



VERISURE MIDHOLDING AB (PUBL)

INTERIM REPORT
JANUARY– MARCH 2023

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

Key operating and financial highlights for the first quarter ending March 31st, 2023, and 2022

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 4.8 million customers and design, sell and install alarms with network connectivity across 17 countries in Europe and Latin America. We are also the leading provider of connected video surveillance systems through our Arlo Europe camera business. 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 2023, the Group continued to deliver strong operational and financial performance while preserving strong unit economics. Our customer portfolio continued to grow and passed the 4.8 million customer milestone, what represents an annual portfolio growth rate of 10.4% compared to the same period last year. We have added over 450 thousand customers to our portfolio in the last twelve months. Given the ongoing cost of living crisis, we are very pleased with this continued strong performance. The performance of our portfolio services segment continues to be strong, with portfolio services adjusted EBITDA increasing 11.8% in Q1 2023 compared to Q1 2022. Total adjusted EBITDA incl. SDIs increased 18.3% in the quarter vs. the same period last year.

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 2023 financials:

- Total revenue reached EUR 757.9 million in the first quarter of 2023, increasing 11.1% from EUR 682.0 million in the same period last year. In constant currencies, total revenue grew by 12.4% in the quarter. Portfolio services revenue, representing 84.9% of total Group revenue in the quarter, grew 13.5% to EUR 643.5 million. In constant currencies, portfolio services revenue grew 15.0% in the quarter.
- Adjusted EBITDA incl. SDIs increased to EUR 322.9 million in the quarter compared to EUR 273.0 million in Q1 2022, an increase of 18.3%. This represents a margin improvement from 40.0% in Q1 2022 to 42.6% in Q1 2023. In constant currencies, total adjusted EBITDA incl. SDIs increased 19.6% in the quarter.
- Portfolio services adjusted EBITDA increased to EUR 457.3 million in the quarter from EUR 409.0 million in Q1 2022, representing an increase of 11.8%. In constant currencies, portfolio services adjusted EBITDA increased 13.1% in the quarter. Portfolio services adjusted EBITDA margin was 71.1% in the period, compared to 72.2% in the same period last year. On an annualised basis, our portfolio services adjusted EBITDA reached EUR 1,829.4 million in the quarter.
- ARPU reached EUR 44.7 in the quarter, what represents an increase of 2.5% vs. prior year (3.8% in constant currencies). EPC increased to EUR 31.8 in the quarter, representing an increase of 0.9% vs. prior year (2.1% in constant currencies).
- Acquisition of new customers continued to be strong in the first quarter of the year. We added 201,349 new customers in the quarter. This is our second strongest Q1 ever in new sales, just slightly behind (-0.8%) last year's.
- Net subscriber growth was 107,600 in the quarter, compared to 127,164 in Q1 2022. Growth deceleration is driven by an uptick in attrition rate (LTM), up from 6.5% in Q1 2022 to 7.4% this year. At the end of the quarter our customer portfolio stood at 4,859,697 customers, up 457,706 customers or 10.4% year-on-year.

We consider ourselves fortunate to have a subscription-based portfolio that has shown 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 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 needs for security and peace of mind is not expected to reduce. We believe that these needs 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 (unless otherwise stated)	Jan-Mar 2023	Jan-Mar 2022
Consolidated		
Non-IFRS and IFRS financial data		
Revenue ¹	757,869	682,016
Organic revenue growth	13.3%	14.0%
Adjusted EBITDA excl. SDIs	327,962	276,482
Adjusted EBITDA margin excl. SDIs	43.3%	40.5%
Adjusted EBITDA incl. SDIs	322,934	272,969
Adjusted EBITDA margin incl. SDIs	42.6%	40.0%
Operating profit ¹	151,866	112,691
Capital expenditures	205,098	186,290
Net Debt per SFA	7,408,087	7,215,951
Unaudited operating data		
Payback period, years	3.6	3.6
Portfolio services segment		
Non-IFRS and IFRS financial data		
Portfolio services revenue ¹	643,489	566,861
Portfolio services adjusted EBITDA excl. SDIs	457,345	408,995
Portfolio services adjusted EBITDA margin	71.1%	72.2%
Unaudited operating data		
Total subscribers (end of period), units	4,859,697	4,401,991
Cancellation, units	93,749	75,737
Attrition rate (LTM)	7.4%	6.5%
Net subscriber growth, units	107,600	127,164
Subscriber growth rate, net	10.4%	13.3%
Monthly average number of subscribers during the period, units	4,799,363	4,332,495
Average monthly revenue per user (ARPU), EUR	44.7	43.6
Adjusted EBITDA per customer (EPC), EUR	31.8	31.5
Customer acquisition segment		
Non-IFRS and IFRS financial data		
Customer acquisition revenue ¹	93,423	95,351
Customer acquisition adjusted EBITDA excl. SDIs	(133,917)	(133,183)
Customer acquisition capital expenditures	145,940	145,725
Unaudited operating data		
New subscribers added (gross)	201,349	202,901
Cash acquisition cost per new subscriber (CPA), EUR	1,390	1,375
Adjacencies segment		
Non-IFRS and IFRS financial data		
Adjacencies revenue ¹	20,957	19,803
Adjacencies adjusted EBITDA excl. SDIs	4,534	670

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 by Management to be key measures of the Group's financial performance and as such have been included 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 interests, taxes, 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 recognized in the income statement and 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. As a result of rounding, numbers presented in this interim report may in some cases not add up to the total. Percentages presented are always calculated taking the exact underlying value, and therefore deviations may occur if percentages are calculated taking the rounded figures presented in the tables.

