year in order to streamline the business and focus on the Group's core operations. In addition, the shares held by non-controlling interests in the Group in Finland were acquired by the Group during the year, which enhances the Group's ability the achieve its strategic goals.

Comments related to the parent company

Avarn Security Group Holding AS is the parent company of the Group. The company does not have any employees and does not carry out any business activities besides owning shares in subsidiaries. Net income for the company increased from mNOK 25 in 2022 to mNOK 461 in 2023, which was caused primarily by dividends from subsidiaries. Cash from operating activities amounted to mNOK –3, which is equal to EBITDA of mNOK –3.

The profitability and improving cash flow in 2023 is a continued sign of a stable growing and operationally robust business in all countries and all service lines, resilient to dynamic market conditions.

Financial risk

The Group is exposed to financial risks in different ways. The Group has implemented actions to mitigate and manage these risks, and the Board of Directors monitors these risks continuously. The Board of Directors considers these risks acceptable.

The Group has taken out liability insurance that applies to all companies within the Group, in addition to its board members and general managers. The insurance covers the possible responsibility towards the company and third parties. The insurers are Zurich Insurance plc and W.R. Berkley Insurance AG (S).

Market risk

The Group is exposed to exchange rate risk, primarily SEK, DKK and EUR, as a portion of the Group's revenue is in foreign currency. The company's current strategy does not include extensive use of financial instruments to mitigate these risks. Also, a portion of the Group's bank financing is denominated in foreign currency, however, the Group also holds foreign currency cash which offsets this currency risk. In addition, the Group also has intra-group loans between countries with different functional currencies, which also exposes the Group to currency risk. Furthermore, Nokas holds foreign currency deposits as part of their operation, but hedging instruments are used to mitigate the exposure from fluctuating exchange rates.

The company is exposed to changes in interest rates since the company's debt carries a floating interest rate.

Credit risk

The risk for losses from receivables is considered low. Receivables comprise mainly of accounts receivables, which are distributed across many customers, of which public enterprises represent a significant share. Furthermore, the Group has a repurchasing agreement in which a portion of the Group's accounts receivable are acquired by DNB Bank upon invoicing, which reduces the credit risk on accounts receivable. The Group has not yet experienced significant losses on receivables.

Liquidity risk

The Group's liquidity has improved substantially compared to previous years, EBITDA improved by 38% in 2023 compared to 2022, from mNOK 552 in 2022 to mNOK 762 in 2023.

primarily driven by a high cash-conversion ratio. More specifically, inventory levels are at acceptable levels, invoicing occurs frequently, overdue receivables are closely monitored and payment terms on both in- and outgoing invoices are optimised. In addition, the repurchasing agreement and an overdraft facility is employed to always ensure adequate liquidity.

Going concern

We confirm that the financial statements have been prepared on the basis of going concern. This assumption is based on the current financial state, profit forecasts for the future years combined with the Group's long-term strategic goals. The Group's financial position is sound.

In general, the security market is growing in all Nordic countries. Avarn Security is experiencing increasing revenues in all countries.

Allocation of net income

The Board of Directors has proposed the net income of Avarn Security Group Holding AS to be attributed to:

Retained earnings	mNOK 270
Net income allocated	**mNOK 270**

Share buyback programme

The Board of directors has proposed a share buyback programme in which shares of approximately mNOK 400 will be purchased from the shareholders of Avarn Security Group Holding AS. The programme is approved by the Extraordinary general meeting. The Board of directors plans to continue the share buyback programme over the next years, and the amount is expected to increase considerable over those years.

Sustainability and working environment

We are focused on social responsibility and sustainability and have committed to align our practices with the United Nations' sustainable development goals (SDGs). We have pledged to actively pursue a number of these SDGs, and have tailored each of these to ensure they are recognizable and relevant to our own business areas. This is to ensure a common understanding of our own impact and guide our sustainability goals and initiatives. Details of this can be found in the more detailed section on Sustainability in this Annual Report.

Total revenue increased by 15% in 2023 compared to 2022.

To mention some initiatives, Avarn Security Group has set clear ambitions regarding environmental impact and have committed to having these targets validated by the Science Based Targets initiative (SBTi). We have clear actions to reduce our direct emissions, such as replacing fossil fuel cars with electric cars, where this is economical and practical. As an example, we have increased the share of electric vehicles by 9% in 2023 compared to 2022, with the total number of vehicles remaining stable.

Avarn Security Group also has set environmental demands for our partners and sub-contractors, requesting all of our suppliers which generate a significant share of our emissions footprint to commit to reducing their own footprint and having their targets for doing so validated by SBTi. During the last year we have implemented common KPIs for measuring and reporting both environmental and other sustainability related targets, where business units on country level are reporting quarterly.

The working environment is considered good. The HR efforts support our strategic aim of being the preferred employer in the security & safety industry. Avarn Security Group works actively to curb gender inequality and prevent discrimination of any kind, whether related to gender, disability, ethnicity, national origin, skin colour, religion or outlook on life. We work actively as a company to promote equality and prevent discrimination in our workplace, both within recruitment, pay and working conditions, promotion, development opportunities, facilitation and the opportunity to combine work and family life. Several activities have been applied to increase our active and including work profile. This is based on our approach to employees and their connection to the workplace – "The whole person, all of the time".

Avarn Security is a collective bargaining company and the guardianship agreement has equal pay for women and men. Our commission schemes are gender-neutral and the wage level is the same for women and men in management and commercial functions on same level.

Cash flow from operations improved by 11%,
from mNOK 586 in 2022 to mNOK 664 in 2023.

As for information on the Group's compliance to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act), reference is given to the Group's website, where such information is provided.

For details on sick leave, incidents of work-related accidents during the year, proportion of women, including gender pay differences, reference is given to the Appendix.

Cyber security

In today's digital age, cyber risk is an ever-present threat to businesses of all sizes. At Avarn Security Group, we take this threat seriously and have implemented several measures to assess and reduce cyber risk.

The most extensive measure is an ongoing implementation project for ISO27001 (Information Security Management System, ISMS). Implementation and certification of the ISO27001 framework will help ensure that our management systems for information security are up-to-date and effective to protect against potential threats, and to protect our customers' critical information.

We regularly carry out risk assessments and identify potential vulnerabilities in our systems and processes. These assessments help us prioritise our efforts and allocate resources to address the most pressing risks. We also have controls and routines to limit risk and uncover potential threats. These include regular vulnerability assessments, execution of annual penetration tests by professional external suppliers, robust security measures and ongoing monitoring of our systems and networks.

In addition to our internal efforts, we also work closely with our partners, suppliers and authorities to ensure appropriate measures to protect against cyber risks. Important in this regard is connection to the Security Operations Center (SOC), notification services about vulnerabilities and cyber incidents, as well as being actively present in professional environments for the exchange of relevant information.

Overall, our approach to cyber risk is proactive and comprehensive. We are committed to protecting our company, our customers and our partners from potential harm caused by cyber threats.

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Pål Asbjørn Vindegg
Board member

Knut-Johannes Berg
Employee representative

Christian Søvik Svensen
Employee representative

Oslo, 24 April, 2024

Photo: Avarn Security

Consolidated financial statements of the Group

Consolidated statement of profit and loss and other comprehensive income

Amounts in NOK millions	Note	2023	2022
Revenue	4	**9 605**	8 446
Gain from sale of shares	5	**82**	–
Total revenue		**9 687**	8 446
Cost of materials	4	**-1 076**	-947
Personnel expenses	6	**-7 081**	-6 336
Other operating expenses	6	**-768**	-612
EBITDA		**762**	552
Depreciation and amortisation	10,11,12	**-418**	-384
EBIT		**343**	168
Net Finance	7	**-65**	-122
EBT		**278**	46
Income tax expense	8	**-8**	-13
Net income (loss)		**270**	33
Attributable to			
Equity holders of the parent company		**255**	24
Non-controlling interests		**15**	9
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation differences in foreign operations		**56**	31
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/loss on defines benefit pension plans	13	**-61**	30
Tax effects		**13**	-7
Other comprehensive income		**8**	55
Total comprehensive income (loss)		**278**	88
Equity holders of the parent company		**254**	75
Non-controlling interests		**24**	13

Consolidated statement of financial position

Amounts in NOK millions	Note	2023	2022
Assets			
Non-current assets			
Intangible assets			
Goodwill	9,10	**1 680**	1 604
Brand	9,10	**158**	147
Customer portfolio	10	**327**	373
Other intangible assets	10	**179**	126
Deferred tax assets	8	**84**	76
Total intangible assets		**2 428**	2 326
Tangible assets			
Right-of-use assets	11	**473**	496
Property, plant and equipment	12	**480**	518
Total tangible assets		**953**	1 015
Non-current financial assets	13	**7**	6
Total financial assets		**7**	6
Total non-current assets		**3 388**	3 347
Current assets			
Inventory	14	**125**	90
Accounts receivables	15	**1 221**	980
Other receivables		**444**	311
Cash and cash equivalents	16	**479**	320
Total current assets		**2 269**	1 700
Total assets		**5 657**	5 047

Consolidated statement of financial position

Amounts in NOK millions	Note	2023	2022
Equity and liabilities			
Equity			
Paid in capital	17	**1 054**	1 042
Shareholder loan – equity portion		**–**	308
Other equity		**163**	-374
Non-controlling interests		**21**	118
Total equity		**1 238**	1 095
Non-current liabilities			
Deferred tax liabilities	8	**100**	124
Pension liabilities	6	**66**	3
Lease liabilities	11	**292**	322
Interest bearing debt	18	**491**	72
Other non-current liabilities		**2**	29
Total non-current liabilities		**951**	549
Current liabilities			
Lease liabilities	11	**212**	200
Interest bearing debt	18	**182**	816
Accounts payable		**386**	285
Tax payable	8	**24**	26
Public duties payable		**724**	681
Other current liabilities	19	**1 940**	1 395
Total current liabilities		**3 468**	3 403
Total equity and liabilities		**5 657**	5 047

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Pål Asbjørn Vindegg
Board member

Knut-Johannes Berg
Employee representative

Christian Søvik Svensen
Employee representative

Oslo, 24 April, 2024

Consolidated statement of changes in equity

Amounts in NOK millions	Share capital	Share premium	Additional paid-in capital	Share-holder loan[2]	Retained earnings	Foreign currency translation differences	Total equity – Owners of the parent	Non-controlling interests	Total equity
Opening balance 1.1.2022	6	1 036	-274	308	-220	21	878	99	976
Income (loss) for the period					24		24	9	33
Other comprehensive income					23	28	51	3	55
Transactions with owners									
Capital increase from non-controlling interests					24		24	6	30
Closing balance 31.12.2022	6	1 036	-274	308	-149	49	977	118	1 095

[1] The Group conducted a reorganisation in 2021, in which the former parent company of the Group, Avarn Security AS, was replaced by Avarn Security Group Holding AS as the new parent. Since the *Share premium* of the new parent differed from the former, this is presented as a reclassification from *Share premium* to *Additional paid-in capital*. See note 4 for further details on the Group's reorganisation.

