



VERISURE MIDHOLDING AB (PUBL)

INTERIM REPORT
JANUARY– MARCH 2022

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

Key operating highlights for the first quarter ending March 31, 2022 and 2021

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 are also, through Arlo Europe, the leading provider of camera video surveillance systems in Europe. We offer premium monitored alarm services to our portfolio of over 4.4 million customers and design, sell, install, and monitor alarm and video surveillance systems 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.

In the first quarter of 2022, the Group continued to deliver strong operational and financial performance. Our customer portfolio continued to grow and passed the 4.4 million customer milestone, which represents an annual portfolio growth rate of 13.3% compared to the same period last year. We have added more than 517 thousand customers to our portfolio in the last twelve months. 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, with portfolio services adjusted EBITDA increasing +15.6% in Q1 2022 compared to Q1 2021 (15.2% in constant currencies). Total adjusted EBITDA incl. SDIs in the quarter increased +6.4% vs. Q1 2021.

Throughout this period, we have continued to provide peace of mind to our customers and have protected them against intrusion, fire, attack, theft, life-threatening emergencies, and other hazards without interruption. 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 2022 and 2021 financials:

- Total revenues reached EUR 682.0 million in the first quarter of 2022, increasing +14.4% from EUR 596.3 million in the same period last year. In constant currencies, total revenue grew by +13.8% in the quarter. Portfolio services revenues, representing 83% of total Group revenues in the quarter, grew by +16.7% to EUR 566.9 million. In constant currencies, portfolio services revenues grew by +16.2% in the quarter.
- Adjusted EBITDA incl. SDIs amounted to EUR 273.0 million in the quarter compared to EUR 256.5 million in Q1 2021, an increase of +6.4% vs. prior year. In constant currencies, total adjusted EBITDA incl. SDIs grew by +6.4%.
- Portfolio services adjusted EBITDA increased to EUR 409.0 million in the quarter from EUR 353.7 million in Q1 2022, representing an increase of +15.6%. In constant currencies, portfolio adjusted EBITDA increased by +15.2% in the quarter. On an annualised basis, our portfolio services adjusted EBITDA is now over EUR 1.6 billion. Portfolio services adjusted EBITDA margin was 72.2% in the period, compared to 72.8% in the same period last year.
- ARPU reached EUR 43.6 in the quarter, which represents an increase of +2.9% vs. prior year (+2.4% in constant currencies). EPC increased to EUR 31.5 in the quarter, representing an increase of +1.9% vs. prior year (and +1.5% in constant currencies).
- Acquisition of new customers continued to be strong in the first quarter of the year. We added 202,901 new customers in the quarter, which represents an increase of +9.0% compared to Q1 2021, and the strongest first quarter ever for the Group.
- Net subscriber growth was 127,164 in the quarter compared to 120,437 in Q1 2021, an increase of +5.6% year-on-year. At the end of the quarter our customer portfolio stood at 4,401,991 customers, up 517,609 customers or +13.3% year-on-year. All customer portfolio growth was organic.

We consider ourselves fortunate to have a subscription-based portfolio that has shown very strong resilience to date. We have taken decisive steps during the last two years to ensure positive operational and financial performance and flexibility in our customer acquisition segment during these unprecedented times. Our performance since the onset of the pandemic supports this.

We remain optimistic for the business, both medium and long term, even if the external environment is expected to remain challenging for a period, as 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 the geographies where we operate.

Key figures

EUR thousand (if not otherwise stated)	Jan-Mar 2022	Jan-Mar 2021
Consolidated		
Non-IFRS and IFRS financial data		
Revenue ¹	682,016	596,323
Organic revenue growth	14.0%	16.4%
Adjusted EBITDA excl. SDIs	276,482	263,190
Adjusted EBITDA margin excl. SDIs	40.5%	44.1%
Adjusted EBITDA incl. SDIs	272,969	256,517
Adjusted EBITDA margin incl. SDIs	40.0%	43.0%
Operating profit ¹	112,691	111,699
Capital expenditures	186,290	176,129
Net Debt per SFA	7,215,951	6,928,542
Unaudited operating data		
Payback period (in years)	3.6	3.3
Portfolio services segment		
Non-IFRS and IFRS financial data		
Portfolio services revenue ¹	566,861	485,590
Portfolio services adjusted EBITDA excl. SDIs	408,995	353,712
Portfolio services adjusted EBITDA margin	72.2%	72.8%
Unaudited operating data		
Total subscribers (year-end), units	4,401,991	3,884,382
Cancellation, units	75,737	65,782
Attrition rate (LTM)	6.5%	6.5%
Net subscriber growth, units	127,164	120,437
Subscriber growth rate, net	13.3%	13.2%
Monthly average number of subscribers during the period, units	4,332,495	3,818,506
Average monthly revenue per user (ARPU), (in EUR)	43.6	42.4
Adjusted EBITDA per customer (EPC), (in EUR)	31.5	30.9
Customer acquisition segment		
Non-IFRS and IFRS financial data		
Customer acquisition revenue ¹	95,351	91,310
Customer acquisition adjusted EBITDA excl. SDIs	(133,183)	(89,585)
Customer acquisition capital expenditures	145,725	134,731
Unaudited operating data		
New subscribers added (gross)	202,901	186,219
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,375	1,205
Adjacencies segment		
Non-IFRS and IFRS financial data		
Adjacencies revenue ¹	19,803	19,423
Adjacencies adjusted EBITDA excl. SDIs	670	(938)

