ank=20230711022117

Styrelsen och verkställande direktören för

Avarn Security Holding AB

Org nr 559311-4571

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2022

Innehåll:	sida
Förvaltningsberättelse	**2**
Resultaträkning	**4**
Balansräkning	**5**
Redovisnings- och värderingsprinciper	**6**
Noter	**7**
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Undertecknad styrelseledamot i Avarn Security Holding AB intygar, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultaträkningen och balansräkningen fastställts på årsstämman den 30 juni 2023. Årsstämman beslöt att godkänna styrelsens förslag att bolagets ansamlade vinstmedel överförs i ny räkning.

Ort och datum

Stockholm 2023-06-30

.....

David Larsson

ank=20230711022218

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Styrelsen och verkställande direktören för

Avarn Security Holding AB

Org nr 559311-4571

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2022

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Förvaltningsberättelse

Allmänt om verksamheten

Ägarförhållanden

Bolaget Avarn Security Holding AB 559311-4571 är sedan 2021-04-13 till 100% ägt av det norska bolaget Avarn Security Group AS, org.nr / reg. no. 826 816 422, Alf Bjerckes vei 1, 0582 Oslo, Norway som ingår i Avarn Security Group Holding AS, org.nr. 926 867 970 med säte i Norge.

Information om verksamheten

Allmänt

Avarn Security Holding AB startade sin verksamhet i april 2021.

Bolaget ska äga och förvalta aktier och andelar i bolag som bedriver försäljning, till såväl offentliga och privata aktörer, av tjänster och produkter inom säkerhet, samt därmed förenlig verksamhet. Bolaget har inga anställda.

Resultat och ställning översikt (Tkr)	2022	2021
Resultat efter finansiella poster	-11 134	-20 014
Balansomslutning	928 801	856 117
Soliditet	6,7%	8,5%

Nyckeltalsdefinitioner

Soliditet

Justerat eget kapital i procent av balansomslutning.

Väsentliga händelser under räkenskapsåret

Bolaget förvärvade under 2022 resterande delar av aktierna i Avarn Teknik Sverige AB och äger nu 100% av detta teknikbolag.

Väsentliga händelser efter räkenskapsårets utgång

Inga väsentliga händelser efter räkenskapsårets utgång finns att rapportera.

Framtida utveckling

Bolaget ska äga och förvalta aktier och andelar i bolag som bedriver försäljning, till såväl offentliga och privata aktörer, av tjänster och produkter inom säkerhet, samt därmed förenlig verksamhet.

Finansiell ställning

Kassa- och banktillgodohavanden uppgick per 31 december 2022 till 24.096 tkr.

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Eget kapital

	Aktie-kapital	Balanserad vinst	Aktieägartill-skott	Årets resultat	Totalt
Eget kapital 2021-04-13	25	–	–	–	25
Överföring föregående års resultat		–	–	–	–
Aktieägartillskott			93 094		93 094
Årets resultat			–	-20 014	-20 014
Eget Kapital 2021-12-31	25	–	93 094	-20 014	73 105

	Aktie-kapital	Balanserad vinst	Aktieägartill-skott	Årets resultat	Totalt
Eget kapital 2022-01-01	25	–	93 094	-20 014	73 105
Överföring föregående års resultat		-20 014	–	20 014	–
Årets resultat				-11 134	-11 134
Eget Kapital 2022-12-31	200	-20 014	93 094	-11 134	61 971

Förslag till disposition beträffande bolagets vinst
Till årsstämmans förfogande står följande vinstmedel:

Balanserad vinst		-20 014 452
Aktieägartillskott		93 094 216
Årets resultat		-11 133 868
	Summa	**61 945 896**

Styrelsen föreslår att vinstmedlen disponeras så att	
I ny räkning överförs	61 945 896
Summa	**61 945 896**

Vad beträffar företagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande bokslutskommentarer.

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Resultaträkning

Belopp i Tkr	*Not*	2022-01-01 2022-12-31	2021-04-12 2021-12-31
Rörelsens kostnader		-1	–
Rörelseresultat		-1	–
Resultat från finansiella poster			
Erhållen utdelning		70 000	
Ränteintäkter och liknande resultatposter		2 685	131
Räntekostnader och liknande resultatposter	1	-83 818	-20 145
Resultat efter finansiella poster		**-11 134**	**-20 014**
Resultat före skatt		**-11 134**	**-20 014**
Skatt på årets resultat	2	–	–
Årets resultat		**-11 134**	**-20 014**

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Balansräkning

Belopp i Tkr	*Not*	2022-12-31	2021-12-31
TILLGÅNGAR			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	3	860 794	813 594
		860 794	813 594
Summa anläggningstillgångar		**860 794**	**813 594**
Kortfristiga fordringar			
Fordringar hos koncernföretag		43 911	42 498
		43 911	42 498
Kassa och bank	4, 5	24 096	25
Summa omsättningstillgångar		**68 007**	**42 523**
SUMMA TILLGÅNGAR		**928 801**	**856 117**

Balansräkning

Belopp i Tkr	*Not*	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (25 000 aktier)		25	25
		25	**25**
Fritt eget kapital			
Aktieägartillskott		–	93 094
Balanserad vinst eller förlust		73 080	–
Årets resultat		-11 134	-20 014
		61 946	73 080
		61 971	**73 105**
Kortfristiga skulder			
Skulder till koncernföretag		866 830	783 012
		866 830	**783 012**
SUMMA EGET KAPITAL OCH SKULDER	5	**928 801**	**856 117**

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Redovisnings- och värderingsprinciper

Belopp i Tkr om inget annat anges

Allmänt

Avarn Security Holding AB upprättar årsredovisning med tillämpning av årsredovisningslagens och bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Klassificering

Anläggningstillgångar består i allt väsentligt enbart av belopp som förväntas återvinnas eller betalas efter mer än tolv månader räknat från balansdagen.
Omsättningstillgångar och kortfristiga skulder består i allt väsentligt enbart av belopp som förväntas återvinnas eller betalas inom tolv månader från balansdagen.

Värderingsprinciper m m

Tillgångar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Intäkter

Intäktsredovisning sker i enlighet med BFNAR 2012:1 vilket innebär att intäkter har upptagits till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Fordringar

Fordringar upptas till det lägsta av anskaffningsvärde och det belopp varmed det beräknas inflyta.

Likvida medel

Likvida medel omfattar kassa och tillgodohavanden hos bank samt kortfristiga placeringar med en ursprunglig löptid på högst tre månader.

Skatt inklusive uppskjuten skatt

Redovisade inkomstskatter innefattar skatt som ska betalas eller erhållas avseende aktuellt år, justeringar avseende tidigare års aktuella skatt samt förändringar i uppskjuten skatt.

Värdering av samtliga skatteskulder/-fordringar sker till nominella belopp och görs enligt de skatteregler och skattesatser som är beslutade eller som är aviserade och med stor säkerhet kommer att fastställas.

För poster som redovisas i resultaträkningen, redovisas även därmed sammanhängande skatteeffekter i resultaträkningen. Skatteeffekter av poster som redovisas direkt mot eget kapital, redovisas mot eget kapital.

Koncernuppgifter

Bolaget ingår i en koncern i vilken Avarn Security Group Holding AS, org.nr. 926 867 970 är moderbolag. Enligt ÅRL 7 kap 2§ upprättas inte koncernredovisning då överordnat moderbolag upprättar koncernredovisning över samtliga dotterbolag.

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Noter

Not 1 Räntekostnader och liknande resultatposter

	2022-12-31	2021-12-31
Räntekostnader koncernföretag	-56 104	-3 109
Valutakursdifferens lån koncernföretag	-27 714	-17 036
	-83 818	**-20 145**

Bolaget har ett kortfristigt lån mot det norska systerbolaget Avarn Security AS som per den sista december 2022 uppgick till 817.764 tNOK

Not 2 Skatt på årets resultat

	2022-12-31	2021-12-31
Aktuell skatt	–	–
Skatt på årets resultat	**–**	**–**
Resultat efter finansiella poster	**-11 134**	**-20 014**
Skatt beräknad enligt gällande skattesats	2 294	4 123
Skatt hänförlig till tidigare års resultat	–	–
Skatteeffekt ej avdragsgilla kostnader	-2 294	-4 123
	0	**0**

Not 3 Finansiella anläggningstillgångar

	2022-12-31	2021-12-31
Andelar i koncernföretag		
Ingående ackumulerade anskaffningsvärde	813 594	–
Aktieägartillskott	40 000	–
Förvärv	7 200	813 594
Utgående ackumulerade anskaffningsvärden	**860 794**	**813 594**
Bokfört värde	**860 794**	**813 594**

Under 2022 gavs ett aktieägartillskott på 40 miljoner till dotterbolaget Avarn Teknik Sverige AB. I samband med det värderades aktierna i bolaget upp med 40 miljoner.

	Antal andelar	Eget kapital	Årets resultat	Kapital-andel
Avarn Security AB 556256-8138	50 000	82 405	29 151	100%
Avarn Teknik Sverige AB, 556870-7565	142 140	79 109	3 438	100%
Avarn Security Solutions AB 556222-4617	200 000	2 388	601	100%
Summa andelar i koncernföretag	**392 140**	**163 902**	**33 190**	

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Not 4 Ställda säkerheter och ansvarsförbindelser

Inga säkerheter eller ansvarsförbindelser är utställda av bolaget.

Not 5 Eventualförpliktelser

Avarn Security Holding AB har, tillsammans med övriga 20 bolag som omfattas, ett solidariskt ansvar för Avarn Security Group Holding AS-koncernens cashpool limit som per 2021-12-31 uppgick till 350 000 000 NOK. Tillgodohavande i cashpoolen för Avarn Security Holding AB uppgår per 2022-12-31 till 24 MSEK.

Not 6 Väsentliga händelser efter bokslutsdagen

Inga väsentliga händelser har skett efter bokslutsdagen.

Stockholm den dag som framgår av vår elektroniska signatur

David Larsson
Styrelseledamot

Merethe Nodtvendt Jacobsen
Styrelseledamot

Vidar Berg
Styrelseledamot, ordförande

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska signatur
PricewaterhouseCoopers AB

Martin By
Auktoriserad revisor

Signerat 2023-06-30 13:36:00 UTC

Deltagare

AVARN SECURITY HOLDING AB 559311-4571 Sverige

Signerat med Svenskt BankID — *2023-06-29 12:35:42 UTC*

Namn returnerat från Svenskt BankID: David Larsson

David Larsson

Datum

Leveranskanal: E-post

Signerat med Norskt BankID — *2023-06-30 13:26:58 UTC*

Namn returnerat från Norskt BankID: Berg, Vidar

Vidar Berg
Styrelseledamot, ordförande

Datum

Leveranskanal: E-post

Signerat med Norskt BankID — *2023-06-30 13:29:33 UTC*

Namn returnerat från Norskt BankID: Jacobsen, Merethe Nødtvedt

Merethe Nodtvendt Jacobsen
Styrelseledamot

Datum

Leveranskanal: E-post

PRICEWATERHOUSECOOPERS AB 556067-4276 Sverige

Signerat med Svenskt BankID — *2023-06-30 13:36:00 UTC*

Namn returnerat från Svenskt BankID: Per Martin Viktor By

Martin By
Auktoriserad revisor

Datum

Leveranskanal: E-post

ank=20230711102222

ank=20230710;20230710222

pwc

Revisionsberättelse

Till bolagsstämman i Avarn Security Holding AB, org.nr 559311-4571

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Avarn Security Holding AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Avarn Security Holding ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Avarn Security Holding AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Avarn Security Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, *avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.*

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Avarn Security Holding AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Avarn Security Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda

ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den dag som framgår av vår elektroniska signatur

PricewaterhouseCoopers AB

Martin.by
Auktoriserad revisor

ank=20230711022224

Deltagare

PRICEWATERHOUSECOOPERS AB 556067-4276 Sverige

Signerat med Svenskt BankID — *2023-06-30 13:35:14 UTC*

Namn returnerat från Svenskt BankID: Per Martin Viktor By — Datum

Martin.by

Auktoriserad revisor

Leveranskanal: E-post

AVARN
Security

ANNUAL REPORT **2022**

KEY FIGURES 2022

Revenue

8 042 M
2020

7 872 M
2021

8 446 M
2022

EBITDA

536 M
2020

512 M
2021

552 M
2022

Equity

817 M
2020

976 M
2021

1 095 M
2022

The Group delivered a solid year in 2022, with both top- and bottom line growth driven by higher organic sales and improved margins from implementation of sustainable price and productivity measures in all business units. The results are in line with the strategic plans and ambitions.

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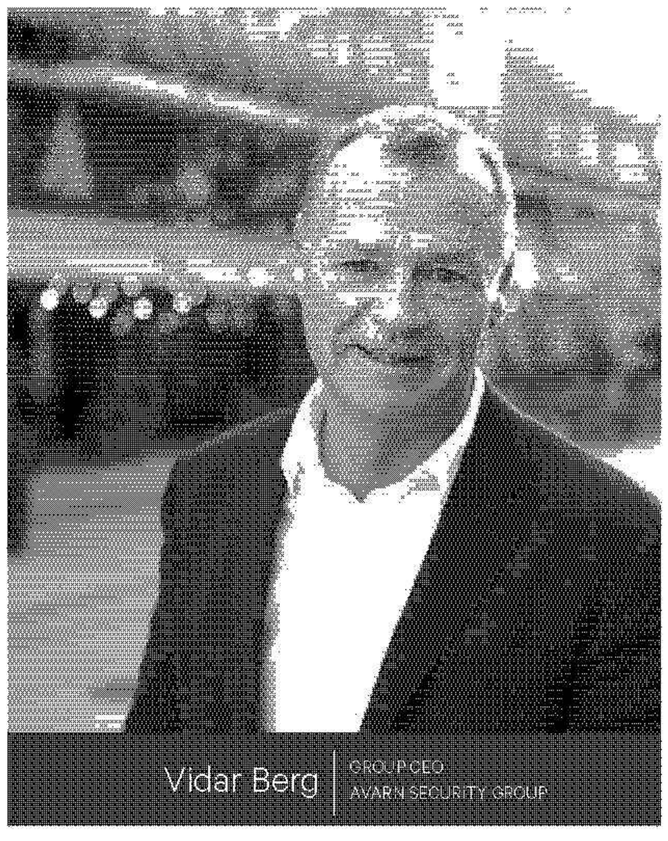
Avarn Security Group CEO statement for 2022

The Group delivered a solid 2022, with revenue growth of 7.3% and an EBITDA improvement, before IFRS adjustments, of 15.1%, compared to 2021. This was driven by higher organic sales, improved margins and reductions in administrative cost. The results are in line with the strategic plans, which sees an increase in both revenues and EBITDA.

However, 2022 has been a challenging year, characterised by high sick leave and tight labour markets in all countries. This has challenged productivity and efficiency and has led to a significant increase in overtime and training costs.

All countries have satisfactory sales rates and increasing top lines in 2022. The Aviation and Cash Handling sectors experienced increased volumes, while still behind 2019 pre-pandemic levels.

In general, we have implemented sustainable price and productivity measures throughout 2022. We have close ongoing follow-up of "Best in Class 2025" (BIC), to ensure planned initiatives contribute to our future targets, focusing on Price, Productivity and Portfolio. There are positive trends in all businesses during the second half of 2022.



Vidar Berg | GROUP CEO AVARN SECURITY GROUP

Guarding

- High sales rates and a 4% increase in revenue, despite a decline in revenue in Finland of 4.5% due to completion of non-profitable contracts
- Significant increase in productivity, despite high sick leave and strained labour market

The overall performance in Guarding has been good in 2022. Revenue increased by 4%, despite a decline in revenue in Finland of 4.5%, due to the completion of non-profitable contracts.

The Guarding business is operationally strong in all countries. Productivity remains heavily affected by higher-than-usual sick leave, with significant impact on costs.