Three months ending March 31, 2023 and 2022

Results excluding SDIs

EUR million	Jan-Mar 2023	Jan-Mar 2022	Percentage change
Revenue	757.9	682.0	11.1%
Operating expenses	(431.1)	(406.7)	6.0%
Other income	1.2	1.1	4.4%
Adjusted EBITDA	328.0	276.5	18.6%
Adjusted EBITDA margin, %	43.3%	40.5%	-
Depreciation and amortization	(128.7)	(123.7)	4.1%
Retirement of assets	(28.6)	(18.3)	56.3%
Operating profit	170.7	134.5	26.9%
Operating profit margin, %	22.5%	19.7%	-
Interest income and expenses	(104.4)	(74.4)	40.3%
Other financial items	(6.9)	(1.8)	280.8%
Result before tax	59.3	58.3	1.7%

Revenue

The following table shows our revenue split by segment:

Revenue by segment

EUR million	Jan-Mar 2023	Jan-Mar 2022	Percentage change
Portfolio services	643.5	566.9	13.5%
Customer acquisition	93.4	95.4	(2.0)%
Adjacencies	21.0	19.8	5.8%
Total	757.9	682.0	11.1%

Total revenue in the first quarter of 2023 increased by 11.1%, or EUR 75.9 million, to EUR 757.9 million, up from EUR 682.0 million in the prior period. Organic revenue grew by 13.3%, primarily due to the growing customer base, which increased by 10.4%, from 4,401,991 in March 31, 2022, to 4,859,697 in March 31, 2023.

Portfolio services revenue in the first quarter of 2023 increased by 13.5%, or EUR 76.6 million, to EUR 643.5 million, up from EUR 566.9 million last year. The increase was driven by the increased number of customers in the portfolio as well as increased average monthly revenue per user (ARPU) of 2.5% compared to the same quarter last year.

Customer acquisition revenue in the first quarter of 2023 reached EUR 93.4 million, which is broadly in line with the same period last year.

Operating expenses

Operating expenses in the first quarter of 2023 increased by 6.0%, or EUR 24.4 million, to EUR 431.1 million, from EUR 406.7 million last year. The increase was mainly due to growth in the portfolio.

Adjusted EBITDA

Adjusted EBITDA in the three months ending March 31, 2023 increased by 18.6%, or EUR 51.5 million, to EUR 328.0 million, from EUR 276.5 million in the same period last year. The increase is mainly driven by growth in the portfolio, as well as higher monthly adjusted EBITDA per customer (EPC).

Depreciation and amortization

Depreciation and amortization increased to EUR 128.7 million in the three months ending March 31, 2023, up from EUR 123.7 million in the same period last year. This is primarily related to the alarm equipment installed at our customers' premises and the capitalized incremental costs of obtaining contracts with customers.

Retirement of assets

Retirements of assets increased to EUR 28.6 million in the first quarter of 2023, from EUR 18.3 million in the same period last year. 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 increase in write-offs during the first quarter of 2023 is driven by the increase in cancellations compared to the same period last year.

Interest income and expenses

Interest income reached EUR 0.4 million in the three months ending March 31, 2023, compared to EUR 0.2 million in the same period last year. Interest expense reached EUR 104.9 million in the three months ending March 31, 2023, compared to EUR 74.6 million in the same period last year, driven by increases in the cost of debt.

Other financial items

Other financial items, which mainly consist of changes in the fair value of derivatives and commitment fees for our Revolving Credit Facility and Ancillary Facilities, amounted to a cost of EUR 6.9 million in the first quarter of 2023, compared to EUR 1.8 million in the same period last year.

Reported consolidated income statement for the three months ending March 31, 2023 and 2022

EUR million	Jan-Mar 2023			Jan-Mar 2022		
	Result excluding SDIs	SDIs	Reported	Result excluding SDIs	SDIs	Reported
Revenue	757.9	-	757.9	682.0	-	682.0
Operating expenses	(431.1)	(5.0)	(436.1)	(406.7)	(3.5)	(410.2)
Other income	1.2	-	1.2	1.1	-	1.1
Adjusted EBITDA	328.0	(5.0)	322.9	276.5	(3.5)	273.0
Depreciation and amortization	(128.7)	(13.8)	(142.4)	(123.7)	(18.3)	(142.0)
Retirement of assets	(28.6)	-	(28.6)	(18.3)	-	(18.3)
Operating profit	170.7	(18.8)	151.9	134.5	(21.8)	112.7
Interest income and expenses	(104.4)	-	(104.4)	(74.4)	-	(74.4)
Other financial items	(6.9)	(20.7)	(27.7)	(1.8)	23.0	21.2
Result before tax	59.3	(39.5)	19.8	58.3	1.2	59.5
Income tax benefit and expense	-	-	(11.1)	-	-	(27.2)
Result for the period	-	-	8.7	-	-	32.3

Separately disclosed items (SDIs)

SDIs affecting operating expenses

For the first quarter of 2023, total SDIs affecting operating expenses reached EUR 5.0 million, compared to EUR 3.5 million in the same period last year. SDIs affecting operating expenses include one-off costs related to various transition projects within the Group.