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 (SDIs), is considered by management to give a fairer view of the year-on-year comparison of financial performance. SDIs are costs or income that have been recognized in the income statement which management believes, due to their nature, 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, 2022 and 2021

Results excluding SDIs

EUR million	Jan-Mar 2022	Jan-Mar 2021	Percentage change
Revenue	682.0	596.3	14.4%
Operating expenses	(406.7)	(334.4)	21.6%
Other income	1.1	1.3	(12.9)%
Adjusted EBITDA	276.5	263.2	5.0%
Adjusted EBITDA margin, %	40.5%	44.1%	
Depreciation and amortization	(123.7)	(73.4)	68.5%
Retirement of assets	(18.3)	(31.7)	(42.2)%
Operating profit	134.5	158.1	(14.9)%
Operating profit margin, %	19.7%	26.5%	-
Interest income and cost	(74.4)	(58.7)	26.8%
Other financial items	(1.8)	(1.3)	40.1%
Result before tax	58.3	98.1	(40.6)%

Revenue

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

Revenue by segment

EUR million	Jan-Mar 2022	Jan-Mar 2021	Percentage change
Portfolio services	566.9	485.6	16.7%
Customer acquisition	95.4	91.3	4.4%
Adjacencies	19.8	19.4	2.1%
Total	682.0	596.3	14.4%

Total revenue in the first quarter 2022 increased by 14.4%, or EUR 85.7 million, to EUR 682.0 million, up from EUR 596.3 million in the prior period. Organic revenue growth was 14.0%, primarily due to the increasing customer base. The customer base as of March 31, 2022 was 4,401,991, an increase of more than 517,000 customers, or 13.3%, from 3,884,382 as of March 31, 2021.

Portfolio services revenue in the first quarter 2022 increased by 16.7%, or EUR 81.3 million, to EUR 566.9 million, up from EUR 485.6 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, 2022, amounted to EUR 95.4 million, which is an increase of 4.4%, or EUR 4.1 million, compared to EUR 91.3 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 21.6%, or EUR 72.3 million, to EUR 406.7 million, from EUR 334.4 million in the prior period. The increase was mainly driven by growth in the portfolio, and also by inflationary pressures on material and marketing costs.

Adjusted EBITDA

Adjusted EBITDA in the three months ending March 31, 2022 increased by 5.0%, or EUR 13.3 million, to EUR 276.5 million, up from EUR 263.2 million in the prior period. The increase in adjusted EBITDA was driven mainly by the growth in the customer portfolio.

Depreciation and amortisation

Depreciation and amortization increased to EUR 123.7 million in the three months ending March 31, 2022, up from EUR 73.4 million in the prior period. This is primarily related to the alarm equipment installed at our customers' premises and the capitalized incremental costs of obtaining contracts with customers. Starting in January 2022, we simplified our treatment of direct costs related to the acquisition of customer contracts, which are no longer written-off upon customer cancellation. Instead, in accordance with IAS 38, these capitalized costs are now following a straight-line amortization approach (over a shorter life than before). This change has no material impact on operating profit but results in increasing depreciation and decreasing write-off costs commensurately.

Retirement of assets

Retirements of assets decreased to EUR 18.3 million in the first quarter of 2022, down from EUR 31.7 million in the prior period. The cost corresponds mainly to the remaining balance of capitalized material and direct costs, at the time customers leave the portfolio or upgrade to our new platform. The decrease in write-off during Q2 2022 is due to the new approach described above.

Interest income and expenses

Interest income amounted to EUR 0.2 million in the three months ending March 31, 2022 and 2021. Interest cost amounted to EUR 74.6 million, compared to EUR 58.9 million in the prior period, mainly driven by an increase in gross debt.

Other financial items

Other financial items, mainly consisting of commitment fees of our Revolving Credit Facility and Ancillary Facilities, and charges for excess cash, amounted to a cost of EUR 1.8 million in Q1 2022, compared to 1.3 million in Q1 2021. The increase is mainly driven by the increased size of our Revolving Credit Facility, which was upsized from €300 million to €700 million in March 2021.