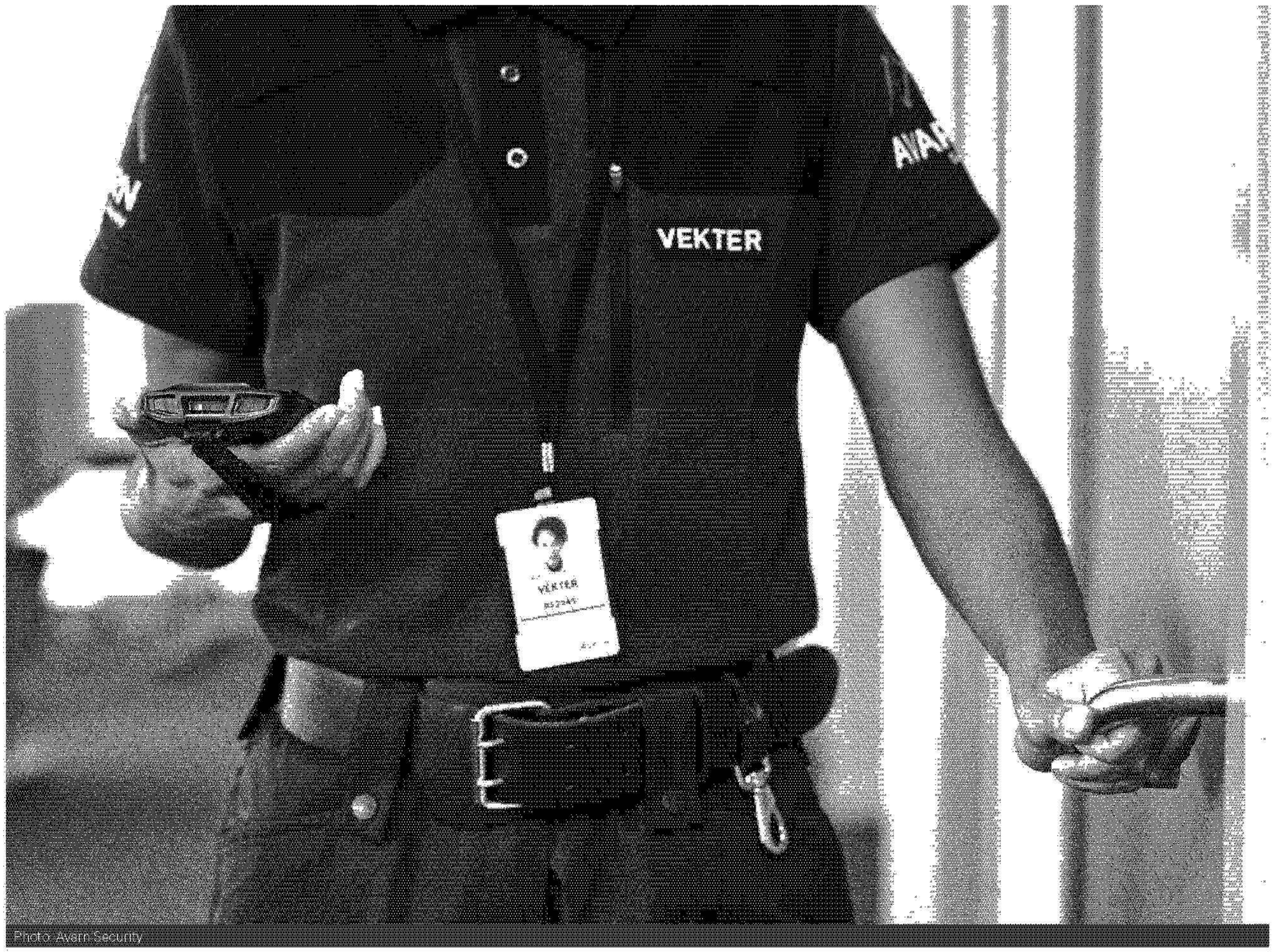


Photo: Avarn Security

Despite challenges relating to lack of resources, sick leave, overtime and rising investment in training and education of personnel, productivity is improving, aided by a focus on quality across service and delivery, alongside a clearly-defined pricing and portfolio strategy.

Aviation

- Another challenging year with large fluctuations in air traffic, but the number of passengers is increasing and in line with forecasts

Strict government travel restrictions in both Norway and Sweden led to very low travel activity and passengers during the start of 2022. However, as projected, the number of passengers is increasing.

The commencement of our new contract at Sola, Flesland and Værnes in April 2022 has made a positive contribution from the second half of 2022.

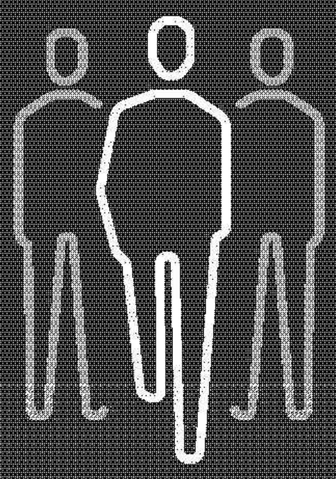
All countries have satisfactory sales rates and increasing top lines in 2022. The Aviation and Cash Handling sectors experienced increased volumes, while still behind 2019 pre-pandemic levels.

Systems

- The industry has experienced some short-term issues with profitability caused by supply-chain disruptions relating to a global semiconductor shortage and a lack of skilled project management and technical expertise
- A reduction in investment activity has led to lower market volumes in both Sweden and Finland

Systems sales and revenues in Norway are in line with earlier targets, while volumes in both Sweden and Finland have come under pressure, due to reduced investment activity. The industry has experienced some short-term issues with profitability caused by supply-chain disruptions relating to global semiconductor shortage,

Dedicated people



Our people are our most important asset as they are the core component of our service offering.

- We will be the most attractive employer through our open and honest culture
- We will be best in class in developing our people through structured and targeted competency and leadership development
- We empower and involve our people to create true ownership and engagement throughout our organization
- Our people choose to stay with Avarn Security as we provide a great place to work
- We care about our employees and our impact on the society
- Our core values *Compassion*, *Commitment* and *Collaboration* are rooted in our daily work

shortage of project management and technician capacity in 2021 and 2022. Nevertheless, there are signs of a recovery and improvements in Q4 2022.

The results in Norway are good, with Sweden and Finland experiencing a lower top line. We have implemented initiatives, such as conceptualisation of product and service offerings, sales plans and organisational changes, to increase revenues and margins.

Monitoring

- Growth in small and medium size alarm portfolio
- Close co-operation and implementing best practice across the Nordic countries

The monitoring business is developing positively, backed by growth in alarm portfolio and by closer co-operation across the Nordics. New management teams and the consolidation of alarm centres and customer service have contributed positively. The organisations are closely aligned within the Group, which secures synergies and best practice across countries.

Skan-kontroll and Semac

- 36% increase in background checks in Semac in 2022 due to a new solution for digital reference checks

Demand for Skan-kontroll's loss prevention and control services has remained steady throughout 2022. The margins are negatively impacted by high sick leave and greater training and education costs.

A solid restructuring and maintenance program in Nokas CH has been carried out in 2022, with significant increase on both top and bottom line.

There has been a significant increase in the volume of background checks in Semac in 2022 and the solution for digital reference checks, launched in December 2021, has contributed positively. Due to a move towards a recurring subscription-based strategy, a reduction in temporary services and the use of security managers, we have experienced a small reduction in security and risk management revenue.

Nokas Cash Handling

- An extensive restructuring and maintenance program of the business has been carried out in 2022
- Cost reduction initiatives and other margin improvements initiatives have contributed significantly to the results

The extension of government pandemic restrictions from 2021 into 2022 resulted in a tough start to the year for Nokas Cash Handling. However, both volumes and sales are increasing in all countries.

A solid restructuring and maintenance programme of the business has been carried out in 2022. Cost-cutting initiatives and other margin improvements have had significant positive impact on the results, particularly in Norway and Denmark. With the programme still operational, additional

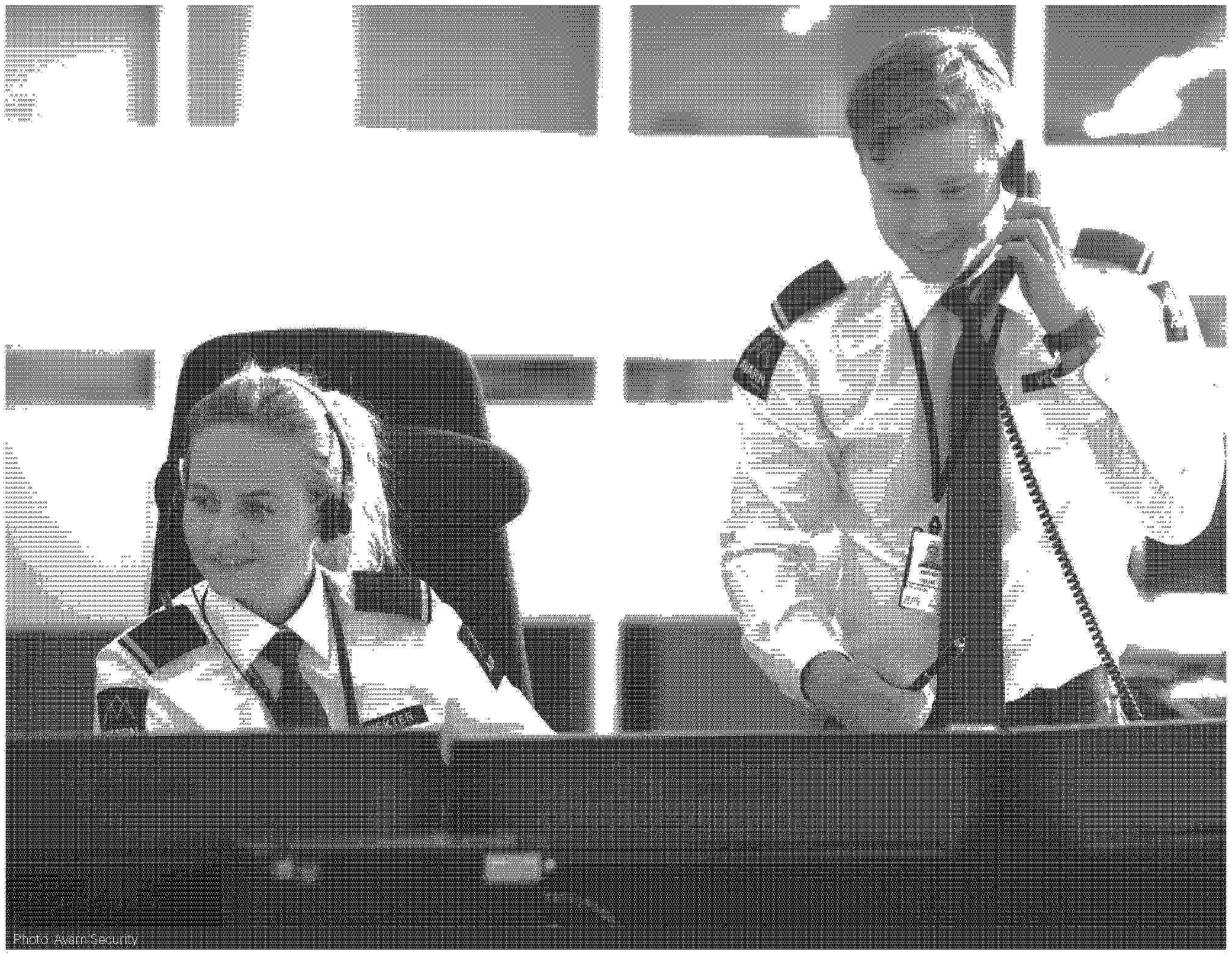


Photo: Avarn Security

improvements are being implemented throughout 2023.

Market

- The security market is growing and sales activity and hit rates in all Nordic countries are good.
- Avarn Security has won, defended and increased market shares, as a result of our strength and size.

Sales within Guarding have been better than expected in 2022. We have won, defended and increased market share.

The Systems sales rate in Norway was in line with expectations, but we experienced a decline in the Systems market in both Sweden and Finland. However, Q4 2022 results would indicate the emergence of a recovery.

The Solutions business, which brings together Systems and Guarding, has been increasing month by month and we expect further growth in 2023.

In general, the security market is growing and sales activity and hit rates in all Nordic countries are good. We have won some significant customers during 2022, and are optimistic about 2023.

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Commercial orientation

Over the past several years, Avarn Security has invested significantly in technical solutions and in developing sales teams across geographies, as we remain focused on becoming best in class in the industry.

Our groupwide approach to the provision of innovative security solutions is based on harnessing technology, combined with, for example our alarm station and call-out service, to deliver a focus on the identification of risk. This enables risk to drive operational requirements and ensures the actual security operation can secure the sites, protect people and safeguard property. We embrace new technology to maintain our competitiveness.

Our new concept, Umbrella, is benefiting from a truly cross-functional and border-less strategy, across product development, deployment, monitoring and continuous development of the service offering. The core objectives are to achieve clear market differentiation and to offer the market a strong, future-proof and cyber-secure platform, challenging traditional, proprietary and out-of-the-box systems available elsewhere.

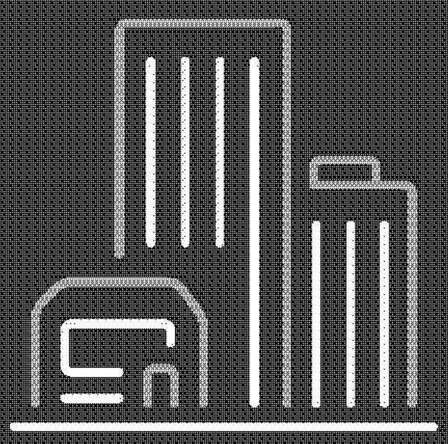
The organisation and operations are moving towards a more streamlined approach, with established and proven processes for seamless installations and service-related commitments. We are increasingly focusing on selecting strategic partners and manufacturers, based on criteria such as total cost of ownership, return on investment, lifecycles, sustainability and secured supply-chain management.

Sharing best practice across our business units and geographies, our expert teams provide clients with advice based on best practice, underpinned by a wide range of real-life case studies where Avarn Security has improved service delivery and provided innovative solutions.

Our commercial teams work with customers in technical, process, people development and commercial innovation that set new industry benchmarks for the future. Our strategy is clear and firmly focused on cross-functional collaboration, to design, deliver and operate security services and solutions in line with customer needs and risk exposure.

Avarn Security believes in forward thinking and driving partnerships with clients by ensuring that solutions and services are centred on best practice and innovation, facilitating the transition from reactive to proactive security services. We truly believe that this way of working is not just cost effective, but ultimately delivers better relationships with and value to our customers.

Commercial orientation



- Profitable growth is a prerequisite for our capacity to invest in our dedicated people and best-in-class solutions
- We compete on quality and provide the best value for money
- We understand and act on the drivers of profitability at a customer and contract level
- We have a relentless focus on continuous improvement and deploy leading practices across our business and operations
- We use modern IT platforms and digital solutions to ensure efficient operations

Sustainability

At Avarn Security Group we care about the well-being of our employees and strive to minimise our impact on the environment.

We are firmly focused on social responsibility and have made a commitment to align our practices with the United Nations' sustainable development goals. Our objective is to meet the needs of today's generations, without compromising the needs and possibilities for future generations.

We closely monitor actions and results across the Group to ensure that we are meeting our sustainability targets.

Avarn Security has pledged to actively pursue several UN sustainable development goals, across all countries, businesses and business areas in which we operate.

We have tailored each sustainable development goal, to ensure these are recognisable and relevant to our own business areas. This enables us to have a shared understanding of our own impact and take appropriate action when necessary. We closely monitor actions and results across the Group to ensure that we are meeting our targets.

As part of our commitment to mitigating climate changes, we use science-based targets to establish goals and reducing emissions, and make stringent demands on our suppliers' environmental goals, methods and results.

To ensure our climate actions are effective, we have pledged to have these approved and monitored 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.

The initiative brings together the world's foremost climate scientists and analysts, to support companies in their work to establish climate goals that align with the Paris Agreement and scientific recommendations for reducing global warming to 1.5°C.

Sustainability

- We are ambitious and committed to reducing climate emissions to near zero by 2050 and set the same environmental requirements for our suppliers and subcontractors
- We strive to become carbon neutral by applying a broad set of measures, including the use of new technology, reduction of travel, facility building/location optimization and replacement to fossil free vehicles
- We set the highest standards in how we conduct our business, relate to the society and treat our customers and employees
- We foster a culture of diversity and inclusion

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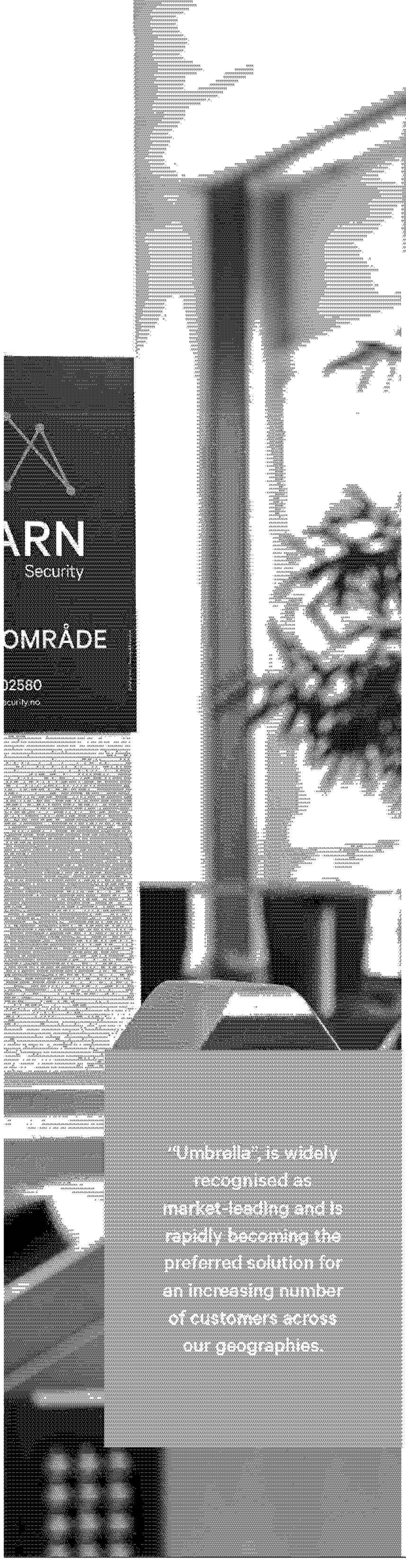


Innovation and digitalisation

Our commitment to become best in class in the industry by 2025 means our investments in digitalisation are strategic and focused on initiatives that strengthen our internal operations, alongside initiatives which innovate and differentiate our products and services in the market.

In 2022, we entered into a partnership with Tech Mahindra, to provide a greater focus on improving and transforming our current services across Information Technology, Finance and Accounting and Human Resources. We are leveraging this partnership to drive strong execution, backed by capacity and competence to improve our internal operations and solutions, while strengthening our competitiveness across business units and geographies.