SDIs affecting depreciation and amortization

Acquisition-related intangible assets are amortized over their expected useful life. Most of the EUR 13.8 million cost in the first quarter of 2023, and the EUR 18.3 million cost in the same period last year, is related to the amortization of the contract portfolio acquired from the Securitas Direct Group in 2011.

SDIs affecting interest income and expenses and other financial items

SDIs affecting interest income and expenses and other financial items totalled a cost of EUR 20.7 million in the first quarter of 2023, compared to an income of EUR 23.0 million during the same period last year. For the three months ending March 31, 2023, other financial items include negative non-cash FX devaluation of debt items of EUR 16.6 million, amortization of prepaid financing fees of EUR 3.9 million, a negative IFRS 9 adjustment regarding the modification of loan agreements of EUR 0.9 million, and a negative impact from realized derivatives of EUR 0.1 million, partially offset by unrealized derivative revaluations of EUR 0.7 million. For the three months ending March 31, 2022, other financial items include a positive non-cash FX revaluation of debt

items and unrealized derivatives of EUR 30.4 million, offset by the amortization of prepaid financing fees of EUR 3.4 million, a negative IFRS 9 adjustment regarding the modification of loan agreements of EUR 0.8 million and a negative impact from realized derivatives of EUR 3.1 million.

Income tax benefit and expense

For the three months ending March 31, 2023, income tax represented a cost of EUR 11.1 million, compared to a cost of EUR 27.2 million in the same period last year. While current tax expense totalled EUR 23.8 million in the first quarter of 2023, compared to EUR 15.5 million in the same period last year, deferred tax totalled a benefit of EUR 12.8 million in the first quarter of 2023 and an expense of EUR 11.7 million in the same period last year.

Cash Flow

The following table shows a summary of our cash flow for the three months ending March 31, 2023 and 2022.

EUR million	Jan-Mar 2023	Jan-Mar 2022
Cash flow from operating activities before change in working capital	319.3	269.0
Change in working capital	8.9	(20.3)
Cash flow from operating activities¹	328.1	248.6
Cash flow from investing activities	(205.1)	(186.4)
Cash flow from financing activities ²	(127.9)	(61.4)
Cash flow for the period	(4.8)	0.8
Cash and cash equivalents at beginning of period	43.6	24.3
Translation differences on cash and cash equivalents	-	0.3
Cash and cash equivalents at end of period	38.7	25.3

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 328.1 million and EUR 248.6 million for the three months ending March 31, 2023 and 2022, respectively. Cash flow from operating activities before change in working capital increased from EUR 269.0 million in the first quarter of 2022 to EUR 319.3 million in the first quarter of 2023 mainly driven by an improvement in operating profit. Change in working capital had a positive impact on cash flow generation of EUR 8.9 million in the first quarter of 2023, compared to a negative impact of EUR 20.3 million in the same period last year, driven by positive developments in inventory and trade receivables, partially offset by a decrease in other receivables and an increase in trade payables.

Cash flow from investing activities

Cash flow from investing activities amounted to an outflow of EUR 205.1 million and EUR 186.4 million for the three months ending March 31, 2023 and 2022, respectively. The increase is mainly driven by investments in our increasing customer base, as well as incremental investments in IT and R&D to further enhance our product proposition.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 127.9 million and EUR 61.4 million for the three months ending March 31, 2023 and 2022, respectively. Key components in the three months ending March 31, 2023, include net interest payments of EUR 127.3 million, a positive net change in borrowings of EUR 15.3 million and paid bank and advisory fees of EUR 5.4 million. Compared to the same period last year, net interest payments increased by EUR 40.8 million, from EUR 86.5 million, due to higher cost of debt.

Capital Expenditures

The Group's capital expenditures primarily consist of (i) customer acquisition capital expenditures, which include purchases of equipment for new customers and direct costs related to the acquisition of customer contracts; (ii) portfolio services capital expenditures, which relate to new equipment for existing customers; (iii) agencies capital expenditures, which include direct costs related to the acquisition of customer contracts within our Agencies segment; and (iv) other capital expenditures related 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, 2023 and 2022.

EUR million	Jan-Mar 2023	Jan-Mar 2022
Customer acquisition capital expenditures, material	84.7	83.9
Customer acquisition capital expenditures, direct costs	61.3	61.8
Portfolio services capital expenditures	28.7	20.1
Agencies capital expenditures	4.6	1.6
Capital expenditures other	25.8	18.8
Total	205.1	186.3

Capital expenditures reached EUR 205.1 million in the three months ending March 31, 2023, compared to EUR 186.3 million in the same period last year. The increase is mainly driven by investments in our increasing customer base, as well as incremental investments to further enhance our offering.

