

Financial Statements Bulletin

PHM
Group
Holding Oy



1 JANUARY – 31 DECEMBER 2021

Financial statements bulletin January - December 2021

Fourth quarter highlights

- Reported revenue increased by 50% to 107.3 MEUR (71.5)
- Reported EBITDA increased 27% to 11.9 MEUR (9.4)
- LFL revenue increased by 6% to 110.4 MEUR (103.7)
- LFL adjusted EBITDA decreased by 12% to 14.4 MEUR (16.3)
- LTM LFL adjusted EBITDA amounted to 58.5 MEUR as at December 2021, excluding unrealised synergies of 1.2 MEUR
- Leverage amounted to 5.44x

Jan - Dec highlights

- Reported revenue increased by 198% to 364.3 MEUR (122.2)
- Reported EBITDA increased 207% to 49.1 MEUR (16.0)
- LFL revenue increased by 11% to 414.8 (373.4) and LFL adjusted EBITDA by 14% to 58.5 MEUR (51.4)

Significant events during the quarter

- Twelve acquisitions completed during Q4 2021 with total annual sales of 16.6 MEUR
- Despite Covid-19 pandemic demand for PHM Group's services remained good and operations remained relatively mildly affected
- Integration project launched in 2020 progressed well, with synergies realizing as planned.
- Development of ESG strategy started, together with renewal of existing governance practices

MEUR	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %	LTM
Reported							
Revenue	107.3	71.5	50%	364.3	122.2	198%	N/A
EBITDA	11.9	9.4	27%	49.1	16.0	207%	N/A
Adjusted EBITDA	13.9	11.8	18%	52.6	19.6	168%	N/A
Adjusted EBITDA margin %	12.9%	16.5%	-3.6%	14.4%	16.0%	-1.6%	N/A
LFL ****) financials							
LFL Revenue	110.4	103.7	6%	414.8	373.4	11%	414.8
LFL EBITDA	12.5	13.6	-8%	55.0	46.5	18%	55.0
Adjusted LFL EBITDA	14.4	16.3	-12%	58.5	51.4	14%	58.5
Adjusted LFL EBITDA margin %	13.1%	15.8%	-2.7%	14.1%	13.8%	0.3%	14.1%
Financial position							
Operating cash flow before acquisitions*	14.4			35.9			
Cash conversion before acquisitions**	121%			73%			
Interest bearing net debt				324.9			
Leverage***				5.44x			

*) EBITDA + change in NWC (excluding intra group liability to ultimate parent) – CAPEX (excluding acquisition capex)

***) EBITDA / Operating cash flow before acquisitions

****) Interest bearing net debt / (LFL LTM adjusted EBITDA + run rate synergies)

*****) LFL = Like-for-like, financials adjusted to reflect full 12 months of all entities owned at the end of the period

Management review

During the fourth quarter, PHM continued executing its strategy of strong growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. Like-for-like revenue increased by 6% to 110.4 MEUR, but due to increased operating costs stemming from a mix of Covid-19 related sickness absence, increased fuel and energy costs and increased raw material prices, as well as an unusually high comparison period Q4/20, like-for-like adjusted EBITDA decreased by 12% to 14.4 MEUR. Despite the slightly lower fourth quarter result, full year result showed a remarkable growth year on year highlighting the resilience and stability of PHM's business and strength of its local operating model.

During the quarter PHM completed twelve acquisitions in all the countries it operates in, including all together fourteen operating companies. The acquisition contributed to both strengthening the Groups market position in several geographies as well as broadening the service portfolio.

PHM's business continued to show fairly limited impact from the Covid-19 pandemic thanks to the high share of recurring revenues from necessary day to day services. The main impact from the unusual situation has still been on postponement of some non-essential additional and on demand works, as well as especially in the fourth quarter on elevated sickness absence and related staffing issues causing increased costs and occasionally lower possibilities to execute on add on sales opportunities. Going forward the market looks attractive as urbanization continues, the building stock ages and interest towards upgrading homes and residential buildings has increased due to the pandemic. The technical maintenance and other on demand work postponed by property owners during the Covid-19 pandemic is also expected to positively impact market demand of these add on services going forward. In the short term, however, the development of the Covid-19 pandemic might still impact some parts of PHM's operations.