Reported consolidated income statement for the three months ending March 31, 2022 and 2021

EUR million	Jan-Mar 2022			Jan-Mar 2021		
	Result excluding SDI	Separately disclosed items	Reported	Result excluding SDI	Separately disclosed items	Reported
Revenue	682.0	-	682.0	596.3	-	596.3
Operating expenses	(406.7)	(3.5)	(410.2)	(334.4)	(6.7)	(341.1)
Other income	1.1	-	1.1	1.3	-	1.3
Adjusted EBITDA	276.5	(3.5)	273.0	263.2	(6.7)	256.5
Depreciation and amortization	(123.7)	(18.3)	(142.0)	(73.4)	(39.7)	(113.1)
Retirements of assets	(18.3)	-	(18.3)	(31.7)	-	(31.7)
Operating profit	134.5	(21.8)	112.7	158.1	(46.4)	(111.7)
Interest income and expenses	(74.4)	-	(74.4)	(58.7)	0.4	(58.3)
Other financial items	(1.8)	23.0	21.2	(1.3)	(24.3)	(25.6)
Result before tax	58.3	1.2	59.5	98.1	(70.3)	27.8
Income tax benefit and expense	-	-	(27.2)	-	-	(11.8)
Result for the period	-	-	32.3	-	-	16.1

Separately disclosed items (SDIs)

SDI affecting operating expenses

For the first quarter 2022, the total costs for SDIs amounted to EUR 3.5 million and EUR 6.7 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 of the asset. The main part of the total cost of EUR 18.3 million in Q1 2022 and EUR 39.7 million in Q1 2021 relates to the amortization of the contract portfolio acquired from Securitas Direct Group in 2011. Year on year decrease is driven by the fact that part of the contract portfolios were fully amortized in Q3 2021.

SDI affecting interest income and cost and other financial items

SDIs affecting interest income and expenses and other financial items totalled an income of EUR 23.0 million in Q1 2022, compared to a cost of EUR 23.9 million during the same period last year. For the three months ending March 31, 2022, other financial items include a positive non-cash FX revaluation of debt items and unrealised derivatives of EUR 30.4 million, offset by the amortization of prepaid financing fees of EUR 3.4 million, realised derivatives of EUR 3.1 million and a negative IFRS 9 adjustment regarding the modification of loan agreements of EUR 0.8 million. For the three months ending March 31, 2021,

SDIs affecting interest income and expenses and other financial items consisted of a positive non-cash FX revaluation of debt items and unrealised hedges of EUR 26.1 million, offset by the amortization of realised 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.

Income tax benefit and expense

Total tax cost was EUR 27.2 million in the quarter compared with EUR 11.8 million last year. Current tax expense was EUR 15.5 million in Q1 2022 compared to EUR 4.9 million in Q1 2021. Deferred tax was an expense of EUR 11.7 million in Q1 2022 compared to an expense of EUR 6.9 million in 2021.

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 2021.

EUR million	Jan-Mar 2022	Jan-Mar 2021
Cash flow from operating activities before change in working capital	269.0	253.0
Change in working capital	(20.3)	(63.3)
Cash flow from operating activities¹	248.6	189.7
Cash flow from investing activities	(186.4)	(176.8)
Cash flow from financing activities ²	(61.4)	(58.6)
Cash flow for the period	0.8	(45.7)
Cash and cash equivalents at beginning of period	24.3	97.9
Translation differences on cash and cash equivalents	0.3	8.6
Cash and cash equivalents at end of period	25.3	60.8

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 248.6 million for the three months ending March 31, 2022 and EUR 189.7 million for the three months ending March 31, 2021. The increase is driven by an improvement in the underlying operating cash flow as well as a positive variation in working capital, especially in other payables, partially offset by negative variations in trade receivables.

Cash flow from investing activities

Cash flow from investing activities amounted to an outflow of EUR 186.4 million for the three months ending March 31, 2022, compared to EUR 176.8 million for the three months ending March 31, 2021. 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 61.4 million and an outflow of EUR 58.6 million for the three months ending March 31, 2022 and 2021, respectively. Key components in the three months ending March 31, 2022, include net interest payments of EUR 86.5 million and changes in borrowings of EUR 29.5 million. Compared to the same period last year, net interest payments increased by EUR 38.9 million, from EUR 47.6 million, driven by higher gross debt. Furthermore, Q1 2021 saw new financing in the amount 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, a 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.

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 capitalises 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, 2022 and 2021:

EUR million	Jan-Mar 2022	Jan-Mar 2021
Customer acquisition capital expenditures, material	83.9	73.5
Customer acquisition capital expenditures, direct costs	61.8	61.2
Portfolio capital expenditures	20.1	16.6
Adjacencies capital expenditures	1.6	2.6
Capital expenditures other	18.8	22.2
Total	186.3	176.1

Capital expenditures were EUR 186.3 million for the three months ending March 31, 2022 and EUR 176.1 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, 2022, the Group had a total of EUR 439.5 million of available funds.

