All-stars in local property service.

Half-year report 1-6/2023

PHM Group Holding Oyj (3123811-8)

1 JANUARY – 30 JUNE 2023

Interim report January – June 2023 (unaudited)

Second quarter highlights

- Reported revenue increased by 28% to EUR 141.8 million (111.1)
- Reported EBITDA increased 34% to EUR 20.9 million (15.7)
- LFL revenue increased by 1% to EUR 142.8 million (141.7). At comparable exchange rates, LFL revenue increased by 5%
- LFL adjusted EBITDA increased by 3% to EUR 22.7 million (22.1). At comparable exchange rates, LFL adjusted EBITDA increased by 7%
- Profit for the period amounted to EUR -0.7 million (-4.5)
- Operating cash flow before acquisitions increased by 160% to EUR 16.3 million (6.3)
- Leverage amounted to 4.76x (4.70)

January – June highlights

- Reported revenue increased by 25% to EUR 282.7 million (226.7)
- Reported EBITDA increased 18% to EUR 40.7 million (34.6)
- LFL revenue decreased by 1% to EUR 287.6 million (289.7). At comparable exchange rates, LFL revenue increased by 3%
- LFL adjusted EBITDA decreased by 3% to EUR 44.4. million (46.0). At comparable exchange rates, LFL adjusted EBITDA remained nearly unchanged
- Profit for the period amounted to EUR 1.2 million (-1.3)
- Operating cash flow before acquisitions increased by 37% to EUR 36.6 million (26.7)

Significant events during the quarter

- Strengthening of PHM's position in Sweden as a national operator and market leader by acquisition of Bredablick. The acquisition was closed in August 2023
- Six acquisitions completed during Q2 2023 with total annual sales of EUR 8.9 million
- Result supported by price increases, improved add-on sales mix and lower operating expenses but was negatively impacted by lower additional sales volume and headwind from exchange rates development
- Tap issue of new senior secured floating rate notes in a nominal amount of EUR 55 million under the existing framework of EUR 200 million completed
- Kasper Bygholm started as Danish Country Manager and member of the Group Management Team
- Execution of Corporate Responsibility Strategy and implementation of corporate governance policies continued well.

EUR million, IFRS	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22	LTM
Reported								
Revenue	141.8	111.1	28%	282.7	226.7	25%	483.3	539.3
EBITDA	20.9	15.7	34%	40.7	34.6	18%	71.9	78.0
Adjusted EBITDA	22.1	17.2	29%	43.2	36.6	18%	77.9	84.5
Adjusted EBITDA margin %	15.6%	15.5%	0.1%	15.3%	16.1%	-0.9%	16.1%	15.7%
Adjusted EBITA	15.6	10.5	49%	30.3	23.5	29%	56.6	63.5
Adjusted EBITA margin %	11.0%	9.4%	1.5%	10.7%	10.4%	0.4%	11.7%	11.8%
*LFL *) financials*								
LFL Revenue	142.8	141.7	1%	287.6	289.7	-1%	576.5	574.4
LFL EBITDA	21.5	20.5	5%	42.0	44.1	-5%	85.5	83.4
Adjusted LFL EBITDA	22.7	22.1	3%	44.4	46.0	-3%	90.8	89.3
Adjusted LFL EBITDA margin %	15.9%	15.6%	0.3%	15.4%	15.9%	-0.4%	15.8%	15.5%
Adjusted LFL EBITA	16.1	15.8	2%	31.4	33.6	-7%	65.2	63.0
Adjusted LFL EBITA margin %	11.3%	11.2%	0.1%	10.9%	11.6%	-0.7%	11.3%	11.0%
Financial position								
Operating cash flow before acquisitions**	16.3	6.3	160%	36.6	26.7	37%	52.7	
Cash conversion before acquisitions***	78%	40%	38%	90%	77%	13%	73%	
Interest bearing net debt	428.1	367.8	16%	428.1	367.8	16%	421.2	
Leverage, x****	4.76	4.70	1%	4.76	4.70	1%	4.81	

*) 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 30.6.2023 amounted to EUR 0.6 million (30.6.2022: 0.7, 31.12.2022: 1.0).

Management review

During the second quarter, PHM Group continued executing its strategy of growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. In addition to solid operational performance, M&A activity during the quarter was high. During the quarter, six acquisitions were closed, and the Group expanded its operations in Sweden significantly by signing an agreement to acquire Bredablick, a group of companies operating across Sweden offering services mainly related to residential property management and maintenance as well as facility services. The acquisition was subject to approval from the Swedish Competition Authority and was closed in August 2023 increasing the size of PHM's Swedish business by approximately one third in terms of like-for-like revenue.