[2] See note 18 – Financial instruments for details of the shareholder loan issued in 2021.

Amounts in NOK millions	Paid-in capital	Share-holder loan	Retained earnings	Foreign currency translation differences	Total equity – Owners of the parent	Non-controlling interests	Total equity
Opening balance 1.1.2023	1 042	308	-423	49	977	118	1 095
Income (loss) for the period			255		255	15	270
Other comprehensive income			(48)	47	-1	9	8
Transactions with owners							
Acquisition of non-controlling interests[1]					–	-109	-109
Derecognition of non-controlling interest – Sale of Semac AS						-11	-11
Settlement of shareholder loan	12	(308)	283		-14		-14
Dividends paid to non-controlling interests						-1	
Closing balance 31.12.2023	1 054	–	68	96	1 217	20	1 238

[1] Acquisition of non-controlling interests in Avarn Holding OY.

Consolidated statement of cash flows

Amounts in NOK millions	Note	2023	2022
Cash flows from operating activities			
Earnings before taxes		**278**	46
Tax paid for the period		**-26**	-37
Loss / gain from sale of fixed assets		**-3**	-1
Gain from sale of shares	5	**-82**	-1
Depreciation and amortisation		**418**	384
Net interest expense	7	**113**	87
Change in inventory, acc. rec. and acc. pay		**-177**	29
Net payment to/received from pension fund and liability		**–**	-0
(Dis)agio on financial liabilities		**3**	-4
Change in other accruals		**140**	-31
Net cash from operating activities		**664**	472
Cash flow from investing activities			
Proceeds from sale of fixed assets		**25**	15
Investments in fixed and intangible assets	10, 12	**-124**	-86
Proceeds from sales of shares in Semac AS	5	**94**	3
Net investment – other financial assets		**–**	-22
Interest received	7	**15**	13
Net cash from investing activities		**11**	-77
Net cash from investing activities		**-120**	-77
Cash flows from financing activities			
Proceeds from interest-bearing debt	18	**600**	25
Repayment of interest-bearing debt	18	**-769**	-147
Interest paid	7	**-124**	-97
Payments on lease liabilities	11	**-228**	-233
Net repayment of overdraft facilities	18	**-26**	-32
Acquisition of non-controlling interests		**-102**	–
Dividend paid to non-controlling interests		**-1**	-4
Net proceeds from cash cycle financing (Cash Handling)	19	**181**	-12
Repayment of shareholder loan (liability portion)	18	**-51**	-22
Net cash from financing activities		**-521**	-522
Net increase / decrease in cash and cash-equivalents		**154**	-127
Cash and cash equivalents 01.01	16	**320**	437
Foreign currency translation on cash and cash equivalents		**4**	11
Cash and cash equivalents 31.12	16	**479**	320

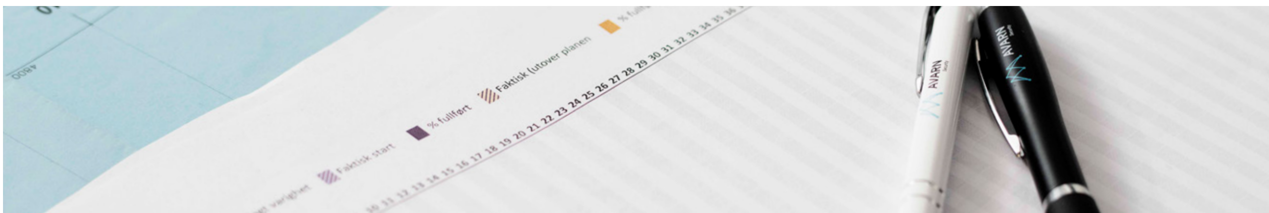
Photo: Avarn Security

NOTE 1 – GENERAL INFORMATION

Avarn Security Group Holding AS ("the company") and its subsidiaries (together "the Group") is a leading Nordic security provider with operations in Norway, Sweden, Denmark and Finland. The company is a limited liability company domiciled in Norway with headquarters in Alf Bjerckes vei 1, Oslo.

An overview of subsidiaries included in the consolidated financial statements is provided in note 20 – Overview of subsidiaries.

All figures in the notes are presented in NOK millions, unless otherwise stated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Framework for financial reporting

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statement. These policies have been consistently applied to all accounting periods presented, unless otherwise stated.

The consolidated financial statements of Avarn Security Group Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis.

Preparation of financial statements in compliance with IFRS requires the use of estimates. Application of the Group's accounting principles also require management to use judgement. Areas significantly influenced by judgement, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in note 3 – Critical accounting estimates and judgements.

The consolidated financial statements have been prepared under the going concern assumption.

2.2 Changes in accounting policies and financial notes

There have been no changes in accounting policies with significant impact on the figures for 2023.

2.3 Principles of consolidation

a) Associated companies
Holdings in associated companies are reported using the equity method.

2.4 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the functional currency of the parent company and the presentation currency of the Group.

b) Transactions and balance sheet items
The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date
- income and expenses for each statement of profit or are translated at average exchange rates for the quarter, and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 Intangible assets

a) Goodwill
Goodwill is measured by including non-controlling interests share of goodwill. Goodwill is monitored per cash generating unit. Goodwill is tested for impairment annually or more frequently if certain events occur or changes to conditions indicate a possible impairment need. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value in use. Any impairment is immediately reported as an expense and is not reversed.

b) Brand
Brand is an intangible asset and is assessed to have indefinite useful life. Brand has been identified during the purchase price allocation of an acquisition, and has been capitalised on the basis of this.

c) Software
Software assets have finite useful life and are reported at the acquisition cost less accumulated amortisation and impairments.

d) Customer portfolio
Customer portfolio is an intangible asset assessed to have finite useful life. Customer portfolio has been identified during the purchase price allocation of an acquisition, or as a direct purchase of a customer portfolio. Customer portfolio is subsequently measured at cost less accumulated amortisation.

2.5 Property, plant and equipment

Property, plant and equipment is accounted for at acquisition cost less depreciation. Acquisition cost includes costs directly related to the acquisition of the fixed asset. Depreciation is calculated on a straight-line basis.

2.6 Investments and other financial assets

FINANCIAL INSTRUMENTS

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the asset, and which business model the Group uses as a basis for the management of its financial assets. Upon initial recognition, the Group recognises a financial asset either at fair value, in which transaction costs are expenses in profit or loss or at amortised cost, in which transactions costs are included in the capitalised amount.

The Group classifies its financial assets into two categories:

- those to be measured at amortised cost.
- those to be measured subsequently at fair value through profit or loss.

FINANCIAL LIABILITIES

Initial recognition
Upon initial recognition, financial liabilities are recognised at fair value in addition to any directly attributable transaction costs.

Subsequent measurement
After initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liability is derecognised. Financial liabilities are measured at their nominal amount if the effect of discounting is insignificant.

Classification of financial instruments
Financial instruments as classified as either equity or debt, based on an assessment of the characteristics of the instruments and the substance of the contractual agreement. If the financial instrument conveys features such as lack of an obligation to repay to the holders of the instrument or options to convert into equity, the Group would generally assess this to represent traits of equity. As such, the financial instrument will then upon initial recognition be classified as equity, either partially, or in its entirety.

Loss provisions on financial assets
The Group uses the simplified method for calculating loss provisions for accounts receivable and contract assets. The Group measures the provision for losses based on lifetime expected credit losses. The Group has created a loss matrix based on historical credit losses, adjusted for forward-looking factors.

2.7 Inventory

Inventory are booked at the lower of cost and net realisable value. Acquisition cost is assigned using the FIFO method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Accounts receivable

Accounts receivable are measured at fair value on initial recognition. In subsequent measurement, accounts receivables are assessed at amortised cost using the effective interest rate, less expected credit losses. The Group's method of calculating expected credit loss is described in note 15 – Accounts receivable. Information on the Group's exposure to credit risk and currency risk is described in note 18 – Financial instruments.

2.9 Cash and cash equivalents

All physical cash held in the cash handling division as part of the cash cycle, is classified as cash and cash equivalents.

2.10 Tax payable and deferred tax

Income tax expense consists of tax payable and changes in net deferred tax. The current tax expense is calculated on the basis of the tax regulations in force on the balance sheet day in the countries in which the parent company and its subsidiaries are active and generate taxable revenue.

Deferred tax is calculated on temporary differences between taxable and carrying amounts of assets and liabilities. Deferred tax is determined using tax rates and tax laws that have been adopted or are substantially adopted on the balance sheet date, and that are assumed to be used when the deferred tax asset is realised or when the deferred tax is settled. Deferred tax assets are recognised in the balance sheet to the extent that future taxable profit is sufficient to utilise the deductible temporary differences.