We are actively exploring opportunities to leverage our vast amounts of data insights and are conducting targeted testing of new and innovative technology, to further improve our customer value proposition and market differentiation.

Our cloud based remote service, "Umbrella", is widely recognised as market-leading and is rapidly becoming the preferred solution for an increasing number of customers across our geographies. Umbrella serves as an excellent example of how our business and technology environments collaborate to improve the security for our customers in a way that challenges conventional wisdom.

The investments made in developing and improving our customer tools for reporting and interaction continue to receive positive feedback from customers, being rated more favourably than competitors' solutions. We are well positioned for further development, focused on enhancing the customer experience.

Lastly, but not least, we took significant steps forward in applying sophisticated business intelligence tools across our business units, which enabled our business to make better informed operational and financial decisions.

The board of directors' report 2022 for Avarn Security Group Holding AS

Operations and locations

Avarn Security is a strategic and responsible security partner for corporate customers and public sector organizations. We secure people and values, and our mission is to help our customers succeed by creating smooth and secure operational environments. We provide security services and solutions in the Nordic market, with main operations in Norway, Sweden, Denmark and Finland. The head office is in Oslo, Norway, and it is headed by Group CEO Vidar Berg.

Avarn Security Group delivers an important part of the infrastructure of a modern society. We have the responsibility for safety across many customers and at airports, nuclear power plants, shopping malls, train and subway stations. Through our services in Nokas Cash Handling, we also ensure that money 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. Our vision is to be a full-service security provider and to deliver first-class security solutions. Our three core values are rooted in our daily work: Commitment, Compassion and Collaboration.

These values are important guiding principles in our business and form the basis of all our decisions, services and products. Internally, these core values help us maintain a steady course, as we work to uphold our commitment to our customers.

Avarn Security has been an important player in the consolidation of the Nordic security and cash handling market. The latest significant consolidation in the market is the merger between 'old' Nokas and 'old' Avarn in 2019. With solid operations and footprints in the Nordic market, together with a strong common culture, we are prepared for further growth. This will primarily be achieved through profitable organic growth, efficiencies, automation and digitalization.

Avarn Security delivers strong underlying results in 2022 despite a strained resource situation in the service industry which has challenged productivity and efficiency and led to an increase in sick leave, overtime and training costs.

Comments related to the financial statements

Major acquisitions in recent years have affected the consolidated financial statements with significant values of intangible assets, such as goodwill and customer contracts. The consolidated financial statements comply with IFRS accounting principles where customer contracts are depreciated over a period of up to 13 years, which is based on experiences from previous acquisitions and individual assessments.

Avarn Security delivers strong underlying results in 2022, and has increased both revenues and EBITDA, despite a strained resource situation in the service industry which has challenged the productivity and efficiency and has led to a significant increase in sick leave, overtime costs and training costs. However, the results in 2022 are in line with the strategic plans, which sees an increase in both revenues and EBITDA.

We have implemented sustainable price and productivity measures and we have close ongoing follow-up of BIC "Best in Class 2025" to ensure that planned initiatives contribute to reach our future targets focusing on Price, Productivity and Portfolio.

The Cash Handling industry has in 2022 experienced increased volumes; however, the volumes are still behind normal levels from 2019. A solid restructuring and maintenance program of the business has been carried out in 2022, and cost cut initiatives and other margin improvements initiatives have given significant positive effects on the result in Nokas.

The Group's revenues increased from kNOK 7 872 393 last year to kNOK 8 445 923 in 2022. Net income in 2022 was kNOK 33 109.

Increased efficiency in operations and cost-effective initiatives realized contributed to a significant improvement in all countries and business units, and overall satisfactory financial results from the operations in 2022.

During 2022 capitalisation of internally generated IT-software amounted to kNOK 24 400. The costs have been capitalized as incurred, as the requirements for a balance sheet disclosure are considered to have been met. The research and development have a long-term perspective and is anticipated to result in positive changes in the product portfolio in the coming year.

Total cash flow from operating activities was kNOK 585 583 in 2022, and EBITDA constituted kNOK 551 532. The difference is related to workings capital items. Total assets at year end amounted to kNOK 5 047 192, compared to kNOK 5 100 616 last year. The equity ratio was 21,7 % as of 31.12.2022, compared to 19,1 % the year before.

Net income (in NOK) is explained by the following:

	2022	2021
Reported EBITDA (incl. restructuring costs)	**307**	259
Other IFRS adjustments	**245**	253
EBITDA consolidated statement IFRS	**552**	512
Depreciations and amortization	**–172**	–166
IFRS 16 – Depreciations adjustments	**–212**	–232
Net interest cost	**–62**	–66
Other (incl. currency effects)	**–35**	–21
IFRS 16 – Interest expense	**–25**	–41
Gain from derecognition of lease in Denmark	**0**	31
Impairment seller credit AmSafe	**0**	–17
Earnings before taxes	**46**	0

Total cash flow from operating activities was 585 583 kNOK in 2022, and EBITDA constituted 551 532 kNOK.

Financial risk

Overall view on objectives and strategy

The Group is moderately exposed to changes in exchange rates, however, trading in local currency where the agent takes the greatest risk of negative changes in currency, reduces the overall risk to Avarn Security. Nokas' sale of currency is hedged against exchange rate changes.

The company is partially exposed to changes in interest rates, since the company's debt has a floating interest rate. Significant changes in interest rates will be able to influence the investment opportunities and profitability within some business areas. In 2022 the exchange rate risk was primarily reduced by ensuring that approximately one third of the company's debt was in foreign currencies (SEK and EUR).

We have liability insurance that applies to all companies within the Group and to its board members and general managers for the possible responsibility they have 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, especially SEK and EUR, as a substantial part of the Group's revenue is in foreign currency. The company's current strategy does not include extensive use of financial instruments. This is, however, continuously being assessed by the Board of Directors.

Credit risk

The risk for losses on receivables is low. The Group has not yet experienced significant losses on receivables, and these are furthermore distributed on several customers. Public enterprises represent approx. 40% of the Group's total turnover. Gross credit risk exposure per 31.12.2022 is kNOK 982 629 for the Group, which is a decrease from 2021 when the exposure was kNOK 1 053 335.

Liquidity risk

The Group's liquidity is improving according to the growth on top and bottom line and is now considered good. We have a constant focus on overdue receivables, as well as payment terms on both incoming and outgoing invoices.

Avarn Security delivers strong underlying results in 2022, and increased both revenues and EBITDA despite a relatively high sick leave and tight labour market in all countries.

Going concern

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

In general, the Security market is growing in all Nordic countries. Avarn Security is experiencing increasing revenues in all countries; however, we are experiencing increased competition by medium sized competitors in the Swedish market.

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	kNOK 33 109
Net income allocated	**kNOK 33 109**

The working environment and the employees

The number of employees in Avarn Security Group is 15 299 in 2022.

Avarn Security Group had short term sick leave of 5,4 % (3,86 % in 2021), and long-term sick leave of 2,3 % (3,14 % in 2021).

2022 has been a particularly testing year with high sick leave, tight labour market and strained resource situation in the service industry in all Nordic countries.

During the year there have been certain reported incidents of work-related accidents resulting in significant material damage or personal injury.

The working environment is considered good. The HR strategies were evaluated and revised in 2020, such that our efforts towards becoming the preferred employer in the security & safety industry will continue and improvements are ongoing. Avarn Security Group works actively to curb gender inequality and prevent discrimination of any kind, such as gender, disability, ethnicity, national origin, skin colour, religion or outlook on life. We work

The equity ratio was 21,7% as of 2022,
compared to 19,1% the year before.

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 implemented 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. In Avarn Security Group the proportion of women is approx. 27 %, of which 13 % are women in leading positions. The Group has two executive vice presidents, of which one is a woman. In the land-based management the proportion of women is in average 25 %.

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 will be provided within the deadline.

Sustainability

We actively focus on social responsibility and commitment to UN sustainable development goals. To us, this is about meeting the needs of people living today, without damaging possibilities for future generations.

Avarn Security has committed to several UN sustainable development goals. These are goals we actively seek to establish across the countries, businesses, and business areas.

We have customised each goal to make them recognisable and relevant to our own business areas. This is to make sure we have a common understanding of our own impact, so that we can take necessary action when needed and closely follow up on actions and results across the Group.

To mention some initiatives, Avarn Security Group has set clear ambitions regarding environmental goals, with the following targets: reducing our footprint with 30 % by 2030, 50 % by 2040 and close to 0 by 2050. We have several areas with clear actions, such as optimizing our operations; using new technology to help us achieve our targets; digitalization; have our offices located close to public transport; and follow strict environmental criteria to achieve zero emission buildings. We also continuously focus on replacing fossil fuel cars with electric cars, where this is economical and practical. As an example, we have approximately 30 % electrical cars in the Oslo area. Avarn Security Group also has the same environmental demands for our partners and sub-contractors.

During the last year we have implemented common KPIs for measuring and reporting, where business units on country level are reporting quarterly on agreed targets.

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Stein Egil Valderhaug
Board member

Knut-Johannes Berg
Employee representative

Christian Svensen
Employee representative

Oslo, 14 June, 2023

Consolidated statement of profit and loss

Amounts in NOK thousands	Note	2022	2021
Consolidated statement of profit and loss			
Total revenue	24	**8 445 923**	7 872 393
Cost of goods sold	24	**-946 927**	-831 499
Personnel expenses	6,13	**-6 335 661**	-5 791 587
Other operating expenses	6,10,17	**-611 803**	-736 824
Earnings before interests, taxes, depreciation and amortisation		**551 532**	512 483
Depreciation and amortisation	7,8,10	**-383 950**	-398 878
Earnings before interests and taxes		**167 582**	113 605
Net Finance	18	**-121 897**	-113 423
Earnings before taxes		**45 685**	182
Income tax expense	16	**-12 576**	-44 327
Net income (loss)		**33 109**	-44 145
Attributable to			
Equity holders of the parent company		**23 879**	-41 711
Non-controlling interests		**9 231**	-2 434
Consolidated statement of comprehensive income			
Net income (loss)		**33 109**	-44 145
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation differences in foreign operations		**31 382**	-81 193
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/loss on defines benefit pension plans	13	**29 829**	-30 036
Tax effects		**-6 562**	6 608
Other comprehensive income		**54 649**	-104 621
Total comprehensive income (loss)		**87 758**	-148 766
Equity holders of the parent company		**75 090**	-140 869
Non-controlling interests		**12 668**	-7 897

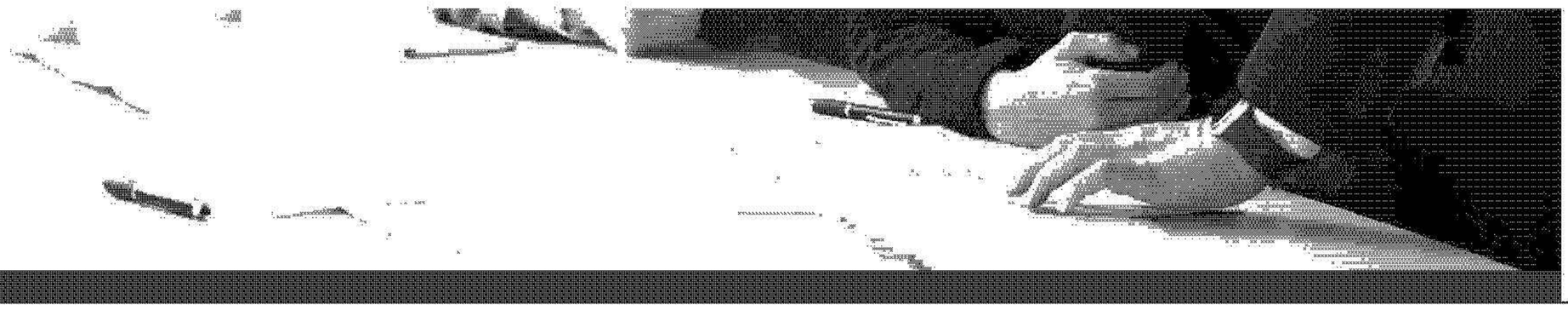


Photo: Avarn Security

Consolidated statement of financial position

Amounts in NOK thousands	Note	2022	2021
Assets			
Non-current assets			
Intangible assets			
Goodwill	8,9	**1 603 791**	1 590 303
Brand	8,9	**147 296**	145 503
Customer portfolio	8	**372 606**	414 100
Deferred tax assets	16	**76 460**	79 438
Other intangible assets	8	**125 912**	88 553
Total intangible assets		**2 326 066**	2 317 897
Right-of-use assets	10	**496 449**	509 692
Fixed assets	7,20	**518 113**	544 494
Financial assets			
Non-current financial assets	14	**6 094**	42 589
Total financial assets		**6 094**	42 589
Total non-current assets		**3 346 722**	3 414 671
Current assets			
Inventory	15,20	**89 856**	70 800
Accounts receivables	12,17,20,24	**979 507**	995 782
Other receivables	12	**310 678**	182 466
Cash and cash equivalents	5,12	**320 430**	436 897
Total current assets		**1 700 470**	1 685 945
Total assets		**5 047 192**	5 100 616

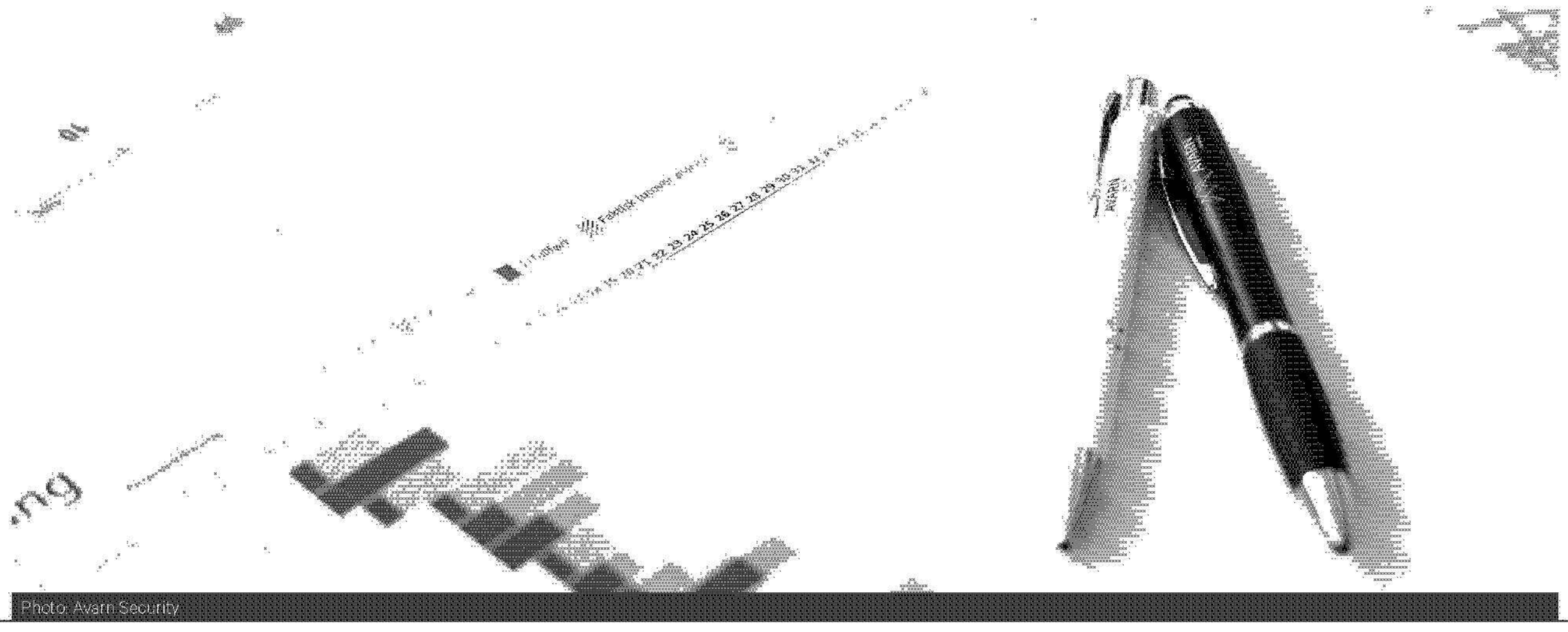


Photo: Avarn Security

Consolidated statement of financial position

Amounts in NOK thousands	Note	2022	2021
Equity and liabilities			
Equity			
Share capital and share premium	19	**1 042 481**	1 042 481
Shareholder loan – equity portion	11,12,19	**308 176**	308 176
Other equity	19	**-373 917**	-473 015
Non-controlling interests	19	**117 777**	98 765
Total equity		**1 094 516**	976 407
Non-current liabilities			
Deferred tax liabilities	16	**123 719**	130 615
Pension liabilities	13	**3 475**	35 549
Lease liabilities	10	**321 567**	338 829
Interest bearing debt	11,12,20,23	**71 862**	619 418
Other non-current liabilities	11,12,23	**28 579**	72 170
Total other non-current liabilities		**549 201**	1 196 581
Current liabilities			
Lease liabilities	10	**199 657**	196 175
Interest bearing debt	11,12,20,23	**815 962**	397 819
Trade payable	11,12	**285 408**	253 511
Tax payable	16	**26 324**	36 088
Public duties payable		**680 842**	427 414
Other current liabilities	25	**1 395 282**	1 616 622
Total current liabilities		**3 403 475**	2 927 629
Total equity and liabilities		**5 047 192**	5 100 616

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Stein Egil Valderhaug
Board member

Knut-Johannes Berg
Employee representative

Christian Svensen
Employee representative

Oslo, 14 June, 2022

Consolidated statement of changes in equity

Amounts in NOK thousands

	Share capital	Share premium	Additional paid-in capital	Share-holder loan	Retained earnings	Foreign currency translation differences	Total equity – Owners of the parent	Non-controlling interests	Total equity
Closing balance 31.12.2020	6 338	428 693	333 583		-121 686	96 421	743 350	73 647	816 996
Correction non-controlling interest	6 338	428 693	333 583	–	(33 015)		(33 015)	33 015	–
Opening balance 1.1.2021	6 338	428 693	333 583	–	-154 701	96 421	710 335	106 662	816 996
Income (loss) for the period					(41 711)		-41 711	(2 434)	-44 145
Other comprehensive income					(23 428)	(75 731)	-99 159	(5 463)	-104 622
Transactions with owners									
Group reorganisation[1]	1	607 449	(607 450)						–
Issue of shareholder loan[2]				308 176			308 176		308 176
Change in non-controlling interests							–		–
Closing balance 31.12.2021	6 339	1 036 142	-273 867	308 176	-219 840	20 690	877 641	98 765	976 406
Opening balance 1.1.2022	6 339	1 036 142	-273 867	308 176	-219 840	20 690	877 641	98 765	976 406
Income (loss) for the period					23 879		23 879	9 231	33 109
Other comprehensive income					23 266	27 945	51 211	3 437	54 648
Transactions with owners									
Capital increase from non-controlling interests					24 008		24 008	6 344	30 352
Closing balance 31.12.2022	6 339	1 036 142	-273 867	308 176	-148 687	48 635	976 739	117 777	1 094 516

[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*.

