2022072006905

ÅRSREDOVISNING

för

VSD Sverige AB

Org.nr. 559336-2071

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2021-09-22 - 2021-12-31

Innehåll **Sida**

Undertecknad styrelseledamot i VSD Sverige AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 29 juni 2022
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Malmö 2022-06-29

Cecilia Hultén

2022072006906

ÅRSREDOVISNING

för

VSD Sverige AB

Org.nr. 559336-2071

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2021-09-22 - 2021-12-31

Innehåll	**Sida**

VSD Sverige AB
Org.nr. 559336-2071

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i KEUR.

Verksamheten
Företagets verksamhet är att, direkt och indirekt, äga och förvalta lös och fast egendom.

Bolaget äger Verisure Topholding AB. Topholding-koncernen erbjuder konsumenter och mindre och medelstora företag övervakande larm med åtgärd, baserade på standardiserat sortiment av larmprodukter.
Företagets säte är Malmö.

Flerårsjämförelse*

	2021
Res. efter finansiella poster	0
Balansomslutning	7 175 974
Soliditet (%)	100.00

*Definitioner av nyckeltal, se noter

Ägarförhållanden
Bolaget är ett helägt dotterbolag till Dream Luxco S.C.A org.nr B163056 med säte i Luxemburg.

Väsentliga händelser under räkenskapsåret
Detta är bolagets första räkenskapsår då bolaget bildades 20 augusti 2021 genom en apportbildning.

Resultatdisposition (euro)

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
fri överkursfond	6 095 917 667
övrigt fritt eget kapital	721 016 213
	6 816 933 880
Styrelsen föreslår att	
i ny räkning överföres	6 816 933 880
	6 816 933 880

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

2022072006908

RESULTATRÄKNING

	Not	2021-09-22 2021-12-31
Rörelseresultat		0
Resultat efter finansiella poster		0
Resultat före skatt		0
Årets resultat		**0**

VSD Sverige AB
Org.nr. 559336-2071

BALANSRÄKNING

TILLGÅNGAR	Not	2021-12-31
Anläggningstillgångar		
Finansiella anläggningstillgångar		
Andelar i koncernföretag	2	7 175 974
		7 175 974
Summa anläggningstillgångar		7 175 974
SUMMA TILLGÅNGAR		**7 175 974**

2022072006909

VSD Sverige AB
Org.nr. 559336-2071

2022072006910

BALANSRÄKNING

	Not	2021-12-31
EGET KAPITAL OCH SKULDER		
Eget kapital		
Bundet eget kapital		
Aktiekapital		359 040
		359 040
Fritt eget kapital		
Fri överkursfond		6 095 917
Övrigt fritt eget kapital		721 016
		6 816 934
Summa eget kapital		7 175 974
SUMMA EGET KAPITAL OCH SKULDER		**7 175 974**

2022072006911

VSD Sverige AB
Org.nr. 559336-2071

FÖRÄNDRINGAR I EGET KAPITAL

	Aktiekapital	Bunden överkursfond	Fri överkursfond	Övrigt fritt eget kapital	Årets resultat
Bolagsbildning genom apportbildning	3		47		
Apportemission	359 037	720 000	6 095 870		
Minskning av bunden överkursfond		-720 000		720 000	
Aktieägartillskott				1 016	
Årets resultat					0
Belopp vid årets utgång	359 040	0	6 095 917	721 016	0

Aktiekapitalet består av 64 000 000 aktier med ett kvotvärde om 5,61.

NOTER

Not 1 Redovisnings- och värderingsprinciper

2022072006912

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Aktier och andelar i koncerföretag
Aktier och andelar i koncernföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärde.

Finansiella tillgångar och finansiella skulder redovisas när företaget blir part i det finansiella instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör eller regleras, eller när de risker och fördelar förknippade med tillgången överförs till annan part. Finansiella skulder tas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller upphör.

Nedskrivning av finansiell anläggningstillgång
Per varje balansdag bedömer företaget om det finns indikationer på nedskrivningsbehov. Bedömningen görs individuellt post för post.

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatt beräknas på temporära skillnader. En temporär skillnad finns när det redovisade värdet på en tillgång eller skuld skiljer sig från det skattemässiga värdet. Temporära skillnader beaktas ej i skillnader hänförliga till investeringar i dotterföretag, filialer, intresseföretag eller joint venture om företaget kan styra tidpunkten för återföring av de temporära skillnaderna och det inte är uppenbart att den temporära skillnaden kommer att återföras inom en överskådlig framtid. Skillnader som härrör från den första redovisningen av goodwill eller vid den första redovisningen av en tillgång eller skuld såvida inte den hänförliga transaktionen är ett rörelseförvärv eller påverkar skatt eller redovisat resultat utgör inte heller temporära skillnader.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

20220720069I3

NOTER

Fordringar och skulder i utländsk valuta
Monetära fordringar och skulder i utländsk valuta har räknats om till balansdagens kurs.

Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer, antingen som en rörelsepost eller som en finansiell post utifrån den underliggande affärshändelsen.

UPPLYSNINGAR TILL ENSKILDA POSTER

Not 2 Andelar i koncernföretag

Företag		**Antal/Kap.**	**2021-12-31**
Organisationsnummer	**Säte**	**andel %**	**Redovisat värde**
Verisure Topholding AB		100	7 175 974
559285-7626	Malmö		
			7 175 974

Verisure Topholding AB	
Inköp	7 174 958
Aktieägartillskott	1 016
Utgående ackumulerade anskaffningsvärden	7 175 974
Utgående redovisat värde	7 175 974

Not 3 Ställda säkerheter

Det finns inga ställda säkerheter i bolaget.

Not 4 Väsentliga händelser efter räkenskapsårets slut

Den ryska invasionen av Ukraina har orsakat en stor humanitär kris. När denna rapport skrivs är det oklart vilka effekterna på kort och lång sikt av detta krig kommer att bli över hela världen socialt, politiskt och ekonomiskt. Vår koncern har dock ingen verksamhet i Ryssland, Vitryssland eller Ukraina, inte heller några väsentliga leverantörsrelationer. Vi följer utvecklingen av situationen. Vi håller oss också nära de få antal ukrainska medborgare som är anställda i koncernen runt om i våra verksamma länder. Vi har även gjort en humanitär donation till UNHCR.

Not 5 Koncernförhållanden

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.
Övergripande koncernredovisning upprättas av Aegis Lux 2 S.á r.l. med säte i Luxemburg, Org nr B247839.

Not 6 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

20220720069914

VSD Sverige AB
Org.nr. 559336-2071

NOTER

Malmö 15 juni 2022

Cecilia Hultén
Ordförande

Daniel Bruzaeus

Elizabeth Henry

Vincent Litrico

Francois Cornelis

Vår revisionsberättelse har lämnats den 29 juni 2022.

PricewaterhouseCoopers AB

Johan Rippe
Auktoriserad revisor

pwc

2022072006915

Revisionsberättelse

Till bolagsstämman i VSD Sverige AB, org.nr 559336-2071

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för VSD Sverige AB för räkenskapsåret 22 september 2021 till 31 december 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av VSD Sverige ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för VSD Sverige AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till VSD Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

202207206916

pwc

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för VSD Sverige AB för räkenskapsåret 22 september 2021 till 31 december 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till VSD Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Malmö den 29 juni 2022

PricewaterhouseCoopers AB

Johan Rippe
Auktoriserad revisor

verisure

ANNUAL REPORT 2021

Aegis Lux 2 S.à r.l

Proud to Protect

Content

Directors' Report

Operations

The Group is the leading provider of professionally monitored alarms, and the leading provider of camera video surveillance systems for residential households and small businesses in Europe. We operate in 16 countries across Europe and Latin America. We conduct our business through two primary segments, portfolio services and customer acquisition. Additionally, we classify certain non-core business under our adjacencies segment. The following table shows key operating metrics for each of our segments as of and for the periods set forth below. These metrics are presented because we believe they provide a clearer picture of our results of operations generated by our core operating activities. This enables our management to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) other measures that are calculated in accordance with IFRS.

Comparative figures

On December 23, 2020 the interests held by Hellman & Friedman ("H&F") Fund VII in Verisure have been transferred to H&F Fund IX through Aegis Lux 2 S.à r.l. This is why the financial report covers the consolidated period between December 23, 2020 and December 31, 2020.

Key figures

EUR thousand (if not otherwise stated)	2021	2020
Consolidated		
Non-IFRS and IFRS financial data		
Revenue[1]	2,508,847	40,283
Adjusted EBITDA excl. SDIs	1,050,054	19,441
Adjusted EBITDA incl. SDIs	1,025,447	13,691
Operating profit/(loss)[1]	129,172	(2,395)
Net Debt per SFA	7,149,176	5,097,425
Portfolio services segment		
Non-IFRS and IFRS financial data		
Portfolio services revenue[1]	2,043,673	38,355
Portfolio services adjusted EBITDA excl. SDIs	1,477,423	31,183
Unaudited operating data		
Total subscribers (year-end), units	4,274,827	3,763,945
Net subscriber growth, units	510,882	-
Customer acquisition segment		
Non-IFRS and IFRS financial data		
Customer acquisition revenue[1]	373,492	401
Customer acquisition adjusted EBITDA excl. SDIs	(421,139)	(8,355)
Adjacencies segment		
Non-IFRS and IFRS financial data		
Adjacencies revenue[1]	91,682	1,529
Adjacencies adjusted EBITDA excl. SDIs	(8,448)	252

1) IFRS, financial data

Our segments

We operate subscription-based security service businesses, designing, installing and monitoring alarm and video surveillance systems to bring peace of mind to our customers. We operate through two primary operating segments: portfolio services and customer acquisition. Additionally, we classify certain non-core business under our adjacencies segment.

Portfolio services

The portfolio services segment provides a full security service to our customers for a monthly subscription fee. Our service includes 24/7 monitoring, expert verification and response, customer care, maintenance, and professional technical support to existing customers. We typically enter into selfrenewing monitoring services agreements with our customers at the time of installation and the majority of our customers pay via direct debit. We operate personally all our monitoring centres which are located throughout Europe and Latin America to verify triggered alarms and initiate an appropriate response. We have a diverse and high-quality subscriber base and enjoy strong track record in customer retention, with an attrition rate of 6.4% in 2021. This strong retention rate contributes to the stable and recurring cash flow that the segment generates, allowing us to fund investments that grow our customer base.

In 2021, the segment generated revenue of EUR 2,043.7 million (EUR 38,4 million in 2020), representing 81.5% (95.2% in 2020) of total revenue. The segment generated adjusted EBITDA of EUR 1,477.5 million (EUR 31,2 million in 2020), equivalent to a 72.3% (81.3% in 2020) adjusted EBITDA margin. As of December 31, 2021, the Group had close to 4.3 million (3.7 million in 2020) customers, all connected to our alarm monitoring centres.

The results and cash flow of the portfolio services segment during any period are primarily impacted by the average number of customers during that period, the average monthly subscription fee charged, and the capital expenditure and other costs incurred in connection with on-going monitoring services. The average number of customers within any period is primarily affected by attrition rates for existing customers and the number of new customers added during that period.

We believe we have a very attractive offer in the markets in which we operate both from a product and service standpoint. We normally increase subscription fees each year based on various consumer price indices combined with value improvements in our offerings in each market. We also increase subscription fees with respect to individual customers to the extent they add new services and features.

The costs incurred in the portfolio services segment primarily include labour costs associated with monitoring and customer service activities (such as monitoring centre operators and field technicians). Capital expenditure for portfolio services is generally low and primarily consists of purchases of upgraded customer equipment and computer servers and other hardware and software at the Group's monitoring centres. As a result, we are able to significantly improve our operating margins and cash flow as we add new customers to our existing operations.

To monitor performance in the portfolio services segment, management focuses on a number of key metrics, including average revenue per user (ARPU), monthly adjusted EBITDA per customer (EPC) and attrition rate. These metrics are described in more detail under "Definitions".

Customer acquisition

The customer acquisition segment develops, sources, purchases, provides and installs alarm systems for new customers in return for an upfront sales and installation fee. This installation fee typically only covers a portion of the costs associated with marketing, purchasing equipment and selling and installing each alarm system. As a result, the segment represents an upfront investment (which we partly expense and partly capitalise) in our business to acquire new customers. These new customers then become part of our portfolio services segment, driving revenue, adjusted EBITDA and profitability growth. In 2021, the customer acquisition segment generated EUR 373.5 million (EUR 0.4 million in 2020) of revenue and negative adjusted EBITDA of EUR 421.0 million (EUR 8.4 million in 2020).

Due to the discretionary nature of our customer acquisition activities, we are able to increase our marketing, sales and installation investment activities to grow our customer base, or, alternatively, reduce our investment in such activities to manage our cash on hand, over the short to medium term. Our upfront investment (including the capital expenditure and other costs associated with originating a subscriber) is partially offset at the time of sale by the installation fee paid by a new subscriber. We seek subsequently to recapture the remainder of our upfront investment through the monthly subscription fees, net of on-going monitoring costs (or EPC), generated by the customer.