The integration project of the legacy PHM Group and Kotikatu launched in late 2020 progressed according to set plans during the review period. Integration of support functions and systems was completed during 2021 as planned and synergies are realizing in accordance with expectations. Unrealized synergies from actions taken to date still amounted to 0.5 MEUR as of December 2021, even though these are not tracked as part of the 1.2 MEUR unrealized synergies reported from add on acquisitions completed during 2021.

During the review period (January–December 2021) PHM also secured financing for enabling continued strategy execution by successfully placing a 300 MEUR senior secured bond that is currently listed on the Frankfurt open market exchange. The bond was heavily oversubscribed showing the markets conviction towards PHM's strategy and business model. Preparations for listing the Bond to Nasdaq Helsinki are ongoing and progressing as planned. The listing is expected to take place before summer 2022. Subsequently after the review period in January 2022, the Group successfully completed its first tap issue on the bond placing an additional 40 MEUR of new notes on the market.

Mergers and Acquisitions

In the last quarter of 2021 M&A activity was on a high level as the Group succeeded in making twelve acquisitions: Seven in Finland, two in Sweden, two in Norway and one in Denmark. Together the acquired entities had a 16.6 MEUR positive impact on LTM like-for-like revenue and 2.1 MEUR positive impact on LTM like-for-like adjusted EBITDA, respectively.

In Finland, the Group strengthened its market position in or around major growth centers outside the capital region with several acquisitions, thus widening the geographical scope of the operations. In Sweden, the Group strengthened its cleaning service offering in Stockholm, and grew its operations in Northern Sweden by acquiring Bromma Fönsterputs and Fastighet Mark Teknik Förvaltning Norr Ab, respectively. In Norway, the Group strengthened its market position both in Stavanger and Oslo. In Denmark, the Group made its second acquisition by acquiring TIP TOP Ejendomsservice, a fast-growing property maintenance company focusing on the residential market.

During the full review period (January – December 2021) the Group completed 33 acquisitions, of which sixteen were in Finland, nine in Sweden, seven in Norway and two in Denmark. Together the acquired entities had a 105.5 MEUR positive impact on LTM like-for-like revenue and 12.2 MEUR positive impact on LTM like-for-like adjusted EBITDA, respectively.

The full review period has been characterized by considerable M&A activity as PHM has been successful in completing several larger strategic acquisitions including a platform acquisition in the Danish market, two strategic acquisitions in Finland and several larger acquisitions in Sweden greatly widening the Group's geographical coverage. In Norway PHM has been successful in entering Stavanger as well as strengthening its position in both Oslo and Trondheim where it already had a presence since fall 2020. Additionally, the acquisition of Flow Fastighetsvärden AB, which is PHM's largest acquisition outside Finland to date, gave PHM access to a proprietary digital property management system in addition to strengthening PHM's position as the leading consolidator in Sweden. The highly complementary combination of PHM and Flow will create a unique platform enabling an accelerated growth and enhanced client service in Sweden.