Deferred tax assets and deferred taxes are off-set if there is intention and a legally enforceable right to off-set tax assets against tax liabilities, and deferred tax assets and deferred tax apply to income tax imposed on the same entity by the same tax authority.

2.11 Employee benefits

The Group operates various post-employment schemes, both defined contribution plan and defined benefit plans.

2.14 Revenue recognition

Avarn sells security services related to guarding, systems security, monitoring, aviation security and cash handling. See note 4 for further information related to the business streams.

2.15 Leases

Recognition of leases and exceptions
At the time of implementation of a lease agreement, the Group recognises a lease liability and a corresponding right-of-use for all its leases, with exception of the following:

- Short-term leases (a lease term of 12 months or less)
- Low value assets

In these cases, the Group recognises the lease payments as other operating expenses in the income statement when they are incurred.

2.16 Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow solely contains transactions giving rise to payments.

Note 3 Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not necessarily equal the actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Estimated impairment of goodwill and brand

The Group tests annually whether goodwill and brand has suffered any impairment (see note 9 – Goodwill and brand – Impairment test, for details). The recoverable amounts of all cash generating units have been determined based on value-in-use calculations reported in continuing operations. These calculations require the use of estimates. Value in use must in part be based on management's evaluation, including determining the discount rate, estimates of future performance, revenue generating capacity of the assets, margins, required maintenance capex, overall costs and assumptions on future market conditions.

3.2 Deferred tax asset

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable profit will be available to which the deductible temporary differences can be utilised. Consequently, judgement is required in order to forecast for taxable earnings.

3.3 Revenue recognition

Revenue from fixed-price contracts is recognised over time to the stage of completion of the contract activity at the end of the reporting period. An expected loss on the fixed-price contract is recognised as an expense immediately. The recognition of revenue and expenses by reference to the stage of completion of a contract is referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed. This method requires the management to make an estimate of the stage of completion for each fixed-price contract. The method is based on the proportion of contract costs incurred for work performed to date, relative to the estimated total contract costs.

Photo: Avarn Security

NOTE 4 – REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue 2023	Norway	Sweden	Denmark	Finland	Total
Guarding	1 448	2 692		1 047	5 188
Aviation	793	546		0	1 339
Systems	496	558		181	1 235
Monitoring	209	124		65	398
Skan-Kontroll	261	0		0	261
Cash handling	298	85	441	284	1 108
Total revenue from contracts with customers	**3 504**	**4 006**	**441**	**1 578**	**9 529**
Other revenue	51	18	6	1	76
Total revenue	**3 555**	**4 024**	**447**	**1 578**	**9 605**

Revenue 2022	Norway	Sweden	Denmark	Finland	Total
Guarding	1 260	2 531		962	4 753
Aviation	631	306		0	937
Systems	441	501		147	1 089
Monitoring	185	105		54	344
Skan-Kontroll	255	0		0	255
Cash handling	282	77	403	280	1 042
Total revenue from contracts with customers	**3 053**	**3 519**	**403**	**1 443**	**8 419**
Other revenue	4	8	11	4	27
Total revenue	**3 057**	**3 527**	**414**	**1 447**	**8 446**

Assets and liabilities related to contract with customers	2023	2022
Current contract assets related to System contracts	**108**	87
Loss allowance	**–**	-10
Total contract assets	**108**	**77**
Current liabilities relating to System contracts	**38**	24
Total contract liabilities	**38**	**24**

Disclosure of future performance obligations are not disclosed since remaining contract duration is less than 12 months.

Revenue is recognised from satisfaction of performance obligations in line with the amount one has the right to invoice, and disclosure of future performance obligations are therefore not disclosed.

Guarding

The Group's Guarding business consists of on-site and mobile guarding, comprising of sales of services, emergency calls and mobile inspections.

Revenues are recognised over time of delivery of the service which coincides with the time the Group is entitled to the revenue. Revenue is recognised at the sum to which an entity has a right to invoice, as this corresponds with the value to the customer of the entity's completed performance to date, in line with IFRS 15, B16.

Aviation

The Group's Aviation business consists of security services at airports, in which revenue is based both based on hours and passengers passing security checkpoints. Revenue is subsequently recognised based on a combination of hours delivered or number of passengers passing security checkpoints.

Systems

The Group's System business consists of sales of technical facilities, including installation/assembly, equipment and service assignments. When delivering stand-alone goods, the delivery obligation is usually considered fulfilled at the time of delivery of the goods to the customer, and the income is recognized at this time.

Some contracts with customers contain several delivery obligations, such as sales of materials and associated installation services, as well as ongoing monitoring service. However, the customer can not use the item without associated installation and ongoing monitoring. Ongoing monitoring is a distinct delivery obligation, however, this service can not be performed by anyone other than the Group itself. The customer can therefore not use or obtain benefits from the individual delivery obligations separately, and such contracts are recognized and measured as one delivery obligation.

The Groups system division delivers installation contracts that are treated as construction contracts. In construction contracts, the outcome can be estimated in a reliable manner, and the recognized amount is based on the degree of completion. Contract assets are recognized by calculating the degree of completion based on input factors in the contract, measured against the total expected income and costs agreed in the contract. If it is probable that the contract costs will exceed the contract revenues, the expected loss is recognized immediately. In cases where the outcome of the contract cannot be measured reliably, the contract revenue is set equal to the contract cost.

Monitoring

Surveillance services are usually provided as subscriptions and are recognised as income over time as specified in the agreement. Emergency response to alarm signals at the customer are recognised as income at the time the response is made.

Skan-Kontroll

The Group's Guarding business consists of on-site and mobile guarding, comprising of sales of services, emergency calls and mobile inspections.

Revenues are recognised over time of delivery of the service which coincides with the time the Group is entitled to the revenue. Revenue is recognised at the sum to which an entity has a right to invoice, as this corresponds with the value to the customer of the entity's completed performance to date, in line with IFRS 15, B16.

Cash handling

The Group's Cash Handling business consists of services within the handling of physical cash, including cash management solutions, transportation of cash and operation of the Group's or customers' ATMs. Transaction income from ATMs, including currency margin income, is recognised as income at the time the transactions are completed. Fixed subscription revenues from, among others, autoCash machines and the operation of banks' ATMs are recognised over time (approximately linear distribution over the agreement period). Revenues from transport operations are recognised as income at the time of the completion of the operation. Income from cash counting and settlement, central bank deposits and sale of currency is recognised as income when the transactions have been completed.

NOTE 5 – SALE OF SEMAC AS

On May 30th 2023, the Group sold all its shares, representing 60%, of Semac AS. Profit and loss figures for Semac AS have been included in the Group's consolidated financial statements until the transaction date, on which the Group then recognised a net gain of mNOK 78 from the sale of all its shares. The net gain consists of proceeds from the sale, after deduction of net assets for Semac AS and transaction costs.

Gain from the sale of Semac AS has been calculated as follows

	Figures in mNOK
Net sales price (after transactions expenses)	94
Book value of Semac AS at the transaction date attributable to owners of the parent (excluding NCI share)	16
Net gain for owners of the parent company	**78**

NOTE 6 – PERSONNEL EXPENSES AND AUDITOR REMUNERATION

Personnel expenses	2023	2022
Salary and fees	5 495	4 979
Payroll tax	1 037	914
Pension expense	399	336
Other personnel expenses	150	107
Total personnel expenses	7 081	6 336
Average number of full-time-equivalents	11 066	10 488

Remuneration to the Group CEO and Chairman of the Board	Group CEO	Chairman
Salary	4,7	0,5
Bonus	1,7	
Pension expense	0,3	
Other personnel expenses	0,4	
Total	7,0	0,5

The Group CEO, Vidar Berg, is entitled to a salary for one year after resigning from his position.

The Group CEO has a result-oriented bonus contract, limited to maximum 50% of his base salary.

In addition, the CEO is entitled to a bonus from a long-term incentive plan (LTE), provided that the valuation of the Group exceeds certain thresholds.

	2023	2022
Loans to employees	1	1

The Interest rate for employee loans is calculated on the basis of market interest rate

Remuneration to external auditor	2023	2022
Statutory audit	**8,8**	5,4
Attestation services	**0,3**	0,4
Tax services	**0,7**	0,2
Other non-audit services	**1,6**	0,3
Total	**11,4**	6,3

Pensions

The Group's pension obligation in Norway satisfies the requirements of the Norwegian Act on Mandatory Occupational Pensions. Most employees of the Group are covered by a defined contributions plan. In addition, The Group has a (i) Closed defined benefits scheme and (ii) Contractual early retirement scheme (AFP). The AFP scheme is regarded as a defined benefit multi-company scheme, but is accounted for as a defined contribution plan until reliable and sufficient information is available so that the Group can account for its proportionate share of pension costs, pension obligations and pension assets in the scheme. The Group's liabilities / receivables in this scheme are thus not capitalised. The closed defined benefits scheme originates from an acquisition several years ago in the cash handling division.

See table below for details on the number of people in the scheme as well as figures in the consolidated financial statements.

