VERISURE MIDHOLDING AB (PUBL)

INTERIM REPORT
JANUARY– MARCH 2021

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Key operating highlights for the first quarter ending March 31, 2021 and 2020

Verisure Midholding Group, hereafter referred to as the Group, is the leading provider of professionally monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio of over 3.8 million customers and design, sell and install alarms with network connectivity across 16 countries in Europe and Latin America. We have a strong track record of profitable growth, primarily delivered organically by our differentiated business model with high share of recurring revenues (c.80%) and industry leading retention.

Since the onset of the COVID-19 pandemic, we have been focused on protecting our employees and their families, our customers and our business. While the pandemic has created and continues to create unique challenges for our business, we have adapted rapidly to the new operating environment and have continued to evolve our approach as the situation continues to develop.

In the first quarter, the Group continued to deliver strong operational and financial performance. Our customer portfolio continued to grow and passed the 3.8 million customer milestone, which represents an annual portfolio growth rate of 13.2% compared to 2020. Our subscription-based portfolio has continued to demonstrate its resilience and our attrition rates have not been materially impacted by the pandemic to date. The performance of our portfolio services segment continues to be very strong and consistent with past results, with portfolio services adjusted EBITDA increasing 19.9% in Q1 2021 compared to Q1 2020 (19.3% in constant currencies). Total reported adjusted EBITDA in the quarter was also very strong, increasing 38.3% vs. Q1 2020. A very strong development across the Group.

Throughout this period, we have continued to provide our services and protect our customers against intrusion, fire, life-threatening emergencies and other hazards without interruption and at performance levels we believe are as high or higher than before the onset of the pandemic. In parallel, the Group has continued to invest in industry-leading innovations to further position us for continued long-term growth.

Summary of first quarter 2021 and 2020 financials:

- Total reported revenues amounted to EUR 596.3 million for the first quarter 2021, increasing 16.7% from EUR 511.0 million the same period last year. In constant currency total reported revenue grew by 16.4% in the quarter. Portfolio services revenues, representing 81.4% of total Group revenues in the quarter, grew by 15.3% to EUR 485.6 million. In constant currencies, portfolio services revenues grew by 14.8% in the quarter.

- Total reported adjusted EBITDA increased 38.3% to EUR 256.5 million in Q1 2021 compared to EUR 185.5 million in Q1 2020. In constant currencies, total reported adjusted EBITDA grew by 36.5%. Total adjusted EBITDA, before SDI, improved to EUR 263.2 million from EUR 193.4 million in Q1 2020, which is an increase of 36.1% in actual currencies and 34.4% in constant currencies for the quarter.

- Portfolio services adjusted EBITDA further improved to EUR 353.7 million from EUR 295.0 million in Q1 2020, corresponding to an increase of 19.9%. In constant currency portfolio adjusted EBITDA improved by 19.3% in the quarter. Portfolio services adjusted EBITDA margin strengthened to 72.8% from 70.1% in Q1 2020, an increase of more than 2 full percentage points.

- ARPU amounted to EUR 42.4 in the quarter, which is an increase of 2.5% vs. prior year (and 2.0% in constant currency). EPC accelerated to EUR 30.9 in the quarter, representing an increase of 6.6% vs. prior year (and 6.0% in constant currency), driven by continued value improvements and good development in operational efficiency and cost control.

- Acquisition of new customers was very strong in the first quarter of the year. We added almost 190,000 (186,219) new customers in the quarter, which represents an increase of 31.3% compared to Q1 2020 and by far the strongest first quarter ever for the Group.

- Net subscriber growth was 120,437 in the quarter compared to 83,346 in Q1 2020, an increase of 44.5% year-on-year. At the end of the quarter the portfolio had grown to 3,884,382 customers, up more than 400,000 customers or 13.2% year-on-year. This annual customer portfolio growth rate of 13.2% was all organic.

We consider ourselves fortunate to have a subscription-based portfolio that has shown very strong resilience to date. We have taken steps during the last year to ensure positive operational and financial performance and flexibility in our customer acquisition segment. Our first quarter performance further supports this.

In January 2021, the Group successfully accessed the debt capital markets to address its capital structure, increasing the average debt maturity to 6.3 years and securing an attractive cost of debt in historical terms for the upcoming years. Most of our debt now matures in 2026 or beyond.

We remain optimistic for the business, both medium and long term, even if the external environment is expected to remain challenging for a period. We have a successful business model that has shown strong resilience, and the fundamental customer need for security and peace of mind is not expected to reduce. We believe that the need will continue to increase in the future, against the backdrop of low penetration of home security in our geographies.

Key figures

EUR thousand (if not otherwise stated)	Jan-Mar 2021	Jan-Mar 2020
Portfolio services segment:		
Unaudited operating data		
Total subscribers (year-end), units	3,884,382	3,430,058
Cancellation, units	65,782	58,535
Attrition rate (LTM)	6.5%	6.4%
Net subscriber growth, units	120,437	83,346
Subscriber growth rate, net	13.2%	13.3%
Average monthly revenue per user (ARPU), (in EUR)	42.4	41.4
Monthly adjusted EBITDA per subscriber (EPC), (in EUR)	30.9	29.0
Non-IFRS and IFRS financial data		
Portfolio services revenue[1]	485,590	421,085
Portfolio services adjusted EBITDA	353,712	295,022
Portfolio services adjusted EBITDA margin	72.8%	70.1%
Customer acquisition segment:		
Unaudited operating data		
New subscribers added (gross)	186,219	141,881
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,205	1,406
Non-IFRS and IFRS financial data		
Customer acquisition revenue[1]	91,310	79,087
Customer acquisition adjusted EBITDA	(89,585)	(97,226)
Customer acquisition capital expenditures	134,731	102,273
Adjacencies segment:		
Non-IFRS and IFRS financial data		
Adjacencies revenue[1]	19,423	10,790
Adjacencies adjusted EBITDA	(938)	(4,427)
Consolidated:		
Unaudited operating data		
Payback period (in years)	3.3	4.0
Non-IFRS and IFRS financial data		
Revenue[1]	596,323	510,962
Organic revenue growth	16.4%	13.9%
Adjusted EBITDA	263,190	193,370
Adjusted EBITDA margin	44.1%	37.8%
Capital expenditures	176,129	144,124
Reported (including SDI)		
Revenue[1]	596,323	510,962
Reported operating profit[1]	111,699	58,358
Reported adjusted EBITDA	256,517	185,491

1) IFRS financial data

Analysis of Operating Results

The information presented and discussed in this report includes a number of measures that are not defined or recognized under IFRS including CPA, ARPU, EPC and Adjusted EBITDA. These are considered to be key measures of the Group's financial performance and as such have been included here to enhance comparability and usefulness. The key measures are further described under the section Key Operating Metrics. CPA is the net investment to acquire a new customer. ARPU and EPC reflect the monthly revenues and adjusted EBITDA per customer in the portfolio segment. Adjusted EBITDA, being earnings before interest, tax, write-offs, depreciation and amortization, excluding separately disclosed items (SDI), is considered by management to give a fairer view of the year-on-year comparison of financial performance. SDI´s are costs or income that have been recognized in the income statement which management believes, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year financial performance. All SDIs are further explained later in this section.