Completed acquisitions 1-12/2021

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Tomina AB	Sweden	Stockholm	January	SEKm	39.0	3.90
Montasjelaget AS	Norway	Stavanger	February	NOKm	18.9	1.9
Olies Renhold AS	Norway	Stavanger	February	NOKm	4.9	0.7
Meranti Siivouspalvelut Oy	Finland	Oulu	March	EURm	3.6	0.5
Janitor Oy	Finland	Hyvinkää	March	EURm	0.8	0.1
Kiinteistöhuolto 3J Oy	Finland	Paimio	April	EURm	1.2	0.1
QSC Group	Finland	Oulu, Joensuu, Rovaniemi	April	EURm	16.8	2.2
Viherkehä Oy	Finland	Capital region	April	EURm	1.5	0.2
Ejendomsvirke A/S	Denmark	Copenhagen	April	DKKm	67.5	6.7
Höga Kusten Skog & Fastighet AB	Sweden	Northern Sweden	April	SEKm	63.7	6.8
Vihdin Rakennustekniikka VRT Oy	Finland	Vihti	May	EURm	1.7	0.2
Optimal Service Sverige AB **)	Sweden	Göteborg	May	SEKm	31.2	2.9
Gröna Gården AB	Sweden	Landskrona	May	SEKm	27.7	5.1
Ostkustens Trädgårdsservice AB	Sweden	Kalmar	May	SEKm	18.7	1.3
Trondheim Renholdsservice AS	Norway	Trondheim	June	NOKm	12.7	1.0
Uterom Entreprenør AS **)	Norway	Oslo	June	NOKm	28.1	9.1
Kiinteistöhuolto Lyijynen Oy	Finland	Lappeenranta	June	EURm	4.3	1.9
Kiinteistöpalvelu Tim Turunen Oy	Finland	Savonlinna	June	EURm	1.6	0.2
Flow Fastighetsvärden AB	Sweden	Stockholm, Mälardalen and Southern Sweden	July	SEKm	231.9	9.4
Mark & Fastighetservice i Kalmar Ab	Sweden	Kalmar	July	SEKm	27.5	1.4
Uudenmaan Huoltokeskus Oy	Finland	Capital region	September	EURm	1.6	0.2
Økonomiske Løsninger AS	Norway	Oslo	September	NOKm	19.3	4.0
Bromma Fönsterputs Ab and Fönsterputskåren i Stockholm Ab	Sweden	Stockholm	October	SEKm	8.8	0.5
Raahen Kiinteistöhoito Oy and Raahen Talonhoito Oy	Finland	Raahen	November	EURm	1.2	0.1
993 Hjelp As	Norway	Stavanger	November	NOKm	11.2	1.3
Fastighet Mark Teknik Förvaltning Norr Ab	Sweden	Umeå	November	SEKm	18.0	-0.8
Puhdas Tuuli Oy	Finland	Oulu	December	EURm	0.3	0.0
Pirkanmaan Talotoimi Oy	Finland	Pirkanmaa	December	EURm	1.3	0.4
Duo Siivouspalvelut Oy	Finland	Tampere	December	EURm	2.6	0.5
Kouvola Talonhoito Oy	Finland	Kouvola	December	EURm	0.7	0.1
Kiinteistöhoito Juhala Oy	Finland	Turku	December	EURm	0.8	0.1
Kiinteistöhuolto Honkapää Oy	Finland	Pirkanmaa	December	EURm	0.7	0.2
TIP TOP Ejendomsservice ApS	Denmark	Copenhagen	December	DKKm	14.9	1.4
Trappevask Service As	Norway	Oslo	December	NOKm	9.2	3.7

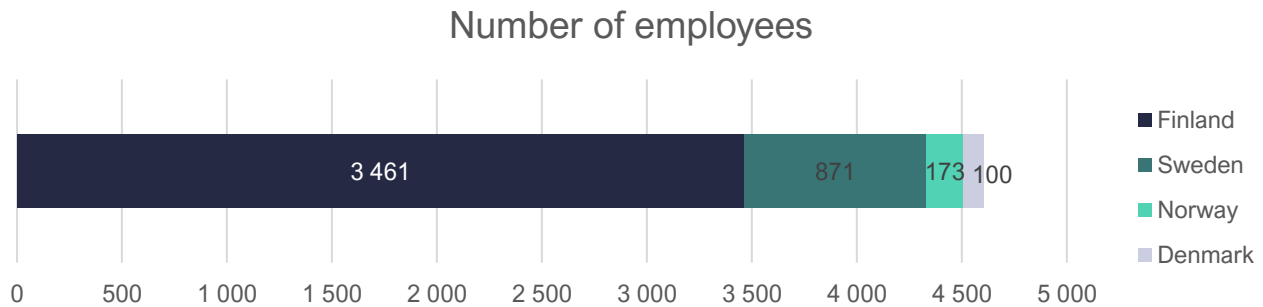
*) Presented financials are based on latest available audited financial statements

**) Unofficial consolidation of group entities

At the end of the review period, the Group had ongoing negotiations in all four countries and expect to close several of these during Q1 2022.