Adjacencies segment

The adjacency segment represents the sale of remote monitoring and assistance devices and services for senior citizens, as well as the sale of Arlo cameras and video surveillance services in retail and online channels across Europe. As these sales are not considered a part of our core alarms business, they are reported under a separate reporting segment.

Employees

The Group had an average of 20,234 (19,067 in 2020) full time equivalent employees (FTE) in 2021. Approximately 34% of the FTEs were women and 66% were men during 2021 and 2020. Approximately 36% (38% in 2020) of the employees were located in Spain and 15% in France 2021 and 2020. After Spain and France, the highest concentrations of employees were in Brazil, Sweden, UK, Italy and Chile. In Sweden and, to a lesser extent in Norway, Finland and Denmark, we work closely with partners to sell and install our products instead of using our own employees.

Regulation and Legal proceedings

Regulation

Our operations are subject to a variety of laws, regulations and licensing requirements in the countries in which we operate. Legislation relating to consumer protection, fair competition, data privacy and other generally applicable areas are either EU or country-wide in scope. The laws and regulations specific to the industry can also be regional or municipal-wide in scope.

Regulation both poses threats and offers opportunities to the Group. The threats are described in the "Risks and Uncertainties" section of this Directors' report. In terms of key opportunities, regulation and voluntary standards in our industry offer us the opportunity to set ourselves apart as better equipped than other companies operating in the same segment to meet new requirements, to partner with law enforcers, insurance companies and other relevant stakeholders, and to market our services with certifications valued by consumers. We are actively pursuing opportunities to positively influence the regulatory environment.

Sales and marketing

Some jurisdictions regulate sales methods by restricting door to-door sales or direct marketing. We do not currently encounter these regulations for security services in our largest countries, such as Spain, Sweden, France, Portugal and Norway. However, Denmark and Belgium do prohibit door-to-door sales. In these jurisdictions, we have altered our marketing and sales approach. That said, the so-called EU Omnibus Directive establishes that door-to-door sales cannot be banned "as is" but that limitations to this activity can be adopted by Member States, for which the deadline to transpose the Directive into national law expired in 2021. We see no material risks with the transposition to date of this Directive into national law. See further the "Risks and Uncertainties" section of this Directors' report. All of the countries in which we operate have regulations protecting consumers in their dealings with a company's sales force. Typically, these regulations may either provide a customer with a guaranteed trial period or limit the ability to lock a consumer into a contract with no right to terminate without a penalty.

Alarm verification

We are subject to regulations covering the dispatching of emergency personnel and false alarms. An increasing number of local governmental authorities have adopted laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. For example, in France, police will only respond to an alarm they have been forwarded once that alarm has been verified as part of procedure to remove doubt. Spain, our largest country by revenue, has verification protocols requiring that alarms have to be verified either through video, audio or personal verification steps in order to be considered "confirmed alarms." Otherwise, emergency personnel will not respond unless three sequential alarms are triggered within 30 minutes (in three different installations areas) or are verified by means of audio or video. If emergency personnel are dispatched to a false alarm, some jurisdictions allow for penalties to be imposed on either the alarm owner or the alarm provider. In France, police are allowed to penalise the alarm provider for a false alarm that has been forwarded. Likewise, in Spain, emergency responders have discretion to impose penalties for frequent false alarms as high as €30,000 per incident. These changes may cause alarm service providers to adopt additional measures to limit the risk of false alarms, such as the use of third party guard services to verify alarms, the installation of new monitoring equipment or the upgrade of existing equipment.

Monitoring

We have at least one monitoring centre in each of the key geographies where we operate. In some countries these centres are regulated by either the police or insurance companies and require licenses or permits. For instance, Sweden and Norway consider monitoring centres in the same category as a guarding service and require each centre to obtain an equivalent license to the one they require to guarding services. In Spain, monitoring centres are subject to stringent approvals by the police. Many countries also impose minimum staffing requirements (normally at least two operators must be present) and minimum training standards for operators in monitoring centres.

Equipment and installation

The monitoring products we install are regulated by EU and national laws, including on health, safety and environmental protection. The regulatory obligations on the Group and its suppliers depend on their respective roles and activities in a product's supply chain and the features of the relevant product.

For installations of alarms, some countries require that we are registered for this purpose. Some countries also impose regulations on the maintenance of our products. France and Spain require that we provide certified maintenance service as part of each contract we enter into with a customer. Additionally, some countries that do not currently regulate maintenance of residential alarms do regulate business alarms. Such regulations apply to our small business customers. In the future, these countries may expand such regulations to the residential marketplace.

Legal proceedings

At any given time, we may be a party to regulatory proceedings or to litigation or be subject to non-litigated claims arising out of the normal operations of our businesses such as product liability, unfair trading and employment claims. We currently believe that our likely liability with respect to proceedings currently pending is not material to our financial position.

Risks and uncertainties

A summary of the Group's risks are shown below. A detailed presentation of financial risks and a sensitivity analysis can be found in the Financial Risk Management section in Note 21.

- We operate in a highly competitive industry and our results may be adversely affected by this competition.
- Certain of our potential competitors may seek to expand their market share by bundling their existing offerings with additional products and services.
- The success of our business depends, in part, on our ability to respond to rapid changes in our industry and provide customers with technological features that meet their expectations.
- We are susceptible to economic downturns, particularly those impacting the housing market or consumer spending.

- Attrition of customer accounts or failure to continue to acquire new customers in a cost-effective manner could adversely affect our operations.

- Our substantial concentration of sales in Iberia (Spain and Portugal) makes us more vulnerable to negative developments in the region.

- Privacy concerns, such as consumer identity theft and security breaches, including any breaches caused by cyber-attacks, could hurt our reputation and revenues, and our failure to comply with regulations regarding the use of personal customer data could subject us to lawsuits or result in the loss of goodwill of our customers and adversely affect our business, financial condition, results of operations and cash flows.

- Potential disputes or other events relating to the brand name SECURITAS may negatively impact our operating results in countries where we use the Securitas Direct brand.

- We have incurred and may continue to incur significant expenses in connection with developing our brands.

- We may face difficulties in increasing our customer base or our subscription fees or up-selling new products to our current customers, and these difficulties may cause our operating results to suffer.

- We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, Funding our Growth (FOG).

- An increase in labour costs in the jurisdictions in which we operate, especially in Spain, adverse developments in our relationships with our employees, and inability to attract talent to sustain our expected future growth, may adversely affect our business and profitability.

- Any significant or prolonged disruption of our monitoring centres could constrain our ability to effectively respond to alarms and serve our customers.

- Any disruption to the communities in which we operate, or in which our suppliers operate, as a result of the impact of COVID-19 pandemic could impact our ability to increase our customer base at the same rate, maintain the same low levels of attrition, deliver uninterrupted high quality services to our customers or source the products needed for our operations and may therefore adversely affect our business.

- Our reputation as a supplier and service provider of high-quality security offerings may be adversely affected by product defects or shortfalls in our customer service.

- We may face liability or damage to our reputation or brand for our failure to respond adequately to alarm activations.

- Our business operates in a regulated industry, and noncompliance with general or industry specific regulations could expose us to fines, penalties and other liabilities and negative consequences.

- Increased adoption of false alarm ordinances by local governments or other similar regulatory developments could adversely affect our business.

- We rely on third-party suppliers for our alarm systems and any failure or interruption in the provision of such products or failure by us to meet minimum purchase requirements could harm our ability to operate our business.

- We may incur unexpectedly high costs as a result of meeting our warranty obligations.

- Our insurance policies may not fully protect us from significant liabilities.

- Unauthorised use of or disputes involving our proprietary technology and processes may adversely affect our business.

- We may be unable to effectively manage our growth into new geographies or realise the intended benefits from our acquisitions.

- We are exposed to risks associated with foreign currency fluctuations as we translate our financial results into euro, and these risks would increase if individual currencies are reintroduced in the Eurozone.

- We may suffer future impairment losses, as a result of potential declines in the fair value of our assets.

- We are subject to risks from legal and arbitration proceedings, as well as tax audits, which could adversely affect our financial results and condition.

- We are dependent on our experienced senior management team, which may be difficult to replace.

- Market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could have adverse consequences for us with respect to our outstanding eurodenominated debt obligations.

Group development

Since the onset of the COVID-19 pandemic, we have been focused on protecting our employees and their families, our customers and our business. While the pandemic has created and continues to create unique challenges for our business, we have adapted rapidly to the new operating environment and have continued to evolve our approach as the situation continues to develop. The Group's customer portfolio continued to grow and passed 4.2 million customers by December 31, 2021. Our attrition rates have not been materially impacted by the pandemic to date, and the performance of our portfolio services segment continues to be consistent with previous year's results.

Our business model has proved very resilient to date, and we believe the fundamental customer need for security and peace of mind remains unchanged. Group Management believes significant growth opportunities remain in our existing geographies, as evidenced by the low penetration rates compared to other jurisdictions. The Group will consistently strive to maintain the highest levels of customer satisfaction in the industry in order to reduce attrition.

Research and development

We use our in-house development team or contract with third parties to design our products. We operate two development centres located in Malmö, Sweden and Madrid, Spain. We actively drive development of next generation products and applications to meet the changing needs of our customers. We also seek to develop products and applications that allow us to up sell our existing customers and to attract new customers. We strive to develop products that can be brought to market quickly, with a focus on obtaining approvals from local governments and adhering to local regulatory requirements.

Financial instruments

To read about the Group's use of financial instruments, as well as the Group's exposure to credit risk, liquidity risk and foreign currency risk, see Note 21 – Financial risk management.

COVID-19

As of the date of this report, the public health measures instituted in many of the geographies in which we operate and the economic uncertainty as a result of COVID-19 have not had a material impact on our attrition rates, though we cannot assess whether our attrition rates will be impacted materially in the long term due to COVID-19 or otherwise. Our subscription-based portfolio services segment has proven resilient and our attrition rates have not been materially impacted to date. Our assessment of related threats is still ongoing.

Events during the reporting period

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

The proceeds of the Senior Secured Notes and Senior Unsecured Bonds, net of fees and transaction costs, were used in January 2021 to repay in full outstanding Senior Unsecured Notes and approximately EUR 1.1 billion of the existing Term Loan B1E tranche with maturity in 2022. The proceeds of the new Floating rate Term Loan B, net of fees and transaction costs, were used in March 2021 to repay remaining outstanding amounts of the Term Loan B1E tranche with maturity in 2022 and to finance a distribution to the Group's shareholders. The average maturity of our debt portfolio is 5.4 years as of December 31, 2021, and most of our debt matures in 2026 or beyond.

As previously reported, the Norwegian Competition Authority (NCA) in November 2020 issued a decision to fine Verisure Norway AS and Verisure Midholding AB a total amount of approximately EUR 75 million (NOK 766 million). We filed an appeal with the Norwegian Competition Appeals Board (CAB), which in November 2021 issued a decision that upheld the NCA findings. We are disappointed with the outcome of the appeal process and firmly disagree with the CAB's decision. We nevertheless chose to not appeal the case to the Court of Appeal and to instead pay the fine, which we did in December 2021.

Own-shares

As at December 31, 2021, the Company has indirect holdings of its own shares with a book value of EUR 82.7 thousand. This has been classified as a "treasury share transaction" in the 2021 consolidated statements of changes in equity.

Events after the reporting period

For events after the reporting period see disclosure included in note 30 to the consolidated financial statements.