Defined benefits plan – Recognised in profit and loss	2023	2022
Pension cost – Defined benefits plan	**-1**	-1

Defined benefits plan – Recognised in balance sheet	2023	2022
Plan assets at the end of the year	**379**	411
Defined benefit obligation at the end of the year	**-437**	-413
Payroll tax	**-8**	-1
Net obligation (-) / asset (+) at the end of the year	**-66**	-3

Movements in net obligation during the year	2023	2022
Net obligation at the beginning of the year	**-3**	411
Remeasurements recognised over OCI	**-61**	-413
Pension cost recognised in P&L	**-1**	-1
Net obligation at the end of the year	**-66**	-3

Number of people in the scheme	2023	2022
Number of deferred pension rights	**113**	120
Number of employees	**1**	2
Number of pensioners	**134**	130

NOTE 7 – FINANCE INCOME AND EXPENSES

	2023	2022
Interest income	**15**	13
Net currency gain	**59**	–
Total finance income	**74**	13
		–
Interest expenses	**-99**	-75
Net currency loss	**–**	-8
Interest expenses on lease liabilities	**-29**	-25
Other finance expenses	**-11**	-26
Total finance expenses	**-140**	-135
		–
Net financial expenses	**-65**	-122

Photo: Avarn Security

NOTE 8 – TAXES

	2023	2022
Income tax expense recognised in profit and loss		
Tax payable	-17	-20
Change in deferred tax on profit and loss	6	9
Correction of previous years' tax expense	3	-1
Income tax expense	-8	-13
Effective tax rate	-3%	-28%
Income tax on items recognised in other comprehensive income (OCI)		
Change in deferred tax	13	-7
Total tax on items over (OCI)	13	-7
Reconciliation of tax expense		
Profit before tax	278	46
Tax at 22% (Tax rate of parent company)	-61	-10
Tax expense	-8	-13
Difference	53	-3
Difference explained by		
Utilisation of tax loss carried forward not recognised	25	–
Permanent differences	16	
Correction of previous years tax expense	3	-1
Other	10	-2
Total explanation	53	-3
Tax payable at year end in the balance sheet	24	26
Movement in net deferred tax		
Net deferred tax (asset) at the beginning of the year	-47	-51
Movements in net deferred tax expensed in profit and loss	6	9
Movements in net deferred tax recognised in OCI	13	-7
Correction of tax from previous years	3	
Foreign currency translation differences in net deferred tax	7	2
Net deferred tax (asset) at the end of the year	-16	-47
Significant components of deferred tax assets		
Tax loss carried forward	12	20
Non-deductible interest expenses	20	19
Accruals	16	26
Non-current assets	5	4
Leases	4	3
Pension liability	13	1
Other	15	2
Total deferred tax assets	85	76
Significant components of deferred tax liabilities		
Deferred tax on intangible assets	98	111
Other items	2	13
Total deferred tax liabilities	100	124
Net deferred tax asset (+) / liability (-)	-16	-47

	2023		2022	
Specification of tax loss carried forward		Of which recognised as deferred tax asset		Of which recognised as deferred tax asset
Norway	–	–	1	0
Sweden	31	6	121	20
Denmark	372	6	327	–
Finland	109	–	113	–
Total	512	12	562	20

Deferred tax asset has not been recognised on the basis of tax loss carried forward in Finland and in the cash handling division in Denmark.

The Group's assessment is that it is uncertain whether future taxable profit will not be sufficient to fully utilise the tax loss carried forward for entities in these two countries. Tax loss carried forward in Sweden has been recognised as deferred tax asset.

Tax rates:	2023	2022
Norway	**22,0%**	22,0%
Sweden	**20,6%**	20,6%
Denmark	**22,0%**	22,0%
Finland	**20,0%**	20,0%

Tax loss can be carried forward for an indefinite period in Norway, Sweden and Denmark, but maximum ten years in Finland.

See table below for maturity schedule of tax loss carried forward.

Year of expiry	Amount
2024	2
2025	0
2026	0
2027	6
More than five years	100
No expiration date	403
Total	**512**

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules which will come into effect starting from January 1 2025. Under the legislation, the Group is liable to pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. Since all countries of the Group have a statutory tax rate above 15%, the Group does not expect Pillar Two to have effect on the Group. However, the rules are complex, and the Group does therefore not have a complete picture of the quantitative effects of the Group's taxable income.

NOTE 9 – GOODWILL AND BRAND IMPAIRMENT TEST

Goodwill and brand in the Group amounted to mNOK 1 838 as of December 31, 2023. The most significant share of goodwill is related to the acquisition of Avarn Security Holding AS in 2019, the acquisition of G4S Holding (Norway) AS in 2014 and the acquisition of Svensk Bevakningstjänst AB in 2014. Brand is related to the acquisition of Avarn Security Holding AS in 2019.

Goodwill and brand both have indefinite useful life, and are therefore tested for impairment annually, in which the value in use of each *cash-generating unit* (CGUs) is estimated. The Groups Operating Segments, as defined in IFRS 8, consist of *Norway, Sweden, Finland, Cash Handling* and *Skan-Kontroll*, and this is furthermore the lowest level at which goodwill and brand is monitored for internal management purposes.

Book value end of 2023	Goodwill	Brand	Total
Norway	422	–	422
Sweden	583	82	665
Finland	468	76	543
Cash Handling	187	–	187
Skan-Kontroll	21	–	21
Total	**1 680**	**158**	**1 838**

The Group tests goodwill and brand for impairment at least annually, or when there are indications of impairment. The assessment was last performed as of 30.09.2023. However, there are no material changes to assumptions or booked values in the period until 31.12.2023. Management's conclusion is that there is no need for impairment as of 31.12.23 since the recoverable amount exceeds the book value of goodwill and brand. The recoverable amount is determined based on an assessment of the company's value in use. The value in use is calculated by discounting expected future cash flows after tax, using a relevant risk-adjusted discount rate after tax.

The following assumptions have been used when calculating the value in use as of 30.09.2023

2023	Norway	Sweden	Finland	Skan-Kontroll	Cash Handling
Discount rate (after tax)	9,3%	9,3%	9,3%	9,3%	11,4%
Long-term growth rate	2,5%	2,5%	2,5%	2,5%	0,0%

The calculation of the value in use for the cash-generating units is calculated based on projections of budgets approved by management and the board for the next four years. Management and the board of directors expect increase in both revenue and EBITDA margin over the coming four years. The remaining period of the calculation is based on moderate growth corresponding to the long-term growth rate.

Sensitivity analysis for the key assumptions

As of the date of the impairment assessment, a sensitivity analysis has been performed in which the assumptions on EBITDA-margin in the impairment test have been changed. The table below displays the percentage point reduction in EBITDA-margin possible before indicating an impairment need. The calculation of value in use was too a minor extent sensitive to increses in the discount rate (WACC) used.

2023	Norway	Sweden	Finland	Skan-Kontroll	Cash
Assumed EBITDA margin in impairment assessment	8,6%	6,5%	5,2% – 6,5%	6,6%	17,1% – 22%
EBITDA margin triggering impairment	4,8%	5,1%	4,6%	5,6%	12,0%
Headroom – expressed in percentage points	3,8%	1,4%	0,6% – 1,9%	1,0%	5,1%

Headroom with regards to EBITDA is lowest for Skan-Kontroll and Finland, and details for assumptions are provided for these GCUs below. EBITDA margin for 2024 is estimated based on a thorough estimate of revenue and costs, in which detailed forecasts are made for all business divisions. For Skan-Kontroll, the EBITDA margin for 2024 is assumed to be the same for the entire forecast period, including the terminal year. For Finland, the EBITDA margin is assumed to increase from 5,2% in 2024, to 6,5% for the remaining years. This is assumed to be reasonable because improvement projects have been implemented, which are expected to result in (i) reduced overhead costs, caused by both less FTEs and reduced IT-expenses, (ii) increased sale of digital services with increased margins, and (iii) sales price increases exceeding the cost base. Overall, we expect the margin in Finland to move towards Norway and Sweden, given that the products and services offered as similar as in Norway and Sweden.

2022

Book value 2022:	Goodwill	Brand	Total
Norway	422	-	422
Sweden	557	78	636
Finland	415	67	483
Cash Handling	175	-	175
Skan-Kontroll	21	-	21
Total	1 590	**146**	**1 736**

The following assumptions have been used when calculating the value in use as of 30.09.2022

2022	Norway	Sweden	Finland	Skan-Kontroll	Cash Handling
Discount rate	9,0%	7,7%	8,3%	9,0%	10,7%
Long-term growth rate	2,5%	2,5%	2,5%	2,5%	0,0%
Risk-free interest rate	3,3%	1,9%	2,6%	3,3%	3,3%
Market premium	5,0%	5,0%	5,0%	5,0%	5,0%

The calculation of the value in use for the cash-generating units is calculated based on projections of budgets approved by the management and the board for the next four years. Management and the board of directors expect increase in both revenue and EBITDA margin over the coming four years. The remaining period of the calculation is based on moderate growth corresponding to the long-term growth rate. EBIT and EBITDA used in the value-in-use calculation is based on management's assumptions on the revenue developments, as well as gross margin and operating margin.

Sensitivity analysis for the key assumptions

As of the date of the impairment assessment, a sensitivity analysis has been performed in which the assumptions on EBITDA-margin in the impairment test have been changed. The table below displays the percentage point reduction in EBITDA-margin possible before indicating a need for impairment. Furthermore, an increase of WACC by 1%-point, from 8,3% to 9,3% in Finland, would trigger an impairment need. A larger increase in WACC is necessary to trigger an impairment need for the other countries.

