

VERISURE MIDHOLDING AB

PROUD TO **PROTECT**



INTERIM REPORT

2024

JANUARY - JUNE

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Key Operating and Financial Highlights

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 5.3 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 and industry leading retention.

In the second quarter of 2024, the Group continued to deliver excellent operating and financial performance while preserving strong unit economics. Our customer portfolio continued to grow and is now over 5.3 million, representing an annual growth rate of 8.6% compared to the same period last year. Growth has been driven by new installations of 214,000 and attrition of 7.6% in the quarter. We have added over 428,000 customers to our portfolio in the last twelve months. Total revenue and adjusted EBITDA incl. SDIs increased 10.9% and 15.6%, respectively, in the quarter. In constant currency, total revenue and adjusted EBITDA incl. SDIs increased 11.3% and 16.0%, respectively.

Throughout this period, we have continued to provide peace of mind to our customers and have protected them against intrusions, fires, attacks, thefts, life-threatening emergencies, and other hazards without interruption. In parallel, the Group has continued to invest in industry-leading product and service innovations to further position us for continued long-term growth.

Financial summary of the quarter and the six months ending June 30, 2024

We added 214,379 new customers to our portfolio in the quarter and 424,523 customers in the first six months of 2024. An increase of 6.8% in the quarter and an increase of 5.6% in the first six months of the year, compared to the same period last year. We remain disciplined and focused on high-quality customer intake. At the end of the quarter our customer portfolio totalled 5,395,406 customers, up 428,794 customers or 8.6% year-on-year. LTM attrition and quarterly attrition was 7.6% as of the end of the quarter.

Total revenue reached EUR 849.1 million in the second quarter of 2024, up 10.9% from EUR 765.7 million in the same period last year. In constant currency, total revenue grew 11.3% in the quarter. Portfolio services revenue, representing 86.2% of total revenue in the quarter, grew 12.1% to EUR 731.6 million. In constant currency, portfolio services revenue grew 12.5% in the quarter. In the first six months of 2024, total revenue increased to EUR 1,683.5 million compared to EUR 1,523.6 million last year, representing an increase of 10.5% in actual currency and 11.0% in constant currency. Portfolio services revenue grew 11.7% to EUR 1,448.3 million in the first six months of 2024 (12.3% increase in constant currency).

Adjusted EBITDA incl. SDIs increased to EUR 373.6 million in the quarter compared to EUR 323.3 million in the same period last year, an increase of 15.6%. In constant currency, total adjusted EBITDA incl. SDIs increased 16.0% in the quarter. For the first six months of the year, total adjusted EBITDA incl. SDIs increased 14.9% to EUR 742.5 million compared to EUR 646.2 million in 2023 (15.5% increase in constant currency).

Operating profit was EUR 185.6 million in the quarter compared to EUR 148.4 million in Q2 2023, an increase of 25.1%. In the first six months of 2024, operating profit increased 24.4% to EUR 373.3 million compared to EUR 300.2 million in 2023.

Portfolio services adjusted EBITDA increased to EUR 530.7 million in the quarter compared to EUR 465.2 million the same period last year, representing an increase of 14.1%. In constant currency, portfolio services adjusted EBITDA increased 14.6% in the quarter. Portfolio services adjusted EBITDA margin was 72.5% in the quarter, compared to 71.3% in the same period last year. In the first six months of 2024, portfolio services adjusted EBITDA reached EUR 1,049.4 million, representing an increase of 13.8% in actual currency and 14.3% in constant currency compared to the same period last year.

In the second quarter of 2024, customer acquisitions cost (CPA) decreased from EUR 1,406 to EUR 1,392, a decrease of 1.0% compared to the same period last year (-0.4% decrease in constant currency). In the first six months of 2024, CPA was in line with that of last year (0.5% increase in constant currency).

ARPU reached EUR 45.8 in the quarter, an increase of 3.2% compared to the same period last year (3.5% increase in constant currency). In the first six months of 2024, ARPU increased 2.8% vs. last year (3.3% increase in constant currency). EPC increased to EUR 33.2 in the quarter, an increase of 5.0% vs. last year (5.4% increase in constant currency). In the first six months of 2024, EPC increased 4.6% compared to the same period in 2023 (5.2% increase in constant currency).

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 are 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 (if not otherwise stated)	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Consolidated				
Non-IFRS and IFRS financial data				
Revenue ¹	849,089	765,744	1,683,519	1,523,613
Revenue growth, %	10.9%	9.7%	10.5%	10.4%
Adjusted EBITDA excl. SDIs	381,097	330,680	755,740	658,643
Adjusted EBITDA margin excl. SDIs, %	44.9%	43.2%	44.9%	43.2%
Adjusted EBITDA incl. SDIs	373,628	323,294	742,470	646,229
Adjusted EBITDA margin incl. SDIs, %	44.0%	42.2%	44.1%	42.4%
EBIT excl. SDIs	207,057	169,143	410,847	339,808
EBIT margin excl. SDIs, %	24.4%	22.1%	24.4%	22.3%
Operating profit ¹	185,581	148,361	373,343	300,228
Capital expenditures	222,803	219,888	441,986	424,986
Net debt per SFA	7,463,808	7,400,482	7,463,808	7,400,482
Unaudited operating data				
Payback period, years	3.5	3.7	3.5	3.7
Portfolio services segment				
Non-IFRS and IFRS financial data				
Portfolio services revenue ¹	731,558	652,571	1,448,256	1,296,059
Portfolio services adjusted EBITDA	530,698	465,198	1,049,408	922,543
Portfolio services adjusted EBITDA margin, %	72.5%	71.3%	72.5%	71.2%
Unaudited operating data				
Total subscribers (end of period), units	5,395,406	4,966,612	5,395,406	4,966,612
Cancellation, units	101,049	93,795	202,150	187,544
LTM attrition rate, %	7.6%	7.5%	7.6%	7.5%
Quarterly attrition rate (annualised), %	7.6%	7.7%	-	-
Net subscriber growth, units	113,331	106,915	222,374	214,515
Subscriber growth rate, net, %	8.6%	9.7%	8.6%	9.7%
Monthly average number of subscribers during the period, units	5,328,889	4,904,152	5,274,592	4,851,757
Average monthly revenue per user (ARPU), EUR	45.8	44.4	45.8	44.5
Monthly adjusted EBITDA per customer (EPC), EUR	33.2	31.6	33.2	31.7
Customer acquisition segment				
Non-IFRS and IFRS financial data				
Customer acquisition revenue ¹	94,709	89,801	190,254	183,224
Customer acquisition adjusted EBITDA	(154,474)	(134,964)	(302,674)	(268,881)
Customer acquisition capital expenditures	143,951	147,259	290,877	293,199
Unaudited operating data				
New subscribers added (gross), units	214,379	200,710	424,523	402,059
Cash acquisition cost per new subscriber (CPA), EUR	1,392	1,406	1,398	1,398
Adjacencies segment				
Non-IFRS and IFRS financial data				
Adjacencies revenue ¹	22,822	23,373	45,010	44,329
Adjacencies adjusted EBITDA	4,873	446	9,006	4,981

1) IFRS financial data.