Liquidity, Liabilities and Financing agreements

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

As of March 31, 2023, the Group had a total of EUR 693.6 million of available funds.

EUR million	Mar 2023	Mar 2022	Dec 2022
Revolving Credit Facility	700.0	700.0	700.0
Cash and cash equivalents	38.7	25.3	43.6
Drawn facility amount	(35.0)	(276.4)	(454.5)
Utilised letter of credit	(10.1)	(9.6)	(9.7)
Total available funds	693.6	439.3	279.4

The following table summarises our total gross financial indebtedness as of March 31, 2023, 2022 and December 31, 2022.

EUR million	Mar 2023	Mar 2022	Dec 2022
Revolving Credit Facility	35.0	276.4	454.5
Term Loan B	2,800.0	2,800.0	2,800.0
Senior Secured Notes	3,100.0	2,650.0	2,650.0
Senior Unsecured Notes	1,308.0	1,320.1	1,309.9
Other Debt	49.4	40.0	51.3
Lease liability (IFRS 16)	169.3	154.8	160.6
Total	7,461.7	7,241.3	7,426.3

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 2022 Verisure Midholding AB's annual report.

Events during the reporting period

In January 2023, the Group issued EUR 450 million of new Senior Secured Notes, due in 2028, to repay drawings under our Revolving Credit Facility.

In Q1 2023, Yan Sirera joined Verisure as Managing Director of Spain and a member of the Group Management Team. Yan previously held senior leadership roles at Danone and PepsiCo, where he spent 23 years leading businesses in Spain, Mexico, Canada, France and Russia, first in Marketing positions and then at General Management levels. Prior to joining Verisure, Yan was General Manager and Senior Vice President for PepsiCo in Russia.

In Q1 2023, Alex Froment-Curtil joined Verisure as Managing Director of France and a member of the Group Management Team. Prior to joining Verisure, Alex was the Chief Commercial Officer of the Vodafone Group and member of the Executive Committee. Over 18 years, he has held many senior commercial roles across Europe and Africa, such as CEO for Vodafone Turkey, Vodafone Egypt and Vodafone Hungary. Prior to working at Vodafone, Alex worked for the strategy consulting firm Booz Allen Hamilton.

Anthony Loizeau, General Manager for the Nordics Cluster, has left the company effective 1 April 2023. Anthony joined Verisure in 2012 as Managing Director for Latin America. In 2020, Anthony was appointed to lead our Nordics Cluster.

Vincent Litrico, Group Chief Financial Officer, will leave the Company effective 31 July 2023. Vincent joined the company in 2016. We would like to recognize and thank Anthony and Vincent for their many contributions and commitment over the past years, helping to bring us to where we are today.

Events after the reporting period

In April 2023, the Group fully redeemed its existing EUR 200 million Floating Rate Notes due in 2025.

In May 2023, S&P upgraded Verisure to "B+/stable outlook", from "B-stable outlook".

In June 2023, Colin Smith will join Verisure as Group Chief Financial Officer and a member of the Group Management Team. Colin is a seasoned leader, who brings more than 25 years of broad experience in strategy, financial planning & analysis, mergers and acquisitions as well as consumer pricing and go-to-market. Most recently, he has spent 5 years as CFO, UK & Ireland at Sky, driving a very strong commercial agenda.

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 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 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 2023	Jan-Mar 2022
Revenue	3	757,869	682,016
Cost of sales		(415,639)	(393,730)
Gross profit		342,229	288,285
Selling expenses		(94,743)	(84,685)
Administrative expenses		(96,803)	(92,043)
Other income		1,183	1,133
Operating profit		151,866	112,691
Financial income		418	208
Financial expenses		(132,529)	(53,437)
Result before tax		19,755	59,461
Income tax expense and benefit		(11,058)	(27,179)
Result for the period		8,697	32,282

Consolidated statements of comprehensive income

EUR thousand	Jan-Mar 2023	Jan-Mar 2022
Result for the period	8,697	32,282
Other comprehensive income		
Items that may be reclassified to the income statement		
Hedging reserve	(7,396)	1,645
Currency translation differences on foreign operations	142	5,911
Income tax related to these items	1,524	(339)
Items that may be reclassified to the income statement	(5,730)	7,217
Other comprehensive income	(5,730)	7,217
Total comprehensive income for the period	2,967	39,499

Consolidated statements of financial position

EUR thousand	Note	Mar 2023	Mar 2022	Dec 2022
Assets				
Non-current assets				
Property, plant and equipment		1,345,775	1,219,162	1,316,626
Right of use assets		166,384	151,395	157,255
Goodwill		764,407	870,585	777,765
Customer portfolio		1,051,052	1,023,838	1,037,603
Other intangible assets		312,497	277,740	316,344
Deferred tax assets		27,769	28,663	28,778
Derivatives	4	5,733	-	1,363
Trade and other receivables	4	313,420	298,096	302,693
Total non-current assets		3,987,037	3,869,479	3,938,428
Current assets				
Inventories		366,523	291,661	342,732
Trade receivables	4	169,015	180,024	193,131
Current tax assets		10,546	17,082	12,434
Derivatives	4	1,094	11,387	6,244
Prepayments and accrued income		102,491	77,768	81,827
Other current receivables	4	42,712	35,417	42,159
Cash and cash equivalents	4	38,740	25,324	43,629
Total current assets		731,121	638,663	722,156
Total assets		4,718,159	4,508,142	4,660,583