[2] See Note 12 – Classification of financial assets and liabilities for details of the shareholder loan issued in 2021.

Consolidated statement of cash flows

Amounts in NOK thousands	Note	2022	2021
Cash flows from operating activities			
Earnings before taxes		**45 685**	182
Tax paid for the period		**-36 511**	-24 773
Loss / gain from sale of fixed assets		**-839**	-2 485
Gain from sale of shares		**-1 305**	0
Depreciation and amortisation	7,8,10	**383 950**	398 878
Net interest expense	18	**87 051**	109 968
Change in inventory, acc. rec. and acc. pay		**29 117**	6 272
Net payment to/received from pension fund and liability		**-7**	17 059
Change in other accruals		**78 442**	96 435
Net cash from operating activities		**585 583**	601 536
Cash flow from investing activities			
Proceeds from sale of fixed assets		**14 836**	3 769
Investments in fixed and intangible assets	7	**-85 740**	-98 822
Investment in fixed assets (acquired companies)	7	**-123**	-319 896
Proceeds from sales of shares in subsidiary		**3 000**	0
Net investment/sale of other financial assets		**-22 000**	-2 873
Net cash from investing activities		**-90 027**	-417 822
Cash flows from financing activities			
Proceeds from interest-bearing debt	23	**25 000**	0
Repayment of interest-bearing debt	23	**-218 950**	-138 330
Net interest paid		**-84 088**	-62 928
Payment on financial leases	10	**-233 470**	-255 470
Net proceeds from overdraft facilities	23	**-22 520**	31 998
Dividend paid to non-controlling interests		**-4 320**	-3 627
Net changes in financing of cash cycle (Cash Handling)		**-51 530**	-4 410
Proceeds from shareholder loan (equity)	11,12,19	**0**	308 176
Proceeds from shareholder loan (liability)	11,12,19	**-22 145**	31 824
Net cash from financing activities		**-612 023**	-92 767
Net increase / decrease in cash and cash-equivalents		**-116 467**	90 947
Cash and cash equivalents 01.01	5	**436 897**	345 951
Cash and cash equivalents 31.12	5	**320 430**	436 898

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 22 – Overview of subsidiaries.

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 is 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.

The preparation of financial statements in compliance with the 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 2022.

2.3 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date control is obtained by the Group, and are deconsolidated from the date that control ceases.

When acquiring a business, the acquisition method is used. The consideration paid is measured at the fair value of transferred assets, incurred liabilities and issued equity instruments. Included in the consideration is also the fair value of all assets or liabilities as a result of an agreement on contingent consideration. Identifiable assets, liabilities and contingent liabilities are recognized at fair value at the time of acquisition. Non-controlling interests in the acquired company are measured from time to time either at fair value, or at their share of the acquired company's net assets.

Acquisition-related costs are expensed when they are incurred.

When the acquisition takes place in several stages, the ownership from previous acquisitions shall be revalued to fair value at the time of control with recognition of the change in value in the income statement.

Contingent consideration is measured at fair value at the time of acquisition. Subsequent changes in the fair value of the contingent consideration shall be recognized in the income statement in accordance with IAS 39 or as a change in other comprehensive income, in case the additional contingent consideration is classified as an asset or liability.

Intercompany transactions, balances and (un)realised gains/losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Change in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests in subsidiaries that do not result in a loss of control are accounted for as an equity transaction. When the proportion of the equity held by non-controlling interest changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration is recognized directly in equity and attributed to the owners of the parent.

c) Associated companies

Associated companies are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. The investment is recognized at the time of purchase at acquisition cost and, adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss. The carrying amount includes any implied goodwill identified at the time of purchase.

The Group's share of profits or losses in associated companies is recognized in the income statement and added to the book value of the investment. The Group's share of other comprehensive income in the associated company is recognized in other comprehensive income in the Group and is also added to the capitalized amount for the investments. The Group does not recognize a share of the loss in the income statement if this means that the capitalized amount of the investment becomes negative.

At the end of each accounting period, the Group decides whether there is a need for impairment of the investment in the associated company. In that case, the impaired amount is calculated as the difference between the recoverable amount of the investment and its book value, and the difference is recognized in the income statement under net finance.

Gains and losses on dilution of ownership interests in associated companies are recognized in the income statement under net finance.

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 balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognized as net finance in the statement of profit or loss.

c) Group companies

The results and financial position 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 date of that balance sheet
- income and expenses for each statement of profit or are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are accounted for at acquisition cost less depreciation. Acquisition cost includes costs directly related to the acquisition of the fixed asset.

Subsequent expenses are added to the assets' carrying amount or recognized separately in the balance sheet, when it is probable that future economic benefits associated with the expense will flow to the Group and the expense can be measured reliably. The carrying amount related to replaced parts is recognized in the income statement. Other repair and maintenance costs are recognized in the income statement in the period in which the expenses are incurred.

Expected useful life and residual value are reviewed on each balance sheet date and changed if necessary.

When the carrying amount of an asset is higher than the estimated recoverable amount, the asset is impaired by recognizing an impairment expense, so that the book value reflects the recoverable amount.

2.6 Intangible assets

a) Goodwill

Goodwill arises from acquisition of a business and constitutes the sum of consideration, amounts recognized for non-controlling interests and the fair value at the time of acquisition of previous ownership interest in the acquired company, which exceeds the fair value of net identifiable assets. In the case of purchases on favourable terms, where the sum of the consideration recognized for non-controlling interest and the fair value of the previous ownership interest are lower than the fair value of net identifiable assets, the difference is recognized as income.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment is assessed annually, or more often if there are events or circumstances indicating the need for an impairment. The book value of the cash-generating unit that contains goodwill is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment will not be reversed in subsequent periods.

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 capitalized on the basis of this.

c) Software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management has both intention and ability to complete and use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- There is adequate technical, financial and other resources to complete the development of the software, either for use or a sale, and
- The expenditure attributable to the software during its development can be reliably measured.

Expenses recognized in the balance sheet as proprietary software are directly attributable expenses such as salaries to software developers and a proportionate share of relevant common expenses.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Development expenses that are expensed cannot be recognized in the balance sheet later.

Capitalized proprietary software is depreciated on a straight-line basis over its expected useful life (maximum over five years).

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 amortization.

2.7 Investments and other financial assets

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or an equity instrument for another entity.

The Group's financial assets are non-listed equity investments, accounts receivable, other receivables and cash and cash equivalents. The classification of financial assets on 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 recognizes a financial asset either at fair value, in which transactions costs are expenses in profit or loss or at amortised cost, in which transactions costs are included in the capitalized amount.

The Group classifies its financial assets into two categories:

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

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held in a business model where the purpose is to receive contractual cash flows, and
- The contract terms for the financial asset give rise to cash flows which consist exclusively of payment of principal and interest on given dates.

Subsequent measurement of financial assets measured at amortised cost is made using the effective interest method and is subject to impairment testing. Any gains or losses arising from the asset are recognized in the income statement.

The Group's financial assets at amortised cost include long- and short-term receivables and cash and cash equivalents. Accounts receivable that do not have a significant financing element are measured at the transaction price in accordance with IFRS 15 Revenues from contracts with customers.

The Group measures financial assets at fair value through profit or loss unless measured at amortised cost.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group measures financial assets at fair value through profit or loss if they do not meet the SPPI criteria (the contractual terms for the financial asset give rise to cash flows that consist exclusively of payment of principal and interest on given dates).

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognized if:

- The contractual right to receive cash flows from the financial asset expires, or
- The Group has transferred the contractual right to receive the cash flows from the financial asset or retains the right to receive the contractual rights to receive cash flows from a financial asset, but assumes a contractual obligation to pay cash flows to one or more; and either
  a. The Group has transferred most of the risk and benefits associated with the asset, or
  b. The Group has neither transferred nor retained most of the risk and benefits associated with the asset, but has transferred control of the asset.

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 be measured at amortised cost using the effective interest method. Gains and losses are recognized in profit or loss when the liability is derecognized. 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.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation has been settled, cancelled or expired. When an existing financial liability is replaced by a new liability from the same lender where the terms have been substantially changed, or the terms of an existing liability have been substantially modified, the original liability is derecognized, and a new liability is recognized. The difference between the carrying value of the original liability and the fair value of the new liability is recognized in profit or loss.

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.

2.8 Raw materials and finished goods

Raw materials and finished goods are booked at the lower of cost and net realizable value. Acquisition cost is assigned using the FIFO method. Net realizable 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.

2.9 Accounts receivable

Accounts receivable arise from the sale of goods or services that are within the ordinary operating cycle. If settlement is expected within one year or less, the receivables are classified as current assets. If this is not the case, the receivables are classified as non-current assets. 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 detail in Note 17 – Accounts receivable. Information on the Group's exposure to credit risk and currency risk is described in Note 11 – Financial instruments.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits, including cash in ATM's and customer's money where settlement is made the next working day, in addition to any short-term, highly liquid investments subject to insignificant risk of changes in value, that are readily convertible to known amounts of cash. Bank overdrafts on the Group's cash pool arrangement are recorded as interest bearing-debt as current liabilities on the Balance Sheet.

2.11 Accounts payable

Accounts payable represents the Groups' obligations to pay for goods or services provided by the suppliers to ordinary operations. Accounts payable are classified as short-term if they fall due within one year or less. If this is not the case, it is classified as long-term liabilities.

Accounts payable are measured at fair value on initial recognition. In subsequent measurement, accounts payable are assessed at amortised cost using the effective interest rate, unless the element of interest is insignificant.

2.12 Tax payable and deferred tax

Income tax expense consists of tax payable and changes in net deferred tax. Tax expense is recognized in the income statement, except when it relates to items that are recognized in other comprehensive income or directly against equity. In this case, the corresponding tax expense is also recognized in the statement of other comprehensive income or directly against equity. Tax payable for the period is calculated in accordance with the tax laws and tax rules that have been adopted, or substantially adopted on the balance sheet date in the countries where the entity and subsidiaries operate and generate taxable income.

Deferred tax is calculated on temporary differences between taxable and carrying amounts of assets and liabilities. Deferred tax is not calculated on goodwill. If a temporary difference arises on initial recognition of assets or liabilities in a transaction which is not a business combination, and which at the time of the transaction affects neither accounting profit nor taxable profit, the deferred tax is not recognized in the balance sheet. 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 realized or when the deferred tax is settled.

Deferred tax assets are recognized in the balance sheet to the extent that future taxable profit is sufficient to utilize the deductible temporary differences.

Deferred tax assets and deferred taxes shall be 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.

2.13 Employee benefits

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

a) Pension obligations
For defined contribution plans, the Group pays fixed contributions. The Group has no further legal or self-imposed obligation to contribute additional funds if it turns out that there are insufficient funds to pay all employees the benefits associated with their earnings in this or previous periods. A defined benefit plan is defined as a plan that is not a defined contribution plan. Under defined benefit plans the entity's obligation is to provide the agreed benefits to current and former employees.

The recognized liability in respect of defined benefit plans is recognized in the balance sheet as the present value of the liability at the balance sheet date, less the fair value of the pension assets. The gross liability is calculated by independent actuaries using the "projected unit credit method" in the calculation. The gross liability is discounted to present value using the interest rate on high-quality corporate bonds issued in the currency in which the liability is to be paid, and with approximately the same maturity as the payment horizon of the liability.

Any effect on previously earned rights as a result of changes in the defined benefits is recognized in the income statement immediately. Net interest expense is calculated by using the discount rate on the net pension liability and fair value of pension assets. This cost are included in personnel expenses.

Gains and losses that arise from the recalculation of the liability as a result of experience deviations and changes in actuarial assumptions are recognized in other comprehensive income in the period which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employees benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Termination benefits
Termination benefits are payable when an employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary

redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

c) Bonuses

The Group recognizes bonuses where contractually obliged or where there is a best practice that has created a self-imposed obligation.

2.14 Provisions

Provisions for restructuring and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions for restructuring include termination benefits to employees.

Where there are a number of similar obligations, the likelihood that an outflow will require a settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an interest expense.

2.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. IFRS 15 requires companies to apply professional judgment and take into account all relevant facts and circumstances when customer contracts are assessed in the various steps in the model. The standard also specifies the accounting related to the marginal expenses associated with the achievement of a contract and the expenses that the enterprise incurs in fulfilling this contract.

Recognition and measurement

Revenue from the sale of goods is recognized at the time when control of the asset is transferred to the customer. Control over an asset involves the ability to control the use of and receive more or less all of the remaining benefits of the asset. Control also includes the ability to prevent others from controlling the use of and obtaining the benefits of the asset. Revenue is usually recognized upon delivery of the item.

Revenue from the sale of goods is recognized based on the price of the individual goods in accordance with the contract with the customer. A trade receivable is booked when goods are delivered to the customer. There is usually no financing element related to the contracts with customers as the accounts receivable are normally settled within 30-60 days, which is consistent with industry practice.

The Group recognizes revenue from the sale of services in the period in which the service is provided. For ongoing contracts, the revenue is recognized over time, as the customer simultaneously receives and consumes benefits as the Group offers these.

Note 24 – Revenue from contracts with customers provides further information on the recognition and measurement of income from contracts with customers.

Contract balances

Contract asset: A contract asset is defined as the right to consideration in exchange for goods or services that the Group has transferred to a customer. If the Group transfers goods or services to a customer before the customer pays consideration or before the payment deadline expires, a contract asset is recognized for earned non-invoiced revenue that is contingent.

Accounts receivable: A receivable represents the Group's right to consideration which is unconditional. The Group has entered into an agreement with DNB Bank ASA in which certain accounts receivable that the Group earns are transferred to DNB Bank ASA at the time of invoicing. Accounts receivable that have been transferred to DNB Bank ASA are derecognized from the balance sheet at the time the Group transfers the receivable to DNB Bank ASA, since the right to receive the cash flows have been transferred to DNB.

Contract liability: A Contract liability is a obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. If the customer pays a consideration before the Group has transferred the goods or services to the customer, a contract liability will be recognized at the time of payment. The contract liability will be recognized as revenue when the Group fulfils the delivery obligation as specified in the contract.

2.16 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease agreement if the contract conveys the right to use an asset for a period of time in exchange for consideration.

THE GROUP AS A LESSEE

Separation of the components of a lease

For contracts that constitute or contain a lease, the Group uses an underlying asset as a separate lease component if the Group can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the Group, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each individual lease component in the contract as a lease, separately from non-lease components in the contract.

Recognition of leases and exceptions

At the time of implementation of a lease agreement, the Group recognizes 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 recognizes the lease payments as other operating expenses in the income statement when they are incurred.

Right-of-use asset

The Group measures the right-of-use assets at acquisition cost, minus accumulated depreciation and impairment losses, adjusted for any new measurements of the lease liability.

Acquisition cost for the right-to-use assets includes:

- The initial amount of the lease liability
- Any lease payments made to the lessor at, or before, the commencement date of the lease, less any lease incentives received
- All direct expenses for entering into agreements incurred by the Group

The Group applies IAS 16 "Property, plant and equipment" when depreciating the right-of-use asset. The right-of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies IAS 36 "Impairment of assets" to ensure that the right-of-use assets are not carried at more than their recoverable amount, and to assess the possibility for future events or changes in circumstances that might indicate impairment losses.

The Group presents its right-of-use assets on a separate line in the balance sheet.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that have not yet been paid at that date. The lease period represents the non-cancellable lease term, in addition to periods included by an option to either extend or terminate the lease, as long as the Group is reasonably certain to exercise that option.