July 27, 2022, Luxembourg

Francois Cornelis
Majority Shareholder Manager

Stuart Banks
Majority Shareholder Manager

2023021002143

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

EUR thousand	Note	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Revenue	5	2,508,847	40,283
Cost of sales	5, 7, 9, 10, 11	(1,264,445)	(13,611)
Gross profit		**1,244,402**	**26,672**
Selling expenses	5, 7, 9, 10, 11	(299,821)	(5,977)
Administrative expenses	5, 6, 7, 10, 11	(820,685)	(23,112)
Other income	5	5,276	22
Operating loss		**129,172**	**(2,395)**
Financial income	12	564	(22)
Financial expenses	12	(318,188)	(5,448)
Result before tax		**(188,452)**	**(7,865)**
Income tax expense / (benefit)	13	(4,733)	1,183
Net loss for the year		**(193,185)**	**(6,682)**
Whereof attributable to:			
– Parent company		(193,185)	(6,675)
– Non-controlling interest		-	(7)
Other comprehensive income			
Items that subsequently may not be reclassified to the income statement			
Re-measurement of defined benefit plan net of tax		1,623	-
Income tax related to these items		18	-
Items that subsequently may not be reclassified to the income statement		**1,641**	**-**
Items that subsequently may be reclassified to the income statement			
Hedging reserve		17,517	-
Currency translation differences on foreign operations		(17,161)	-
Income tax related to other comprehensive items		(3,671)	-
Items that subsequently may not be reclassified to the income statement		**(3,315)**	**-**
Total other comprehensive income for the period		**(1,674)**	**-**
Total comprehensive income for the period		**(194,859)**	**(6,682)**
Whereof attributable to:			
– Parent company		(194,859)	(6,675)
– Non-controlling interest		-	(7)

Consolidated Statements of Financial Position

EUR thousand	Note	2021	2020 (as restated)
Assets			
Non-current assets			
Property, plant and equipment	15	1,169,952	1,005,924
Right of use assets	16	146,864	129,112
Goodwill	17	7,790,128	7,790,128
Customer portfolio	18	5,295,929	5,572,799
Other intangible assets	19	1,314,603	1,284,916
Deferred tax assets	13	27,860	24,016
Trade and other receivables	21, 23	79,637	83,248
Total non-current assets		**15,824,973**	**15,890,143**
Current assets			
Inventories	22	252,086	161,190
Trade receivables	21, 23	147,629	161,169
Current tax assets		16,204	16,284
Derivatives	21	9,651	1,589
Prepayments and accrued income	20	59,095	77,331
Other current receivables	21	35,448	14,726
Cash and cash equivalents	21	46,976	108,660
Total current assets		**567,089**	**540,949**
Total assets		**16,392,062**	**16,431,092**

Consolidated Statements of Financial Position

EUR thousand	Note	2021	2020 (as restated)
Equity and liabilities			
Equity	24		
Share capital		88,950	87,542
Other paid in capital		7,098,357	8,657,959
Legal reserves		8,894	8,753
Other reserves		(106,606)	-
Reserves for provisions for future MEP leavers		(30,000)	(37,000)
Retained earnings		(199,302)	(6,675)
Equity attributable to equity holders of the parent company		**6,860,293**	**8,710,579**
Non-controlling interest		-	21,414
Total equity		**6,860,293**	**8,731,993**
Non-current liabilities			
Long-term borrowings	21, 25	7,029,477	5,073,556
Derivatives	21	-	45,509
Other non-current liabilities	21	86,793	105,103
Deferred tax liabilities	13	1,306,694	1,372,810
Other provisions	26	22,468	92,923
Total non-current liabilities		**8,445,432**	**6,689,901**
Current liabilities			
Liability for potential future MEP leavers	28	60,000	67,000
Trade payables	21	191,082	190,612
Current tax liabilities		89,618	72,061
Short-term borrowings	21, 25	129,919	102,238
Derivatives	21	30,853	7,865
Accrued expenses and deferred income	27	545,839	522,312
Other current liabilities	21	39,026	47,110
Total current liabilities		**1,086,337**	**1,009,198**
Total equity and liabilities		**16,392,062**	**16,431,092**

Consolidated Statements of Changes in Equity

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest								
	Share capital	Other paid in capital	Legal reserves	Other reserves	Reserves for provision for future MEP leavers	Retained earnings	Total	Non-controlling interest	Total equity
Balance at December 23, 2020	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(6,675)	(6,675)	(7)	(6,682)
Provision for future potential MEP leavers	-	-	-	-	(37,000)	-	(37,000)	-	(37,000)
Transactions with owners									
Shareholder contribution	87,542	8,657,959	8,753	-	-	-	8,754,254	-	8,754,254
NCI including the net result for the year	-	-	-	-	-	-	-	21,421	21,421
Total transactions with owners	*87,542*	*8,657,959*	*8,753*	-	-	-	*8,754,254*	*21,421*	*8,775,675*
Balance at December 31, 2020	87,542	8,657,959	8,753	-	(37,000)	(6,675)	8,710,579	21,414	8,731,993

EUR thousand	Attributable to equity holders of the parent company and non-controlling interest								
	Share capital	Other paid in capital	Legal reserves	Other reserves	Reserves for provision for future MEP leavers	Retained earnings	Total	Non-controlling interest	Total equity
Balance at December 31, 2020	87,542	8,657,959	8,753	-	(37,000)	(6,675)	8,710,579	21,414	8,731,993
Net loss for the period	-	-	-	-	-	(193,185)	(193,185)	-	(193,185)
Total other comprehensive income for the period	-	-	-	(3,315)	-	1,641	(1,674)	-	(1,674)
Adjustment to provision for future potential MEP leavers	-	-	-		7,000	-	7,000	-	7,000
Transactions with owners									
Shareholders contribution - 11.01.2021	1,247	123,333	125	-	-	-	124,705	-	124,705
Decrease in share premium - 25.03.2021	-	(1,698,388)	-	-	-	-	(1,698,388)	-	(1,698,388)
Shareholders contribution - 21.04.2021	191	17,813	19	-	-	-	18,023	-	18,023
Increase in share capital and legal reserves-11.11.2021	8	846	1	-	-	-	855	-	855
Decrease in share capital and legal reserves-11.11.2021	(38)	(3,206)	(4)	-	-	-	(3,248)	-	(3,248)
Treasury share transaction	-	-	-	-	-	(83)	(83)	-	(83)
Transaction with NCI	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Sale of remaining NCI	-	-	-	(103,291)	-	-	(103,291)	(21,414)	(124,705)
Total transactions with owners	*1,408*	*(1,559,602)*	*141*	*(103,291)*	-	*(1,083)*	*(1,662,427)*	*(21,414)*	*(1,683,841)*
Balance at December 31, 2021	88,950	7,098,357	8,894	(106,606)	(30,000)	(199,302)	6,860,293	-	6,860,293

Consolidated Statements of Cash Flows

EUR thousand	Note	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Operating activities			
Operating profit		129,172	(2,395)
Reversal of depreciation and amortisation	11	822,127	14,025
Other non-cash items	9	70,232	2,172
Paid taxes		(61,345)	-
Cash flow from operating activities before change in working capital		**960,186**	**13,802**
Change in working capital			
Change in inventories		(89,186)	-
Change in trade receivables		21,662	-
Change in other receivables		(5,527)	-
Change in trade payables		673	356
Change in other payables		(79,804)	(38,689)
Cash flow from change in working capital		*(152,182)*	*(38,333)*
Cash flow used in operating activities		**808,004**	**(24,531)**
Investing activities			
Purchase of intangible assets		(378,151)	-
Purchase of property, plant and equipment		(385,016)	-
Acquisition/disposal of shares in subsidiaries	4	-	133,179
Prepayments of intangible assets		(1,000)	-
Cash flow from investing activities		**(764,167)**	**133,179**
Financing activities			
New issue of shares		-	12
Shareholder contributions		143,583	-
Decrease in share capital and legal reserves		(1,701,636)	-
Amounts paid to holders of non-controlling interest		(124,705)	-
Paid bank and advisory fee		(74,077)	-
New financing		4,472,783	-
Repayment of financing		(2,734,562)	-
Change in borrowings		190,620	-
Call cost old debt		(17,175)	-
Net interest paid		(263,047)	-
Other financial items		(7,655)	-
Cash flow from financing activities		**(115,871)**	**12**
Cash flow for the year		**(72,034)**	**108,660**
Cash and cash equivalents at start of period		108,660	-
Exchange difference on translating cash and cash equivalents		10,350	-
Cash and cash equivalents at end of year		**46,976**	**108,660**

Notes to the Consolidated Financial Statements

Note 1 Accounting Policies

The consolidated financial statements of Aegis Lux 2 S.à r.l. (the "Company") covers the period from January 1, 2021 to December 31, 2021 and comprises the Company and its subsidiaries (herein after "the Group"). Alternatively, the comparative information covers the period from December 23, 2020 to December 31, 2020.

The Company is controlled by Hellman & Friedman LLC ("H&F"), other global private equity investment firms and management of the company.

The ultimate controlling entity in Europe is Aegis Lux 1A S.à r.l. (the "Parent"). The Parent opted for the Luxembourg Private Equity Exemption and discloses the fair market value of the Group in its standalone accounts, pursuant to the legal provisions of the Article 1711-8 (3) 3° of the amended law of August 10, 1915. Therefore, the Parent does not prepare consolidated financial statements. The consolidated financial statements for the broadest scope of companies are prepared by Aegis Lux 2 S.à r.l. These consolidated financial statements and the standalone accounts of Aegis Lux 1A S.à r.l are available at the Luxembourg Business Register.

Nature of operations

The Group is the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio and design, sell and install alarms with network connectivity across 16 countries in Europe and Latin America. The Group has alarm monitoring operations in twelve European countries (Spain, Sweden, France, Norway, Portugal, Finland, Denmark, Belgium, the Netherlands, Italy, the United Kingdom and Germany) and four Latin American countries (Chile, Brazil, Peru and Argentina).

The Group operates a subscription-based service business, which we conduct through two primary operating segments: portfolio services and customer acquisition. The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee. The customer acquisition segment develops, sources, purchases, provides and installs alarm systems for new customers in return for an upfront sales and installation fee. Additionally, we classify certain non-core business under our adjacencies segment, which mainly represents the sale of remote monitoring and assistance devices, services for senior citizens and, starting in 2020, the sale of connected cameras under the Arlo brand in Europe. However, no segment reporting is included in this consolidated financial statement.

Basis of presentation

This consolidated financial information comprises the consolidated statements of comprehensive income, the consolidated statements of financial position, consolidated statements of changes in equity and the consolidated statements of cash flows.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except where a fair value measurement is required according to IFRS (e.g. for derivative financial instruments, which have been measured at fair value).

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Management believes that the going concern assumption is appropriate for the Group due to adequate liquidity, capital position, and continued improvement in operating results. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Company was incorporated on October 6, 2020 and forms a new holding company within the group controlled by its parent Aegis Lux 1A S.à r.l. On December 23, 2020 the interests held by H&F Fund VII in Shield Luxco 1 S.à r.l. have been contributed at fair market value to the Company, which is controlled by other H&F Funds. This fund to fund transaction is considered as a new business combination under IFRS 3 and generated a change of control from an IFRS perspective. The first set of financial statements prepared by the Group was for the period from December 23, 2020 to December 31, 2020.

The comparative amounts in the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows are presented for the period from December 23, 2020 (date of the business combination) until December 31, 2020. The purchase price allocation (the "PPA") was finalized in 2021. The impact of the final PPA on the comparative amounts is disclosed in Note 3. Management was assisted by an external expert in order to perform the PPA exercise. The figures of the comparative Consolidated Statements of Comprehensive Income for the period from December 23, 2020 until December 31, 2020 have been estimated by the Management based on a pro-rata of the actual activity of December 2020.

Basis of consolidation

This consolidated financial information includes the results, assets and liabilities, and cash flows of the Group and entities controlled, both unilaterally and jointly, by the Group.

A subsidiary is an entity controlled, either directly or indirectly, by the Group, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The effect of potential voting rights that are currently exercisable or convertible is taken into account when determining whether the Group has a controlling influence on another entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the Group.

All inter-company transactions, balances and unrealised gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Foreign currency translation

Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information are presented in euro (EUR), which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognised in the income statement when they arise. Exchange differences from operating items are recognised as either cost of sales or selling or administrative expenses, while exchange differences from financial items are recognised as financial income or financial expenses. When preparing the financial information of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Group companies

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet item presented are translated at the closing rate on the closing date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting translation differences are recognised in other comprehensive income.

When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

One of the Group companies operates in Argentina, which is considered to be a hyperinflationary economy. However, the effects are currently minimal. The Group continuously evaluates the effects in order to adjust the valuation when relevant.

Revenue recognition

Revenues include alarm monitoring and installation fees. The revenues are recognised only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred, the sale price is fixed or determinable and the collectability of revenue is reasonably assured. Revenues are recognised less discounts and value added tax and after eliminating sales within the Group.

For customer agreements containing multiple deliverables (installation and monitoring services) the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. More specifically income is recognised as follows:

Alarm monitoring

Income from alarm monitoring services is recognised over time during the period to which the service relates. The payments are made in advance or at delivery. When there is a difference in timing between the payment and the revenue recognised the difference is accounted for as subscription fees invoiced in advance.

Installation fees

Revenue from alarm installation is recognised once the installation is completed. The payments are made at the time of delivery or through monthly instalments. For more information regarding payment, see section "Financing" below.

Financing

To enhance the payment plan flexibility for customers some of the Group's entities offer to finance part of the upfront fee, i.e. the customer gets the opportunity to pay the financed amount in monthly instalments typically over a three-year period. This offered service supports the Group's growth and profitability targets well and may be arranged in two alternative ways; external or internal financing.

External financing

With external financing the customer is first invoiced for all instalments relating to the amount of financed upfront fee. These invoices are then sold at a discount to a financial institution which assumes the credit risk but the collection process remains with the Group. The Group recognises the received net amount as installation revenue.

Internal financing

With internal financing the customer is either invoiced for all instalments or on a month-by-month basis relating to the amount of financed upfront fee. In this case the Group assumes the credit risk. The net present value of the future instalments, discounted at an appropriate interest rate, is recognised as installation revenue.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum on the acquisition date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition related costs are recognised in the income statement during the period in which they are incurred.

The consideration also includes fair value on the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration. The identifiable acquired assets assumed liabilities and contingent assets are recognised at fair value as at the acquisition date. Contingent liabilities assumed in a business combination are recognised as existing liabilities arising from events that have occurred, if their fair value can be reliably calculated.