EUR million	Mar 2022	Mar 2021	Dec 2021
Revolving Credit Facility	700.0	700.0	700.0
Cash and cash equivalents	25.3	60.8	24.3
Drawn facility amount	(276.4)	(50.9)	(234.7)
Utilised letters of credit	(9.6)	(9.5)	(9.4)
Total available funds	439.3	700.3	480.1

The following table summarises our total financial indebtedness as of March 31, 2022, 2021 and December 31, 2021.

EUR million	Mar 2022	Mar 2021	Dec 2021
Revolving Credit Facility	276.4	50.9	234.7
Term Loan B	2,800.0	2,800.0	2,800.0
Senior Secured Notes	2,650.0	2,650.0	2,650.0
Senior Unsecured Notes	1,320.1	1,321.5	1,321.3
Other liabilities	40.0	36.1	39.9
Lease liability (IFRS 16)	154.8	130.8	150.2
Total	7,241.3	6,989.3	7,196.2

Risks and uncertainties

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 2021 Verisure Midholding AB's annual report.

As per the issuance of the Q1 interim report 2021, on May 26, 2021, certain accounting estimates were done in relation to provisions related to the Norwegian Competition Authority (NCA) investigation and also in relation to the accounting of deferred and current tax. These accounting estimates related to NCA and tax have been subject to new information subsequent to the issuance of the Q1 2021 interim report and as a consequence, adjusted amounts have been recognized in the balance sheets and income statements in interim reports thereafter.

Events during the reporting period

In February 2022, the Oslo District's Court dismissal of a class action initiated by the newly-formed Alarm Customer Association against Sector Alarm AS and Verisure AS was appealed by the Alarm Customer Association to the Court of Appeal. The Court of Appeal has yet to deliver its ruling on the appeal. The case was initiated in July 2021 and concerns alleged economic losses suffered by customers as a result of the claimed breaches of the Norwegian Competition Act that formed part of the NCA decision. The underlying claims have not been specified in any detail by the Alarm Customer Association and we firmly contest that the conditions for compensation are fulfilled. The District Court dismissed the case on procedural grounds in a ruling delivered in December 2021.

The Russian invasion of Ukraine has caused a major humanitarian crisis. At the time of writing of this report, it is unclear what the short term and long-term impact of this war will be across the world socially, politically and economically. However, our Group has no operations in Russia, Belarus or Ukraine, nor any material vendor relationships. We are closely monitoring the situation. We are also staying close to the small number of Ukrainian citizens employed by the Group in other countries. We have also made a humanitarian donation to the UNHCR.

Events after the reporting period

The Group is evaluating a refinancing of its EUR 500 million Senior Secured Notes due in May 2023, subject to market conditions.

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 2022	Jan-Mar 2021
Revenue	3	682,016	596,323
Cost of sales		(393,730)	(307,213)
Gross profit		288,285	289,110
Selling expenses		(84,685)	(72,036)
Administrative expenses		(92,043)	(106,683)
Other income		1,133	1,308
Operating profit		112,691	111,699
Financial income		208	586
Financial expenses		(53,437)	(84,438)
Result before tax		59,461	27,846
Income tax expense and benefit		(27,179)	(11,794)
Result for the period		32,282	16,052
Whereof attributable to:			
- Parent company		32,282	16,052
- Non-controlling interest		-	-

Consolidated statements of comprehensive income

EUR thousand	Jan-Mar 2022	Jan-Mar 2021
Result for the period	32,282	16,052
Other comprehensive income		
Items that may be reclassified to the income statement		
Hedging reserve	1,645	8,625
Currency translation differences on foreign operations	5,911	(16,541)
Income tax related to other comprehensive items	(339)	(1,840)
Other comprehensive income	7,217	(9,756)
Total comprehensive income for the period	39,499	6,296
Whereof attributable to:		
- Parent company	39,499	6,296
- Non-controlling interest	-	-

Consolidated statements of financial position

EUR thousand	Note	Mar 2022	Mar 2021	Dec 2021
Assets				
Non-current assets				
Property, plant and equipment		1,219,162	1,048,998	1,169,952
Right of use assets		151,395	128,081	146,864
Goodwill		870,585	866,863	867,680
Customer portfolio		1,023,838	991,241	1,011,677
Other intangible assets		277,740	264,676	282,831
Deferred tax assets		28,663	24,335	27,860
Trade and other receivables	4	298,096	311,508	311,653
Total non-current assets		3,869,479	3,635,702	3,818,516
Current assets				
Inventories		291,661	205,413	252,086
Trade receivables	4	180,024	155,682	147,629
Current tax assets		17,082	15,612	15,896
Derivatives	4	11,387	2,181	9,651
Prepayments and accrued income		77,768	86,304	59,097
Other current receivables	4	35,417	18,703	35,288
Cash and cash equivalents	4	25,324	60,769	24,283
Total current assets		638,663	544,663	543,930
Total assets		4,508,142	4,180,365	4,362,446

