Nordic all-stars in local property service.

Financial Statements Bulletin 2022

PHM Group Holding Oyj (3123811-8)

1 JANUARY – 31 DECEMBER 2022

Financial Statements Bulletin 2022

Fourth quarter highlights

- Reported revenue increased by 35% to 144.2 MEUR (106.7)
- Reported EBITDA increased 33% to 18.4 MEUR (13.9)
- LFL revenue increased by 3% to 144.9 MEUR (140.5)
- LFL adjusted EBITDA increased by 1% to 21.1 MEUR (21.0)
- Leverage amounted to 4.82x

January – December highlights

- Reported revenue increased by 33% to 483.3 MEUR (364.2)
- Reported EBITDA increased 26% to 72.0 MEUR (57.0)
- LFL revenue increased by 5% to 550.1 MEUR (523.9)
- LFL adjusted EBITDA increased by 1% to 86.5. MEUR (85.4)
- Profit for the period amounted to 13.3 MEUR (-4.8)
- Operating cash flow before acquisitions increased by 26% to 53.0 MEUR (42.0)

Significant events during the quarter

- Entry to the German market by acquisition of Schultz Gruppe, a property service company operating in Northern Germany with its seat in Hamburg
- Seven acquisitions in total completed during Q4 2022 with total annual sales of 51.9 MEUR.
- Demand for services remained at a good level and operations in general remain relatively mildly impacted by the war in Ukraine
- Result supported by price increases but was negatively impacted by lower volume and weaker sales mix of additional sales, fuel price inflation and continued increased sickness related absenteeism
- Issue of new senior secured floating rate notes in a nominal amount of EUR 70 million under a new framework of EUR 200 million completed
- Execution of Corporate Responsibility Strategy and implementation of corporate governance policies continued well

MEUR, IFRS	10-12/22	10-12/21	Change %	1-12/22	1-12/21	Change %
Reported						
Revenue	144.2	106.7	35%	483.3	364.2	33%
EBITDA	18.4	13.9	33%	72.0	57.0	26%
Adjusted EBITDA	21.1	16.2	30%	78.2	62.8	25%
Adjusted EBITDA margin %	14.6%	15.2%	-0.5%	16.2%	17.2%	-1.0%
Adjusted EBITA	20.3	10.0	102%	56.9	36.6	56%
Adjusted EBITA margin %	14.1%	9.4%	4.7%	11.8%	10.0%	1.7%
LFL *) financials						
LFL Revenue	144.9	140.4	3%	550.1	523.9	5%
LFL EBITDA	18.5	18.7	-1%	80.8	79.6	1%
Adjusted LFL EBITDA	21.1	21.0	1%	86.5	85.4	1%
Adjusted LFL EBITDA margin %	14.6%	15.0%	-0.4%	15.7%	16.3%	-0.6%
Adjusted LFL EBITA	14.8	13.1	13%	62.4	52.3	19%
Adjusted LFL EBITA margin %	10.2%	9.3%	0.9%	11.4%	10.0%	1.4%
Financial position						
Operating cash flow before acquisitions**	13.9	10.1	38%	53.0	42.0	26%
Cash conversion before acquisitions***	76%	73%	3%	74%	74%	0%
Interest bearing net debt	421.8	346.3	22%	421.8	346.3	22%
Leverage, x****	4.82	4.84	0%	4.82	4.84	0%

*) LFL = Like-for-like, financials adjusted to reflect full 12 months of all entities owned at the end of the period
**) 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). Run rate synergies per 31.12.2022 amounted to 1.0 MEUR (31.12.2021: 1.2 MEUR).

Management review

During the fourth quarter, PHM continued executing its strategy of growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. A significant growth leap was taken by acquiring German Schultz Gruppe, an owner-managed company offering a wide range of property services in Northern Germany to a wide range of clients. The acquisition is strategically important to the Group as it opens a new market with significant growth opportunities and enables the continuing execution of the Group's strategy and diversification of the geographical risk of the Group.

Operationally, both like-for-like revenue and like-for-like adjusted EBITDA grew by 3% to 144.9 MEUR and 1% to 21.1 MEUR respectively. The result was supported by price increases and growth of customer base but offset by weaker margin sales mix of additional sales, lower demand for technical and other nonessential services and increased fuel and energy costs. Weakening Swedish Crown also impacted the result by 0.4 MEUR during the quarter.

During the quarter PHM continued to develop its business by completing seven acquisitions, of which the most significant was the acquisition of German Schultz Gruppe. The Group also significantly increased its size in Norway with five acquisitions in different geographical areas. Furthermore, the Group completed one add-on acquisition in Finland. Development and implementation of corporate governance policies progressed well as training of personnel for ethical business conduct continued. A Nordic PHM Climate Working Group was also established to drive the Group's agenda of becoming carbon neutral in 2035 and develop new sustainable business models.