Three months ending March 31, 2021 and 2020

Results excluding SDI

EUR million	Jan-Mar 2021	Jan-Mar 2020	Percentage change
Revenue	596.3	511.0	16.7%
Operating expenses	(334.4)	(318.9)	4.9%
Other income	1.3	1.3	3.0%
Adjusted EBITDA	**263.2**	**193.4**	**36.1%**
Adjusted EBITDA margin, %	44.1%	37.8%	-
Depreciation and amortization	(73.4)	(67.1)	9.4%
Retirement of assets	(31.7)	(20.2)	56.7%
Operating profit	**158.1**	**106.0**	**49.1%**
Operating profit margin, %	26.5%	20.8%	-
Interest income and cost	(58.7)	(55.2)	6.3%
Other financial items	(1.3)	(0.7)	380.5%
Result before tax	**98.1**	**50.1**	**91.5%**

Revenue

The following tables show the split of our revenue by market segment:

Revenue by segment

EUR million	Jan-Mar 2021	Jan-Mar 2020	Percentage change
Portfolio services	485.6	421.1	15.3%
Customer acquisition	91.3	79.1	15.5%
Adjacencies	19.4	10.8	80.0%
Total	**596.3**	**511.0**	**16.7%**

Total revenue in the first quarter 2021 increased by 16.7%, or EUR 85.3 million, to EUR 596.3 million, up from EUR 511.0 million in the prior period. Organic revenue growth was 16.4%, primarily due to the increasing customer base. The customer base on March 31, 2021 was 3,884,382 an increase of more than 400,000 customers or 13.2% from 3,430,058 on March 31, 2020.

Portfolio services revenue in the first quarter 2021 increased by 15.3%, or EUR 64.5 million, to EUR 485.6 million, up from EUR 421.1 million in the previous period. The increase was primarily due to the increased number of customers in the portfolio and increased average monthly revenue per user (ARPU).

Customer acquisition revenue in the three months ending March 31, 2021, amounted to EUR 91.3 million, which is an increase of 15.5%, or EUR 12.2 million, compared to EUR 79.1 million in the prior period. The increase was due to the higher number of new installations compared to the same period last year.

Operating expenses

Operating expenses in the first quarter 2021, increased by 4.9%, or EUR 15.5 million, to EUR 334.4 million, from EUR 318.9 million in the prior period. The increase was mainly due to the growth in the portfolio.

Adjusted EBITDA

Adjusted EBITDA in the three months ending March 31, 2021 increased by 36.1% or EUR 69.8 million to EUR 263.2 million, up from EUR 193.4 million in the prior period. The increase in adjusted EBITDA was driven by both the growth in the customer portfolio and higher earnings per customer, improving the portfolio services adjusted EBITDA.

Depreciation and amortization

Depreciation and amortization increased to EUR 73.4 million in the three months ending March 31, 2021, up from EUR 67.1 million in the prior period. This is primarily related to the alarm equipment installed at our customers' premises and the capitalized direct cost related to the acquisition of customer contracts. The depreciation and amortization have increased mainly due to the increased number of customers.

Retirement of assets

Retirements of assets increased to EUR 31.7 million in the first quarter of 2021, up from EUR 20.2 million in the prior period. The cost corresponds mainly to the remaining balance for capitalized material and direct costs, at the time customers leave the portfolio or upgrade to our new platform.

Interest income and cost

Interest income amounted to EUR 0.2 million in the three months ending March 31, 2021 compared to EUR 0.1 million in the same period prior year. Interest cost amounted to EUR 58.9 million, compared to EUR 55.3 million in the prior period, mainly driven by an increase in gross debt.

Other financial items

Other financial items, mainly consisting of commitment fee for the Revolving Credit Facility and charges for excess cash, amounted to a cost of EUR 1.3 million in Q1 2021, compared to 0.7 million in Q1 2020.

Reported consolidated income statement for the three months ending March 31, 2021 and 2020

	Jan-Mar 2021			Jan-Mar 2020		
EUR million	**Result excluding SDI**	**Separately disclosed items**	**Reported**	**Result excluding SDI**	**Separately disclosed items**	**Reported**
Revenue	596.3	-	**596.3**	511.0	-	**511.0**
Operating expenses	(334.4)	(6.7)	**(341.1)**	(318.9)	(7.9)	**(326.7)**
Other income	1.3	-	**1.3**	1.3	-	**1.3**
Adjusted EBITDA	**263.2**	**(6.7)**	**256.5**	**193.4**	**(7.9)**	**185.5**
Depreciation and amortization	(73.4)	(39.7)	**(113.1)**	(67.1)	(39.8)	**(106.9)**
Retirements of assets	(31.7)	-	**(31.7)**	(20.2)	-	**(20.2)**
Operating profit	**158.1**	**(46.4)**	**111.7**	**106.0**	**(47.7)**	**58.4**
Interest income and cost	(58.7)	0.4	**(58.3)**	(55.2)	-	**(55.2)**
Other financial items	(1.3)	(24.3)	**(25.6)**	(0.7)	(81.9)	**(82.6)**
Result before tax	**98.1**	**(70.3)**	**27.8**	**50.1**	**(129.5)**	**(79.4)**
Income tax benefit and expense	-	-	**(11.8)**	-	-	**(6.7)**
Result for the period	-	-	**16.1**	-	-	**(86.1)**

Separately disclosed items (SDIs)

SDI affecting operating expenses

For the first quarter 2021, the total costs for SDI´s amounted to EUR 6.7 million and EUR 7.9 million in the same period last year. SDI affecting operating expenses includes one-off costs related to various transition projects within the Group.

SDI affecting depreciation and amortization

The market value of the acquisition-related intangible assets is amortized over the expected life. The main part of the total cost of EUR 39.7 million in 2021 and EUR 39.8 million in 2020 relates to amortization of contract portfolio resulting from the acquisition of the Securitas Direct Group in 2011.

