VERISURE MIDHOLDING AB

PROUD TO PROTECT

INTERIM REPORT

2024

JANUARY - SEPTEMBER

Contents

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 5.5 million customers and design 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 2024, the Group continued to deliver excellent operating and financial performance while preserving strong unit economics. Our customer portfolio continued to grow and is now over 5.5 million, representing an annual growth rate of 8.5% compared to the same period last year.

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

Financial summary of the quarter and the nine months ending September 30, 2024

We added 203,848 new customers to our portfolio in the quarter and 628,371 customers in the nine months of 2024. An increase of 3.7% in the quarter and an increase of 5.0% in the nine months of the year, compared to the same period last year. We remain disciplined and focused on high-quality customer intake. At the end of the quarter our customer portfolio totalled 5,501,761 customers, up 429,554 customers or 8.5% year-on-year. LTM attrition rate was 7.5% as of the end of the quarter. Q3 quarterly attrition was 7.1%, a decrease of 8bps vs. the same period last year.

Total revenue reached EUR 854.3 million in the third quarter of 2024, up 9.4% from EUR 781.0 million in the same period last year. In constant currency, total revenue grew 10.2% in the quarter. Portfolio services revenue, representing 87.2% of total revenue in the quarter, grew 11.9% to EUR 744.7 million. In constant currency, portfolio services revenue grew 12.6% in the quarter. In the nine months of 2024, total revenue increased to EUR 2,537.8 million compared to EUR 2,304.6 million last year, representing an increase of 10.1% in actual currency and 10.7% in constant currency. Portfolio services revenue grew 11.8% to EUR 2,193.0 million in the nine months of 2024 (12.4% increase in constant currency).

Adjusted EBITDA incl. SDIs increased to EUR 388.6 million in the quarter compared to EUR 333.1 million in the same period last year, an increase of 16.7% in actual currency and 17.5% in constant currency. For the nine months of the year, total adjusted EBITDA incl. SDIs increased 15.5% to EUR 1,131.0 million compared to EUR 979.3 million in 2023 (16.2% increase in constant currency).

Portfolio services adjusted EBITDA increased to EUR 543.4 million in the quarter compared to EUR 478.6 million the same period last year, representing an increase of 13.5% in actual currency and 14.4% in constant currency. Portfolio services adjusted EBITDA margin was 73.0% in the quarter, compared to 71.9% in the same period last year. In the nine months of 2024, portfolio services adjusted EBITDA reached EUR 1,592.8 million, representing an increase of 13.7% in actual currency and 14.3% in constant currency compared to the same period last year.

In the third quarter of 2024, customer acquisition cost (CPA) increased from EUR 1,428 to EUR 1,435, an increase of 0.5% compared to the same period last year (1.6% increase in constant currency). In the nine months of 2024, CPA increased from EUR 1,408 to EUR 1,410, an increase of 0.2% compared to the same period last year (0.9% increase in constant currency).

ARPU reached EUR 45.5 in the quarter, an increase of 3.1% compared to the same period last year (3.8% increase in constant currency). In the nine months of 2024, ARPU increased 2.9% vs. last year (3.4% increase in constant currency). EPC increased to EUR 33.2 in the quarter, an increase of 4.6% vs. last year (5.4% increase in constant currency). In the nine months of 2024, EPC increased 4.6% compared to the same period in 2023 (5.2% increase in constant currency).

We remain optimistic for the business, as the fundamental customer needs for security and peace of mind are expected to continue to grow. We believe 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 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Consolidated				
Non-IFRS and IFRS financial data				
Revenue[1]	**854,269**	780,984	**2,537,788**	2,304,597
Revenue growth, %	**9.4%**	8.2%	**10.1%**	9.6%
Adjusted EBITDA excl. SDIs	**396,397**	343,707	**1,152,137**	1,002,349
Adjusted EBITDA margin excl. SDIs, %	**46.4%**	44.0%	**45.4%**	43.5%
Adjusted EBITDA incl. SDIs	**388,578**	333,050	**1,131,047**	979,278
Adjusted EBITDA margin incl. SDIs, %	**45.5%**	42.6%	**44.6%**	42.5%
EBIT excl. SDIs	**212,534**	181,709	**623,380**	521,517
EBIT margin excl. SDIs, %	**24.9%**	23.3%	**24.6%**	22.6%
Operating profit[1]	**194,662**	158,727	**568,006**	458,954
Capital expenditures	**214,170**	209,532	**656,157**	634,519
Net debt per SFA	**7,497,301**	7,388,297	**7,497,301**	7,388,297
Unaudited operating data				
Payback period, years	**3.6**	3.8	**3.5**	3.7
Portfolio services segment				
Non-IFRS and IFRS financial data				
Portfolio services revenue[1]	**744,731**	665,805	**2,192,987**	1,961,864
Portfolio services adjusted EBITDA	**543,360**	478,591	**1,592,768**	1,401,135
Portfolio services adjusted EBITDA margin, %	**73.0%**	71.9%	**72.6%**	71.4%
Unaudited operating data				
Total subscribers (end of period), units	**5,501,761**	5,072,207	**5,501,761**	5,072,207
Cancellation, units	**97,493**	90,894	**299,643**	278,438
LTM attrition rate, %	**7.5%**	7.5%	**7.5%**	7.5%
Quarterly attrition rate (annualised), %	**7.1%**	7.2%	**-**	-
Net subscriber growth, units	**106,355**	105,595	**328,729**	320,110
Subscriber growth rate, net, %	**8.5%**	9.2%	**8.5%**	9.2%
Monthly average number of subscribers during the period, units	**5,456,924**	5,028,001	**5,335,369**	4,910,505
Average monthly revenue per user (ARPU), EUR	**45.5**	44.1	**45.7**	44.4
Monthly adjusted EBITDA per customer (EPC), EUR	**33.2**	31.7	**33.2**	31.7
Customer acquisition segment				
Non-IFRS and IFRS financial data				
Customer acquisition revenue[1]	**86,456**	89,990	**276,709**	273,214
Customer acquisition adjusted EBITDA	**(152,015)**	(137,325)	**(454,690)**	(406,208)
Customer acquisition capital expenditures	**140,413**	143,224	**431,290**	436,423
Unaudited operating data				
New subscribers added (gross), units	**203,848**	196,489	**628,371**	598,548
Cash acquisition cost per new subscriber (CPA), EUR	**1,435**	1,428	**1,410**	1,408
Adjacencies segment				
Non-IFRS and IFRS financial data				
Adjacencies revenue[1]	**23,082**	25,190	**68,092**	69,519
Adjacencies adjusted EBITDA	**5,052**	2,441	**14,059**	7,422

1) IFRS financial data.

Management's Discussion and Analysis

The information presented and discussed in this report includes several measures that are not defined or recognised under IFRS including CPA, ARPU, EPC and Adjusted EBITDA. These are considered by Management to be key measures of the Group's financial performance and as such have been included to enhance comparability and usefulness. The key measures are further described under the section Definitions of Key Operating Metrics. CPA is the net investment to acquire a new customer. ARPU and EPC reflect the monthly revenues and adjusted EBITDA per customer in the portfolio segment. Adjusted EBITDA, being earnings before interests, taxes, write-offs, depreciation and amortisation, excluding separately disclosed items (SDIs), is considered by Management to give a fairer view of the year-on-year comparison of financial performance. SDIs are costs or income recognised in the income statement and which Management believes, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year financial performance. All SDIs are further explained later in this section. All figures are presented in actual currency rates, unless otherwise stated. As a result of rounding, numbers presented in this interim report may in some cases not add up to the total. Percentages presented are always calculated taking the exact underlying value, and therefore deviations may occur if percentages are calculated taking the rounded figures presented in the tables.