Measurement adjustments to the fair value of consideration transferred or of the acquired identifiable assets and liabilities as a result of additional information received during the measurement period, concerning facts and circumstances at the time of the acquisition date, qualify as adjustments of the business combination and require retrospective restatement with corresponding adjustment of goodwill. The measurement period ends on the earlier of the date when the Group receives the information needed (or determines that the information cannot be obtained) and one year after the acquisition date.

In a business combination where the sum of the consideration, any non-controlling interests and the fair value on the acquisition date of previously held equity interest exceeds the fair value of identifiable acquired net assets on the acquisition date, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognised as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company's identifiable net assets.

Operating expenses

The Group's business model involves sales and installation being carried out primarily by the same individuals. The costs of these activities are recognised in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Employee benefit expense

Our employees in Norway, Denmark, Sweden, France, Belgium, the Netherlands, United Kingdom and Switzerland have a pension plan, whereas our employees in Argentina, Chile, Brazil, Spain, Portugal, Italy, Finland, Germany and Peru do not. We offer both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which we pay fixed contributions into a separate legal entity and have no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period. Defined benefit plans are post-employment benefit schemes other than defined contribution plans, with the exception of a limited defined benefit plan in France and Switzerland. For these plans, amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings or years of service. All pension plans in foreign units are classified as defined contribution plans. All pension liabilities in Sweden are classified as defined contribution plans, except pensions for office-based staff which are through a national multi-employer pension plan, which is funded in the same manner as a defined contribution plan. The level of contribution is dependent upon, among other things, the level of employee participation and salaries in each country.

Share based payment

Equity plan

A limited number of top management of the Company participate in an equity plan, which allows them to acquire shares at fair market value in Aegis Lux 2 S.à r.l. (either directly or through a legal entity). As the investment is done at fair market value and with participants' out-of-pocket resources, there is no benefit for the employees when they enter the plan. Participants who already had interest in Shield Luxco 2 S.à r.l. and/or Dream Luxco SCA under the previous plan received corresponding interests in the Company under the new plan. The previous plan has been terminated. The plan is considered as equity settled, except for the specific provision described hereafter.

Aegis Lux 2 S.à r.l. has a call option to acquire shares from the leavers under specific conditions. The shares are bought back at fair value or at cost depending on the nature of the leaver. The difference between the fair market value and the acquisition cost paid by a leaver constitute an expense for Aegis Lux 2 S.à r.l. However, the vast majority of the participants are not expected to leave the Group before the exit event. The exit event represents the situation when H&F would no longer be controlling the Group.

In the years ended 2021 and 2020, the Group determined an estimate of the liability pertaining to those participants leaving the group before an exit as the plan is considered cash-settled for those participants. A liability for the amounts payable to such potential leavers was booked against Reserves for Provision for Future MEP Leavers directly in Equity, in relation to MEP liability. There is no impact on the profit and loss account in 2021 and 2020, respectively.

Share option plan

Certain employees of the Group are granted share options in the Comapny. The Share Option Plan is settled through equity and disclosed accordingly. Hence, the options are recognised as an employee benefits expenses, with a corresponding increase in equity during the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted. The fair value at grant date is determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Income taxes

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been defined or announced and are highly likely to become affected. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognised directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognised. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is based on the asset's cost and is allocated using the straight-line method over the asset's estimated useful life, as follows:

Alarm equipment	5–14 years
Other machinery and equipment	3–10 years

The useful lives and residual values of Group assets are determined by management at the time of acquisition and are reviewed annually for appropriateness. The lives are based primarily on historical experience with regards to the lifecycle of customers, as well as anticipation of future events that may impact useful life, such as changes in technology and macro- economic factors. Alarm equipment is primarily equipment installed on customers' premises. Other machinery and equipment is primarily IT-equipment and furniture.

An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are recognised in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and fair value of any previously held equity interest on the acquisition date exceeds the fair value of identifiable acquired net assets on that date, the difference is recognised as goodwill. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows or cash- generating units (CGUs). Goodwill is not subject to amortisation and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the CGU level. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal long-term management plans for its operations, which are used in the value-in-use calculations. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and customer acquisitions costs. The customer acquisitions costs are costs directly related to the acquisitions of customer contracts and carried at cost less accumulated amortisation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Amortisation is based on the asset's cost and allocated on a straight-line basis over the estimated useful life.

Other intangible assets

Other intangible assets are primarily computer software, development costs and trademark. Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the asset's estimated useful life. Development costs for new identifiable and unique software products are capitalised if they are controlled by the Group and are likely to generate economic benefits. The capitalised amounts consist of direct costs and the capitalisable portion of indirect costs.

Costs associated with maintaining computer software are expensed as incurred. Capitalised development costs have a definable useful life and are amortised on a straight-line basis from the date the software entered use. Amortisation for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio	6 – 14 years
Computer software	3 – 10 years
Other intangible assets	3 – 9 years

Rental rights and similar rights are amortised over the same period as the underlying contract. An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value-in-use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant pre-tax weighted average cost of capital (WACC), which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognised impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognised. If this is the case, the impairment loss is reversed in order to increase the carrying amount of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognised where the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortisation) had the impairment loss not been recognised in the first place. Impairment losses on goodwill are never reversed.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets on losses carry forward are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised. The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

The Group classifies its financial instruments as:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through Other Comprehensive Income (OCI)
- Financial assets at amortized cost
- Liabilities at fair value through profit or loss
- Financial liabilities at amortized cost

The classification of financial assets depends on the business model for managing the portfolio in which the financial assets belongs and the characteristics of the cash flows. Financial assets that have cashflows that are solely payment of principal and interest (SPPI), and that are held in a business model that holds financial assets to collect contractual cashflows are classified as and measured at amortized cost.

Financial assets that have cash flows that are SPPI but are held in a business model that receives its cashflows both from holding the financial assets to collect contractual cashflows and from sales of financial assets are classified as and measured at fair value through other comprehensive income.

All other financial assets are classified as and measured at fair value with fair value changes in the income statement. Management determines the designation of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of "financial assets and liabilities carried at fair value through profit or loss" are recognized as a financial item as incurred. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

The Group have financial assets at fair value through profit or loss consisting of derivatives. Derivatives are classified as fair value through profit or loss mandatorily unless they are designated as hedges in a hedge accounting relation. Assets in this category are classified as current or non-current assets depending on purpose and management intention.

The Group classified equity investments that are held for trading in item "Financial assets at fair value through profit or loss".

Financial assets at fair value through OCI

The group currently has no financial instruments in this category.

Financial risk management and hedge accounting

The Group's business activities expose the Group to financial risk arising from changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Group's treasury policy, which is approved by the board of directors. The Group treasury policy provides written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The group currently uses the following derivatives:

- Interest rate swaps to hedge cash flows due to interest rate risk on the Group's long-term debt. The contracts are classified as financial assets/financial liabilities at fair value through profit or loss and all gains and losses related to the derivatives are included in financial income and expenses (as disclosed in note 12).
- Cross currency swaps to hedge our foreign exchange risk in our financing operations by increasing our exposure to SEK. The contracts are classified as financial assets/ financial liabilities at fair value through profit or loss and all gains and losses related to the derivatives are included in financial income and expenses (as disclosed in note 12).
- FX swaps to hedge cash flows in foreign currencies. The contracts are classified as financial assets/financial liabilities at fair value through profit or loss and all gains and losses related to the derivatives are included in financial income and expenses (as disclosed in note 12).
- FX forward contracts to lock in the exchange rate of future cash flow in a foreign currency different to each subsidiary's functional currency. The forward contracts the Group enters are used to hedge material purchases in USD. The transaction aims to limit the risk that currency fluctuations affect the company's cash flow and EBIT results. FX forward contracts are classified as financial assets/financial liabilities at fair value through profit or loss and when all criteria are met, are subject for hedge accounting. By being in scope for hedge accounting the effect of all gains and losses deemed as effective for the contracts is recognised in the OCI when unrealised, and reclassified to the income statement upon realisation, affecting cost of material and further capitalisation of material.

All derivative instruments are recognised initially either as assets or liabilities at fair value on the trade date in the consolidated balance sheet and are subsequently revalued at fair value on each reporting date. The components and fair values of the Group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy in IFRS 13. The company uses observable market inputs based on the type of derivative and the nature of the underlying instrument.

Hedge accounting

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

As presented above, the derivatives that are subject to hedge accounting are FX forward contracts entered with the purpose to hedge material purchases in USD. The transaction aims to limit the risk that currency fluctuations affect the company's cash flow and EBIT results. All unrealised gains and losses deemed as effective for these contracts are recognised in the OCI. In the event of deemed inefficiency the gains and losses from the contracts are booked in the income statement. The use of hedge accounting will effectively result in recognising inventory and material costs to the fixed foreign currency rate for the hedged purchases.

Financial assets at amortized cost

Financial assets at amortised cost are financial assets that have cash flows that are SPPI and are held in a business model to collect contractual cash flows. They arise when the Group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Financial assets at amortised cost primarily consists of trade receivables. These do not carry any interest and are stated at their nominal value less any provision for bad debts. A provision for bad debts is made for expected credit losses using the simplified approach for both current and non-current trade receivables. This means that lifetime expected credit losses are recognised for all trade receivables. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience, historical loss rates and forward-looking information. Individual trade receivables are written off when management deems them not to be collectible. The provision is recognised under "cost of sales" in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category solely includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current or non-current liabilities depending on purpose and management intention.

Financial liabilities at amortized cost

Liabilities to credit institutions

Borrowings are recognized initially at fair value less transaction costs and thereafter at amortized cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognized in the income statement over the term of the loan using the effective interest method

Trade payables

Trade payables are initially recognized at fair value and thereafter at amortized cost which normally corresponds to the nominal amount as the maturity is short.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the Group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably.

Leases

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. The incremental borrowing rate is specific for each of the Groups entities and is based on the calculation of cost of debt in the WACC Calculation. It also considers what kind of asset that is leased as well as the contract period. Each quarter the Group evaluates the rates and updates them regarding any new contracts when necessary. When material changes are made in a contract, the Group re-evaluate the discount rate and change when necessary.

Lease payments included in the measurement of the lease liability comprises of fixed payments, variable lease payments that depend on an index or rate, and amounts expected to be payable under a residual value guarantee. Non-lease components are included in vehicle leases, but not in leases of buildings.

The Group does not lease any intangible assets.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset.

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Changes in accounting policies and disclosures

The impact from the IBOR reform is not expected to be material. The Group is currently exposed to EURIBOR/STIBOR reference rates and since these rates will not cease to exist in the foreseeable future, we have not had any impact yet and do not believe we will have in the foreseeable future. The Group will continue to monitor any changes to EURIBOR/STIBOR as a reference rate and update together with counterparties, the relevant financial contract accordingly as and when these occur. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2 Critical Accounting Estimates and Judgements

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 on 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. These assumptions and estimates are continuously evaluated by management.

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 estimates uncertainties on 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 discussed below.

- Revenue recognition.
- Testing for impairment of goodwill and other assets (note 17).
- Measurement of deferred income tax assets and deferred income tax liabilities (note 13).
- Measurement of provisions and allocation for accrued expenses (note 26 and 27).
- Depreciation period for alarm equipment and amortisation period for customer portfolio (note 15 and 18).
- Estimates regarding leases (note 10).

Revenue recognition
Revenue recognition in the Group requires management to make judgements and estimates, mainly to determine the stand alone selling prices. Determining whether revenues should be recognised immediately or be deferred require management to make judgements on the stand alone selling price of each deliverable. The stand alone selling price of the installation revenue is dependent of the estimated installation cost and a margin based on a benchmark.

Testing for impairment of goodwill and other assets
IFRS requires management to undertake an annual test for impairment of indefinite-life assets and, for finite-life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When testing for impairment of goodwill and other assets, the carrying amount should be compared with the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flow derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Since there are normally no quoted prices available on which to estimate the fair value less costs to sell an asset, the asset's value-in-use is usually the value against which the carrying amount is compared for impairment testing purposes and is measured on the basis of assumptions and estimates. In calculating the net present value of the future cash flow, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- Long-term sales growth rates;
- Growth in adjusted EBITDA;
- Timing and quantum of future capital expenditure;
- Change in working capital; and
- The selection of discount rates to reflect the risks involved.

The Group prepares and approves formal long-term management plans for operations. The long-term management plans are used in value-in-use calculations. For the purposes of the calculation, a long-term growth rate of 2% into perpetuity has been applied.

The Group has not performed a sensitivity analysis with reference to the fact that the underlying transaction occurred recently and was made on market terms.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect impairment evaluation and hence results. The yearly impairment test of goodwill is performed on the closing of the second quarter each year

Measurement of deferred income tax assets and deferred income tax liabilities
The Group is liable to pay income taxes in various countries. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain tax positions, the resolution of which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the Group's structure following geographic expansion makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items.

As a result, there may be substantial differences between the tax charge in the consolidated income statement and tax payments, including potential tax cash flow impact from future implementation of local accounting regulation. The Group has also exercised significant accounting judgement regarding net operating loss utilisation.