SDI affecting interest income and cost and other financial items

SDI affecting interest income and cost and other financial items totalled a cost of EUR 23.9 million during the first quarter of 2021, compared to a cost of EUR 81.9 million during the same quarter of last year. For the three months ending March 31, 2021, other financial items consisted of a positive non-cash FX revaluation of debt items and unrealized hedges of EUR 26.1 million, offset by the amortization of realized prepaid financing fees of EUR 17.2 million, the amortization of prepaid financing fees of EUR 4.7 million, a call premia expense of EUR 17.2 million related to the amortization of our Senior Unsecured debt during the refinancing conducted in January 2021, other bank charges of EUR 2.5 million, and an IFRS 9 adjustment regarding the modification of loan agreements of EUR 8.8 million. For the three months ending March 31, 2020, other financial items consist of a negative non-cash FX devaluation of debt items and hedges amounting to EUR 103.4 million and a cost related to amortization of prepaid financing fees including an IFRS 9 adjustment regarding modification of loan agreement of EUR 12.4 million. Realized hedges generated a positive result of EUR 33.9 million.

Income tax benefit and expense

Total tax cost was EUR 11.8 million in the quarter compared with EUR 6.7 million last year. Current tax expense was EUR 4.9 million in Q1 2021 compared with EUR 7.0 million in 2020. Deferred tax was an expense of EUR 6.9 million in Q1 2021 compared to a benefit of EUR 0.4 million in 2020.

Cash Flow

The following table shows a summary of our cash flow on a historical basis for the three months ending March 31, 2021 and 2020.

EUR million	Jan-Mar 2021	Jan-Mar 2020
Cash flow from operating activities before change in working capital	253.0	181.6
Change in working capital	(63.3)	4.8
Cash flow from operating activities[1]	**189.7**	**186.4**
Cash flow from investing activities	(176.8)	(146.5)
Cash flow from financing activities[2]	(58.6)	14.6
Cash flow for the period	**(45.7)**	**54.4**
Cash and cash equivalents at beginning of period	97.9	12.8
Translation differences on cash and cash equivalents	8.6	(8.2)
Cash and cash equivalents at end of period	**60.8**	**59.0**

1) Cash flow from operating activities is calculated after giving effect to income tax paid.
2) Cash flow from financing activities includes paid interest.

Cash flow from operating activities

Cash flow from operating activities amounted to EUR 189.7 million and EUR 186.4 million for the three months ending March 31, 2021 and 2020, respectively. The increase is driven by a strong improvement in the underlying operating cash flow partially offset by negative variations in working capital.

Cash flow from investing activities

Cash flow from investing activities amounted to an outflow of EUR 176.8 million and EUR 146.5 million for the three months ending March 31, 2021 and 2020, respectively. The increase mainly relates to the higher number of new installations during the period.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 58.6 million and an inflow of EUR 14.6 million for the three months ending March 31, 2021 and 2020, respectively. Key components in the three months ending March 31, 2021, include new financing of EUR 4,472.8 million, a repayment of financing of EUR 2,734.6 million, a paid distribution of EUR 1,703.8 million, call premia payment of EUR 17.2 million related to the amortization of our Senior Unsecured debt during the refinancing conducted in January 2021, paid bank and advisory fees of EUR 61.4 million related also to January´s refinancing and changes in borrowings of EUR 38.0 million, which compare to a net increase in borrowings of EUR 25.1 million during the same period last year. In addition, net paid interest amounted to EUR 47.6 million for the three months ending March 31, 2021 compared to EUR 37.1 million for the same period last year. Increase in net paid interest has been driven by the payment of accrued interests on the debt amortized in January´s refinancing and higher gross debt during the period.

Capital Expenditures

The Group´s capital expenditures primarily consist of (i) customer acquisition capital expenditures, which include purchases of equipment for new customers, direct costs related to the acquisition of customer contracts, (ii) portfolio services capital expenditures which relates to new equipment for existing customers, (iii) adjacencies capital expenditures which includes direct costs related to the acquisition of a new customer contract, and (iv) capital expenditures relating to investments in R&D, IT and premises. In accordance with IFRS, the costs of the alarm equipment installed in connection with newly acquired subscribers are capitalized as tangible fixed assets to the extent we retain ownership of the equipment. The Group also capitalizes direct costs related to the acquisition of customer contracts as intangible fixed assets.

The following table shows a summary of our capital expenditures for the three months ending March 31, 2021 and 2020:

EUR million	Jan-Mar 2021	Jan-Mar 2020
Customer acquisition capital expenditures, material	73.5	56.8
Customer acquisition capital expenditures, direct costs	61.2	45.4
Portfolio capital expenditures	16.6	12.8
Adjacencies capital expenditures	2.6	2.1
Capital expenditures other	22.2	27.0
Total	**176.1**	**144.1**

Capital expenditures were EUR 176.1 million for the three months ending March 31, 2021 and EUR 144.1 million in the prior period. The increase in capital expenditure is mainly due to the growth in acquisition of new customers as well as capitalisation of new material to our existing customers.

Liquidity, Liabilities and Financing agreements

The primary source of liquidity for our business is cash flow from operations, while our significant uses of cash and capital funding needs are purchases of new equipment, funding of our customer acquisition operations, operating expenses, capital expenditures, taxes and debt interests.

As of March 31, 2021, the Group had a total of EUR 700.3 million of available funds.

EUR million	Mar 2021	Mar 2020	Dec 2020
Revolving Credit Facility	700.0	300.0	300.0
Cash and cash equivalents	60.8	59.0	98.0
Drawn facility amount	(50.9)	(170.0)	-
Utilized letter of credit	(9.5)	(8.8)	(6.5)
Total available funds	**700.3**	**180.3**	**391.4**

The following table summarizes our total financial indebtedness on March 31, 2021, 2020 and December 31, 2020.

EUR million	Mar 2021	Mar 2020	Dec 2020
Senior Secured Notes	2,650.0	500.0	1,500.0
Term Loan B	2,800.0	3,092.0	2,292.0
Revolving Credit Facility	50.9	170.0	0.0
Senior Unsecured Notes	1,321.5	1,229.2	1,244.4
Other liabilities	36.1	40.5	38.0
Lease liability (IFRS 16)	130.8	136.9	131.6
Total	**6,989.3**	**5,168.6**	**5,206.0**

Risks and uncertainties

As previously reported, in June 2017, the Norwegian Competition Authority (NCA) launched an investigation involving Verisure Norway. In June 2019, the Norwegian Competition Authority issued a statement of objections to Verisure Norway and Verisure Midholding AB with its preliminary findings. In November 25, 2020, the NCA issued a decision to fine Verisure Norway and Verisure Midholding a total amount of approximately EUR 69 million (NOK 766 million), for which the two companies would be jointly and severally liable. We disagree with the NCA's decision and after the reporting period, on May 25 filed an appeal with the Competition Appeals Board.