Management's Discussion and Analysis

The information presented and discussed in this report includes several measures that are not defined or recognised 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 Definitions of 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 amortisation, 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 recognised 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. All figures are presented in actual currency rates, unless otherwise stated. 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 June 30, 2024, and 2023

Results excluding SDIs

EUR million	Apr-Jun 2024	Apr-Jun 2023	% Change Actual Currency	% Change Constant Currency
Revenue	849.1	765.7	10.9%	11.3%
Operating expenses	(469.1)	(436.1)	7.6%	8.0%
Other income	1.1	1.0	14.3%	13.4%
Adjusted EBITDA	381.1	330.7	15.2%	15.7%
Adjusted EBITDA margin, %	44.9%	43.2%	-	-
Depreciation and amortisation	(145.0)	(132.4)	9.5%	9.9%
Retirement of assets	(29.0)	(29.2)	(0.4%)	0.2%
EBIT	207.1	169.1	22.4%	22.8%
EBIT margin, %	24.4%	22.1%	-	-
Interest income and expenses	(119.6)	(112.5)	6.3%	6.4%
Other financial items	5.6	(4.1)	(239.2%)	(233.7%)
Profit before tax	93.1	52.6	77.0%	79.4%

Revenue by segment

EUR million	Apr-Jun 2024	Apr-Jun 2023	% Change Actual Currency	% Change Constant Currency
Portfolio services	731.6	652.6	12.1%	12.5%
Customer acquisition	94.7	89.8	5.5%	6.2%
Adjacencies	22.8	23.4	(2.4%)	(2.4%)
Total	849.1	765.7	10.9%	11.3%

Revenue

Total revenue increased 10.9% in the second quarter of 2024, or EUR 83.3 million, to 849.1 million, up from EUR 765.7 million in the prior period. In constant currency, total revenue increased 11.3%. Revenue increase was primarily driven by the growing customer base, which increased 8.6%, from 4,966,612 in June 30, 2023, to 5,395,406 in June 30, 2024.

Portfolio services revenue increased by 12.1% in the second quarter of 2024, or EUR 79.0 million, to EUR 731.6 million, up from EUR 652.6 million last year. The increase was primarily driven by the higher number of customers in the portfolio as well as increased average monthly revenue per user (ARPU) of 3.2% compared to the same quarter last year.

Customer acquisition revenue reached EUR 94.7 million in the second quarter of 2024, representing an increase of 5.5% compared to the same period last year.

Operating expenses

Operating expenses increased 7.6% in the second quarter of 2024, or EUR 33.1 million, to EUR 469.1 million, from EUR 436.1 million in the same period last year. The increase was mainly driven by portfolio growth.

Adjusted EBITDA

Adjusted EBITDA increased 15.2% in the three months ending June 30, 2024, or EUR 50.4 million, to EUR 381.1 million, from

EUR 330.7 million in the same period last year. The increase is mainly driven by growth in the portfolio, as well as increased operational efficiency.

Depreciation and amortisation

Depreciation and amortisation increased to EUR 145.0 million in the three months ending June 30, 2024, up from EUR 132.4 million in the same period last year, mainly due to growth in the portfolio. Depreciation and amortisation is primarily related to the alarm equipment installed at our customers' premises and the capitalised direct costs incurred to obtain new customers.

Retirement of assets

Retirements of assets decreased to EUR 29.0 million in the second quarter of 2024, from EUR 29.2 million in the same period last year. The cost corresponds mainly to the remaining

balance of capitalised material, at the time customers leave the portfolio or upgrade to our new platform.

Interest income and expenses

Interest income was EUR 0.2 million in the three months ending June 30, 2024, compared to EUR 0.4 million in the same period last year. Interest expense reached EUR 119.9 million in the three months ending June 30, 2024, compared to EUR 112.9 million in the same period last year, driven by increases in the cost of debt.

Other financial items

Other financial items mainly include commitment fees for our Revolving Credit Facility and Ancillary Facilities, other bank charges, and changes in the fair value of outstanding interest rate swaps and cross currency swaps. In the second quarter of 2024, other financial items amounted to a benefit of EUR 5.6 million compared to a cost of EUR 4.1 million in the same period last year.

Reported consolidated income statement

EUR million	Apr-Jun 2024			Apr-Jun 2023		
	Profit excl. SDIs	SDIs	Reported	Profit excl. SDIs	SDIs	Reported
Revenue	849.1	-	849.1	765.7	-	765.7
Operating expenses	(469.1)	(7.5)	(476.6)	(436.1)	(7.4)	(443.4)
Other income	1.1	-	1.1	1.0	-	1.0
Adjusted EBITDA	381.1	(7.5)	373.6	330.7	(7.4)	323.3
Depreciation and amortisation	(145.0)	(10.0)	(155.0)	(132.4)	(13.4)	(145.8)
Retirement of assets	(29.0)	(4.0)	(33.1)	(29.2)	-	(29.2)
Operating profit	207.1	(21.5)	185.6	169.1	(20.8)	148.4
Interest income and expenses	(119.6)	-	(119.6)	(112.5)	(0.7)	(113.2)
Other financial items	5.6	(12.9)	(7.3)	(4.1)	22.5	18.4
Profit before tax	93.1	(34.4)	58.7	52.6	0.9	53.5
Income tax expense	-	-	(39.0)	-	-	(19.3)
Net profit for the period			19.7			34.2

Separately disclosed items (SDIs)

SDIs affecting operating expenses

In the second quarter of 2024, total SDIs affecting operating expenses reached EUR 7.5 million, compared to EUR 7.4 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 amortisation and retirement of assets

In the second quarter of 2024, amortisation and depreciation from acquisition-related intangible assets reached EUR 10.0 million EUR, compared to EUR 13.4 million in the same period last year. The decrease is due to a reduction in the number of acquired contract portfolios pending to be amortised.

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 12.9 million in the second quarter of 2024, compared to a benefit of EUR 21.7 million in the same period last year. In the three months ending June 30, 2024, other financial items include positive non-cash FX

revaluations of debt items and unrealised derivatives of EUR 3.1 million, as well as realised FX revaluations of derivatives of EUR 0.5 million, offset by a write-off of prepaid financing fees of EUR 3.8 million, amortisation of prepaid financing fees of EUR 4.1 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 8.6 million. In the three months ending June 30, 2023, other financial items include positive non-cash FX revaluations of debt items and unrealised derivatives of EUR 28.8 million and realised FX revaluations of derivatives of EUR 0.2 million, partly offset by a write-off of prepaid financing fees of EUR 1.6 million, amortisation of prepaid financing fees of EUR 4.0 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 0.9 million.

Income tax expense

In the three months ending June 30, 2024, income tax represented a cost of EUR 39.0 million, compared to a cost of EUR 19.3 million in the same period last year. In the second quarter of the year, current tax totalled an expense of EUR 26.0 million, compared to EUR 18.6 million in the same period last year, and deferred tax totalled an expense of EUR 12.9 million compared to EUR 0.7 million in the same period last year.