Moreover, the Group has exercised significant accounting judgements regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realised. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered.
Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised.

The amounts recognised in the consolidated financial state- ments in respect of each matter are derived from the Group's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means any resolution could differ from the accounting esti- mates and therefore impact the Group's results and cash flow.

Measurement of provisions and allocation for accrued expenses

The Group exercises judgement in connection with significant estimates in relation to staff-related costs and in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment and amortisation period for customer portfolio

The charge in respect of periodic depreciation for alarm equipment as well as the amortisation of the customer portfolio, is derived after determining an estimate of expected useful life of alarm equipment, established useful life of customers, and the expected residual value at the end of life. A decrease in the expected life of an asset or its residual value results in an increase depreciation/amortisation charge being recorded in the consolidated income statement. See more details in the sensitivity analysis in note 21.

The useful lives and residual values of Group assets are determined by management at the time of acquisition and are reviewed annually for appropriateness. The lives are based primarily on historical experience with regards to the lifecycle of customers, as well as anticipation of future events that may impact useful life, such as changes in technology and macro-economic factors.

Estimate regarding leases

The Group performs several estimates when applying IFRS 16 in the accounting for leases. These mainly relate to the contract time. When the entity has the option to extend a lease, or end the lease before the contract end date, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. The extension period has only been included in the present value calculation of future lease payments if it is deemed reasonably certain that the contract will be extended, and if it is deemed reasonably certain that an end option will be exercised this period have been excluded from the calculation.

Note 3 Amendments to Comparative Information

The comparative information for the year 2020 was amended due to the finalisation of the PPA from the business combination described in note 1 *Basis of preparation*. The effects are summarized in the following table for balance sheet. The final PPA does not have an impact on the comparative statement of comprehensive income.

EUR thousand	2020 (as reported)	Adjustments to the PPA	2020 (as restated)
Assets			
Goodwill	7,725,690	64,438	7,790,128
Customer portfolio	5,574,799	(2,000)	5,572,799
Liabilities			
Deferred tax liabilities	1,373,272	(462)	1,372,810
Other provisions	53,923	39,000	92,923
Current tax liabilities	48,161	23,900	72,061

IFRS 3 provides acquirers a measurement period intended to to gather sufficient information necessary to evaluate the conditions that existed as of the acquisition date to finalise the allocation of the purchase price. This period has a maximum of one-year from the date of acquisition. The standard further requires retrospective adjustments to acquisition accounting if it obtains new information about facts and circumstances that existed at the acquisition date. Such adjustments should be applied retrospectively together with changes in comparative data as an adjustment to Goodwill.

The adjustment to 'Other provisions' amounting to EUR 39 million pertain to an Norwegian Competition Authority (NCA) Reserve while the adjustment to 'Current tax liabilities' amounting to EUR 23.9 million pertain to a tax reserve. Please refer to note 4 for further information about the business combination.

Note 4 Business Combinations

On December 23, 2020 the interests held by H&F Fund VII in Shield Luxco 1 S.à r.l. ("Shield 1") have been contributed to the Company, which is controlled by other H&F Funds, in exchange for the Company's shares. The acquired shares of Shield 1 amount to 33,502,132 shares in each of Class H, Class I and Class J shares and were contributed to the Company at fair market value of EUR 8,754,243 thousand. This is considered as a new business combination under IFRS 3 and generated a change of control from an IFRS perspective.

The initial accounting of the business combination was provisionally determined and the Purchase Price Allocation ("PPA") was finalized during 2021. The measurement period runs up to one year from the acquisition date of December 23, 2020 and in December 2021 adjustments of the preliminary amounts was determined and was related to the valuation of Intangible fixed assets (EUR 2,000 thousands related to contract portfolio), provisions (EUR 39,000 thousands related to NCA), current tax EUR 23,900 thousands and EUR 462 thousands regarding deferred tax on the contract portfolio.

Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, was made within the measurement period where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The Goodwill is not expected to be tax deductible. There are no transaction cost in Aegis Group. There has not been any additional purchase price. The adjustments to the provisional amounts recognised in 2020 and the amendments to the comparative information were explained in note 3.

The table below summarizes the financial effects of the business combination:

Financial effect of the acquisition

EUR thousand	2020 (as reported)	Adjustments to the PPA	2020 (as restated)
Tangible assets	1,139,740	-	1,139,740
Intangible fixed assets	6,871,208	(2,000)	6,869,208
Financial fixed assets	173,945	-	173,945
Inventories	161,190	-	161,190
Current assets	418,586	-	418,586
Other provisions	(53,891)	(39,000)	(92,891)
Long-term liabilities	(6,665,862)	462	(6,665,400)
Current liabilities	(1,016,363)	(23,900)	(1,040,263)
Total identifiable net assets	**1,028,553**	**(64,438)**	**964,115**
Goodwill	7,725,690	64,438	7,790,128
Total	**8,754,243**	**-**	**8,754,243**

Net cash outflow from acquisition

EUR thousand	2020 (as reported)	Adjustments to the PPA	2020 (as restated)
Consideration paid in cash	-	-	-
Acquired cash	133,179	-	133,179
Net cash outflow	**133,179**	**-**	**133,179**

The acquired business contributed revenues of EUR 40,283 thousand and loss before taxes of EUR 7,678 thousand to the group for the period from December 23 to December 31, 2020. If the acquisition had occurred on 1 January 2020, consolidated revenue and loss before taxes for the year ended 31 December 2020 would have been EUR 2,138,903 thousand and EUR 252,479 thousand, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2020, together with the consequential tax effects.

Note 5 Expenses by Type of Costs

The table below illustrates the consolidated income statement in summary classified according to type of cost.

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Revenue	2,508,847	40,283
Other income	5,276	22
Total operating income	**2,514,123**	**40,305**
Employee benefit expense	(940,519)	(17,584)
Depreciation and amortisation expense	(822,126)	(14,025)
Retirement of assets	(70,234)	(2,127)
Cost of materials	(86,050)	-
Marketing-related costs	(198,189)	(2,808)
Other cost	(267,833)	(6,156)
Total operating cost	**(2,384,951)**	**(42,700)**
Operating profit/(loss)	**129,172**	**(2,395)**

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Currency translation differences included in operating profit	4,562	141

Currency translation differences included in financial income and expenses are shown in note 12.

Note 6 Audit Fees

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
PwC		
Audit assignments	1,849	56
Audit work apart from the audit assignment	219	7
Tax consultancy	128	5
Other services	421	18
Total PwC	**2,617**	**86**
Other auditors		
Audit assignments	16	-
Total other auditors	**16**	**-**
Total for the Group	**2,633**	**86**

Note 7 Employee Remuneration of Directors and Executive Management

Employee Benefit Expenses

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Wages and salaries including restructuring costs and other termination benefits	725,141	13,827
Social security costs	174,934	3,199
Pension costs	40,445	558
Total	**940,520**	**17,584**

Remuneration of directors and executive management

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Short-term employee benefits	3,158	126
Post-employment benefit	20	5
Total	**3,178**	**131**

The executive management has a 12 months' notice period corresponding to an amount of EUR 9,992 thousand in 2021, compared to EUR 7,572 thousand in 2020.

Employee information

The Group has 20,234 and 19,067 average number of full-time equivalent employees ("FTEs") as at December 31, 2021 and 2020, respectively.

Note 8 Employee Option Plan

Certain employees of the Group participate in a management option plan and are granted options in the Company as a part of their compensation. The options vests in installments over a period of maximum five years. Set out below are summaries of options granted under the plan:

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
As of beginning of the period	-	-
Granted during the year	1,309,166	-
Forfeited during the year	-	-
Exercised during the period	-	-
As of end of the period	**1,309,166**	**-**

No options are exercisable at December 31, 2021. No options expired during 2021.

Fair value of options granted

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies. Total expenses arising from options issued under employee option plan recognised during the period was EUR 1,110 thousand (0 in 2020).

Note 9 Non-Cash Items

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Retirement of assets[1]	70,234	(2,150)
Other	(2)	23
Total	**70,232**	**(2,127)**

1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 10 Leases

The Group leases offices, cars and various equipment and recognises right of use asset and lease liability for these leases, except for short-term and low value leases, see below.

The income statement shows the following amounts related to leases during 2021 and 2020:

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Depreciation charge of right of use assets	48,401	988
Interest expense[1]	4,915	114
Expense relating to short-term leases[2]	606	6
Expenses relating to leases of low-value assets that are not shown above as short-term leases[2]	1,114	19
Total	**55,036**	**1,127**

1) Included in financial expenses.
2) Included in cost of sales, selling expenses and administrative expenses.

Out of the total amount related to depreciation above, EUR 21,147 thousand (EUR 434 thousand in 2020) related to lease buildings, EUR 26,940 thousand (EUR 548 thousand in 2020) to leased vechicles and EUR 314 thousand (EUR 6 thousand in 2020) to other leased assets during 2021.

EUR thousand	2021 Short-term leases	2021 Low-value leases	2020 Short-term leases	2020 Low-value leases
Term to maturity <1 year	107	1,239	142	700
Term to maturity 1-5 years	-	750	-	335
Term to maturity >5 years		-	-	-

The total cash outflow for leases in 2021 was EUR 52.6 million (0.1 in 2020). The maturity of the lease liability is shown in note 21 and the changes during the year in the right of use assets is shown in note 16.

Note 11 Depreciation and Amortisation

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Property, plant and equipment	148,673	2,481
Right of use assets	48,401	988
Customer portfolio	543,603	8,011
Other intangible assets	81,449	2,545
Total	**822,126**	**14,025**

Depreciation and amortisation are reflected in the income statement as follows:

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Cost of sales	179,754	3,483
Selling and administrative expenses	642,372	10,542
Total	**822,126**	**14,025**

Note 12 Financial Income and Expenses

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Interest income, other	564	(22)
Finance income	**564**	**(22)**
Interest cost on borrowings	(251,905)	(4,714)
Interest cost, leasing	(4,915)	(115)
Interest cost, other	(16,783)	(361)
Interest cost on interest rate swaps	(11,588)	(258)
Fair value changes in currency derivatives	3,662	-
Fair value changes in interest rate derivatives	9,406	-
Net currency translation differences	23,109	-
Bank charges	(40,271)	-
Other items	(28,903)	-
Financial expenses	**(318,188)**	**(5,448)**
Financial income and expenses	**(317,624)**	**(5,470)**

Details of borrowings are presented in note 25.

From time to time, interest rate swaps are used to manage the interest rate profile of the Group's borrowings. Net interest payable or receivable on such interest rate swaps is therefore included in interest expense.

Note 13 Taxes

EUR thousand	2021		2020	
Current tax	(79,024)	41.93%	(558)	7.09%
Deferred tax	74,291	(39.42%)	1,741	(22.14%)
Total income tax benefit	**(4,733)**	**2.51%**	**1,183**	**(15.04%)**

The Swedish rate of corporate income tax was 20.6% in 2021 and 21.4% in 2020.

Difference between Swedish tax rate and actual tax for the Group

EUR thousand	2021		2020	
Tax calculated at Swedish tax rate	38,821	(20.60%)	1,683	(21.40%)
Difference between tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	10,502	(5.57%)	60	(0.76%)
Non-recognised deferred tax assets on losses carried forward, new losses as well as utilised losses[1]	24,181	(12.83%)	-	-
Non-taxable/non-deductible income statement items, net	(45,042)	23.90%	(560)	7.12%
Effect of tax rates changed	23,723	(12.59%)	-	-
Taxes with basis other than income	(3,100)	1.64%	-	-
Other	(53,818)	28.56%	-	-
Total	**(4,733)**	**2.51%**	**1,183**	**(15.04%)**

1) Whereof EUR 53,209 thousand (EUR 0 in 2020) is related to utilised tax losses carried forward not previously recognised as a deferred tax asset.

Other comprehensive income
Tax on other comprehensive income

EUR thousand	Period from Jan 1, 2021 to Dec 31, 2021	Period from Dec 23, 2020 to Dec 31, 2020
Deferred tax on remeasurements of defined benefit pension plans	18	-
Deferred tax on hedging reserve	(3,671)	-
Total	**(3,653)**	**-**

Balance sheet
Deferred tax assets attributable to:

EUR thousands	2021	2020 (as restated)
Temporary differences arising between the tax bases and carrying amounts	12,692	13,401
Pensions provisions & employee related liabilities	1,808	2,670
Risk reserves	1,992	2,028
Tax loss carry-forwards	113,082	114,689
Acquisition-related intangible assets	905	1,281
IFRS 15	25,716	24,517
Other temporary differences	19,486	24,642
Total deferred tax assets	**175,681**	**183,228**
Netting[1]	(147,821)	(159,212)
Total	**27,860**	**24,016**

Deferred tax liabilities attributable to:

EUR thousands	2021	2020 (as restated)
Temporary differences arising between the tax bases and carrying amounts	43,432	29,674
Acquisition-related intangible assets[2]	1,304,985	1,463,546
Customer acquisition costs	62,046	-
IFRS 15	14,090	8,505
Other temporary differences	29,962	30,297
Total deferred tax liabilities	**1,454,515**	**1,532,022**
Netting[1]	(147,821)	(159,212)
Total	**1,306,694**	**1,372,810**
Net deferred tax liabilities	**(1,278,834)**	**(1,348,794)**

1) The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right to offset existed.
2) Deferred tax has decreased due to amortisation of the acquisition-related intangible assets.