The lease payments that are used to measure the lease liability at commencement date include the following:

- Fixed lease payments, less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially included in the lease liability using the index or rate at the commencement date of the lease
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect lease payments in additions to any revaluations or changes to the lease agreement, or adjustments in lease payments which follows from adjustments in indexes or rates.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease payments in the income statement as other operating expenses.

The Group presents its lease liabilities on a separate line in the balance sheet.

2.17 Dividends

Dividend payments to shareholders of the parent company are classified as liabilities from the date the dividend is approved by the general meeting.

2.18 Information on new standards

Adoption of new and revised reporting standards and interpretations

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The amendments which are effective from 1 January 2022 that do not have material impact on the consolidated financial statements:

- Amendments to IFRS 3 Business combinations – reference to Conceptual Framework; Effective 1 January 2022;
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use; Effective 1 January 2022;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract; Effective 1 January 2022;
- Annual improvements to the standards: Improvement cycle 2018 – 2020; Effective 1 January 2022.

Amendments which are effective for the financial periods starting from and after 1 January 2023 and which are not expected to have a material impact on the financial statements:

- IFRS 17 Insurance Contracts (including amendments); Effective 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current; Effective 1 January 2024;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies; Effective 1 January 2023;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates; Effective 1 January 2023;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction; Effective 1 January 2023;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Lease back (issued on 22 September 2022); Effective 1 January 2024. New standards or interpretations have been identified, that will take effect after January 1st 2023, that will have a significant impact on Avarn Security Group Holding's consolidated financial statements.

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 recognized 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 utilized. Consequently, judgement is required in order to forecast for taxable earnings.

3.3 Revenue recognition

Revenue from fixed-price contracts is recognized 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 recognized 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.

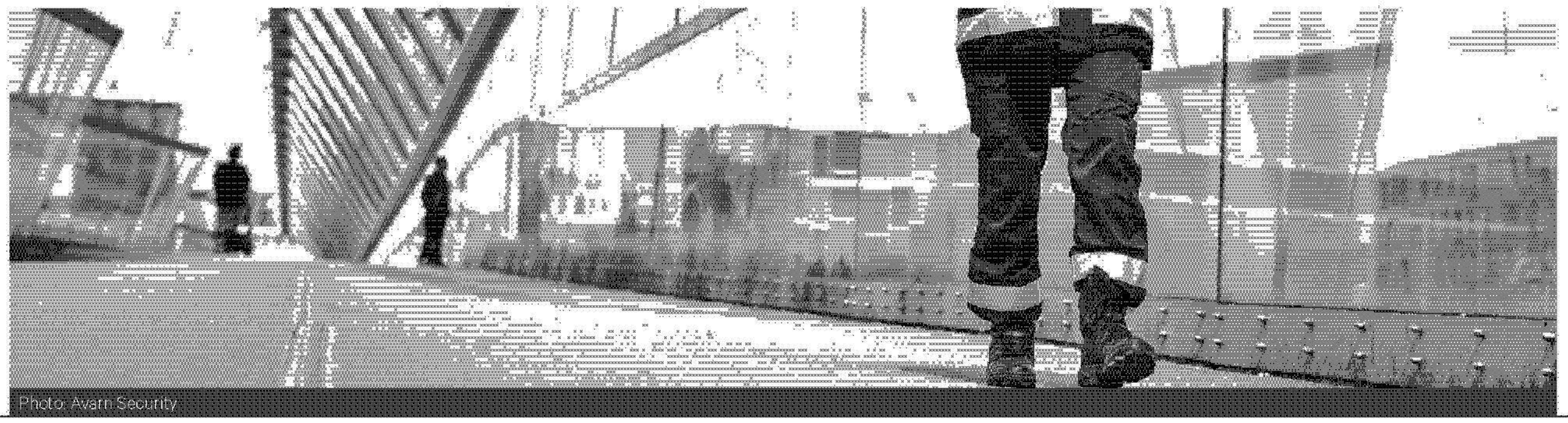


Photo: Avarn Security

NOTE 4 – PARTNERSHIP WITH TECH MAHINDRA

In 2022, Avarn Security entered into a partnership with Tech Mahindra, a leading global provider of digital transformation, to be a service partner in accelerating Avarn Security's digital transformation. Through this agreement, Tech Mahindra will be an end-to-end IT service partner and will provide Avarn Security with services for Finance and Accounting (F&A), Human Resources (HR) and Information Technology (IT). Furthermore, as part of this partnership, close to 100 of Avarn Security's employees within F&A, HR and IT were transferred to Tech Mahindra.

As part of the agreement, Avarn Security received an up-front payment, in an exchange for committing to buy F&A-, HR- and IT-services from Tech Mahindra for a ten year period. The upfront payment received has been accrued over the duration of the agreement of ten years.

NOTE 5 – CASH AND CASH EQUIVALENTS

	2022	2021
Bank deposits	**231 048**	318 863
Restricted cash	**63 586**	61 144
Cash in hand	**25 796**	56 890
Total	**320 430**	436 897
Currency of cash in hand		
NOK	**25 786**	25 228
SEK	**–**	2 278
DKK	**–**	1 743
EUR	**10**	17 571
USD	**–**	5 809
Other	**–**	4 261
Total	**25 796**	56 890
Currency of bank deposits, restricted cash and withholding tax account		
NOK	**220 211**	159 305
SEK	**6 993**	6 508
DKK	**27 248**	182 478
EUR	**40 182**	31 724
USD	**–**	-4
Other	**–**	-4
Total	**294 634**	380 007
Unutilised overdraft facilities at year end	**412 453**	300 749

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 and Denmark. The cash pool arrangement in Danske Bank covers Nokas Verdihåndtering AS and its subsidiaries.

The Group has drawn the following amounts in the Group's cash pool arrangements. In addition to the drawn amounts below, the Group also has an intra-day credit of 60 mNOK used for cash cycle financing, of which nothing was drawn as of 31.12.2022.

Provider of financing	**Amount**
DNB	143 731
Danske Bank	3 816
Total drawn	**147 547**

Credit facilities

As of December 31 2022, there are no restrictions on the use of the Group's unutilised credit facilities.

The portion of cash related to the cash handling division and part of the cash cycle financing is 123 411 (221 597 in 2021). The debt financing this cash is classified as "Other current liabilities". See note 25 for details on this figure.

NOTE 6 – PERSONNEL EXPENSES

Personnel expenses	2022	2021
Salary and fees	**4 978 523**	4 558 040
Payroll tax	**914 303**	840 637
Pension expense	**336 261**	311 255
Other personnel expenses	**106 574**	81 654
Total personnel expenses	**6 335 661**	5 791 587
Average number of employees	**15 299**	14 796

Remuneration to the Group CEO and Chairman of the Board	Group CEO	Chairman
Salary	**4 472**	450
Bonus	**1 567**	
Pension expense	**242**	
Other personnel expenses	**351**	
Total	**6 633**	450

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.

	2022	2021
Loans to employees	**1 032**	997

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

Remuneration to external auditor	2022	2021
Statutory audit	**5 380**	4 480
Attestation services	**436**	94
Tax services	**189**	–
Other non-audit services	**289**	1 379
Total	**6 294**	5 954

Pensions

The Group's pension obligation in Norway satisfies the requirements of the Norwegian Act on Mandatory Occupational Pensions. In addition to the pension obligation in Note 13 – Pension, the Group also has a 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 capitalized.

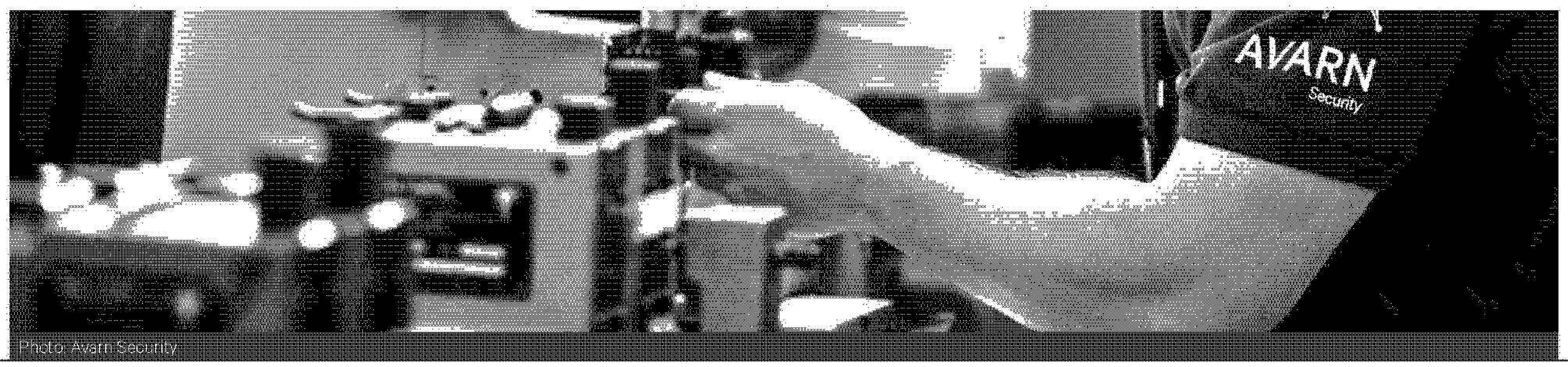


Photo: Avarn Security

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Cost leased fixed asset	Machinery & equipment	Fixtures & fittings	Total 31.12
Acquisition cost 01.01.2021	–	211 303	472 423	655 792	1 339 516
Foreign currency translation adjustment	-7 664	-1 975	3 669	-1 234	-7 203
Reclassifications	63 239	-209 328	144 278	92 821	91 011
Additions (acquired companies)	319 896	–	–	–	319 896
Additions (fixed assets)	11 594	–	8 577	45 876	66 047
Disposals	-385	–	-1 655	-15 172	-17 212
Acquisition cost 31.12.2021	386 681	0	627 292	778 083	1 792 054
Foreign currency translation adjustment	-7 801		14 165	19 445	25 809
Additions (acquired companies)[1]	–		100	23	123
Additions (fixed assets)	128		38 031	25 329	63 487
Disposals	–		-9 678	-4 319	-13 997
Acquisition cost 31.12.2022	379 007		669 909	818 560	1 867 476
Accumulated depreciation 01.01.2021	–	-173 587	-441 598	-470 298	-1 085 482
Foreign currency translation adjustment	-4 806	–	11 662	33 117	39 973
Reclassifications	-19 568	173 587	-87 703	-157 326	-91 011
Depreciation for the year	–	–	-1 485	–	-1 485
Depreciation of acquired companies for the year	-5 594	–	-8 423	-95 539	-109 556
Accumulated depreciation 31.12.2021	-29 969	0	-527 547	-690 045	-1 247 561
Foreign currency translation adjustment	-13 192		1 739	-6 782	-18 236
Depreciation for the year	-14 013		-52 035	-30 233	-96 281
Depreciation of disposals and sold assets	–		8 555	4 159	12 714
Accumulated depreciation 31.12.2022	-57 174		-569 289	-722 901	-1 349 364
Net book amount 31.12.2022	321 833		100 620	95 659	518 113
Net book amount 31.12.2021	356 712		99 744	88 038	544 493
Economic life	Up to 25 years	Up to 25 years	Up to 5 years	Up to 5 years	
Depreciation schedule	Linear	Linear	Linear	Linear	

[1] *Additions from the acquisition of Trygg Vakt AS*

Photo: Avarn Security

NOTE 8 – INTANGIBLE ASSETS

	Development costs / software	Customer portfolio	Brand	Goodwill	Total 31.12
Acquisition cost 01.01.2021	208 459	752 068	154 960	1 639 998	2 755 488
Other	–	–	–	-6 148	-6 148
Foreign currency translation adjustment	-2 090	-10 829	-9 457	-43 547	-65 924
Additions (intangible assets)	29 796	2 521	–	–	32 316
Additions (acquired companies)	–	4 746	–	–	4 746
Disposals	-109	–	–	–	-109
Acquisition cost 31.12.2021	236 057	748 505	145 503	1 590 303	2 720 369
Additions (intangible assets)	67 307	–	–	–	67 307
Additions (acquired companies)	–	22 253	–	–	22 253
Foreign currency translation adjustment	14 945	5 678	1 793	13 488	35 904
Acquisition cost 31.12.2022	318 309	776 436	147 296	1 603 791	2 845 834
Accumulated depreciation 01.01.2021	-135 832	-261 283	–	–	-397 115
Foreign currency translation adjustment	662	–	–	–	662
Depreciation for the year	-12 017	-60 992	–	–	-73 009
Other	-318	-12 129	–	–	-12 447
Accumulated depreciation 31.12.2021	-147 504	-334 404	–	–	-481 909
Foreign currency translation adjustment	-1 956	-5 203			-7 159
Depreciation for the year	-42 936	-64 223			-107 159
Accumulated depreciation 31.12.2022	-192 396	-403 830	–	–	-596 227
Net book amount 31.12.2022	125 913	372 607	147 296	1 603 791	2 249 607
Net book amount 31.12.2021	88 553	414 101	145 503	1 590 303	2 238 460
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 as a value through purchase price allocation. 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.

NOTE 9 – GOODWILL AND BRAND IMPAIRMENT TEST

2022

Goodwill and brand in the Group amounted to kNOK 1 751 088 as of December 31, 2022. 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 is monitored and tested for impairment, in which the value in use of cash-generating units (CGUs) is estimated, as defined in IAS 36 – Impairment of Assets.

Book value for 2022	Goodwill	Brand	Total
Norway	422 292	–	422 292
Sweden	543 644	76 615	620 260
Finland	437 284	70 681	507 965
Cash Handling	179 806	–	179 806
Skan-Kontroll	20 765	–	20 765
Total	**1 603 791**	**147 296**	**1 751 088**

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 30.09.2022. However, there are no material changes to assumptions or booked values in the period until 31.12.2022.

Management's conclusion is that there is no need for impairment as of 31.12.22 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 30.09.2022

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.

Key assumptions when calculating value in use

Discount rate
Discount rate is based on weighted average cost of capital (WACC).

The discount rates take into account the interest free rate over the relevant forecast period, market risk premium, systematic risk (beta), leverage and cost of debt as well as illiquidity premium.

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. 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 Handling
Reduction of EBITDA margin[1] before triggering impairment	3,8 %	2,4 %	0,5 %	8,0 %	5,0 %

[1] *Expressed as percentage points*

2021

Goodwill and brand in the Group amounted to kNOK 1 735 806 as of December 31, 2021. 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 is monitored and tested for impairment, in which the value in use of cash-generating units (CGUs) is estimated, as defined in IAS 36 – Impairment of Assets.

Book value for 2021	Goodwill	Brand	Sum
Norway	422 292	–	422 292
Sweden	557 198	78 343	635 541
Finland	415 498	67 160	482 658
Skan-Kontroll	174 549	–	174 549
Cash Handling	20 765	–	20 765
Total	1 590 303	**145 503**	**1 735 806**

The Group tests goodwill and brand for impairment at least annually, or when there are indications of impairment.

An assessment was performed as of 31.12.2021. Management's conclusion is that there is no need for impairment as of 31.12.21 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 31.12.2021

2021	Norway	Sweden	Finland	Skan-Kontroll	Cash Handling
Discount rate	7,7 %	6,6 %	6,2 %	7,7 %	11,7 %
Long-term growth rate	2,0 %	2,0 %	2,0 %	2,0 %	-4,0 %
Risk-free interest rate	1,6 %	0,4 %	0,0 %	1,6 %	1,6 %
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.

Key assumptions when calculating value in use

Discount rate
Discount rate is based on weighted average cost of capital (WACC).

The discount rates take into account the interest free rate over the relevant forecast period, market risk premium, systematic risk (beta), leverage and cost of debt as well as illiquidity premium.

Sensitivity analysis for the key assumptions

As of the balance sheet date, 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.

2021	Norway	Sweden	Finland	Skan-Kontroll	Cash Handling
Reduction of EBITDA margin[1] before triggering impairment	3,3 %	2,3 %	0,8 %	3,6 %	0,7%

[1] *Expressed as percentage points*

Photo: Avarn Security

NOTE 10 – LEASES

Right-of-use assets	Buildings	Equipment	Vehicles	Total
Book value of right-to-use assets 31.12.2021	**285 644**	**101 962**	**122 087**	**509 692**
Foreign currency translation adjustment	1 937	4 940	1 229	8 106
Additions of right-of-use assets	48 481	–	90 513	138 993
Adjustments	48 757	–	2 561	51 318
Depreciation	-94 178	-42 412	-75 067	-211 657
Disposals	–	–	-4	-4
Book value of right-to-use assets 31.12.2022	**290 640**	**64 490**	**141 318**	**496 448**
Lowest of remaining rental period or economic life	1-25 years	1-10 years	1-5 years	
Depreciation method	Linear	Linear	Linear	

Total lease liabilities	Total
Total lease liabilities 31.12.2021	**535 004**
Foreign currency translation adjustment	4 819
New lease liabilities recognized in the period	137 964
Adjustments	51 679
Payments on lease liabilities (principal portion and interest)	-233 470
Interest expense	25 233
Derecognition of lease liabilities	-4
Total lease liabilities 31.12.2022	**521 224**
Short-term lease liabilities	208 019
Long-term lease liabilities	313 205
Undiscounted lease liabilities and overdue payments	
Less than 1 year	211 818
1-2 year	155 673
2-3 year	90 258
3-4 year	53 182
4-5 year	40 898
More than 5 years	59 280
Total undiscounted lease liabilities 31.12.2022	**611 109**

Right-of-use assets	Buildings	Equipment	Vehicles	Total
Book value of right-to-use assets 31.12.2020	**642 894**	**150 438**	**132 363**	**925 695**
Foreign currency translation adjustment	-23 938	-1 494	–	-25 432
Additions of right-of-use assets	–	81	58 936	59 017
Adjustments	22 727	–	1 237	23 963
Disposals	-248 421	–	-36	-248 457
Depreciation	-107 618	-47 063	-70 413	-225 095
Book value of right-to-use assets 31.12.2021	**285 644**	**101 962**	**122 087**	**509 692**
Lowest of remaining rental period or economic life	1-25 years	1-10 years	1-5 years	
Depreciation method	Linear	Linear	Linear	

Total lease liabilities	Total
Total lease liabilities 31.12.2020	**990 668**
Foreign currency translation adjustment	-45 356
New lease liabilities recognized in the period	58 900
Adjustments	25 564
Payments on lease liabilities (principal portion and interest)	-255 470
Interest expense	40 542
Derecognition of lease liabilities	-279 845
Total lease liabilities 31.12.2021	**535 004**
Short-term lease liabilities	196 175
Long-term lease liabilities	338 829

Undiscounted lease liabilities and overdue payments	
Less than 1 year	199 238
1-2 year	140 185
2-3 year	95 845
3-4 year	47 299
4-5 year	34 623
More than 5 years	86 232
Total undiscounted lease liabilities 31.12.2021	**603 421**

NOTE 11 – FINANCIAL INSTRUMENTS

Financial risk

The Group makes use of bank loans, overdraft facilities as well as shareholder loans as financing instruments. The purpose of these financial instruments is to ensure capital for investments that are 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. For details on credit facilities, see Note 5 – Cash and cash equivalents.