As a local service business, PHM's business continued to show a relatively mild impact from the war in Ukraine due to its limited direct exposure to the crisis. The main impacts from the crisis continue to be the increased fuel and energy prices as well as the general price inflation, which the Group has succeeded fairly well in passing on to its own sales prices. Heavy snowfall in December shifted the Groups resources for additional sales towards weaker margin sales which together with the elevated sickness related absenteeism had an impact on the Group's ability to capitalize on add on sales opportunities, as well as increased the Group's operating costs. This in particular offset the impact of price increases that the Group has been able to pass through.

The war in Ukraine has so far not materially impacted the demand for the Group's services. Contract sales has remained unaffected and the demand for add on services has continued largely in line with previous years, albeit demand for some technical and other nonessential services showed a slight weakening during the quarter. The Group has taken active measures to abide by the sanctions imposed against Russia and ensure that its employees are treated equally regardless of their nationality or background. Although the war in Ukraine has no direct impact on PHM's operations, as all other companies, PHM is not isolated from the indirect effects of the war such as increased price inflation and general economic uncertainty. The Group's good pricing power enables it to pass on price inflation relatively effectively to customers, but high inflation rates may temporarily impact the Group's margins. Also, the generally rising cost of living and financing costs might postpone some nonessential maintenance and improvement work and therefore impact the business in the short-term.

In the long term, PHM sees that more focus is put on improving the energy efficiency of real estate and providing energy efficient solutions to residents and tenants, which will create opportunities for the Group. The technical services and other on demand work that was already postponed due to the Covid-19 pandemic is expected to provide further opportunities in the short to mid-term depending on the development of the general economy. Long-term market trends such as continuing urbanization, ageing building stock and interest towards upgrading homes and residential buildings also support the growth of the underlying market.

During Q4/22 the Group took measures to secure financing for future acquisitions and continuation of its growth strategy. The Group increased its Senior Secured Revolving Credit Facility by 12.5 MEUR to 62.5 MEUR. The increase is agreed for 12 months and is in-line with the terms set out in the current financing agreements. Furthermore, new euro-denominated senior secured floating rate notes in a nominal amount of EUR 70 million under a framework of EUR 200 million were issued. Despite challenging conditions in the financial markets the demand for the issue was good, showing the markets conviction towards the Groups strategy and strong resilience of its operations.

During the review period (1-12/2022) in February, PHM Group has also completed a tap issue of its senior secured fixed rate notes in the nominal amount of 40 MEUR under the existing 450 MEUR notes' framework. Demand for the issue was good. The Group also completed the listing of the fixed rate Bonds to Nasdaq Helsinki in June as planned.

Mergers and Acquisitions

In the fourth quarter of 2022 M&A activity continued to be on a good level. The Group succeeded in entering the German market as well as significantly increasing the size of its Norwegian business by a total of five add on acquisitions. In total, the Group made seven acquisitions that had a 51.9 MEUR positive impact on LTM like-for-like revenue and 6.9 MEUR positive impact on LTM like-for-like adjusted EBITDA, respectively.

In Germany, the Group made a platform acquisition by purchasing Schultz Gruppe, an owner-managed property service company serving a wide range of commercial, industrial and residential properties, offering cleaning and maintenance services, technical maintenance services and building management services in Northern Germany. In Norway, the Group's most sizeable acquisition in Q4/22 was PBT Gruppen, a full-service property maintenance company operating in Vestfold & Telemark and Greater Oslo areas. Additionally in Norway, add-on acquisitions were made in both Oslo and Trondheim, and operations were expanded to the Halden area by acquisition of Rokke Hageservice AS. In Finland, Totopro Oy was acquired to strengthen the Group's existing operations in Lahti.