2022	Norway	Sweden	Finland	Skan-Kontroll	Cash
Reduction of EBITDA margin[1] before triggering impairment	3,8%	2,4%	0,5%	8,0%	5,0%

[1] *Expressed as percentage points*

NOTE 10 – INTANGIBLE ASSETS

	Software & other intangible assets[1]	Customer portfolio	Brand	Goodwill	Total 31.12
Acquisition cost 31.12.2021	236	749	146	1 590	2 720
Additions (intangible assets)	67	–	–	–	67
Additions (acquired companies)	–	22	–	–	22
Foreign currency translation adjustment	15	6	2	13	36
Acquisition cost 31.12.2022	318	776	147	1 604	2 846
Reclassifications[2]	38				38
Additions (intangible assets)	59	–	–	–	59
Disposals	-12	–	–	–	-12
Foreign currency translation adjustment	3	45	10	76	135
Acquisition cost 31.12.2023	407	821	158	1 680	3 066
Accumulated depreciation 31.12.2021	-148	-334	–	–	-482
Foreign currency translation adjustment	-2	-5	–	–	-7
Depreciation for the year	-43	-64	–	–	-107
Accumulated amortisation 31.12.2022	-192	-404	–	–	-596
Foreign currency translation adjustment	-0	-23	–		-23
Amortisation for the year	-46	-68	–		-114
Amortisations on disposed assets during the year	11				11
Accumulated depreciation 31.12.2023	-228	-495	–	–	-722
Net book amount 31.12.2023	179	327	158	1 680	2 343
Net book amount 31.12.2022	126	373	147	1 604	2 250

[1] Software and other intangible assets consists mainly of capitalised expenses for IT-software.
[2] Reclassifications have been made between development costs/software and Property, plant and equipment.

Economic life	Up to 5 years	Up to 13 years
Depreciation schedule	Linear	Linear

Customer portfolio originates primarily from acquired companies, and has been identified through purchase price allocations. A minor portion of the customer portfolio has been acquired directly as an asset purchase. Customer portfolio is depreciated over 6-13 years.

Intangible assets assumed to have an indefinite useful life, comprise of goodwill and brand. These have been tested for impairment without any indication of impairment. See note 9 – Goodwill and brand impairment test for details.

Photo: Avarn Security

NOTE 11 – LEASES

Right-of-use assets	Buildings	Equipment	Vehicles	Total
Book value of right-to-use assets 31.12.2022	**291**	**64**	**141**	**496**
Foreign currency translation adjustment	8	4	5	17
Additions of right-of-use assets	–	40	111	151
Adjustments	52	-6	-7	39
Depreciation	-92	-41	-96	-228
Disposals	–	–	-2	-2
Book value of right-to-use assets 31.12.2023	**259**	**62**	**152**	**473**
Lowest of remaining rental period or economic life	1-25 years	1-10 years	1-5 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities	Total
Total lease liabilities 31.12.2022	**521**
Foreign currency translation adjustment	19
New lease liabilities recognised in the period	151
Adjustments	39
Payments on lease liabilities	-227
Interest paid on lease liabilities	-29
Interest expense on lease liabilities	29
Derecognition of lease liabilities	-0
Total lease liabilities 31.12.2023	**503**
Short-term lease liabilities	212
Long-term lease liabilities	292
Undiscounted lease liabilities	
Less than 1 year	217
1-2 year	142
2-3 year	83
3-4 year	50
4-5 year	34
More than 5 years	29
Total undiscounted lease liabilities 31.12.2023	**554**

Right-of-use assets	Buildings	Equipment	Vehicles	Total
Book value of right-to-use assets 31.12.2021	**286**	**102**	**122**	**510**
Foreign currency translation adjustment	2	5	1	8
Additions of right-of-use assets	48	–	91	139
Adjustments	49	–	3	51
Depreciation	-94	-42	-75	-212
Disposals	–	–	-0	-0
Book value of right-to-use assets 31.12.2022	**291**	**64**	**141**	**496**
Lowest of remaining rental period or economic life	1-25 years	1-10 years	1-5 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities	Total
Total lease liabilities 31.12.2021	**535**
Foreign currency translation adjustment	5
New lease liabilities recognised in the period	138
Adjustments	52
Payments on lease liabilities	-208
Interest paid on lease liabilities	-25
Interest expense	25
Derecognition of lease liabilities	-0
Total lease liabilities 31.12.2022	**521**
	0
Short-term lease liabilities	208
Long-term lease liabilities	313
Undiscounted lease liabilities and overdue payments	**0**
Less than 1 year	212
1-2 year	156
2-3 year	90
3-4 year	53
4-5 year	41
More than 5 years	59
Total undiscounted lease liabilities 31.12.2022	**611**

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Machinery & equipment	Fixtures & fittings	Total 31.12
Acquisition cost 01.01.2022	387	627	778	1 792
Foreign currency translation adjustment	-8	14	19	26
Additions	0	38	25	63
Disposals	–	-10	-4	-14
Acquisition cost 31.12.2022	379	670	819	1 867
Foreign currency translation adjustment	28	-6	-6	16
Reclassifications	-36	50	-14	–
Reclassifications intangible assets[1]	–	-38	–	-38
Additions	–	37	27	65
Disposals	–	-8	-2	-10
Acquisition cost 31.12.2023	371	705	824	1 901
Accumulated depreciation 01.01.2022	-30	-528	-690	-1 248
Foreign currency translation adjustment	-13	2	-7	-18
Depreciation for the year	-14	-52	-30	-96
Depreciation of acquired companies for the year	–	9	4	13
Accumulated depreciation 31.12.2022	-57	-569	-723	-1 349
Foreign currency translation adjustment	-7	2	3	-2
Reclassifications	24	-15	-9	–
Depreciation for the year	-14	-34	-29	-77
Accumulated depreciation of sold assets	–	5	1	6
Accumulated depreciation 31.12.2023	-54	-611	-757	-1 421
Net book amount 31.12.2023	317	94	68	479
Net book amount 31.12.2022	322	101	96	518
Economic life	Up to 25 years	Up to 5 years	Up to 5 years	
Depreciation schedule	Linear	Linear	Linear	

[1] *Reclassifications have been made between development costs/software and Property, plant and equipment.*

NOTE 13 – FINANCIAL ASSETS

Financial assets consist of the following items.

Other non-current receivables	31.12.2023	31.12.2022
Investments in associated companies[1]	**4**	4
Other receivables and long-term investments	**3**	2
Total	**7**	6

[1]The Group has made investments into the following associated companies

Investments in associated companies – 2023	Nokas Teknikk Sør AS	Vadla Trygghets-byrå AS		Total
Ownership	**34%**	**34%**		
Carrying value at year end	4	0		**4**

Investments in associated companies – 2022	Nokas Teknikk Sør AS	Vadla Trygghets-byrå AS	Alarm 24 AS	Total
Ownership	**34%**	**34%**	**50%**	
Carrying value at year end	4	0	0	**4**

NOTE 14 – INVENTORY

	2023	2022
Purchased goods for resale	**120**	89
Supplies inventory	**10**	3
Total	**130**	91
Provision for obsolescence	**-5**	-2
Book value of inventory	**125**	90

NOTE 15 – ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivables – Notional amount	**1 230**	983
Loss allowance	**-9**	-3
Accounts receivable – Carrying value at year end	**1 221**	980

	2023	2022
Loss allowance at 01.01	**3**	10
Change in loss allowance during the year	**6**	-7
Loss allowance at 31.12	**9**	3

Ageing profile of accounts receivable as of 31.12	2023	2022
Not due	**949**	895
Less than 30 days	**263**	74
30-60 days	**14**	8
60-90 days	**3**	2
More than 90 days	**1**	4
Total	**1 230**	983
Credit loss recognised in profit and loss during the year	**-6**	2

Factoring agreement

The Group has an agreement with DnB Bank ASA in which a certain portion of the Groups accounts receivables in Norway and Sweden is purchased by DnB Bank ASA. The agreement with DnB Bank ASA covers customers with a certain level of expected invoiced amount and adequate credit assessment. The day subsequent to invoicing the Group receives payment from DnB Bank ASA for the invoiced amount of all eligible accounts receivable. As such, the Group has transferred the contractual right to receive the cash flows from the accounts receivable, and consequently, the ownership of the asset, and corresponding risk of ownership. As such, accounts receivable are therefore derecognised from the balance sheet at the point in time DnB Bank ASA obtains the right of payment from the customer, in line with IFRS 9.

For the remaining portion of accounts receivable, the purpose of the Group is to collect the contractual cash flow as these accounts receivable do not meet the requirement for sale to DnB Bank ASA, and hereby they fall into the category "Hold and collect" according to IFRS 9.

Credit losses

On basis of the above, The Group has made a limited provision for losses on receivables. The Group uses a simplified method for calculating loss allowance for receivables, in which the expected credit loss is based on forward-looking factors for the individual customer, combined with general macroeconomic prospects. Expected credit losses on accounts receivables are based on an assessment of age profile, historical losses and on an individual level. The Group measures expected losses for each reporting period. The Group's maximum credit risk related to accounts receivable is represented by the notional value. The Group's accounts receivables are assessed on the balance sheet date and expected loss is recognised as Other operating expenses during the period.

NOTE 16 – CASH AND CASH EQUIVALENTS

	2023	2022
Bank deposits	**106**	134
Restricted cash[1]	**72**	64
Cash in cash cycle[2]	**301**	123
Total	**479**	320

[1] Restricted cash consists primarily of employee withholding tax.

[2] Cash in cycle consists of physical cash in the cash handling division.

Photo: Avarn Security

NOTE 17 – SHARE CAPITAL AND SHAREHOLDERS INFORMATION

Share capital

Share capital – Avarn Security Group Holding AS of 31.12.2023	No. of shares	Par value (NOK)	Total
Ordinary shares	415 961	15,45	6 427
Total	**415 961**	**15,45**	**6 427**

All shares give the same right in the company.