Six months ending June 30, 2024, and 2023

Results excluding SDIs

EUR million	Jan-Jun 2024	Jan-Jun 2023	% Change Actual Currency	% Change Constant Currency
Revenue	1,683.5	1,523.6	10.5%	11.0%
Operating expenses	(930.0)	(867.1)	7.2%	7.7%
Other income	2.2	2.2	2.7%	2.9%
Adjusted EDITDA	755.7	658.6	14.7%	15.3%
Adjusted EBITDA margin, %	44.9%	43.2%	-	-
Depreciation and amortisation	(286.5)	(261.0)	9.7%	10.1%
Retirement of assets	(58.4)	(57.8)	1.1%	1.7%
EBIT	410.8	339.8	20.9%	21.7%
EBIT margin, %	24.4%	22.3%	-	-
Interest income and expenses	(236.8)	(216.9)	9.2%	9.2%
Other financial items	11.0	(11.0)	(200.2%)	(196.1%)
Profit before tax	185.0	111.9	65.4%	69.3%

Revenue by segment

EUR million	Jan-Jun 2024	Jan-Jun 2023	% Change Actual Currency	% Change Constant Currency
Portfolio services	1,448.3	1,296.1	11.7%	12.3%
Customer acquisition	190.3	183.2	3.8%	4.3%
Adjacencies	45.0	44.3	1.5%	1.5%
Total	1,683.5	1,523.6	10.5%	11.0%

Revenue

Total revenue increased by 10.5% in the six months ending June 30, 2024, or EUR 159.9 million, to EUR 1,683.5 million, up from EUR 1,523.6 million in the prior period. In constant currency the increase in revenue was 11.0%, primarily due to the growing customer base, which increased by 8.6%, from 4,966,612 in June 30, 2023, to 5,395,406, in June 30, 2024.

Portfolio services revenue increased by 11.7% in the six months ending June 30, 2024, or EUR 152.2 million, to EUR 1,448.3 million, up from EUR 1,296.1 million last year. The increase was primarily driven by the higher number of customers in the portfolio as well as increased average monthly revenue per user (ARPU) of 2.8%.

Customer acquisition revenue reached EUR 190.3 million in the six months ending June 30, 2024, representing an increase of 3.8% compared to the same period last year. The increase is mainly driven by an increase in new installations compared to last year.

Operating expenses

Operating expenses increased by 7.2% in the first six months of the year, or EUR 62.9 million, to EUR 930.0 million, from EUR 867.1 million in the same period last year. The increase was mainly due to growth in the portfolio.

Adjusted EBITDA

Adjusted EBITDA increased by 14.7% in the six months ending June 30, 2024, or EUR 97.1 million, to EUR 755.7 million, from EUR 658.6 million in the same period last year. The increase is mainly driven by growth in the portfolio, as well as a higher monthly adjusted EBITDA per customer (EPC) and increased operational efficiency.

Depreciation and amortisation

Depreciation and amortisation increased to EUR 286.5 million in the six months ending June 30, 2024, up from EUR 261.0 million in the same period last year, mainly due to growth in portfolio. Depreciation and amortisation is primarily related to the alarm equipment installed at our customers' premises and the capitalised direct costs incurred to obtain new customers.

Retirement of assets

Retirements of assets increased to EUR 58.4 million in the six months ending June 30, 2024, from EUR 57.8 million in the same period last year. The cost corresponds mainly to the remaining balance of capitalised material, at the time customers leave the portfolio or upgrade to our new platform. The increase in write-offs during the six months of 2024 is driven by the increase in cancellations compared to the same period last year.

Interest income and expenses

Interest income reached EUR 0.8 million in the six months ending June 30, 2024, compared to EUR 0.8 million in the same period last year. Interest expense reached EUR 237.7 million in the six months ending June 30, 2024, compared to EUR 217.7 million in the same period last year, driven by increases in the cost of debt.

Other financial items

Other financial items mainly include commitment fees for our Revolving Credit Facility and Ancillary Facilities, other bank charges, and changes in the fair value of our outstanding interest rate swaps and cross currency swaps. For the six months ending June 30, 2024, other financial items amounted to a benefit of EUR 11.0 million, compared to a cost of EUR 11.0 million last year.

Reported consolidated income statement

EUR million	Jan-Jun 2024			Jan-Jun 2023		
	Profit excl. SDIs	SDIs	Reported	Profit excl. SDIs	SDIs	Reported
Revenue	1,683.5	-	1,683.5	1,523.6	-	1,523.6
Operating expenses	(930.0)	(13.3)	(943.3)	(867.1)	(12.4)	(879.6)
Other income	2.2	-	2.2	2.2	-	2.2
Adjusted EBITDA	755.7	(13.3)	742.5	658.6	(12.4)	646.2
Depreciation and amortisation	(286.5)	(20.2)	(306.7)	(261.0)	(27.2)	(288.2)
Retirement of assets	(58.4)	(4.0)	(62.5)	(57.8)	-	(57.8)
Operating profit	410.8	(37.5)	373.3	339.8	(39.6)	300.2
Interest income and expenses	(236.8)	-	(236.8)	(216.9)	(0.7)	(217.7)
Other financial items	11.0	3.7	14.7	(11.0)	1.7	(9.3)
Profit before tax	185.0	(33.8)	151.2	111.9	(38.6)	73.3
Income tax expense	-	-	(67.4)	-	-	(30.4)
Net profit for the period			83.8			42.9

Separately disclosed items (SDIs)

SDIs affecting operating expenses

For the six months ending June 30, 2024, total SDIs affecting operating expenses reached EUR 13.3 million, compared to EUR 12.4 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 amortisation and retirement of assets

For the six months ending June 30, 2024, amortisation and depreciation from acquisition-related intangible assets reached EUR 20.2 million, compared to EUR 27.2 million last year. The decrease is due to a reduction in the number of acquired contract portfolios pending to be amortised.

SDIs affecting interest income and expenses and other financial items

SDIs affecting interest income and expenses and other financial items totalled a benefit of EUR 3.7 million in the first six months of 2024, compared to a benefit of EUR 1.0 million in the same period last year. For the six months ending June 30, 2024, other financial items include positive non-cash FX revaluations of debt items and unrealised derivatives of

EUR 24.7 million, as well as realised FX revaluations of derivatives of EUR 0.3 million, partly offset by a write-off of prepaid financing fees of EUR 3.8 million, amortisation of prepaid financing fees of EUR 8.0 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 9.6 million. For the six months ending June 30, 2023, other financial items include a positive non-cash FX revaluation of debt items and unrealised derivatives of EUR 12.9 million and realised FX revaluations of derivatives of EUR 0.1 million, partly offset by a write-off of prepaid financing fees of EUR 1.6 million, amortisation of prepaid financing fees of EUR 7.9 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 1.7 million.

Income tax expense

For the six months ending June 30, 2024, income tax represented a cost of EUR 67.4 million, compared to a cost of EUR 30.4 million in the same period last year. While current tax expense totalled EUR 53.7 million in the six months ending June 30, 2024, compared to EUR 42.5 million in the same period last year, deferred tax totalled an expense of EUR 13.7 million in the six months ending June 30, 2024, and a benefit of EUR 12.1 million in the same period last year.

Cash Flow

Cash flow for the three months ending June 30, 2024, and 2023

EUR million	Apr-Jun 2024	Apr-Jun 2023
Cash flow from operating activities before change in working capital	348.0	302.2
Change in working capital	(44.6)	31.9
Cash flow from operating activities¹	303.4	334.1
Cash flow from investing activities	(222.5)	(219.9)
Cash flow from financing activities ²	(94.4)	(118.8)
Cash flow for the period	(13.5)	(4.6)
Cash and cash equivalents at beginning of period	45.2	38.7
Translation differences on cash and cash equivalents	(0.5)	0
Cash and cash equivalents at end of period	31.2	34.2

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 reached EUR 303.4 million and EUR 334.1 million in the three months ending June 30, 2024, and 2023, respectively. Cash flow from operating activities before change in working capital increased from EUR 302.2 million in the second quarter of 2023, to EUR 348.0 million in the second quarter of 2024, mainly driven by higher operating profit. Change in working capital had a negative impact on cash flow generation of EUR 44.6 million in the second quarter of 2024, compared to a positive impact of EUR 31.9 million in the same period last year. Year on year development mainly relates to the negative effect on cash flow generation from inventories, trade receivables, other receivables and other payables, partially offset by positive movements in the cash flow generation from trade payables.

Cash flow from investing activities

Cash flow from investing activities totalled EUR 222.5 million and EUR 219.9 million in the three months ending June 30, 2024, and 2023, respectively. Our investing activities are primarily related to customer acquisition capital expenditures. The increase in cash outflow from investing activities in the period is mainly driven by higher upselling activity to existing customers.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 94.4 million and EUR 118.8 million in the three months ending June 30, 2024, and 2023, respectively. Key components in the three months ending June 30, 2024, include net interest payments of EUR 90.4 million and other financial items of EUR 2.2 million, offset by a positive net change in borrowings of EUR 4.4 million. Compared to the same period last year, net interest payments increased by EUR 4.1 million, from EUR 86.4 million, mainly due to higher cost of debt as a consequence of increases in rates.

Cash flow for the six months ending June 30, 2024, and 2023

EUR million	Jan-Jun 2024	Jan-Jun 2023
Cash flow from operating activities before change in working capital	712.0	621.5
Change in working capital	(29.1)	40.8
Cash flow from operating activities¹	682.9	662.3
Cash flow from investing activities	(442.0)	(425.0)
Cash flow from financing activities ²	(230.4)	(246.7)
Cash flow for the period	10.5	(9.4)
Cash and cash equivalents at beginning of period	21.3	43.6
Translation differences on cash and cash equivalents	(0.6)	0
Cash and cash equivalents at end of period	31.2	34.2

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 reached EUR 682.9 million and EUR 662.3 million for the six months ending June 30, 2024, and 2023, respectively. Cash flow from operating activities before change in working capital increased from EUR 621.5 million in the six months ending June 30, 2023 to EUR 712.0 million in 2024, mainly driven by higher operating profit. Change in working capital had a negative impact on cash flow generation of EUR 29.1 million in the six months ending June 30, 2024, compared to a positive impact of EUR 40.8 million in the same period last year. Year on year development mainly relates to the negative effect on cash flow generation from inventories, trade receivables, other receivables and other payables, partially offset by positive movements in the cash flow generation from trade payables.

Cash flow from investing activities

Cash flow from investing activities reached EUR 442.0 million and EUR 425.0 million for the six months ending June 30, 2024, and 2023, respectively. Our investing activities are primarily related to customer acquisition capital expenditures. The increase compared to the same period last year is mainly driven by upselling activity to existing customers as well as investments in IT and R&D.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 230.4 million for the six months ending June 30, 2024, compared to an outflow of EUR 246.7 million in the same period last year. Key components in the full year of 2024, include net interest payments of EUR 238.3 million, positive net changes in borrowings of EUR 17.2 million and paid bank, advisory fees and other financial items of EUR 9.6 million. Compared to the same period last year, net interest payments increased by EUR 24.7 million, from EUR 213.6 million, mainly due to higher cost of debt as a consequence of increases in rates.

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 and related direct costs for existing customers; (iii) adjacencies capital expenditures, which include direct costs related to the acquisition of customer contracts within our Adjacencies

segment; and (iv) other capital expenditures related to investments in R&D, IT and premises. The costs of the alarm equipment installed in connection with newly acquired subscribers are capitalised as tangible fixed assets to the extent we retain ownership of the equipment. The Group also capitalises the incremental (direct) costs to obtain new customer contracts as intangible fixed assets.

Capital expenditures for the three months ending June 30, 2024, and 2023

EUR million	Apr-Jun 2024	Apr-Jun 2023
Customer acquisition capital expenditures, material	80.6	85.5
Customer acquisition capital expenditures, direct costs	63.3	61.7
Portfolio services capital expenditures	37.5	28.8
Adjacencies capital expenditures	4.8	4.8
Capital expenditures other	36.6	39.1
Total	222.8	219.9

Capital expenditures reached EUR 222.8 million in the three months ending June 30, 2024, compared to EUR 219.9 million in the same period last year. The increase is mainly driven by higher upselling activity to existing customers.

Capital expenditures for the six months ending June 30, 2024, and 2023

EUR million	Jan-Jun 2024	Jan-Jun 2023
Customer acquisition capital expenditures, material	166.8	170.2
Customer acquisition capital expenditures, direct costs	124.0	123.0
Portfolio services capital expenditures	72.0	57.5
Adjacencies capital expenditures	9.4	9.4
Capital expenditures other	69.7	64.9
Total	442.0	425.0

Capital expenditures reached EUR 442.0 million in the six months ending June 30, 2024, compared to EUR 425.0 million in the same period last year. The increase is mainly driven by upselling activity to existing customers and higher investment in R&D, product and service innovation and software engineering.

Liquidity, Liabilities and Financing Agreements

Our primary sources of liquidity are cash flow from operations, as well as borrowings under our EUR 700 million Revolving Credit Facility. Our primary liquidity requirements are funding of our customer acquisition operations, servicing of our debt, and other general corporate purposes.

Available funds as of June 30, 2024, 2023, and December 31, 2023

EUR million	Jun 2024	Jun 2023	Dec 2023
Revolving Credit Facility	700.0	700.0	700.0
Cash and cash equivalents	31.2	34.2	21.3
Drawn facility amount	-	(225.0)	(199.5)
Utilised letters of credit	(21.0)	(18.2)	(21.9)
Total available funds	710.2	491.0	499.9

Gross financial indebtedness as of June 30, 2024, 2023, and December 31, 2023

EUR million	Jun 2024	Jun 2023	Dec 2023
Revolving Credit Facility	-	225.0	199.5
Term Loan B	2,525.0	2,800.0	2,800.0
Senior Secured Notes	3,425.0	2,900.0	2,900.0
Senior Unsecured Notes	1,307.0	1,302.1	1,310.2
Other liabilities	55.1	44.8	57.0
Lease liability (IFRS 16)	182.8	162.8	162.3
Total indebtedness	7,495.0	7,434.7	7,429.0

Risks and uncertainties

A detailed presentation of risks and a sensitivity analysis can be found in the Financial Risk Management section (note 22) and in the Risk Factors section of the 2023 Verisure Midholding AB's annual report.

Events during the reporting period

In April 2024, the Group issued EUR 525 million of new Senior Secured Notes due in May 2030, and a EUR 525 million TLB due in May 2030, to fully refinance the existing EUR 800 million TLB due in June 2026 and fully replenish RCF drawings.

In addition, on 26th April, Moody's confirmed a change in outlook from B1 stable to B1 positive.

In July 2023, the Italian Competition and Commerce Authority ("AGCM") opened an investigation against Verisure Italy S.r.l. ("Verisure Italy") relating to allegations of consumer protection law infringements. In December 2023, a Statement of Objections was issued with preliminary findings of infringement to which the company responded. In March 2024, the AGCM adopted a decision finding violations on four accounts and imposing a fine against the company of €4.25 million. Verisure Italy disagrees with the findings and has appealed the decision to the competent Administrative Court. At the same time, Verisure Italy has further strengthened its practices in the areas challenged by the AGCM.

Events after the reporting period

There have been no significant events after the reporting period.

Unaudited Consolidated Financial Statements

Consolidated Income Statement

EUR thousand	Note	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Revenue	3	849,089	765,744	1,683,519	1,523,613
Cost of sales		(460,874)	(419,915)	(909,851)	(835,554)
Gross profit		388,215	345,829	773,669	688,059
Selling expenses		(98,653)	(93,752)	(196,960)	(188,495)
Administrative expenses		(105,120)	(104,712)	(205,602)	(201,514)
Other income		1,139	996	2,237	2,178
Operating profit		185,581	148,361	373,343	300,228
Financial income		11,043	394	41,280	812
Financial expenses		(137,944)	(95,209)	(263,430)	(227,738)
Profit before tax		58,680	53,546	151,194	73,302
Income tax expense		(38,958)	(19,325)	(67,436)	(30,384)
Net profit for the period		19,722	34,221	83,758	42,918

Consolidated Statement of Comprehensive Income

EUR thousand	Note	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Net profit for the period		19,722	34,221	83,758	42,918
Items that may be reclassified to the income statement					
Change in hedging reserve		1,008	1,798	6,753	(5,598)
Currency translation differences on foreign operations		(1,301)	(13,995)	(17,959)	(13,853)
Income tax related to these items		(208)	(371)	(1,391)	1,153
Items that may be reclassified to the income statement		(501)	(12,568)	(12,597)	(18,298)
Other comprehensive income		(501)	(12,568)	(12,597)	(18,298)
Total comprehensive income for the period		19,221	21,653	71,161	24,620

Consolidated Statement of Financial Position

EUR thousand	Note	Jun 2024	Jun 2023	Dec 2023
Assets				
Non-current assets				
Property, plant and equipment		1,510,424	1,377,301	1,450,741
Right of use assets		181,194	159,807	159,342
Goodwill		761,799	754,701	769,205
Customer portfolio		1,138,828	1,063,173	1,101,846
Other intangible assets		336,251	317,604	336,781
Deferred tax assets		107,155	28,192	103,240
Derivatives	4	9,153	23,294	1,717
Trade and other receivables	4	103,414	324,306	89,725
Total non-current assets		4,148,217	4,048,378	4,012,597
Current assets				
Inventories		336,116	353,676	296,443
Trade receivables	4	242,734	189,892	200,542
Current tax assets		13,939	5,014	11,071
Derivatives	4	3,113	1,727	140
Prepayments and accrued income		114,242	101,189	81,253
Other current receivables	4	56,520	50,637	75,239
Cash and cash equivalents	4	31,185	34,205	21,319
Total current assets		797,848	736,340	686,007
Total assets		4,946,065	4,784,718	4,698,603

Consolidated Statement of Financial Position

EUR thousand	Note	Jun 2024	Jun 2023	Dec 2023
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		629,515	624,686	628,641
Translation reserve		(82,910)	(72,743)	(64,951)
Hedging reserve		2,125	(3,596)	(3,237)
Retained earnings		(4,726,169)	(4,539,320)	(4,789,746)
Total equity		(4,177,383)	(3,990,917)	(4,229,237)
Non-current liabilities				
Long-term borrowings	4, 5	7,354,626	7,281,305	7,269,354
Derivatives	4	4,306	-	23,698
Other non-current liabilities	4	213,548	152,318	184,540
Deferred tax liabilities		222,457	165,712	202,409
Other provisions		29,650	15,980	34,780
Total non-current liabilities		7,824,587	7,615,315	7,714,782
Current liabilities				
Trade payables	4	175,532	170,400	171,392
Current tax liabilities		112,714	91,251	87,565
Short-term borrowings	4, 5	169,692	160,626	174,681
Derivatives	4	566	6,268	4,235
Accrued expenses and deferred income	4	745,849	654,413	698,160
Other current liabilities	4	94,508	77,362	77,024
Total current liabilities		1,298,861	1,160,320	1,213,058
Total liabilities		9,123,448	8,775,635	8,927,840
Total equity and liabilities		4,946,065	4,784,718	4,698,603

Consolidated Statement of Changes in Equity

EUR thousand	Attributable to equity holders of the parent company					
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2024	56	628,641	(64,951)	(3,237)	(4,789,746)	(4,229,237)
Net profit for the period	-	-	-	-	83,758	83,758
Other comprehensive income	-	-	(17,959)	5,362	-	(12,597)
<i>Total comprehensive income</i>	-	-	(17,959)	5,362	83,758	71,161
Transactions with owners						
Dividend	-	-	-	-	(20,491)	(20,491)
Group contribution	-	-	-	-	310	310
Shareholder's contribution	-	874	-	-	-	874
<i>Total transactions with owners</i>	-	874	-	-	(20,181)	(19,307)
Balance at June 30, 2024	56	629,515	(82,910)	2,125	(4,726,169)	(4,177,383)

EUR thousand	Attributable to equity holders of the parent company					
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2023	56	624,686	(58,890)	849	(4,583,528)	(4,016,827)
Net profit for the period	-	-	-	-	42,918	42,918
Other comprehensive income	-	-	(13,853)	(4,445)	-	(18,298)
<i>Total comprehensive income</i>	-	-	(13,853)	(4,445)	42,918	24,620
Transactions with owners						
Group contribution	-	-	-	-	290	290
Shareholder's contribution	-	-	-	-	1,000	1,000
<i>Total transaction with owners</i>	-	-	-	-	1,290	1,290
Balance at June 30, 2023	56	624,686	(72,743)	(3,596)	(4,539,320)	(3,990,917)