EUR thousand	Note	Mar 2023	Mar 2022	Dec 2022
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		624,686	624,686	624,686
Translation reserve		(58,748)	28,706	(58,890)
Hedging reserve		(5,023)	8,970	849
Retained earnings		(4,574,180)	(4,595,909)	(4,583,528)
Total equity		(4,013,209)	(3,933,491)	(4,016,827)
Non-current liabilities				
Long-term borrowings	4,5	7,301,021	7,077,465	7,252,455
Derivatives	4	8,247	-	4,593
Other non-current liabilities	4	129,179	86,478	111,241
Deferred tax liabilities		166,573	187,168	184,455
Other provisions		16,344	20,038	16,815
Total non-current liabilities		7,621,364	7,371,149	7,569,559
Current liabilities				
Trade payables	4	166,430	177,559	188,664
Current tax liabilities		97,179	98,140	79,777
Short-term borrowings	4,5	132,766	119,271	166,724
Derivatives	4	7,432	21,394	5,175
Accrued expenses and deferred income		637,684	590,920	606,993
Other current liabilities	4	68,512	63,200	60,517
Total current liabilities		1,110,004	1,070,484	1,107,850
Total liabilities		8,731,368	8,441,633	8,677,409
Total equity and liabilities		4,718,159	4,508,142	4,660,583

Consolidated statement of changes in equity

EUR thousand	Attributable to equity holders of the parent company					Total
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	
Balance at January 1, 2023	56	624,686	(58,890)	849	(4,583,528)	(4,016,827)
Result for the period	-	-	-	-	8,697	8,697
Other comprehensive income	-	-	142	(5,872)	-	(5,730)
<i>Total comprehensive income</i>	-	-	142	(5,872)	8,697	2,967
Transactions with owners						
Shareholder's contribution	-	-	-	-	651	651
<i>Total transactions with owners</i>	-	-	-	-	651	651
Balance at March 31, 2023	56	624,686	(58,748)	(5,023)	(4,574,180)	(4,013,209)

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

EUR thousand	Attributable to equity holders of the parent company					Total
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	
Balance at January 1, 2022	56	624,686	22,795	7,664	(4,628,446)	(3,973,245)
Result for the period	-	-	-	-	42,265	42,265
Other comprehensive income	-	-	(81,685)	(6,815)	1,513	(86,987)
<i>Total comprehensive income</i>	-	-	(81,685)	(6,815)	43,778	(44,722)
Transactions with owners						
Group contribution	-	-	-	-	124	124
Shareholder's contribution	-	-	-	-	1,016	1,016
<i>Total transactions with owners</i>	-	-	-	-	1,140	1,140
Balance at December 31, 2022	56	624,686	(58,890)	849	(4,583,528)	(4,016,827)

Consolidated statements of cash flows

EUR thousand	Jan-Mar 2023	Jan-Mar 2022
Operating activities		
Operating profit	151,866	112,691
Reversal of depreciation and amortization	143,783	141,965
Other non-cash items	28,625	18,316
Paid taxes	(5,013)	(4,004)
Cash flow from operating activities before change in working capital	319,261	268,967
Change in working capital		
Change in inventories	(23,707)	(33,973)
Change in trade receivables	13,255	(24,498)
Change in other receivables	(19,628)	(8,749)
Change in trade payables	(21,033)	(15,570)
Change in other payables	59,981	62,461
<i>Cash flow from change in working capital</i>	<i>8,869</i>	<i>(20,330)</i>
Cash flow from operating activities	328,130	248,637
Investing activities		
Purchase of intangible assets	(93,060)	(84,862)
Purchase of property, plant, and equipment	(112,039)	(101,553)
Cash flow from investing activities	(205,100)	(186,415)
Financing activities		
Change in borrowings	15,304	29,484
Paid bank and advisory fees	(5,414)	-
New financing	450,000	-
Repayment of financing	(450,000)	-
Net interest paid	(127,261)	(86,471)
Other financial items	(10,499)	(4,463)
Cash flow from financing activities	(127,870)	(61,449)
Cash flow for the period	(4,840)	773
Cash and cash equivalents at start of period	43,629	24,283
Exchange difference on translating cash and cash equivalents	(49)	269
Cash and cash equivalents at end of period	38,740	25,324

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 2 in the annual report for 2022. The accounting policies are unchanged compared with those applied in 2022.

These consolidated financial statements should be read in conjunction with the annual report 2022. 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 3 in the annual report for 2022. 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 the sale of internet connected cameras under the Arlo brand.