The following table provides an overview of the maturity schedule for the Group's financial liabilities. Financial instruments with no required repayment, are presented in the column "More than four years".

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

2022	Maturity schedule – Financial liabilities				
	Less than 1 year	1–2 years	2–4 years	More than 4 years	Total
Bank financing DNB					
Facility A, tranche 1 – SEK	156 128	–	–	–	**156 128**
Facility B, tranche 1 – NOK	470 000	–	–	–	**470 000**
Revolving Capex Facility	23 904	–	–	–	**23 904**
Bank financing Finland – OP Bank	17 516	71 862	–	–	**89 378**
Financial leases	211 818	155 673	143 440	100 178	**611 109**
Subordinated loan Finland – Shareholder loan	–	27 155	–	–	**27 155**
Shareholder loan – Avarn Security Group Holding AS[1]	9 679	–	–	–	**9 679**
Overdraft facility – DNB	143 731	–	–	–	**143 731**
Overdraft facility – Danske Bank	3 816	–	–	–	**3 816**
Trade payable	285 408	–	–	–	**285 408**
Total	**1 322 001**	**254 690**	**143 440**	**100 178**	**1 820 309**

[1] In 2021, the Group issued a shareholder loan in which the majority of the loan was classified as equity. The portion classified as debt corresponds to the present value of interest payments on the shareholder loan. See further details on the shareholder loan in the statement of changes in equity and Note 12 – Classification of financial assets and liabilities.

2021	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	2 845	81 986	–	–	**84 831**
Facility A, tranche 2 – SEK	2 709	78 082	–	–	**80 791**
Facility B, tranche 1 – NOK	151 000	486 450	–	–	**637 450**
Bank financing Finland – OP Bank	101 670	–	–	–	**101 670**
Financial leases	199 238	140 185	143 144	120 855	**603 422**
Subordinated loan Finland – Shareholder loan	–	–	–	21 845	**21 845**
Shareholder loan – Avarn Security Group Holding AS[1]	–	23 800	9 917	–	**33 717**
Overdraft facility – DNB	166 251	–	–	–	**166 251**
Cash in transit financing – Danske Bank	56 395	–	–	–	**56 395**
Trade payable	253 511	–	–	–	**253 511**
Total	**933 619**	**810 503**	**153 061**	**142 700**	**2 039 883**

The Group is measured by the following covenant requirements for the loans in DNB; (i) free cash flow to debt service (ii) gearing ratio, (iii) interest cover and (iv) capital expenditure. For the loan in Finland to OP Bank, the following covenants apply; (i) Net debt / Adjusted EBITDA and (ii) Cash flow cover.

The Group was not in breach with its covenants with as of year end. Furthermore, the Group is subject to the following margin above the reference rate for the loans in Op Bank and DNB;

Financing	Margin
DNB	3,75 %
Finland	4,5 % (Facility A) & 5,0 % (Facility B)

(ii) Credit risk

The Group is mainly exposed to credit risk related to trade 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 considers its main risk exposure to be the notional amount of trade receivables and other current assets.

The Group has an agreement with DNB in which the major part of the Groups accounts receivables in Norway and Sweden is purchased by DNB, and the credit risk for the purchased accounts receivables is consequently in all material respect transferred to DNB. As such, the Group has made a limited amount of provisions for losses on accounts receivables by year end, since the credit risk has been significantly reduced.

The Group's assessment of expected credit losses on trade receivable is described in Note 17 – Accounts receivable.

(iii) Market risk – Interest rate risk

The Group's exposure to interest rate risk arises from its financing activities (See Note 12 – Classification of financial assets and liabilities). 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 2022.

Financial year	Changes in interest rates (%-points)	Effect on profit before tax (kNOK)
2022	+0,25%	-2 217
	+0,50%	-4 435
	+0,75%	-6 652
2021	+0,25%	-2 708
	+0,50%	-5 417
	+0,75%	-8 125

The Group is measured by the following covenant requirements according to the loan agreement:
(i) Free cash flow to debt services, (ii) Gearing ratio, (iii) Interest cover and (iv) Capital expenditures

(iv) Market risk – currency risk

The Group is exposed to currency fluctuations related to 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 our cash at hand. See Note 5 – Cash and cash equivalents for details on the distribution of the currency for the Group's cash holdings.

Since a significant part of the Group's turnover is in SEK, the Group has drawn a share of the financing in foreign currency (SEK) to reduce currency risk. The following table shows the Group's sensitivity to potential changes in exchange rates. The calculation takes into account exchange rate translation for all consolidated foreign subsidiaries, and shows the effect on the consolidated result given changes in the currency rates.

Sensitivity – Effect on net income from change in currency rates

Year	Changes to currency rates	SEK	DKK	EUR
2022	+10 %	-3 869	-938	3 226
	+ 5 %	-1 934	-469	1 613
	- 5 %	1 934	469	-1 613
	- 10 %	3 869	938	-3 226
2021	+10 %	4 779	-4 160	-1 739
	+ 5 %	2 389	-2 080	-870
	- 5 %	-2 389	2 080	870
	- 10 %	-4 779	4 160	1 739

NOTE 12 – CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

31.12.2022	Financial instruments at amortized cost	Total
Assets		
Other financial assets	1 913	1 913
Accounts receivable	979 507	979 507
Cash and cash equivalents	320 430	320 430
TOTAL FINANCIAL ASSETS	**1 301 850**	**1 301 850**
Liabilities		
Non-current debt to credit institutions[1]	71 862	71 862
Current debt to credit institutions[2]	815 962	815 962
Non-current lease liabilities	321 567	321 567
Current lease liabilities	199 657	199 657
Shareholder loan[3]	9 679	9 679
Shareholder loan (Finland)	27 155	27 155
Trade payable	285 408	285 408
TOTAL FINANCIAL LIABILITIES	**1 731 291**	**1 731 291**

[1] The amount consists of long-term portion of debt to Op Bank in Finland ..

[2] The amount includes debt to DNB (overdraft and instalment loans), debt to Op Bank in Finland in addition to overdraft in the Cash Handling division. See Note 5 for details on the Group's credit facilities, and drawn amounts on these.

[3] During 2021, The Group issued a shareholder loan, in which certain shareholders decided to participate. The Shareholder loan was issued with the right to convert to equity for both parties, given certain conditions. As such, the majority portion of the shareholder loan is classified as equity. The portion classified as debt, is upon initial recognition measured at net present value of the interest payments on the loan, and subsequently measured at amortised cost. The amount classified as equity, is equal to the notional amount of the loan, excluding the amount classified as debt upon initial recognition.

31.12.2021	Financial instruments at amortized cost	Total
Assets		
Other financial assets	218 736	218 736
Accounts receivable	995 782	995 782
Cash and cash equivalents	417 688	417 688
TOTAL FINANCIAL ASSETS	**1 632 207**	**1 632 207**
Liabilities		
Long-term debt to credit institutions[1]	619 418	619 418
Short-term debt to credit institutions[1]	397 819	397 819
Long-term lease liabilities	338 829	338 829
Short-term lease liabilities	196 175	196 175
Shareholder loans[2]	31 824	31 824
Shareholder loan (Finland)	21 845	21 845
Trade payable	253 511	253 511
TOTAL FINANCIAL LIABILITIES	**1 859 421**	**1 859 421**

[1] Of which drawn amount on the Group's cash pool arrangement was 166 251 as of 31.12.2021.

NOTE 13 – PENSION

Recognized pension cost is calculated as follows	2022	2021
Service cost	**-1 177**	-395
Interest expense / income on pension	**298**	134
Payroll tax	**-148**	-37
Administrative expenses related to management of plan assets	**–**	152
Recognized pension cost (Norway)	**-1 027**	-146
Other comprehensive income		
Remeasurements (loss) gain	**-28 512**	26 764

Pension liabilities and pension assets	2022	2021
Defined benefit obligation (DBO) at the beginning of year	**497 883**	481 779
Current service cost	**132**	538
Interest cost on DBO	**8 014**	8 007
Past service cost – curtailment/plan amendment	**-69 575**	-933
Remeasurements loss (gain)	**-10 044**	28 179
Payroll tax of employer contribution		
Benefits paid	**-13 081**	-19 687
DBO at end of year	**413 328**	497 883
Fair value of assets at beginning of year	**467 790**	495 500
Interest income on plan assets	**7 715**	7 873
Past service cost	**-68 267**	
Employer contribution	**7**	-17 568
Benefits paid	**-13 081**	-16 567
Administrative expenses	**-1 838**	-2 863
Remeasurements (loss) gain	**18 468**	1 415
Fair value of assets at end of year	**410 793**	467 790
Net defined benefit obligation (-) / asset (+) 31.12	**-2 535**	-30 093
Payroll tax	**-940**	-4 243
Obligation in financial statement	**-3 475**	-34 336

Movement in net defined benefit obligation/asset during the year	2022	2021
Balance sheet provision (prepayment) at beginning of year	**34 336**	-13 721
Cost in financial statement	**-1 027**	-146
Contributions/benefits paid during year (including PT)	**-7**	16 485
Remeasurements recognised in OCI	**-29 829**	30 036
Other movements		1 682
Balance sheet provision (prepayment) at end of year	**3 475**	34 336

Assumptions	2022	2021
Discount rate	**3,00 %**	1,90 %
Estimated return on plan assets	**3,00 %**	1,90 %
Rate of compensation increase	**3,25 %**	2,50 %
Rate of pension increase	**variable**	variable
Increase of social security base amount (G)	**3,25 %**	2,50 %
Payroll tax / social security tax	**14,10 %**	14,10 %
Mortality table	**K2013BE**	K2013BE
Disability table	**KU**	KU

Number of people in the scheme	2022	2021
Active	**2**	2
Retirees	**130**	217

NOTE 14 – FINANCIAL ASSETS

Financial assets consist of the following items.

Other non-current receivables	31.12.2022	31.12.2021
Investments in associated companies[1]	**4 181**	5 700
Deposit	**–**	12 502
Long-term receivable	**–**	17 024
Other receivables and long-term investments	**1 913**	7 362
Total	**6 094**	42 589

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

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	3 625	339	217	**4 181**

Investments in associated companies – 2021	Nokas Teknikk Sør AS	Nokas Brann-konsult AS	Vadla Trygghets-byrå AS	Total
Ownership	**34 %**	**34 %**	**37 %**	
Carrying value at year end	3 729	276	1 695	**5 700**

NOTE 15 – INVENTORY

	2022	2021
Supplies inventory	**2 886**	6 793
Purchased goods for resale	**88 604**	66 120
Total	**91 491**	72 913
Provision for obsolescence	**-1 634**	-2 113
Book value of inventory	**89 856**	70 800

Photo: Avarn Security

NOTE 16 – TAXES

	2022	2021
Income tax expense recognised in profit and loss		
Tax payable	**-20 278**	-24 106
Change in deferred tax on profit and loss	**8 641**	-13 173
Adjustment of previous years' tax expense	**-939**	-7 048
Income tax expense	**-12 576**	-44 327
Effective tax rate	**-28 %**	-24355 %
Income tax on items recognised in other comprehensive income (OCI)		
Change in deferred tax	**-6 562**	6 608
Total tax on items over (OCI)	**-6 562**	6 608
Reconciliation of tax expense		
Profit before tax	**45 685**	182
Tax at 22% (Tax rate of parent company)	**-10 051**	40
Tax expense	**-12 576**	-44 327
Difference	**-2 525**	-44 367
Difference explained by		
Utilisation of deferred tax asset not recognised	**–**	-20 382
Correction of previous years tax expense	**-939**	-7 048
Non-deductible interest costs	**–**	-10 620
Other	**-1 586**	-6 317
Total explanation	**-2 525**	-44 367
Tax payable at year end in the balance sheet	**26 324**	36 088
Significant components of deferred tax assets		
Tax loss carried forward	**20 321**	38 071
Non-deductible interest expenses	**19 480**	22 702
Accruals	**26 205**	
Non-current assets	**3 957**	6 698
Leases	**3 418**	2 958
Pension liability	**1 001**	7 821
Other	**2 079**	3 070
Offsetting items[1]	**–**	-1 881
Total deferred tax assets	**76 460**	79 438
Significant components of deferred tax liabilities		
Deferred tax on intangible assets	**110 501**	119 720
Non-current assets	**–**	12 155
Pension asset	**–**	–
Other items	**13 217**	620
Offsetting items[1]	**–**	-1 881
Total deferred tax liabilities	**123 719**	130 615

[1] Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Net deferred tax asset (+) / liability (-)	**-47 259**	-51 176
Specification of tax loss carried forward		
Norway	**1 075**	173 049
Sweden	**120 920**	156 140
Denmark	**327 039**	239 420
Finland	**113 210**	82 180
Total	**562 245**	650 789

No deferred tax asset has 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 future taxable profit will not be sufficient to fully utilise the tax loss carried forward for entities in these two countries. The majority of tax loss carried forward in Sweden has been recognised as deferred tax asset, whereas all tax loss carried forward in Norway has been recognised as deferred tax asset.

Tax rates:	2022	2021
Norway	**22,0 %**	22,0 %
Sweden	**20,6 %**	21,4 %
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
2023	3 110
2024	15 238
2025	9
2026	73
More than five years	60 401
No expiration date	449 035
Total	**527 866**

NOTE 17 – ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivables – Notional amount	**982 629**	1 006 238
Loss allowance	**-3 122**	-10 453
Accounts receivable – Carrying value at year end	**979 507**	995 785

	2022	2021
Loss allowance at 01.01	**10 453**	23 426
Change in loss allowance during the year	**-7 331**	-12 973
Loss allowance at 31.12	**3 122**	10 453

Aging profile of accounts receivable as of 31.12	2022	2021
Not due	**894 743**	849 837
Less than 30 days	**73 971**	133 224
30-60 days	**7 801**	14 324
60-90 days	**2 057**	4 122
More than 90 days	**4 056**	4 732
Total	**982 628**	1 006 239
Credit loss recognised in profit and loss during the year	**2 084**	8 678

The Group has an agreement with DNB in which the major part of the Groups accounts receivables in Norway and Sweden is purchased by DNB, and the credit risk for the purchased accounts receivables is consequently in all material respect transferred to DNB. As such, the Group has made a limited amount of provisions for losses on accounts receivables by year end.

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 recognized as Other operating expenses during the period.

NOTE 18 – FINANCE INCOME AND EXPENSES

	2022	2021
Interest income	**12 902**	6 280
Gain from derecognition of lease	**–**	31 388
Total finance income	**12 902**	37 668
Interest costs	**-74 720**	-76 003
Impairment of seller credit	**–**	-17 278
Net currency loss	**-8 497**	-3 394
Leasing interest costs	**-25 233**	-40 542
Other finance costs	**-26 350**	-13 874
Total finance costs	**-134 799**	-151 091
Net financial expenses	**-121 897**	-113 423

NOTE 19 – SHARE CAPITAL AND SHAREHOLDERS INFORMATION

Share capital

Share capital – Avarn Security Group Holding AS pr. 31.12.2022	No. of shares	Par value (NOK)	Total
Ordinary shares	410 264	15,45	6 339
Total	**410 264**	**15,45**	**6 339**

All shares give the same right in the company.

Ownership structure

The largest shareholders of Avarn Security Group Holding AS as of 31.12.2022 were as follows:

Name of entity	Shares	Ownership	Voting share
SANOK INVEST AS	81 722	19,9 %	19,9 %
STIFTELSEN FRITT ORD	76 968	18,8 %	18,8 %
WFW INVEST AS	41 928	10,2 %	10,2 %
NOMAD HOLDING AS	36 713	8,9 %	8,9 %
TTC INVEST AS	23 303	5,7 %	5,7 %
RG HOLDING AS	23 789	5,8 %	5,8 %
INAK 3 AS	22 397	5,5 %	5,5 %
DNB BANK ASA	8 759	2,1 %	2,1 %
ALDEN AS	7 786	1,9 %	1,9 %
SYNCRON AS	7 183	1,8 %	1,8 %
TROVATOR AS	6 814	1,7 %	1,7 %
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 %
BJØRNAR 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	367 033	89,5 %	89,5 %
Total others	43 231	10,5 %	10,5 %
Total number of shares outstanding	**410 264**	**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	550	0,1 %
Bjørnar Olsen	Board member	2 800	0,7 %
Inak 3 AS[1]	-	22 397	5,5 %

[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.