Deferred tax assets are recognised in respect to tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable.

On December 31, 2021, the Group has tax loss carried forward of EUR 768.70 million (EUR 707.3 million in 2020). As of December 31, 2021, tax loss carry-forwards for which deferred tax assets had been recognised amounted to EUR 510.8 million (EUR 534.6 million in 2020) and deferred tax assets related to the tax loss amounted to EUR 113.1 million (EUR 114.7 million in 2020). A time limitation in respect of tax loss carry-forward utilisation exists in Argentina, the Netherlands, Norway and in Switzerland. No such limitation exists in other countries.

Note 14 Transaction with Related Parties

Transactions between Group companies, which are related parties, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements.

During the period from January 1 to December 31, 2021. There are no transactions between the Group and other related parties except for the transactions with owners disclosed in the consolidated statements of changes in equity.

During the period from December 23 to December 31, 2020. There are no transactions between the Group and other related parties except for the transactions with owners disclosed in the consolidated statements of changes in equity.

Note 15 Property, Plant and Equipment

	2020		
EUR thousand	Alarm equipment	Other	Total
Cost at December 23	-	-	-
Acquistion via business combinations	956,029	53,588	1,009,617
Disposals/retirement of assets	(1,212)	-	(1,212)
Cost at end of period	**954,817**	**53,588**	**1,008,405**
Amortisation at December 23	-	-	-
Amortisation charge for the period	(2,123)	(358)	(2,481)
Accumulated amortisation at end of the period	**(2,123)**	**(358)**	**(2,481)**
Net book value at end of period	**952,694**	**53,230**	**1,005,924**

	2021		
EUR thousand	Alarm equipment	Other	Total
Cost at January 1	954,817	53,588	1,008,405
Additions	358,958	26,058	385,016
Disposals/retirement of assets	(109,906)	(1,976)	(111,882)
Translation differences	627	93	720
Cost at end of year	**1,204,496**	**77,763**	**1,282,259**
Amortisation at January 1	(2,123)	(358)	(2,481)
Disposals/retirement of assets	37,221	1,814	39,035
Amortisation charge for the period	(131,402)	(17,271)	(148,673)
Translation differences	(188)	-	(188)
Accumulated amortisation at end of year	**(96,492)**	**(15,815)**	**(112,307)**
Net book value at end of year	**1,108,004**	**61,948**	**1,169,952**

Refer to Note 1 Accounting Policies for more information.

Note 16 Right of Use Assets

EUR thousand	Buildings	Vehicles	Other assets	Total
	2020			
Cost at December 23	-	-	-	-
Acquistion via business combinations	88,460	40,385	1,277	130,122
Terminations of lease contracts	-	-	(22)	(22)
Cost at end of the period	**88,460**	**40,385**	**1,255**	**130,100**
Depreciation at December 23	-	-	-	-
Depreciation charge for the period	(434)	(548)	(6)	(988)
Accumulated depreciation at end of the period	**(434)**	**(548)**	**(6)**	**(988)**
Net book value at end of period	**88,026**	**39,837**	**1,249**	**129,112**

EUR thousand	Buildings	Vehicles	Other assets	Total
	2021			
Cost at January 1	88,460	40,385	1,255	130,100
New lease contracts	35,609	34,192	247	70,048
Terminations of lease contracts	(9,835)	(20,819)	(40)	(30,694)
Translation differences	76	188	41	305
Cost at end of year	**114,310**	**53,946**	**1,503**	**169,759**
Depreciation at January 1	(434)	(548)	(6)	(988)
Depreciation charge for the period	(21,149)	(26,939)	(313)	(48,401)
Terminations of lease contracts	7,416	19,026	11	26,453
Translation differences	102	(75)	14	41
Accumulated depreciation at end of year	**(14,065)**	**(8,536)**	**(294)**	**(22,895)**
Net book value at end of year	**100,245**	**45,410**	**1,209**	**146,864**

Refer to Note 1 Accounting Policies for more information.

Note 17 Goodwill

EUR thousand	2021	2020 (as restated)
Cost at beginning of the period	7,790,128	-
Acquisition via business combinations	-	7,725,690
Adjustment of purchase price allocation (Note 4)	-	64,438
Cost at end of the period	**7,790,128**	**7,790,128**

The Goodwill is related to the acquisition of Shield 1 (note 4). Accounting policies related to Goodwill are described in Note 1. Goodwill is allocated to cash-generating units, as follows:

EUR thousand	2021	2020 (as restated)
Northern Europe	4,549,815	4,549,815
Southern Europe	3,144,087	3,144,087
Latin America	96,226	96,226
Total	**7,790,128**	**7,790,128**

Impairment tests

The conclusion from the annual impairment test is that no need for impairment of goodwill or other intangible assets has been identified. In each case, the recoverable amount of all items of goodwill was determined based on value-in-use calculations. Management based the value-in-use calculations on cash flow forecasts derived from the most recent long-term financial plans approved by the board of the directors. The principal assumptions in the value-in-use calculation were those regarding sales growth rates and operating margin. A weighted average pre-tax WACC has been applied to each geography for impairment testing. The range of the WACC applied was 7.9% to 12.2%.

For the period, subsequent to the long-term plan, cash flows generated by the CGUs to which significant goodwill has been allocated have been extrapolated on the basis of a projected annual growth rate of 2%. It is not anticipated that this rate will exceed actu al annual growth in the geographies concerned. The assumptions regarding WACC are from internal judgement and benchmarking. The annual growth rates are based on historical experience. The Group has not performed a sensitivity analysis with reference to the fact that the underlying transaction occurred recently and was made on market terms.

Note 18 Customer Portfolio

EUR thousand	2021	2020 (as restated)
Cost at beginning of the period	5,580,810	-
Acquisition via business combinations	-	5,583,747
Additions	266,704	-
Adjustment of PPA values	-	(2,000)
Disposals/retirement of assets	(17,292)	(937)
Translation differences	816	-
Cost at end of period	**5,831,038**	**5,580,810**
Amortisation at beginning of the period	(8,011)	-
Disposals/retirements of assets	17,379	-
Amortisation charge for the period	(543,603)	(8,011)
Translation differences	(874)	-
Accumulated amortisation at end of the period	**(535,109)**	**(8,011)**
Net book value at end of period	**5,295,929**	**5,572,799**

Intangible assets arising on acquisitions are principally represented by acquired customer relationships and have finite useful lives. Out of total net book value, EUR 251,119 thousand (0 in 2020) relates to cost to obtain a contract.

Management has assessed the recoverability of the carrying amount of the customer portfolio as of the acquisition date. Refer to note 1 Accounting Policies for more information. The impairment tests are described in note 17.

Note 19 Other Intangible Assets

EUR thousand	2021	2020
Cost at beginning of the period	1,287,461	-
Acquisition via business combinations	-	1,287,461
Additions	111,447	-
Disposals/retirements of assets	(1,079)	-
Translation differences	(220)	-
Cost at end of the period	**1,397,609**	**1,287,461**
Amortisation at beginning of the period	(2,545)	-
Disposals/retirements of assets	880	-
Amortisation charge for the period	(81,451)	(2,545)
Translation differences	110	-
Accumulated amortisation at end of the period	**(83,006)**	**(2,545)**
Net book value at end of the period	**1,314,603**	**1,284,916**

Out of the total book value, EUR 134,833 thousand and EUR 56,825 thousand relates to internally developed intangible assets as at December 31, 2021 and 2020, respectively. Refer to Note 1 Accounting Policies for more information.

Note 20 Prepayments and deferred income

EUR thousands	2021	2020
Accrued sales income	1,017	1,229
Prepaid expenses	57,951	75,921
Other accrued income	127	181
Total	**59,095**	**77,331**

Note 21 Financial Risk Management

The Group's business activities create exposure to financial risks, such as credit risk, liquidity risk, refinancing risk, interest rate risk and foreign currency risk, as detailed in the sections below.The Group treasury policy describes key principles to manage financial risks. Where appropriate risk management is carried out using derivative financial instruments in accordance with the guidelines and limitations set out in the Group treasury policy. The management of financial risks is centralised within the competences of Group treasury.

Credit risk

Credit risk is the risk that losses are incurred as a result of a counterparty's inability to partially or totally meet its commitment. These risks are apportioned between credit risk from trade receivables and credit risk from financial receivables.

Credit risk from trade receivables

The Group has no significant concentrations of credit risk in relation to trade receivables. Maximum credit exposure representing the value of the Group trade receivables at the end of December 2021 was EUR 198,194 thousand (220,125 thousand in 2020). The Group's credit policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The policy's goal is to ensure that sales are made only to customers with an appropriate credit rating.

While the trade receivables closely follow the geography of Group operations, there are no significant concentrations of credit risk by customer as the Group has a large number of customers in many countries that are not individually significant or related. Management believes that no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. For more details, see note 23.

Financial credit risk

The Group's objective is to minimise the counterparty risk of financial transactions without compromising flexibility. The Company limits financial credit risk by operating with external banks and financial counterparties that meet, to the extent possible, investment grade credit ratings. Investment of excess liquid funds are only made in securities issued by governments, with a minimum long-term sovereign credit rating by Moody's of Aa1 and/or Standard & Poor's of AA+. Alternatively, deposits may also be arranged with banks bearing a short-term investment grade credit rating.

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Financial instruments by category and valuation level

EUR thousand	2021 Financial asset	2021 Financial Liability	2020 Financial Asset	2020 Financial Liability
Hedge accounting				
FX forwards[1]	9,651	-	-	7,865
Fair value through profit or loss				
FX Swaps[1]	-	3,479	1,589	-
Cross currency forwards[1]	-	18,630	-	27,360
Interest rate swaps[1]	-	8,744	-	18,149
Amortised cost				
Trade and other receivables, non-current	79,637	-	83,248	-
Trade receivables, current[2,4]	147,629	-	161,169	-
Other current receivables[2,4]	35,448	-	14,726	-
Cash and cash equivalents	46,976	-	108,660	-
Long-term borrowings[2,3]	-	7,029,477	-	5,073,556
Other non-current liabilities[2]	-	86,793	-	105,103
Trade payables[2,4]	-	191,082	-	190,612
Short-term borrowings[2,4]	-	129,919	-	102,238
Other current liabilities[2,4]	-	39,026	-	47,110

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 25.

3) Fair value for the bond (includes both Senior Secured Notes and Senior Unsecured Notes) amounts to EUR 4,010 million (2,786 million in 2020), fair value for the Term Loan B is EUR 2,780 million (2,290 million in 2020), which is the quoted market price at the balance sheet day. Since it is a quoted market price in an active market it is classified as level 1.

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

Interest bearing liabilities per currency

EUR thousand	2021	2020
Long-term borrowings (principal amount)		
EUR liabilities	6,959,911	4,948,740
SEK liabilities	152,979	172,773
Other currencies	16,226	18,726
Total	**7,129,116**	**5,140,239**
Short-term borrowings		
EUR liabilities	119,982	92,120
SEK liabilities	3,769	3,806
Other currencies	6,168	6,312
Total	**129,919**	**102,238**

Credit facilities as per December 31, 2021

Line of credit	Currency	Facility amount	Available amount	Maturity
Revolving Credit Facility (RCF)	Multicurrency (EUR)	700,000	465,285	2027
Term loan B	EUR	2,000,000	-	2028
Term loan B	EUR	800,000	-	2026
Bond	EUR	500,000	-	2023
Bond	EUR	200,000	-	2025
Bond	EUR	800,000	-	2026
Bond	EUR	1,150,000	-	2027
Senior Unsecured Notes (SUN)	EUR	1,175,000	-	2029
Senior Unsecured Notes (SUN)	SEK	1,500,000	-	2029

Credit facilities as per December 31, 2020

Line of credit	Currency	Facility amount	Available amount	Maturity
Revolving Credit Facility (RCF)	Multicurrency (EUR)	300,000	300,000	2022
Term loan B	EUR	1,492,000	-	2022
Term loan B	EUR	800,000	-	2026
Bond	EUR	500,000	-	2023
Bond	EUR	200,000	-	2025
Bond	EUR	800,000	-	2026
Senior Unsecured Notes (SUN)	EUR	1,080,000	-	2023
Senior Unsecured Notes (SUN)	SEK	1,650,000	-	2023

Liquidity risk

Liquidity risk is the risk that the Group's funds and borrowing facilities become insufficient to meet the business needs or that extra costs are incurred in order to arrange the financing needed. The Group's liquidity is closely monitored against forecast requirements and managed to maintain enough liquidity in the Group. Management's policy is to reduce liquidity risk by diversifying the funding sources, securing ample funding is available and staggering the maturity of its borrowings.