Corporate responsibility and sustainability

As at end of December 2021, PHM employed 4,605 people across the four countries where the Group operates. Personnel expenses in October–December totaled 48.8 MEUR million (33.7) and in January–December 167.9 MEUR (54.8).



In the last quarter of 2021, PHM Group updated its materiality analysis and identified corporate responsibility and sustainability focus areas. Based on these focus areas, the company will develop an ESG (environmental, social, governance) strategy during the first half of 2022. In the end of 2021, PHM Group also developed good governance by updating the group's Code of Conduct and Ethical Guidelines and introduced a whistleblowing channel.

Financial review

October–December

The Group's reported revenue was 107.3 MEUR (71.5) in Q4 2021. The business scale has increased materially compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021.

The Group's adjusted EBITDA was 13.9 MEUR (11.8) in Q4 2021. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above, and also due to increased sales and improved operational efficiency as evidenced by the like-for-like development discussed further below. Adjusted EBITDA increased in all operating countries.

The Group's result for the financial period amounted to -15.2 MEUR (-10.9 MEUR). The result is impacted by goodwill amortization of -12.5 MEUR (-10.8 MEUR), which are made in accordance with Finnish Accounting Standards. In addition, the Group has recorded unusually high financing costs relating to the bond issuance in June 2021.

The Group's LFL revenue was 110.4 MEUR (103.7). LFL revenue is calculated by adjusting for the revenue of acquired entities for the time when they have not been a part of the group. LFL revenue increase was driven by increased contract customer base as well as increased additional sales.

The Group's LFL adjusted EBITDA was 14.4 MEUR (16.3). Adjusted EBITDA was supported by the increased sales discussed above, as well as synergies realized from integration of Kotikatu and legacy PHM units. However, EBITDA margin was adversely impacted by increased operating costs driven by Covid-19 related sickness absences, increased fuel and energy prices as well as increased raw material prices in projects that the Group was not fully able to pass on to its customers. Additionally, adjusted EBITDA in the comparison period was unusually high as monthly closing routines for acquired entities according to the Group's policies were implemented resulting in one-time changes in revenue and cost accounting in Q4/20. Consequently, adjusted EBITDA margin weakened by 2.7 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was strong amounting to 14.4 MEUR. Operating cash flow was supported by strong EBITDA and impacted by the normal seasonality in working capital, which was driven by increased revenues from seasonally high activity in Q4/21 as well as increase in payables and holiday pay accruals towards the end of the year. The operating cash flow excludes the intra group cash pool debt and a short-term receivable from the Group's ultimate parent PHM Group Topco Oy. In Q4/21, the ultimate parent PHM Group Topco made a 15 MEUR investment into the unrestricted equity of PHM Group Holding Oy to channel funds received from the M&A related re-investments into the operating entities. The investment as at Dec21 was not paid but has subsequently been paid in January 2022. Investments into tangible assets in Q4/21 remained on an elevated level as in Q3/21 due to renewals of machinery in preparations for the winter season. Cash used for acquisitions of subsidiaries amounted to 9.1 MEUR and the Group utilized 7 MEUR of its super senior RCF to finance these acquisitions during Q4/21. In Q4/21, the Group also paid its first Bond coupons amounting to 7 MEUR in total.