Jan-Mar 2023						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group – Excl SDIs	SDIs	Group Total
Revenue	93,423	643,489	20,957	757,869	-	757,869
Adjusted EBITDA	(133,917)	457,345	4,534	327,962	(5,028)	322,934
Depreciation and amortization	-	-	-	(128,672)	(13,771)	(142,443)
Retirements of assets	-	-	-	(28,624)	-	(28,624)
Financial items	-	-	-	(111,385)	(20,726)	(132,111)
Result before tax	-	-	-	59,281	(39,525)	19,755

Jan-Mar 2022						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group – Excl SDIs	SDIs	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

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Mar 2023		Mar 2022		Dec 2022	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability	Financial Asset	Financial Liability
Hedge accounting						
FX Forwards ¹	1,094	7,421	11,387	-	6,244	5,175
Fair value through profit or loss						
FX Swaps ¹	-	11	-	-	-	-
Cross currency swaps ¹	5,733	-	-	16,034	1,363	-
Interest rate swaps ¹	-	8,247	-	5,360	-	4,593
Amortized cost						
Trade and other receivables	294,599	-	282,838	-	285,959	-
Trade receivables, current ³	169,015	-	180,024	-	193,131	-
Other current receivables ³	15,672	-	21,125	-	17,028	-
Cash and cash equivalent	38,740	-	25,324	-	43,629	-
Long-term borrowings ²	-	7,180,962	-	6,965,105	-	7,138,198
Other non-current liabilities ²	-	2,087	-	3,982	-	3,152
Trade payables, current ³	-	166,430	-	177,559	-	188,664
Accrued expenses, current ³	-	218,081	-	223,667	-	206,812
Short-term borrowings ^{2, 3}	-	83,550	-	76,794	-	120,346
Other current liabilities ^{2, 3}	-	27,616	-	21,582	-	24,652

1) All derivatives measured at fair value are classified in level 2. All significant inputs are observable.

2) Details of borrowings are presented in note 5.

3) Due to the short-term nature of trade receivables, current receivables, trade payables, accrued expenses, short-term borrowings, and other current liabilities, their carrying amount is assumed to be the same as their fair value.

Note 5 Borrowings

EUR thousand	Mar 2023			Mar 2022			Dec 2022		
	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	3,100,000	(26,912)	3,073,088	2,650,000	(20,336)	2,629,665	2,650,000	(22,999)	2,627,001
Term Loan B ¹	2,800,000	(40,142)	2,759,858	2,800,000	(49,228)	2,750,772	2,800,000	(42,447)	2,757,553
Revolver Credit Facility	35,000	(9,383)	25,617	276,377	(11,283)	265,094	454,499	(9,863)	444,636
Unsecured									
Senior Unsecured Notes	1,307,973	(12,761)	1,295,212	1,320,110	(14,542)	1,305,568	1,309,870	(13,215)	1,296,655
Liabilities to other creditors	27,186	-	27,186	14,006	-	14,006	12,354	-	12,354
Lease liability	120,059	-	120,059	112,360	-	112,360	114,257	-	114,257
Long-term borrowings	7,390,218	(89,198)	7,301,020	7,172,854	(95,388)	7,077,465	7,340,980	(88,525)	7,252,455
Current liabilities									
Accrued interest expenses	61,296	-	61,296	50,849	-	50,849	81,416	-	81,416
Other liabilities	22,254	-	22,254	25,945	-	25,945	38,929	-	38,929
Lease liability	49,216	-	49,216	42,477	-	42,477	46,378	-	46,378
Short-term borrowings	132,766	-	132,766	119,271	-	119,271	166,724	-	166,724
Total	7,522,984	(89,198)	7,433,786	7,292,125	(95,388)	7,196,736	7,507,704	(88,525)	7,419,179

1) Of the total amount regarding adjustment amortized costs EUR (12,235) thousand in March 31, 2023, EUR (15,651) thousand in March 31, 2022 and (13,103) in December 2022 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 2023	Mar 2022	Dec 2022
Total principal amount (as above)	7,522,984	7,292,125	7,507,704
Less accrued interest	(61,296)	(50,849)	(81,416)
Total indebtedness	7,461,688	7,241,275	7,426,287
Less cash and cash equivalents	(38,740)	(25,324)	(43,629)
Total net debt	7,422,948	7,215,951	7,382,658
Secured net debt	5,896,260	5,701,053	5,860,870
L2QA EBITDA	1,270,163	1,090,172	1,223,556
Total net leverage	5.8x	6.6x	6.0x
Total Secured net leverage	4.6x	5.2x	4.8x

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Mar 2023	Mar 2022	Dec 2022
Shares in subsidiaries	2,641,476	2,455,870	2,583,898
Bank accounts	22,606	11,524	29,867
Accounts receivables	143,570	149,443	189,245
Inventories	727	621	645
Other operating assets	61,953	69,918	65,434
Trademark	53,527	64,243	56,206
Endowment insurance	563	619	567

Contingent Liabilities

EUR thousand	Mar 2023	Mar 2022	Dec 2022
Guarantees	36,737	37,470	37,431

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

In July 2021, a newly established Alarm Customer Association initiated a class action against Verisure Norway and its main competitor for claimed economic losses suffered by customers as a result of the alleged illegal collaboration that formed part of the NCA decision. Verisure Norway firmly contests the basis of the class action on both procedural and substantive grounds. The class action was dismissed on procedural grounds by the Oslo District Court in February 2022 and, upon appeal by the Alarm Customer Association, by the Court of Appeal in June the same year. In September 2022, the Alarm Customer Association filed an appeal to the Supreme Court, which has granted leave for the appeal for the specific procedural questions appealed. A hearing date has been set for May this year. 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.