In addition to above, a detailed presentation of risks and a sensitivity analysis can be found in the Financial Risk Management section (note 21) and the Risk Factors section of the Verisure Midholding AB's annual report 2020.

Events during the reporting period

In January 2021, we executed a refinancing of approximately EUR 4.5 billion to address the Group´s capital structure following the new buyout of the Group in December 2020, led by our majority shareholder Hellman & Friedman. We raised EUR 1,150 million of Senior Secured Notes with maturity in 2027 as well as EUR 1,175 million and SEK 1,500 million in Senior Unsecured Notes with maturity in 2029. In addition, we also raised EUR 2,000 million of Floating rate Term Loan B with maturity in 2028. While the Senior Secured Notes and the Senior Unsecured Notes were settled in January 2021, the Floating rate Term Loan B was settled in March 2021. As part of the refinancing exercise, we also put in place a new EUR 700 million Revolving Credit Facility, which replaced the existing EUR 300 million Revolving Credit Facility in March 2021.

The proceeds of the Senior Secured Notes and Senior Unsecured Bonds, net of fees and transaction costs, were used in January 2021 to repay in full outstanding Senior Unsecured Notes and approximately EUR 1.1 billion of the existing Term Loan B1E tranche with maturity in 2022. The proceeds of the new Floating rate Term Loan B, net of fees and transaction costs, was used in March 2021 to repay remaining outstanding amounts of the Term Loan B1E tranche with maturity in 2022 and to finance a distribution to the Group's shareholders. The average maturity of our debt portfolio is 6.1 years as of March 31, 2021, and most of our debt matures in 2026 or beyond.

Events after the reporting period

No significant events have occurred after the reporting period.

Key Operating Metrics

The Group management uses a number of key operating metrics, in addition to IFRS financial measures, to evaluate, monitor and manage our business. The non-IFRS operational and statistical information related to the Group´s operations included in this section is unaudited and has been derived from internal reporting systems. Although none of these metrics are measures of financial performance under IFRS, management believes that these metrics provide important insight into the operations and strength of the Group´s business. These metrics may not be comparable to similar terms used by competitors or other companies, and from time to time the Group may change our definitions of these metrics. These metrics include the following:

Adjusted EBITDA
Earnings before interests, taxes, depreciation and amortization, write-offs and separately disclosed items.

Attrition rate
The attrition rate is the number of terminated subscriptions to our monitoring service in the last 12 months, divided by the average number of subscribers for the last 12 months.

Average Revenue per user
Average monthly revenue per user ("ARPU") is our portfolio services segment revenue, consisting of monthly average subscription fees and sales of additional products and services divided by the monthly average number of subscribers during the relevant period.

Cancellations
Total number of cancelled subscriptions during the period including cancellations on acquired portfolios.

Cash acquisition cost per new subscriber
Cash acquisition cost per new subscriber ("CPA") is the net investment required to acquire a subscriber, including costs related to the marketing and sales process, installation of the alarm system, costs of alarm system products and overhead expenses for the customer acquisition process. The metric is calculated net of any revenues from installation fees charged to the subscriber and represents the sum of adjusted EBITDA plus capital expenditures in our customer acquisition segment on average for every subscriber acquired.

Monthly adjusted EBITDA per subscriber
Monthly adjusted EBITDA per subscriber ("EPC") is calculated by dividing the total monthly adjusted EBITDA from managing our existing subscriber portfolio (which is our adjusted EBITDA from portfolio services) by the monthly average number of subscribers.

Net Debt
The sum of financial indebtedness, defined as interest bearing debt from external counterparties, excluding accrued interest less the sum of available cash and financial receivables.

New subscriber added (gross)
Total number of new subscribers added.

Organic revenue growth
Revenue growth not affected by acquisitions or the impact of foreign exchange.

Payback period
Payback period represents the time in years required to recapture the initial capital investment made to acquire a new subscriber and is calculated as CPA divided by EPC, divided by 12.

Retirement of assets
The residual values of an asset that will no longer be used in the operations are recognized as a cost in the income statement.

Subscriber growth rate
Number of subscribers at end of period divided with number of subscribers 12 months ago.

Unaudited Consolidated Financial Statements

Consolidated income statements

EUR thousand	Note	Jan-Mar 2021	Jan-Mar 2020
Revenue	3	596,323	510,962
Cost of sales		(307,213)	(275,302)
Gross profit		**289,110**	**235,661**
Selling expenses		(72,036)	(71,289)
Administrative expenses		(106,683)	(107,284)
Other income		1,308	1,270
Operating profit		**111,699**	**58,358**
Financial income		586	74
Financial expenses		(84,438)	(137,875)
Result before tax		**27,846**	**(79,443)**
Income tax expense and benefit		(11,794)	(6,666)
Result for the period		**16,052**	**(86,109)**
Whereof attributable to:			
- Parent company		16,052	(86,109)
- Non-controlling interest		-	-

Consolidated statements of comprehensive income

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Result for the period	**16,052**	**(86,109)**
Other comprehensive income		
Items that may be reclassified to the income statement		
Hedging reserve	8,625	5,802
Currency translation differences on foreign operations	(16,541)	20,307
Income tax related to other comprehensive items	(1,840)	-
Other comprehensive income	**(9,756)**	**26,109**
Total comprehensive income for the period	**6,296**	**(60,000)**
Whereof attributable to:		
- Parent company	6,296	(60,000)
- Non-controlling interest	-	-

Consolidated statements of financial position

EUR thousand	Note	Mar 2021	Mar 2020	Dec 2020
Assets				
Non-current assets				
Property, plant and equipment		1,048,998	883,904	1,005,923
Right of use assets		128,081	135,253	129,112
Goodwill		866,863	877,580	866,819
Customer portfolio		991,241	991,432	990,060
Other intangible assets		264,676	240,525	265,154
Deferred tax assets		24,335	38,430	24,016
Derivatives	4	-	527	-
Trade and other receivables	4	311,508	306,559	315,147
Total non-current assets		**3,635,702**	**3,474,210**	**3,596,231**
Current assets				
Inventories		205,413	156,259	161,190
Trade receivables	4	155,682	151,843	161,147
Current tax assets		15,612	17,085	16,053
Derivatives	4	2,181	6,606	1,589
Prepayments and accrued income		86,304	64,580	77,325
Other current receivables	4	18,703	13,403	40,027
Cash and cash equivalents	4	60,769	59,012	97,941
Total current assets		**544,663**	**468,787**	**555,272**
Total assets		**4,180,365**	**3,942,997**	**4,151,503**