Like-for-like revenue increased by 1% to EUR 142.8 million and LFL adjusted EBITDA increased by 3% to EUR 22.7 million. The results continued to be negatively impacted by headwinds from exchange rate development that materialized in a EUR -5.7 million impact on like-for-like revenue and a EUR -0.8 million impact on like-for-like adjusted EBITDA during the quarter. Hence on a fixed FX basis sales grew by 5% and EBITDA by 7%, respectively. The revenue was supported by growth in contract sales across the countries where PHM operates, which in turn was driven by both price increases as well as moderate growth of the customer base. The positive contract sales development was however, offset by the clearly lower additional sales volume in Sweden driven by postponement of non-essential improvement and maintenance work due to general weakening of the economic climate and higher interest rates. Despite additional sales volume being lower the sales mix improved, and this coupled with lower operating expenses resulted in improved margins.

The war in Ukraine has so far not materially impacted the demand for the Group's services. Contract sales has remained unaffected and the lower demand for add on services has largely been related to postponement of some technical and other non-essential services. 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. This will, however, provide the Group with increased growth opportunities when the economic conditions improve.

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. 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 Q2/23 PHM secured financing for future acquisitions and continuation of its growth strategy. The Group completed a tap issue in a nominal amount of EUR 55 million of its senior secured callable floating rate notes due 2026, increasing the total outstanding amount to EUR 125 million. Further the super senior revolving credit facility was permanently increased by EUR 27.5 million to EUR 77.5 million in line with the terms and conditions of the Group's current financing. 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.

Mergers and Acquisitions

In the second quarter of 2023 M&A activity continued to be high as the Group completed six acquisitions. Together the closed acquisitions had a EUR 8.9 million positive impact on LTM like-for-like revenue and EUR 2.4 million positive impact on LTM like-for like adjusted EBITDA, respectively.

In addition to the closed transactions, the Group signed a sale and purchase agreement for the acquisition of one of its main competitors in Sweden, Bredablick. Bredablick was founded in 2009 and has grown into one of the market leaders in Sweden. Bredablick's services include various services related to residential property management and maintenance as well as facility services. The acquisition strengthens PHM's position in Sweden as a national market leading operator with extensive expertise and experience in the financial management, maintenance, and technical management of residential properties. The acquisition further complements PHM's range of services and geographical presence particularly in the southern and western regions of Sweden. Bredablick consist of twelve legal entities, has about 500 full-time employees and had reported revenues of approximately SEK 471 million in 2022. The Bredablick acquisition required the approval of the Swedish Competition Authority and was closed in August 2023.

In Sweden, the Group acquired two companies operating in the outdoor maintenance sector; Cubile Utemiljö AB to expand offering in Stockholm and Norrland Park & Mark to expand to Härnösand and strengthen the market position around the Sundsvall area. In Finland, the Group strengthened its presence in Western Finland by acquiring JS-Ilmastointipuhdistus Oy and Turun Talopalvelu Oy, In Norway, the Group strengthened its market position in residential cleaning in Oslo by acquiring Oslo Renhold AS and Alliansen Renhold AS.

Completed acquisitions and disposals 1-6/2023

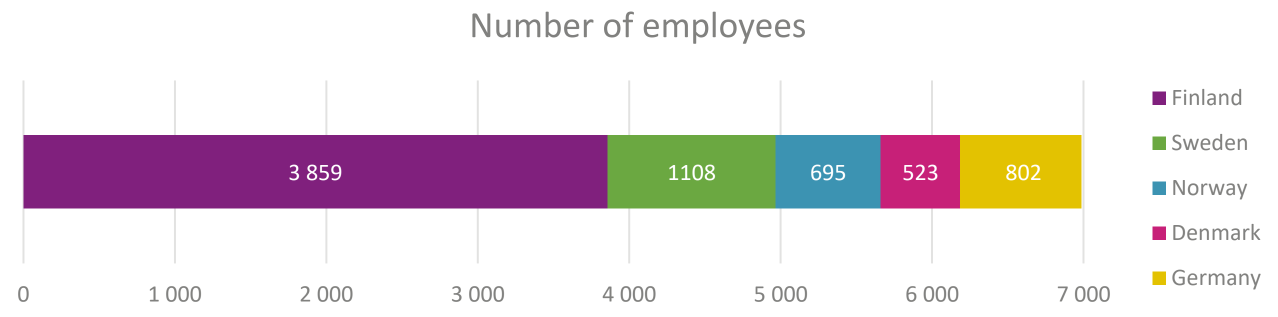
Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
Saniservice ApS	Denmark	Copenhagen	January	DKKm	19.3	2.6
Pirkanmaan Viemäritekniikka Oy	Finland	Tampere	January	EURm	1.0	0.1
MBA Fastighetsservice AB and MBA Bygg AB	Sweden	Gothenburg	February	SEKm	132.6	13.2
Väner Förvaltning AB	Sweden	Karlstad	February	SEKm	9.9	1.9
B.O Drift AS	Norway	Oslo	March	NOKm	16.7	2.2
Cubile Utemiljö AB	Sweden	Stockholm	April	SEKm	36.9	5.9
JS-Ilmastointipuhdistus Oy	Finland	Turku	May	EURm	0.5	0.1
Oslo Renhold AS	Norway	Oslo	May	NOKm	7.1	2.0
Alliansen Renhold AS	Norway	Oslo	May	NOKm	14.3	1.8
Norrland Park & Mark AB	Sweden	Härnösand	June	SEKm	20.7	5.9
Turun Talopalvelu Oy	Finland	Turku	June	EURm	0.3	0.1