EUR thousand	Note	Mar 2022	Mar 2021	Dec 2021
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		624,686	624,686	624,686
Translation reserve		28,706	23,902	22,795
Hedging reserve		8,970	603	7,664
Retained earnings		(4,595,909)	(4,628,984)	(4,628,446)
Equity attributable to equity holders of the parent company		(3,933,491)	(3,979,737)	(3,973,245)
Non-controlling interest		-	-	-
Total equity		(3,933,491)	(3,979,737)	(3,973,245)
Non-current liabilities				
Long-term borrowings	4,5	7,077,465	6,825,822	7,029,477
Derivatives	4	-	36,231	-
Other non-current liabilities	4	86,478	95,398	86,792
Deferred tax liabilities		187,168	228,011	175,474
Other provisions		20,038	53,229	22,437
Total non-current liabilities		7,371,149	7,238,691	7,314,180
Current liabilities				
Trade payables	4	177,559	158,366	190,682
Current tax liabilities		98,140	48,951	85,203
Short-term borrowings	4,5	119,271	113,805	129,919
Derivatives	4	21,934	2,317	30,853
Accrued expenses and deferred income		590,920	547,889	545,839
Other current liabilities	4	63,200	50,083	39,015
Total current liabilities		1,070,484	921,411	1,021,511
Total equity and liabilities		4,508,142	4,180,365	4,362,446

Consolidated statement of changes in equity

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest						Non-controlling interest	Total equity
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total		
Balance at January 1, 2022	56	624,686	22,795	7,664	(4,628,446)	(3,973,245)	-	(3,973,245)
Result for the period	-	-	-	-	32,282	32,282	-	32,282
Other comprehensive income	-	-	5,911	1,306	-	7,217	-	7,217
Total comprehensive income	-	-	5,911	1,306	32,282	39,499	-	39,499
<i>Transaction with owners</i>								
Share based payment expense	-	-	-	-	255	255	-	255
Total transaction with owners	-	-	-	-	255	255	-	255
Balance at March 31, 2022	56	624,686	28,706	8,970	(4,595,909)	(3,933,491)	-	(3,933,491)

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest						Non-controlling interest	Total equity
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total		
Balance at January 1, 2021	56	624,686	40,443	(6,182)	(2,915,240)	(2,256,237)	-	(2,256,237)
Result for the period	-	-	-	-	16,052	16,052	-	16,052
Other comprehensive income	-	-	(16,541)	6,785	-	(9,756)	-	(9,756)
Total comprehensive income	-	-	(16,541)	6,785	16,052	6,296	-	6,296
<i>Transaction with owners</i>								0
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	23,902	603	(4,628,984)	(3,979,737)	-	(3,979,737)

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest						Non-controlling interest	Total equity
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total		
Balance at January 1, 2021	56	624,686	40,443	(6,182)	(2,915,240)	(2,256,237)	-	(2,256,237)
Result for the period	-	-	-	-	14,933	14,933	-	14,933
Other comprehensive income	-	-	(17,648)	13,846	1,641	(2,161)	-	(2,161)
Total comprehensive income	-	-	(17,648)	13,846	16,574	12,772	-	12,772
<i>Transaction with owners</i>								
Transaction with non-controlling interest	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Share based payment expense	-	-	-	-	1,016	1,016	-	1,016
Dividend	-	-	-	-	(1,729,796)	(1,729,796)	-	(1,729,796)
Total transaction with owners	-	-	-	-	(1,729,780)	(1,729,780)	-	(1,729,780)
Balance at December 31, 2021	56	624,686	22,795	7,664	(4,628,446)	(3,973,245)	-	(3,973,245)

Consolidated statements of cash flows

EUR thousand	Jan-Mar 2022	Jan-Mar 2021
Operating activities		
Operating profit	112,691	111,699
Reversal of depreciation and amortization	141,965	113,157
Other non-cash items	18,316	31,661
Paid taxes	(4,004)	(3,565)
Cash flow from operating activities before change in working capital	268,967	252,951
Change in working capital		
Change in inventories	(33,973)	(44,650)
Change in trade receivables	(24,498)	6,216
Change in other receivables	(8,749)	(11,546)
Change in trade payables	(15,570)	(24,574)
Change in other payables	62,461	11,287
<i>Cash flow from change in working capital</i>	<i>(20,330)</i>	<i>(63,267)</i>
Cash flow from operating activities	248,637	189,684
Investing activities		
Purchase of intangible assets	(84,862)	(87,988)
Purchase of property, plant and equipment	(101,553)	(88,816)
Settlement of deferred consideration	-	-
Cash flow from investing activities	(186,415)	(176,804)
Financing activities		
Change in borrowings	29,484	38,005
Paid bank and advisory fees	-	(61,446)
New financing	-	4,472,783
Repayment of financing	-	(2,734,562)
Net interest paid	(86,471)	(47,577)
Call cost old debt	-	(17,175)
Other financial items	(4,463)	(4,871)
Paid distribution ¹	-	(1,703,787)
Cash flow from financing activities	(61,449)	(58,629)
Cash flow for the period	773	(45,749)
Cash and cash equivalents at start of period	24,283	97,941
Exchange difference on translating cash and cash equivalents	269	8,577
Cash and cash equivalents at end of period	25,324	60,769

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 2021. The accounting policies are unchanged compared with those applied in 2021.