EUR thousand	Note	Mar 2021	Mar 2020	Dec 2020
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		624,686	624,795	624,686
Other reserves		24,505	58,754	34,261
Retained earnings		(4,628,984)	(2,907,282)	(2,915,240)
Equity attributable to equity holders of the parent company		**(3,979,737)**	**(2,223,677)**	**(2,256,237)**
Non-controlling interest		-	-	-
Total equity		**(3,979,737)**	**(2,223,677)**	**(2,256,237)**
Non-current liabilities				
Long-term borrowings	4,5	6,825,822	4,998,396	5,073,558
Derivatives	4	36,231	18,831	45,509
Other non-current liabilities	4	95,398	110,508	105,102
Deferred tax liabilities		228,011	254,089	219,250
Other provisions		53,229	18,372	53,892
Total non-current liabilities		**7,238,691**	**5,400,195**	**5,497,311**
Current liabilities				
Trade payables	4	158,366	140,657	183,115
Current tax liabilities		48,951	26,809	47,809
Short-term borrowings	4,5	113,805	104,627	102,238
Derivatives	4	2,317	5,709	7,865
Accrued expenses and deferred income		547,889	449,339	522,308
Other current liabilities	4	50,083	39,340	47,094
Total current liabilities		**921,411**	**766,480**	**910,429**
Total equity and liabilities		**4,180,365**	**3,942,997**	**4,151,503**

Consolidated statement of changes in equity

	Attributable to equity holders of the parent company and non-controlling interest						
EUR thousand	**Share capital**	**Other paid in capital**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2021	**56**	**624,686**	**34,261**	**(2,915,240)**	**(2,256,237)**	**-**	**(2,256,237)**
Result for the period	-	-	-	16,052	**16,052**	-	**16,052**
Other comprehensive income	-	-	(9,756)		**(9,756)**	-	**(9,756)**
Total comprehensive income	-	-	*(9,756)*	*16,052*	**6,296**	-	**6,296**
Transaction with owners							
Dividend	-	-	-	(1,729,796)	**(1,729,796)**	-	**(1,729,796)**
Total transaction with owners	-	-	-	*(1,729,796)*	***(1,729,796)***	-	***(1,729,796)***
Balance at March 31, 2021	**56**	**624,686**	**24,505**	**(4,628,984)**	**(3,979,737)**	**-**	**(3,979,737)**

	Attributable to equity holders of the parent company and non-controlling interest						
EUR thousand	**Share capital**	**Other paid in capital**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2020	**56**	**624,686**	**32,645**	**(2,821,173)**	**(2,163,786)**	**-**	**(2,163,786)**
Result for the period	-	-	-	(86,109)	**(86,109)**	-	**(86,109)**
Other comprehensive income	-	-	26,109	-	**26,109**	-	**26,109**
Total comprehensive income	-	-	*26,109*	(86,109)	***(60,000)***	-	***(60,000)***
Transaction with owners							
Shareholder's contribution	-	109	-	-	**109**	-	**109**
Total transaction with owners	-	*109*	-	-	***109***	-	***109***
Balance at March 31, 2020	**56**	**624,795**	**58,754**	**(2,907,282)**	**(2,223,677)**	**-**	**(2,223,677)**

	Attributable to equity holders of the parent company and non-controlling interest						
EUR thousand	**Share capital**	**Other paid in capital**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2020	**56**	**624,686**	**32,645**	**(2,821,173)**	**(2,163,786)**	**-**	**(2,163,786)**
Result for the period	-	-	-	(92,943)	**(92,943)**	-	**(92,943)**
Other comprehensive income	-	-	1,617	(688)	**929**	-	**929**
Total comprehensive income	-	-	*1,617*	(93,631)	***(92,015)***	-	***(92,015)***
Transactions with owners						-	
Repurchase of share options on behalf of parent company	-	-	-	(1,756)	**(1,756)**	-	***(1,756)***
Share based payment expense	-	-	-	1,244	**1,244**	-	**1,244**
Income tax on share base payments effects	-	-	-	76	**76**	-	**76**
Total transaction with owners	-	-	-	*(436)*	***(436)***	-	***(436)***
Balance at December 31, 2020	**56**	**624,686**	**34,261**	**(2,915,240)**	**(2,256,237)**	**-**	**(2,256,237)**

Consolidated statements of cash flows

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Operating activities		
Operating profit	111,699	58,358
Reversal of depreciation and amortization	113,157	106,924
Other non-cash items	31,661	20,228
Paid taxes	(3,565)	(3,942)
Cash flow from operating activities before change in working capital	**252,951**	**181,568**
Change in working capital		
Change in inventories	(44,650)	(34,287)
Change in trade receivables	6,216	583
Change in other receivables	(11,546)	(1,822)
Change in trade payables	(24,574)	4,932
Change in other payables	11,287	35,398
Cash flow from change in working capital	*(63,267)*	*4,803*
Cash flow from operating activities	**189,684**	**186,370**
Investing activities		
Purchase of intangible assets	(87,988)	(71,056)
Purchase of property, plant and equipment	(88,816)	(73,840)
Settlement of deferred consideration	-	(1,630)
Cash flow from investing activities	**(176,804)**	**(146,526)**
Financing activities		
Change in borrowings	38,005	25,107
Paid bank and advisory fees	(61,446)	648
New financing	4,472,783	-
Repayment of financing	(2,734,562)	-
Net interest paid	(47,577)	(37,076)
Call cost old debt	(17,175)	-
Other financial items	(4,871)	25,905
Paid distribution[1]	(1,703,787)	-
Cash flow from financing activities	**(58,629)**	**14,583**
Cash flow for the period	**(45,749)**	**54,428**
Cash and cash equivalents at start of period	97,941	12,770
Exchange difference on translating cash and cash equivalents	8,577	(8,186)
Cash and cash equivalents at end of period	**60,769**	**59,011**

1) Out of the total dividend, EUR 1,703,787 thousand was paid in cash. The remaining part of the dividend was paid in kind with a receivable.

Notes to the Unaudited Consolidated Financial Statements

Note 1 Accounting Policies

Basis of presentation and accounting periods

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The report includes both the financial statements of the Group and separate financial statements for the parent company.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 1 in the annual report for 2020. The accounting policies are unchanged compared with those applied in 2020.