Three months ending September 30, 2024, and 2023

Results excluding SDIs

EUR million	Jul-Sep 2024	Jul-Sep 2023	% Change Actual Currency	% Change Constant Currency
Revenue	**854.3**	781.0	9.4%	10.2%
Operating expenses	**(458.8)**	(438.2)	4.7%	5.5%
Other income	**0.9**	0.9	(2.9%)	(5.3%)
Adjusted EBITDA	**396.4**	**343.7**	**15.3%**	**16.1%**
Adjusted EBITDA margin, %	**46.4%**	44.0%	-	-
Depreciation and amortisation	**(153.9)**	(133.9)	14.9%	15.8%
Retirement of assets	**(29.9)**	(28.1)	6.6%	8.3%
EBIT	**212.5**	**181.7**	**17.0%**	**17.5%**
EBIT margin, %	**24.9%**	23.3%	-	-
Interest income and expenses	**(118.9)**	(116.4)	2.1%	2.2%
Other financial items	**4.4**	(3.2)	(234.9%)	(255.9%)
Profit before tax	**98.1**	**62.0**	**58.1%**	**58.6%**

Revenue by segment

EUR million	Jul-Sep 2024	Jul-Sep 2023	% Change Actual Currency	% Change Constant Currency
Portfolio services	**744.7**	665.8	11.9%	12.6%
Customer acquisition	**86.5**	90.0	(3.9%)	(2.7%)
Adjacencies	**23.1**	25.2	(8.4%)	(8.4%)
Total	**854.3**	**781.0**	**9.4%**	**10.2%**

Revenue

Total revenue increased 9.4% in the third quarter of 2024, or EUR 73.3 million, to 854.3 million, up from EUR 781.0 million in the prior period. In constant currency, total revenue increased 10.2%. Revenue increase was primarily driven by the growing customer base, which increased by 8.5%, from 5,072,207 on September 30, 2023, to 5,501,761 on September 30, 2024.

Portfolio services revenue increased by 11.9% in the third quarter of 2024, or EUR 78.9 million, to EUR 744.7 million, up from EUR 665.8 million last year. The increase was primarily driven by the higher number of customers in the portfolio as well as increased average monthly revenue per user (ARPU) of 3.1% compared to the same quarter last year.

Customer acquisition revenue reached EUR 86.5 million in the third quarter of 2024, representing a decrease of -3.9% compared to the same period last year.

Operating expenses

Operating expenses increased 4.7% in the third quarter of 2024, or EUR 20.6 million, to EUR 458.8 million, from EUR 438.2 million in the same period last year. The increase was mainly driven by portfolio growth.

Adjusted EBITDA

Adjusted EBITDA increased 15.3% in the three months ending September 30, 2024, or EUR 52.7 million, to EUR 396.4 million, from EUR 343.7 million in the same period last year. The increase is mainly driven by growth in the portfolio, as well as increased operational efficiency.

Depreciation and amortisation

Depreciation and amortisation increased to EUR 153.9 million in the three months ending September 30, 2024, up from EUR 133.9 million in the same period last year, mainly due to growth in the portfolio. Depreciation and amortisation is primarily related to the alarm equipment installed at our customers' premises and the capitalised direct costs incurred to obtain new customers.

Retirement of assets

Retirements of assets increased to EUR 29.9 million in the third quarter of 2024, from EUR 28.1 million in the same period last year. The cost corresponds mainly to the remaining balance of capitalised material, at the time customers leave the portfolio or upgrade to our new platform.

Interest income and expenses

Interest income was EUR 0.7 million in the three months ending September 30, 2024, compared to EUR 0.5 million in the same period last year. Interest expense reached EUR 119.5 million in the three months ending September 30, 2024, compared to EUR 116.9 million in the same period last year, mainly driven by higher interest rates on the floating element of our debt complex.

Other financial items

Other financial items mainly include commitment fees for our Revolving Credit Facility and Ancillary Facilities, other bank charges, and changes in the fair value of outstanding interest rate swaps and cross currency swaps. In the third quarter of 2024, other financial items amounted to a benefit of EUR 4.4 million compared to a cost of EUR 3.2 million in the same period last year.

Reported consolidated income statement

	Jul-Sep 2024			Jul-Sep 2023		
EUR million	Profit excl. SDIs	SDIs	Reported	Profit excl. SDIs	SDIs	Reported
Revenue	**854.3**	**-**	**854.3**	781.0	-	781.0
Operating expenses	**(458.8)**	**(7.8)**	**(466.6)**	(438.2)	(10.7)	(448.9)
Other income	**0.9**	**-**	**0.9**	0.9	-	0.9
Adjusted EBITDA	**396.4**	**(7.8)**	**388.6**	**343.7**	**(10.7)**	**333.1**
Depreciation and amortisation	**(153.9)**	**(10.1)**	**(164.0)**	(133.9)	(12.3)	(146.3)
Retirement of assets	**(29.9)**	**-**	**(29.9)**	(28.1)	-	(28.1)
Operating profit	**212.5**	**(17.9)**	**194.7**	**181.7**	**(23.0)**	**158.7**
Interest income and expenses	**(118.9)**	**-**	**(118.9)**	(116.4)	-	(116.4)
Other financial items	**4.4**	**(34.0)**	**(29.6)**	(3.2)	(11.6)	(14.8)
Profit before tax	**98.1**	**(51.8)**	**46.2**	**62.0**	**(34.5)**	**27.5**
Income tax expense	**-**	**-**	**(23.6)**	-	-	(19.1)
Net profit for the period			**22.6**			**8.4**

Separately disclosed items (SDIs)

SDIs affecting operating expenses

In the third quarter of 2024, total SDIs affecting operating expenses reached EUR 7.8 million, compared to EUR 10.7 million in the same period last year. SDIs affecting operating expenses include one-off costs related to various transition projects within the Group.

SDIs affecting depreciation and amortisation and retirement of assets

In the third quarter of 2024, amortisation and depreciation from acquisition-related intangible assets reached EUR 10.1 million, compared to EUR 12.3 million in the same period last year. The decrease is due to a reduction in the number of acquired contract portfolios pending to be amortised.

SDIs affecting interest income and expenses and other financial items

SDIs affecting interest income and expenses and other financial items totalled a cost of EUR 34.0 million in the third quarter of 2024, compared to EUR 11.6 million in the same period last year. In the three months ending September 30, 2024, other financial items include positive realised FX revaluations of derivatives of EUR 0.6 million, offset by non-cash FX revaluations of debt items and unrealised derivatives of EUR 30.7 million, as well as amortisation of prepaid financing fees of EUR 3.9 million. In the three months ending September 30, 2023, other financial items include positive realised FX revaluations of derivatives of EUR 0.7 million, offset by negative non-cash FX revaluations of debt items and unrealised derivatives of EUR 7.5 million, amortisation 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.

Income tax expense

In the three months ending September 30, 2024, income tax represented a cost of EUR 23.6 million, compared to a cost of EUR 19.1 million in the same period last year. In the third quarter of the year, current tax totalled an expense of EUR 26.5 million, compared to EUR 25.4 million in the same period last year, and deferred tax totalled a benefit of EUR 2.9 million compared to EUR 6.3 million in the same period last year.

Nine months ending September 30, 2024, and 2023

Results excluding SDIs

EUR million	Jan-Sep 2024	Jan-Sep 2023	% Change Actual Currency	% Change Constant Currency
Revenue	**2,537.8**	2,304.6	10.1%	10.7%
Operating expenses	**(1,388.8)**	(1,305.4)	6.4%	7.0%
Other income	**3.2**	3.1	1.0%	0.4%
Adjusted EDITDA	**1,152.1**	**1,002.3**	**14.9%**	**15.6%**
Adjusted EBITDA margin, %	**45.4%**	43.5%	-	-
Depreciation and amortisation	**(440.4)**	(395.0)	11.5%	12.1%
Retirement of assets	**(88.4)**	(85.8)	2.9%	3.8%
EBIT	**623.4**	**521.5**	**19.5%**	**20.2%**
EBIT margin, %	**24.6%**	22.6%	-	-
Interest income and expenses	**(355.7)**	(333.4)	6.7%	6.7%
Other financial items	**15.4**	(14.2)	(208.1%)	(207.9%)
Profit before tax	**283.1**	**173.9**	**62.8%**	**65.4%**

Revenue by segment

EUR million	Jan-Sep 2024	Jan-Sep 2023	% Change Actual Currency	% Change Constant Currency
Portfolio services	**2,193.0**	1,961.9	11.8%	12.4%
Customer acquisition	**276.7**	273.2	1.3%	2.0%
Adjacencies	**68.1**	69.5	(2.1%)	(2.1%)
Total	**2,537.8**	**2,304.6**	**10.1%**	**10.7%**

Revenue
Total revenue increased by 10.1% in the nine months ending September 30, 2024, or EUR 233.2 million, to EUR 2,537.8 million, up from EUR 2,304.6 million in the prior period. In constant currency the increase in revenue was 10.7%, primarily due to the growing customer base, which increased by 8.5%, from 5,072,207 in September 30, 2023, to 5,501,761, in September 30, 2024.

Portfolio services revenue increased by 11.8% in the nine months ending September 30, 2024, or EUR 231.1 million, to EUR 2,193.0 million, up from EUR 1,961.9 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 2.9%.

Customer acquisition revenue reached EUR 276.7 million in the nine months ending September 30, 2024, representing an increase of 1.3% compared to the same period last year. The increase is mainly driven by an increase in new installations compared to last year.

Operating expenses
Operating expenses increased by 6.4% in the first nine months of the year, or EUR 83.4 million, to EUR 1,388.8 million, from EUR 1,305.4 million in the same period last year. The increase was mainly due to growth in the portfolio.

Adjusted EBITDA
Adjusted EBITDA increased by 14.9% in the nine months ending September 30, 2024, or EUR 149.8 million, to EUR 1,152.1 million, from EUR 1,002.3 million in the same period last year. The increase is mainly driven by growth in the portfolio, as well as a higher monthly adjusted EBITDA per customer (EPC) and increased operational efficiency.

Depreciation and amortisation
Depreciation and amortisation increased to EUR 440.4 million in the nine months ending September 30, 2024, up from EUR 395.0 million in the same period last year, mainly due to growth in portfolio. Depreciation and amortisation is primarily related to the alarm equipment installed at our customers' premises and the capitalised direct costs incurred to obtain new customers.

Retirement of assets
Retirements of assets increased to EUR 88.4 million in the nine months ending September 30, 2024, from EUR 85.8 million in the same period last year. The cost corresponds mainly to the remaining balance of capitalised material, at the time customers leave the portfolio or upgrade to our new platform. The increase in retirement of assets during the nine months of 2024 is driven by the increase in cancellations compared to the same period last year.

Interest income and expenses

Interest income reached EUR 1.5 million in the nine months ending September 30, 2024, compared to EUR 1.3 million in the same period last year. Interest expense reached EUR 357.2 million in the nine months ending September 30, 2024, compared to EUR 334.6 million in the same period last year, driven by increases in the amount of gross debt and increases in the cost of debt.

Other financial items

Other financial items mainly include commitment fees for our Revolving Credit Facility and Ancillary Facilities, other bank charges, and changes in the fair value of our outstanding interest rate swaps and cross currency swaps. For the nine months ending September 30, 2024, other financial items amounted to a benefit of EUR 15.4 million, compared to a cost of EUR 14.2 million last year.

Reported consolidated income statement

	Jan-Sep 2024			Jan-Sep 2023		
EUR million	Profit excl. SDIs	SDIs	Reported	Profit excl. SDIs	SDIs	Reported
Revenue	**2,537.8**	**-**	**2,537.8**	2,304.6	-	2,304.6
Operating expenses	**(1,388.8)**	**(21.1)**	**(1,409.9)**	(1,305.4)	(23.1)	(1,328.4)
Other income	**3.2**	**-**	**3.2**	3.1	-	3.1
Adjusted EBITDA	**1,152.1**	**(21.1)**	**1,131.0**	**1,002.3**	**(23.1)**	**979.3**
Depreciation and amortisation	**(440.4)**	**(30.3)**	**(470.7)**	(395.0)	(39.5)	(434.5)
Retirement of assets	**(88.4)**	**(4.0)**	**(92.4)**	(85.8)	-	(85.8)
Operating profit	**623.4**	**(55.4)**	**568.0**	**521.5**	**(62.6)**	**459.0**
Interest income and expenses	**(355.7)**	**-**	**(355.7)**	(333.4)	(0.7)	(334.1)
Other financial items	**15.4**	**(30.3)**	**(14.9)**	(14.2)	(9.8)	(24.1)
Profit before tax	**283.1**	**(85.7)**	**197.4**	**173.9**	**(73.1)**	**100.8**
Income tax expense	**-**	**-**	**(91.0)**	-	-	(49.5)
Net profit for the period			**106.4**			**51.3**

Separately disclosed items (SDIs)

SDIs affecting operating expenses

For the nine months ending September 30, 2024, total SDIs affecting operating expenses reached EUR 21.1 million, compared to EUR 23.1 million in the same period last year. SDIs affecting operating expenses include one-off costs related to various transition projects within the Group.

SDIs affecting depreciation and amortisation and retirement of assets

For the nine months ending September 30, 2024, amortisation and depreciation from acquisition-related intangible assets reached EUR 30.3 million, compared to EUR 39.5 million last year. The decrease is due to a reduction in the number of acquired contract portfolios pending to be amortised.

SDIs affecting interest income and expenses and other financial items

SDIs affecting interest income and expenses and other financial items totalled a cost of EUR 30.3 million in the first nine months of 2024, compared to a cost of EUR 10.5 million in the same period last year. For the nine months ending September 30, 2024, other financial items include positive realised FX revaluations of derivatives of EUR 0.9 million, offset by negative non-cash FX revaluations of debt items and unrealised derivatives of EUR 6.0 million, as well as a write-off of prepaid financing fees of EUR 3.8 million, amortisation of prepaid financing fees of EUR 11.8 million and a negative IFRS 9 adjustment related to the modification of loan agreements of EUR 9.6 million. For the nine months ending September 30, 2023, other financial items include a positive non-cash FX revaluation of debt items and unrealised derivatives of EUR 5.4 million and realised FX revaluations of derivatives of EUR 0.7 million, offset by a write-off of prepaid financing fees of EUR 1.6 million, amortisation 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.

Income tax expense

For the nine months ending September 30, 2024, income tax represented a cost of EUR 91.0 million, compared to a cost of EUR 49.5 million in the same period last year. While current tax expense totalled EUR 80.2 million in the nine months ending September 30, 2024, compared to EUR 67.9 million in the same period last year, deferred tax totalled an expense of EUR 10.8 million in the nine months ending September 30, 2024, and a benefit of EUR 18.3 million in the same period last year.

Cash Flow

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

EUR million	Jul-Sep 2024	Jul-Sep 2023
Cash flow from operating activities before change in working capital	**372.9**	312.3
Change in working capital	**(46.4)**	77.2
Cash flow from operating activities[1]	**326.5**	**389.5**
Cash flow from investing activities	**(214.0)**	(209.5)
Cash flow from financing activities[2]	**(122.3)**	(187.6)
Cash flow for the period	**(9.7)**	**(7.6)**
Cash and cash equivalents at beginning of period	**31.2**	34.2
Translation differences on cash and cash equivalents	**(0.2)**	(0.5)
Cash and cash equivalents at end of period	**21.2**	**26.1**

1) Cash flow from operating activities is calculated after giving effect to income tax paid.
2) Cash flow from financing activities includes paid interest.

Cash flow from operating activities

Cash flow from operating activities reached EUR 326.5 million and EUR 389.5 million in the three months ending September 30, 2024, and 2023, respectively. Cash flow from operating activities before change in working capital increased from EUR 312.3 million in the third quarter of 2023, to EUR 372.9 million in the third quarter of 2024, mainly driven by higher operating profit. Change in working capital had a negative impact on cash flow generation of EUR 46.4 million in the third quarter of 2024, compared to a positive impact of EUR 77.2 million in the same period last year. Year on year development mainly relates to the negative effect on cash flow generation from inventories, trade receivables, other receivables and other payables, partially offset by positive movements in the cash flow generation from trade payables.

Cash flow from investing activities

Cash flow from investing activities totalled EUR 214.0 million and EUR 209.5 million in the three months ending September 30, 2024, and 2023, respectively. Our investing activities are primarily related to customer acquisition capital expenditures. The increase in cash outflow from investing activities in the period is mainly driven by higher upselling activity to existing customers.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 122.3 million and EUR 187.6 million in the three months ending September 30, 2024, and 2023, respectively. Key components in the three months ending September 30, 2024, include net interest payments of EUR 135.5 million and other financial items of EUR 0.7 million, offset by a positive net change in borrowings of EUR 12.6 million. Compared to the same period last year, net interest payments decreased by EUR 14.4 million, from EUR 149.9 million, mainly due to changes in the interest payment dates due to the refinancing we conducted in April 2024.

Cash flow for the nine months ending September 30, 2024, and 2023

EUR million	Jan-Sep 2024	Jan-Sep 2023
Cash flow from operating activities before change in working capital	**1,085.0**	933.8
Change in working capital	**(75.5)**	117.9
Cash flow from operating activities[1]	**1,009.5**	**1,051.7**
Cash flow from investing activities	**(656.1)**	(634.5)
Cash flow from financing activities[2]	**(352.7)**	(434.3)
Cash flow for the period	**0.8**	**(17.0)**
Cash and cash equivalents at beginning of period	**21.3**	43.6
Translation differences on cash and cash equivalents	**(0.8)**	(0.5)
Cash and cash equivalents at end of period	**21.2**	**26.1**

1) Cash flow from operating activities is calculated after giving effect to income tax paid.
2) Cash flow from financing activities includes paid interest.

Cash flow from operating activities

Cash flow from operating activities was EUR 1,009.5 million and EUR 1,051.7 million for the nine months ending September 30, 2024, and 2023, respectively. Cash flow from operating activities before change in working capital increased from EUR 933.8 million in the nine months ending September 30, 2023, to EUR 1,085.0 million in 2024, mainly driven by higher operating profit. Change in working capital had a negative impact on cash flow generation of EUR 75.5 million in the nine months ending September 30, 2024, compared to a positive impact of EUR 117.9 million in the same period last year. Year on year development mainly relates to the negative effect on cash flow generation from inventories, trade receivables, other receivables and other payables, partially offset by positive movements in the cash flow generation from trade payables.

Cash flow from investing activities

Cash flow from investing activities reached EUR 656.1 million and EUR 634.5 million for the nine months ending September 30, 2024, and 2023, respectively. Our investing activities are primarily related to customer acquisition capital expenditures. The increase compared to the same period last year is mainly driven by higher upselling activity to existing customers.

Cash flow from financing activities

Cash flow from financing activities totalled an outflow of EUR 352.7 million for the nine months ending September 30, 2024, compared to an outflow of EUR 434.3 million in the same period last year. Key components in 2024 include net interest payments of EUR 373.9 million, positive net changes in borrowings of EUR 29.8 million and paid bank, advisory fees and other financial items of EUR 8.9 million. Compared to the same period last year, net interest payments increased by EUR 10.4 million, from EUR 363.5 million, mainly due to increases in the amount of gross debt and increases in the 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) adjacencies capital expenditures, which include direct costs related to the acquisition of customer contracts within our Adjacencies segment; and (iv) other capital expenditures related to investments in R&D, IT and premises. The costs of the alarm equipment installed in connection with newly acquired subscribers are capitalised as tangible fixed assets to the extent we retain ownership of the equipment. The Group also capitalises the incremental (direct) costs to obtain new customer contracts as intangible fixed assets.

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

EUR million	Jul-Sep 2024	Jul-Sep 2023
Customer acquisition capital expenditures, material	**78.9**	84.2
Customer acquisition capital expenditures, direct costs	**61.6**	59.1
Portfolio services capital expenditures	**37.2**	28.8
Adjacencies capital expenditures	**3.1**	2.8
Capital expenditures other	**33.5**	34.7
Total	**214.2**	**209.5**

Capital expenditures reached EUR 214.2 million in the three months ending September 30, 2024, compared to EUR 209.5 million in the same period last year. The increase is mainly driven by higher upselling activity to existing customers.

Capital expenditures for the nine months ending September 30, 2024, and 2023

EUR million	Jan-Sep 2024	Jan-Sep 2023
Customer acquisition capital expenditures, material	**245.7**	254.3
Customer acquisition capital expenditures, direct costs	**185.6**	182.1
Portfolio services capital expenditures	**109.2**	86.3
Adjacencies capital expenditures	**12.5**	12.2
Capital expenditures other	**103.2**	99.6
Total	**656.2**	**634.5**

Capital expenditures reached EUR 656.2 million in the nine months ending September 30, 2024, compared to EUR 634.5 million in the same period last year. The increase is mainly driven by higher upselling activity to existing customers.

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, 2024, 2023, and December 31, 2023

EUR million	Sep 2024	Sep 2023	Dec 2023
Revolving Credit Facility	**700.0**	700.0	700.0
Cash and cash equivalents	**21.2**	26.1	21.3
Drawn facility amount	**(32.4)**	(192.1)	(199.5)
Utilised letters of credit	**(21.0)**	(18.2)	(21.9)
Total available funds	**667.8**	**515.7**	**499.9**

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

EUR million	Sep 2024	Sep 2023	Dec 2023
Revolving Credit Facility	**32.4**	192.1	199.5
Term Loan B	**2,525.0**	2,800.0	2,800.0
Senior Secured Notes	**3,425.0**	2,900.0	2,900.0
Senior Unsecured Notes	**1,307.7**	1,305.1	1,310.2
Other liabilities	**49.3**	57.2	57.0
Lease liability (IFRS 16)	**179.1**	160.0	162.3
Total indebtedness	**7,518.5**	**7,414.4**	**7,429.0**

Risks and uncertainties

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

Events during the reporting period

In March 2024, the Italian Competition and Commerce Authority ("AGCM") adopted a decision finding violations on four accounts and imposing a fine against Verisure Italy S.r.l. of €4.25 million. Verisure Italy S.r.l. disagrees with the findings and has appealed the decision to the competent Administrative Court. In the meantime, the fine has been paid in full as was required.

In the wake of the ACGM decision, Altroconsumo in June 2024 contacted Verisure Italy S.r.l. with certain requests linked to the AGCM decision and a threat to initiate a court action on behalf of certain consumers if these requests were not met. Verisure Italy S.r.l. responded by rejecting the requests as groundless. To date, a class action has not been filed.

Events after the reporting period

In October 2024, the Group redeemed EUR 100 million Senior Secured Notes due in 2027 through Revolving Credit Facility drawings.

Unaudited Consolidated Financial Statements

Consolidated Income Statement

EUR thousand	Note	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Revenue	3	**854,269**	780,984	**2,537,788**	2,304,597
Cost of sales		**(456,361)**	(425,566)	**(1,366,211)**	(1,261,120)
Gross profit		**397,908**	**355,418**	**1,171,577**	**1,043,476**
Selling expenses		**(96,869)**	(93,560)	**(293,829)**	(282,054)
Administrative expenses		**(107,293)**	(104,074)	**(312,895)**	(305,590)
Other income		**916**	943	**3,153**	3,122
Operating profit		**194,662**	**158,727**	**568,006**	**458,954**
Financial income		**5,010**	485	**18,059**	1,297
Financial expenses		**(153,434)**	(131,701)	**(388,633)**	(359,439)
Profit before tax		**46,239**	**27,511**	**197,433**	**100,812**
Income tax expense		**(23,597)**	(19,150)	**(91,032)**	(49,533)
Net profit for the period		**22,641**	**8,361**	**106,400**	**51,279**

Consolidated Statement of Comprehensive Income

EUR thousand	Note	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Net profit for the period		**22,641**	**8,361**	**106,400**	**51,279**
Items that may be reclassified to the income statement					
Change in hedging reserve		**(7,702)**	7,555	**(949)**	1,957
Currency translation differences on foreign operations		**(2,927)**	3,152	**(20,886)**	(10,701)
Income tax related to these items		**1,586**	(1,556)	**195**	(403)
Items that may be reclassified to the income statement		**(9,043)**	**9,151**	**(21,640)**	**(9,147)**
Other comprehensive income		**(9,043)**	**9,151**	**(21,640)**	**(9,147)**
Total comprehensive income for the period		**13,598**	**17,512**	**84,760**	**42,132**

Consolidated Statement of Financial Position

EUR thousand	Note	Sep 2024	Sep 2023	Dec 2023
Assets				
Non-current assets				
Property, plant and equipment		**1,532,897**	1,406,127	1,450,741
Right of use assets		**177,270**	156,802	159,342
Goodwill		**756,435**	763,430	769,205
Customer portfolio		**1,154,143**	1,080,258	1,101,846
Other intangible assets		**330,937**	319,605	336,781
Deferred tax assets		**98,818**	28,823	103,240
Derivatives	4	**8,151**	20,277	1,717
Trade and other receivables	4	**96,893**	322,886	89,725
Total non-current assets		**4,155,545**	**4,098,208**	**4,012,597**
Current assets				
Inventories		**353,374**	341,017	296,443
Trade receivables	4	**264,630**	172,485	200,542
Current tax assets		**12,331**	9,888	11,071
Derivatives	4	**452**	4,561	140
Prepayments and accrued income		**105,356**	85,500	81,253
Other current receivables	4	**61,385**	50,739	75,239
Cash and cash equivalents	4	**21,238**	26,060	21,319
Total current assets		**818,767**	**690,251**	**686,007**
Total assets		**4,974,311**	**4,788,458**	**4,698,603**

Consolidated Statement of Financial Position

EUR thousand	Note	Sep 2024	Sep 2023	Dec 2023
Equity and liabilities				
Equity				
Share capital		**56**	56	56
Other paid in capital		**629,918**	624,686	628,641
Translation reserve		**(85,837)**	(69,591)	(64,951)
Hedging reserve		**(3,991)**	2,403	(3,237)
Retained earnings		**(4,703,240)**	(4,530,584)	(4,789,746)
Total equity		**(4,163,094)**	**(3,973,030)**	**(4,229,237)**
Non-current liabilities				
Long-term borrowings	4, 5	**7,371,337**	7,255,447	7,269,354
Derivatives	4	**25,536**	-	23,698
Other non-current liabilities	4	**235,104**	171,927	184,540
Deferred tax liabilities		**209,440**	163,662	202,409
Other provisions		**42,309**	21,648	34,780
Total non-current liabilities		**7,883,726**	**7,612,685**	**7,714,782**
Current liabilities				
Trade payables	4	**166,913**	149,714	171,392
Current tax liabilities		**121,395**	101,694	87,565
Short-term borrowings	4, 5	**153,136**	139,454	174,681
Derivatives	4	**5,043**	1,562	4,235
Accrued expenses and deferred income	4	**728,668**	679,570	698,160
Other current liabilities	4	**78,525**	76,810	77,024
Total current liabilities		**1,253,679**	**1,148,803**	**1,213,058**
Total liabilities		**9,137,405**	**8,761,488**	**8,927,840**
Total equity and liabilities		**4,974,311**	**4,788,458**	**4,698,603**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent company					
EUR thousand	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2024	**56**	**628,641**	**(64,951)**	**(3,237)**	**(4,789,746)**	**(4,229,237)**
Net profit for the period	**-**	**-**	**-**	**-**	**106,400**	**106,400**
Other comprehensive income	**-**	**-**	**(20,886)**	**(754)**	**-**	**(21,640)**
Total comprehensive income	**-**	**-**	***(20,886)***	***(754)***	***106,400***	***84,760***
Transactions with owners						
Dividend	**-**	**-**	**-**	**-**	**(20,491)**	**(20,491)**
Group contribution	**-**	**-**	**-**	**-**	**597**	**597**
Shareholder's contribution	**-**	**1,277**	**-**	**-**	**-**	**1,277**
Total transactions with owners	**-**	***1,277***	**-**	**-**	***(19,894)***	***(18,617)***
Balance at September 30, 2024	**56**	**629,918**	**(85,837)**	**(3,991)**	**(4,703,240)**	**(4,163,094)**

	Attributable to equity holders of the parent company					
EUR thousand	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2023	**56**	**624,686**	**(58,890)**	**849**	**(4,583,528)**	**(4,016,827)**
Net profit for the period	-	-	-	-	51,279	51,279
Other comprehensive income	-	-	(10,701)	1,554	-	(9,147)
Total comprehensive income	-	-	*(10,701)*	*1,554*	*51,279*	*42,132*
Transactions with owners						
Group contribution	-	-	-	-	*290*	290
Shareholder's contribution	-	-	-	-	1,375	1,375
Total transaction with owners	-	-	-	-	*1,665*	*1,665*
Balance at September 30, 2023	**56**	**624,686**	**(69,591)**	**2,403**	**(4,530,584)**	**(3,973,030)**

	Attributable to equity holders of the parent company					
EUR thousand	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2023	**56**	**624,686**	**(58,890)**	**849**	**(4,583,528)**	**(4,016,827)**
Net profit for the period	-	-	-	-	28,885	28,885
Other comprehensive income	-	-	(6,061)	(4,086)	(1,418)	(11,565)
Total comprehensive income	-	-	*(6,061)*	*(4,086)*	*27,467*	*17,320*
Transactions with owners						
Dividend	-	-	-	-	(231,713)	(231,713)
Group contribution	-	-	-	-	60	60
Reclassification	-	2,032	-	-	(2,032)	-
Shareholder's contribution	-	1,923	-	-	-	1,923
Total transactions with owners	-	3,955	-	-	*(233,685)*	*(229,730)*
Balance at December 31, 2023	**56**	**628,641**	**(64,951)**	**(3,237)**	**(4,789,746)**	**(4,229,237)**

Consolidated Statement of Cash Flows

EUR thousand	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Operating activities				
Operating profit	**194,662**	158,727	**568,006**	458,955
Reversal of depreciation and amortisation	**163,999**	146,268	**470,675**	434,477
Other non-cash items	**30,157**	28,059	**93,512**	85,850
Paid taxes	**(15,903)**	(20,763)	**(47,241)**	(45,497)
Cash flow from operating activities before change in working capital	**372,914**	**312,291**	**1,084,953**	**933,785**
Change in working capital				
Change in inventories	**(15,685)**	10,107	**(52,851)**	(2,183)
Change in trade receivables	**(26,547)**	20,286	**(79,556)**	6,171
Change in other receivables	**1,579**	16,326	**(37,151)**	(12,723)
Change in trade payables	**(8,367)**	(19,690)	**(3,114)**	(35,711)
Change in other payables	**2,634**	50,139	**97,188**	162,382
Cash flow from change in working capital	***(46,385)***	*77,168*	***(75,484)***	*117,936*
Cash flow from operating activities	**326,529**	**389,459**	**1,009,469**	**1,051,721**
Investing activities				
Net investments in intangible and financial assets	**(102,193)**	(96,898)	**(311,844)**	(294,804)
Net investments in property, plant and equipment	**(111,814)**	(112,624)	**(344,208)**	(339,675)
Cash flow from investing activities	**(214,007)**	**(209,522)**	**(656,052)**	**(634,478)**
Financing activities				
Change in borrowings	**12,578**	(34,012)	**(90,219)**	153,253
New financing	**-**	-	**1,050,000**	450,000
Repayment of financing	**-**	-	**(930,000)**	(650,000)
Interest received	**652**	478	**1,479**	1,276
Interest paid	**(136,181)**	(150,386)	**(375,357)**	(364,801)
Paid bank and advisory fees	**-**	-	**(10,978)**	(5,416)
Other financial items	**694**	(3,945)	**2,097**	(18,886)
Received group contribution	**-**	290	**310**	290
Cash flow from financing activities	**(122,256)**	**(187,575)**	**(352,667)**	**(434,284)**
Cash flow for the period	**(9,734)**	**(7,638)**	**751**	**(17,041)**
Cash and cash equivalents at start of period	**31,185**	34,204	**21,319**	43,629
Exchange difference on translating cash and cash equivalents	**(213)**	(506)	**(831)**	(528)
Cash and cash equivalents at end of period	**21,238**	**26,060**	**21,238**	**26,060**

Notes to the Unaudited Consolidated Financial Statements

Note 1 Accounting Policies

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

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 in the annual report for 2023. The accounting policies are unchanged compared with those applied in 2023.

These consolidated financial statements should be read in conjunction with the annual report 2023. The consolidated interim financial statements have not been audited.

Note 2 Critical Accounting Estimates and Judgments

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

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is described in note 3 in the annual report for 2023. There have been no significant changes compared to what is described in the annual report.

Note 3 Segment Reporting

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

	Jul-Sep 2024					
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	**86,456**	**744,731**	**23,082**	**854,269**	**-**	**854,269**
Adjusted EBITDA	**(152,015)**	**543,360**	**5,052**	**396,397**	**(7,820)**	**388,578**
Depreciation and amortisation	**-**	**-**	**-**	**(153,947)**	**(10,052)**	**(163,999)**
Retirements of assets	**-**	**-**	**-**	**(29,917)**	**-**	**(29,917)**
Financial items	**-**	**-**	**-**	**(114,478)**	**(33,946)**	**(148,424)**
Profit before tax	**-**	**-**	**-**	**98,056**	**(51,817)**	**46,239**

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

	Jan-Sep 2024					
EUR thousands	Customer Acquisition	Portfolio Services	Adjacencies	Total Group –Excl SDI	SDI	Group Total
Revenue	**276,709**	**2,192,987**	**68,092**	**2,537,788**	**-**	**2,537,788**
Adjusted EBITDA	**(454,690)**	**1,592,768**	**14,059**	**1,152,137**	**(21,090)**	**1,131,047**
Depreciation and amortisation	**-**	**-**	**-**	**(440,401)**	**(30,274)**	**(470,675)**
Retirements of assets	**-**	**-**	**-**	**(88,356)**	**(4,011)**	**(92,367)**
Financial items	**-**	**-**	**-**	**(340,302)**	**(30,272)**	**(370,574)**
Profit before tax	**-**	**-**	**-**	**283,078**	**(85,646)**	**197,433**

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

Note 4 Financial Risk Management

Financial instruments by category and valuation level

EUR thousand	Sep 2024 Financial Asset	Sep 2024 Financial Liability	Sep 2023 Financial Asset	Sep 2023 Financial Liability	Dec 2023 Financial Asset	Dec 2023 Financial Liability
Hedge accounting						
FX forwards[1]	**-**	**5,026**	4,558	1,532	137	4,214
Fair value						
FX swaps[1]	**452**	**17**	3	31	4	21
Cross currency swaps[1]	**8,151**	**-**	12,191	-	1,717	-
Interest rate swaps[1]	**-**	**25,536**	8,086	-	-	23,698
Trade and other receivables[4]	**11,400**	**-**	-	-	11,400	-
Amortised cost						
Trade and other receivables	**63,305**	**-**	299,869	-	53,278	-
Trade receivables, current[3]	**264,630**	**-**	172,485	-	200,542	-
Other current receivables[3]	**26,512**	**-**	20,566	-	39,759	-
Cash and cash equivalent	**21,238**	**-**	26,060	-	21,319	-
Long-term borrowings[2]	**-**	**7,248,200**	-	7,144,144	-	7,157,561
Other non-current liabilities[2]	**-**	**2,842**	-	2,527	-	2,474
Trade payables, current[3]	**-**	**166,913**	-	149,714	-	171,392
Accrued expenses, current[3]	**-**	**207,772**	-	219,633	-	197,270
Short-term borrowings[2,3]	**-**	**97,208**	-	90,776	-	124,141
Other current liabilities[2,3]	**-**	**19,496**	-	31,613	-	33,387

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

2) Details of borrowings are presented in note 5.

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

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

Note 5 Borrowings

EUR thousand	Sep 2024 Principal amount	Sep 2024 Adjustment amortised costs	Sep 2024 Carrying amount	Sep 2023 Principal amount	Sep 2023 Adjustment amortised costs	Sep 2023 Carrying amount	Dec 2023 Principal amount	Dec 2023 Adjustment amortised costs	Dec 2023 Carrying amount
Non-current liabilities									
Secured									
Senior Secured Notes	**3,425,000**	**(21,290)**	**3,403,710**	2,900,000	(22,230)	**2,877,770**	2,900,000	(20,384)	**2,879,616**
Term Loan B[1]	**2,525,000**	**(20,896)**	**2,504,104**	2,800,000	(35,465)	**2,764,535**	2,800,000	(33,092)	**2,766,908**
Revolving Credit Facility[2]	**32,404**	**(6,432)**	**25,972**	192,098	(8,408)	**183,690**	199,499	(7,914)	**191,585**
Unsecured									
Senior Unsecured Notes	**1,307,743**	**(9,903)**	**1,297,840**	1,305,067	(11,835)	**1,293,233**	1,310,184	(11,361)	**1,298,823**
Liabilities to other creditors	**16,574**	**-**	**16,574**	24,917	-	**24,917**	20,630	-	**20,630**
Lease liability	**123,137**	**-**	**123,137**	111,303	-	**111,303**	111,793	-	**111,793**
Long-term borrowings	***7,429,858***	***(58,521)***	***7,371,337***	***7,333,385***	***(77,938)***	***7,255,447***	***7,342,106***	***(72,752)***	***7,269,354***
Current liabilities									
Accrued interest expenses	**64,455**	**-**	**64,455**	58,482	-	**58,482**	87,800	-	**87,800**
Other liabilities	**32,753**	**-**	**32,753**	32,294	-	**32,294**	36,342	-	**36,342**
Lease liability	**55,928**	**-**	**55,928**	48,678	-	**48,678**	50,540	-	**50,540**
Short-term borrowings	***153,136***	***-***	***153,136***	***139,454***	***-***	***139,454***	***174,681***	***-***	***174,681***
Total	**7,582,994**	**(58,521)**	**7,524,473**	**7,472,839**	**(77,938)**	**7,394,901**	**7,516,787**	**(72,752)**	**7,444,035**

1) Of the total amount regarding adjustment amortised costs EUR (10,467) thousand in Sep 30, 2023 and EUR (9 568) thousand in December 31, 2023 relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9. As a consequence of the refinancing conducted in Q2 2024, there are no impacts from the modification of loan terms according to IFRS 9 as of Sep 30, 2024.
2) When the Revolving Credit Facility is not utilised, the related prepaid financing fees and adjustment to amortised cost are presented as an asset and reported in long term trade and other receivables.

Net Debt and Leverage (per SFA)

EUR thousand	Sep 2024	Sep 2023	Dec 2023
Total principal amount (as above)	**7,582,994**	7,472,839	7,516,787
Less accrued interest	**(64,455)**	(58,482)	(87,800)
Total indebtedness	**7,518,539**	**7,414,357**	**7,428,988**
Less cash and cash equivalents	**(21,238)**	(26,060)	(21,319)
Total net debt	**7,497,301**	**7,388,297**	**7,407,669**
Secured net debt	**5,961,166**	**5,866,039**	**5,878,181**
L2QA EBITDA	**1,574,988**	**1,358,775**	**1,388,690**
Total net leverage	**4.8x**	**5.4x**	**5.3x**
Total secured net leverage	**3.8x**	**4.3x**	**4.2x**

Note 6 Pledged Assets and Contingent Liabilities

Pledged Assets

EUR thousand	Sep 2024	Sep 2023	Dec 2023
Shares in subsidiaries	**2,577,884**	2,624,402	2,426,640
Bank accounts	**6,455**	6,191	6,367
Accounts receivables	**248,364**	146,240	165,460
Inventories	**953**	858	941
Other operating assets	**63,181**	63,864	64,208
Trademark	**37,445**	48,169	45,482
Endowment insurance	**532**	556	537

Contingent Liabilities

EUR thousand	Sep 2024	Sep 2023	Dec 2023
Guarantees	**41,270**	37,718	41,504

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

Unaudited Parent Company Financial Statements

Parent Company Income Statement

EUR thousand	Note	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Revenue		**(189)**	216	**104**	647
Administrative expenses		**(2)**	(2)	**(11)**	(262)
Operating profit		**(191)**	**213**	**93**	**385**
Dividend		**-**	-	**20,491**	-
Group contributions		**317**	-	**-**	-
Financial income	2	**12,077**	13,098	**35,726**	35,657
Financial expenses	2	**(20,272)**	(19,960)	**(61,005)**	(61,192)
Profit before tax		**(8,070)**	**(6,648)**	**(4,694)**	**(25,149)**
Income tax expense		**-**	-	**-**	-
Net profit for the period		**(8,070)**	**(6,648)**	**(4,694)**	**(25,149)**

Parent Company Statement of Financial Position

EUR thousand	Note	Sep 2024	Sep 2023	Dec 2023
Assets				
Non-current assets				
Long-term investments				
Investments in subsidiaries		**1,232,538**	1,193,358	1,236,493
Receivables from Group companies		**651,073**	684,986	648,522
Total non-current assets		**1,883,611**	**1,878,345**	**1,885,015**
Current assets				
Receivables from Group companies		**6,055**	6,217	15,741
Cash and cash equivalents		**382**	325	743
Total current assets		**6,437**	**6,542**	**16,484**
Total assets		**1,890,047**	**1,884,886**	**1,901,499**

EUR thousand	Note	Sep 2024	Sep 2023	Dec 2023
Equity and liabilities				
Equity				
Share capital		**56**	56	56
Other paid in capital		**574,402**	569,170	573,125
Retained earnings		**(122,848)**	(112,245)	(97,663)
Total equity		**451,610**	**456,980**	**475,518**
Non-current liabilities				
Long-term borrowings	3	**1,297,840**	1,293,232	1,298,823
Liabilities to Group companies		**127,035**	122,800	97,831
Total non-current liabilities		**1,424,876**	**1,416,032**	**1,396,654**
Current liabilities				
Liabilities to Group companies		**4,314**	2,563	4,476
Accrued expenses and deferred income	3	**9,247**	9,311	24,851
Total current liabilities		**13,561**	**11,874**	**29,327**
Total liabilities		**1,438,437**	**1,427,906**	**1,425,981**
Total equity and liabilities		**1,890,047**	**1,884,886**	**1,901,499**

Parent Company Statement of Changes in Equity

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2024	**56**	**573,125**	**(97,663)**	**475,518**
Net profit for the period	**-**	**-**	**(4,694)**	**(4,694)**
Dividend	**-**	**-**	**(20,491)**	**(20,491)**
Shareholder contribution	**-**	**1,277**	**-**	**1,277**
Balance on September 30, 2024	**56**	**574,402**	**(122,848)**	**451,610**

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2023	**56**	**569,170**	**(88,471)**	**480,755**
Net profit for the period	-	-	(25,149)	(25,149)
Shareholder's contribution	-	-	1,375	1,375
Balance on September 30, 2023	**56**	**569,170**	**(112,245)**	**456,980**

	Attributable to equity holders of the parent company			
EUR thousand	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2023	**56**	**569,170**	**(88,471)**	**480,755**
Net profit for the period	-	-	224,552	224,552
Dividend	-	-	(231,713)	(231,713)
Shareholder's contribution	-	1,923	-	1,923
Reclassification	-	2,031	(2,031)	-
Balance on December 31, 2023	**56**	**573,125**	**(97,663)**	**475,518**

Parent Company Statement of Cash Flows

EUR thousand	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Operating activities				
Operating result	**(191)**	213	**93**	385
Cash flow from operating activities before change in working capital	**(191)**	**213**	**93**	**385**
Change in working capital				
Change in trade payables	**2**	5	**(54)**	(10)
Change in other receivables	**114**	6	**(236)**	533
Cash flow from change in working capital	**117**	11	**(290)**	523
Cash flow from operating activities	**(74)**	**224**	**(197)**	**908**
Investing activities				
Cash flow from investing activities	**-**	**-**	**-**	**-**
Financing activities				
New loans from Group companies	**12,400**	11,720	**29,220**	27,913
Other financial items	**7**	(2,620)	**(100)**	(2,673)
Interest received	**21,800**	21,527	**45,649**	45,599
Interest received paid	**(34,054)**	(31,354)	**(74,934)**	(72,049)
Cash flow from financing activities	**152**	**(727)**	**(164)**	**(1,210)**
Cash flow for the period	**78**	**(503)**	**(361)**	**(302)**
Cash and cash equivalents at start of period	**304**	828	**743**	627
Cash and cash equivalents at end of period	**382**	**325**	**382**	**325**

Notes to the Unaudited Parent Company Financial Statements

Note 1 Accounting Policies

The parent company Verisure Midholding AB (publ) applies the Swedish Financial Reporting Board's recommendation "RFR 2". The accounting policies are unchanged compared with those applied in 2023. These financial statements should be read in conjunction with the Annual Report 2023.

Note 2 Financial Income and Expenses

EUR thousand	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Interest income	**8**	14	**17**	15
Interest income from Group companies	**12,003**	11,958	**35,710**	35,643
Other financial income	**67**	1,127	**-**	-
Financial income	**12,077**	**13,098**	**35,726**	**35,657**
Interest expense	**(18,552)**	(18,563)	**(55,792)**	(55,257)
Interest expense to Group companies	**(1,228)**	(924)	**(3,446)**	(2,563)
Other financial expenses	**(493)**	(473)	**(1,767)**	(3,373)
Financial expenses	**(20,272)**	**(19,960)**	**(61,005)**	**(61,192)**

Note 3 Borrowings

	Sep 2024			Sep 2023		
EUR thousand	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Unsecured						
Senior Unsecured Notes	**9,240**	**1,297,840**	**1,307,080**	9,303	1,293,232	**1,302,535**
Total (carrying amount)	**9,240**	**1,297,840**	**1,307,080**	**9,303**	**1,293,232**	**1,302,535**

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

Quarterly Summary

Key Figures

EUR thousand (unless otherwise stated)	Jul-Sep 2024	Apr-Jun 2024	Jan-Mar 2024	Oct-Dec 2023	Jul-Sep 2023
Consolidated ***Non-IFRS and IFRS financial data***					
Revenue[1]	**854,269**	849,089	834,430	785,374	780,984
Revenue growth, %	**9.4%**	10.9%	10.1%	8.4%	8.2%
Adjusted EBITDA excl. SDIs	**396,397**	381,097	374,643	338,138	343,707
Adjusted EBITDA margin excl. SDIs, %	**46.4%**	44.9%	44.9%	43.1%	44.0%
Adjusted EBITDA incl. SDIs	**388,578**	373,628	368,842	318,752	333,050
Adjusted EBITDA margin incl. SDIs, %	**45.5%**	44.0%	44.2%	40.6%	42.6%
EBIT excl. SDIs	**212,534**	207,057	203,790	172,383	181,710
EBIT margin excl. SDIs, %	**24.9%**	24.4%	24.4%	21.9%	23.3%
Operating profit[1]	**194,662**	185,581	187,763	144,005	158,727
Capital expenditures	**214,170**	222,803	219,183	233,933	209,532
Net debt per SFA	**7,497,301**	7,463,808	7,425,026	7,407,669	7,388,297
Unaudited operating data					
Payback period, years	**3.6**	3.5	3.5	3.8	3.8
Portfolio services segment ***Non-IFRS and IFRS financial data***					
Portfolio services revenue[1]	**744,731**	731,558	716,698	673,430	665,805
Portfolio services adjusted EBITDA	**543,360**	530,698	518,710	484,151	478,591
Portfolio services adjusted EBITDA margin, %	**73.0%**	72.5%	72.4%	71.9%	71.9%
Unaudited operating data					
Total subscribers (end of period), units	**5,501,761**	5,395,406	5,282,075	5,173,032	5,072,207
Cancellation, units	**97,493**	101,049	101,101	97,939	90,894
LTM attrition rate, %	**7.5%**	7.6%	7.6%	7.6%	7.5%
Quarterly attrition rate (annualised), %	**7.1%**	7.6%	7.7%	7.6%	7.2%
Net subscriber growth, units	**106,355**	113,331	109,043	100,825	105,595
Subscriber growth rate, net, %	**8.5%**	8.6%	8.7%	8.9%	9.2%
Monthly average number of subscribers during the period, units	**5,456,924**	5,328,889	5,220,295	5,126,444	5,028,001
Average monthly revenue per user (ARPU), EUR	**45.5**	45.8	45.8	43.8	44.1
Monthly adjusted EBITDA per customer (EPC), EUR	**33.2**	33.2	33.1	31.5	31.7
Customer acquisition segment ***Non-IFRS and IFRS financial data***					
Customer acquisition revenue[1]	**86,456**	94,709	95,545	89,059	89,990
Customer acquisition adjusted EBITDA	**(152,015)**	(154,474)	(148,200)	(144,901)	(137,325)
Customer acquisition capital expenditures	**140,413**	143,951	146,926	141,034	143,224
Unaudited operating data					
New subscribers added (gross)	**203,848**	214,379	210,144	198,764	196,489
Cash acquisition cost per new subscriber (CPA), EUR	**1,435**	1,392	1,404	1,439	1,428
Adjacencies segment ***Non-IFRS and IFRS financial data***					
Adjacencies revenue[1]	**23,082**	22,822	22,187	22,885	25,190
Adjacencies adjusted EBITDA	**5,052**	4,873	4,134	(1,112)	2,441

1) IFRS financial data.

Non-IFRS measures

The Group uses some financial measures to assess the business which are not defined by IFRS. These measures are included in this report and are not to be considered a substitute of the Group's financial statements but instead important complementary measures of the operating performance of the Group.

Adjusted EBITDA

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

Calculation of Adjusted EBITDA

EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Operating profit according to consolidated income statement	**194,662**	158,727	**568,006**	458,954
Depreciation and amortisation add-back	**163,999**	146,268	**470,675**	434,479
Retirement of assets add-back	**29,917**	28,056	**92,367**	85,846
Separately disclosed items add-back	**7,820**	10,657	**21,090**	23,071
Adjusted EBITDA	**396,397**	**343,707**	**1,152,137**	**1,002,349**
Whereof adjusted EBITDA customer acquisition	**(152,015)**	(137,325)	**(454,690)**	(406,208)
Whereof adjusted EBITDA portfolio services	**543,360**	478,591	**1,592,768**	1,401,135
Whereof adjusted EBITDA adjacencies	**5,052**	2,441	**14,059**	7,422

EBIT excl. SDIs

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

Calculation of EBIT excl. SDIs

EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Operating profit according to consolidated income statement	**194,662**	158,727	**568,006**	458,954
Separately disclosed items add-back	**17,871**	22,982	**55,374**	62,563
EBIT excl. SDIs	**212,534**	**181,709**	**623,380**	**521,517**

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 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Portfolio services segment revenue	**744,731**	665,805	**2,192,987**	1,961,864
Monthly average portfolio services segment revenue	**248,244**	221,935	**243,665**	217,985
Monthly average number of subscribers during the period, units	**5,456,924**	5,028,001	**5,335,369**	4,910,505
Monthly average portfolio services segment revenue divided by average monthly number of subscribers during the period – ARPU	**45.5**	**44.1**	**45.7**	**44.4**

Monthly adjusted EBITDA per customer

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

Calculation of EPC

EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Portfolio services segment adjusted EBITDA	**543,360**	478,591	**1,592,768**	1,401,135
Monthly average portfolio services segment adjusted EBITDA	**181,120**	159,530	**176,974**	155,682
Average monthly number of subscribers during the period, units	**5,456,924**	5,028,001	**5,335,369**	4,910,505
Monthly average portfolio services segment adjusted EBITDA divided by average monthly number of subscribers during the period – EPC	**33.2**	**31.7**	**33.2**	**31.7**

Cash acquisition cost per new subscriber

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

Calculation of CPA

EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Customer acquisition Adjusted EBITDA	**(152,015)**	(137,325)	**(454,690)**	(406,208)
Customer acquisition capital expenditure	**(140,413)**	(143,224)	**(431,290)**	(436,423)
Customer acquisition cost	**(292,428)**	**(280,549)**	**(885,979)**	**(842,631)**
New subscribers added, units	**203,848**	196,489	**628,371**	598,548
Customer acquisition cost divided by new subscribers added (gross) - CPA	**1,435**	**1,428**	**1,410**	**1,408**

Payback period

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

Calculation of Payback period

EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023
Cash acquisition cost per new subscriber ("CPA")	**1,435**	1,428	**1,410**	1,408
Monthly adjusted EBITDA per subscriber ("EPC")	**33.2**	31.7	**33.2**	31.7
CPA divided by EPC divided by 12	**3.6**	**3.8**	**3.5**	**3.7**

Definitions of Key Operating Metrics

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

Adjusted EBITDA
Earnings before interests, taxes, depreciation, and amortisation, write offs and separately disclosed items.

EBIT excl. SDIs
Earnings before interests, taxes and separately disclosed items.

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

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

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

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

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

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

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

New subscriber added (gross)
Total number of new subscribers added.

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

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

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

Malmö, November 7, 2024

Austin Lally
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Group CFO

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