



VERISURE MIDHOLDING AB (PUBL)

INTERIM REPORT
JANUARY– JUNE 2021

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

Key operating highlights for the second quarter ending June 30, 2021 and 2020

Verisure Midholding Group, hereafter referred to as the Group, is the leading provider of professionally monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio of over 4.0 million customers and design, sell and install alarms with network connectivity across 16 countries in Europe and Latin America. We have a strong track record of profitable growth, primarily delivered organically by our differentiated business model with high share of recurring revenues (c.80%) and industry leading retention.

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

In the second quarter, the Group continued to deliver strong operational and financial performance. Our customer portfolio continued to grow and passed the 4.0 million customer milestone, which represents an annual portfolio growth rate of 15.9% compared to 2020. We have added 552 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 and consistent with past results, with portfolio services adjusted EBITDA increasing +18.7% in Q2 2021 compared to Q2 2020 (+17.4% in constant currencies). Total reported adjusted EBITDA in the quarter increased +11.4% in the quarter compared to Q2 2020 (+10.1% in constant currencies) and 23.4% year to date per June (+21.9% in constant currencies). A very strong development across the Group.

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

In addition, we are proud to announce that Verisure has joined the United Nations Global Compact, the world's largest corporate sustainability initiative. This is a significant milestone in our sustainability journey as we continue to shape a sustainable future.

Summary of second quarter 2021 and 2020 financials:

- Total reported revenues amounted to EUR 626.1 million for the second quarter 2021, increasing 28.0% from EUR 489.2 million the same period in 2020. In constant currency total reported revenue grew +26.6% in the quarter. Portfolio services revenues, representing 80.4% of total Group revenues in the quarter, grew by 19.6% to EUR 503.2 million. In constant currencies, portfolio services revenues grew +18.2% in the quarter. For the first six months of 2021 total reported revenues increased to EUR 1,222.5 million compared to EUR 1,000.2 million in 2020, which is an increase of +22.2% in actual currencies and +21.4% in constant currencies. Portfolio services revenues grew by 17.4 % to EUR 988.8 million for the first six months (+16.5% in constant currencies).
- Total reported adjusted EBITDA amounted to EUR 258.4 million for the quarter compared to EUR 231.9 million in Q2 2020, an increase of +11.4% vs. prior year. In constant currencies, total reported adjusted EBITDA grew +10.1% for the quarter. For the first six months of 2021 total reported adjusted EBITDA increased +23.4% to EUR 514.9 million compared to EUR 417.3 million in 2020 (+21.9% in constant currencies).
- Portfolio services adjusted EBITDA improved to EUR 366.6 million from EUR 308.8 million in Q2 2020, corresponding to an increase of 18.7%. In constant currency portfolio adjusted EBITDA improved by 17.4% in the quarter. For the first six months of 2021 portfolio services adjusted EBITDA amounted to EUR 720.3 million which is an increase of 19.3% in actual currencies and 18.3% in constant currencies compared to 2020. On an annualized basis our portfolio adjusted EBITDA is now over EUR 1,450 million.
- ARPU amounted to EUR 42.5 in the quarter, which is an increase of +4.1% vs. prior year (and +2.9% in constant currency). For the first six months in 2021 ARPU increased +3.3% compared to 2020 (+2.5% in constant currencies). EPC accelerated further to EUR 31.0 in the quarter, compared to EUR 30.0 in Q2 2020, representing an increase of +3.3% vs. prior year (and +2.2% in constant currency), trailing ARPU growth due to the normalization of service workload versus Q2 2020 when the ability

to perform maintenances in particular was impacted by the COVID-associated lockdown situation. June year to date, EPC increased +4.9% compared to same period in 2020 (and +4.0% in constant currencies).

- Acquisitions of new customers were very strong in the second quarter. We added almost 200,000 (198,274) new customers in the quarter, which represents an increase of +107.7% compared to Q2 2020, by far the strongest second quarter ever for the Group. It was also a very strong increase vs. Q2 2019, +31.0%.

- Net subscriber growth was 135,582 in the quarter compared to 37,737 in Q2 2020 and 103,136 in Q2 2019, an increase of +259.3% and +31.5% respectively. At the end of the quarter the portfolio stood at 4,019,964 customers, up more than 500,000 customers or +15.9% year-on-year. This annual customer portfolio growth rate of +15.9% was all 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 year to ensure positive operational and financial performance and flexibility in our customer acquisition segment. Our first and second quarter performance in 2021 further supports this.

In January 2021, the Group successfully accessed the debt capital markets to address its capital structure, increasing the average debt maturity to 5.9 years as of the end of June 2021 and securing an attractive cost of debt in historical terms for the upcoming years. Most of our debt now matures in 2026 or beyond.

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

Key Figures

EUR thousand (if not otherwise stated)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Consolidated				
<i>Non-IFRS and IFRS financial data</i>				
Revenue ¹	626,133	489,229	1,222,456	1,000,191
Organic revenue growth	26.6%	6.8%	21.4%	10.3%
Adjusted EBITDA excl. SDIs	262,945	244,369	526,133	437,739
Adjusted EBITDA margin excl. SDIs	42.0%	49.9%	43.0%	43.8%
Adjusted EBITDA incl. SDIs	258,378	231,855	514,894	417,346
Adjusted EBITDA margin incl. SDIs	41.3%	47.4%	42.1%	41.7%
Operating profit ¹	99,292	100,727	210,989	159,085
Capital expenditures	184,808	105,130	360,889	249,253
Net Debt per SFA	7,028,924	5,137,198	7,028,924	5,137,198
<i>Unaudited operating data</i>				
Payback period (in years)	3.2	3.7	3.2	3.9
Portfolio services segment				
<i>Non-IFRS and IFRS financial data</i>				
Portfolio services revenue ¹	503,173	420,803	988,763	841,888
Portfolio services adjusted EBITDA excl. SDIs	366,557	308,760	720,269	603,782
Portfolio services adjusted EBITDA margin	72.8%	73.4%	72.8%	71.7%
<i>Unaudited operating data</i>				
Total subscribers (year-end), units	4,019,964	3,467,795	4,019,964	3,467,795
Cancellation, units	62,692	57,707	128,474	116,242
Attrition rate (LTM)	6.4%	6.5%	6.4%	6.5%
Net subscriber growth, units	135,582	37,737	256,019	121,083
Subscriber growth rate, net	15.9%	10.8%	15.9%	10.8%
Monthly average number of subscribers during the period, units	3,945,462	3,433,603	3,881,984	3,413,668
Average monthly revenue per user (ARPU), (in EUR)	42.5	40.9	42.5	41.1
Monthly adjusted EBITDA per customer (EPC), (in EUR)	31.0	30.0	30.9	29.5
Customer acquisition segment				
<i>Non-IFRS and IFRS financial data</i>				
Customer acquisition revenue ¹	99,111	58,733	190,421	137,820
Customer acquisition adjusted EBITDA excl. SDIs	(101,836)	(61,537)	(191,421)	(158,762)
Customer acquisition capital expenditures	136,368	65,339	271,099	167,612
<i>Unaudited operating data</i>				
New subscribers added (gross)	198,274	95,444	384,493	237,325
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,201	1,329	1,203	1,375
Adjacencies segment				
<i>Non-IFRS and IFRS financial data</i>				
Adjacencies revenue ¹	23,850	9,693	43,272	20,483
Adjacencies adjusted EBITDA excl. SDIs	(1,776)	(2,854)	(2,715)	(7,280)

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.