Completed acquisitions and disposals 1-12/2022

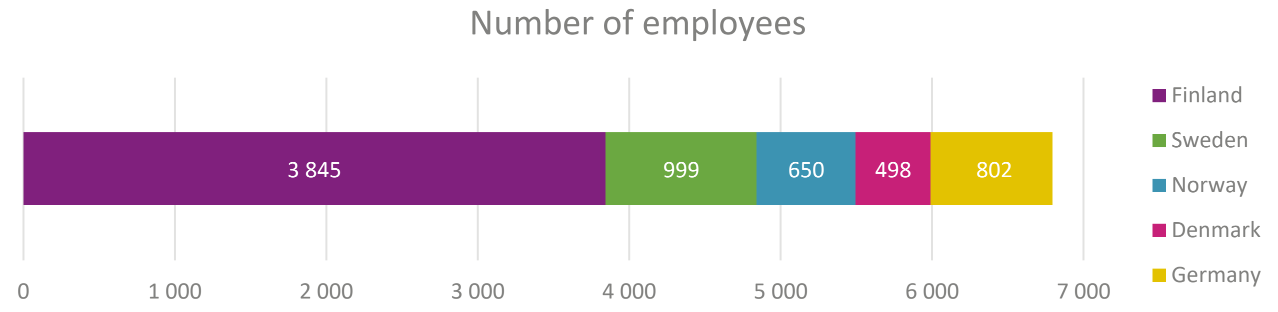
Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
Hagen Hageservice AS	Norway	Oslo	January	NOKm	12.8	2.4
Princip Redovisning Ab	Sweden	Stockholm	January	SEKm	5.5	1.4
Sundby Rengørings Service Aps	Denmark	Copenhagen	February	DKKm	11.3	2.1
Daseko Aps	Denmark	Copenhagen	March	DKKm	11.4	1.0
Vaktmester-Gruppen AS	Norway	Oslo	March	NOKm	12.1	-0.2
Vammalan Talonmies ja Siivouspalvelu Oy	Finland	Vammala	March	EURm	0.9	0.1
Turun Sähköhuolto Oy	Finland	Turku	March	EURm	0.8	0.0
Parkkompaniet i Boden Ab	Sweden	Boden	April	SEKm	44.0	11.3
RenBolig Service og Omsorg As	Norway	Fredrikstad	April	NOKm	12.2	1.4
Sähköasennus Salminen Oy	Finland	Tampere	April	EURm	2.0	0.4
P. Kiinteistöpalvelut Oy	Finland	Uusimaa	April	EURm	1.1	0.2
Unce Oy	Finland	Helsinki	April	EURm	2.5	0.5
Lojonia Palvelut Oy	Finland	Lohja	April	EURm	0.8	0.1
Karkkilan Huolto Oy	Finland	Karkkila	April	EURm	1.1	0.0
Porvoon Talotiimi Oy	Finland	Porvoo	May	EURm	2.0	0.6
Siniservice Oy and Puhtaasti Mäkinen Oy	Finland	Seinäjoki	May	EURm	0.7	0.1
Altiren As and Altipolering ApS	Denmark	Copenhagen	June	DKKm	44.4	8.2
HuoneistoHait Oy	Finland	Helsinki	June	EURm	0.3	0.0
H.N. Service**	Denmark	Copenhagen	June	DKKm	5.8	2.3
International NordicLife Förvaltning AB	Sweden	Gothenburg	July	SEKm	34.3	-3.1
OK Rengoring AS and KRS Service ApS	Denmark	Copenhagen	July	DKKm	46.5	6.0
Grindsted Vinduesservice ApS	Denmark	Copenhagen	July	DKKm	10.9	1.7
Kilderent As	Norway	Trondheim	July	NOKm	5.4	0.6
WA ApS	Denmark	Copenhagen	August	DKKm	18.5	0.9
Ren Service AS	Norway	Oslo	September	NOKm	83.9	7.6
Karsikon Talohuolto Oy	Finland	Joensuu	September	EURm	2.8	0.1
Pukinmäen Kiinteistöhuolto and PK Kuivaus Oy	Finland	Helsinki	September	EURm	3.8	0.3
Totopro Oy	Finland	Lahti	October	EURm	1.4	0.3
3 Kløver AS	Norway	Trondheim	October	NOKm	30.9	0.5
Schultz Gruppe and Corporate Care GmbH***	Germany	Hamburg	October	EURm	32.8	3.5
EC Renhold As	Norway	Oslo	October	NOKm	11.5	3.5
Svendsen Vaktmester & Vedlikeholdservice AS	Norway	Oslo	October	NOKm	11.0	0.2
Rokke Hageservice AS	Norway	Halden	November	NOKm	9.2	0.7
PBT Gruppen	Norway	Oslo	November	NOKm	83.1	2.0
Disposals						
Berga Lås & Larm Ab	Sweden	Stockholm	June	SEKm	6.9	0.5

*) Presented financials are based on latest available audited financial statements
**) Asset purchase
***) Unofficial consolidation of group entities

At the end of the review period, the Group had several ongoing negotiations of which some have been closed and others are expected to close during Q1 2023.

Corporate responsibility and sustainability

During 2022, the PHM Group companies employed 6,794 people (LFL) on average across the five countries where the Group operates. Adjusted for the time the companies have been part of PHM Group the average number of employes was 5,615. Like-for-like personnel expenses adjusted for non-recurring items in January - December totaled 258.2 MEUR (247.4). Reported personnel expenses totaled 225.6 MEUR million (168.0).