Refinancing risk

Refinancing risk is defined as the risk that a too large proportion of the Group's funding matures within a limited time frame during which funding sources are limited or expensive. The risk is minimised by actively managing the maturity profile of external funding.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturity dates are essential for an understanding of the timings of future cash flows. The amounts presented in the table are the contractual and undiscounted cash flows.

Liquidity report as per December 31, 2021

	2021			
EUR thousand	Less than 1 year	1–4 years	5 years or more	Total
Liabilities to credit institutions, principal amounts	(28,729)	(2,124,595)	(4,878,663)	**(7,031,987)**
Interest payments borrowings	(264,030)	(947,137)	(239,761)	**(1,450,928)**
Interest payments derivatives[2]	(7,870)	-	-	**(7,870)**
Other non-current liabilities	-	(86,794)	-	**(86,794)**
Lease liabilities	(41,102)	(77,693)	(28,064)	**(146,859)**
Trade payables	(191,082)	-	-	**(191,082)**
Derivatives, currency forwards	(8,641)	-	-	**(8,641)**
Liability for potential future MEP leavers	(60,000)	-	-	**(60,000)**
Other current liabilities	(39,026)	-	-	**(39,026)**
Total outflow	**(640,480)**	**(3,236,219)**	**(5,146,488)**	**(9,023,187)**
Other non-current receivables	-	79,014	623	**79,637**
Trade receivables	147,629	-	-	**147,629**
Derivatives, currency forwards	6,645	-	-	**6,645**
Interest derivatives	125	-	-	**125**
Other current receivables	35,448	-	-	**35,448**
Total Inflow	**189,847**	**79,014**	**623**	**269,484**
Net cash flow, total[1,3]	**(450,633)**	**(3,157,205)**	**(5,145,865)**	**(8,753,703)**

Liquidity report as per December 31, 2020

	2020			
EUR thousand	Less than 1 year	1–4 years	5 years or more	**Total**
Liabilities to credit institutions, principal amounts	(27,694)	(3,446,811)	(1,600,000)	(5,074,505)
Interest payments borrowings	(203,036)	(479,280)	(31,414)	(713,730)
Interest payments derivatives[2]	(9,365)	(7,543)	-	(16,908)
Other non-current liabilities	-	(105,103)	-	(105,103)
Lease liabilities	(38,154)	(64,060)	(29,368)	(131,582)
Trade payables	(190,612)	-	-	(190,612)
Derivatives, currency forwards	(10,725)	(8,639)	-	(19,364)
Liability for potential future MEP leavers	(67,000)	-	-	(67,000)
Other current liabilities	(47,110)	-	-	(47,110)
Total outflow	(593,696)	(4,111,436)	(1,660,782)	(6,365,914)
Other non-current receivables	-	82,582	666	83,248
Trade receivables	161,169	-	-	161,169
Derivatives, currency forwards	8,250	6,645	-	14,895
Interest derivatives[2]	155	125	-	280
Other current receivables	14,726	-	-	14,726
Total inflow	184,300	89,352	666	274,318
Net cash flow, total[1,3]	(409,396)	(4,022,084)	(1,660,116)	(6,091,596)

1) All contractual cash flows per the balance sheet date are included, including future interest payments.

2) Including interest rate swaps.

3) The table does not reflect changes in contractual cash flows in connection with the financing in January 2021. Refer to events during the reporting period on page 6.

Interest rate risk

Interest rate risk is the exposure of a company to adverse movements in interest rates. Borrowings raised at variable interest rates expose the Group to interest rate risk. Borrowings raised at fixed interest rates expose the Group to fair value interest rate risk. During 2021 and 2020, the Group's borrowings at variable interest rates were denominated in Euro and Swedish krona. To reduce the interest rate risk the Group is exposed to, the Group enters interest rate swap contracts to economically hedge cash flows arising from the Groups' long-term debt contracts. The Group seek to operate on a 50-75% fixed rate range. Currently all interest rate swaps are used to exchange future interest payments from floating to fixed. In addition, currency swaps are used to actively manage our cash and minimise interest expenses charged by banks in our cash pool structures. Refer to Note 25 for more information. As of December 31, 2021, with current financing terms and existing derivatives in place, an increase of EURIBOR/STIBOR fixings of 100 basis points would impact the Group's total interest expenses by a positive EUR 2 million.

Foreign currency risk

Transaction risk

The Group's foreign currency risk is primarily generated by commitments to pay material purchases in USD. The Group's exposure is mainly in EUR/USD and SEK/USD and it is continuously monitored and partly hedged through foreign exchange forwards. Currently the Group targets to hedge 50% of its material purchases in USD on a 12-month rolling basis. Where all relevant criteria are met, hedge accounting is applied to these contracts.

As of December 31, 2021, the total exposure in USD in trade payables for the Group was USD 66.5 million (44.5 million in 2020), whereof USD 61,5 million (37.1 million in 2020) is recalculated in EUR and USD 5.0 million (7.4 million in 2020) is recalculated in SEK. The Group has SEK denominated loans. The translation of borrowings in non-EUR currencies into EUR impacts the Group's income statement.

Translation risk

The Group operates in 16 countries in Europe and Latin America and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily from SEK and NOK. Foreign exchange risk arises through business transactions, reported assets and liabilities and net investments in foreign currencies and affects the balance sheet as well as the income statement. Net assets/debt in the subsidiaries functional currency different than the Group's reporting currency (EUR) may generate foreign currency risk. To the extent possible, financing in subsidiaries, external and internal, consists of debt and equity in its local currency.

Derivative summmary and classification

		2021			
		Non-current		Current	
EUR thousand	Notional	Asset	Liability	Asset	Liability
FX-Forwards	229,001	-	-	9,651	-
FX-Swaps	224,720	-	-	-	3,479
Cross Currency Swaps	275,000	-	-	-	18,630
Interest Rate Swaps	1,500,000	-	-	-	8,744
Total	**2,228,721**	**-**	**-**	**9,651**	**32,270**

		2020			
		Non-current		Current	
EUR thousand	Notional	Asset	Liability	Asset	Liability
FX-Forwards	144,967	-	-	-	7,865
FX-Swaps	133,348	-	-	1,589	-
Cross Currency Swaps	275,000	-	27,361	-	-
Interest Rate Swaps	1,500,000	-	18,149	-	-
Total	**2,053,315**	**-**	**45,510**	**1,589**	**7,865**

Sensitivity analysis

The Group's sales and results are subject to a variety of factors. The effect of changes in a number of key variables is shown below. Projections are based on the Group's operations in 2021, including derivatives in place, and should be viewed as an estimate of the effect of an isolated change in each variable.

Variable	Change	Effect
Financing Risk		
Interest rate	+/– 1 percentage point	Increase of approximately EUR 2 million (increase of EUR 4 million in 2020) in net result and equity if interest rates increase by 1 percentage point. If interest rates decrease by 1 percentage point, net result and equity would decrease by EUR 15 million (decrease of EUR 15 million in 2020).
Transaction Risk		
Currency rate SEK/USD	+/– 10 percentage point	Increase/decrease of approximately EUR 0.5 million (0.6 million in 2020) in net result and EUR 0.6 million (0.4 million in 2020) in equity.
Currency rate EUR/USD	+/– 10 percentage point	Increase/decrease of approximately EUR 5.4 million (3.1 million in 2020) in net result and EUR 6.3 million (2.5 million in 2020) in equity.
Translation Risk		
Currency rate EUR/SEK	+/– 10 percentage point	Increase/decrease of approximately EUR 10 million (10 million in 2020) in both net result and equity.
Currency rate EUR/NOK	+/– 10 percentage point	Increase/decrease of approximately EUR 6 million (6 million in 2020) in both net result and equity.

Capital structure

Asset management is aimed at ensuring that the Group's financial resources are used in an optimal way to guarantee future operations, provide security for lenders, and generate a beneficial return for shareholders. Asset management additionally aims to ensure that the Group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans. We have complied with all covenants during the reporting period. The existing financial maintenance covenant applies only when drawings under the Revolving Credit Facility exceed 40% (EUR 280 million). When this occurs, Portfolio Net Leverage Ratio (defined as total net debt / Portfolio services adjusted EBITDA) during the last two quarters annualised) cannot exceed 8.9x. As of year-end 2021 this ratio was 4.7x.

EUR thousand	2021	2020 (as restated)
Long-term borrowings (principal amount)	7,129,115	5,140,237
Short-term borrowings	129,919	102,238
Less accrued interest	(62,882)	(36,390)
Indebtedness	**7,196,152**	**5,206,085**
Less cash and cash equivalents	(46,976)	(108,660)
Net debt per SFA lender documentation	**7,149,176**	**5,097,425**
Total assets	16,392,062	16,431,092
Adjusted EBITDA	1,025,447	13,691

Note 22 Inventories

EUR thousand	2021	2020
Materials and consumables	252,086	161,190

Impairment for provision in inventories totalled EUR 3,032 thousand and EUR 1,573 thousand as at 2021 and 2020, respectively. The cost of materials recognised as an expense and included in "cost of sales" was EUR 86,050 thousand and nil as at December 31, 2021 and 2020, respectively.

Note 23 Trade Receivables

Non-current

EUR thousand	2021	2020
Trade receivables before provision for bad debts	53,442	60,781
Provision for bad debts	(2,876)	(1,803)
Total	**50,566**	**58,978**

Current

EUR thousand	2021	2020
Trade receivables before provision for bad debts	255,543	239,459
Provision for bad debts	(107,914)	(78,290)
Total	**147,629**	**161,169**

Provision for bad debts

EUR thousand	2021	2020
Balance at beginning of year	80,093	-
Acquisition via business combinations	-	80,093
Provision for bad debt during the year	39,573	-
Receivables written off during the year as uncollectible	(8,157)	-
Unused amounts reversed	(719)	-
Balance at end of year	**110,790**	**80,093**

Customer credit losses recognised in the income statement is EUR 31.3 million during the period (2020: nil).

Due dates for trade receivables

EUR thousand	2021	2020
Past due 0–3 months	33,000	22,854
Past due 3–6 months	9,504	12,645
Past due 6–9 months	7,159	9,604
Past due 9–12 months	9,128	8,954
Past due >12 months	75,324	63,596
Total	**134,115**	**117,653**

Note 24 Share Capital

As at December 31, 2021 the Company's share capital totalled EUR 88,950,087.04 (2020:EUR 87,542,427.10) distributed among 8,895,008,704 (2020: 8,754,242,710) shares divided into different classes with a nominal value of EUR 0.01 each, fully paid.

Change in number of shares

	Number of Shares		Number of Shares	
	2021	%	2020	%
Preference	8,669,186,227	97.46%	8,544,140,886	97.60%
Class A	213,176,719	2.40%	210,101,824	2.40%
Class B	12,645,758	0.14%	-	-
Number of shares at end of year	**8,895,008,704**	**100.00%**	**8,754,242,710**	**100.00%**

Note 25 Borrowings

EUR thousand	2021 Principal amount	2021 Adjustment amortised costs	2021 Carrying amount	2020 Principal amount	2020 Adjustment amortised costs	2020 Carrying amount
Non-current liabilities						
Secured						
Senior Secured Notes	2,650,000	(21,472)	2,628,528	1,500,000	(10,820)	1,489,180
Term Loan B[1]	2,800,000	(51,445)	2,748,555	2,292,000	(48,893)	2,243,107
Revolving Credit Facility	234,715	(11,749)	222,966	-	-	-
Unsecured						
Senior Unsecured Notes	1,321,337	(14,972)	1,306,365	1,244,436	(6,968)	1,237,468
Liabilities to other creditors	14,014	-	14,014	10,373	-	10,373
Lease Liability	109,049	-	109,049	93,428	-	93,428
Long-term borrowings	**7,129,115**	**(99,638)**	**7,029,477**	**5,140,237**	**(66,681)**	**5,073,556**
Current liabilities						
Accrued interest expenses	62,882	-	62,882	36,390	-	36,390
Other liabilities	25,935	-	25,935	27,694	-	27,694
Lease liability	41,102	-	41,102	38,154	-	38,154
Short-term borrowings	**129,919**	-	**129,919**	**102,238**	-	**102,238**
Total	**7,259,034**	**(99,638)**	**7,159,396**	**5,242,475**	**(66,681)**	**5,175,794**

1) Of the total amount regarding adjustment amortised costs 2021, EUR (16,482) thousand, ((27,756) thousand in 2021), relates to a non-cash adjustment derived from the modification of loan terms during the loans contract period calculated according to IFRS 9.

The Group's secured borrowings are jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of the Company's direct and indirect subsidiaries and secured by liens on substantially all of their assets. An analysis of the security given is presented in note 29.

Net Debt per SFA

EUR thousand	2021	2020
Total principal amount (as above)	7,259,034	5,242,475
Less accrued interest	(62,882)	(36,390)
Indebtedness	**7,196,152**	**5,206,085**
Less cash and cash equivalents	(46,976)	(108,660)
Net debt (per SFA)[1]	**7,149,176**	**5,097,425**

1) Starting in Q1 2021 and in compliance with our Senior Facilities Agreement ("SFA") dated January 25th, 2021, Net Debt per SFA is reported on a post-IFRS basis. In order to be consistent with this agreement.