Subscription rights

Subscription rights	No. of subscription rights
Total subscription rights issued at 31.12.2022	479 912

See table below for maturity schedule of subscription rights issued.

Expiration date	No. of independent subscription rights
30.05.2023[1]	167 241
10.04.2024	135 661
27.06.2024	177 010
Total	**479 912**

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

[1] Subscription rights issued to the creditors of the shareholder loan.

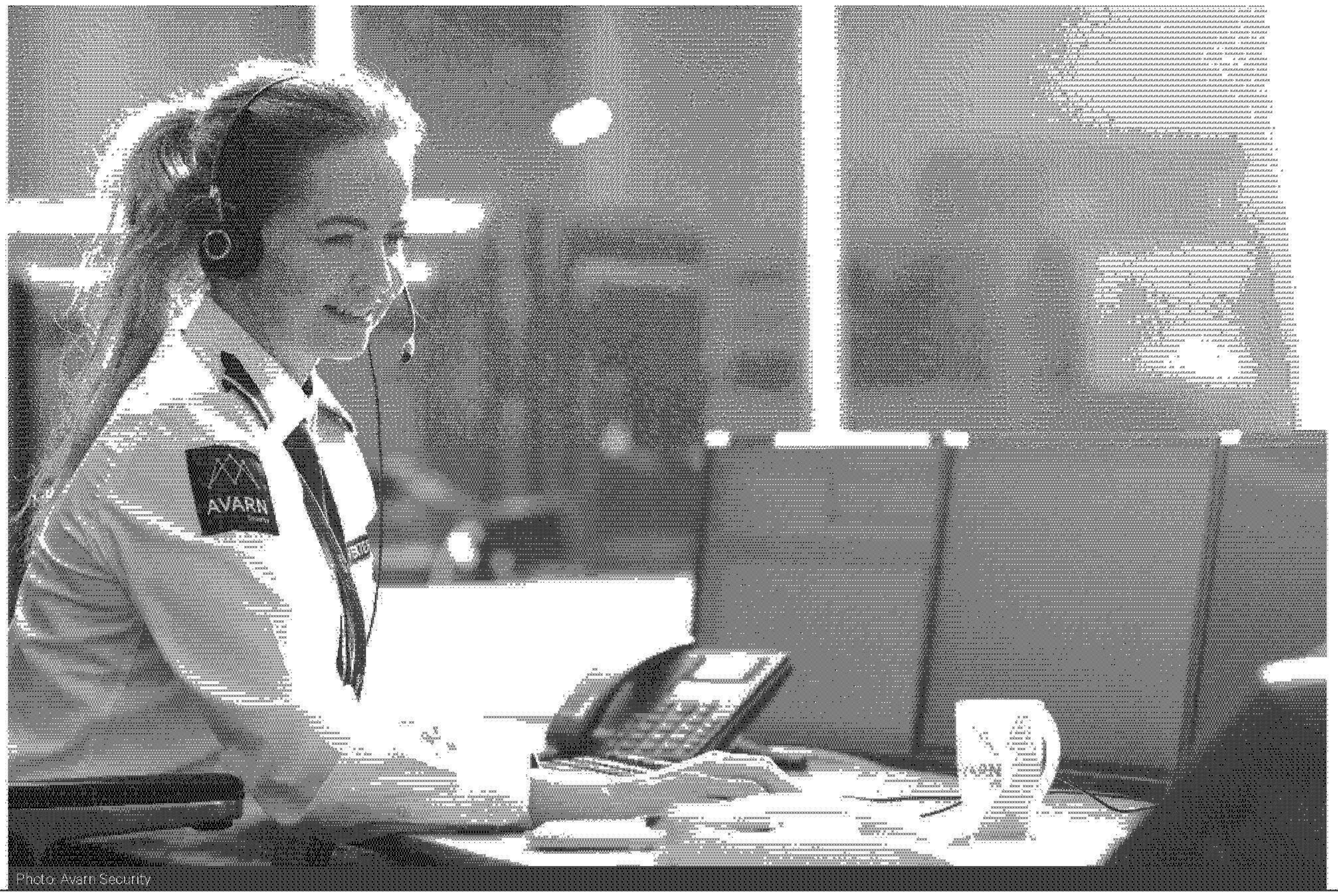


Photo: Avarn Security

NOTE 20 – GUARANTEES AND PLEDGES

Pledges	2022	2021
Debt for which collateral has been provided		
Non-current debts to credit institutions	**71 862**	619 418
Current debts to credit institutions	**815 962**	397 819
Total	**887 824**	1 017 237
Book value of assets pledged as collateral for debt		
Inventory	**89 737**	70 800
Accounts receivables	**979 507**	995 782
Cash and cash equivalents	**320 430**	436 897
Property, plant and equipment	**549 624**	544 494
Total	**1 939 298**	2 047 973
Guarantees issued	**99 487**	80 525

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

All companies in the Group are jointly liable for repayment of the debt to DNB.

Collateral provided	2022
Inventory	**1 150**
Fixed assets	**1 150**
Factoring agreement	**1 150**

Collateral provided	2021
Inventory	**1 150**
Fixed assets	**1 150**
Factoring agreement	**1 150**

NOTE 21 – TRANSACTIONS WITH RELATED PARTIES

Shareholder loans have been issued both by the parent company of the Group, Avarn Security Group Holding AS, as well as the Finnish subsidiary Avarn Holding OY. A number of shareholders participated in the shareholder loan issued by the parent company, of which the main shareholder Sanok Invest AS, holds the largest portion. Since this shareholder loan contains an option to convert into equity, the majority of the loan is classified as equity. See Note 11 – Financial instruments, Note 12 – Classification of financial assets and liabilities as well as the consolidated statement of changes in equity for further details on the shareholder loan.

Avarn Security AS has its premises in Træleborgodden in Tønsberg, for which it pays rent to Træleborgodden 6 AS. WFW Invest AS, a shareholder of the Group, is also an ultimate shareholder in the company Træleborgodden 6 AS. Avarn Security AS has paid kNOK 5 899 in rent to Træleborgodden 6 AS in 2022.

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

Photo: Avarn Security

NOTE 22 – 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 %	29 653	8 006
Avarn Alviks Lås AB	Sweden	100 %	–	–
Avarn Group OY	Finland	100 %	91 328	-16 034
Avarn Holding OY	Finland	56 %	511 622	526
Avarn Lås-Aktuellt AB	Sweden	100 %	318	-6
Avarn Låsteknik i Gbg AB	Sweden	100 %	13 910	-1 786
Avarn Security AB	Sweden	100 %	146 210	27 694
Avarn Security AS	Norway	100 %	274 886	54 988
Avarn Security Aviation AS	Norway	100 %	17 972	-498
Avarn Security Beredskap AS	Norway	100 %	7 506	2 290
Avarn Security Eiendom AS	Norway	100 %	-36	-262
Avarn Security Eiendom Danmark ApS	Denmark	100 %	45 591	-11 161
Avarn Security Group AS	Norway	100 %	1 831 020	-368
Avarn Security Group Invest AS	Norway	100 %	1 832 156	0
Avarn Security Holding AB	Sweden	100 %	58 872	-10 577
Avarn Security Holding AS	Norway	100 %	74 020	-6 751
Avarn Security Innlandet AS	Norway	51 %	3 833	2 563
Avarn Security OY	Finland	100 %	117 656	19 318
Avarn Security Service AS	Norway	100 %	1 281	8 894
Avarn Security Services AB	Sweden	100 %	238 786	17 775
Avarn Security Solutions AB	Sweden	100 %	2 268	570
Avarn Security Systems AB	Sweden	100 %	917	-40 065
Avarn Teknik Öst AB	Sweden	100 %	95	–
Avarn Teknik Sverige AB	Sweden	100 %	75 154	3 266
Ejendomsselskapet Rosbjergvei ApS	Denmark	100 %	95 890	1 858
Ejendomsselskapet Solmarksvei ApS	Denmark	100 %	77 903	1 230
Nokas AS	Norway	100 %	354 675	-72
Nokas CMS A/S	Denmark	100 %	60 164	16 268
Nokas CMS AB	Sweden	100 %	31 349	3 983
Nokas CMS OY	Finland	100 %	22 782	6 735
Nokas Finland OY	Finland	100 %	36 883	6 515
Nokas Komplementarselskab ApS	Denmark	100 %	335	19
Nokas Kontantservice P/S	Denmark	100 %	96 243	26 347
Nokas Optimering & Lager AB	Sweden	100 %	509	-86
Nokas Værdihåndtering A/S	Denmark	100 %	-50 989	-46 618
Nokas Verdihåndtering AS	Norway	100 %	351 207	1 143
Semac AS	Norway	60 %	17 111	12 136
Skandia Sök AB	Sweden	100 %	322	–
Synenergy AB	Sweden	100 %	3 777	-1
Trygg Vakt AS	Norway	100 %	7 927	497

NOTE 23 – RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

For reconciliation of lease liabilities, see Note 10 – Leases.

	Shareholder loans	Interest bearing debt to credit institutions[1]	Overdraft – Danske Bank	Total
Liabilities from financing activities at 01.01.2022	**53 669**	**1 017 238**	**55 346**	**1 126 253**
Correction – Teller financing[2]			-40 045	-40 045
Proceeds from issue of new debt	–	25 000		25 000
Repayment of debt	-22 145	-170 030	-8 875	-201 050
Interest expense	2 966	56 159	-2 233	56 892
Interest paid	-1 655	-48 431	-376	-50 462
Foreign exchange difference	3 999	4 073		8 072
Liabilities at 31. 12.2022	**36 834**	**884 008**	**3 816**	**924 660**

[1] Interest bearing debt to credit institutions consists of non-current and current financing to DNB, including drawn amount in the cash pool arrangement, in addition to bank financing from OP Bank in Finland.

[2] Teller financing reclassified as of 31.12.2022.

Photo: Avarn Security

NOTE 24 – REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue – 2022	Norway	Sweden	Denmark	Finland	Other	Total
Security & Systems	2 771 188	3 442 498	–	1 163 490		7 377 177
Cash Handling	281 677	76 677	403 236	279 986		1 041 576
Total revenue from contract with customers	**3 052 865**	**3 519 176**	**403 236**	**1 443 476**	**–**	**8 418 753**
Other revenue[1]	4 371	8 225	10 844	3 730	–	27 171
Total revenue	**3 057 236**	**3 527 401**	**414 080**	**1 447 206**	**–**	**8 445 923**

[1] Other operating revenues in the Group consists mainly of subletting of premises and gains from sale of fixed assets.

Revenue – 2021	Norway	Sweden	Denmark	Finland	Other	Total
Security & Systems	2 479 101	3 266 796	4	1 190 303	1 152	6 937 355
Cash Handling	227 703	73 833	302 663	264 187	32 645	901 030
Total revenue from contract with customers	**2 706 804**	**3 340 629**	**302 667**	**1 454 490**	**33 797**	**7 838 386**
Other revenue	15 047	8 783	8 719	1 458	–	34 008
Total revenue	**2 721 851**	**3 349 413**	**311 386**	**1 455 948**	**33 797**	**7 872 393**

Ongoing projects

	2022	2021
Total income from ongoing contracts	535 092	475 591
Total expense from ongoing contracts	-435 732	-355 886
Net result from ongoing projects	**99 360**	**119 705**
Accrued revenue on ongoing construction costs including trade receivables (Contract asset)	87 213	63 790
Prepaid revenue included in other current liabilities (Contractual obligation)	23 687	28 996
Net result from ongoing projects	**63 526**	**34 794**
Amount recognized as revenue related to contractual liabilities		
Contractual liabilities as of 31.12	23 687	28 996
Revenue-recognized amounts that were included in the contractual obligation at the beginning of the period	28 996	19 346

Contract losses	2022	2021
Provision for estimated contracts losses as of 31.12	9 944	6 961

The Group's Security business division consists of sales of services in the form of hours, emergency calls and mobile inspections. Invoicing of the services takes place in advance or in arrears as specified in the agreement.

Revenues are recognized at the time of delivery of the service / hours as the Group is entitled to the revenue at this time.

The Group's System business division consists of sales of technical facilities, including installation / assembly, equipment, service assignments and monitoring of alarm signals.

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

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 / assembly 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 Group 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.

The Group's Cash Handling business division consists of the services within cash handling, including cash management solutions, value transport and operation of the Group's or customers' ATMs. Transaction income from ATMs, including currency margin income, is recognized as income at the time the transactions are completed. Fixed subscription revenues from, among others, autoCash machines and the operation of banks' ATMs are invoiced as specified in the agreement and recognized over time (approximately linear distribution over the agreement period). Revenues from transport operations are recognized 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 recognized as income when the transactions have been completed.

NOTE 25 – OTHER CURRENT LIABILITIES

See table below for a specification of non-current liabilities.

	2022	2021
Accrued salaries	301 127	288 208
Accrued holiday pay	586 214	615 007
Accrued pension	100 700	56 063
Accrued public duties, pre-payments from customers and other short-term debt[1]	407 241	657 343
Total	**1 395 282**	**1 616 622**

[1] Of which 103 740 is related to the cash cycle financing (221 597 in 2021).

NOTE 26 – SUBSEQUENT EVENTS

Refinancing of bank debt

On April 28th, the Group refinanced its debt facility A (SEK) and debt facility B (NOK) with DNB into new debt facilities provided by both DNB and Danske Bank.

The refinancing consists of two new loan facilities, facility A (NOK) and facility B with two tranches, one in SEK and one in EUR, in addition to a Revolving Credit Facility (RCF) in NOK.

The new debt facilities have a tenor of four years.

Sale of Semac AS

The Group entered into an agreement to sell all its shares of its subsidiary Semac AS, in which the Group owned 60% of the shares.

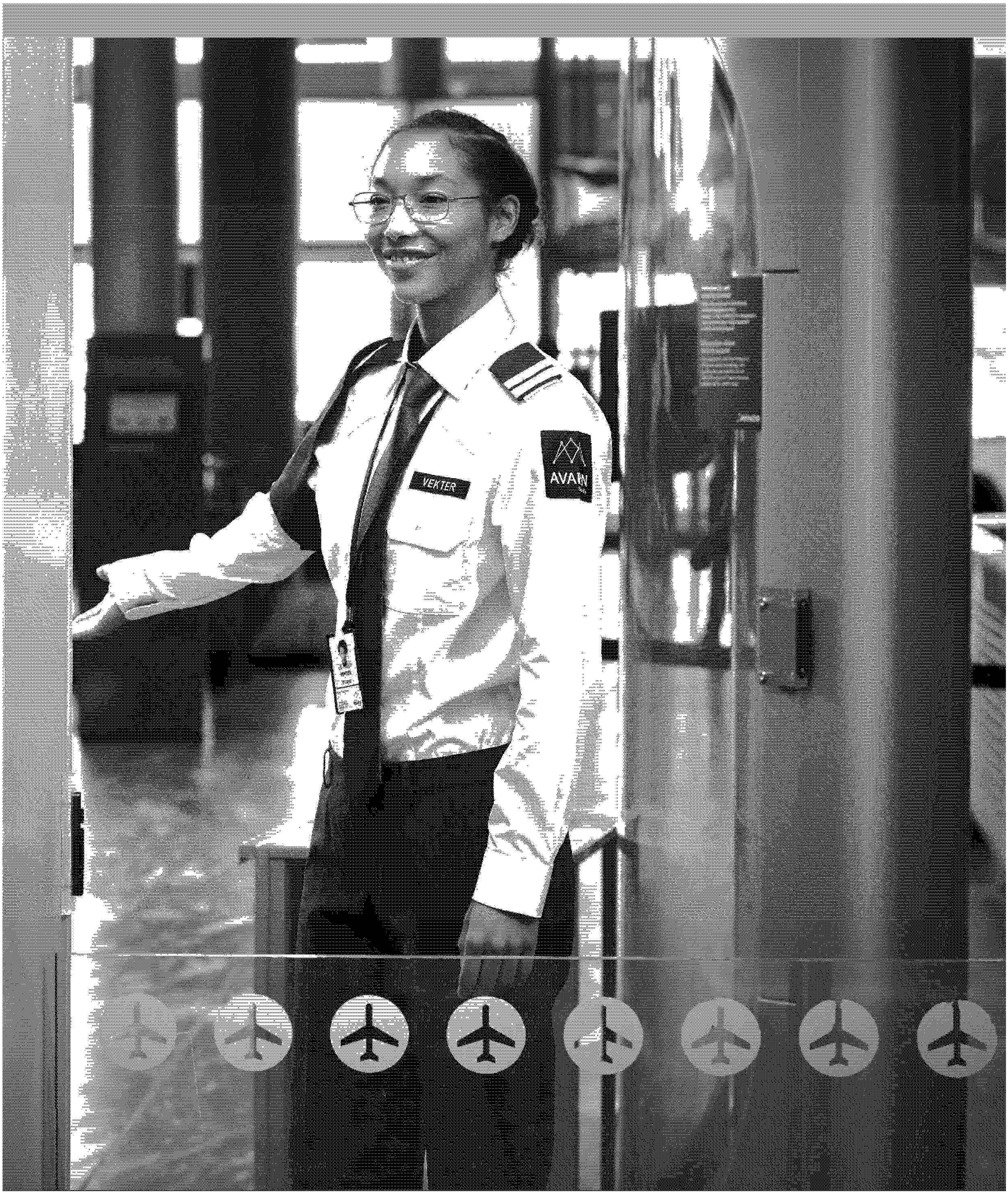
Both finalising the agreement and closing of the transaction took place on May 30th.