In the last quarter of 2022, PHM Group continued to execute its Corporate Responsibility Strategy as planned. The company proceeded with Code of Conduct and policy trainings for top management, middle management, and other key personnel in Finland. Next, PHM Group is planning to accelerate Code of Conduct and policy trainings as well as HSE (Health, Safety and Environment) harmonizing measures in Sweden and Norway in 2023. PHM Group continued internal HSE audits in Finland. In the end of 2022, PHM Group updated its Safety and Security Strategy and targets, as well as developed work safety reporting. A Nordic PHM Climate Working Group started its work in the end of 2022 to drive the Group's agenda of becoming carbon neutral in 2035 and to develop new sustainable business models. In Q4, PHM Group also continued to develop its corporate responsibility reporting in preparation to financial year 2022 reporting.

Financial review

October-December

The Group's reported revenue was 144.2 MEUR (106.7) in Q4 2022. The business scale has continued to increase compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021 and 2022 explaining a large part of the growth year on year.

The Group's adjusted EBITDA was 21.1 MEUR (16.2) in Q4 2022. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above. The large non-recurring expenses recorded in Q4/22 mainly relate to advisory costs for the market expansion into Germany.

The Group's result for the financial period amounted to 8.2 MEUR (-7.5). During Q4/22 the Group redefined the depreciation methods for machinery and equipment in its Finnish subsidiaries to better match the useful life of the assets. The change in depreciation method for the fiscal year 2022 was booked in its entirety to Q4/22 having a positive impact of 4.8 MEUR on depreciation. In the like-for-like figures the change in depreciation method has been accrued to the periods January-September. In addition to operating costs the result is impacted by amortization of customer and brand related intangible assets from acquisitions made and amortization of other long-term expenditure totaling -4.2 MEUR (-3.6 MEUR) as well as financing costs amounting to -6.3 MEUR (-8.0). In addition to interest paid, net financial expenses include, among others, financing related advisory costs for the newly issued Senior Secured Floating rate notes and realized translation differences.

The Group's LFL revenue was 144.9 MEUR (140.4). 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 price increases and increased contract customer base in all countries and increased additional sales in Finland and Denmark. In Sweden, Norway and Germany additional sales decreased due to lower demand for technical and other nonessential services.

The Group's LFL adjusted EBITDA was 21.1 MEUR (21.0). LFL Adjusted EBITDA was supported by the increased sales and improved operational efficiency but weakened by higher personnel costs and higher fuel and energy prices. The personnel cost increase is largely attributable to inhousing of services provided, overtime pay for snow clearance activities in Finland and high sick-leave rates. Consequently, adjusted EBITDA margin weakened by 0.4 pp. from the comparison period. At comparable exchange rates LFL adjusted EBITDA increased by 3% amounting to 21.6 MEUR

The Group's operating cash flow before acquisitions and financial items increased to 13.9 MEUR (10.1). Operating cash flow was supported by strong EBITDA and release of working capital but offset by high investments into tangible and intangible assets amounting to 9.0 MEUR. The investments comprise mainly of acquisitions of machinery and equipment and the unusually high amount is explained both by investment needed to serve the growing customer base, but also by delay of machinery deliveries that were ordered earlier during the current fiscal year and in late 2021. The operating cash flow excludes the intra group cash pool debt to the Group's ultimate parent PHM Group Topco Oy. Compared to the corresponding period of the previous year, the positive cash flow development is mainly attributable to higher EBITDA and release of working capital but offset by the unusually high level of investments into tangible and intangible assets. At the end of the period interest-bearing net debt was 421.8 MEUR and leverage was at 4.82x. The liquidity of the Group is strong as cash and cash equivalents at the end of the review period was 31.6 MEUR and 62 MEUR of the Super Senior RCF was undrawn.

January-December

The Group's reported revenue was 483.3 MEUR (364.2) in 2022. The business scale has increased materially compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021 and 2022 explaining a large part of the growth year on year.

The Group's adjusted EBITDA was 78.2 MEUR (62.8) in 2022. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above.

The Group's result for the financial period amounted to 13.3 MEUR (-4.8). During Q4/22 the Group redefined the depreciation methods for machinery and equipment in its Finnish subsidiaries. The change in depreciation method for the fiscal year 2022 was booked in its entirety to Q4/22 having a positive impact of 4.8 MEUR on depreciation during the quarter. In the like-for-like figures the change in depreciation method has been accrued to the periods January-September. In addition to operating costs the result is impacted by amortization of customer and brand related intangible assets from acquisitions made and amortization of other long-term expenditure totaling -13.6 MEUR (-12.1 MEUR) as well as financing costs amounting to -22.3 MEUR (-22.0). In addition to interest paid, net financial expenses include, among others, financing related advisory costs and realized translation differences. During the review period, PHM Group defined the treatment of Group internal financing arrangements according to IAS 21, whereby the loans to foreign subsidiaries are treated as net investments and the unrealized translation differences as such are reported as part of the comprehensive income statement and no longer part of financing costs in the consolidated income statement. The effect of the reclassification was 5.7 MEUR. The unrealized translation differences for the year 2021 are not restated as the amounts are deemed immaterial.

The Group's LFL revenue increased by 5% to 550.1 MEUR (523.9). 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. At comparable exchange rates, LFL revenue increased 6%. LFL revenue increase was driven by an active winter season in Finland, price increases and increased contract customer base in all countries as well as increased technical service revenue in Germany. Finland accounted for approximately 53% (52%) of LFL revenue, Sweden for 24% (26%), Norway for 10% (10%), Denmark for 6% (6%) and Germany for 6% (6%). LFL revenue increased in all countries except Sweden as the impact of exchange rate fluctuations of -6.4 MEUR was attributable almost exclusively to the weaking of the Swedish Crown. At comparable exchange rates the revenue increased also in Sweden.

The Group's LFL adjusted EBITDA was 86.5 MEUR (85.4). At comparable FX rates LFL adjusted EBITDA grew by 2% amounting to 87.3 MEUR. Adjusted EBITDA was supported by the increased sales and price increases made, albeit with a slightly weaker margin primarily due to sales mix as resources were focused on lower-margin snow clearance and clean-up activities in the first half of the year and Q4/22 instead of other additional sales. Additionally, LFL adjusted EBITDA was adversely impacted by high sick leave rates and resulting higher overtime and subcontracting within fixed contracts. Increased fuel and energy prices further impacted the Group's result. Consequently, adjusted EBITDA margin weakened by 0.6 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was strong amounting to 53.0 MEUR (42.0). Operating cash flow was supported by strong EBITDA but offset by investments into tangible and intangible assets. Working capital development during the fiscal year had a slight negative impact on operating cash flow as trade receivables grew faster than trade payable. The operating cash flow excludes the intra group cash pool debt to the Group's ultimate parent PHM Group Topco Oy. Investments into tangible and intangible assets amounted to 17.4 MEUR (12.3) comprising mainly of acquisitions of machinery and equipment. Investments were high due to postponed deliveries from 2021 as well as growth investments made due to new contracts won.

Events after the review period

After the review period the Group has completed one acquisition in Finland, one in Denmark and two in Sweden.

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 2022.

Helsinki, 13 February, 2023

Ville Rantala
CEO

Karl Svozilik
Chairman of the Board

Financial information

Consolidated income statement

EUR THOUSAND	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Net sales	144,166	106,723	483,335	364,215
Other operating income	1,200	1,711	3,529	3,488
Materials and services	-36,939	-30,090	-124,101	-96,480
Personnel expenses	-68,292	-48,736	-225,570	-167,978
Other operating expenses	-21,717	-15,727	-65,213	-46,260
EBITDA	18,419	13,882	71,980	56,985
% of revenue	*12.8%*	*13.0%*	*14.9%*	*15.6%*
Depreciation	-799	-6,129	-21,329	-26,212
EBITA	17,620	7,753	50,651	30,773
% of revenue	*12.2%*	*7.3%*	*10.5%*	*8.4%*
Amortisation and impairment	-4,168	-3,564	-13,564	-12,115
Operating result	13,452	4,190	37,087	18,658
% of revenue	*9.3%*	*3.9%*	*7.7%*	*5.1%*
Net financial expenses	-6,283	-8,002	-22,259	-22,042
Group contribution	-1,315	-699	-1,315	-699
Result before taxes	5,854	-4,511	13,514	-4,082
Taxes	2,318	-3,025	-199	-680
Result for the financial period	8,172	-7,536	13,315	-4,762

Consolidated Statement of Other Comprehensive Income

Consolidated Statement of Other Comprehensive Income		
EUR thousand	31.12.2022	31.12.2021
Profit for the financial period	**13,315**	**-4,762**
Items that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations, net of tax	-7,985	-636
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gains/(losses) on defined benefit plans, net of tax	0	0
Other comprehensive income/(loss) for the year, net of tax	-7,985	-636
Total comprehensive income for the financial period	**5,329**	**-5,398**
Profit for the period attributable to		
Equity holders of the parent	13,315	-4,762
Non-controlling interests	0	0
Total comprehensive income attributable to		
Equity holders of the parent	5,329	-5,398
Non-controlling interests	0	0

Consolidated balance sheet

EUR THOUSAND	12 2022	12 2021
ASSETS		
Non-current assets		
Goodwill	416,744	350,561
Intangible assets other than goodwill	124,910	122,758
Tangible assets	58,762	45,295
Right-of-use assets	26,547	22,285
Other shares	3,337	2,965
Other receivables	326	273
Deferred tax assets	2,659	2,202
Total non-current assets	633,285	546,338
Current assets		
Trade receivables	56,231	37,086
Inventories	3,009	1,112
Other current financial assets	0	15,086
Other current assets	15,325	10,174
Cash and cash equivalents	31,574	18,331
Total current assets	106,139	81,789
Total assets	739,424	628,127
EQUITY AND LIABILITIES		
Equity		
Translation differences	-7,642	343
Share capital	80	0
Fund for unrestricted equity	160,238	158,318
Retained earnings	125	-13,219
Total equity	152,801	145,442
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	418,281	303,971
Other non-current liabilities	7,933	18,453
Lease liabilities	14,969	13,494
Deferred tax liabilities	31,246	27,982
Total non-current liabilities	472,429	363,901
Current liabilities		
Trade payables and other payables	97,799	73,557
Interest-bearing loans and borrowings	4,290	33,584
Lease liabilities	12,267	9,362
Income tax payable	-162	2,281
Total current liabilities	114,194	118,784
Total liabilities	586,623	482,685
Total equity and liabilities	739,424	628,127

Consolidated cash flow statement

EUR THOUSAND	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Operating activities				
Profit before tax	5,854	-4,511	13,514	-4,082
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and impairment	4,968	9,692	34,893	38,327
Finance income and expenses	6,284	8,701	22,262	22,740
Other adjustments	-747	-372	-1,473	-695
Change in working capital	7,092	11,898	-12,281	14,923
Other adjustments without payment	-476	482	1,788	0
Income tax paid	-472	-760	-3,908	-2,569
Net cash flow from operating activities	22,502	25,130	54,795	68,644
Net cash flow from investing activities				
Acquisition of tangible and intangible assets	-9,019	-5,053	-17,355	-13,052
Acquisition of subsidiaries, net of cash acquired	-37,184	-7,898	-88,774	-85,999
Proceeds from sale of subsidiaries	0	0	466	0
Net cash flow from investing activities	-46,203	-12,951	-105,663	-99,050
Net cash flow from financing activities				
Equity refund	0	0	0	-68,524
Increase in fund for unrestricted equity for consideration	0	0	16,331	0
Net change in borrowings	47,302	5,099	82,996	132,630
Net interests and finance costs paid	-9,861	-12,011	-20,936	-22,489
Payments of lease liabilities	-4,058	-2,735	-13,757	-10,409
Net cash from financing activities	33,383	-9,647	64,634	31,208
Net increase in cash and cash equivalents	9,682	2,532	13,766	801
Cash and cash equivalents at the beginning of the period	21,935	15,765	18,331	17,530
Effect of exchange rate changes on cash and cash equivalents	-43	34	-523	0
Cash and cash equivalents at reporting period end	31,574	18,331	31,574	18,331

Notes to the financial statements bulletin

Accounting principles

1. Reporting Entity

   PHM Group Holding Oyj ("PHM" or "Group") is a limited company incorporated and domiciled in Finland. The shares of PHM Group Holding Oyj are not publicly listed. The registered office is located in Helsinki, Uusimaa, Finland.

   These condensed interim financial statements for 2022 comprise the Company and its subsidiaries (together referred to as the 'Group'). PHM Group Holding Oyj is consolidated into PHM Group TopCo Oy. The ultimate parent of this Group is PHM Group TopCo Oy.

2. Accounting Principles

   The Group's financial statements bulletin 2022 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with the Group's financial statements for 2021, published on May 2022. The Group has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2021. The information presented in this Interim Report has not been audited.

3. Seasonality

   The Group operates in an industry where there are no significant seasonal changes and as such revenue and profit are generated evenly throughout the year.

4. Segment reporting

   PHM reports its business operations as one segment, which is in line with the internal reporting delivered to the chief operating decision maker. The chief operating decision maker of PHM is the board of directors and the management group.
   Since PHM is managed as one segment by the chief operating decision maker and the management reporting only consist of Group level reporting, PHM only has one operating segment.

5. Revenue

   The Group is in the business of providing property maintenance and additional technical services. In addition, PHM provides short-term refurbishment projects. The maintenance services have similar financial characteristics and are also similar in terms of nature of service production processes, type of customer, and methods used in service distribution.

PHM's customer contracts include mainly property maintenance and technical services. PHM recognises revenue from the property maintenance services over time as the services are rendered. The property maintenance services are invoiced monthly based on services rendered. The additional services are invoiced separately based on hourly fees and the revenue is recognised accordingly over time when services are rendered.

In addition to property maintenance services, PHM provides short-term projects, e.g. sauna and playground refurbishments. The short-term projects typically last for 1-6 months in all operating countries. PHM periodises the revenue of short-term projects for each month work has been performed and thus, recognises revenue over time. The revenue from the short-term projects has not been significant during the conversion period.

Rendering of services may include variable consideration e.g. discounts, penalties for delay and customer claims. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

PHM's contracts with customers do not include significant variable considerations.

6. Intangible Assets

PHM's intangible assets arise from separately acquired or developed intangible assets. Separately acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are recorded as expenses and the expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

In PHM the useful lives of customer related intangible assets are 10 and 12 years and marketing related intangible assets 15 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. PHM does not have any intangible assets with indefinite life.

7. Goodwill

Goodwill arises from the business combinations, and it corresponds to the amount that the consideration transferred exceeds the fair value of identifiable net assets as of the acquisition date. Goodwill from business combinations is allocated for impairment testing to the cash generating unit that is expected to gain benefit from the synergies created by the business combination.
Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate to a possible impairment. The carrying amount of the cash-generating unit (CGU) including goodwill is compared to the recoverable amount which is the higher of the fair value less costs of disposal or the value in use. Possible impairment is recognised as an expense in the statement of profit and loss with immediate effect, and it will not be reversed later.
If the recoverable amount of an asset is less than its carrying amount, the impairment loss is recorded so that the carrying amount of the asset is equal to its recoverable amount.

Revenue from Contracts

Net sales by country, EUR thousand	1-12 2022	1-12 2021
Finland	280,984	233,667
Sweden	132,818	103,875
Norway	35,707	19,077
Denmark	24,944	7,595
Germany	8,884	-
Total revenue from contracts with customers	483,335	364,215

Consolidated statement of Changes in Equity

31.12.2022

EUR thousand	Share Capital	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total	Total equity
Equity on 1.1.2022	0	158,318	0	343	-13,219	145,442	145,442
Profit for the period	0	0	0	0	13,315	13,315	13,315
Other comprehensive income	0	0	0	-7,985	0	-7,985	-7,985
Total comprehensive income	0	0	0	-7,985	13,315	5,329	5,329
Increase in Fund for unrestricted equity	80	1,920	0	0	0	2,000	2,000
Change in subordinated loans	0	0	0	0	0	0	0
Other changes	0	0	0	0	29	29	29
Equity on 31.12.2022	80	160,238	0	-7,642	125	152,801	152,801

31.12.2021

EUR thousand	Share Capital	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total	Total equity
Equity on 1.1.2021	0	193,910	17,934	978	-6,948	205,874	205,874
Profit for the period	0	0	0	0	-4,762	-4,762	-4,762
Other comprehensive income	0	0	0	-636	0	-636	-636
Total comprehensive income	0	0	0	-636	-4,762	-5,398	-5,398
Acquisition of a subsidiary	0	-35,592	0	0	0	-35,592	-35,592
Change in subordinated loans	0	0	-17,934	0	-1,476	-19,409	-19,409
Other changes	0	0	0	0	-33	-33	-33
Equity on 31.12.2021	0	158,318	0	343	-13,219	145,442	145,442

Intangible assets

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2021	125,186	12,300	2,720	140,206	350,561	490,766
Additions	-	-	2,376	2,376	6,501	8,877
Disposals	-	-	-1,147	-1,147	-327	-1,474
Business combinations	14,461	214	107	14,782	67,294	82,075
Translation difference	-725	-	431	-295	-7,284	-7,579
31.12.2022	138,921	12,514	4,487	155,921	416,744	572,665
Amortisation and impairment						
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Amortisation	-11,980	-824	-760	-13,564	-	-13,564
31.12.2022	-27,760	-1,917	-1,335	-31,011	-	-31,011
Net book value						
31.12.2022	111,161	10,597	3,152	124,910	416,744	541,654

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2020	104,816	12,300	440	117,556	277,442	394,997
Additions	-	-	849	849	9,873	10,722
Business combinations	20,366	-	1,460	21,826	63,671	85,497
Translation difference	4	-	-30	-26	-424	-450
31.12.2021	125,186	12,300	2,720	140,206	350,561	490,767
Amortisation and impairment						
31.12.2020	-4,987	-273	-72	-5,332	-	-5,332
Amortisation	-10,792	-820	-503	-12,115	-	-12,115
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Net book value						
31.12.2021	109,406	11,207	2,145	122,758	350,561	473,319

Tangible assets

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2021	150	1,707	42,190	-	1,247	45,295
Business combinations	433	845	5,126	-	192	6,596
Additions	32	216	20,171	-	501	20,919
Disposals	-66,041	-49	-3,255		-171	-3,541
Depreciation charge for the year	0	-371	-8,276	-	-59	-8,706
Translation differences	0	-1	-602	-	-1,199	-1,801
31.12.2022	549	2,348	55,354	-	512	58,762

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2020	63	657	35,481	564	1,280	38,045
Business combinations	189	1,407	8,791	188	-	10,575
Additions	-	-	13,254	-	70	13,324
Disposals	-101	-235	-	-	-	-336
Transfers	0	-	752	-744	-	8
Depreciation charge for the year	-	-122	-16,035	-	-79	-16,235
Translation differences		-0	-53	-8	-25	-85
31.12.2021	150	1,707	42,190	0	1,247	45,295