These consolidated financial statements should be read in conjunction with the annual report 2021. 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 recognized 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 2021. 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 2021, selling internet connected cameras under the Arlo brand.

Jan-Mar 2022						
EUR thousand	Customer acquisition	Portfolio services	Adjacencies	Total Group – Excl SDI	SDI	Group Total
Revenue	95,351	566,861	19,803	682,016	-	682,016
Adjusted EBITDA	(133,183)	408,995	670	276,482	(3,513)	272,969
Depreciation and amortization	-	-	-	(123,654)	(18,311)	(141,965)
Retirements of assets	-	-	-	(18,313)	-	(18,313)
Financial items	-	-	-	(76,252)	23,022	(53,230)
Result before tax	-	-	-	58,264	1,198	59,461

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

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Mar 2022	Mar 2021	Dec 2021
Financial assets at fair value through profit or loss¹			
<i>Derivatives</i>			
Currency	11,387	2,181	9,651
Total	11,387	2,181	9,651
Financial liabilities at fair value through profit or loss¹			
<i>Derivatives</i>			
Currency	16,034	22,784	22,110
Interest rate	5,360	15,764	8,744
Total	21,394	38,548	30,853
Loans and receivables at amortized cost			
Trade and other receivables	298,096	311,508	311,653
Trade receivables ²	180,024	155,682	147,629
Other current receivables ²	35,417	18,703	35,288
Cash and cash equivalent	25,324	60,769	24,283
Other financial liabilities at amortized cost			
Long-term borrowings ³	7,077,465	6,825,822	7,029,477
Other non-current liabilities	86,478	95,398	86,792
Trade payables ²	177,559	158,366	190,682
Short-term borrowings ^{2,3}	119,271	113,805	129,919
Other current liabilities ²	63,200	50,083	39,015

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 2022			Mar 2021			Dec 2021		
	Principal amount	Adjustment amortized costs	Carrying amount	Principal amount	Adjustment amortized costs	Carrying amount	Principal amount	Adjustment amortized costs	Carrying amount
Non-current liabilities									
Secured									
Senior Secured Notes	2,650,000	(20,336)	2,629,665	2,650,000	(21,893)	2,628,107	2,650,000	(21,472)	2,628,528
Term Loan B ¹	2,800,000	(49,228)	2,750,772	2,800,000	(52,813)	2,747,187	2,800,000	(51,445)	2,748,555
Revolver Credit Facility	276,377	(11,283)	265,094	50,922	(13,100)	37,822	234,715	(11,749)	222,966
Unsecured									
Senior Unsecured Notes	1,320,110	(14,542)	1,305,568	1,321,509	(11,803)	1,309,706	1,321,337	(14,972)	1,306,365
Liabilities to other creditors	14,006	-	14,006	10,385	-	10,385	14,014	-	14,014
Lease liability	112,360	-	112,360	92,616	-	92,616	109,049	-	109,049
Long-term borrowings	7,172,854	(95,388)	7,077,465	6,925,432	(99,609)	6,825,822	7,129,115	(99,638)	7,029,477
Current liabilities									
Accrued interest expenses	50,849	-	50,849	49,918	-	49,918	62,882	-	62,882
Other liabilities	25,945	-	25,945	25,726	-	25,726	25,935	-	25,935
Lease liability	42,477	-	42,477	38,161	-	38,161	41,102	-	41,102
Short-term borrowings	119,271	-	119,271	113,805	-	113,805	129,919	-	129,919
Total	7,292,125	(95,388)	7,196,736	7,039,237	(99,609)	6,939,628	7,259,034	(99,638)	7,159,397

1) Of the total amount regarding adjustment amortized costs EUR (15,651) thousand in March 31, 2022 ((18,918) in March 31, 2021 and (16,482) in December 2021) 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 and Leverage (per SFA)

EUR thousand	Mar 2022	Mar 2021	Dec 2021
Total principal amount (as above)	7,292,125	7,039,237	7,259,034
Less accrued interest	(50,849)	(49,918)	(62,882)
Total indebtedness	7,241,275	6,989,319	7,196,153
Less cash and cash equivalents	(25,324)	(60,769)	(24,283)
Total net debt	7,215,951	6,928,542	7,171,870
Secured net debt	5,701,053	5,440,153	5,660,432
L2QA EBITDA	1,090,172	1,054,492	1,078,723
Total net leverage	6.6x	6.6x	6.6x
Total Secured net leverage	5.2x	5.2x	5.2x