Ownership structure

The largest shareholders of Avarn Security Group Holding AS as of 31.12.2023 were as follows:

Name of entity	Shares	Ownership	Voting share
SANOK INVEST AS	81 722	19,6%	19,6%
STIFTELSEN FRITT ORD	76 968	18,5%	18,5%
WFW INVEST AS	41 928	10,1%	10,1%
NOMAD HOLDING AS	36 713	8,8%	8,8%
TTC INVEST AS	28 222	6,8%	6,8%
RG HOLDING AS	23 789	5,7%	5,7%
INAK 3 AS	22 397	5,4%	5,4%
DNB BANK ASA	8 759	2,1%	2,1%
ALDEN AS	7 786	1,9%	1,9%
SYNCRON AS	7 183	1,7%	1,7%
TROVATOR AS	6 814	1,6%	1,6%
AREPO AS	5 263	1,3%	1,3%
MURI INVEST AS	4 953	1,2%	1,2%
SINGCOMP AS	3 356	0,8%	0,8%
GJERMUNDSEN CORPORATE AS	3 000	0,7%	0,7%
TSI AS	2 815	0,7%	0,7%
OLSEN	2 800	0,7%	0,7%
JANINE AS	2 770	0,7%	0,7%
BO-BO INVEST AS	2 500	0,6%	0,6%
JORAD AS	2 214	0,5%	0,5%
Total – Top 20 shareholders	371 952	89,4%	89,4%
Total others	44 009	10,6%	10,6%
Total number of shares outstanding	**415 961**	**100,0%**	**100,0%**

Shares owned by members of the board and CEO

Name	Position	No. of shares	Ownership
Vidar Berg	CEO	167	0,0%
Amund Skarholt	Chairman	678	0,1%
Bjørnar Olsen	Board member	2 800	0,7%
Inak 3 AS[1]	-	23 789	5,4%

[1] Bjørnar Olsen, Board Member of Avarn Security Group Holding AS, holds shares in Bo-Bo Invest, which in turn is a shareholder of Inak 3 AS.

See table below for maturity schedule of subscription rights issued.

Expiration date:	No. of independent subscription rights
22.06.2028	467 536

All subscription rights not exercised within the subscription period will lapse with no value, and the holder will not be entitled to any compensation.

NOTE 18 – FINANCIAL INSTRUMENTS

Financial risk

The Group makes use of bank loans and overdraft facilities as financing instruments. The purpose of these financial instruments is to ensure capital for investments and liquidity necessary for the Group's operations. In addition, the Group has financial instruments such as trade receivable, trade payable, etc. that are directly related to the Group's daily operations.

Routines for risk management have been adopted at the board level and are implemented by the Chief Financial Officer.

The most important financial risk the Group is exposed to is liquidity risk. In addition, the Group also faces interest rate risk, currency risk and credit risk. The Group's management has an ongoing assessment of these risks and establishes guidelines on how these are to be managed.

(i) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they are due. The Group's strategy for managing liquidity risk is to have sufficient cash at all times to be able to meet its financial obligations at maturity, either under normal or extraordinary circumstances, without risking unacceptable losses and harming the Group's reputation.

The following table provides an overview of the maturity schedule for the Group's financial liabilities.

The table below provides an overview of the maturity profile of all financial liabilities (undiscounted).

2023	**Maturity schedule – Financial liabilities**				
	Less than 1 year	**1–2 years**	**2–4 years**	**More than 4 years**	**Total**
Bank financing DNB					
Facility A – NOK	75	71	73	–	**218**
Facility B – EUR	14	14	181	–	**208**
Facility B – SEK	11	11	217	–	**239**
Lease payments	217	142	133	62	**554**
Overdraft facility – DNB	88	–	–	–	**88**
Overdraft facility – Danske Bank	34	–	–	–	**34**
Trade payable	386	–	–	–	**386**
Cash cycle financing	284	–	–	–	**284**
Total	**823**	**237**	**604**	**62**	**2 011**

2022	**Maturity schedule – Financial liabilities**				
	Less than 1 year	**1–2 years**	**2–3 years**	**More than 4 years**	**Total**
Bank financing DNB					
Facility A, tranche 1 – SEK	156		–	–	**156**
Facility B, tranche 1 – NOK	470	–	–	–	**470**
Revolving Credit Facility	24	–	–	–	**24**
Bank financing Finland – OP Bank	18	72	–	–	**89**
Lease payments	212	156	143	100	**611**
Subordinated loan Finland – Shareholder loan	–	27	–	–	**27**
Shareholder loan – Avarn Security Group Holding AS[1]	10	–	–	–	**10**
Overdraft facility – DNB	144	–	–	–	**144**
Overdraft facility – Danske Bank	4	–	–	–	**4**
Trade payable	285	–	–	–	**285**
Cash cycle financing	104	–	–	–	**104**
Total	**1 426**	**255**	**143**	**100**	**1 924**

The Group is measured by the following covenant requirements for the loans in DNB;

(i) Gearing ratio
(ii) Interest cover

The Group was not in breach with its covenants with as of year end.

For the financing from Danske Bank, the financial covenant is the following;

(i) Equity share > 15%

The Group is subject to the following margin above the reference rate for the loans in DNB and Danske Bank;

Financing	Margin
Facility A – NOK	2,50%
Facility B – SEK	2,75%
Facility B – EUR	2,75%
Overdraft facility DNB	1,62%
Overdraft facility Danske Bank	2,15%

(ii) Credit risk

The Group is mainly exposed to credit risk related to accounts receivables and other current receivables.

The Group reduces its exposure to credit risk by requiring all counterparties that receive credit from the Group, typically customers, to be subject to an assessment of creditworthiness.

The Group has guidelines to ensure that sales are only made to customers who have not had significant issues with payments previously, and that outstanding amounts do not exceed the determined credit limits.

The Group's assessment of expected credit losses on trade receivable is described in note 15 – Accounts receivable.

(iii) Market risk – Interest rate risk

The Group's exposure to interest rate risk arises from its financing activities.

The Group's interest bearing debt carries a floating interest rate, exposing the Group to the risk of increased interest cost.

The following table shows the Group's sensitivity to potential changes in interest rates. The calculation includes all financial instruments carrying a floating interest, and shows the effect on profit and loss from changes in interest rates, based on the book value as of year end 2023.

Financial year	Changes in interest rates (%-points)	Effect on P&L
2023	+0,25%	-2
	+0,50%	-3
	+0,75%	-5
2022	+0,25%	-3
	+0,50%	-5
	+0,75%	-8

(iv) Market risk – currency risk

The Group is exposed to currency fluctuations against the Norwegian Kroner (NOK) due to sales in several different countries with different functional currencies, in addition to external financing in foreign currency, as well as intra-group loans. Profit after tax for the Group is affected by changes in exchange rates as the result from foreign companies is converted to NOK by use of the average exchange rate for the period. Within the cash handling division, the Group enters into forward contracts on a continuous basis to reduce currency risk for the cash which is part of the cash cycle.

Since a potion of the Group's turnover is in SEK and EUR, the Group has drawn a share of the financing in both SEK and EUR to reduce currency risk. The following table shows the Group's sensitivity to potential changes in exchange rates on its financial instruments denominated in foreign currency.

Effect on profit and loss and equity (before tax) from changes in foreign currency exchange on financial instruments

Change in fx-rates – NOK/SEK	Effect on P&L	Change in fx-rates – NOK/DKK	Effect on P&L	Change in fx-rates – NOK/EUR	Effect on P&L
10%	-43	10%	3	10%	-4
5%	-22	5%	2	5%	-2
-5%	22	-5%	-2	-5%	2
-10%	43	-10%	-3	-10%	4

The Group has cash pool arrangements with overdraft facilities in both DNB and Danske Bank. The cash pool arrangement in DNB covers most companies in Norway, in addition to Sweden, Finland and Denmark. The cash pool arrangement in Danske Bank covers Nokas Verdihåndtering AS and its subsidiaries. See table below for amounts drawn in each cash pool arrangement as of year end. As of 31.12.2023 there are no restrictions on the use of the Group's unutilised credit facilities.

Provider of financing

Provider of financing	Total credit	Drawn at year end	Unutilised at year end
DNB – Multicurrency cash pool arrangement	275	88	187
DNB – RCF	200	–	200
Danske Bank – Intra-day credit for Nokas Verdihåndtering AS	60	0	60
Danske Bank – Cash pool arrangement	75	34	41
Total	**610**	**88**	**447**

See table below for movements in interest-bearing debt during the year. For 2023, overdraft facility to DNB is presented separately, whereas this was included as part of interest bearing-debt to credit institutions in 2022.

See note 11 – Leasing for movements in lease liabilities during the year.

Interest-bearing debt at 01.01.2023	Interest-bearing debt	Overdraft facility – DNB	Shareholder loans	Overdraft facility – Danske Bank	Total
Opening balance	**740**	**144**	**37**	**4**	**925**
Movements with effect on cash flow					
Proceeds from interest-bearing debt	600			30	**630**
Repayment of interest-bearing debt	-769	-56	-51		**-876**
Total cash flow from financing activities	-169	-56	-51	30	**-246**
Movements without effect on cash flow					
Equity effect of settlement of shareholder loan			14		**14**
Amortisation of financing costs during the year	-4				**-4**
Amortised financing expenses upon refinancing	-12				**-12**
Exchange rate differences	-3				**-3**
Total changes not affecting cash flow	-19	–	14	–	**-5**
Total change	**-188**	**-56**	**-37**	**30**	**-251**
Interest-bearing debt at 31.12.2023	**552**	**88**	**–**	**34**	**673**
Of which					
Non-current interest bearing debt	491	–	–	–	**491**
Current interest bearing debt	60	88	–	34	**182**

Interest-bearing debt at 01.01.2022	Interest-bearing debt to credit		Shareholder loans	Overdraft facility – Danske Bank	Total
Opening balance	**1 017**		**54**	**55**	**1 126**
Movements with effect on cash flow					
Disbursements of loans	25		–	–	**25**
Repayment of debt	-170		-22	-9	**-201**
Interest paid			–	-0	**-0**
Total cash flow in financing activities	-145		-22	-9	**-176**
Movements without effect on cash flow					
Correction – Teller financing[2]	–		–	-40	**-40**
Amortised loan fees	8		–	-2	**6**
Foreign exchange rate differences	4		5	–	**9**
Total changes not affecting cash flow	12		5	-42	**-25**
Total change	**-133**		**-17**	**-52**	**-201**
Interest-bearing debt at 31.12.2022	**884**		**37**	**4**	**925**

[2] Teller financing reclassified as of 31.12.2022.