Unaudited Parent Company Financial Statements

Parent company income statement

EUR thousand	Note	Jan-Mar 2023	Jan-Mar 2022
Administrative expenses		(42)	(3)
Operating result		(42)	(3)
Financial income	2	11,807	11,830
Financial expenses	2	(20,321)	(18,839)
Result before tax		(8,556)	(7,012)
Income tax expense and benefit		-	-
Result for the period		(8,556)	(7,012)

Parent Company Statement of Financial Position

EUR thousand	Note	Mar 2023	Mar 2022	Dec 2022
Assets				
Non-current assets				
Long-term investments				
Investments in subsidiaries		1,192,635	1,189,952	1,191,984
Receivables from Group companies		689,027	703,801	688,349
Total non-current assets		1,881,662	1,893,753	1,880,333
Current assets				
Current receivables		6,458	5,910	20,009
Cash and cash equivalents		120	908	627
Total current assets		6,578	6,818	20,636
Total assets		1,888,240	1,900,571	1,900,969
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		569,170	569,170	569,170
Retained earnings		(96,376)	(68,635)	(88,471)
Total equity		472,850	500,591	480,755
Non-current liabilities				
Long-term borrowings	3	1,295,212	1,305,568	1,296,655
Liabilities to Group companies		110,233	83,387	94,887
Total non-current liabilities		1,405,445	1,388,955	1,391,542
Current liabilities				
Accounts payable		-	56	-
Accrued expenses and prepaid income	3	9,945	10,957	28,671
Other current liabilities		-	13	-
Total current liabilities		9,945	11,025	28,671
Total liabilities		1,415,390	1,399,980	1,409,656
Total equity and liabilities		1,888,240	1,900,571	1,900,969

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, 2023	56	569,170	(88,471)	480,755
Result for the period	-	-	(8,556)	(8,556)
Shareholders contribution	-	-	651	651
Balance at March 31, 2023	56	569,170	(96,376)	472,850

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, 2022	56	569,170	(61,878)	507,349
Result for the period	-	-	(27,609)	(27,609)
Shareholders contribution	-	-	1,016	1,016
Balance at December 31, 2022	56	569,170	(88,471)	480,755

Parent Company Statements of Cash Flows

EUR thousand	Jan-Mar 2023	Jan-Mar 2022
Operating activities		
Operating result	(42)	(3)
Cash flow from operating activities before change in working capital	(42)	(3)
Change in working capital		
Change in trade payables	(15)	54
Change in other receivables	54	(52)
<i>Cash flow from change in working capital</i>	<i>39</i>	<i>2</i>
Cash flow from operating activities	(3)	(1)
Investing activities		
Cash flow from investing activities	-	-
Financing activities		
New loans from Group companies	15,346	6,000
Other financial items	(84)	-
Net interest received or paid	(15,767)	(6,152)
Cash flow from financing activities	(505)	(153)
Cash flow for the period	(507)	(153)
Cash and cash equivalents at start of period	627	1,061
Exchange difference on translating cash and cash equivalents	-	-
Cash and cash equivalents at end of period	120	908

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 2022.

These financial statements should be read in conjunction with the Annual Report 2022.

Note 2 Financial income and expenses

EUR thousand	Jan-Mar 2023	Jan-Mar 2022
Interest income from Group companies	11,807	11,830
Other financial income	-	-
Financial income	11,807	11,830
Interest expense	(18,256)	(17,443)
Interest expense to Group companies	(781)	(545)
Other financial expenses	(1,285)	(851)
Financial expenses	(20,321)	(18,839)

Note 3 Borrowings

EUR thousand	Mar 2023			Mar 2022			Dec 2022		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured									
Senior Unsecured Notes	9,160	1,295,212	1,304,372	8,731	1,305,568	1,314,299	24,513	1,296,655	1,321,168
Total (carrying amount)	9,160	1,295,212	1,304,372	8,731	1,305,568	1,314,299	24,513	1,296,655	1,321,168

Quarterly summary

Key Figures

EUR thousand (unless otherwise stated)	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Consolidated					
Non-IFRS and IFRS financial data					
Revenue ¹	757,869	724,690	721,979	698,337	682,016
Organic revenue growth	13.3%	12.0%	13.8%	11.4%	14.0%
Adjusted EBITDA excl. SDIs	327,962	297,119	302,159	276,209	276,482
Adjusted EBITDA margin excl. SDIs	43.3%	41.0%	41.9%	39.6%	40.5%
Adjusted EBITDA incl. SDIs	322,934	278,644	297,119	267,459	272,969
Adjusted EBITDA Margin incl. SDIs	42.6%	38.5%	41.2%	38.3%	40.0%
Operating profit	151,866	111,787	136,668	110,133	112,691
Capital expenditures	205,098	234,790	206,935	213,037	186,290
Net Debt per SFA	7,408,087	7,382,658	7,344,981	7,286,736	7,215,951
Unaudited operating data					
Payback period, years	3.6	3.9	3.8	3.8	3.6
Portfolio services segment					
Non-IFRS and IFRS financial data					
Portfolio services revenue ¹	643,489	611,257	597,992	582,048	566,861
Portfolio services adjusted EBITDA excl. SDIs	457,345	434,586	430,453	420,357	408,995
Portfolio services adjusted EBITDA margin excl. SDIs	71.1%	71.1%	72.0%	72.2%	72.2%
Unaudited operating data					
Total subscribers (end of period), units	4,859,697	4,752,097	4,644,898	4,529,330	4,401,991
Cancellation, units	93,749	88,405	82,413	78,273	75,737
Attrition rate (LTM)	7.4%	7.2%	6.9%	6.6%	6.5%
Net subscriber growth, units	107,600	107,199	115,568	127,339	127,164
Subscriber growth rate, net	10.4%	11.2%	12.0%	12.7%	13.3%
Average number of subscribers during the period, units	4,799,363	4,704,140	4,596,196	4,458,203	4,332,495
Average monthly revenue per user (ARPU), EUR	44.7	43.3	43.4	43.5	43.6
Monthly adjusted EBITDA per subscriber (EPC), EUR	31.8	30.8	31.2	31.4	31.5
Customer acquisition segment					
Non-IFRS and IFRS financial data					
Customer acquisition revenue ¹	93,423	92,801	103,362	94,440	95,351
Customer acquisition adjusted EBITDA excl. SDIs	(133,917)	(137,338)	(129,917)	(144,409)	(133,183)
Customer acquisition capital expenditures	145,940	141,460	148,275	148,278	145,725
Unaudited operating data					
New subscribers added (gross)	201,349	195,604	197,981	205,612	202,901
Cash acquisition cost per new subscriber (CPA), EUR	1,390	1,425	1,405	1,423	1,375
Adjacencies segment					
Non-IFRS and IFRS financial data					
Adjacencies revenue ¹	20,957	20,633	20,625	21,848	19,803
Adjacencies adjusted EBITDA excl. SDIs	4,534	(129)	1,623	260	670

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 and are not to be considered a substitute of the Group's financial statements but instead important complementary measures of the operating performance of the Group.

Adjusted EBITDA

Earnings before interests, taxes, depreciation and amortization, write offs and SDIs.

EUR thousands	Jan-Mar 2023	Jan-Mar 2022
Operating profit according to consolidated income statement	151,866	112,691
Less depreciation and amortization	142,443	141,965
Less retirement of assets	28,625	18,313
Less separately disclosed items	5,028	3,513
Adjusted EBITDA	327,962	276,482
Whereof adjusted EBITDA customer acquisition	(133,917)	(133,183)
Whereof adjusted EBITDA portfolio services	457,345	408,995
Whereof adjusted EBITDA adjacencies	4,534	670

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 average number of subscribers during the relevant period.

Calculation of ARPU

EUR thousands	Jan-Mar 2023	Jan-Mar 2022
Portfolio services segment revenue	643,489	566,861
Monthly average portfolio services segment revenue	214,496	188,954
Monthly average number of subscribers during the period, units	4,799,363	4,332,495
Monthly average portfolio services segment revenue (in EUR) divided by average monthly number of subscribers during the period – ARPU (In EUR)	44.7	43.6

Monthly adjusted EBITDA per subscriber

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

Calculation of EPC

EUR thousands	Jan-Mar 2023	Jan-Mar 2022
Portfolio services segment adjusted EBITDA excl. SDIs	457,345	408,995
Monthly average portfolio services segment adjusted EBITDA excl. SDIs	152,448	136,332
Monthly average number of subscribers during the period, units	4,799,363	4,332,495
Monthly average portfolio services segment adjusted EBITDA (in EUR) divided by monthly average number of subscribers during the period – EPC (In EUR)	31.8	31.5

Cash acquisition cost per new subscriber

Cash acquisition cost per new subscriber ("CPA") is the net investment required to acquire a new 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 new 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 thousands	Jan-Mar 2023	Jan-Mar 2022
Customer acquisition Adjusted EBITDA excl. SDIs	(133,917)	(133,183)
Customer acquisition capital expenditure	(145,940)	(145,725)
Customer acquisition cost	(279,857)	(278,907)
New subscribers added (gross)	201,349	202,901
Customer acquisition cost (in EUR) divided by new subscribers added (gross) - CPA (In EUR)	1,390	1,375

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 thousands	Jan-Mar 2023	Jan-Mar 2022
Cash acquisition cost per new subscriber ("CPA")	1,390	1,375
Monthly adjusted EBITDA per customer ("EPC")	31.8	31.5
CPA divided by EPC divided by 12	3.6	3.6

Malmö, May 17, 2023

Austin Lally
CEO

Daniel Bruzaeus

Vincent Litrico

Cecilia Hultén
Chairman

Elizabeth Henry