The Group are assessing the effect of phase 2 of the amendments to IFRS 9 Financial instruments related to the IBOR reform. The impact is not expected to be material. Other than this, no new standards are effective for periods beginning after January 1, 2021 that would be expected to have a material impact on the Group.

These consolidated financial statements should be read in conjunction with the annual report 2020. The consolidated interim financial statements have not been audited.

Note 2 Critical Accounting Estimates and Judgments

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed at the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the Group operates and information available from the Group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is described in note 2 in the annual report for 2020. There have been no significant changes compared to what is described in the annual report.

Note 3 Segment Reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the management team as its CODM. The segments identified based on the Group's operating activities are customer acquisition, portfolio services and adjacencies. The customer acquisition segment develops, sources, purchases, provides and installs alarm systems for new customers in return for an installation fee. The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee. The adjacency segment captures the sale of remote monitoring and assistance devices and services for senior citizens and, starting 2020, selling internet connected cameras under the Arlo brand.

	Jan-Mar 2021					
EUR thousand	**Customer acquisition**	**Portfolio services**	**Adjacencies**	**Total Group – Excl SDI**	**SDI**	**Group Total**
Revenue	**91,310**	**485,590**	**19,423**	**596,323**	**-**	**596,323**
Adjusted EBITDA	**(89,585)**	**353,712**	**(938)**	**263,190**	**(6,672)**	**256,517**
Depreciation and amortization	-	-	-	(73,444)	(39,713)	**(113,157)**
Retirements of assets	-	-	-	(31,661)	-	**(31,661)**
Financial items	-	-	-	(59,963)	(23,889)	**(83,852)**
Result before tax	**-**	**-**	**-**	**98,121**	**(70,275)**	**27,846**

	Jan-Mar 2020					
EUR thousand	**Customer acquisition**	**Portfolio services**	**Adjacencies**	**Total Group – Excl SDI**	**SDI**	**Group Total**
Revenue	**79,087**	**421,085**	**10,790**	**510,962**	**-**	**510,962**
Adjusted EBITDA	**(97,226)**	**295,022**	**(4,427)**	**193,370**	**(7,879)**	**185,491**
Depreciation and amortization	-	-	-	(67,128)	(39,795)	**(106,923)**
Retirements of assets	-	-	-	(20,209)	-	**(20,209)**
Financial items	-	-	-	(55,937)	(81,864)	**(137,801)**
Result before tax	**-**	**-**	**-**	**50,096**	**(129,537)**	**(79,443)**

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Mar 2021	Mar 2020	Dec 2020
Financial assets at fair value through profit or loss[1]			
Derivatives			
Currency	2,181	7,133	1,589
Total	**2,181**	**7,133**	**1,589**
Financial liabilities at fair value through profit or loss[1]			
Derivatives			
Currency	22,784	5,709	35,226
Interest rate	15,764	18,831	18,149
Total	**38,548**	**24,540**	**53,375**
Loans and receivables at amortized cost			
Trade and other receivables	311,508	306,559	315,147
Trade receivables[2]	155,682	151,843	161,147
Other current receivables[2]	18,703	13,403	40,027
Cash and cash equivalent	60,769	59,012	97,941
Other financial liabilities at amortized cost			
Long-term borrowings[3]	6,825,822	4,998,396	5,073,558
Other non-current liabilities	95,398	110,508	105,101
Trade payables[2]	158,366	140,657	183,115
Short-term borrowings[2,3]	113,805	104,627	102,238
Other current liabilities[2]	50,083	39,340	47,094

1) Part of the Group´s valuation techniques using observable market data.
2) Due to the short-term nature of trade receivables, current receivables, trade payables, short-term borrowings and other current liabilities, their carrying amount is assumed to be the same as their fair value.
3) Details of borrowings are presented in note 5.

Note 5 Borrowings

EUR thousand	Mar 2021 Principal amount	Mar 2021 Adjustment amortized costs	Mar 2021 Carrying amount	Mar 2020 Principal amount	Mar 2020 Adjustment amortized costs	Mar 2020 Carrying amount	Dec 2020 Principal amount	Dec 2020 Adjustment amortized costs	Dec 2020 Carrying amount
Non-current liabilities									
Secured									
Senior Secured Notes	2,650,000	(21,893)	**2,628,107**	500,000	(1,072)	**498,928**	1,500,000	(10,820)	**1,489,180**
Term Loan B[1]	2,800,000	(52,813)	**2,747,187**	3,092,000	(94,475)	**2,997,525**	2,292,000	(48,893)	**2,243,107**
Revolver Credit Facility	50,922	(13,100)	**37,822**	170,000	(2,444)	**167,556**	-	-	**-**
Unsecured									
Senior Unsecured Notes	1,321,509	(11,803)	**1,309,706**	1,229,169	(8,619)	**1,220,550**	1,244,436	(6,968)	**1,237,468**
Liabilities to other creditors	10,385	-	**10,385**	14,490	-	**14,490**	10,375	-	**10,375**
Lease liability	92,616	-	**92,616**	99,347	-	**99,347**	93,428	-	**93,428**
Long-term borrowings	**6,925,432**	**(99,609)**	**6,825,822**	**5,105,006**	**(106,609)**	**4,998,396**	**5,140,239**	**(66,681)**	**5,073,558**
Current liabilities									
Accrued interest expenses	49,918	-	**49,918**	41,045	-	**41,045**	36,390	-	**36,390**
Other liabilities	25,726	-	**25,726**	26,008	-	**26,008**	27,694	-	**27,694**
Lease liability	38,161	-	**38,161**	37,574	-	**37,574**	38,154	-	**38,154**
Short-term borrowings	**113,805**	**-**	**113,805**	**104,627**	**-**	**104,627**	**102,238**	**-**	**102,238**
Total	**7,039,237**	**(99,609)**	**6,939,628**	**5,209,632**	**(106,609)**	**5,103,023**	**5,242,477**	**(66,681)**	**5,175,796**

1) Of the total amount regarding adjustment amortized costs EUR (18,918) thousand in March 31, 2021 ((63,970) in March 31, 2020 and (27,756) in December 2020) relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9.