NOTE 19 – OTHER CURRENT LIABILITIES

See table below for a specification of current liabilities.

	2023	2022
Accrued holiday pay	649	586
Accrued salaries	337	301
Cash cycle financing[1]	284	104
Prepayments from customers	125	123
Accrued pension	116	101
Deferred income	77	46
Other current liabilities	351	134
Total	**1 940**	**1 395**

[1] Cash cycle financing is debt financing of physical cash that is part of the cash handling segment/division.

NOTE 20 – OVERVIEW OF SUBSIDIARIES

Equity in foreign subsidiaries and associated companies is translated at the exchange rate on the balance sheet date, while profit for the year is translated at the average exchange rate for the year.

See table below for all subsidiaries of Avarn Security Group Holding AS

Company	Office	Ownership/ voting share	Equity	Net profit
AS Skan-Kontroll	Norway	100%	133	102
Avarn Alviks Lås AB	Sweden	100%	7	7
Avarn Group OY	Finland	100%	184	4
Avarn Holding OY	Finland	100%	761	-8
Avarn Lås-Aktuellt AB	Sweden	100%	18	18
Avarn Låsteknik i Gbg AB	Sweden	100%	16	2
Avarn Security AB	Sweden	100%	102	6
Avarn Security AS	Norway	100%	260	5
Avarn Security Aviation AS	Norway	100%	43	25
Avarn Security Beredskap AS	Norway	100%	9	2
Avarn Security Eiendom Danmark ApS	Denmark	100%	33	-9
Avarn Security Group AS	Norway	100%	1 818	-13
Avarn Security Group Invest AS	Norway	100%	1 840	8
Avarn Security Holding AB	Sweden	100%	81	18
Avarn Security Holding AS	Norway	100%	43	-31
Avarn Security Innlandet AS	Norway	51%	10	6
Avarn Security OY	Finland	100%	138	12
Avarn Security Service AS	Norway	100%	11	9
Avarn Security Services AB	Sweden	100%	277	23
Avarn Security Solutions AB	Sweden	100%	6	4
Avarn Security Systems AB	Sweden	100%	56	40
Avarn Teknik Öst AB	Sweden	100%	41	41
Avarn Teknik Sverige AB	Sweden	100%	123	23
Ejendomsselskapet Rosbjergvei ApS	Denmark	100%	107	4
Ejendomsselskapet Solmarksvei ApS	Denmark	100%	86	3
Nokas AS	Norway	100%	349	-6
Nokas CMS A/S	Denmark	100%	86	34
Nokas CMS AB	Sweden	100%	32	-1
Nokas CMS OY	Finland	100%	24	-1
Nokas Finland OY	Finland	100%	42	2
Nokas Komplementarselskab ApS	Denmark	100%	0	-0
Nokas Kontantservice P/S	Denmark	100%	116	54
Nokas Optimering & Lager AB	Sweden	100%	1	-23
Nokas Værdihåndtering A/S	Denmark	100%	-30	-66
Nokas Verdihåndtering AS	Norway	100%	364	14
Skandia Sök AB	Sweden	100%	0	0
Synenergy AB	Sweden	100%	4	0

NOTE 21 – TRANSACTIONS WITH RELATED PARTIES

A shareholder loan was issued by the parent company of the Group in 2021. A number of shareholders participated in the shareholder loan, of which the main shareholder Sanok Invest AS, held the largest portion. The shareholder loan was settled during 2023, in which certain shareholders chose to be repaid in cash, whereas others chose to settle in shares in the parent company, and Sanok's subscription rights were prolonged due to the ownership restrictions placed on Sanok.

See details on the settlement in note 18 and in the consolidated statement of changes in equity.

For details of remuneration to management and loans to employees, see note 6 – Employee benefits.

Photo: Avarn Security

NOTE 22 – GUARANTEES AND PLEDGES

Pledges	2023	2022
Debt for which collateral has been provided		
Non-current debts to credit institutions	**491**	72
Current debts to credit institutions	**182**	816
Total	**673**	888
Book value of assets pledged as collateral for debt		
Inventory	**125**	90
Accounts receivables	**1 221**	980
Cash and cash equivalents	**106**	134
Property, plant and equipment	**480**	550
Total	**1 932**	1 753
Guarantees issued on behalf of the Group	**105**	99

See table below for an overview of collateral provided as part of the Group's financing.

Avarn Security Group AS, and all its subsidiaries, are liable for repayment of the Group's interest-bearing liabilities, and hence all shares in Avarn Security Group AS and its subsidiaries, have been pledged as security.

Furthermore, Nokas Verdihåndtering AS and all its subsidiaries, are liable for repayment of the Group's interest-bearing liabilities to Danske Bank.

Collateral provided	2023	2022
Inventory	**2 000**	1 150
Fixed assets	**2 000**	1 150
Factoring agreement	**2 000**	1 150

NOTE 23 – SUBSEQUENT EVENTS

The Board of Directors has proposed a share buyback programme in which shares for a total of 400 mNOK will be purchased from the shareholders of Avarn Security Group Holding AS.

The programme is approved by the Extraordinary general meeting.


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Appendix

In this Appendix we provide additional data and other details regarding Avarn Security's performance and activities within sustainability.

CLIMATE ACCOUNTING DETAILS

Avarn Security uses the Klimakost tool developed by Asplan Viak to determine our total climate footprint in CO_2 equivalents. This approach covers all greenhouse gasses (CO_2, CH_4, N_2O, SF_6, HFC, and PFC), both direct and indirect emissions. This analysis is based primarily on financial accounting data and is enriched where possible with physical data regarding amounts and volume, for example litres of different fuel types consumed by vehicles. The input data is then modelled against contribution-specific conversion factors from the Klimakost model to provide a resulting analysis of our greenhouse gas emissions in CO_2 equivalents. We then use this data to benchmark our environmental footprint and prioritise where to focus action plans for reducing.

Note that emission conversion factors in the Klimakost model are updated yearly, meaning different factors are used to determine emissions for 2022 than for 2023.

Total emissions by company – tons CO_2 equivalent

	2023	2022
Avarn Security Norway	**19 220**	19 877
Avarn Security Sweden	**22 539**	26 345
Avarn Security Finland	**7 904**	5 648
Skan-Kontroll	**1 318**	1 501
Nokas AS	**13 113**	13 423
Total	**64 094**	66 794

Emissions by scope – tons CO_2 equivalent

	2023	2022
Scope 1	**10 209**	12 197
Scope 2	**1 053**	996
Scope 3	**52 833**	53 601

Emissions by category – tons CO_2 equivalent

	2023	2022
Energy consumption	**1 053**	996
Purchased goods	**27 000**	27 789
Buildings	**1 714**	2 352
Transport and travel	**5 543**	5 336
Purchased services	**18 576**	18 124
Waste	**0**	0
Direct emissions	**10 209**	12 197

KEY WORKFORCE FIGURES

Approximate gender balance

	2023	2022
Share of female employees, overall	**28%**	27%
Share of female employees, managerial level	**28%**	30%

Health and safety

	2023	2022
Lost time injury frequency (H1 value)	**11,8**	12,3
Short-term sick leave	**4.9%**	5.4%
Long-term sick leave	**2.9%**	2.3%

Other workforce metrics

	2023
Total employees	**15 550**
Gender pay gap	**8%**
Share of employees with collective bargaining agreement	**86%**
Share of full-time employees	**47%**
Average training hours per employee*	**37**

*Avarn Security companies only

Photo: Avarn Security

EXTERNAL VALIDATION

Where relevant, Avarn Security seeks external certifications to formalise our commitment to transparency and responsible business operations.

Selected certifications

Certification	Topic	Scope
ISO 9001:2015	Quality management system	Avarn Security Norway Avarn Security Sweden Avarn Security Finland Skan-kontroll
ISO 14001:2015	Environmental management system	Avarn Security Norway Avarn Security Sweden Avarn Security Finland Nokas Norway Skan-kontroll
ISO27001:2022 (IN PROGRESS – expected finalised within release of annual report)	Information security management	Avarn Security Group IT
ISO 45001:2018	Health and safety	Avarn Security Sweden Avarn Security Finland
DS 3999	Security	Nokas Denmark
ETJ+:2014	Energy efficiency	Avarn Security Finland

Photo: Avarn Security

Photo: Avarn Security

Financial statements of the parent company – Avarn Security Group Holding AS

Statement of profit and loss

Amounts in mNOK	Note	2023	2022
Personnel expenses	3	**-2**	-2
Other operating expenses	3	**-2**	-1
Earnings before interests and taxes		**-3**	-3
Net finance	4,7	**476**	29
Earnings before taxes		**473**	26
Income tax expense	5	**-12**	-1
Net income (loss)		**461**	25

Photo: Avarn Security

Statement of financial position

Amounts in mNOK	Note	2023	2022
Assets			
Non-current assets			
Investments in subsidiaries	6	**2 195**	1 805
Investments in shares	6	**3**	7
Intra-Group receivables	7	**–**	330
Total non-current assets		**2 197**	2 141
Current assets			
Receivables	7	**418**	0
Cash and cash equivalents		**12**	37
Total current assets		**429**	37
Total assets		**2 627**	2 178
Equity and liabilities			
Equity			
Share capital	8	**6**	6
Share premium	8	**1 048**	1 036
Shareholder loan – equity portion	8,7	**–**	308
Other equity	8	**1 104**	790
Retained earnings	8	**452**	23
Total equity		**2 610**	2 163
Non-current liabilities			
Shareholder loan	8, 7	**–**	10
Total non-current liabilities		**–**	10
Current liabilities			
Trade payable	7	**3**	0
Other current liabilities	7	**2**	5
Tax payable		**12**	–
Total current liabilities		**16**	5
Total equity and liabilities		**2 627**	2 178

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Pål Asbjørn Vindegg
Board member

Knut-Johannes Berg
Employee representative

Christian Søvik Svensen
Board member

Oslo, 24 April, 2024

Statement of cash flows

Amounts in mNOK	2023	2022
Cash flows from operating activities		
Earnings before taxes	**473**	26
Interest income	**-24**	-20
Net currency gain	**-36**	-8
Dividend income from subsidiary	**-415**	–
Gain from sale of share	**-1**	
Change in other accruals	**–**	2
Net cash from operating activities	**-3**	-1
Cash flow from investing activities		
Proceeds from sale of shares	**6**	30
Purchase of shares	**-1**	-7
Net cash from investing activities	**5**	23
Cash flows from financing activities		
Repayment of principal portion of shareholder loan	**-23**	-22
Interest paid on shareholder loan	**–**	-2
Proceeds from group company	**–**	11
Payment/repayment on other receivables/liabilities	**–**	2
Group contribution paid	**-3**	–
Net cash from financing activities	**-27**	-11
Net increase / decrease in cash and cash-equivalents	**-25**	11
Cash and cash equivalents at the beginning of the year	**37**	25
Cash and cash equivalents at the end of the year	**12**	37

Photo: Avarn Security

Notes to financial statements of the parent company

NOTE 1 – GENERAL INFORMATION

Avarn Security Group Holding AS is the parent company of Avarn Security Group. The company is a limited liability company domiciled in Norway, at the headquarters in Alf Bjerckes Vei 1.

All figures presented in the notes are in NOK millions, unless otherwise stated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Framework for financial reporting

The financial statements have been prepared in accordance with the Norwegian Accounting Act.

2.2 Investments in subsidiaries and other shares

Investments in subsidiaries are upon initial recognition measured at fair value, including any direct transaction costs. Subsequently, the carrying amount of the investment is reduced by any impairment charges, so that the carrying value will be the lower of either, historical cost or fair value.

2.3 Receivables

Receivables are at initial recognition measured at fair value, including any direct transaction costs. Subsequently, the carrying amount of the receivable is reduced by any impairment charges, based on assessments of the creditworthiness of the counterparty. Receivables due more than a year after the balance sheet date, are presented as non-current.

2.4 Liabilities

Receivables are upon initial recognition measured at fair value, excluding any direct transaction costs. Subsequently, the carrying amount of the liability is measured at amortised cost. Liabilities due more than a year after the balance sheet date, are presented as non-current.

2.5 Shareholder loans

Shareholder loans are classified as either debt or equity, based on the contractual terms of the financial instrument. Provided that the parties have a right to convert the debt instrument to equity, the instrument is classified as equity.

2.6 Income tax

Income tax in the profit and loss statement consists of both the tax payable for the period and the movement in net deferred taxes.

Deferred tax asset based on tax loss carried forward is recognised provided that is it assumed probable that the tax loss can be utilised in the future.

2.7 Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents consist of cash at hand and bank deposits .

Photo: Avarn Security

NOTE 3 – EMPLOYEE AND AUDITOR EXPENSES

There are no employees in the company.

Remunerations to executives

No remuneration, loans or collateral has been provided to the CEO during 2023. The Board of Directors have been allocated a remuneration of mNOK 1,5.

Auditor

The following expenses have occurred to the auditor.

Remuneration to external auditor	2023	2022
Statutory audit (including VAT)	1	1
Tax services	0	0
Total audit fees	**2**	**1**

NOTE 4 – FINANCIAL INCOME AND EXPENSES

	2023	2022
Dividend income	415	–
Interest income	25	22
Net currency income	36	8
Gain from sale of shares	1	–
Total finance income	**476**	**31**
Interest costs	0	-2
Other finance costs	0	-0
Total finance costs	**0**	**-2**
Net financial expenses	**476**	**29**

NOTE 5 – INCOME TAX

Income tax expense is calculated as following	2023	2022
Tax payable	12	1
Changes in net deferred tax	–	–
Income tax expense	**12**	**1**

Tax payable is calculated as following	2023	2022
Profit before tax	473	26
Tax at 22%	104	6
Tax expense	12	1
Difference	**-92**	**-5**

Difference explained by	2023	2022
22% of permanent differences	-92	-5
Change in deferred tax asset not recognised	–	-0
Explained difference	**-92**	**-5**

Net deferred tax is calculated as following	2023	2022
Limitation of deduction for interest	–	-2
Deferred tax asset – Not recognised	–	2
Net deferred tax	**–**	**–**

NOTE 6 – INVESTMENTS IN SUBSIDIARIES AND SHARES

The company has investments in the following subsidiaries and shares as of 31.12.2023.

Company	Company address	Ownership	Equity at year end	Net income for the year	Book value
Avarn Security Group Invest AS	Oslo, Norway	98,2%	2 143	384	2 195
Avarn Manco AS[1]	Oslo, Norway	8,3%[1]	30	0	1

[1] Avarn Security Group Holding holds all voting rights in Avarn Manco AS.

NOTE 7 – RELATED PARTY TRANSACTIONS

See details below on transactions with related parties.

Items in P&L	2023	2022
Avarn Security Group Invest AS (Dividend)	415	–
Avarn Security Eiendom AS (interest income)	24	22
Total	**439**	**22**

Receivables on related parties	2023	2022
Avarn Security Group Invest AS (Dividend)	415	–
Avarn Security Eiendom AS (Non-current receivable)	–	330
Avarn Security AS (Current receivable)	1	–
Total	**416**	**330**

Liabilities to related parties	2023	2022
Avarn Security AS (Other-current liabilities)	–	3
Shareholder loan[2]	–	10
Total	**–**	**13**

The shareholder loan issued in 2021 gave the shareholder the opportunity to convert the loan into ordinary shares in Avarn Security Group Invest AS. Each subscription right issued entitled the holder to subscribe for one share in the company. In 2023 the shareholder loan was settled through a combination of (i) Share issue of shares in Avarn Security Group Holding AS, (ii) Repayment of the loan in cash and (iii) Extension of the maturity date of the issued subscription rights. Alternative (iii) was applicable only for Sanok AS, as legal restrictions prevent the shareholder from owning more ordinary shares in Avarn Security Group Holding AS.

Photo: Avarn Security

NOTE 8 – EQUITY, SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital as of 31.12.2023 consists of the following.

Share capital as of 31.12.2021	Number of shares	Par value per share	Share capital
Share capital	415 961	15,45	6
Total	**415 961**		**6**

Overview of equity movements	Share capital	Share premium	Shareholder loan	Other equity	Retained earnings	Total
Equity as of 1.1.2023	6	1 036	308	790	23	2 163
Equity issue 30 May 2023 – Conversion of shareholder loan	0	11	-308	315	-32	-14
Net income for the year					461	461
Equity as of 31.12.2023	**6**	**1 048**	**–**	**1 104**	**452**	**2 610**

The largest shareholders of Avarn Security Group Holding AS as of 31.12.2023 were as follows:

Name of entity	Shares	Ownership	Voting share
SANOK INVEST AS	81 722	19,6%	19,6%
STIFTELSEN FRITT ORD	76 968	18,5%	18,5%
WFW INVEST AS	41 928	10,1%	10,1%
NOMAD HOLDING AS	36 713	8,8%	8,8%
TTC INVEST AS	28 222	6,8%	6,8%
RG HOLDING AS	23 789	5,7%	5,7%
INAK 3 AS	22 397	5,4%	5,4%
DNB BANK ASA	8 759	2,1%	2,1%
ALDEN AS	7 786	1,9%	1,9%
SYNCRON AS	7 183	1,7%	1,7%
TROVATOR AS	6 814	1,6%	1,6%
AREPO AS	5 263	1,3%	1,3%
MURI INVEST AS	4 953	1,2%	1,2%
SINGCOMP AS	3 356	0,8%	0,8%
GJERMUNDSEN CORPORATE AS	3 000	0,7%	0,7%
TSI AS	2 815	0,7%	0,7%
OLSEN	2 800	0,7%	0,7%
JANINE AS	2 770	0,7%	0,7%
BO-BO INVEST AS	2 500	0,6%	0,6%
JORAD AS	2 214	0,5%	0,5%
Total – Top 20 shareholders	371 952	89,4%	89,4%
Total others	44 009	10,6%	10,6%
Total number of shares outstanding	**415 961**	**100,0%**	**100,0%**

See table below for maturity schedule of subscription rights issued.

Expiration date:	No. of independent subscription rights
22.06.2028	467 536

All subscription rights not exercised within the subscription period will lapse with no value, and the holder will not be entitled to any compensation.

NOTE 9 – SUBSEQUENT EVENTS

The Board of Directors has proposed a share buyback programme in which shares for a total of 400 mNOK will be purchased from the shareholders of Avarn Security Group Holding AS.

The programme is approved by the Extraordinary general meeting.

Photo: Avarn Security

To the General Meeting of Avarn Security Group Holding AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Avarn Security Group Holding AS, which comprise:

- the financial statements of the parent company Avarn Security Group Holding AS (the Company), which comprise the statement of financial position at 31 December 2023, the statement of profit and loss and the statement of cash flows for the year then ended, and notes to the financial statements of the parent company, including a summary of significant accounting policies, and
- the consolidated financial statements of Avarn Security Group Holding AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Vestfold, 24 April 2024
PricewaterhouseCoopers AS

Tom Nilsen
State Authorised Public Accountant
(This document is signed electronically)

2 / 2

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Nilsen, Tom	BANKID	2024-04-25 13:38

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