Borrowings, currency and interest rate profile

The currency and interest rate profile of outstanding borrowing principals, after taking into account the effect of the Group's currency and interest rate hedging activities, was as follows:

	Floating interest rate		Fixed interest rate			
2021	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed, years	Total EUR thousand
EUR	1,459,700	7.4%	5,125,000	2.9%	3.9	6,584,700
SEK	421,493	4.5%	-	-	-	421,493
Total	1,881,193	-	5,125,000	-	-	7,006,193

	Floating interest rate		Fixed interest rate			
2020	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed, years	Total EUR thousand
EUR	717,000	11.6%	3,880,000	2.9%	2.9	4,597,000
SEK	438,585	4.6%	-	-	-	438,585
Total	1,155,585	-	3,880,000	-	-	5,035,585

The majority of all borrowings with floating interest include a floor of 0% which means the applied interest fixing of Euribor and Stibor will equal 0% as long as the relevant period fixings of Euribor and Stibor are below 0%.

Cash flows related to borrowings

			Non-Cash changes					
EUR thousands	Carrying amount Jan 1, 2021	Cash flows	Change in adjustment amortised cost	New Lease contracts	Lease contracts terminated in advance	Foreign exchange movement	New accrued interest	Carrying amount Dec 31, 2020
Long-term borrowings	4,980,128	1,976,576	(32,957)	-	-	(3,319)	-	6,920,428
Short-term borrowings	27,694	(1,759)	-	-	-	-	-	25,935
Accrued interest	36,390	(36,390)	-	-	-	-	62,882	62,882
Lease liabilities	131,582	(45,976)	-	69,670	(5,216)	91	-	150,151
Total liabilities	5,175,794	1,892,451	(32,957)	69,670	(5,216)	(3,228)	62,882	7,159,396
Cash and cash equivalents	(108,660)	72,034	-	-	-	(10,350)	-	(46,976)
Total cash	(108,660)	72,034	-	-	-	(10,350)	-	(46,976)
Total	5,067,134	1,964,485	(32,957)	69,670	(5,216)	(13,578)	62,882	7,112,420

EUR thousands	Carrying amount Jan 1, 2020	Cash flows	Non-Cash changes Acquisition via business combinations	Change in adjustment amortised cost	Lease contracts terminated in advance	Foreign exchange movement	New accrued interest	Carrying amount Dec 31, 2020
Long-term borrowings	-	-	4,980,128	-	-	-	-	4,980,128
Short-term borrowings	-	-	27,694	-	-	-	-	27,694
Accrued interest	-	-	36,390	-	-	-	-	36,390
Lease liabilities	-	-	131,582	-	-	-	-	131,582
Total liabilities	-	-	**5,175,794**	-	-	-	-	**5,175,794**
Cash and cash equivalents	-	24,519	(133,179)	-	-	-	-	(108,660)
Total cash	-	**24,519**	**(133,179)**	-	-	-	-	**(108,660)**
Total	-	**24,519**	**5,042,615**	-	-	-	-	**5,067,134**

Note 26 Other Provisions

EUR thousand	2021	2020 (as restated)
Balance at beginning of year	92,923	-
Additional provisions	9,059	-
Acquistion via business combinations[1]	-	92,923
Utilised provisions	(79,514)	-
Balance at end of year	**22,468**	**92,923**

Breakdown

EUR thousand	2021	2020 (as restated)
Provision for staff related costs	2,818	4,440
Provision for service related costs	4,226	6,898
Provisions for litigations[1]	31	75,000
Other items	15,393	6,585
Total	**22,468**	**92,923**

1) The provision related to the Norwegian Competition Authority (the "NCA") case in Dec 2020 amounting to EUR 75 million was paid on December 29, 2021. The provision for 2020 was adjusted in connection with the adjustment of the PPA. Refer to note 3 for more information.

Note 27 Accrued Expenses and Deferred Income

EUR thousand	2021	2020
Subscription fees invoiced in advance	201,947	209,542
Staff-related costs	147,971	160,557
Marketing-related costs	29,547	25,337
Goods received	27,255	9,642
Audit assignments and other services	1,464	1,377
Risk reserves	11,331	7,371
External services	31,193	36,574
Other items	95,131	71,912
Total	**545,839**	**522,312**

Unsatisfied long-term customer contracts

When the Group receives a payment but has not delivered the promised service a contract liability arise which consists of deferred income for prepaid installation and services. A contract liability is accounted for until the performance obligation is performed or falls due for the customer to use and is then reported as a revenue.

Aggregate amount of the customer contracts revenue allocated to long-term customer contracts that are partially or fully unsatisfied as of December 31, 2021, amounts to EUR 637,208 thousand, compared to EUR 757,768 thousand as of December 31, 2020. As of December 31, 2021, the Group had non-cancellable customer contracts which resulted in partly unsatisfied performance obligations at year-end. Management expect that 61.9% of the transaction price allocated to the partly unsatisfied contracts as of December 31, 2021 will be recognised as revenue during the year 2022, 30.5% is expected to be recognised during 2023 and 7.7% during 2024 or later. The Group does not include binding revenue with an outstanding contract period of 12 months or less. Since the Group does not include all contracts and has primarily cancellable subscriptions, the amount of the outstanding unsatisfied performance obligation does not amount to expected revenue for future periods.

Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

EUR thousand	2021	2020
Opening balance	293,667	-
Prepayments taken as income	(225,820)	-
Acquisition via business combinations	-	293,667
New prepayments	228,811	-
Translation effect	(214)	-
Closing balance	**296,444**	**293,667**
Closing balance consists of:		
Non-current liabilities	74,480	84,125
Current liabilities	221,964	209,542
Total liabilities	**296,444**	**293,667**

Note 28 Liability for Potential Future Equity Plan Leavers

As at December 31, 2021 and 2020, the liability for potential future leavers amounts to EUR 60 million and EUR 67 million, respectively. This estimate has been calculated based on various parameters considering the previous rounds of leavers in the previou s years, the assumptions of time until exit and of the number of potential future leavers as provided by the Group's Human Resources department. The changes in the amount of the liability in subsequent years were recognised as an adjustment to 'Reserves for provisions for future MEP leavers' in equity.

The fair value of the shares is prepared and reviewed on a quarterly basis by external independent advisors and approved by t he valuation committee of the Group.

Note 29 Pledged Assets and Contingent Liabilities

Pledged assets

EUR thousand	2021	2020
Endowment insurance	622	666
Shares in subsidiaries	2,054,531	2,054,531
Bank accounts	15,126	79,705
Other operating assets	67,822	-
Trademark	66,925	43,333
Accounts receivables	124,264	96,092
Inventories	729	557
Motor vehicles	-	9

Contingent liabilities

EUR thousand	2021	2020
Guarantees	36,769	24,001

The Group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Group and certain rights under reports in relation to the acquisition of the Group as collateral for bank borrowings, as disclosed in note 25. Guarantees relate primarily to guarantees provided to suppliers.

In February 2022, the Oslo District's Court dismissal of a class action initiated by the newly-formed Alarm Customer Association against Sector Alarm AS and Verisure AS was appealed by the Alarm Customer Association to the Court of Appeal. The case was initiated in July 2021 and concerns alleged economic losses suffered by customers as a result of the claimed breaches of the Norwegian Competition Act that formed part of the NCA decision. The underlying claims have not been specified in any detail by the Alarm Customer Association and we firmly contest that the conditions for compensation are fulfilled. The District Court dismissed the case on procedural grounds in a ruling delivered in December 2021.

Note 30 Events After the Reporting Period

In February 2022, the Oslo District's Court dismissal of a class action initiated by the newly-formed Alarm Customer Association against Sector Alarm AS and Verisure AS was appealed by the Alarm Customer Association to the Court of Appeal. The case was initiated in July 2021 and concerns alleged economic losses suffered by customers as a result of the claimed breaches of the Norwegian Competition Act that formed part of the NCA decision. The underlying claims have not been specified in any detail by the Alarm Customer Association and we firmly contest that the conditions for compensation are fulfilled. The District Court dismissed the case on procedural grounds in a ruling delivered in December 2021.

The Russian invasion of Ukraine has caused a major humanitarian crisis. At the time of writing of this report, it is unclear what the short term and long term impact of this war will be across the world socially, politically and economically. However, our Group has no operations in Russia, Belarus or Ukraine, nor any material vendor relationships. We are closely monitoring the situation. We are also staying close to the small number of Ukranian citizens employed by the Group in other countries. We have also made a humanitarian donation to the UNHCR.

Note 31 Shares in Subsidiaries

Subsidiary name	Country	Share of share capital and voting rights
Shield Luxco 1 S.à r.l.	Luxembourg	100.00%
Shield Luxco 1.5 S.à r.l.	Luxembourg	100.00%
Dream GP S.à r.l.	Luxembourg	100.00%
Shield Luxco 2 S.à r.l.	Luxembourg	100.00%
Dream Luxco S.C.A.	Luxembourg	100.00%
VSD Sverige AB	Sweden	100.00%
Verisure Topholding AB	Sweden	100.00%
Verisure Topholding 2 AB	Sweden	100.00%
Verisure Midholding AB (publ)	Sweden	100.00%
Verisure Holding AB (publ)	Sweden	100.00%
Securitas Direct AB (publ)	Sweden	100.00%
Verisure Sales Sverige AB	Sweden	100.00%
Verisure Sverige AB	Sweden	100.00%
Alert Alarm AB	Sweden	100.00%
Securitas Direct Sverige AB	Sweden	100.00%
Verisure Logistics AB	Sweden	100.00%
Verisure Innovation AB	Sweden	100.00%
Verisure International AB	Sweden	100.00%
ESML SD Iberia Holding S.A.U.	Spain	100.00%
Securitas Direct España S.A.U	Spain	100.00%
Verisure Perú S.A.C	Peru	100.00%
Verisure Italy S.R.L.	Italy	100.00%
Verisure Brazil Monitoramento de Alarmes LTDA	Brazil	100.00%
Securitas Direct Portugal Unip. LDA	Portugal	100.00%

Subsidiary name (cont.)	Country	Share of share capital and voting rights
Verisure Chile SPA	Chile	100.00%
Verisure Argentina Monitoreo de Alarmas S.A	Argentina	100.00%
Verisure	France	100.00%
Verisure Sàrl	Switzerland	100.00%
OPSEC International BV	The Netherlands	100.00%
Securitas Direct BV	The Netherlands	100.00%
Verisure Installation and Monitoring B.V.	The Netherlands	100.00%
Verisure NV	Belgium	100.00%
Verisure Security BV	Belgium	100.00%
Verisure Holding AS	Norway	100.00%
Verisure AS	Norway	100.00%
Falck Alarm by Verisure AS	Norway	100.00%
Verisure A/S	Denmark	100.00%
Falck Alarm by Verisure A/S	Denmark	100.00%
Verisure Oy	Finland	100.00%
Verisure Services (UK) Limited	United Kingdom	100.00%
Verisure Arlo Europe DAC	Ireland	100.00%
Verisure Ireland DAC	Ireland	100.00%
Verisure Deutschland GmbH	Germany	100.00%

A UK subsidiary in the Group has elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the UK Companies Act. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiary is subject at the end of the financial year December 31, 2020. The company which has made use of the audit exemption is Verisure Services (UK) Limited (Company number: 08840095, registered office: Unit 1, Brentside Executive Park, TW8 9DR Brentford).

July 27, 2022, Luxembourg

Francois Cornelis
Majority Shareholder Manager

DocuSigned by:
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Stuart Banks
Majority Shareholder Manager

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Definitions

Key operating metrics

Management uses several key operating metrics, in addition to our IFRS financial measures, to evaluate, monitor and manage our business. The non-IFRS operational and statistical information related to our 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, we believe that these metrics provide important insight into the operations and strength of our business. These metrics may not be comparable to similar terms used by competitors or other companies, and from time to time we may change our definitions of these metrics. The metrics include the following:

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

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

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

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

Cash Acquisition Cost Per new Subscriber, (CPA)
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 by net of any revenues from installation fees charged to the subscriber and represents the sum of adjusted EBITDA plus capital expenditure in our customer acquisition segment on average for every subscriber acquired.

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

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

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

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

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

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

Separately Disclosed Items (SDI)
Separately disclosed items (SDIs) are income and costs that have been recognised in the income statement 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. Such items could be projects related to organisation effectiveness, M&A, transformational and capital structure.

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

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Audit report

To the Shareholders of
Aegis Lux 2 S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Aegis Lux 2 S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the Consolidated Statements of Comprehensive Income for the year then ended;
- the Consolidated Statements of Financial Position as at 31 December 2021;
- the Consolidated Statements of Changes in Equity for the year then ended;
- the Consolidated Statements of Cash Flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the Directors' Report but does not include the consolidated financial statements and our audit report thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Directors' Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 July 2022

Electronically signed by: François Mousel

François Mousel

Fotokopians överensstämmelse
med originalet intygas: