



**verisure**



**INTERIM REPORT**  
**January - September**

**2023**

**PROUD TO PROTECT**

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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 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 third quarter of 2023, the Group continued to deliver strong operating and financial performance while preserving strong unit economics. Our customer portfolio continued to grow and is now over 5.0 million, representing an annual growth rate of 9.2% compared to the same period last year. We are very proud to have achieved this milestone in our 35-year anniversary. Growth has been driven by new installations of 196,000 and attrition of 7.2% in the quarter. We have added over 427,000 customers to our portfolio in the last twelve months. Total revenue and adjusted EBITDA incl. SDIs increased 8.2% and 12.1%, respectively, in the quarter. In constant currency, total revenue and adjusted EBITDA incl. SDIs increased 9.6% and 13.7%, respectively.

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

## Financial summary of the quarter and the nine months ending September 30, 2023

We added 196,489 new customers to our portfolio in the quarter and 598,548 customers in the first nine months of 2023. A decrease of 0.8% and 1.3%, respectively, compared to the same periods last year. We remain disciplined and focused on high-quality customer intake. At the end of the quarter our customer portfolio stood at 5,072,207 customers, up 427,309 customers or 9.2% year-on-year. LTM attrition rate was 7.5% as of the end of the quarter. Q3 quarterly attrition was 7.2%, in line with that of last year.

Total revenue reached EUR 781.0 million in the third quarter of 2023, up 8.2% from EUR 722.0 million in the same period last year. In constant currency, total revenue grew 9.6% in the quarter. Portfolio services revenue, representing 85.3% of total revenue in the quarter, grew 11.3% to EUR 665.8 million. In constant currency, portfolio services revenue grew 13.0% in the quarter. In the first nine months of 2023, total revenue increased to EUR 2,304.6 million compared to EUR 2,102.3 million last year, representing an increase of 9.6% in actual currency and 11.1% in constant currency. Portfolio services revenue grew 12.3% to EUR 1,961.9 million in the first nine months of the year (14.0% increase in constant currency).

Adjusted EBITDA incl. SDIs increased to EUR 333.1 million in the quarter compared to EUR 297.1 million in the same

period last year, an increase of 12.1%. In constant currency, total adjusted EBITDA incl. SDIs increased 13.7% in the quarter. In the first nine months of the year, total adjusted EBITDA incl. SDIs increased 16.9% to EUR 979.3 million compared to EUR 837.5 million in 2022 (18.6% increase in constant currency).

Operating profit was EUR 158.7 million in the quarter compared to EUR 136.7 million in Q3 2022, an increase of 16.1%. In the first nine months of the year, operating profit increased 27.7% to EUR 459.0 million compared to EUR 359.5 million in 2022.

Portfolio services adjusted EBITDA increased to EUR 478.6 million in the quarter compared to EUR 430.5 million the same period last year, representing an increase of 11.2%. In constant currency, portfolio services adjusted EBITDA increased 12.7% in the quarter. Portfolio services adjusted EBITDA margin was 71.9% in the period, compared to 72.0% in the same period last year. In the first nine months of 2023, portfolio services adjusted EBITDA reached EUR 1,401.1 million, representing an increase of 11.2% in actual currency and 12.8% in constant currency compared to the same period last year.

CPA reached EUR 1,428 in the quarter, an increase of 1.6% compared to the same period last year (2.5% increase in constant currency). In the first nine months of 2023, CPA increased 0.5% vs. last year (1.4% in constant currency).

ARPU reached EUR 44.1 in the quarter, an increase of 1.8% compared to the same period last year (3.3% increase in constant currency). In the first nine months of 2023, ARPU increased 2.1% vs. last year (3.6% increase in constant currency). EPC increased to EUR 31.7 in the quarter, an increase of 1.6% vs. last year (3.0% increase in constant currency). In the first nine months of 2023, EPC increased 1.1% compared to the same period in 2022 (2.5% 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)                         | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|----------------------------------------------------------------|--------------|--------------|--------------|--------------|
| <b>Consolidated</b>                                            |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |
| Revenue <sup>1</sup>                                           | 780,984      | 721,979      | 2,304,597    | 2,102,332    |
| Adjusted EBITDA excl. SDIs                                     | 343,707      | 302,159      | 1,002,349    | 854,850      |
| Adjusted EBITDA margin excl. SDIs                              | 44.0%        | 41.9%        | 43.5%        | 40.7%        |
| Adjusted EBITDA incl. SDIs                                     | 333,050      | 297,119      | 979,278      | 837,547      |
| Adjusted EBITDA margin incl. SDIs                              | 42.6%        | 41.2%        | 42.5%        | 39.8%        |
| Operating profit <sup>1</sup>                                  | 158,727      | 136,668      | 458,954      | 359,491      |
| Capital expenditures                                           | 209,532      | 206,935      | 634,519      | 606,270      |
| Net debt per SFA                                               | 7,388,297    | 7,344,981    | 7,388,297    | 7,344,981    |
| <b>Unaudited operating data</b>                                |              |              |              |              |
| Payback period, years                                          | 3.8          | 3.8          | 3.7          | 3.7          |
| <b>Portfolio services segment</b>                              |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |
| Portfolio services revenue <sup>1</sup>                        | 665,805      | 597,992      | 1,961,864    | 1,746,902    |
| Portfolio services adjusted EBITDA                             | 478,591      | 430,453      | 1,401,135    | 1,259,805    |
| Portfolio services adjusted EBITDA margin                      | 71.9%        | 72.0%        | 71.4%        | 72.1%        |
| <b>Unaudited operating data</b>                                |              |              |              |              |
| Total subscribers (end of period), units                       | 5,072,207    | 4,644,898    | 5,072,207    | 4,644,898    |
| Cancellation, units                                            | 90,894       | 82,413       | 278,438      | 236,423      |
| LTM attrition rate, %                                          | 7.5%         | 6.9%         | 7.5%         | 6.9%         |
| Quarterly attrition rate (annualized), %                       | 7.2%         | 7.2%         | -            | -            |
| Net subscriber growth, units                                   | 105,595      | 115,568      | 320,110      | 370,071      |
| Subscriber growth rate, net                                    | 9.2%         | 12.0%        | 9.2%         | 12.0%        |
| Monthly average number of subscribers during the period, units | 5,028,001    | 4,596,196    | 4,910,505    | 4,462,298    |
| Average monthly revenue per user (ARPU), EUR                   | 44.1         | 43.4         | 44.4         | 43.5         |
| Monthly adjusted EBITDA per customer (EPC), EUR                | 31.7         | 31.2         | 31.7         | 31.4         |
| <b>Customer acquisition segment</b>                            |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |
| Customer acquisition revenue <sup>1</sup>                      | 89,990       | 103,362      | 273,214      | 293,153      |
| Customer acquisition adjusted EBITDA                           | (137,325)    | (129,917)    | (406,208)    | (407,508)    |
| Customer acquisition capital expenditures                      | 143,224      | 148,275      | 436,423      | 442,278      |
| <b>Unaudited operating data</b>                                |              |              |              |              |
| New subscribers added (gross), units                           | 196,489      | 197,981      | 598,548      | 606,494      |
| Cash acquisition cost per new subscriber (CPA), EUR            | 1,428        | 1,405        | 1,408        | 1,401        |
| <b>Adjacencies segment</b>                                     |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |
| Adjacencies revenue <sup>1</sup>                               | 25,190       | 20,625       | 69,519       | 62,277       |
| Adjacencies adjusted EBITDA                                    | 2,441        | 1,623        | 7,422        | 2,553        |

1) IFRS financial data.

# Management's Discussion and Analysis

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 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 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. 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 September 30, 2023, and 2022

### Results excluding SDIs

| EUR million                   | Jul-Sep 2023 | Jul-Sep 2022 | Percentage change |
|-------------------------------|--------------|--------------|-------------------|
| Revenue                       | 781.0        | 722.0        | 8.2%              |
| Operating expenses            | (438.2)      | (420.9)      | 4.1%              |
| Other income                  | 0.9          | 1.1          | (12.3%)           |
| <b>Adjusted EBITDA</b>        | <b>343.7</b> | <b>302.2</b> | <b>13.8%</b>      |
| Adjusted EBITDA margin, %     | 44.0%        | 41.9%        | -                 |
| Depreciation and amortization | (133.9)      | (120.4)      | 11.3%             |
| Retirement of assets          | (28.1)       | (22.7)       | 23.8%             |
| <b>Operating profit</b>       | <b>181.7</b> | <b>159.1</b> | <b>14.2%</b>      |
| Operating profit margin, %    | 23.3%        | 22.0%        | -                 |
| Interest income and expenses  | (116.4)      | (76.5)       | 52.1%             |
| Other financial items         | (3.2)        | (1.2)        | 179.0%            |
| <b>Profit before tax</b>      | <b>62.0</b>  | <b>81.4</b>  | <b>(23.8%)</b>    |

### Revenue by segment

| EUR million          | Jul-Sep 2023 | Jul-Sep 2022 | Percentage change |
|----------------------|--------------|--------------|-------------------|
| Portfolio services   | 665.8        | 598.0        | 11.3%             |
| Customer acquisition | 90.0         | 103.4        | (12.9%)           |
| Adjacencies          | 25.2         | 20.6         | 22.1%             |
| <b>Total</b>         | <b>781.0</b> | <b>722.0</b> | <b>8.2%</b>       |

### Revenue

Total revenue increased 8.2% in the third quarter of 2023, or EUR 59.0 million, to 781.0 million, up from EUR 722.0 million in the prior period. In constant currency, total revenue increased 9.6%. Revenue increase was primarily driven by the growing customer base, which increased 9.2%, from 4,644,898 in September 30, 2022, to 5,072,207 in September 30, 2023.

Portfolio services revenue increased by 11.3% in the third quarter of 2023, or EUR 67.8 million, to EUR 665.8 million, up from EUR 598.0 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 1.8% compared to the same quarter last year.

Customer acquisition revenue reached EUR 90.0 million in the third quarter of 2023, representing a decrease of 12.9% compared to the same period last year. The decrease was mainly driven by a lower number of new installations in the quarter compared to the same period last year.