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Mar 2022	Mar 2021	Dec 2021
Shares in subsidiaries	2,455,870	2,215,275	2,393,895
Bank accounts	11,524	43,055	15,126
Accounts receivables	149,443	139,301	124,264
Inventories	621	564	729
Other operating assets	0	69,863	67,822
Trademark	64,243	75,021	66,925
Endowment insurance	619	659	622

Contingent Liabilities

EUR thousand	Mar 2022	Mar 2021	Dec 2021
Guarantees	37,470	28,656	36,769

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	Mar 2022	Mar 2021
Administrative expenses	(3)	(2)
Operating result	(3)	(2)
Financial income	11,830	12,030
Financial expenses	(18,839)	(43,482)
Dividend	-	295,868
Result before tax	(7,012)	264,414
Income tax expense and benefit	-	-
Result for the period	(7,012)	264,414

Parent company Statements of Financial Position

EUR thousand	Note	Mar 2022	Mar 2021	Dec 2021
Assets				
Non-current assets				
Long-term investments				
Investments in subsidiaries		1,189,952	1,191,365	1,190,969
Receivables from Group companies		703,801	704,444	704,210
Total non-current assets		1,893,753	1,895,810	1,895,178
Current assets				
Current receivables		5,910	16,753	20,766
Cash and cash equivalents		908	86	1061
Total current assets		6,818	16,839	21,827
Total assets		1,900,571	1,912,649	1,917,005
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		569,170	569,170	569,170
Retained earnings		(67,620)	(72,874)	(61,877)
Total equity		500,591	496,352	507,349
Provisions				
Other provisions		-	36,000	-
Total provisions		-	36,000	-
Non-current liabilities				
Long-term borrowings	3	1,305,568	1,309,706	1,306,365
Liabilities to Group companies		83,387	57,277	77,387
Total non-current liabilities		1,388,955	1,366,983	1,383,752
Current liabilities				
Accounts payable		56	201	9
Accrued expenses and prepaid income	3	10,957	13,091	25,893
Other current liabilities		13	22	2
Total current liabilities		11,025	13,314	25,904
Total equity and liabilities		1,900,571	1,912,649	1,917,005

Parent Company Statements of Changes in Equity

EUR thousand	Attributable to equity holders of the parent company			
	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2022	56	569,170	(61,878)	507,349
Result for the period	-	-	(7,012)	(7,012)
Shareholders contribution	-	-	255	255
Balance at March 31, 2022	56	569,170	(68,635)	500,591

EUR thousand	Attributable to equity holders of the parent company			
	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

EUR thousand	Attributable to equity holders of the parent company			
	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	-	-	275,807	275,807
Shareholders contribution	-	-	1,016	1,016
Dividend	-	-	(1,729,796)	(1,729,796)
Repurchase of share options	-	-	(1,413)	(1,413)
Balance at December 31, 2021	56	569,170	(61,878)	507,349

Parent Company Statements of Cash Flows

EUR thousand	Jan-Mar 2022	Jan-Mar 2021
Operating activities		
Operating result	(3)	(2)
Cash flow from operating activities before change in working capital	(3)	(2)
Change in working capital		
Change in trade payables	54	506
Change in other receivables	(52)	(286)
Cash flow from change in working capital	(2)	221
Cash flow from operating activities	(1)	218
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	6,000	1,700
Repayment of loan from Group companies	-	(42,402)
Paid bank and advisory fees	-	(12,161)
Call cost old debt	-	(17,175)
Net interest received or paid	(6,152)	(10,712)
Cash flow from financing activities	(152)	(528)
Cash flow for the period	(153)	(310)
Cash and cash equivalents at start of period	1,061	396
Exchange difference on translating cash and cash equivalents	-	-
Cash and cash equivalents at end of period	908	86

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 2021.

These financial statements should be read in conjunction with the Annual Report 2021.

Note 2 Provisions

The parent company reports a provision in 2021 related to the Norwegian Competition Authority (the "NCA") case. The fine was paid in December 2021 and the provision thereby reversed.

Note 3 Borrowings

EUR thousand	Mar 2022			Mar 2021		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured						
Senior Unsecured Notes	8,731	1,305,568	1,314,299	12,659	1,309,706	1,322,365
Total (carrying amount)	8,731	1,305,568	1,314,299	12,659	1,309,706	1,322,365

EUR thousand	Dec 2021		
	Current liabilities	Non-current liabilities	Total
Senior Unsecured Notes	24,208	1,306,365	1,330,573
Total (carrying amount)	24,208	1,306,365	1,330,573