Net Debt Bridge

EUR thousand	Mar 2021	Mar 2020	Dec 2020
Total principal amount (as above)	7,039,237	5,209,632	5,242,477
Less accrued interest	(49,918)	(41,045)	(36,390)
Indebtedness	**6,989,319**	**5,168,587**	**5,206,087**
Less financial receivable, current	(8)	(8)	(8)
Less cash and cash equivalents	(60,769)	(59,012)	(97,941)
Net debt including IFRS 16	**6,928,542**	**5,109,568**	**5,108,138**
Less lease liability	-	(136,921)	(131,582)
Net debt per SFA lender documentation[1]	**6,928,542**	**4,972,647**	**4,976,556**

1) Starting in Q1 2021, the SFA lender documentation is post-IFRS 16 compared to pre-IFRS 16 in previous periods.

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Mar 2021	Mar 2020	Dec 2020
Shares in subsidiaries	2,215,275	2,049,222	2,054,531
Bank accounts	43,055	47,219	79,705
Accounts receivables	139,301	88,141	96,092
Inventories	564	458	557
Other operating assets	69,863	-	-
Trademark	75,021	47,083	43,333
Endowment insurance	659	652	666
Motor vehicles	-	10	9

Contingent Liabilities

EUR thousand	Mar 2021	Mar 2020	Dec 2020
Guarantees	28,656	27,510	24,001

The pledged assets are collateral for bank borrowings. Guarantees relate primarily to guarantees provided to suppliers.

Unaudited Parent Company Financial Statements

Parent Company income statement

EUR thousand	Note	Mar 2021	Mar 2020
Administrative expenses		(2)	(4)
Operating result		**(2)**	**(4)**
Financial income	2	12,030	11,963
Financial costs	2	(43,482)	(20,865)
Dividend		295,868	-
Result before tax		**264,414**	**(8,906)**
Income tax expense and benefit		-	-
Result for the period		**264,414**	**(8,906)**

Parent company Statements of Financial Position

EUR thousand	Note	Mar 2021	Mar 2020	Dec 2020
Assets				
Non-current assets				
Long-term investments				
Investments in subsidiaries		1,191,365	1,190,230	1,191,365
Receivables from Group companies		704,444	689,538	708,518
Total non-current assets		**1,895,810**	**1,879,768**	**1,899,883**
Current assets				
Current receivables		16,753	8,500	1,438,709
Cash and cash equivalents		86	3	396
Total current assets		**16,839**	**8,503**	**1,439,105**
Total assets		**1,912,649**	**1,888,271**	**3,338,988**
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		569,170	569,170	569,170
Retained earnings		(72,874)	10,104	1,392,508
Total equity		**496,352**	**579,331**	**1,961,734**
Provisions				
Other provisions		36,000	-	36,000
Total provisions		**36,000**	**-**	**36,000**
Non-current liabilities				
Long-term borrowings	4	1,309,706	1,220,550	1,237,468
Liabilities to Group companies		57,277	66,692	97,979
Total non-current liabilities		**1,366,983**	**1,287,242**	**1,335,447**
Current liabilities				
Accounts payable		201	-	-
Accrued expenses and prepaid income	4	13,091	21,698	5,807
Other current liabilities		22	-	-
Total current liabilities		**13,314**	**21,698**	**5,807**
Total equity and liabilities		**1,912,649**	**1,888,271**	**3,338,988**

Parent Company Statements of Changes in Equity

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2021	**56**	**569,170**	**1,392,508**	**1,961,734**
Result for the period	-	-	264,414	**264,414**
Shareholders contribution	-	-	-	**-**
Dividend	-	-	(1,729,796)	**-1,729,796**
Balance at March 31, 2021	**56**	**569,170**	**(72,874)**	**496,352**

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2020	**56**	**569,170**	**18,901**	**588,127**
Result for the period	-	-	(8,906)	**(8,906)**
Shareholders contribution	-	-	109	**109**
Balance at March 31, 2020	**56**	**569,170**	**10,104**	**579,331**

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2020	**56**	**569,170**	**18,901**	**588,127**
Result for the period	-	-	1,372,363	**1,372,363**
Shareholders contribution	-	-	1,244	**1,244**
Balance at December 31, 2020	**56**	**569,170**	**1,392,508**	**1,961,734**

Parent Company Statements of Cash Flows

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Operating activities		
Operating result	(2)	(4)
Cash flow from operating activities before change in working capital	**(2)**	**(4)**
Change in working capital		
Change in trade payables	506	-
Change in other receivables	(286)	-
Cash flow from change in working capital	**221**	**-**
Cash flow from operating activities	**218**	**(4)**
Investing activities		
Cash flow from investing activities	-	-
Financing activities		
New financing	1,322,783	-
Repayment of loan	(1,242,562)	-
Dividend received	1,703,787	-
Dividend paid[1]	(1,703,787)	-
New loans from Group companies	1,700	-
Repayment of loan from Group companies	(42,402)	(4,360)
Paid bank and advisory fees	(12,161)	-
Call cost old debt	(17,175)	-
Net interest received or paid	(10,712)	4,248
Cash flow from financing activities	**(528)**	**(112)**
Cash flow for the period	**(310)**	**(116)**
Cash and cash equivalents at start of period	396	119
Exchange difference on translating cash and cash equivalents	-	-
Cash and cash equivalents at end of period	**86**	**3**

1) Out of the total dividend, EUR 1,703,787 thousand was paid in cash. The remaining part of the dividend was paid in kind with a receivable.

Note to the Unaudited Parent Company Financial Statements

Note 1 Accounting Policies

The parent company Verisure Midholding AB (publ) applies the Swedish Financial Reporting Board's recommendation "RFR 2". The accounting policies are unchanged compared with those applied in 2020.

These financial statements should be read in conjunction with the Annual Report 2020.

Note 2 Financial income and expenses

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Interest income from Group companies	12,030	11,963
Financial income	**12,030**	**11,963**
Interest expense	(17,639)	(17,795)
Interest expense to Group companies	(420)	(448)
Other financial expenses	(25,423)	(2,623)
Financial expenses	**(43,482)**	**(20,865)**

Note 3 Provisions

The parent company reports a provision related to the Norwegian Competition Authority (the "NCA") case, refer to events during the reporting period for the Group on page 8 for more information.