Net gain from sale of the shares is estimated to approximately 90 mNOK.

Photo: Avarn Security

Photo: Avarn Security

Avarn Security Group Holding AS – Financial Statements



Statement of profit and loss

Amounts in NOK thousands	Note	2022	1.3.2021 – 31.12.2021
Personnel expenses	3	**-1 700**	0
Other operating expenses	3	**-991**	-357
Earnings before interests and taxes		**-2 691**	-357
Net Finance	4	**28 661**	-2 058
Earnings before taxes		**25 970**	-2 415
Income tax expense	5	**-763**	0
Net income (loss)		**25 207**	-2 415

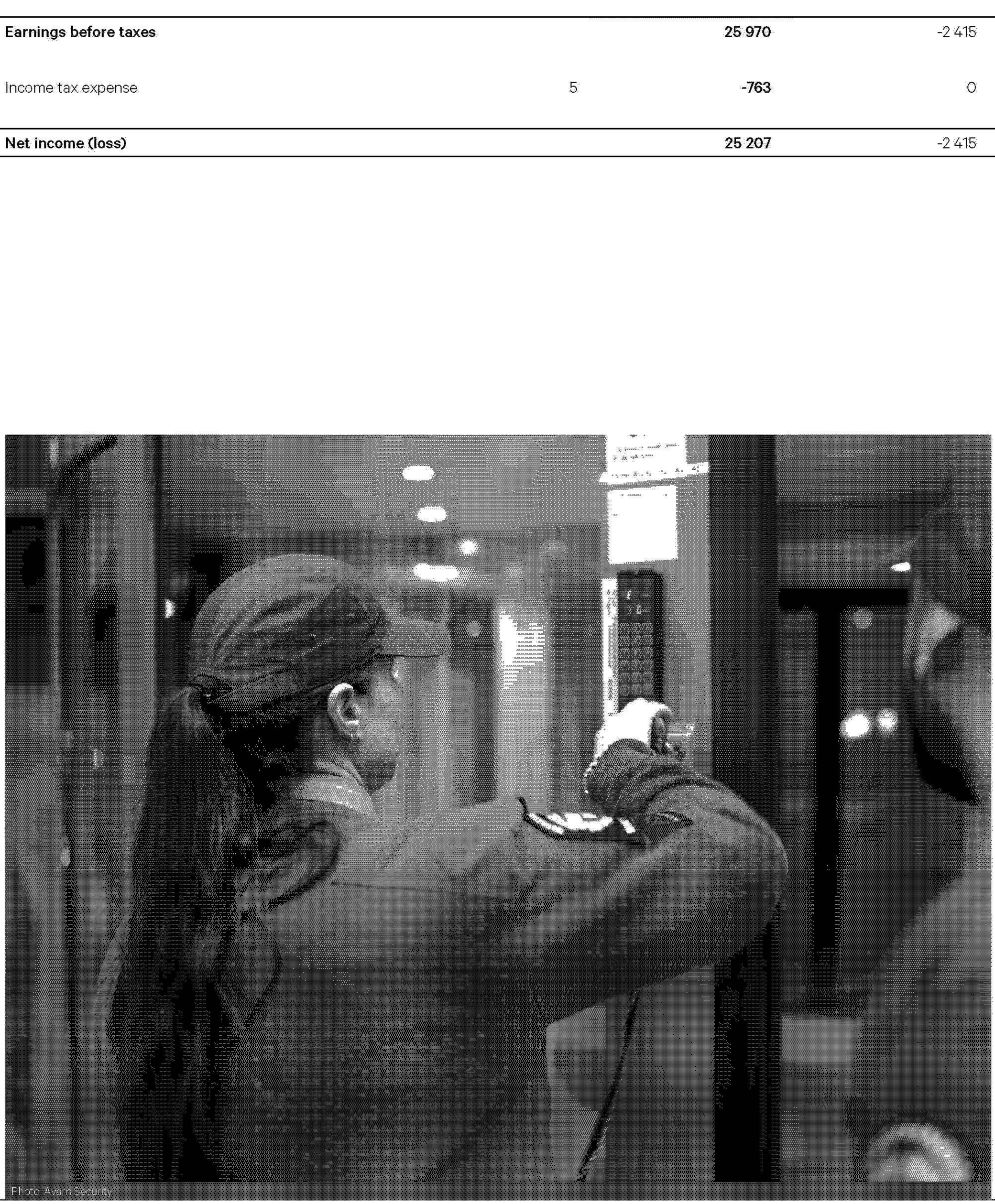


Photo: Avarn Security

Statement of financial position

Amounts in NOK thousands	Note	2022	2021
Assets			
Non-current assets			
Investments in subsidiaries	6	**1 804 866**	1 832 161
Investments in shares	6	**6 555**	–
Intra-Group receivables	7	**329 879**	328 265
Total non-current assets		**2 141 300**	2 160 426
Current assets			
Accounts receivable	7	**55**	55
Cash and cash equivalents		**36 616**	25 187
Total current assets		**36 672**	25 242
Total assets		**2 177 972**	2 185 669
Equity and liabilities			
Equity			
Share capital	8	**6 339**	6 339
Share premium	8	**1 036 142**	1 036 142
Shareholder loan – equity portion	8, 7	**308 176**	308 176
Other equity	8	**789 645**	789 645
Retained earnings	8	**22 793**	-2 415
Total equity		**2 163 094**	2 137 887
Non-current liabilities			
Shareholder loan	8, 7	**9 679**	32 750
Total non-current liabilities		**9 679**	32 750
Current liabilities			
Trade payable	7	**6**	24
Other current liabilities	7	**5 193**	15 007
Total current liabilities		**5 199**	15 032
Total equity and liabilities		**2 177 972**	2 185 669

Vidar Berg
CEO

Amund Skarholt
Chairman

Terje Askvig
Board member

Bjørnar Olsen
Board member

Stein Egil Valderhaug
Board member

Knut-Johannes Berg
Employee representative

Christian Svensen
Employee representative

Oslo, 14 June, 2023

Statement of cash flows

Amounts in NOK thousands	2022	1.3.2021 – 31.12.2021
Cash flows from operating activities		
Earnings before taxes	**25 970**	-2 415
Interest income	**-20 320**	2 058
Change in inventory, acc. rec. and acc. pay	**-18**	-31
Change in other accruals	**1 656**	14 020
Net currency gain	**-8 341**	
Net cash from operating activities	**-1 053**	13 632
Cash flow from investing activities		
Proceeds from sale of shares	**30 000**	-30
Purchase of shares	**-6 555**	
Disbursement of loans to related parties		-328 209
Net cash from investing activities	**23 445**	-328 239
Cash flows from financing activities		
Repayment of principal portion of shareholder loan	**-22 145**	-
Interest paid on shareholder loan	**-1 655**	-
Proceeds from shareholder loan (liability)	**–**	32 750
Proceeds from shareholder loan (equity)	**–**	308 176
Proceeds from group company	**11 063**	-
Other interest payment	**–**	-1 132
Payment/repayment on other receivables/liabilities	**1 775**	-
Net cash from financing activities	**-10 962**	339 794
Net increase / decrease in cash and cash-equivalents	**11 429**	25 187
Cash and cash equivalents 01.01.2022 / 1.3.2021	**25 187**	0
Cash and cash equivalents 31.12	**36 616**	25 187

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 thousands, 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 and associated companies 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 upon 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 then 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 will 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 or Board of Directors during 2022. The Board of Directors have been allocated a remuneration of kNOK 1 700.

Auditor

The following expenses have occurred to the auditor.

Remuneration to external auditor	2022	2021
Statutory audit	894	–
Tax services	25	
Other audit services		44
Total audit fees	**919**	**44**

NOTE 4 – FINANCIAL INCOME AND EXPENSES

	2022	2021
Interest income	22 307	–
Net currency income	8 341	–
Total finance income	**30 648**	**–**
Interest costs	-1 985	-2 057
Other finance costs	-1	-0
Total finance costs	**-1 986**	**-2 058**
Net financial expenses	**28 661**	**-2 058**

NOTE 5 – INCOME TAX

Income tax expense is calculated as following	2022	2021
Tax payable	763	–
Changes in net deferred tax	–	–
Income tax expense	**763**	**–**

Tax payable is calculated as following	2022	2021
Profit before tax	25 970	-2 415
Tax at 22 %	5 713	-531
Tax expense	763	–
Difference	**-4 951**	**531**

Difference explained by	2022	2021
22% of permanent differences	-4 872	–
Change in deferred tax asset not recognised	-79	531
Explained difference	**-4 951**	**531**

Net deferred tax is calculated as following	2022	2021
Tax loss carried forward	–	-357
Limitation of deduction for interest	-2 057	-2 057
Deferred tax asset – Not recognised	2 057	2 415
Net deferred tax	**–**	**–**

NOTE 6 – INVESTMENTS IN SUBSIDIARIES AND SHARES

The company has investments in the following subsidiaries and shares as of 31.12.2022.

Company	Company address	Ownership & voting rights	Equity at year end	Net income for the year	Book value
Avarn Security Invest AS[1]	Oslo, Norway	97,8 %	24	0	1 804 866
Avarn Manco AS[1]	Oslo, Norway	2,2 %	30 118	88	6 555

Avarn Security Group Holding AS has sold shares in Avarn Security Invest AS to Avarn Manco AS during the year.

See Note 7 – Related party transactions for further details.

NOTE 7 – RELATED PARTY TRANSACTIONS

See details below on transactions with related parties.

Investment in shares	2022	2021
Avarn Manco AS (Proceeds from sale of shares)	-30 000	–
Avarn Manco AS (Purchase of shares)	6 555	–
Total	**-23 445**	**–**

Receivables on related parties	2022	2021
Avarn Security Eiendom AS (Non-current receivable)	329 879	328 265
Avarn Security Eiendom AS (Accounts receivable)	55	55
Total	**329 934**	**328 320**

Liabilities to related parties	2022	2021
Avarn Security AS (Other-current liabilities)	3 468	308
Avarn Security Group Invest AS (Trade payable)	–	24
Avarn Security Group AS (Other current liabilities)	25	–
Isanor Invest AS (Bridge loan)[2]	–	14 556
Shareholder loan[2]	9 679	32 750
Total	**13 172**	**47 638**

[2] At the end of 2021, Isanor Invest AS, the parent company of Sanok Invest AS, the company's largest shareholder, provided a bridge loan to the company. The bridge loan was subsequently replaced by a shareholder loan in which certain shareholders contributed. As the shareholder loan gives both the company and the shareholders the opportunity to convert the instrument into ordinary shares in the company, most of the shareholder loan is therefore classified as equity in the financial statements. The portion classified as debt, corresponds to the present value of interest payments on the loan.

In conjunction with the issue of the shareholder loan, subscription rights were issued to each participant. Each subscription right entitles the holder to subscribe for one share in Avarn Security Group Holding AS, and will be settled against the amount contributed for the shareholder loan. Both the creditors of the loan and the Avarn Security Group Holding AS can require that the loan is settled by conversion of the loan into shares in Avarn Security Group Holding AS. This requirement can be made 31 December 2022 at the earliest.

The company has as of 31.12.2022 not provided any guarantees or provided any collateral for its liabilities.

The company's non-current liabilities matures within five years.

NOTE 8 – EQUITY, SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital as of 31.12.2022 consists of the following.

Share capital as of 31.12.2021	Number of shares	Par value per share	Share capital
Share capital	410 264	15	6 339
Total	**410 264**		**6 339**

Overview of equity movements	Share capital	Share premium	Shareholder loan	Other equity	Retained earnings	Total
Equity as of 1.1.2022	6 339	1 036 142	308 176	789 645	-2 415	2 137 887
Net income for the year					25 207	25 207
Equity as of 31.12.2022	**6 339**	**1 036 142**	**308 176**	**789 645**	**22 793**	**2 163 094**

The largest shareholders of Avarn Security Group Holding AS as of 31.12.2022 were as follows:

Name of entity	Shares	Ownership	Voting share
SANOK INVEST AS	81 722	19,9 %	19,9 %
STIFTELSEN FRITT ORD	76 968	18,8 %	18,8 %
WFW INVEST AS	41 928	10,2 %	10,2 %
NOMAD HOLDING AS	36 713	8,9 %	8,9 %
TTC INVEST AS	23 303	5,7 %	5,7 %
RG HOLDING AS	23 789	5,8 %	5,8 %
INAK 3 AS	22 397	5,5 %	5,5 %
DNB BANK ASA	8 759	2,1 %	2,1 %
ALDEN AS	7 786	1,9 %	1,9 %
SYNCRON AS	7 183	1,8 %	1,8 %
TROVATOR AS	6 814	1,7 %	1,7 %
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 %
BJØRNAR 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	367 033	89,5 %	89,5 %
Total others	43 231	10,5 %	10,5 %
Total number of shares outstanding	**410 264**	**100,0 %**	**100,0 %**

Photo: Avarn Security

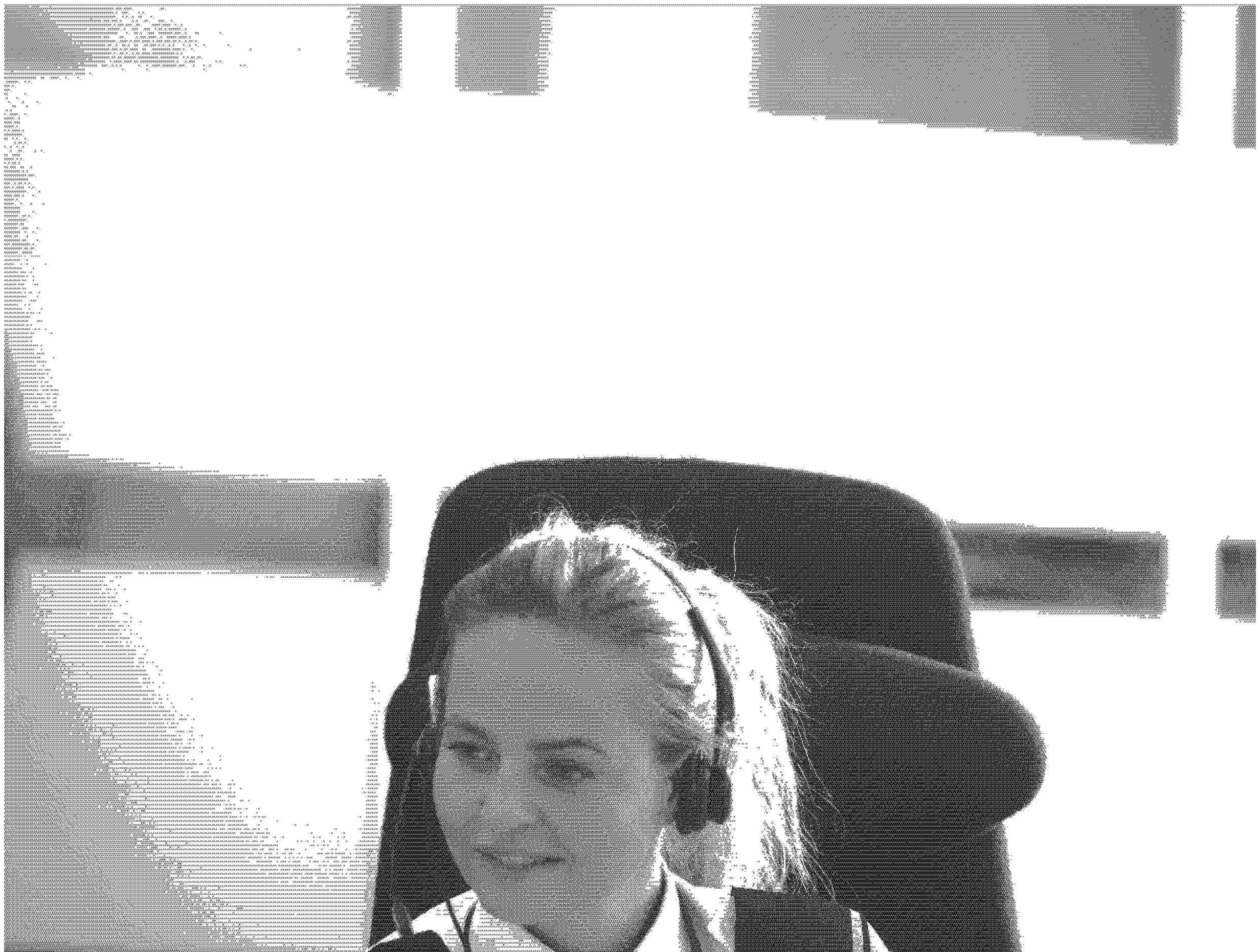


Photo: Avarn Security

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 2022, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, 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 at 31 December 2022, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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 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 and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's 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, 15 June 2023
PricewaterhouseCoopers AS

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

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Nilsen, Tom	BANKID	2023-06-15 14:56

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