Quarterly summary

Key Figures

EUR thousand (if not otherwise stated)	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021
Consolidated					
Non-IFRS and IFRS financial data					
Revenue ¹	682,016	652,615	633,777	626,133	596,323
Organic revenue growth	14.0%	11.7%	13.1%	26.6%	16.4%
Adjusted EBITDA excl. SDIs	276,482	251,104	270,758	262,945	263,190
Adjusted EBITDA margin excl. SDIs	40.5%	38.5%	42.7%	42.0%	44.1%
Adjusted EBITDA incl. SDIs	272,969	243,826	225,668	258,378	256,517
Adjusted EBITDA Margin incl. SDIs	40.0%	37.4%	35.6%	41.3%	43.0%
Operating profit	112,691	91,406	76,468	99,292	111,699
Capital expenditures	186,290	220,117	181,389	184,808	176,129
Net Debt per SFA	7,215,951	7,171,870	7,069,641	7,028,924	6,928,550
Unaudited operating data					
Payback period (in years)	3.6	3.8	3.4	3.2	3.3
Portfolio services segment					
Non-IFRS and IFRS financial data					
Portfolio services revenue ¹	566,861	536,468	518,442	503,173	485,590
Portfolio services adjusted EBITDA excl. SDIs	408,995	380,347	376,864	366,557	353,712
Portfolio services adjusted EBITDA margin excl. SDIs	72.2%	70.9%	72.7%	72.8%	72.8%
Unaudited operating data					
Total subscribers (year-end), units	4,401,991	4,274,827	4,146,370	4,019,964	3,884,382
Cancellation, units	75,737	66,764	63,463	62,692	65,782
Attrition rate (LTM)	6.5%	6.4%	6.4%	6.4%	6.5%
Net subscriber growth, units	127,164	128,457	126,406	135,582	120,437
Subscriber growth rate, net	13.3%	13.6%	14.4%	15.9%	13.2%
Average number of subscribers during the period, units	4,332,495	4,214,867	4,092,049	3,945,462	3,818,506
Average monthly revenue per user (ARPU), (in EUR)	43.6	42.4	42.2	42.5	42.4
Monthly adjusted EBITDA per subscriber (EPC), (in EUR)	31.5	30.1	30.7	31.0	30.9
Customer acquisition segment					
Non-IFRS and IFRS financial data					
Customer acquisition revenue ¹	95,351	92,339	90,732	99,111	91,310
Customer acquisition adjusted EBITDA excl. SDIs	(133,183)	(125,641)	(103,975)	(101,836)	(89,585)
Customer acquisition capital expenditures	145,725	140,277	135,064	136,368	134,731
Unaudited operating data					
New subscribers added (gross)	202,901	195,221	189,869	198,274	186,219
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,375	1,362	1,259	1,201	1,205
Adjacencies segment					
Non-IFRS and IFRS financial data					
Adjacencies revenue ¹	19,803	23,808	24,603	23,850	19,423
Adjacencies adjusted EBITDA excl. SDIs	670	(3,601)	(2,131)	(1,776)	(938)

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 2022	Jan-Mar 2021
Operating profit according to consolidated income statement	112,691	111,699
Less depreciation and amortization	141,965	113,157
Less retirement of assets	18,313	31,661
Less separately disclosed items	3,513	6,672
Adjusted EBITDA	276,482	263,190
<i>Whereof adjusted EBITDA customer acquisition</i>	<i>(133,183)</i>	<i>(89,585)</i>
<i>Whereof adjusted EBITDA portfolio services</i>	<i>408,995</i>	<i>353,712</i>
<i>Whereof adjusted EBITDA adjacencies</i>	<i>670</i>	<i>(938)</i>

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 2022	Jan-Mar 2021
Portfolio services segment revenue	566,861	485,590
Monthly average portfolio services segment revenue	188,954	161,863
Average monthly number of subscribers during the period, units	4,332,495	3,818,506
Monthly average portfolio services segment revenue (in EUR) divided with average monthly number of subscribers during the period – ARPU (In EUR)	43.6	42.4

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 2022	Jan-Mar 2021
Portfolio services segment adjusted EBITDA excl. SDIs	408,995	353,712
Monthly average portfolio services segment adjusted EBITDA excl. SDIs	136,332	117,904
Average monthly number of subscribers during the period, units	4,332,495	3,818,506
Monthly average portfolio services segment adjusted EBITDA (in EUR) divided with average monthly number of subscribers during the period – EPC (In EUR)	31.5	30.9

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 2022	Jan-Mar 2021
Customer acquisition Adjusted EBITDA excl. SDIs	(133,183)	(89,585)
Customer acquisition capital expenditure	(145,725)	(134,731)
Customer acquisition cost	(278,907)	(224,316)
New subscribers added (gross)	202,901	186,219
Customer acquisition cost (in EUR) divided by new subscribers added (gross) - CPA (In EUR)	1,375	1,205

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 2022	Jan-Mar 2021
Cash acquisition cost per new subscriber ("CPA")	1,375	1,205
Monthly adjusted EBITDA per subscriber ("EPC")	31.5	30.9
CPA divided by EPC divided by 12	3.6	3.3

Malmö, May 25, 2022

Austin Lally
CEO

Daniel Bruzaeus

Vincent Litrico

Cecilia Hultén
Chairman

Elizabeth Henry