January–December

The Group's revenue was 364.3 MEUR (122.2) in 2021. The Group was established in March 2020 and ramped up its operations in April 2020 when the Group acquired PHM Finland Oy (formerly PHM Group Oy) and its subsidiaries from funds managed by Intera Partners and former management in an acquisition completed on 30th April 2020. Hence the comparison period only includes eight operating months for the Group at its former scale. Further the Group acquired Kotikatu Group at the end of September 2020, which materially increased the scale of PHM's operations. Kotikatu Group profit and loss has been consolidated to the group from October 2020 onwards. This together with the several add on acquisitions completed in 2021 saw revenues increase materially compared to the comparison period. The Group's adjusted EBITDA during the period was 52.6 MEUR (16.6).

The Group's result for the financial period amounted to -40.6 MEUR (-23.3 MEUR). The result is heavily impacted by goodwill amortization of -47.0 MEUR (-18.8 MEUR), which are made in accordance with Finnish Accounting Standards, as well as high financial expenses recorded due to the bond issue.

The Group's like-for-like revenue was 414.8 MEUR (373.4). LFL revenue increase was driven by an active winter season, increased contract customer base and increased additional sales revenue. Finland accounted for approximately 61% (63%) of LFL revenue, Sweden for 30% (30%), Norway for 6% (5%) and Denmark for 3% (3%). LFL sales increased in all geographies where the Group operates.

The Group's like-for-like adjusted EBITDA was 58.5 MEUR (51.4). LFL adjusted EBITDA increased clearly due to increased revenues and efficient utilization of the Group's resources during the busy winter season in Q1/21, as well as improved efficiency and synergies gained from acquired entities. Consequently, like-for-like adjusted EBITDA margin improved by 0.3 pp to 14.1%.

The Group's operating cash flow before acquisitions and financial items for the financial period was 35.9 MEUR. The operating cash flow excludes the intra group cash pool debt and short term receivables from the ultimate parent PHM Topco. Cash used for acquisitions of subsidiaries amounted to 88.4 MEUR, and in addition the ultimate parent PHM Group Topco Oy has received 17.5 MEUR of funds as re-investments from the sellers of the acquired entities and other key employees, which are at the Group's disposal through a cash pool arrangement. At the end of the period interest bearing net debt was 324.9 MEUR and leverage was at 5.44x. The increase in leverage from Q3/21 is attributable mainly to the high M&A activity during Q4/21.

In June 2021, the Group completed a refinancing by successfully placing a 300 MEUR senior secured callable fixed rate note, which is currently listed on the Frankfurt open market exchange. Simultaneously the Group negotiated a 50 MEUR super senior RCF, of which at the end of the review period 22 MEUR was unutilized. The proceeds of the bond issue were used to refinance existing debts and finance a one time distribution to shareholders.

Events after the review period

In January 2022, the Group issued a tap issue of senior secured callable fixed rate notes in nominal amount of 40 MEUR under the existing 450 MEUR notes' framework. Until the end of January 2022 PHM Group has completed two acquisitions, one in Sweden and one in Norway.

Declaration of the board

We confirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operations for the period. We also confirm, to the best of our knowledge, that the management review includes a fair review of important events that have occurred during 2021.

Helsinki, January 13, 2022

Ville Rantala
CEO

Karl Svozilik
Chairman of the Board

Financial information

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, FAS				
EUR THOUSAND	10-12 2021	10-12 2020	1-12 2021	1-12 2020
Revenue	107,329	71,526	364,336	122,176
Other operating income	1,659	621	3,448	671
Materials and services	-30,087	-9,228	-96,399	-33,052
Personnel expenses	-48,774	-33,703	-167,858	-54,807
Other operating expenses	-18,202	-11,385	-54,471	-19,034
EBITDA	11,925	9,401	49,057	15,954
<i>% of revenue</i>	<i>-1.0%</i>	<i>13.1%</i>	<i>13.5%</i>	<i>13.1%</i>
Depreciation	-3,790	-5,378	-16,665	-7,199
EBITA	8,136	4,023	32,391	8,755
<i>% of revenue</i>	<i>7.6%</i>	<i>5.6%</i>	<i>8.9%</i>	<i>7.2%</i>
Amortisation and impairment	-12,495	-10,835	-47,010	-18,762
Operating result	-4,360	-6,812	-14,618	-10,008
<i>% of revenue</i>	<i>-4.1%</i>	<i>-9.5%</i>	<i>-4.0%</i>	<i>-8.2%</i>
Net financial expenses	-9,728	-3,261	-22,536	-12,369
Result before taxes	-14,088	-10,073	-37,154	-22,377
Income taxes	-486	-871	-2,783	-912
Group contribution	-669		-669	
Result for the financial period	-15,244	-10,944	-40,607	-23,289