### Operating expenses

Operating expenses increased 4.1% in the third quarter of 2023, or EUR 17.3 million, to EUR 438.2 million, from EUR 420.9 million in the same period last year. The increase was mainly driven by portfolio growth.

### Adjusted EBITDA

Adjusted EBITDA increased 13.8% in the three months ending September 30, 2023, or EUR 41.5 million, to EUR 343.7 million, from EUR 302.2 million in the same period last year. The

increase is mainly driven by growth in the portfolio, as well as higher monthly adjusted EBITDA per customer (EPC).

#### Depreciation and amortization

Depreciation and amortization increased to EUR 133.9 million in the three months ending September 30, 2023, up from EUR 120.4 million in the same period last year, mainly due to growth in the portfolio. Depreciation and amortization is primarily related to the alarm equipment installed at our customers' premises and the capitalized direct costs incurred to obtain new customers.

#### Retirement of assets

Retirements of assets increased to EUR 28.1 million in the third quarter of 2023, from EUR 22.7 million in the same period last year. The cost corresponds mainly to the remaining balance of capitalized material and direct costs, at the time customers leave the portfolio or upgrade to our new platform. The increase in write-offs during the third quarter of 2023 is driven

by the increase in cancellations compared to the same period last year.

#### Interest income and expenses

Interest income was EUR 0.5 million in the three months ending September 30, 2023, compared to EUR 0.3 million in the same period last year. Interest expense reached EUR 116.9 million in the three months ending September 30, 2023, compared to EUR 76.8 million in the same period last year, driven by increases in the cost of debt.

#### Other financial items

Other financial items mainly consist of 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. In the third quarter of 2023, other financial items amounted to a cost of EUR 3.2 million compared to EUR 1.2 million in the same period last year.

### Reported consolidated income statement

| EUR million                      | Jul-Sep 2023      |               |              | Jul-Sep 2022      |               |              |
|----------------------------------|-------------------|---------------|--------------|-------------------|---------------|--------------|
|                                  | Profit excl. SDIs | SDIs          | Reported     | Profit excl. SDIs | SDIs          | Reported     |
| Revenue                          | 781.0             | -             | 781.0        | 722.0             | -             | 722.0        |
| Operating expenses               | (438.2)           | (10.7)        | (448.9)      | (420.9)           | (5.0)         | (425.9)      |
| Other income                     | 0.9               | -             | 0.9          | 1.1               | -             | 1.1          |
| <b>Adjusted EBITDA</b>           | <b>343.7</b>      | <b>(10.7)</b> | <b>333.1</b> | <b>302.2</b>      | <b>(5.0)</b>  | <b>297.1</b> |
| Depreciation and amortization    | (133.9)           | (12.3)        | (146.3)      | (120.4)           | (17.4)        | (137.8)      |
| Retirement of assets             | (28.1)            | -             | (28.1)       | (22.7)            | -             | (22.7)       |
| <b>Operating profit</b>          | <b>181.7</b>      | <b>(23.0)</b> | <b>158.7</b> | <b>159.1</b>      | <b>(22.4)</b> | <b>136.7</b> |
| Interest income and expenses     | (116.4)           | -             | (116.4)      | (76.5)            | -             | (76.5)       |
| Other financial items            | (3.2)             | (11.6)        | (14.8)       | (1.2)             | (5.3)         | (6.5)        |
| <b>Profit before tax</b>         | <b>62.0</b>       | <b>(34.5)</b> | <b>27.5</b>  | <b>81.4</b>       | <b>(27.8)</b> | <b>53.7</b>  |
| Income tax expense               | -                 | -             | (19.1)       | -                 | -             | (8.3)        |
| <b>Net profit for the period</b> | <b>-</b>          | <b>-</b>      | <b>8.4</b>   | <b>-</b>          | <b>-</b>      | <b>45.4</b>  |

#### Separately disclosed items (SDIs)

##### SDIs affecting operating expenses

For the third quarter of 2023, total SDIs affecting operating expenses reached EUR 10.7 million, compared to EUR 5.0 million in the same period last year. SDIs affecting operating expenses include one-off costs related to various transition projects within the Group.

##### SDIs affecting depreciation and amortization

For the third quarter of 2023, amortization and depreciation from acquisition-related intangible assets reached EUR 12.3 million EUR, compared to EUR 17.4 million last year. The decrease is due to a reduction in the number of acquired contract portfolios pending to be amortized.

##### 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 11.6 million in the third quarter of 2023, compared to a cost of EUR 5.3 million in the same period last year. For the three months ending September 30, 2023, other financial items include negative non-cash FX

devaluations of debt items and unrealized derivatives of EUR 7.5 million, amortization of prepaid financing fees of EUR 3.8 million, and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 0.9 million, partly offset by a positive effect from realized derivatives of EUR 0.7 million. For the three months ending September 30, 2022, other financial items include a negative non-cash FX devaluation of debt items and unrealized derivatives of EUR 1.2 million, amortization of prepaid financing fees of EUR 3.5 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 0.8 million, partly offset by a positive effect from realized derivatives of EUR 0.3 million.

#### Income tax expense

For the three months ending September 30, 2023, income tax represented a cost of EUR 19.1 million, compared to a cost of EUR 8.3 million in the same period last year. While current tax expense totalled EUR 25.4 million in the third quarter of 2023, compared to EUR 16.3 million in the same period last year, deferred tax totalled a benefit of EUR 6.3 million in the third quarter of 2023 and a benefit of EUR 8.0 million in the same period last year.

## Nine months ending September 30, 2023, and 2022

### Results excluding SDIs

| EUR million                   | Jan-Sep 2023   | Jan-Sep 2022 | Percentage change |
|-------------------------------|----------------|--------------|-------------------|
| Revenue                       | 2,304.6        | 2,102.3      | 9.6%              |
| Operating expenses            | (1,305.4)      | (1,251.0)    | 4.3%              |
| Other income                  | 3.1            | 3.5          | (10.9%)           |
| <b>Adjusted EDITDA</b>        | <b>1,002.3</b> | <b>854.9</b> | <b>17.3%</b>      |
| Adjusted EBITDA margin, %     | 43.5%          | 40.7%        | -                 |
| Depreciation and amortization | (395.0)        | (362.9)      | 8.8%              |
| Retirement of assets          | (85.8)         | (61.4)       | 39.9%             |
| <b>Operating profit</b>       | <b>521.5</b>   | <b>430.6</b> | <b>21.1%</b>      |
| Operating profit margin, %    | 22.6%          | 20.5%        | -                 |
| Interest income and expenses  | (333.4)        | (225.9)      | 47.6%             |
| Other financial items         | (14.2)         | (4.3)        | 228.2%            |
| <b>Profit before tax</b>      | <b>173.9</b>   | <b>200.3</b> | <b>(13.2%)</b>    |

### Revenue by segment

| EUR million          | Jan-Sep 2023   | Jan-Sep 2022   | Percentage change |
|----------------------|----------------|----------------|-------------------|
| Portfolio services   | 1,961.9        | 1,746.9        | 12.3%             |
| Customer acquisition | 273.2          | 293.2          | (6.8%)            |
| Adjacencies          | 69.5           | 62.3           | 11.6%             |
| <b>Total</b>         | <b>2,304.6</b> | <b>2,102.3</b> | <b>9.6%</b>       |

#### Revenue

Total revenue increased by 9.6% in the nine months ending September 30, 2023, or EUR 202.3 million, to EUR 2,304.6 million, up from EUR 2,102.3 million in the prior period. In constant currency the increase in revenue was 11.1%, primarily due to the growing customer base, which increased by 9.2%, from 4,644,898 in September 30, 2022, to 5,072,207, in September 30, 2023.

Portfolio services revenue increased by 12.3% in the nine months ending September 30, 2023, or EUR 215.0 million, to EUR 1,961.9 million, up from EUR 1,746.9 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 2.1%.

Customer acquisition revenue reached EUR 273.2 million in the nine months ending September 30, 2023, representing a decrease of 6.8% compared to the same period last year. The decrease is mainly driven by less new installations compared to last year.

#### Operating expenses

Operating expenses increased by 4.3% in the first nine months of 2023, or EUR 54.4 million, to EUR 1,305.4 million, from EUR 1,251.0 million in the same period last year. The increase was mainly due to growth in the portfolio.

#### Adjusted EBITDA

Adjusted EBITDA increased by 17.3% in the nine months ending September 30, 2023, or EUR 147.5 million, to EUR 1,002.3 million, from EUR 854.9 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).

#### Depreciation and amortization

Depreciation and amortization increased to EUR 395.0 million in the nine months ending September 30, 2023, up from EUR 362.9 million in the same period last year, mainly due to growth in portfolio. Depreciation and amortization is primarily related to the alarm equipment installed at our customers' premises and the capitalized direct costs incurred to obtain new customers.

#### Retirement of assets

Retirements of assets increased to EUR 85.8 million in the nine months ending September 30, 2023, from EUR 61.4 million in the same period last year. The cost corresponds mainly to the remaining balance of capitalized material and direct costs, at the time customers leave the portfolio or upgrade to our new platform. The increase in write-offs during the first nine months of 2023 is driven by the increase in cancellations compared to the same period last year.

### Interest income and expenses

Interest income reached EUR 1.3 million in the nine months ending September 30, 2023, compared to EUR 0.6 million in the same period last year. Interest expense reached EUR 334.6 million in the nine months ending September 30, 2023, compared to EUR 226.5 million in the same period last year, driven by increases in the cost of debt.

### Other financial items

Other financial items mainly consist of 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 nine months ending September 30, 2023, other financial items amounted to EUR 14.2 million compared to EUR 4.3 million in the same period last year.