Note 4 Borrowings

	Mar 2021			Mar 2020		
EUR thousand	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured						
Senior Unsecured Notes	12,659	1,309,706	**1,322,365**	21,266	1,220,550	**1,241,776**
Total (carrying amount)	**12,659**	**1,309,706**	**1,322,365**	**21,266**	**1,220,550**	**1,241,776**

	Dec 2020		
EUR thousand	Current liabilities	Non-current liabilities	Total
Senior Unsecured Notes	5,790	1,237,468	**1,243,258**
Total (carrying amount)	**5,790**	**1,237,468**	**1,243,258**

Quarterly summary

Key Figures

EUR thousand (if not otherwise stated)	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020
Portfolio services segment:					
Unaudited operating data					
Total subscribers (end of period), units	3,884,382	3,763,945	3,623,024	3,467,795	3,430,058
Cancellation, units	65,782	57,680	55,777	57,707	58,535
Attrition rate (LTM)	6.5%	6.5%	6.5%	6.5%	6.4%
Net subscriber growth, units	120,437	140,921	155,229	37,737	83,346
Subscriber growth rate, net	13.2%	12.5%	12.0%	10.8%	13.3%
Average monthly revenue per user (ARPU), (in EUR)	42.4	41.5	41.2	40.9	41.4
Monthly adjusted EBITDA per subscriber (EPC), (in EUR)	30.9	30.1	29.9	30.0	29.0
Non-IFRS and IFRS financial data					
Portfolio services revenue[1]	485,590	459,783	438,910	420,803	421,085
Portfolio services adjusted EBITDA	353,712	333,227	318,765	308,760	295,022
Portfolio services adjusted EBITDA margin	72.8%	72.5%	72.6%	73.4%	70.1%
Customer acquisition segment:					
Unaudited operating data					
New subscribers added (gross)	186,219	198,601	211,006	95,444	141,881
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,205	1,090	1,092	1,329	1,406
Non-IFRS and IFRS financial data					
Customer acquisition revenue[1]	91,310	100,473	99,844	58,733	79,087
Customer acquisition adjusted EBITDA	(89,585)	(72,263)	(90,974)	(61,537)	(97,226)
Customer acquisition capital expenditures	134,731	144,351	139,411	65,339	102,273
Adjacencies segment:					
Non-IFRS and IFRS financial data					
Adjacencies revenue[1]	19,423	21,894	17,807	9,693	10,790
Adjacencies adjusted EBITDA	(938)	(4,405)	(2,521)	(2,854)	(4,427)
Consolidated:					
Unaudited operating data					
Payback period (in years)	3.3	3.0	3.0	3.7	4.0
Non-IFRS and IFRS financial data					
Revenue[1]	596,323	582,150	556,561	489,229	510,962
Organic revenue growth	16.4%	18.1%	18.2%	6.8%	13.1%
Adjusted EBITDA	263,190	256,559	225,270	244,369	193,370
Adjusted EBITDA margin	44.1%	44.1%	40.5%	49.9%	37.8%
Capital expenditures	176,129	207,750	177,977	105,130	144,124
Reported (including SDI)					
Revenue[1]	596,323	582 150	556,561	489,229	510,962
Reported operating profit[1]	111,699	88,793	76,348	100,727	58,358
Reported adjusted EBITDA	256,517	226,766	209,015	231,855	185,491

1) IFRS financial data.

Non-IFRS measures

The Group uses some financial measures to assess the business which are not defined by IFRS. These measures are included in this report, not to be considered a substitute of the Groups financial statements but instead important complementary measures of operating performance.

Adjusted EBITDA

Earnings before interests, taxes, depreciation and amortization, write-offs and separately disclosed items.

EUR thousand	**Jan-Mar 2021**	**Jan-Mar 2020**
Operating profit according to consolidated income statement	111,699	58,358
Depreciation and amortization add-back	113,157	106,923
Retirement of assets add-back	31,661	20,209
Separately disclosed items add-back	6,672	7,879
Adjusted EBITDA	**263,190**	**193,370**
Whereof adjusted EBITDA customer acquisition	*(89,585)*	*(97,226)*
Whereof adjusted EBITDA portfolio services	*353,712*	*295,022*
Whereof adjusted EBITDA adjacencies	*(938)*	*(4,427)*

Average Revenue per user

Average monthly revenue per user (“ARPU”) is our portfolio services segment revenue, consisting of monthly average subscription fees and sales of additional products and services divided by the monthly average number of subscribers during the relevant period.

Calculation of ARPU

EUR thousand	**Jan-Mar 2021**	**Jan-Mar 2020**
Portfolio services segment revenue	485,590	421,085
Monthly average portfolio services segment revenue	161,863	140,362
Average monthly number of subscribers during the period	3,818,506	3,393,734
Monthly average portfolio services segment revenue (in EUR) divided with average monthly number of subscribers during the period – ARPU (In EUR)	42.4	41.4

Monthly adjusted EBITDA per subscriber

Monthly adjusted EBITDA per subscriber (“EPC”) is calculated by dividing the total monthly adjusted EBITDA from managing our existing subscriber portfolio (which is our adjusted EBITDA from portfolio services) by the monthly average number of subscribers.

Calculation of EPC

EUR thousand	**Jan-Mar 2021**	**Jan-Mar 2020**
Portfolio services segment adjusted EBITDA	353,712	295,022
Monthly average portfolio services segment adjusted EBITDA	117,904	98,341
Average monthly number of subscribers during the period	3,818,506	3,393,734
Monthly average portfolio services segment adjusted EBITDA (in EUR) divided with average monthly number of subscribers during the period – EPC (In EUR)	30.9	29.0

Cash acquisition cost per new subscriber

Cash acquisition cost per new subscriber ("CPA") is the net investment required to acquire a subscriber, including costs related to the marketing and sales process, installation of the alarm system, costs of alarm system products and overhead expenses for the customer acquisition process. The metric is calculated net of any revenues from installation fees charged to the subscriber and represents the sum of adjusted EBITDA plus capital expenditures in our customer acquisition segment on average for every subscriber acquired.

Calculation of CPA

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Customer acquisition Adjusted EBITDA	(89,585)	(97,226)
Customer acquisition capital expenditure	(134,731)	(102,273)
Customer acquisition cost	**(224,316)**	**(199,499)**
New subscribers added (gross)	186,219	141,881
Customer acquisition cost (in EUR) divided by new subscribers added (gross) - CPA (In EUR)	1,205	1,406

Payback period

Payback period represents the time in years required to recapture the initial capital investment made to acquire a new subscriber and is calculated as CPA divided by EPC, divided by 12.

Calculation of Payback period

EUR thousand	Jan-Mar 2021	Jan-Mar 2020
Cash acquisition cost per new subscriber ("CPA")	1,205	1,406
Monthly adjusted EBITDA per subscriber ("EPC")	30.9	29.0
CPA divided by EPC divided by 12	3.3	4.0

Malmö, May 26, 2021

Austin Lally CEO	Daniel Bruzaeus	Vincent Litrico
Cecilia Hultén Chairman	Elizabeth Henry	