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET, FAS		
EUR THOUSAND	12 2021	12 2020
ASSETS		
Non-current assets		
Intangible assets		
Consolidated goodwill	395,775	346,565
Goodwill	4,444	5,822
Other long-term expenditure	2,145	369
Property, plant and equipment	43,861	36,216
Other tangible assets	1,247	1,355
Investments	3,109	2,547
Advance payments	1,176	562
Deferred tax assets	-22	116
Total non-current assets	451,736	393,551
Current assets		
Inventories	1,112	971
Trade receivables	37,167	21,177
Other receivables	24,729	6,049
Cash and cash equivalents	18,353	17,531
Total current assets	81,361	45,728
Total assets	533,097	439,279
EQUITY AND LIABILITIES		
Equity		
Invested unrestricted equity	158,318	193,910
Retained earnings	-23,336	-46
Profit for the period	-40,607	-23,289
Total equity	94,376	170,574
LIABILITIES		
Non-current liabilities		
Subordinated loans	0	18,711
Long-term interest-bearing liabilities	309,873	187,210
Deferred tax liabilities	1,748	865
Total non-current liabilities	311,621	206,786
Current liabilities		
Short-term interest-bearing liabilities	33,385	13,222
Accounts payable	18,793	10,137
Other liabilities	72,950	37,153
Current tax liabilities	1,971	1,408
Total current liabilities	127,099	61,919
Total liabilities	438,720	268,705
Total equity and liabilities	533,097	439,279

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT, FAS		
EUR THOUSAND	10-12 2021	1-12 2021
Profit (Loss) before income taxes for the financial year	-14,088	-37,154
Adjustments:	0	
Depreciation	16,285	63,675
Finance income and finance expenses	9,728	22,536
Other adjustments ¹	214	-723
Cash flows before change in net working capital	12,139	48,333
Change in net working capital:	0	
Change in trade and other receivables (increase (-) / decrease (+))	-15,167	-16,852
Change in inventories (increase (-) / decrease (+))	158	197
Change in trade and other payables (increase (+) / decrease (-))	10,630	18,102
Cash flows before finance items	7,761	49,780
Other inflows without payment	-960	-960
Income taxes paid	111	-1,199
Net cash from operating activities (A)	6,912	47,621
Cash flows from investing activities		
Acquisition of intangible and tangible assets	-4,642	-13,374
Acquisition of subsidiaries net of cash acquired	-9,093	-88,459
Net cash used in investing activities (B)	-13,735	-101,833
Cash flows from financing activities		
Decrease in share capital for consideration	15,000	-35,592
Repayment of loans and borrowings	-3,596	-377,142
Proceeds from current loans and borrowings	7,800	491,852
Net interest and finance costs paid	-9,693	-23,970
Net cash from financing activities (C)	9,511	55,148
Net cash from (used in) operating, investing and financing activities (A+B+C)	2,688	936
Net increase (decrease) in cash and cash equivalents	2,688	936
Cash and cash equivalents at the beginning of the period	15,745	17,531
Effect of fluctuations in exchange rate on cash held	-80	-114
Cash and cash equivalents at reporting end	18,353	18,353

Contact

Additional information about the company can be found on the corporate website.

For questions concerning this report please contact:

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