### Reported consolidated income statement

| EUR million                      | Jan-Sep 2023      |               |              | Jan-Sep 2022      |               |              |
|----------------------------------|-------------------|---------------|--------------|-------------------|---------------|--------------|
|                                  | Profit excl. SDIs | SDIs          | Reported     | Profit excl. SDIs | SDIs          | Reported     |
| Revenue                          | 2,304.6           | -             | 2,304.6      | 2,102.3           | -             | 2,102.3      |
| Operating expenses               | (1,305.4)         | (23.1)        | (1,328.4)    | (1,251.0)         | (17.3)        | (1,268.3)    |
| Other income                     | 3.1               | -             | 3.1          | 3.5               | -             | 3.5          |
| <b>Adjusted EBITDA</b>           | <b>1,002.3</b>    | <b>(23.1)</b> | <b>979.3</b> | <b>854.9</b>      | <b>(17.3)</b> | <b>837.5</b> |
| Depreciation and amortization    | (395.0)           | (39.5)        | (434.5)      | (362.9)           | (53.8)        | (416.7)      |
| Retirement of assets             | (85.8)            | -             | (85.8)       | (61.4)            | -             | (61.4)       |
| <b>Operating profit</b>          | <b>521.5</b>      | <b>(62.6)</b> | <b>459.0</b> | <b>430.6</b>      | <b>(71.1)</b> | <b>359.5</b> |
| Interest income and expenses     | (333.4)           | (0.7)         | (334.1)      | (225.9)           | -             | (225.9)      |
| Other financial items            | (14.2)            | (9.8)         | (24.1)       | (4.3)             | 1.1           | (3.3)        |
| <b>Profit before tax</b>         | <b>173.9</b>      | <b>(73.1)</b> | <b>100.8</b> | <b>200.3</b>      | <b>(70.0)</b> | <b>130.3</b> |
| Income tax expense               | -                 | -             | (49.5)       | -                 | -             | (55.8)       |
| <b>Net profit for the period</b> | <b>-</b>          | <b>-</b>      | <b>51.3</b>  | <b>-</b>          | <b>-</b>      | <b>74.6</b>  |

### Separately disclosed items (SDIs)

#### SDIs affecting operating expenses

For the nine months ending September 30, 2023, total SDIs affecting operating expenses reached EUR 23.1 million, compared to EUR 17.3 million in the same period last year. SDIs affecting operating expenses include one-off costs related to various transition projects within the Group.

#### SDIs affecting depreciation and amortization

For the nine months ending September 30, 2023, amortization and depreciation from acquisition-related intangible assets reached EUR 39.5 million, compared to EUR 53.8 million last year. The decrease is due to some acquired contract portfolios pending to be amortized.

#### 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 10.5 million in the nine first months of 2023, compared to an income of EUR 1.1 million in the same period last year. For the nine months ending September 30, 2023, other financial items include positive non-cash FX devaluations of debt items and unrealized derivatives

of EUR 5.4 million and a positive effect from realized derivatives of EUR 0.7 million, offset by the amortization of prepaid financing fees of EUR 11.7 million, and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 2.6 million. For the nine months ending September 30, 2022, other financial items include a positive non-cash FX revaluation of debt items and unrealized derivatives of EUR 16.7 million, offset by the amortization of prepaid financing fees of EUR 10.4 million, a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 2.5 million, and a negative impact from realized derivatives of EUR 2.7 million.

### Income tax expense

For the nine months ending September 30, 2023, income tax represented a cost of EUR 49.5 million, compared to a cost of EUR 55.8 million in the same period last year. While current tax expense totalled EUR 67.9 million in the nine months ending September 30, 2023, compared to EUR 52.7 million in the same period last year, deferred tax totalled a benefit of EUR 18.3 million in the nine months ending September 30, 2023, and an expense of EUR 3.0 million in the same period last year.

## Cash Flow

### Cash flow for the three months ending September 30, 2023, and 2022

| EUR million                                                          | Jul-Sep 2023 | Jul-Sep 2022  |
|----------------------------------------------------------------------|--------------|---------------|
| Cash flow from operating activities before change in working capital | 312.3        | 292.6         |
| Change in working capital                                            | 77.2         | (41.4)        |
| <b>Cash flow from operating activities<sup>1</sup></b>               | <b>389.5</b> | <b>251.2</b>  |
| Cash flow from investing activities                                  | (209.5)      | (206.9)       |
| Cash flow from financing activities <sup>2</sup>                     | (187.6)      | (65.9)        |
| <b>Cash flow for the period</b>                                      | <b>(7.6)</b> | <b>(21.6)</b> |
| Cash and cash equivalents at beginning of period                     | 34.2         | 45.6          |
| Translation differences on cash and cash equivalents                 | (0.5)        | -             |
| <b>Cash and cash equivalents at end of period</b>                    | <b>26.1</b>  | <b>24.0</b>   |

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 389.5 million and EUR 251.2 million for the three months ending September 30, 2023, and 2022, respectively. Cash flow from operating activities before change in working capital increased from EUR 292.6 million in the third quarter of 2022, to EUR 312.3 million in the third quarter of 2023, mainly driven by higher operating profit, partly offset by higher paid taxes. Change in working capital had a positive impact on cash flow generation of EUR 77.2 million in the third quarter of 2023, compared to a negative impact of EUR 41.4 million in the same period last year. Year on year improvement is driven by positive developments in inventory levels, which were elevated in 2022 mainly to support the launch of our next generation product proposition in some of our markets. Additionally, positive developments in trade receivables, other receivables, and other payables further contribute to positive cash flow generation from change in working capital, more than offsetting the negative impact from changes in trade payables.

#### Cash flow from investing activities

Cash flow from investing activities reached EUR 209.5 million and EUR 206.9 million for the three months ending September 30, 2023, and 2022, respectively. The increase is mainly driven by incremental investments to further enhance our product and service offering.

#### Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 187.6 million and EUR 65.9 million for the three months ending September 30, 2023, and 2022, respectively. Key components in the three months ending September 30, 2023, include net interest payments of EUR 149.9 million, a negative net change in borrowings of EUR 34.0 million, and other financial items of EUR 3.7 million. Compared to the same period last year, net interest payments increased by EUR 54.2 million, from EUR 95.8 million, mainly due to selected interest payment dates for our EUR 2,800 million TLBs and higher cost of debt.

## Cash flow for the nine months ending September 30, 2023, and 2022

| EUR million                                                          | Jan-Sep 2023   | Jan-Sep 2022 |
|----------------------------------------------------------------------|----------------|--------------|
| Cash flow from operating activities before change in working capital | 933.8          | 810.0        |
| Change in working capital                                            | 117.9          | (93.9)       |
| <b>Cash flow from operating activities<sup>1</sup></b>               | <b>1,051.7</b> | <b>716.1</b> |
| Cash flow from investing activities                                  | (634.5)        | (606.4)      |
| Cash flow from financing activities <sup>2</sup>                     | (434.3)        | (110.1)      |
| <b>Cash flow for the period</b>                                      | <b>(17.0)</b>  | <b>(0.4)</b> |
| Cash and cash equivalents at beginning of period                     | 43.6           | 24.3         |
| Translation differences on cash and cash equivalents                 | (0.5)          | 0.1          |
| <b>Cash and cash equivalents at end of period</b>                    | <b>26.1</b>    | <b>24.0</b>  |

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 1,051.7 million and EUR 716.1 million for the nine months ending September 30, 2023, and 2022, respectively. Cash flow from operating activities before change in working capital increased from EUR 810.0 million in the first nine months of 2022 to EUR 933.8 million in the first nine months of 2023, mainly driven by higher operating profit, partly offset by higher paid taxes. Change in working capital had a positive impact on cash flow generation of EUR 117.9 million in the nine months ending September 30, 2023, compared to a negative impact of EUR 93.9 million in the same period last year. Year on year improvement is driven by positive developments in inventory levels, which were elevated in 2022 mainly to support the launch of our next generation product proposition in some of our markets. Additionally, developments in trade receivables and other payables also contributed positively to generating cash flow from changes in working capital, more than offsetting a negative impact from changes in other receivables and trade payables.

### Cash flow from investing activities

Cash flow from investing activities reached EUR 634.5 million and EUR 606.4 million for the nine months ending September 30, 2023, and 2022, respectively. The increase is mainly driven by incremental investments to further enhance our product and service offering.

### Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 434.3 million for the nine months ending September 30, 2023, compared to an outflow of EUR 110.1 million in the same period last year. Key components in the nine months ending September 30, 2023, include net interest payments of EUR 363.5 million, negative net changes in borrowings of EUR 46.7 million and paid bank, advisory fees and other financial items of EUR 24.0 million. Compared to the same period last year, net interest payments increased by EUR 123.7 million, from EUR 239.9 million, mainly due to selected interest payment dates for our EUR 2,800 million TLBs and higher cost of debt.

## Capital Expenditures

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

segment; and (iv) other capital expenditures related to investments in R&D, IT and premises. 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 the incremental (direct) costs to obtain new customer contracts as intangible fixed assets.

### Capital expenditures for the three months ending September 30, 2023, and 2022

| EUR million                                             | Jul-Sep 2023 | Jul-Sep 2022 |
|---------------------------------------------------------|--------------|--------------|
| Customer acquisition capital expenditures, material     | 84.2         | 86.3         |
| Customer acquisition capital expenditures, direct costs | 59.1         | 62.0         |
| Portfolio services capital expenditures                 | 28.8         | 24.3         |
| Agencies capital expenditures                           | 2.8          | 1.5          |
| Capital expenditures other                              | 34.7         | 32.9         |
| <b>Total</b>                                            | <b>209.5</b> | <b>206.9</b> |

Capital expenditures reached EUR 209.5 million in the three months ending September 30, 2023, compared to EUR 206.9 million in the same period last year. The increase is mainly driven by upselling activity to existing customers as well as incremental investments to further enhance our offering.

### Capital expenditures for the nine months ending September 30, 2023, and 2022

| EUR million                                             | Jan-Sep 2023 | Jan-Sep 2022 |
|---------------------------------------------------------|--------------|--------------|
| Customer acquisition capital expenditures, material     | 254.3        | 255.3        |
| Customer acquisition capital expenditures, direct costs | 182.1        | 187.0        |
| Portfolio services capital expenditures                 | 86.3         | 67.3         |
| Agencies capital expenditures                           | 12.2         | 4.5          |
| Capital expenditures other                              | 99.6         | 92.1         |
| <b>Total</b>                                            | <b>634.5</b> | <b>606.3</b> |

Capital expenditures reached EUR 634.5 million in the nine months ending September 30, 2023, compared to EUR 606.3 million in the same period last year. The increase is mainly driven by upselling activity to existing customers as well as incremental investments to further enhance our offering.

## 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 September 30, 2023, 2022 and December 31, 2022

| EUR million                  | Sep 2023     | Sep 2022     | Dec 2022     |
|------------------------------|--------------|--------------|--------------|
| Revolving Credit Facility    | 700.0        | 700.0        | 700.0        |
| Cash and cash equivalents    | 26.1         | 24.0         | 43.6         |
| Drawn facility amount        | (192.1)      | (407.9)      | (454.5)      |
| Utilized letter of credit    | (18.2)       | (17.5)       | (17.6)       |
| <b>Total available funds</b> | <b>515.7</b> | <b>298.6</b> | <b>271.6</b> |

### Gross financial indebtedness as of September 30, 2023, 2022 and December 31, 2022

| EUR million               | Sep 2023       | Sep 2022       | Dec 2022       |
|---------------------------|----------------|----------------|----------------|
| Revolving Credit Facility | 192.1          | 407.9          | 454.5          |
| Term Loan B               | 2,800.0        | 2,800.0        | 2,800.0        |
| Senior Secured Notes      | 2,900.0        | 2,650.0        | 2,650.0        |
| Senior Unsecured Notes    | 1,305.1        | 1,312.6        | 1,309.9        |
| Other liabilities         | 57.2           | 41.6           | 51.3           |
| Lease liability (IFRS 16) | 160.0          | 156.8          | 160.6          |
| <b>Total indebtedness</b> | <b>7,414.4</b> | <b>7,369.0</b> | <b>7,426.3</b> |

## 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 2022 Verisure Midholding AB's annual report.

## Events during the reporting period

In January 2023, the Group issued EUR 450 million of new Senior Secured Notes, due in 2028, to repay drawings under our Revolving Credit Facility. Additionally, in April 2023, the Group redeemed its existing EUR 200 million Floating Rate Notes due in 2025 through Revolving Credit Facility drawings.

In May 2023, S&P upgraded Verisure from "B/stable outlook" to "B+/stable outlook", and Moody's upgraded Verisure from "B2/stable outlook" to "B1/stable outlook".

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

Anthony Loizeau, General Manager for the Nordics Cluster, has left the company effective 1 April 2023.

Vincent Litrico, Group Chief Financial Officer, has left the Company effective 31 July 2023.

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

In July 2021, a newly established Alarm Customer Association initiated a class action against Verisure Norway and its main competitor for claimed economic losses suffered by customers as a result of the alleged illegal collaboration that formed part of the NCA decision. Verisure Norway firmly contests the basis of the class action on both procedural and substantive grounds. The class action was dismissed on procedural grounds by the Oslo District Court in February 2022 and, upon appeal by the Alarm Customer Association, by the Court of Appeal in June the same year. In September 2022, the Alarm Customer Association filed an appeal to the Supreme Court, which in a ruling in June 2023 dismissed the appeal. The Alarm Customer Association class action is thereby finally dismissed. As the deadline for filing any new legal action in relation to the NCA decision has also passed, the topic is now finally closed.

## Events after the reporting period

The recent conflict in the Middle East is causing a major humanitarian crisis. At the time of writing this report, it is unclear what the short term and long-term impact of this conflict will be. The Group has a technology partner based in Israel that supports our development efforts and manufactures some of our product's components locally. We are closely monitoring the situation and have activated our business contingency plans. As a result, we do not expect any material supply disruption.

# Unaudited Consolidated Financial Statements

## Consolidated Income Statement

| EUR thousand                     | Note | Jul-Sep 2023   | Jul-Sep 2022   | Jan-Sep 2023     | Jan-Sep 2022   |
|----------------------------------|------|----------------|----------------|------------------|----------------|
| Revenue                          | 3    | 780,984        | 721,979        | 2,304,597        | 2,102,332      |
| Cost of sales                    |      | (425,566)      | (408,288)      | (1,261,120)      | (1,210,453)    |
| <b>Gross profit</b>              |      | <b>355,418</b> | <b>313,691</b> | <b>1,043,476</b> | <b>891,879</b> |
| Selling expenses                 |      | (93,560)       | (84,878)       | (282,054)        | (256,620)      |
| Administrative expenses          |      | (104,074)      | (93,221)       | (305,590)        | (279,272)      |
| Other income                     |      | 943            | 1,076          | 3,122            | 3,504          |
| <b>Operating profit</b>          |      | <b>158,727</b> | <b>136,668</b> | <b>458,954</b>   | <b>359,491</b> |
| Financial income                 |      | 485            | 279            | 1,297            | 646            |
| Financial expenses               |      | (131,701)      | (83,291)       | (359,439)        | (229,792)      |
| <b>Profit before tax</b>         |      | <b>27,511</b>  | <b>53,656</b>  | <b>100,812</b>   | <b>130,345</b> |
| Income tax expense               |      | (19,150)       | (8,278)        | (49,533)         | (55,772)       |
| <b>Net profit for the period</b> |      | <b>8,361</b>   | <b>45,378</b>  | <b>51,279</b>    | <b>74,573</b>  |

## Consolidated Statement of Comprehensive Income

| EUR thousand                                                  | Note | Jul-Sep 2023  | Jul-Sep 2022  | Jan-Sep 2023   | Jan-Sep 2022   |
|---------------------------------------------------------------|------|---------------|---------------|----------------|----------------|
| <b>Net profit for the period</b>                              |      | <b>8,361</b>  | <b>45,378</b> | <b>51,279</b>  | <b>74,573</b>  |
| <b>Items that may be reclassified to the income statement</b> |      |               |               |                |                |
| Change in hedging reserve                                     |      | 7,555         | 10,675        | 1,957          | 23,622         |
| Currency translation differences on foreign operations        |      | 3,152         | 9,873         | (10,701)       | 24,908         |
| Income tax related to these items                             |      | (1,556)       | (2,199)       | (403)          | (4,866)        |
| <b>Items that may be reclassified to the income statement</b> |      | <b>9,151</b>  | <b>18,349</b> | <b>(9,147)</b> | <b>43,664</b>  |
| <b>Other comprehensive income</b>                             |      | <b>9,151</b>  | <b>18,349</b> | <b>(9,147)</b> | <b>43,664</b>  |
| <b>Total comprehensive income for the period</b>              |      | <b>17,512</b> | <b>63,727</b> | <b>42,132</b>  | <b>118,237</b> |

## Consolidated Statement of Financial Position

| EUR thousand                    | Note | Sep 2023         | Sep 2022         | Dec 2022         |
|---------------------------------|------|------------------|------------------|------------------|
| <b>Assets</b>                   |      |                  |                  |                  |
| <b>Non-current assets</b>       |      |                  |                  |                  |
| Property, plant and equipment   |      | 1,406,127        | 1,282,297        | 1,316,626        |
| Right of use assets             |      | 156,802          | 153,341          | 157,255          |
| Goodwill                        |      | 763,430          | 868,850          | 777,765          |
| Customer portfolio              |      | 1,080,258        | 1,040,517        | 1,037,603        |
| Other intangible assets         |      | 319,605          | 295,165          | 316,344          |
| Deferred tax assets             |      | 28,823           | 27,832           | 28,778           |
| Derivatives                     | 4    | 20,277           | -                | 1,363            |
| Trade and other receivables     | 4    | 322,886          | 339,829          | 302,693          |
| <b>Total non-current assets</b> |      | <b>4,098,208</b> | <b>4,007,831</b> | <b>3,938,428</b> |
| <b>Current assets</b>           |      |                  |                  |                  |
| Inventories                     |      | 341,017          | 366,637          | 342,732          |
| Trade receivables               | 4    | 172,485          | 199,905          | 193,131          |
| Current tax assets              |      | 9,888            | 20,086           | 12,434           |
| Derivatives                     | 4    | 4,561            | 33,630           | 6,244            |
| Prepayments and accrued income  |      | 85,500           | 58,336           | 81,827           |
| Other current receivables       | 4    | 50,739           | 37,892           | 42,159           |
| Cash and cash equivalents       | 4    | 26,060           | 23,998           | 43,629           |
| <b>Total current assets</b>     |      | <b>690,251</b>   | <b>740,483</b>   | <b>722,156</b>   |
| <b>Total assets</b>             |      | <b>4,788,458</b> | <b>4,748,314</b> | <b>4,660,583</b> |

## Consolidated Statement of Financial Position

| EUR thousand                         | Note | Sep 2023           | Sep 2022           | Dec 2022           |
|--------------------------------------|------|--------------------|--------------------|--------------------|
| <b>Equity and liabilities</b>        |      |                    |                    |                    |
| <b>Equity</b>                        |      |                    |                    |                    |
| Share capital                        |      | 56                 | 56                 | 56                 |
| Other paid in capital                |      | 624,686            | 624,686            | 624,686            |
| Translation reserve                  |      | (69,591)           | 47,703             | (58,890)           |
| Hedging reserve                      |      | 2,403              | 26,420             | 849                |
| Retained earnings                    |      | (4,530,584)        | (4,553,110)        | (4,583,528)        |
| <b>Total equity</b>                  |      | <b>(3,973,030)</b> | <b>(3,854,245)</b> | <b>(4,016,827)</b> |
| <b>Non-current liabilities</b>       |      |                    |                    |                    |
| Long-term borrowings                 | 4, 5 | 7,255,447          | 7,219,140          | 7,252,455          |
| Derivatives                          | 4    | -                  | -                  | 4,593              |
| Other non-current liabilities        | 4    | 171,927            | 108,836            | 111,241            |
| Deferred tax liabilities             |      | 163,662            | 179,185            | 184,455            |
| Other provisions                     |      | 21,648             | 17,646             | 16,815             |
| <b>Total non-current liabilities</b> |      | <b>7,612,685</b>   | <b>7,524,806</b>   | <b>7,569,559</b>   |
| <b>Current liabilities</b>           |      |                    |                    |                    |
| Trade payables                       | 4    | 149,714            | 173,608            | 188,664            |
| Current tax liabilities              |      | 101,694            | 114,771            | 79,777             |
| Short-term borrowings                | 4, 5 | 139,454            | 116,118            | 166,724            |
| Derivatives                          | 4    | 1,562              | 265                | 5,175              |
| Accrued expenses and deferred income |      | 679,570            | 611,200            | 606,993            |
| Other current liabilities            | 4    | 76,810             | 61,791             | 60,517             |
| <b>Total current liabilities</b>     |      | <b>1,148,803</b>   | <b>1,077,753</b>   | <b>1,107,850</b>   |
| <b>Total liabilities</b>             |      | <b>8,761,488</b>   | <b>8,602,560</b>   | <b>8,677,409</b>   |
| <b>Total equity and liabilities</b>  |      | <b>4,788,458</b>   | <b>4,748,314</b>   | <b>4,660,583</b>   |

## 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              |
| <b>Balance at January 1, 2023</b>     | <b>56</b>                                            | <b>624,686</b>        | <b>(58,890)</b>     | <b>849</b>      | <b>(4,583,528)</b> | <b>(4,016,827)</b> |
| Net profit for the period             | -                                                    | -                     | -                   | -               | 51,279             | 51,279             |
| Other comprehensive income            | -                                                    | -                     | (10,701)            | 1,554           | -                  | (9,147)            |
| <i>Total comprehensive income</i>     | -                                                    | -                     | (10,701)            | 1,554           | 51,279             | 42,132             |
| <b>Transactions with owners</b>       |                                                      |                       |                     |                 |                    |                    |
| Group contribution                    | -                                                    | -                     | -                   | -               | 290                | 290                |
| Shareholder's contribution            | -                                                    | -                     | -                   | -               | 1,375              | 1,375              |
| <i>Total transactions with owners</i> | -                                                    | -                     | -                   | -               | 1,665              | 1,665              |
| <b>Balance at September 30, 2023</b>  | <b>56</b>                                            | <b>624,686</b>        | <b>(69,591)</b>     | <b>2,403</b>    | <b>(4,530,584)</b> | <b>(3,973,030)</b> |

| EUR thousand                         | Attributable to equity holders of the parent company |                       |                     |                 |                    |                    |
|--------------------------------------|------------------------------------------------------|-----------------------|---------------------|-----------------|--------------------|--------------------|
|                                      | Share capital                                        | Other paid in capital | Translation reserve | Hedging reserve | Retained earnings  | Total              |
| <b>Balance at January 1, 2022</b>    | <b>56</b>                                            | <b>624,686</b>        | <b>22,795</b>       | <b>7,664</b>    | <b>(4,628,446)</b> | <b>(3,973,245)</b> |
| Net profit for the period            | -                                                    | -                     | -                   | -               | 74,573             | 74,573             |
| Other comprehensive income           | -                                                    | -                     | 24,908              | 18,756          | -                  | 43,664             |
| <i>Total comprehensive income</i>    | -                                                    | -                     | 24,908              | 18,756          | 74,573             | 118,237            |
| <b>Transactions with owners</b>      |                                                      |                       |                     |                 |                    |                    |
| Shareholder's contribution           | -                                                    | -                     | -                   | -               | 763                | 763                |
| <i>Total transaction with owners</i> | -                                                    | -                     | -                   | -               | 763                | 763                |
| <b>Balance at September 30, 2022</b> | <b>56</b>                                            | <b>624,686</b>        | <b>47,703</b>       | <b>26,420</b>   | <b>(4,553,110)</b> | <b>(3,854,245)</b> |

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

## Consolidated Statement of Cash Flows

| EUR thousand                                                                | Jul-Sep 2023     | Jul-Sep 2022     | Jan-Sep 2023     | Jan-Sep 2022     |
|-----------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| <b>Operating activities</b>                                                 |                  |                  |                  |                  |
| Operating profit                                                            | 158,727          | 136,668          | 458,955          | 359,491          |
| Reversal of depreciation and amortization                                   | 146,268          | 137,793          | 434,477          | 416,692          |
| Other non-cash items                                                        | 28,059           | 22,655           | 85,850           | 61,363           |
| Paid taxes                                                                  | (20,763)         | (4,534)          | (45,497)         | (27,508)         |
| <b>Cash flow from operating activities before change in working capital</b> | <b>312,291</b>   | <b>292,582</b>   | <b>933,785</b>   | <b>810,038</b>   |
|                                                                             |                  |                  |                  |                  |
| <b>Change in working capital</b>                                            |                  |                  |                  |                  |
| Change in inventories                                                       | 10,107           | (37,637)         | (2,183)          | (109,267)        |
| Change in trade receivables                                                 | 20,286           | (20,442)         | 6,171            | (90,502)         |
| Change in other receivables                                                 | 16,326           | (339)            | (12,723)         | 11,891           |
| Change in trade payables                                                    | (19,690)         | (3,137)          | (35,711)         | (17,268)         |
| Change in other payables                                                    | 50,139           | 20,201           | 162,382          | 111,238          |
| <i>Cash flow from change in working capital</i>                             | <i>77,168</i>    | <i>(41,354)</i>  | <i>117,936</i>   | <i>(93,909)</i>  |
| <b>Cash flow from operating activities</b>                                  | <b>389,459</b>   | <b>251,228</b>   | <b>1,051,721</b> | <b>716,130</b>   |
|                                                                             |                  |                  |                  |                  |
| <b>Investing activities</b>                                                 |                  |                  |                  |                  |
| Net investments in intangible assets                                        | (96,898)         | (96,399)         | (294,804)        | (285,187)        |
| Net investments in property, plant and equipment                            | (112,624)        | (110,536)        | (339,675)        | (321,200)        |
| <b>Cash flow from investing activities</b>                                  | <b>(209,522)</b> | <b>(206,935)</b> | <b>(634,478)</b> | <b>(606,387)</b> |
|                                                                             |                  |                  |                  |                  |
| <b>Financing activities</b>                                                 |                  |                  |                  |                  |
| Change in borrowings                                                        | (34,012)         | 28,877           | 153,253          | 138,175          |
| Paid bank and advisory fees                                                 | -                | (249)            | (5,416)          | (249)            |
| New financing                                                               | -                | -                | 450,000          | -                |
| Repayment of financing                                                      | -                | -                | (650,000)        | -                |
| Net interest paid                                                           | (149,908)        | (95,751)         | (363,525)        | (239,852)        |
| Other financial items                                                       | (3,945)          | 1,242            | (18,886)         | (8,190)          |
| Received group contribution                                                 | 290              | -                | 290              | -                |
| <b>Cash flow from financing activities</b>                                  | <b>(187,575)</b> | <b>(65,881)</b>  | <b>(434,284)</b> | <b>(110,117)</b> |
| <b>Cash flow for the period</b>                                             | <b>(7,638)</b>   | <b>(21,588)</b>  | <b>(17,041)</b>  | <b>(375)</b>     |
| Cash and cash equivalents at start of period                                | 34,204           | 45,595           | 43,629           | 24,283           |
| Exchange difference on translating cash and cash equivalents                | (506)            | (9)              | (528)            | 90               |
| <b>Cash and cash equivalents at end of period</b>                           | <b>26,060</b>    | <b>23,998</b>    | <b>26,060</b>    | <b>23,998</b>    |

# Notes to the Unaudited Consolidated Financial Statements

## Note 1 Accounting Policies

### Basis of presentation and accounting periods

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

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 in the annual report for 2022. The accounting policies are unchanged compared with those applied in 2022.

These consolidated financial statements should be read in conjunction with the annual report 2022. The consolidated interim financial statements have not been audited.

## Note 2 Critical Accounting Estimates and Judgments

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

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is described in note 3 in the annual report for 2022. There have been no significant changes compared to what is described in the annual report.

## Note 3 Segment Reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the management team as its CODM. The segments identified based on the Group's operating activities are customer acquisition,

portfolio services and adjacencies. The customer acquisition segment develops, sources, purchases, provides and installs alarm systems for new customers in return for an installation fee. The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee. The adjacency segment captures the sale of remote monitoring and assistance devices and services for senior citizens and the sale of internet connected cameras under the Arlo brand.

| EUR thousands                 | Jul-Sep 2023         |                    |               |                       |                 |                |
|-------------------------------|----------------------|--------------------|---------------|-----------------------|-----------------|----------------|
|                               | Customer Acquisition | Portfolio Services | Adjacencies   | Total Group –Excl SDI | SDI             | Group Total    |
| <b>Revenue</b>                | <b>89,990</b>        | <b>665,805</b>     | <b>25,190</b> | <b>780,984</b>        | <b>-</b>        | <b>780,984</b> |
| <b>Adjusted EBITDA</b>        | <b>(137,325)</b>     | <b>478,591</b>     | <b>2,441</b>  | <b>343,707</b>        | <b>(10,657)</b> | <b>333,050</b> |
| Depreciation and amortization | -                    | -                  | -             | (133,942)             | (12,326)        | (146,268)      |
| Retirements of assets         | -                    | -                  | -             | (28,056)              | -               | (28,056)       |
| Financial items               | -                    | -                  | -             | (119,671)             | (11,545)        | (131,216)      |
| <b>Profit before tax</b>      | <b>-</b>             | <b>-</b>           | <b>-</b>      | <b>62,038</b>         | <b>(34,527)</b> | <b>27,511</b>  |

| EUR thousands                 | Jul-Sep 2022         |                    |               |                       |                 |                |
|-------------------------------|----------------------|--------------------|---------------|-----------------------|-----------------|----------------|
|                               | Customer acquisition | Portfolio services | Adjacencies   | Total Group –Excl SDI | SDI             | Group Total    |
| <b>Revenue</b>                | <b>103,362</b>       | <b>597,992</b>     | <b>20,625</b> | <b>721,979</b>        | <b>-</b>        | <b>721,979</b> |
| <b>Adjusted EBITDA</b>        | <b>(129,917)</b>     | <b>430,453</b>     | <b>1,623</b>  | <b>302,159</b>        | <b>(5,040)</b>  | <b>297,119</b> |
| Depreciation and amortization | -                    | -                  | -             | (120,371)             | (17,425)        | (137,796)      |
| Retirements of assets         | -                    | -                  | -             | (22,656)              | -               | (22,656)       |
| Financial items               | -                    | -                  | -             | (77,706)              | (5,306)         | (83,012)       |
| <b>Profit before tax</b>      | <b>-</b>             | <b>-</b>           | <b>-</b>      | <b>81,426</b>         | <b>(27,770)</b> | <b>53,656</b>  |

| EUR thousands                 | Jan-Sep 2023         |                    |               |                       |                 |                  |
|-------------------------------|----------------------|--------------------|---------------|-----------------------|-----------------|------------------|
|                               | Customer Acquisition | Portfolio Services | Adjacencies   | Total Group –Excl SDI | SDI             | Group Total      |
| <b>Revenue</b>                | <b>273,214</b>       | <b>1,961,864</b>   | <b>69,519</b> | <b>2,304,597</b>      | <b>-</b>        | <b>2,304,597</b> |
| <b>Adjusted EBITDA</b>        | <b>(406,208)</b>     | <b>1,401,135</b>   | <b>7,422</b>  | <b>1,002,349</b>      | <b>(23,071)</b> | <b>979,278</b>   |
| Depreciation and amortization | -                    | -                  | -             | (394,987)             | (39,492)        | (434,479)        |
| Retirements of assets         | -                    | -                  | -             | (85,846)              | -               | (85,846)         |
| Financial items               | -                    | -                  | -             | (347,598)             | (10,544)        | (358,142)        |
| <b>Profit before tax</b>      | <b>-</b>             | <b>-</b>           | <b>-</b>      | <b>173,918</b>        | <b>(73,107)</b> | <b>100,812</b>   |

| EUR thousands                 | Jan-Sep 2022         |                    |               |                       |                 |                  |
|-------------------------------|----------------------|--------------------|---------------|-----------------------|-----------------|------------------|
|                               | Customer acquisition | Portfolio services | Adjacencies   | Total Group –Excl SDI | SDI             | Group Total      |
| <b>Revenue</b>                | <b>293,153</b>       | <b>1,746,902</b>   | <b>62,277</b> | <b>2,102,332</b>      | <b>-</b>        | <b>2,102,332</b> |
| <b>Adjusted EBITDA</b>        | <b>(407,508)</b>     | <b>1,259,805</b>   | <b>2,553</b>  | <b>854,850</b>        | <b>(17,303)</b> | <b>837,547</b>   |
| Depreciation and amortization | -                    | -                  | -             | (362,924)             | (53,769)        | (416,693)        |
| Retirements of assets         | -                    | -                  | -             | (61,363)              | -               | (61,363)         |
| Financial items               | -                    | -                  | -             | (230,250)             | 1,103           | (229,146)        |
| <b>Profit before tax</b>      | <b>-</b>             | <b>-</b>           | <b>-</b>      | <b>200,313</b>        | <b>(69,969)</b> | <b>130,344</b>   |

## Note 4 Financial Risk Management

### Financial instruments by category and valuation level

| EUR thousand                               | Sep 2023        |                     | Sep 2022        |                     | Dec 2022        |                     |
|--------------------------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
|                                            | Financial Asset | Financial Liability | Financial Asset | Financial Liability | Financial Asset | Financial Liability |
| <b>Hedge accounting</b>                    |                 |                     |                 |                     |                 |                     |
| Fx forwards <sup>1</sup>                   | 4,558           | 1,532               | 33,273          | -                   | 6,244           | 5,175               |
|                                            |                 |                     |                 |                     |                 |                     |
| <b>Fair value through profit or loss</b>   |                 |                     |                 |                     |                 |                     |
| FX Swaps <sup>1</sup>                      | 3               | 31                  | -               | -                   | -               | -                   |
| Cross currency swaps <sup>1</sup>          | 12,191          | -                   | -               | 265                 | 1,363           | -                   |
| Interest rate swaps <sup>1</sup>           | 8,086           | -                   | 357             | -                   | -               | 4,593               |
|                                            |                 |                     |                 |                     |                 |                     |
| <b>Amortized cost</b>                      |                 |                     |                 |                     |                 |                     |
| Trade and other receivables                | 299,869         | -                   | 323,354         | -                   | 285,959         | -                   |
| Trade receivables, current <sup>3</sup>    | 172,485         | -                   | 199,905         | -                   | 193,131         | -                   |
| Other current receivables <sup>3</sup>     | 20,566          | -                   | 19,204          | -                   | 17,028          | -                   |
| Cash and cash equivalent                   | 26,060          | -                   | 23,998          | -                   | 43,629          | -                   |
| Long-term borrowings <sup>2</sup>          | -               | 7,144,144           | -               | 7,106,783           | -               | 7,138,198           |
| Other non-current liabilities <sup>2</sup> | -               | 2,527               | -               | 3,025               | -               | 3,152               |
| Trade payables, current <sup>3</sup>       | -               | 149,714             | -               | 173,608             | -               | 188,664             |
| Accrued expenses, current <sup>3</sup>     | -               | 219,633             | -               | 235,544             | -               | 206,812             |
| Short-term borrowings <sup>2,3</sup>       | -               | 90,776              | -               | 71,652              | -               | 120,346             |
| Other current liabilities <sup>2,3</sup>   | -               | 31,613              | -               | 22,830              | -               | 24,652              |

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

2) Details of borrowings are presented in note 5.

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

## Note 5 Borrowings

| EUR thousand                   | Sep 2023         |                            |                  | Sep 2022         |                            |                  | Dec 2023         |                            |                  |
|--------------------------------|------------------|----------------------------|------------------|------------------|----------------------------|------------------|------------------|----------------------------|------------------|
|                                | Principal amount | Adjustment amortized costs | Carrying amount  | Principal amount | Adjustment amortized costs | Carrying amount  | Principal amount | Adjustment amortized costs | Carrying amount  |
| <b>Non-current liabilities</b> |                  |                            |                  |                  |                            |                  |                  |                            |                  |
| <b>Secured</b>                 |                  |                            |                  |                  |                            |                  |                  |                            |                  |
| Senior Secured Notes           | 2,900,000        | (22,230)                   | <b>2,877,770</b> | 2,650,000        | (18,027)                   | <b>2,631,973</b> | 2,650,000        | (22,999)                   | <b>2,627,001</b> |
| Term Loan B <sup>1</sup>       | 2,800,000        | (35,465)                   | <b>2,764,535</b> | 2,800,000        | (44,729)                   | <b>2,755,271</b> | 2,800,000        | (42,447)                   | <b>2,757,553</b> |
| Revolving Credit Facility      | 192,098          | (8,408)                    | <b>183,690</b>   | 407,905          | (10,340)                   | <b>397,565</b>   | 454,499          | (9,863)                    | <b>444,636</b>   |
| <b>Unsecured</b>               |                  |                            |                  |                  |                            |                  |                  |                            |                  |
| Senior Unsecured Notes         | 1,305,067        | (11,835)                   | <b>1,293,233</b> | 1,312,624        | (13,663)                   | <b>1,298,961</b> | 1,309,870        | (13,215)                   | <b>1,296,655</b> |
| Liabilities to other creditors | 24,917           | -                          | <b>24,917</b>    | 23,014           | -                          | <b>23,014</b>    | 12,354           | -                          | <b>12,354</b>    |
| Lease liability                | 111,303          | -                          | <b>111,303</b>   | 112,356          | -                          | <b>112,356</b>   | 114,257          | -                          | <b>114,257</b>   |
| <b>Long-term borrowings</b>    | <b>7,333,385</b> | <b>(77,938)</b>            | <b>7,255,447</b> | <b>7,305,899</b> | <b>(86,759)</b>            | <b>7,219,140</b> | <b>7,340,980</b> | <b>(88,525)</b>            | <b>7,252,455</b> |
| <b>Current liabilities</b>     |                  |                            |                  |                  |                            |                  |                  |                            |                  |
| Accrued interest expenses      | 58,482           | -                          | <b>58,482</b>    | 53,037           | -                          | <b>53,037</b>    | 81,416           | -                          | <b>81,416</b>    |
| Other liabilities              | 32,294           | -                          | <b>32,294</b>    | 18,614           | -                          | <b>18,614</b>    | 38,929           | -                          | <b>38,929</b>    |
| Lease liability                | 48,678           | -                          | <b>48,678</b>    | 44,466           | -                          | <b>44,466</b>    | 46,378           | -                          | <b>46,378</b>    |
| <b>Short-term borrowings</b>   | <b>139,454</b>   | <b>-</b>                   | <b>139,454</b>   | <b>116,118</b>   | <b>-</b>                   | <b>116,118</b>   | <b>166,724</b>   | <b>-</b>                   | <b>166,724</b>   |
| <b>Total</b>                   | <b>7,472,839</b> | <b>(77,938)</b>            | <b>7,394,901</b> | <b>7,422,017</b> | <b>(86,759)</b>            | <b>7,335,257</b> | <b>7,507,704</b> | <b>(88,525)</b>            | <b>7,419,179</b> |

1) Of the total amount regarding adjustment amortized costs EUR (10,467) thousand in September 30, 2023 (13,962) in September 30, 2022 and (13,103) in December 2022 relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9.

### Net Debt and Leverage (per SFA)

| EUR thousand                      | Sep 2023         | Sep 2022         | Dec 2022         |
|-----------------------------------|------------------|------------------|------------------|
| Total principal amount (as above) | 7,472,839        | 7,422,017        | 7,507,704        |
| Less accrued interest             | (58,482)         | (53,037)         | (81,416)         |
| <b>Total indebtedness</b>         | <b>7,414,357</b> | <b>7,368,979</b> | <b>7,426,287</b> |
| Less cash and cash equivalents    | (26,060)         | (23,998)         | (43,629)         |
| <b>Total net debt</b>             | <b>7,388,297</b> | <b>7,344,981</b> | <b>7,382,658</b> |
| <b>Secured net debt</b>           | <b>5,866,039</b> | <b>5,833,907</b> | <b>5,860,870</b> |
| <b>L2QA EBITDA</b>                | <b>1,358,775</b> | <b>1,191,734</b> | <b>1,223,556</b> |
| <b>Total net leverage</b>         | <b>5.4x</b>      | <b>6.2x</b>      | <b>6.0x</b>      |
| <b>Total secured net leverage</b> | <b>4.3x</b>      | <b>4.9x</b>      | <b>4.8x</b>      |

## Note 6 Pledged Assets and Contingent Liabilities

### Pledged Assets

| EUR thousand           | Sep 2023  | Sep 2022  | Dec 2022  |
|------------------------|-----------|-----------|-----------|
| Shares in subsidiaries | 2,624,402 | 2,682,811 | 2,583,898 |
| Bank accounts          | 6,191     | 9,742     | 29,867    |
| Accounts receivables   | 146,240   | 206,056   | 189,245   |
| Inventories            | 858       | 765       | 645       |
| Other operating assets | 63,864    | 64,140    | 65,434    |
| Trademark              | 48,169    | 58,885    | 56,206    |
| Endowment insurance    | 556       | 603       | 567       |

### Contingent Liabilities

| EUR thousand | Sep 2023 | Sep 2022 | Dec 2022 |
|--------------|----------|----------|----------|
| Guarantees   | 37,718   | 36,391   | 37,431   |

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 | Jul-Sep 2023   | Jul-Sep 2022   | Jan-Sep 2023    | Jan-Sep 2022    |
|----------------------------------|------|----------------|----------------|-----------------|-----------------|
| Revenue                          |      | 216            | -              | 647             | -               |
| Administrative expenses          |      | (2)            | (2)            | (262)           | (7)             |
| <b>Operating profit</b>          |      | <b>213</b>     | <b>(2)</b>     | <b>385</b>      | <b>(7)</b>      |
| Financial income                 | 2    | 13,098         | 12,204         | 35,657          | 36,074          |
| Financial expenses               | 2    | (19,960)       | (19,789)       | (61,192)        | (59,174)        |
| <b>Profit before tax</b>         |      | <b>(6,648)</b> | <b>(7,587)</b> | <b>(25,149)</b> | <b>(23,107)</b> |
| Income tax expense               |      | -              | (385)          | -               | (385)           |
| <b>Net profit for the period</b> |      | <b>(6,648)</b> | <b>(7,972)</b> | <b>(25,149)</b> | <b>(23,492)</b> |

## Parent Company Statement of Financial Position

| EUR thousand                        | Note | Sep 2023         | Sep 2022         | Dec 2022         |
|-------------------------------------|------|------------------|------------------|------------------|
| <b>Assets</b>                       |      |                  |                  |                  |
| <b>Non-current assets</b>           |      |                  |                  |                  |
| <i>Long-term investments</i>        |      |                  |                  |                  |
| Investments in subsidiaries         |      | 1,193,358        | 1,191,730        | 1,191,984        |
| Receivables from Group companies    |      | 684,986          | 692,294          | 688,349          |
| <b>Total non-current assets</b>     |      | <b>1,878,345</b> | <b>1,884,024</b> | <b>1,880,333</b> |
| <b>Current assets</b>               |      |                  |                  |                  |
| Prepaid expenses and accrued income |      | 6,217            | 6,117            | 20,009           |
| Cash and cash equivalents           |      | 325              | 795              | 627              |
| <b>Total current assets</b>         |      | <b>6,542</b>     | <b>6,912</b>     | <b>20,636</b>    |
| <b>Total assets</b>                 |      | <b>1,884,886</b> | <b>1,890,936</b> | <b>1,900,969</b> |

| EUR thousand                         | Note | Sep 2023         | Sep 2022         | Dec 2022         |
|--------------------------------------|------|------------------|------------------|------------------|
| <b>Equity and liabilities</b>        |      |                  |                  |                  |
| <b>Equity</b>                        |      |                  |                  |                  |
| Share capital                        |      | 56               | 56               | 56               |
| Other paid in capital                |      | 569,170          | 569,170          | 569,170          |
| Retained earnings                    |      | (112,245)        | (84,607)         | (88,471)         |
| <b>Total equity</b>                  |      | <b>456,980</b>   | <b>484,619</b>   | <b>480,755</b>   |
| <b>Provisions</b>                    |      |                  |                  |                  |
| <b>Non-current liabilities</b>       |      |                  |                  |                  |
| Long-term borrowings                 | 3    | 1,293,232        | 1,298,961        | 1,296,655        |
| Liabilities to Group companies       |      | 122,800          | 94,887           | 94,887           |
| <b>Total non-current liabilities</b> |      | <b>1,416,032</b> | <b>1,393,848</b> | <b>1,391,542</b> |
| <b>Current liabilities</b>           |      |                  |                  |                  |
| Accounts payable                     |      | -                | 51               | -                |
| Accrued expenses and prepaid income  | 3    | 11,874           | 12,414           | 28,672           |
| Other current liabilities            |      | -                | 4                | -                |
| <b>Total current liabilities</b>     |      | <b>11,874</b>    | <b>12,469</b>    | <b>28,672</b>    |
| <b>Total liabilities</b>             |      | <b>1,427,906</b> | <b>1,406,318</b> | <b>1,420,214</b> |
| <b>Total equity and liabilities</b>  |      | <b>1,884,886</b> | <b>1,890,936</b> | <b>1,900,969</b> |

## 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          |
| <b>Balance at January 1, 2023</b>    | <b>56</b>                                            | <b>569,170</b>        | <b>(88,471)</b>   | <b>480,755</b> |
| Net profit for the period            | -                                                    | -                     | (25,149)          | (25,149)       |
| Shareholder's contribution           | -                                                    | -                     | 1,375             | 1,375          |
| <b>Balance on September 30, 2023</b> | <b>56</b>                                            | <b>569,170</b>        | <b>(112,245)</b>  | <b>456,980</b> |

| EUR thousand                         | Attributable to equity holders of the parent company |                       |                   |                |
|--------------------------------------|------------------------------------------------------|-----------------------|-------------------|----------------|
|                                      | Share capital                                        | Other paid in capital | Retained earnings | Total          |
| <b>Balance at January 1, 2022</b>    | <b>56</b>                                            | <b>569,170</b>        | <b>(61,878)</b>   | <b>507,349</b> |
| Net profit for the period            | -                                                    | -                     | (23,492)          | (23,492)       |
| Shareholder's contribution           | -                                                    | -                     | 763               | 763            |
| <b>Balance on September 30, 2022</b> | <b>56</b>                                            | <b>569,170</b>        | <b>(84,607)</b>   | <b>484,619</b> |

| EUR thousand                        | Attributable to equity holders of the parent company |                       |                   |                |
|-------------------------------------|------------------------------------------------------|-----------------------|-------------------|----------------|
|                                     | Share capital                                        | Other paid in capital | Retained earnings | Total          |
| <b>Balance at January 1, 2022</b>   | <b>56</b>                                            | <b>569,170</b>        | <b>(61,878)</b>   | <b>507,349</b> |
| Net profit for the period           | -                                                    | -                     | (27,609)          | (27,609)       |
| Shareholder's contribution          | -                                                    | -                     | 1,016             | 1,016          |
| <b>Balance on December 31, 2022</b> | <b>56</b>                                            | <b>569,170</b>        | <b>(88,471)</b>   | <b>480,755</b> |

## Parent Company Statement of Cash Flows

| EUR thousand                                                                | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023   | Jan-Sep 2022 |
|-----------------------------------------------------------------------------|--------------|--------------|----------------|--------------|
| <b>Operating activities</b>                                                 |              |              |                |              |
| Operating result                                                            | 213          | (2)          | 385            | (7)          |
| Paid taxes                                                                  | -            | (385)        | -              | (385)        |
| <b>Cash flow from operating activities before change in working capital</b> | <b>213</b>   | <b>(387)</b> | <b>385</b>     | <b>(392)</b> |
| <b>Change in working capital</b>                                            |              |              |                |              |
| Change in trade payables                                                    | 5            | 58           | (10)           | 40           |
| Change in other receivables                                                 | 6            | (17)         | 533            | (53)         |
| <i>Cash flow from change in working capital</i>                             | <i>11</i>    | <i>41</i>    | <i>523</i>     | <i>(13)</i>  |
| <b>Cash flow from operating activities</b>                                  | <b>224</b>   | <b>(346)</b> | <b>908</b>     | <b>(405)</b> |
| <b>Investing activities</b>                                                 |              |              |                |              |
| <b>Cash flow from investing activities</b>                                  | <b>-</b>     | <b>-</b>     | <b>-</b>       | <b>-</b>     |
| <b>Financing activities</b>                                                 |              |              |                |              |
| New loans from Group companies                                              | 11,720       | 11,500       | 27,913         | 17,500       |
| Other financial items                                                       | (2,620)      | (46)         | (2,673)        | (52)         |
| Net interest received or paid                                               | (9,827)      | (11,335)     | (26,450)       | (17,309)     |
| <b>Cash flow from financing activities</b>                                  | <b>(727)</b> | <b>119</b>   | <b>(1,210)</b> | <b>139</b>   |
| <b>Cash flow for the period</b>                                             | <b>(503)</b> | <b>(227)</b> | <b>(302)</b>   | <b>(266)</b> |
| Cash and cash equivalents at start of period                                | 828          | 1,022        | 627            | 1,061        |
| <b>Cash and cash equivalents at end of period</b>                           | <b>325</b>   | <b>795</b>   | <b>325</b>     | <b>795</b>   |

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

## Note 2 Financial Income and Expenses

| EUR thousand                         | Jul-Sep 2023    | Jul-Sep 2022    | Jan-Sep 2023    | Jan-Sep 2022    |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Interest income                      | 14              | -               | 15              | -               |
| Interest income from Group companies | 11,958          | 12,204          | 35,643          | 36,074          |
| Other financial income               | 1,127           | -               | -               | -               |
| <b>Financial income</b>              | <b>13,098</b>   | <b>12,204</b>   | <b>35,657</b>   | <b>36,074</b>   |
| Interest expense                     | (18,563)        | (17,854)        | (55,257)        | (52,840)        |
| Interest expense to Group companies  | (924)           | (649)           | (2,563)         | (1,773)         |
| Other financial expenses             | (473)           | (1,286)         | (3,373)         | (4,561)         |
| <b>Financial expenses</b>            | <b>(19,960)</b> | <b>(19,789)</b> | <b>(61,192)</b> | <b>(59,174)</b> |

## Note 3 Borrowings

| EUR thousand                   | Sep 2023            |                         |                  | Sep 2022            |                         |                  |
|--------------------------------|---------------------|-------------------------|------------------|---------------------|-------------------------|------------------|
|                                | Current liabilities | Non-current liabilities | Total            | Current liabilities | Non-current liabilities | Total            |
| <b>Unsecured</b>               |                     |                         |                  |                     |                         |                  |
| Senior Unsecured Notes         | 9,303               | 1,293,232               | <b>1,302,535</b> | 8,961               | 1,298,961               | <b>1,307,922</b> |
| <b>Total (carrying amount)</b> | <b>9,303</b>        | <b>1,293,232</b>        | <b>1,302,535</b> | <b>8,961</b>        | <b>1,298,961</b>        | <b>1,307,922</b> |

| EUR thousand                   | Dec 2022            |                         |                  |
|--------------------------------|---------------------|-------------------------|------------------|
|                                | Current liabilities | Non-current liabilities | Total            |
| <b>Unsecured</b>               |                     |                         |                  |
| Senior Unsecured Notes         | 24,513              | 1,296,655               | <b>1,321,168</b> |
| <b>Total (carrying amount)</b> | <b>24,513</b>       | <b>1,296,655</b>        | <b>1,321,168</b> |

# Quarterly Summary

## Key Figures

| EUR thousand (unless otherwise stated)                         | Jul-Sep 2023 | Apr-Jun 2023 | Jan-Mar 2023 | Oct-Dec 2022 | Jul-Sep 2022 |
|----------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Consolidated</b>                                            |              |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |              |
| Revenue <sup>1</sup>                                           | 780,984      | 765,744      | 757,869      | 724,690      | 721,979      |
| Adjusted EBITDA excl. SDIs                                     | 343,707      | 330,680      | 327,962      | 297,119      | 302,159      |
| Adjusted EBITDA margin excl. SDIs                              | 44.0%        | 43.2%        | 43.3%        | 41.0%        | 41.9%        |
| Adjusted EBITDA incl. SDIs                                     | 333,050      | 323,294      | 322,934      | 278,644      | 297,119      |
| Adjusted EBITDA margin incl. SDIs                              | 42.6%        | 42.2%        | 42.6%        | 38.5%        | 41.2%        |
| Operating profit <sup>1</sup>                                  | 158,727      | 148,361      | 151,866      | 111,787      | 136,668      |
| Capital expenditures                                           | 209,532      | 219,888      | 205,098      | 234,790      | 206,935      |
| Net debt per SFA                                               | 7,388,297    | 7,400,482    | 7,422,948    | 7,382,658    | 7,344,981    |
| <b>Unaudited operating data</b>                                |              |              |              |              |              |
| Payback period, years                                          | 3.8          | 3.7          | 3.6          | 3.9          | 3.8          |
| <b>Portfolio services segment</b>                              |              |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |              |
| Portfolio services revenue <sup>1</sup>                        | 665,805      | 652,571      | 643,489      | 611,257      | 597,992      |
| Portfolio services adjusted EBITDA                             | 478,591      | 465,198      | 457,345      | 434,586      | 430,453      |
| Portfolio services adjusted EBITDA margin                      | 71.9%        | 71.3%        | 71.1%        | 71.1%        | 72.0%        |
| <b>Unaudited operating data</b>                                |              |              |              |              |              |
| Total subscribers (end of period), units                       | 5,072,207    | 4,966,612    | 4,859,697    | 4,752,097    | 4,644,898    |
| Cancellation, units                                            | 90,894       | 93,795       | 93,749       | 88,405       | 82,413       |
| LTM attrition rate, %                                          | 7.5%         | 7.5%         | 7.4%         | 7.2%         | 6.9%         |
| Quarterly attrition rate (annualized), %                       | 7.2%         | 7.7%         | 7.8%         | 7.5%         | 7.2%         |
| Net subscriber growth, units                                   | 105,595      | 106,915      | 107,600      | 107,199      | 115,568      |
| Subscriber growth rate, net                                    | 9.2%         | 9.7%         | 10.4%        | 11.2%        | 12.0%        |
| Monthly average number of subscribers during the period, units | 5,028,001    | 4,904,152    | 4,799,363    | 4,704,140    | 4,596,196    |
| Average monthly revenue per user (ARPU), EUR                   | 44.1         | 44.4         | 44.7         | 43.3         | 43.4         |
| Monthly adjusted EBITDA per customer (EPC), EUR                | 31.7         | 31.6         | 31.8         | 30.8         | 31.2         |
| <b>Customer acquisition segment</b>                            |              |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |              |
| Customer acquisition revenue <sup>1</sup>                      | 89,990       | 89,801       | 93,423       | 92,801       | 103,362      |
| Customer acquisition adjusted EBITDA                           | (137,325)    | (134,964)    | (133,917)    | (137,338)    | (129,917)    |
| Customer acquisition capital expenditures                      | 143,224      | 147,259      | 145,940      | 141,460      | 148,275      |
| <b>Unaudited operating data</b>                                |              |              |              |              |              |
| New subscribers added (gross)                                  | 196,489      | 200,710      | 201,349      | 195,604      | 197,981      |
| Cash acquisition cost per new subscriber (CPA), EUR            | 1,428        | 1,406        | 1,390        | 1,425        | 1,405        |
| <b>Adjacencies segment</b>                                     |              |              |              |              |              |
| <b>Non-IFRS and IFRS financial data</b>                        |              |              |              |              |              |
| Adjacencies revenue <sup>1</sup>                               | 25,190       | 23,373       | 20,957       | 20,633       | 20,625       |
| Adjacencies adjusted EBITDA                                    | 2,441        | 446          | 4,534        | (129)        | 1,623        |

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 amortization, write offs and SDIs.

### Calculation of Adjusted EBITDA

| EUR thousands                                               | Jul-Sep 2023   | Jul-Sep 2022   | Jan-Sep 2023     | Jan-Sep 2022   |
|-------------------------------------------------------------|----------------|----------------|------------------|----------------|
| Operating profit according to consolidated income statement | 158,727        | 136,668        | 458,954          | 359,491        |
| Depreciation and amortization add-back                      | 146,268        | 137,796        | 434,479          | 416,693        |
| Retirement of assets add-back                               | 28,056         | 22,656         | 85,846           | 61,363         |
| Separately disclosed items add-back                         | 10,657         | 5,040          | 23,071           | 17,303         |
| <b>Adjusted EBITDA</b>                                      | <b>343,707</b> | <b>302,159</b> | <b>1,002,349</b> | <b>854,850</b> |
| Whereof adjusted EBITDA customer acquisition                | (137,325)      | (129,917)      | (406,208)        | (407,508)      |
| Whereof adjusted EBITDA portfolio services                  | 478,591        | 430,453        | 1,401,135        | 1,259,805      |
| Whereof adjusted EBITDA adjacencies                         | 2,441          | 1,623          | 7,422            | 2,553          |

## 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                                                                                                                                  | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Portfolio services segment revenue                                                                                                             | 665,805      | 597,992      | 1,961,864    | 1,746,902    |
| Monthly average portfolio services segment revenue                                                                                             | 221,935      | 199,331      | 217,985      | 194,100      |
| Monthly average number of subscribers during the period, units                                                                                 | 5,028,001    | 4,596,196    | 4,910,505    | 4,462,298    |
| Monthly average portfolio services segment revenue (in EUR) divided by average monthly number of subscribers during the period – ARPU (In EUR) | 44.1         | 43.4         | 44.4         | 43.5         |

## Monthly adjusted EBITDA per subscriber

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

### Calculation of EPC

| EUR thousands                                                                                                                                         | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Portfolio services segment adjusted EBITDA                                                                                                            | 478,591      | 430,453      | 1,401,135    | 1,259,805    |
| Monthly average portfolio services segment adjusted EBITDA                                                                                            | 159,530      | 143,484      | 155,682      | 139,978      |
| Average monthly number of subscribers during the period, units                                                                                        | 5,028,001    | 4,596,196    | 4,910,505    | 4,462,298    |
| Monthly average portfolio services segment adjusted EBITDA (in EUR) divided by average monthly number of subscribers during the period – EPC (In EUR) | 31.7         | 31.2         | 31.7         | 31.4         |

### 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                                                                              | Jul-Sep 2023     | Jul-Sep 2022     | Jan-Sep 2023     | Jan-Sep 2022     |
|--------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Customer acquisition Adjusted EBITDA                                                       | (137,325)        | (129,917)        | (406,208)        | (407,508)        |
| Customer acquisition capital expenditure                                                   | (143,224)        | (148,275)        | (436,423)        | (442,278)        |
| <b>Customer acquisition cost</b>                                                           | <b>(280,549)</b> | <b>(278,192)</b> | <b>(842,631)</b> | <b>(849,785)</b> |
|                                                                                            |                  |                  |                  |                  |
| New subscribers added, units                                                               | 196,489          | 197,981          | 598,548          | 606,494          |
|                                                                                            |                  |                  |                  |                  |
| Customer acquisition cost (in EUR) divided by new subscribers added (gross) - CPA (In EUR) | 1,428            | 1,405            | 1,408            | 1,401            |

### 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                                    | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|--------------------------------------------------|--------------|--------------|--------------|--------------|
| Cash acquisition cost per new subscriber ("CPA") | 1,428        | 1,405        | 1,408        | 1,401        |
| Monthly adjusted EBITDA per subscriber ("EPC")   | 31.7         | 31.2         | 31.7         | 31.4         |
| <b>CPA divided by EPC divided by 12</b>          | <b>3.8</b>   | <b>3.8</b>   | <b>3.7</b>   | <b>3.7</b>   |

# 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 amortization, write offs 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 (annualized)**

The attrition rate is the number of terminated subscriptions to our monitoring service in the quarter, annualized 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 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.

**Malmö, November 16, 2023**

Austin Lally  
Group CEO

Colin Smith  
Group CFO

Cecilia Hultén  
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