EUR thousand	Attributable to equity holders of the parent company					
	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2023	56	624,686	(58,890)	849	(4,583,528)	(4,016,827)
Net profit for the period	-	-	-	-	28,885	28,885
Other comprehensive income	-	-	(6,061)	(4,086)	(1,418)	(11,565)
<i>Total comprehensive income</i>	-	-	(6,061)	(4,086)	27,467	17,320
Transactions with owners						
Dividend	-	-	-	-	(231,713)	(231,713)
Group contribution	-	-	-	-	60	60
Reclassification	-	2,032	-	-	(2,032)	-
Shareholder's contribution	-	1,923	-	-	-	1,923
<i>Total transactions with owners</i>	-	-	-	-	(233,685)	(229,730)
Balance at December 31, 2023	56	628,641	(64,951)	(3,237)	(4,789,746)	(4,229,237)

Consolidated Statement of Cash Flows

EUR thousand	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Operating activities				
Operating profit	185,582	148,361	373,344	300,228
Reversal of depreciation and amortisation	154,988	144,426	306,675	288,210
Other non-cash items	33,594	29,165	63,357	57,791
Paid taxes	(26,147)	(19,721)	(31,338)	(24,734)
Cash flow from operating activities before change in working capital	348,017	302,231	712,039	621,495
Change in working capital				
Change in inventories	(9,473)	11,418	(37,166)	(12,290)
Change in trade receivables	(48,376)	(27,371)	(53,010)	(14,115)
Change in other receivables	(11,349)	(9,422)	(38,730)	(29,049)
Change in trade payables	9,262	5,012	5,253	(16,021)
Change in other payables	15,293	52,262	94,554	112,243
<i>Cash flow from change in working capital</i>	<i>(44,645)</i>	<i>31,899</i>	<i>(29,098)</i>	<i>40,768</i>
Cash flow from operating activities	303,372	334,130	682,940	662,263
Investing activities				
Net investments in intangible and financial assets	(108,625)	(104,846)	(209,651)	(197,907)
Net investments in property, plant and equipment	(113,880)	(115,012)	(232,394)	(227,051)
Cash flow from investing activities	(222,505)	(219,858)	(442,045)	(424,958)
Financing activities				
Change in borrowings	(115,566)	171,961	(102,797)	187,265
New financing	1,050,000	-	1,050,000	450,000
Repayment of financing	(930,000)	(200,000)	(930,000)	(650,000)
Interest received	248	387	827	798
Interest paid	(90,664)	(86,743)	(239,176)	(214,415)
Paid bank and advisory fees	(10,978)	(2)	(10,978)	(5,416)
Other financial items	2,247	(4,439)	1,404	(14,941)
Received group contribution	310	-	310	-
Cash flow from financing activities	(94,403)	(118,836)	(230,411)	(246,709)
Cash flow for the period	(13,537)	(4,564)	10,485	(9,404)
Cash and cash equivalents at start of period	45,248	38,740	21,319	43,629
Exchange difference on translating cash and cash equivalents	(526)	29	(619)	(20)
Cash and cash equivalents at end of period	31,185	34,205	31,185	34,205

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 2023. The accounting policies are unchanged compared with those applied in 2023.

These consolidated financial statements should be read in conjunction with the annual report 2023. 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 3 in the annual report for 2023. 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.

Apr-Jun 2024						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	94,709	731,558	22,822	849,089	-	849,089
Adjusted EBITDA	(154,474)	530,698	4,873	381,097	(7,469)	373,628
Depreciation and amortisation	-	-	-	(144,995)	(9,996)	(154,991)
Retirements of assets	-	-	-	(29,044)	(4,011)	(33,055)
Financial items	-	-	-	(113,970)	(12,931)	(126,901)
Profit before tax	-	-	-	93,087	(34,407)	58,679

Apr-Jun 2023						
EUR thousands	Customer acquisition	Portfolio services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	89,801	652,571	23,373	765,744	-	765,744
Adjusted EBITDA	(134,964)	465,198	446	330,680	(7,386)	323,294
Depreciation and amortisation	-	-	-	(132,373)	(13,395)	(145,768)
Retirements of assets	-	-	-	(29,165)	-	(29,165)
Financial items	-	-	-	(116,542)	21,727	(94,815)
Profit before tax	-	-	-	52,600	946	53,546

Jan-Jun 2024						
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	190,254	1,448,256	45,010	1,683,519	-	1,683,519
Adjusted EBITDA	(302,674)	1,049,408	9,006	755,740	(13,270)	742,470
Depreciation and amortisation	-	-	-	(286,454)	(20,222)	(306,676)
Retirements of assets	-	-	-	(58,439)	(4,011)	(62,450)
Financial items	-	-	-	(225,824)	3,674	(222,150)
Profit before tax	-	-	-	185,021	(33,829)	151,193

Jan-Jun 2023						
EUR thousands	Customer acquisition	Portfolio services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	183,224	1,296,059	44,329	1,523,613	-	1,523,613
Adjusted EBITDA	(268,881)	922,543	4,981	658,643	(12,414)	646,228
Depreciation and amortisation	-	-	-	(261,045)	(27,166)	(288,211)
Retirements of assets	-	-	-	(57,790)	-	(57,790)
Financial items	-	-	-	(227,927)	1,001	(226,926)
Profit before tax	-	-	-	111,881	(38,579)	73,302

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Jun 2024		Jun 2023		Dec 2023	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability	Financial Asset	Financial Liability
Hedge accounting						
FX forwards ¹	3,105	429	1,727	6,256	137	4,214
Fair value						
FX swaps ¹	8	137	-	12	4	21
Cross currency swaps ¹	9,153	-	18,981	-	1,717	-
Interest rate swaps ¹	-	4,306	4,313	-	-	23,698
Trade and other receivables ⁴	11,400	-	-	-	11,400	-
Amortised cost						
Trade and other receivables	67,382	-	302,407	-	53,278	-
Trade receivables, current ³	242,734	-	189,892	-	200,542	-
Other current receivables ³	22,621	-	20,402	-	39,759	-
Cash and cash equivalent	31,185	-	34,205	-	21,319	-
Long-term borrowings ²	-	7,227,423	-	7,166,767	-	7,157,561
Other non-current liabilities ²	-	2,853	-	1,685	-	2,474
Trade payables, current ³	-	175,532	-	170,400	-	171,392
Accrued expenses, current ³	-	234,270	-	217,636	-	197,270
Short-term borrowings ^{2,3}	-	114,078	-	112,323	-	124,141
Other current liabilities ^{2,3}	-	34,851	-	29,433	-	33,387

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.

4) Trade and other receivables measured at fair value are classified in level 3. Significant inputs are unobservable.

Note 5 Borrowings

EUR thousand	Jun 2024			Jun 2023			Dec 2023		
	Principal amount	Adjustment amortised costs	Carrying amount	Principal amount	Adjustment amortised costs	Carrying amount	Principal amount	Adjustment amortised costs	Carrying amount
Non-current liabilities									
Secured									
Senior Secured Notes	3,425,000	(22,946)	3,402,054	2,900,000	(23,635)	2,876,365	2,900,000	(20,384)	2,879,616
Term Loan B ¹	2,525,000	(22,121)	2,502,879	2,800,000	(37,816)	2,762,184	2,800,000	(33,092)	2,766,908
Revolving Credit Facility ²	-	-	-	225,000	(8,897)	216,103	199,499	(7,914)	191,585
Unsecured									
Senior Unsecured Notes	1,307,048	(10,395)	1,296,653	1,302,059	(12,301)	1,289,758	1,310,184	(11,361)	1,298,823
Liabilities to other creditors	25,837	-	25,837	22,356	-	22,356	20,630	-	20,630
Lease liability	127,203	-	127,203	114,537	-	114,537	111,793	-	111,793
Long-term borrowings	7,410,088	(55,463)	7,354,625	7,363,953	(82,648)	7,281,305	7,342,106	(72,752)	7,269,354
Current liabilities									
Accrued interest expenses	84,788	-	84,788	89,893	-	89,893	87,800	-	87,800
Other liabilities	29,290	-	29,290	22,430	-	22,430	36,342	-	36,342
Lease liability	55,614	-	55,614	48,303	-	48,303	50,540	-	50,540
Short-term borrowings	169,692	-	169,692	160,626	-	160,626	174,681	-	174,681
Total	7,579,780	(55,463)	7,524,318	7,524,579	(82,648)	7,441,931	7,516,787	(72,752)	7,444,035

1) Of the total amount regarding adjustment amortised costs EUR 11 356 thousand in June 30, 2023 and EUR 9 568 thousand in December 31, 2023 relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9. As a consequence from the refinancing conducted in Q2 2024, there are no impact from modification of loan terms according to IFRS 9 as of June 30, 2024.

2) When the Revolving Credit Facility is not utilised, the related prepaid financing fees and adjustment to amortised cost are presented as an asset and reported in long term trade and other receivables.

Net Debt and Leverage (per SFA)

EUR thousand	Jun 2024	Jun 2023	Dec 2023
Total principal amount (as above)	7,579,780	7,524,579	7,516,787
Less accrued interest	(84,788)	(89,893)	(87,800)
Total indebtedness	7,494,992	7,434,687	7,428,988
Less cash and cash equivalents	(31,185)	(34,205)	(21,319)
Total net debt	7,463,808	7,400,482	7,407,669
Secured net debt	5,918,815	5,890,795	5,878,181
L2QA EBITDA	1,536,480	1,327,285	1,388,690
Total net leverage	4.9x	5.6x	5.3x
Total secured net leverage	3.9x	4.4x	4.2x

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Jun 2024	Jun 2023	Dec 2023
Shares in subsidiaries	2,545,929	2,663,699	2,426,640
Bank accounts	12,936	18,076	6,367
Accounts receivables	220,414	164,209	165,460
Inventories	929	758	941
Other operating assets	64,443	60,818	64,208
Trademark	40,124	50,848	45,482
Endowment insurance	531	549	537

Contingent Liabilities

EUR thousand	Jun 2024	Jun 2023	Dec 2023
Guarantees	41,256	37,503	41,504

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

Unaudited Parent Company Financial Statements

Parent Company Income Statement

EUR thousand	Note	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Revenue		146	216	293	431
Administrative expenses		(6)	(2)	(8)	(259)
Operating profit		141	214	285	172
Dividend		-	-	20,491	-
Group contributions		(317)	-	(317)	-
Financial income	2	11,994	11,879	23,716	23,686
Financial expenses	2	(20,208)	(22,038)	(40,799)	(42,359)
Profit before tax		(8,389)	(9,945)	3,376	(18,501)
Income tax expense		-	-	-	-
Net profit for the period		(8,389)	(9,945)	3,376	(18,501)

Parent Company Statement of Financial Position

EUR thousand	Note	Jun 2024	Jun 2023	Dec 2023
Assets				
Non-current assets				
<i>Long-term investments</i>				
Investments in subsidiaries		1,232,538	1,192,983	1,236,493
Receivables from Group companies		649,905	680,803	648,522
Total non-current assets		1,882,443	1,873,786	1,885,015
Current assets				
Receivables from Group companies		15,959	15,778	15,741
Cash and cash equivalents		304	828	743
Total current assets		16,263	16,606	16,484
Total assets		1,898,707	1,890,393	1,901,499

EUR thousand	Note	Jun 2024	Jun 2023	Dec 2023
Equity and liabilities				
Equity				
Share capital		56	56	56
Other paid in capital		573,999	569,170	573,125
Retained earnings		(114,778)	(105,972)	(97,663)
Total equity		459,277	463,254	475,518
Non-current liabilities				
Long-term borrowings	3	1,296,653	1,289,758	1,298,823
Liabilities to Group companies		114,631	111,080	97,831
Total non-current liabilities		1,411,284	1,400,838	1,396,654
Current liabilities				
Liabilities to Group companies		3,399	1,643	4,476
Accrued expenses and deferred income	3	24,747	24,657	24,851
Total current liabilities		28,146	26,301	29,327
Total liabilities		1,439,430	1,427,139	1,425,981
Total equity and liabilities		1,898,707	1,890,393	1,901,499

Parent Company Statement 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, 2024	56	573,125	(97,663)	475,518
Net profit for the period	-	-	3,376	3,376
Dividend	-	-	(20,491)	(20,491)
Shareholder contribution	-	874	-	874
Balance on June 30, 2024	56	573,999	(114,778)	459,277

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
Net profit for the period	-	-	(18,501)	(18,501)
Shareholder's contribution	-	-	1,000	1,000
Balance on June 30, 2023	56	569,170	(105,972)	463,254

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
Net profit for the period	-	-	224,552	224,552
Dividend	-	-	(231,713)	(231,713)
Shareholder's contribution	-	1,923	-	1,923
Reclassification	-	2,031	(2,031)	-
Balance on December 31, 2023	56	573,125	(97,663)	475,518

Parent Company Statement of Cash Flows

EUR thousand	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Operating activities				
Operating result	141	214	285	172
Paid taxes	-	-	-	-
Cash flow from operating activities before change in working capital	141	214	285	172
Change in working capital				
Change in trade payables	(7)	-	(56)	(15)
Change in other receivables	-	474	(350)	527
<i>Cash flow from change in working capital</i>	<i>(7)</i>	<i>474</i>	<i>(407)</i>	<i>512</i>
Cash flow from operating activities	133	688	(122)	684
Investing activities				
Cash flow from investing activities	-	-	-	-
Financing activities				
New loans from Group companies	1,180	847	16,820	16,193
Other financial items	(9)	28	(107)	(54)
Net interest received or paid	(1,115)	(855)	(17,030)	(16,623)
Cash flow from financing activities	56	20	(317)	(483)
Cash flow for the period	189	708	(439)	201
Cash and cash equivalents at start of period	114	120	743	627
Cash and cash equivalents at end of period	304	828	304	828

Notes 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 2023. These financial statements should be read in conjunction with the Annual Report 2023.

Note 2 Financial Income and Expenses

EUR thousand	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Interest income	2	-	9	-
Interest income from Group companies	11,838	11,878	23,707	23,685
Other financial income	154	1	-	1
Financial income	11,994	11,879	23,716	23,686
Interest expense	(18,576)	(18,438)	(37,241)	(36,694)
Interest expense to Group companies	(1,144)	(858)	(2,218)	(1,638)
Other financial expenses	(487)	(2,742)	(1,340)	(4,027)
Financial expenses	(20,208)	(22,038)	(40,799)	(42,359)

Note 3 Borrowings

EUR thousand	Jun 2024			Jun 2023		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured						
Senior Unsecured Notes	24,742	1,296,653	1,321,395	24,657	1,289,758	1,314,416
Total (carrying amount)	24,742	1,296,653	1,321,395	24,657	1,289,758	1,314,416

EUR thousand	Dec 2023		
	Current liabilities	Non-current liabilities	Total
Unsecured			
Senior Unsecured Notes	24,841	1,298,823	1,323,664
Total (carrying amount)	24,841	1,298,823	1,323,664

Quarterly Summary

Key Figures

EUR thousand (unless otherwise stated)	Apr-Jun 2024	Jan-Mar 2024	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023
Consolidated					
Non-IFRS and IFRS financial data					
Revenue ¹	849,089	834,430	785,374	780,984	765,744
Revenue growth, %	10.9%	10.1%	8.4%	8.2%	9.7%
Adjusted EBITDA excl. SDIs	381,097	374,643	338,138	343,707	330,680
Adjusted EBITDA margin excl. SDIs, %	44.9%	44.9%	43.1%	44.0%	43.2%
Adjusted EBITDA incl. SDIs	373,628	368,842	318,752	333,050	323,294
Adjusted EBITDA margin incl. SDIs, %	44.0%	44.2%	40.6%	42.6%	42.2%
EBIT excl. SDIs	207,057	203,790	172,383	181,710	169,143
EBIT margin excl. SDIs, %	24.4%	24.4%	21.9%	23.3%	22.1%
Operating profit ¹	185,581	187,763	144,005	158,727	148,361
Capital expenditures	222,803	219,183	233,933	209,532	219,888
Net debt per SFA	7,463,808	7,425,026	7,407,669	7,388,297	7,400,482
Unaudited operating data					
Payback period, years	3.5	3.5	3.8	3.8	3.7
Portfolio services segment					
Non-IFRS and IFRS financial data					
Portfolio services revenue ¹	731,558	716,698	673,430	665,805	652,571
Portfolio services adjusted EBITDA	530,698	518,710	484,151	478,591	465,198
Portfolio services adjusted EBITDA margin, %	72.5%	72.4%	71.9%	71.9%	71.3%
Unaudited operating data					
Total subscribers (end of period), units	5,395,406	5,282,075	5,173,032	5,072,207	4,966,612
Cancellation, units	101,049	101,101	97,939	90,894	93,795
LTM attrition rate, %	7.6%	7.6%	7.6%	7.5%	7.5%
Quarterly attrition rate (annualised), %	7.6%	7.7%	7.6%	7.2%	7.7%
Net subscriber growth, units	113,331	109,043	100,825	105,595	106,915
Subscriber growth rate, net, %	8.6%	8.7%	8.9%	9.2%	9.7%
Monthly average number of subscribers during the period, units	5,328,889	5,220,295	5,126,444	5,028,001	4,904,152
Average monthly revenue per user (ARPU), EUR	45.8	45.8	43.8	44.1	44.4
Monthly adjusted EBITDA per customer (EPC), EUR	33.2	33.1	31.5	31.7	31.6
Customer acquisition segment					
Non-IFRS and IFRS financial data					
Customer acquisition revenue ¹	94,709	95,545	89,059	89,990	89,801
Customer acquisition adjusted EBITDA	(154,474)	(148,200)	(144,901)	(137,325)	(134,964)
Customer acquisition capital expenditures	143,951	146,926	141,034	143,224	147,259
Unaudited operating data					
New subscribers added (gross)	214,379	210,144	198,764	196,489	200,710
Cash acquisition cost per new subscriber (CPA), EUR	1,392	1,404	1,439	1,428	1,406
Adjacencies segment					
Non-IFRS and IFRS financial data					
Adjacencies revenue ¹	22,822	22,187	22,885	25,190	23,373
Adjacencies adjusted EBITDA	4,873	4,134	(1,112)	2,441	446

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

Adjusted EBITDA is earnings before interests, taxes, depreciation and amortisation, write offs and SDIs.

Calculation of Adjusted EBITDA

EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Operating profit according to consolidated income statement	185,581	148,361	373,343	300,228
Depreciation and amortisation add-back	154,991	145,768	306,676	288,211
Retirement of assets add-back	33,055	29,165	62,450	57,790
Separately disclosed items add-back	7,469	7,386	13,270	12,414
Adjusted EBITDA	381,097	330,680	755,740	658,643
Whereof adjusted EBITDA customer acquisition	(154,474)	(134,964)	(302,674)	(268,881)
Whereof adjusted EBITDA portfolio services	530,698	465,198	1,049,408	922,543
Whereof adjusted EBITDA adjacencies	4,873	446	9,006	4,981

EBIT excl. SDIs

EBIT excl. SDIs is earnings before interests, taxes and SDIs.

Calculation of EBIT excl. SDIs

EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Operating profit according to consolidated income statement	185,581	148,361	373,343	300,228
Separately disclosed items add-back	21,476	20,781	37,503	39,580
EBIT excl. SDIs	207,057	169,143	410,847	339,808

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Portfolio services segment revenue	731,558	652,571	1,448,256	1,296,059
Monthly average portfolio services segment revenue	243,853	217,524	241,376	216,010
Monthly average number of subscribers during the period, units	5,328,889	4,904,152	5,274,592	4,851,757
Monthly average portfolio services segment revenue divided by average monthly number of subscribers during the period – ARPU	45.8	44.4	45.8	44.5

Monthly adjusted EBITDA per customer

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Portfolio services segment adjusted EBITDA	530,698	465,198	1,049,408	922,543
Monthly average portfolio services segment adjusted EBITDA	176,899	155,066	174,901	153,757
Average monthly number of subscribers during the period, units	5,328,889	4,904,152	5,274,592	4,851,757
Monthly average portfolio services segment adjusted EBITDA divided by average monthly number of subscribers during the period – EPC	33.2	31.6	33.2	31.7

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 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Customer acquisition Adjusted EBITDA	(154,474)	(134,964)	(302,674)	(268,881)
Customer acquisition capital expenditure	(143,951)	(147,259)	(290,877)	(293,199)
Customer acquisition cost	(298,425)	(282,224)	(593,551)	(562,080)
New subscribers added, units	214,379	200,710	424,523	402,059
Customer acquisition cost divided by new subscribers added (gross) - CPA	1,392	1,406	1,398	1,398

Payback period

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

Calculation of Payback period

EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Cash acquisition cost per new subscriber ("CPA")	1,392	1,406	1,398	1,398
Monthly adjusted EBITDA per subscriber ("EPC")	33.2	31.6	33.2	31.7
CPA divided by EPC divided by 12	3.5	3.7	3.5	3.7

Definitions of 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 amortisation, write offs and separately disclosed items.

EBIT excl. SDIs

Earnings before interests, taxes and separately disclosed items.

LTM 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.

Quarterly attrition rate (annualised)

The attrition rate is the number of terminated subscriptions to our monitoring service in the quarter, annualised and divided by the average number of subscribers in the quarter.

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.

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 recognised 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.

Malmö, August 29, 2024

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