Interest-bearing loans and borrowings

Net interest-bearing debt

EUR thousand	31.12.2022	31.12.2021
Non-current interest-bearing liabilities	418,291	303,971
Current interest-bearing loans and borrowings	4,290	33,584
Lease liabilities	27,235	22,856
Contingent consideration	2,842	4,228
Cash and cash equivalents	-31,574	-18,331
Net interest-bearing debt total	421,084	346,308

Changes in the interest-bearing liabilities

31.12.2022

EUR thousand	Opening balance 1.1.	Businesss combinations	Net changes	Reporting date balance 31.12.
Non-current interest-bearing liabilities	303,971	4,854	114,319	418,291
Current interest-bearing liabilities	33,584	388	-29,294	4,290
Lease liabilities	22,856	10,062	4,380	27,235
Contingent considerations	4,228	-	-1,386	2,842
Total changes in interest-bearing liabilities	364,639	15,304	88,019	452,658

31.12.2021

EUR thousand	Opening balance 1.1.	Businesss combinations	Net changes	Reporting date balance 31.12.
Non-current interest-bearing liabilities	187,401	4,557	116,570	303,971
Current interest-bearing liabilities	6,914	4,954	26,670	33,584
Lease liabilities	19,667	7,796	3,189	22,856
Contingent considerations	2,747	-	1,481	4,228
Total changes in interest-bearing liabilities	216,728	216,728	147,910	364,639

Business Combinations

EUR thousand	Acquisitions in 2022	Acquisitions in 2021
Purchase price		
Consideration paid in cash	96,371	97,572
Contingent considerations	2,842	4,228
Fair value of assets and liabilities recognised on acquisitions		
Assets		
Intangible assets		
Customer related intangibles	14,461	20,212
Marketing related intangibles	214	-
Other intangible assets	107	1,431
Intangible assets	14,782	21,643
Tangible assets	6,732	10,575
Other assets	35,702	18,557
Cash and cash equivalents	10,439	11,574
Total assets	67,655	62,349
Liabilities		
Non-interest bearing liabilities	21,568	30,475
Interest bearing liabilities	16,283	9,418
Deferred tax liability	3,802	4,179
Total liabilities	41,653	44,072
Total identifiable net assets at fair value	26,002	18,277
Goodwill arising on acquisition	67,294	73,064
Purchase consideration transferred	93,295	91,341
Cash flow impact of acquisitions		
Paid in cash		
Cash and cash equivalents	96,371	97,572
Expenses related to the acquisitions	- 1,351	- 3,145
Net cash flow on acquisition	95,020	94,427

Related party transactions

Service provided to

EUR thousand	31.12.2022	31.12.2021
to Companies held by CEO or to CEO	361	361
Total	361	361

Services Purchased from

EUR thousand	2022	2021
Real-estate leases from Mivi Capital (CEO)	778	675
Personnel recreation expenses from Scandinavian Outdoor	98	0
Total	876	675

Definitions of alternative performance measures

Formulas of Key Figures			
EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin -%	=	$\frac{\text{Operating profit + depreciations and amortisation}}{\text{Net sales}}$	x 100
EBITA	=	Operating profit + amortisation	
EBITA margin -%	=	$\frac{\text{Operating profit + amortisation}}{\text{Net sales}}$	x 100
Adjusted EBITDA	=	EBITDA + non-recurring items	
Adjusted EBITDA margin -%	=	$\frac{\text{Adjusted EBITDA}}{\text{Net sales}}$	x 100
Adjusted EBITA		EBITA + non-recurring items	
Adjusted EBITA margin -%	=	$\frac{\text{Adjusted EBITA}}{\text{Net sales}}$	x 100
LFL Revenue (net sales)		Net sales + like-for-like adjustments	
LFL EBITDA		EBITDA + like-for-like adjustments	
LFL adjusted EBITDA		Adjusted EBITDA + like-for-like adjustments	
LFL adjusted EBITDA margin -%	=	$\frac{\text{LFL adjusted EBITDA}}{\text{Net sales}}$	x 100
LFL adjusted EBITA		Adjusted EBITA + like-for-like adjustments	
LFL adjusted EBITA margin -%	=	$\frac{\text{LFL adjusted EBITA}}{\text{Net sales}}$	x 100
LFL synergy adjusted EBITDA		LFL adjusted EBITDA + run rate synergies	
Net interest bearing debt (NIBD)		Interest bearing liabilities - cash and cash equivalents	
Leverage, x		$\frac{\text{Net interest bearing debt (NIBD)}}{\text{LFL synergy adjusted EBITDA}}$	x 100
Operating cash flow before acquisitions		EBITDA + change in working capital (excluding intra group liability to ultimate parent) + Proceeds from sale of tangible and intangible assets + Purchase of tangible and intangible assets	
Cash conversion, %		$\frac{\text{EBITDA}}{\text{Operating cash flow before acquisitions}}$	x 100

Contact

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

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