Three months ending June 30, 2021 and 2020

Results excluding SDIs

EUR million	Apr-Jun 2021	Apr-Jun 2020	Percentage change
Revenue	626.1	489.2	28.0%
Operating expenses	(364.5)	(246.1)	48.1%
Other income	1.3	1.2	8.5%
Adjusted EBITDA	262.9	244.4	7.6%
Adjusted EBITDA margin, %	42.0%	49.9%	-
Depreciation and amortization	(84.0)	(67.7)	24.1%
Retirement of assets	(35.3)	(23.7)	48.9%
Operating profit	143.6	153.0	(6.1%)
Operating profit margin, %	22.9%	31.3%	-
Interest income and cost	(75.7)	(56.0)	35.2%
Other financial items	(1.5)	(0.5)	203.1%
Result before tax	66.4	96.5	(31.2%)

Revenue

The following table shows our revenue split by segment:

Revenue by segment

EUR million	Apr-Jun 2021	Apr-Jun 2020	Percentage change
Portfolio services	503.2	420.8	19.6%
Customer acquisition	99.1	58.7	68.8%
Adjacencies	23.8	9.7	145.9%
Total	626.1	489.2	28.0%

Total revenue in the second quarter 2021 increased by 28.0%, or EUR 136.9 million, to EUR 626.1 million, up from EUR 489.2 million last year. Organic revenue growth was 26.6%, primarily due to the increasing customer base. The customer base on June 30, 2021 was 4,019,964, an increase of more than 550,000 customers or 15.9%, from 3,467,795 on June 30, 2020.

Portfolio services revenue in the second quarter 2021 increased by 19.6%, or EUR 82.4 million, to EUR 503.2 million, up from EUR 420.8 million last year. 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 June 30, 2021, amounted to EUR 99.1 million, which is an increase of 68.8%, or EUR 40.4 million, compared to EUR 58.7 million last year. The increase was due to the higher number of new installations compared to the same period last year.

Operating expenses

Operating expenses in the second quarter 2021 increased by 48.1%, or EUR 118.4 million, to EUR 364.5 million, from EUR 246.1 million last year. The increase was mainly due to the growth in the portfolio as well as the increased new installations.

Adjusted EBITDA

Adjusted EBITDA in the three months ending June 30, 2021 increased by 7.6%, or EUR 18.5 million, to EUR 262.9 million, up from EUR 244.4 million last year. The increase is driven by growth in the customer portfolio and higher earnings per customer, improving the portfolio services adjusted EBITDA.

Depreciation and amortization

Depreciation and amortization increased to EUR 84.0 million in the three months ending June 30, 2021, up from EUR 67.7 million last year. This is primarily related to the alarm equipment installed at our customers' premises and the capitalized direct cost related to the acquisition of customer contracts. Depreciation and amortization have increased mainly due to the increased number of customers in our portfolio.

Retirement of assets

Retirements of assets increased to EUR 35.3 million in the second quarter of 2021, up from EUR 23.7 million last year. The cost corresponds mainly to the remaining balance for capitalized material and direct costs, at the time customers leave the portfolio or upgrade to our new platform.

Interest income and cost

Interest income amounted to EUR 0.1 million in both Q2, 2021 and 2020. Interest cost amounted to EUR 75.8 million, compared to EUR 56.0 million in the prior period, mainly driven by an increase in gross debt.

Other financial items

Other financial items, mainly consisting of commitment fee for the Revolving Credit Facility and charges for excess cash, amounted to a cost of EUR 1.5 million in Q2 2021, compared to 0.5 million in Q2 2020. The increase is driven by the increased size 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 June 30, 2021 and 2020

EUR million	Apr-Jun 2021			Apr-Jun 2020		
	Result excluding SDIs	SDIs	Reported	Result excluding SDIs	SDIs	Reported
Revenue	626.1	-	626.1	489.2	-	489.2
Operating expenses	(364.5)	(4.6)	(369.1)	(246.1)	(12.5)	(258.6)
Other income	1.3	-	1.3	1.2	-	1.2
Adjusted EBITDA	262.9	(4.6)	258.4	244.4	(12.5)	231.9
Depreciation and amortization	(84.0)	(39.8)	(123.8)	(67.7)	(39.7)	(107.4)
Retirement of assets	(35.3)	-	(35.3)	(23.7)	-	(23.7)
Operating profit	143.6	(44.3)	99.3	153.0	(52.3)	100.7
Interest income and expenses	(75.7)	0.0	(75.7)	(56.0)	-	(56.0)
Other financial items	(1.5)	(6.1)	(7.6)	(0.5)	(10.8)	(11.3)
Result before tax	66.4	(50.4)	16.0	96.5	(63.1)	33.5
Income tax benefit and expense	-	-	(14.3)	-	-	(16.8)
Result for the period	-	-	1.7	-	-	16.7

Separately disclosed items (SDIs)

SDIs affecting operating expenses

For the second quarter 2021, the total costs for SDIs amounted to EUR 4.6 million and EUR 12.5 million in the same period last year. SDIs affecting operating expenses includes one-off costs related to various transition projects within the Group.

SDIs affecting depreciation and amortization

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

SDIs affecting interest income and cost and other financial items

SDIs affecting interest income and cost and other financial items totalled a cost of EUR 6.1 million during the second quarter of 2021, compared to a cost of EUR 10.8 million during the same period last year. For the three months ending June 30, 2021, other financial items consisted of a negative non-cash FX devaluation of debt items and unrealized hedges of EUR 2.1 million, amortization of prepaid financing fees of EUR 3.5 million and a negative IFRS 9 adjustment regarding the modification of loan agreements of EUR 0.8 million. For the three months ending June 30, 2020, other financial items consist of a negative non-cash FX devaluation of debt items and hedges amounting to EUR 0.2 million and a cost related to amortization of prepaid financing fees including an IFRS 9 adjustment regarding modification of loan agreement of EUR 10.6 million.

Income tax benefit and expense

Total tax cost was EUR 14.3 million in the quarter compared with EUR 16.8 million last year. Current tax expense was EUR 12.4 million in Q2 2021 compared with EUR 19.1 million in 2020. Deferred tax was an expense of EUR 1.9 million in Q2 2021 compared to a benefit of EUR 2.3 million in 2020.

Cash Flow

The following table shows a summary of our cash flow on a historical basis for the three months ending June 30, 2021 and 2020.

EUR million	Apr-Jun 2021	Apr-Jun 2020
Cash flow from operating activities before change in working capital	246.2	225.4
Change in working capital	(59.5)	(37.6)
Cash flow from operating activities¹	186.7	187.8
Cash flow from investing activities	(185.8)	(105.2)
Cash flow from financing activities ²	(3.2)	(86.2)
Cash flow for the period	(2.3)	(3.6)
Cash and cash equivalents at beginning of period	60.8	59.0
Translation differences on cash and cash equivalents	(1.6)	6.7
Cash and cash equivalents at end of period	56.9	62.1

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 186.7 million and EUR 187.8 million for the three months ending June 30, 2021 and 2020, respectively. The increase is driven by a strong improvement in the underlying operating cash flow offset by adverse variations in working capital.

Cash flow from investing activities

Cash flow from investing activities amounted to an outflow of EUR 185.8 million and EUR 105.2 million for the three months ending June 30, 2021 and 2020, respectively. The increase mainly relates to the higher number of new installations during the period.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 3.2 million and EUR 86.2 million for the three months ending June 30, 2021 and 2020, respectively. Key components include net interest payments of EUR 57.1 million in the three months ending June 30, 2021, compared to EUR 73.7 million in same period last year. Although gross debt was higher in 2021 than in 2020 during the period, interest payment dates in 2021 resulted in a decrease in net interest payments during the period. Bank and advisory fee payments stood at EUR 12.5m in 2021, mostly related to the refinancing conducted in January 2021, compared to EUR 4.1m in the same period last year. For the three months ending June 30, 2021, net interest payments and paid bank and advisory fees were partially offset by changes in borrowings of EUR 57.1 million, mostly related to additional drawings under our Revolving Credit Facility. For the three months ending June 30, 2020, additional outflows were experienced driven by a net decrease in borrowings of EUR 2.6 million and other financial items of EUR 5.8 million.

Six months ending June 30, 2021 and 2020

Results excluding SDIs

EUR million	Jan-Jun 2021	Jan-Jun 2020	Percentage change
Revenue	1,222.5	1,000.2	22.2%
Operating expenses	(698.9)	(565.0)	23.7%
Other income	2.6	2.5	4.4%
Adjusted EBITDA	526.1	437.7	20.2%
Adjusted EBITDA margin, %	43.0%	43.8%	-
Depreciation and amortization	(157.5)	(134.8)	16.8%
Retirement of assets	(66.9)	(43.9)	52.5%
Operating profit	301.7	259.0	16.5%
Operating profit margin, %	24.7%	25.9%	-
Interest income and cost	(134.4)	(111.2)	20.9%
Other financial items	(2.8)	(1.2)	128.4%
Result before tax	164.5	146.6	12.2%

Revenue

The following table shows our revenue split by segment:

Revenue by segment

EUR million	Jan-Jun 2021	Jan-Jun 2020	Percentage change
Portfolio services	988.8	841.9	17.4%
Customer acquisition	190.4	137.8	38.2%
Adjacencies	43.3	20.5	111.1%
Total	1,222.5	1,000.2	22.2%

Total revenue in the first six months ending June 30, 2021, increased by 22.2%, or EUR 222.3 million, to EUR 1,222.5 million, up from EUR 1,000.2 million last year. Organic revenue growth was 21.4%, primarily due to the increasing customer base. The customer base in June 30, 2021 was 4,019,964, an increase of more than 550,000 customers or 15.9% from 3,467,795 in June 30, 2021.

Portfolio services revenue in the first six months ending June 30, 2021, increased by 17.4%, or EUR 146.9 million, to EUR 988.8 million, up from EUR 841.9 million last year. 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 six months ending June 30, 2021, amounted to EUR 190.4 million, which is an increase of 38.2%, or EUR 52.6 million, compared to EUR 137.8 million last year. The increase was mainly due to the growth in the portfolio.

Operating expenses

Operating expenses in the first six months of 2021 increased by 23.7%, or EUR 133.9 million, to EUR 698.9 million, up from EUR 565.0 million in the same period last year. The increase was mainly due to the growth in the portfolio as well as the increased new installations.

Adjusted EBITDA

Adjusted EBITDA in the six months ending June 30, 2021, increased by 20.2% or EUR 88.4 million to EUR 526.1 million, up from EUR 437.7 million in the same period last year. The increase in adjusted EBITDA was driven by both the growth in the customer portfolio and higher earnings per customer, improving the portfolio services adjusted EBITDA.

Depreciation and amortization

Depreciation and amortization increased to EUR 157.5 million in the six months ending June 30, 2021, up from EUR 134.8 million last year. This is primarily related to the alarm equipment installed at our customers' premises and the capitalized direct cost related to the acquisition of customer contracts. Depreciation and amortization have increased mainly due to the increased number of customers in our portfolio.

Retirement of assets

Retirements of assets increased to EUR 66.9 million in the first six months of 2021, up from EUR 43.9 million last year. The cost corresponds mainly to the remaining balance for capitalized material and direct costs, when customers are leaving the portfolio or upgrading to our new platform.

Interest income and cost

Interest income amounted to EUR 0.3 million in the six months ending June 30, 2021 compared to EUR 0.1 million in the same period last year. Interest cost amounted to EUR 134.7 million, compared to EUR 111.3 million in the prior period, mainly driven by an increase in gross debt.

Other financial items

Other financial items, mainly consisting of commitment fee for the Revolving Credit Facility and charges for excess cash, amounted to a cost of EUR 2.8 million in the six months ended June 30 compared to EUR 1.2 million in the same period last year. The increase is driven by the increased size of our Revolving Credit Facility, which was upsized from €300 million to €700m in March 2021.

Reported consolidated income statement for the six months ending June 30, 2021 and 2020

EUR million	Jan-Jun 2021			Jan-Jun 2020		
	Result excluding SDIs	SDIs	Reported	Result excluding SDIs	SDIs	Reported
Revenue	1,222.5	-	1,222.5	1,000.2	-	1,000.2
Operating expenses	(698.9)	(11.2)	(710.2)	(565.0)	(20.4)	(585.4)
Other income	2.6	-	2.6	2.5	-	2.5
Adjusted EBITDA	526.1	(11.2)	514.9	437.7	(20.4)	417.3
Depreciation and amortization	(157.5)	(79.5)	(237.0)	(134.8)	(79.5)	(214.4)
Retirements of assets	(66.9)	-	(66.9)	(43.9)	-	(43.9)
Operating profit	301.7	(90.7)	211.0	259.0	(99.9)	159.1
Interest income and cost	(134.4)	0.4	(134.0)	(111.2)	-	(111.2)
Other financial items	(2.8)	(30.4)	(33.2)	(1.2)	(92.7)	(93.9)
Result before tax	164.5	(120.7)	43.8	146.6	(192.6)	(46.0)
Income tax benefit and expense	-	-	(26.1)	-	-	(23.4)
Result for the period	-	-	17.7	-	-	(69.4)

Separately disclosed items (SDIs)

SDIs affecting operating expenses

SDIs affecting operating expenses include one-off costs related to various transition projects within the Group. For the first six months of 2021, the total costs for SDIs amounted to EUR 11.2 million and EUR 20.4 million in the same period last year.

SDIs affecting depreciation and amortization

The market value of the acquisition-related intangible assets is amortized over its expected life. The main part of the total cost of EUR 79.5 million in both 2021 and in 2020 relates to amortization of contract portfolio resulting from the acquisition of the Securitas Direct Group in 2011.

SDIs affecting interest income and cost and other financial items

SDIs affecting interest income and cost and other financial items totalled a cost of EUR 30.0 million during the first two quarters of 2021, compared to a cost of EUR 92.7 million during the same period last year. For the six months ending June 30, 2021, other financial items consisted of a positive non-cash FX revaluation of debt items and unrealized hedges of EUR 24.0 million, offset by the amortization of realized prepaid financing fees of EUR 17.2 million, amortization of prepaid financing fees of 8.1 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 2.2 million, and an IFRS 9 adjustment regarding the modification of loan agreements of EUR 9.6 million. For the six months ending June 30, 2020, other financial items consist of a negative non-cash FX devaluation of debt items and hedges amounting to EUR 103.7 million, amortization of prepaid financing fees of EUR 9.5 million and an IFRS 9 adjustment regarding modification of loan agreements of EUR 13.4 million. Realized hedges had a positive effect of EUR 33.9 million.

Income tax benefit and expense

Total tax cost was EUR 26.1 million in the six months compared with EUR 23.4 million last year. Current tax expense was EUR 17.2 million in 2021 compared with EUR 26.1 million in 2020. Deferred tax was an expense of EUR 8.9 million in the first two quarters in 2021 compared to a benefit of EUR 2.7 million in 2020.

Cash Flow

The following table shows a summary of our cash flow on a historical basis for the six months ending June 30, 2021 and 2020.

EUR million	Jan-Jun 2021	Jan-Jun 2020
Cash flow from operating activities before change in working capital	499.1	407.0
Change in working capital	(122.7)	(32.8)
Cash flow from operating activities¹	376.4	374.2
Cash flow from investing activities	(362.6)	(251.8)
Cash flow from financing activities ²	(61.8)	(71.6)
Cash flow for the period	(48.0)	50.8
Cash and cash equivalents at beginning of period	97.9	12.8
Translation differences on cash and cash equivalents	7.0	(1.5)
Cash and cash equivalents at end of period	56.9	62.1

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 376.4 million and EUR 374.2 million for the six months ending June 30, 2021 and 2020, respectively. The EUR 92.1 million increase in cash flow from operating activities before change in working capital was absorbed by increase in working capital, driven by increases in trade receivables, other receivables and inventory, decreases in trade payables, and partially offset by increases in other payables.

Cash flow from investing activities

Cash flow from investing activities amounted to an outflow of EUR 362.6 million and EUR 251.8 million for the six months ending June 30, 2021 and 2020 respectively. The increase mainly relates to the higher number of new installations during the period.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 61.8 million and EUR 71.6 million for the six months ending June 30, 2021 and 2020 respectively. Key components for the six months ending June 30, 2021, include new financing of EUR 4,472.8 million, a repayment of financing of EUR 2,734.6 million, a paid distribution of EUR 1,703.8 million, call premia payment of EUR 17.2 million related to the amortization of our Senior Unsecured debt during the refinancing conducted in January 2021, paid bank and advisory fees of EUR 74.0 million, mainly related to January's refinancing also, and changes in borrowings of EUR 103.2 million, which compare to a net increase in borrowings of EUR 25.1 million during the same period last year. In addition, net paid interest amounted to EUR 104.7 million for the six months ending June 30, 2021 compared to EUR 110.8 million for the same period last year. Decrease in net paid interest has been driven by the interest payment dates of the new debt complex issued in January 2021, which compensates for the higher amount of gross debt during the period.

Capital Expenditures

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

The following table shows a summary of our capital expenditures for the three months ending June 30, 2021 and 2020.

EUR million	Apr-Jun 2021	Apr-Jun 2020
Customer acquisition capital expenditures, material	74.7	37.1
Customer acquisition capital expenditures, direct costs	61.6	28.2
Portfolio capital expenditures	17.5	9.0
Agencies capital expenditures	3.8	0.7
Capital expenditures other	27.2	30.0
Total	184.8	105.1

Capital expenditures were EUR 184.8 million for the three months ending June 30, 2021 and EUR 105.1 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.

The following table shows a summary of our capital expenditures for the six months ending June 30, 2021 and 2020.

EUR million	Jan-Jun 2021	Jan-Jun 2020
Customer acquisition capital expenditures, material	148.2	93.9
Customer acquisition capital expenditures, direct costs	122.9	73.7
Portfolio capital expenditures	34.1	21.8
Adjacencies capital expenditures	6.3	2.9
Capital expenditures other	49.4	57.0
Total	360.9	249.3

Capital expenditures were EUR 360.9 million for the six months ending June 30, 2021. 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 June 30, 2021, the Group had a total of EUR 627.4 million of available funds.

EUR million	Jun 2021	Jun 2020	Dec 2020
Revolving Credit Facility	700.0	300.0	300.0
Cash and cash equivalents	56.9	62.1	98.0
Drawn facility amount	(120.0)	(3.7)	-
Utilized letter of credit	(9.5)	(6.9)	(6.5)
Total available funds	627.4	351.5	391.4

The following table summarizes our total financial indebtedness on June 30, 2021 and 2020 and December 2020.

EUR million	Jun 2021	Jun 2020	Dec 2020
Revolving Credit Facility	120.0	3.7	0.0
Term Loan B	2,800.0	3,092.0	2,292.0
Senior Secured Notes	2,650.0	700.0	1,500.0
Senior Unsecured Notes	1,323.4	1,237.2	1,244.4
Other liabilities	43.3	29.6	38.0
Lease liability (IFRS 16)	149.2	136.8	131.6
Total	7,085.9	5,199.3	5,206.0

Risks and uncertainties

As previously reported, in June 2017, the Norwegian Competition Authority (NCA) launched an investigation involving Verisure Norway. In June 2019, the Norwegian Competition Authority issued a statement of objections to Verisure Norway and Verisure Midholding AB with its preliminary findings. On November 25, 2020, the NCA issued a decision to fine Verisure Norway and Verisure Midholding a total amount of approximately EUR 69 million (NOK 766 million), for which the two companies would be jointly and severally liable. We disagree with the NCA's decision and on May 25, 2021, filed an appeal with the Competition Appeals Board.

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

Events during the reporting period

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

The proceeds of the Senior Secured Notes and Senior Unsecured Bonds, net of fees and transaction costs, were used in January 2021 to repay in full outstanding Senior Unsecured Notes and approximately EUR 1.1 billion of the existing Term Loan B1E tranche with maturity in 2022. The proceeds of the new Floating rate Term Loan B, net of fees and transaction costs, were used in March 2021 to repay remaining outstanding amounts of the Term Loan B1E tranche with maturity in 2022 and to finance a distribution to the Group's shareholders. The average maturity of our debt portfolio is 5.9 years as of June 30, 2021, and most of our debt matures in 2026 or beyond.

Events after the reporting period

No significant events have occurred after the reporting period.

Key Operating Metrics

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

Adjusted EBITDA

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

Attrition rate

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

Average Revenue per user

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

Cancellations

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

Cash acquisition cost per new subscriber

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

Monthly adjusted EBITDA per subscriber

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

Net Debt

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

New subscriber added (gross)

Total number of new subscribers added.

Organic revenue growth

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

Payback period

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

Retirement of assets

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

Subscriber growth rate

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

Unaudited Consolidated Financial Statements

Consolidated income statements

EUR thousand	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	3	626,133	489,229	1,222,456	1,000,191
Cost of sales		(342,912)	(231,135)	(650,126)	(506,436)
Gross profit		283,221	258,094	572,330	493,754
Selling expenses		(74,773)	(59,122)	(146,809)	(130,410)
Administrative expenses		(110,458)	(99,486)	(217,142)	(206,770)
Other income		1,302	1,241	2,610	2,511
Operating profit		99,292	100,727	210,989	159,085
Financial income		90	101	675	175
Financial expenses		(83,400)	(67,366)	(167,838)	(205,242)
Result before tax		15,982	33,462	43,826	(45,981)
Income tax expense and benefit		(14,284)	(16,776)	(26,078)	(23,443)
Result for the period		1,698	16,686	17,748	(69,424)
Whereof attributable to:					
- Parent company		1,698	16,686	17,748	(69,424)
- Non-controlling interest		-	-	-	-

Consolidated statements of comprehensive income

EUR thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Result for the period	1,698	16,686	17,748	(69,424)
Other comprehensive income				
Items that may be reclassified to the income statement				
Hedging reserve	(564)	(5,620)	8,061	182
Currency translation differences on foreign operations	9,439	(6,789)	(7,102)	13,518
Income tax related to other comprehensive items	119	-	(1,721)	-
Other comprehensive income	8,994	(12,409)	(762)	13,700
Total comprehensive income for the period	10,692	4,277	16,986	(55,724)
Whereof attributable to:				
- Parent company	10,692	4,277	16,986	(55,724)
- Non-controlling interest	-	-	-	-

Consolidated statements of financial position

EUR thousand	Note	Jun 2021	Jun 2020	Dec 2020
Assets				
Non-current assets				
Property, plant and equipment		1,087,242	895,919	1,005,923
Right of use assets		145,639	134,676	129,112
Goodwill		868,294	877,790	866,819
Customer portfolio		996,541	967,658	990,060
Other intangible assets		266,017	248,213	265,154
Deferred tax assets		24,855	28,583	24,016
Trade and other receivables	4	311,888	302,185	315,147
Total non-current assets		3,700,476	3,455,024	3,596,231
Current assets				
Inventories		221,728	164,878	161,190
Trade receivables	4	173,939	155,291	161,147
Current tax assets		12,339	17,696	16,053
Derivatives	4	2,099	1,359	1,589
Prepayments and accrued income		76,035	65,577	77,325
Other current receivables	4	39,265	24,874	40,027
Cash and cash equivalents	4	56,884	62,085	97,941
Total current assets		582,289	491,760	555,272
Total assets		4,282,765	3,946,784	4,151,503
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		624,686	624,933	624,686
Other reserves		33,499	46,345	34,261
Retained earnings		(4,628,288)	(2,890,597)	(2,915,240)
Equity attributable to equity holders of the parent company		(3,970,047)	(2,219,263)	(2,256,237)
Non-controlling interest		-	-	-
Total equity		(3,970,047)	(2,219,263)	(2,256,237)
Non-current liabilities				
Long-term borrowings	4,5	6,915,972	5,042,536	5,073,558
Derivatives	4	36,660	33,815	45,509
Other non-current liabilities	4	94,763	101,062	105,102
Deferred tax liabilities		230,956	244,394	219,250
Other provisions		52,694	18,389	53,892
Total non-current liabilities		7,331,045	5,440,195	5,497,311
Current liabilities				
Trade payables	4	141,021	106,623	183,115
Current tax liabilities		45,816	40,463	47,809
Short-term borrowings	4,5	130,194	79,861	102,238
Derivatives	4	3,613	149	7,865
Accrued expenses and deferred income		557,756	452,359	522,308
Other current liabilities	4	43,367	46,397	47,094
Total current liabilities		921,767	725,852	910,429
Total equity and liabilities		4,282,765	3,946,784	4,151,503

Consolidated statement of changes in equity

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest						Total equity
	Share capital	Other paid in capital	Other reserve	Retained earnings	Total	Non-controlling interest	
Balance at January 1, 2021	56	624,686	34,261	(2,915,240)	(2,256,237)	-	(2,256,237)
Result for the period	-	-	-	17,748	17,748	-	17,748
Other comprehensive income	-	-	(762)	-	(762)	-	(762)
<i>Total comprehensive income</i>	-	-	(762)	17,748	16,986	-	16,986
<i>Transaction with owner</i>							
Transaction with non-controlling interest	-	-	-	(1,000)	(1,000)	-	(1,000)
Dividend	-	-	-	(1,729,796)	(1,729,796)	-	(1,729,796)
<i>Total transaction with owners</i>	-	-	-	(1,730,796)	(1,730,796)	-	(1,730,796)
Balance at June 30, 2021	56	624,686	33,499	(4,628,288)	(3,970,047)	-	(3,970,047)

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest						Total equity
	Share capital	Other paid in capital	Other reserve	Retained earnings	Total	Non-controlling interest	
Balance at January 1, 2020	56	624,686	32,645	(2,821,173)	(2,163,786)	-	(2,163,786)
Result for the period	-	-	-	(69,424)	(69,424)	-	(69,424)
Other comprehensive income	-	-	13,700	-	13,700	-	13,700
<i>Total comprehensive income</i>	-	-	13,700	(69,424)	(55,724)	-	(55,724)
<i>Transaction with owners</i>							
Shareholder's contribution	-	247	-	-	247	-	247
<i>Total transaction with owners</i>	-	247	-	-	247	-	247
Balance at June 30, 2020	56	624,933	46,345	(2,890,597)	(2,219,263)	-	(2,219,263)

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

Consolidated statements of cash flows

EUR thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Operating activities				
Operating profit	99,291	100,727	210,989	159,096
Reversal of depreciation and amortization	123,805	107,437	236,962	214,360
Other non-cash items	35,281	23,672	66,942	43,901
Paid taxes	(12,208)	(6,402)	(15,773)	(10,344)
Cash flow from operating activities before change in working capital	246,169	225,434	499,120	407,002
Change in working capital				
Change in inventories	(14,012)	(7,792)	(58,662)	(42,080)
Change in trade receivables	(16,432)	772	(10,216)	1,355
Change in other receivables	(10,895)	3,257	(22,441)	1,434
Change in trade payables	(17,877)	(34,839)	(42,451)	(29,907)
Change in other payables	(258)	974	11,029	36,372
<i>Cash flow from change in working capital</i>	<i>(59,474)</i>	<i>(37,628)</i>	<i>(122,741)</i>	<i>(32,826)</i>
Cash flow from operating activities	186,695	187,807	376,379	374,177
Investing activities				
Purchase of intangible assets	(94,069)	(58,211)	(182,057)	(129,627)
Purchase of property, plant and equipment	(90,739)	(47,020)	(179,555)	(120,859)
Settlement of deferred consideration	-	-	-	(1,630)
Acquisition of non-controlling interest	(1,000)	-	(1,000)	-
Cash flow from investing activities	(185,808)	(105,231)	(362,612)	(251,756)
Financing activities				
Change in borrowings	65,220	(187,492)	103,225	(162,385)
Paid bank and advisory fees	(12,537)	(4,119)	(73,983)	(3,471)
New financing	-	200,000	4,472,783	200,000
Repayment of financing	-	-	(2,734,562)	-
Net interest paid	(57,114)	(73,724)	(104,691)	(110,800)
Call cost old debt	-	-	(17,175)	-
Other financial items	1,240	(5,789)	(3,631)	20,116
Loan to group companies	-	(15,059)	-	(15,059)
Paid distribution ¹	-	-	(1,703,787)	-
Cash flow from financing activities	(3,192)	(86,182)	(61,821)	(71,599)
Cash flow for the period	(2,305)	(3,608)	(48,054)	50,821
Cash and cash equivalents at start of period	60,769	59,011	97,941	12,770
Exchange difference on translating cash and cash equivalents	(1,579)	6,682	6,997	(1,506)
Cash and cash equivalents at end of period	56,884	62,085	56,884	62,085

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

Notes to the Unaudited Consolidated Financial Statements

Note 1 Accounting Policies

Basis of presentation and accounting periods

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

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

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

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

Note 2 Critical Accounting Estimates and Judgments

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

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

Note 3 Segment Reporting

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

Apr-Jun 2021						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group – Excl SDIs	SDIs	Group Total
Revenue	99,111	503,173	23,850	626,133	-	626,133
Adjusted EBITDA	(101,836)	366,557	(1,776)	262,945	(4,567)	258,378
Depreciation and amortization	-	-	-	(84,037)	(39,768)	(123,805)
Retirements of assets	-	-	-	(35,282)	-	(35,282)
Financial items	-	-	-	(77,228)	(6,082)	(83,310)
Result before tax	-	-	-	66,399	(50,417)	15,982

Apr-Jun 2020						
EUR thousands	Customer acquisition	Portfolio services	Adjacencies	Total Group – Excl SDIs	SDIs	Group Total
Revenue	58,733	420,803	9,693	489,229	-	489,229
Adjusted EBITDA	(61,537)	308,760	(2,854)	244,369	(12,514)	231,855
Depreciation and amortization	-	-	-	(67,699)	(39,737)	(107,437)
Retirements of assets	-	-	-	(23,692)	-	(23,692)
Financial items	-	-	-	(56,453)	(10,812)	(67,265)
Result before tax	-	-	-	96,525	(63,063)	33,462

Jan-Jun 2021						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group – Excl SDIs	SDIs	Group Total
Revenue	190,421	988,763	43,272	1,222,456	-	1,222,456
Adjusted EBITDA	(191,421)	720,269	(2,715)	526,133	(11,239)	514,894
Depreciation and amortization	-	-	-	(157,481)	(79,481)	(236,962)
Retirements of assets	-	-	-	(66,943)	-	(66,943)
Financial items	-	-	-	(137,192)	(29,971)	(167,163)
Result before tax	-	-	-	164,517	(120,691)	43,826

Jan-Jun 2020						
EUR thousands	Customer acquisition	Portfolio services	Adjacencies	Total Group – Excl SDIs	SDIs	Group Total
Revenue	137,820	841,888	20,483	1,000,191	-	1,000,191
Adjusted EBITDA	(156,762)	603,782	(7,280)	437,739	(20,393)	417,346
Depreciation and amortization	-	-	-	(134,828)	(79,532)	(214,360)
Retirements of assets	-	-	-	(43,901)	-	(43,901)
Financial items	-	-	-	(112,390)	(92,676)	(205,066)
Result before tax	-	-	-	146,620	(192,601)	(45,981)

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Jun 2021	Jun 2020	Dec 2020
Financial assets at fair value through profit or loss¹			
Derivatives			
Currency	2,099	1,359	1,589
Total	2,099	1,359	1,589
Financial liabilities at fair value through profit or loss¹			
Derivatives			
Currency	27,267	149	35,226
Interest rate	13,006	33,815	18,149
Total	40,273	33,964	53,375
Loans and receivables at amortized cost			
Trade and other receivables	311,888	302,185	315,147
Trade receivables ²	173,939	155,291	161,147
Other current receivables ²	39,265	24,874	40,027
Cash and cash equivalent	56,884	62,085	97,941
Other financial liabilities at amortized cost			
Long-term borrowings ³	6,915,972	5,042,536	5,073,558
Other non-current liabilities	94,763	101,062	105,101
Trade payables ²	141,021	106,623	183,115
Short-term borrowings ^{2,3}	130,194	79,861	102,238
Other current liabilities ²	43,367	46,399	47,094

1) Part of the Group's valuation techniques using observable market data.

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

3) Details of borrowings are presented in note 5.

Note 5 Borrowings

EUR thousand	Jun 2021			Jun 2020			Dec 2020		
	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	(23,674)	2,626,326	700,000	(4,994)	695,006	1,500,000	(10,820)	1,489,180
Term Loan B1	2,800,000	(55,745)	2,744,255	3,092,000	(85,002)	3,006,998	2,292,000	(48,893)	2,243,107
Revolving Credit Facility	120,000	(12,654)	107,346	3,687	(2,069)	1,618	-	-	-
Unsecured									
Senior Unsecured Notes	1,323,353	(15,815)	1,307,538	1,237,221	(8,077)	1,229,144	1,244,436	(6,968)	1,237,468
Liabilities to other creditors	21,737	-	21,737	10,201	-	10,201	10,375	-	10,375
Lease liability	108,770	-	108,770	99,569	-	99,569	93,428	-	93,428
Long-term borrowings	7,023,860	(107,889)	6,915,972	5,142,678	(100,412)	5,042,536	5,140,239	(66,681)	5,073,558
Current liabilities									
Accrued interest expenses	68,247	-	68,247	23,256	-	23,256	36,390	-	36,390
Other liabilities	21,548	-	21,548	19,378	-	19,378	27,694	-	27,694
Lease liability	40,399	-	40,399	37,226	-	37,226	38,154	-	38,154
Short-term borrowings	130,194	-	130,194	79,861	-	79,861	102,238	-	102,238
Total	7,154,054	(107,889)	7,046,165	5,222,539	(100,142)	5,122,396	5,242,477	66,681	5,175,796

1) Of the total amount regarding adjustment amortized costs EUR (18,115) thousand in June 30, 2021 ((57,315) in June 30, 2020 and (27,756) in December 2020) relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9.

Net Debt per SFA

EUR thousand	Jun 2021	Jun 2020	Dec 2020
Total principal amount (as above)	7,154,054	5,222,539	5,242,477
Less accrued interest	(68,247)	(23,256)	(36,390)
Indebtedness	7,085,808	5,199,283	5,206,087
Less cash and cash equivalents	(56,884)	(62,085)	(97,941)
Net debt including IFRS 16 (per SFA)¹	7,028,924	5,137,198	5,108,146

1) Starting in Q1 2021 and in compliance with our Senior Facilities Agreement ("SFA") dated January 25th, 2021, Net Debt per SFA is reported on a post-IFRS basis. In order to be consistent with this agreement the comparative numbers above have been adjusted compared to what has been previously reported.

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Jun 2021	Jun 2020	Dec 2020
Shares in subsidiaries	2,180,686	2,190,446	2,054,531
Bank accounts	17,254	41,285	79,705
Accounts receivables	150,983	92,192	96,092
Inventories	510	417	557
Other operating assets	68,249	-	-
Trademark	72,321	45,833	43,333
Endowment insurance	663	679	666
Motor vehicles	-	10	9

Contingent Liabilities

EUR thousand	Jun 2021	Jun 2020	Dec 2020
Guarantees	31,622	24,741	24,001

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

Unaudited Parent Company Financial Statements

Parent company income statement

EUR thousand	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Administrative expenses		(138)	(4)	(141)	(8)
Operating result		(138)	(4)	(141)	(8)
Financial income	2	12,855	14,018	24,180	24,068
Financial expenses	2	(18,438)	(18,824)	(61,214)	(37,776)
Dividend		-	-	295,868	
Result before tax		(5,721)	(4,810)	258,693	(13,716)
Income tax expense and benefit		-	-	-	-
Result for the period		(5,721)	(4,810)	258,693	(13,716)

Parent Company Statement of Financial Position

EUR thousand	Note	Jun 2021	Jun 2020	Dec 2020
Assets				
Non-current assets				
Long-term investments				
Investments in subsidiaries		1,191,365	1,190,368	1,191,365
Receivables from Group companies		706,967	699,548	708,518
Total non-current assets		1,898,332	1,889,916	1,899,883
Current assets				
Current receivables		4,268	3717	1,438,709
Cash and cash equivalents		21,328	671	396
Total current assets		25,596	4,388	1,439,105
Total assets		1,923,928	1,894,304	3,338,988
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		569,170	569,170	569,170
Retained earnings		(78,595)	5,432	1,392,508
Total equity		490,631	574,659	1,961,734
Provisions				
Other provisions	3	36,000	-	36,000
Total provisions		36,000	-	36,000
Non-current liabilities				
Long-term borrowings	4	1,307,538	1,229,144	1,237,468
Liabilities to Group companies		61,387	83,843	97,979
Total non-current liabilities		1,368,925	1,312,987	1,335,447
Current liabilities				
Accounts payable			-	-
Accrued expenses and prepaid income	4	28,372	6,658	5,807
Other current liabilities		0	-	-
Total current liabilities		28,372	6,658	5,807
Total equity and liabilities		1,923,928	1,894,304	3,338,988

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, 2021	56	569,170	1,392,508	1,961,734
Result for the period	-	-	258,693	258,693
Shareholders contribution	-	-	-	-
Dividend	-	-	(1,729,796)	(1,729,796)
Balance at June 30, 2021	56	569,170	(78,595)	490,631

EUR thousand	Attributable to equity holders of the parent company			
	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2020	56	569,170	18,901	588,127
Result for the period	-	-	(13,716)	(13,716)
Shareholders contribution	-	-	247	247
Balance at June 30, 2020	56	569,170	5,432	574,659

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

Parent Company Statements of Cash Flows

EUR thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Operating activities				
Operating result	(138)	(4)	(141)	(8)
Cash flow from operating activities before change in working capital	(138)	(4)	(141)	(8)
Change in working capital				
Change in trade payables	(513)	-	(7)	-
Change in other receivables	287	-	2	-
Cash flow from change in working capital	(226)	-	(5)	-
Cash flow from operating activities	(364)	(4)	(146)	(8)
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	4,110	17,151	5,810	12,791
Repayment of loan from Group companies	-	-	(42,402)	-
Paid bank and advisory fees	(4,540)	-	(16,701)	-
Call cost old debt	-	-	(17,175)	-
Net interest received or paid	22,036	(16,479)	11,324	(12,231)
Cash flow from financing activities	21,606	672	21,078	560
Cash flow for the period	21,242	668	20,932	552
Cash and cash equivalents at start of period	-	3	396	119
Exchange difference on translating cash and cash equivalents	-	-	-	-
Cash and cash equivalents at end of period	21,242	671	21,328	671

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

Note to the Unaudited Parent Company Financial Statements

Note 1 Accounting Policies

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

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

Note 2 Financial income and expenses

EUR thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Interest income from Group companies	12,149	12,104	24,180	24,068
Other financial income	706	1,914	-	-
Financial income	12,855	14,018	24,180	24,068
Interest expense	(17,535)	(17,819)	(35,174)	(35,614)
Interest expense to Group companies	(347)	(463)	(766)	(911)
Other financial expenses	(557)	(542)	(25,274)	(1,251)
Financial expenses	(18,438)	(18,824)	(61,214)	(37,776)

Note 3 Provisions

The parent company reports a provision related to the Norwegian Competition Authority (the "NCA") case, refer to description in the section Risk and uncertainties for the Group on page 12 for more information.

Note 4 Borrowings

EUR thousand	Jun 2021			Jun 2020		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured						
Senior Unsecured Notes	27,597	1,307,538	1,335,135	5,723	1,229,144	1,234,867
Total (carrying amount)	27,597	1,307,538	1,335,135	5,723	1,229,144	1,234,867

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

Quarterly summary

Key Figures

EUR thousand (if not otherwise stated)	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020
Consolidated					
<i>Non-IFRS and IFRS financial data</i>					
Revenue ¹	626,133	596,323	582,150	556,561	489,229
Organic revenue growth	26.6%	16.4%	18.1%	18.2%	6.8%
Adjusted EBITDA excl. SDIs	262,945	263,190	256,559	225,270	244,369
Adjusted EBITDA margin excl. SDIs	42.0%	44.1%	44.1%	40.5%	49.9%
Adjusted EBITDA incl. SDIs	258,378	256,517	226,766	209,015	231,855
Adjusted EBITDA Margin incl. SDIs	41.3%	43.0%	39.0%	37.6%	47.4%
Operating profit	99,292	111,699	88,793	76,348	100,727
Capital expenditures	184,808	176,129	207,750	177,977	105,130
Net Debt per SFA	7,028,924	6,928,550	5,108,146	5,046,292	5,137,198
<i>Unaudited operating data</i>					
Payback period (in years)	3.2	3.3	3.0	3.0	3.7
Portfolio services segment					
<i>Non-IFRS and IFRS financial data</i>					
Portfolio services revenue ¹	503,173	485,590	459,783	438,910	420,803
Portfolio services adjusted EBITDA excl. SDIs	366,557	353,712	333,227	318,765	308,760
Portfolio services adjusted EBITDA margin excl. SDIs	72.8%	72.8%	72.5%	72.6%	73.4%
<i>Unaudited operating data</i>					
Total subscribers (year-end), units	4,019,964	3,884,382	3,763,945	3,623,024	3,467,795
Cancellation, units	62,692	65,782	57,680	55,777	57,707
Attrition rate (LTM)	6.4%	6.5%	6.5%	6.5%	6.5%
Net subscriber growth, units	135,582	120,437	140,921	155,229	37,737
Subscriber growth rate, net	15.9%	13.2%	12.5%	12.0%	10.8%
Monthly average number of subscribers during the period, units	3,945,462	3,818,506	3,695,144	3,549,897	3,433,603
Average monthly revenue per user (ARPU), (in EUR)	42.5	42.4	41.5	41.2	40.9
Monthly adjusted EBITDA per subscriber (EPC), (in EUR)	31.0	30.9	30.1	29.9	30.0
Customer acquisition segment					
<i>Non-IFRS and IFRS financial data</i>					
Customer acquisition revenue ¹	99,111	91,310	100,473	99,844	58,733
Customer acquisition adjusted EBITDA excl. SDIs	(101,836)	(89,585)	(72,263)	(90,974)	(61,537)
Customer acquisition capital expenditures	136,368	134,731	144,351	139,411	65,339
<i>Unaudited operating data</i>					
New subscribers added (gross)	198,274	186,219	198,601	211,006	95,444
Cash acquisition cost per new subscriber (CPA), (in EUR)	1,201	1,205	1,090	1,092	1,329
Adjacencies segment					
<i>Non-IFRS and IFRS financial data</i>					
Adjacencies revenue ¹	23,850	19,423	21,894	17,807	9,693
Adjacencies adjusted EBITDA excl. SDIs	(1,776)	(938)	(4,405)	(2,521)	(2,854)

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Operating profit according to consolidated income statement	99,292	100,727	210,989	159,085
Depreciation and amortization add-back	123,805	107,437	236,962	214,360
Retirement of assets add-back	35,282	23,692	66,943	43,901
Separately disclosed items add-back	4,567	12,514	11,239	20,393
Adjusted EBITDA	262,945	244,369	526,133	437,739
Whereof adjusted EBITDA customer acquisition	(101,836)	(61,537)	(191,421)	(158,762)
Whereof adjusted EBITDA portfolio services	366,557	308,760	720,269	603,782
Whereof adjusted EBITDA adjacencies	(1,776)	(2,854)	(2,715)	(7,280)

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 thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Portfolio services segment revenue	503,173	420,803	988,763	841,888
Monthly average portfolio services segment revenue	167,724	140,268	164,794	140,315
Monthly average number of subscribers during the period, units	3,945,462	3,433,603	3,881,984	3,413,668
Monthly average portfolio services segment revenue (in EUR) divided by average monthly number of subscribers during the period – ARPU (In EUR)	42.5	40.9	42.5	41.1

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 monthly average number of subscribers.

Calculation of EPC

EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Portfolio services segment adjusted EBITDA excl. SDIs	366,557	308,760	720,269	603,782
Monthly average portfolio services segment adjusted EBITDA excl. SDIs	122,186	102,920	120,045	100,630
Monthly average number of subscribers during the period, units	3,945,462	3,433,603	3,881,984	3,413,668
Monthly average portfolio services segment adjusted EBITDA (in EUR) divided by monthly average number of subscribers during the period – EPC (In EUR)	31.0	30.0	30.9	29.5

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Customer acquisition Adjusted EBITDA excl. SDIs	(101,836)	(61,537)	(191,421)	(158,762)
Customer acquisition capital expenditure	(136,368)	(65,339)	(271,099)	(167,612)
Customer acquisition cost	(238,204)	(126,876)	(462,520)	(326,374)
New subscribers added (gross)	198,274	95,444	384,493	237,325
Customer acquisition cost (in EUR) divided by new subscribers added (gross) - CPA (In EUR)	1,201	1,329	1,203	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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Cash acquisition cost per new subscriber ("CPA")	1,201	1,329	1,203	1,375
Monthly adjusted EBITDA per customer ("EPC")	31.0	30.0	30.9	29.5
CPA divided by EPC divided by 12	3.2	3.7	3.2	3.9

Malmö, August 25, 2021

Austin Lally
CEO

Cecilia Hultén
Chairman

Vincent Litrico

Daniel Bruzaeus

Elizabeth Henry