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

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 Q3 2023. The Bredablick acquisition required the approval of the Swedish Competition Authority and was closed in August 2023.

Corporate responsibility and sustainability

As at end of June 2023, PHM employed 6,987 people (LFL) across the five countries where the Group operates. Like-for-like personnel expenses adjusted for non-recurring items in January - June totalled EUR 140.5 million (135.6). Reported personnel expenses totalled EUR 139.3 million (104.5).



In the second quarter of 2023, PHM continued to implement its Corporate Responsibility Strategy as planned. In April, the Group published its first corporate responsibility report with reference to Global Reporting Initiative (GRI) as a part of the Group's annual report. The corporate responsibility report includes information in accordance with the EU Taxonomy Regulation. PHM Group also started developing Scope 3 emissions reporting in the second quarter. In addition, the Group launched Code of Conduct and policy training for senior management, middle management and other key personnel in Norway and continued training in Finland.

Financial review

April-June

The Group's reported revenue was EUR 141.8 million (111.1) and adjusted EBITDA was EUR 22.1 million (17.2) in Q2 2023. In addition to the operational development discussed below in the like-for-like section of the financial review, the business scale has continued to increase compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2022 explaining a large part of the growth year on year.

The Group's result for the second quarter amounted to EUR -0.7 million (-4.5). 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 totalling EUR -3.7 million (-3.2). Financing costs amounting to EUR -11.3 million (-8.8). In addition to interests paid, net financial expenses include, among others, financing related advisory costs and realized translation differences. During the quarter, PHM converted intra-group loans into unrestricted equity in its Norwegian subsidiary. The conversion resulted in a EUR 3.3 million cost in realized translation differences.

The Group's LFL revenue increased by 1% to EUR 142.8 million (141.7). 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. At comparable exchange rates, LFL revenue increased by 5%. LFL revenue increase was driven by price increases and moderate growth of the contract base throughout the Group, increased additional sales of maintenance services in Denmark and technical services revenue in Germany but was impacted negatively by the low amount of additional sales especially in Sweden. The clearly lower additional sales volume in Sweden was driven by postponement of non-essential improvement and maintenance work and slow-down due to the current uncertainty in the economic climate and higher interest rates. LFL revenue increased in Finland, Denmark and Germany and decreased in Sweden and Norway. The impact of exchange rate fluctuations, mainly due to the weakening of the Swedish Crown and Norwegian Krone, totalled EUR -5.7 million. At comparable exchange rates the revenue increased also in Norway. During the last twelve months, Finland accounted for approximately 51%, Sweden for 26%, Norway for 10%, Denmark for 7% and Germany for 6% of LFL revenue.

The Group's LFL adjusted EBITDA was EUR 22.7 million (22.1). At comparable exchange rates, LFL adjusted EBITDA amounted to EUR 23.5 million (22.1). LFL adjusted EBITDA was supported by higher contract revenue, improved sales mix of additional services and lower operating expenses mainly due to lower costs for machinery and lower administrative expenses. Due to in housing of services provided, personnel costs increased but the result impact was mitigated through lower use of external services and materials. Consequently, adjusted EBITDA margin improved by 0.3 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items grew clearly from the comparison period to EUR 16.3 million (6.3). Operating cash flow was supported by strong EBITDA and stable working capital. Investments into tangible and intangible assets were on a normal level amounting to EUR -3.8 million comprising mainly acquisitions of machinery and equipment. 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 cash flow improved clearly driven by higher EBITDA, lower trade working capital and higher amount of other short-term liabilities despite seasonal payments of holiday pay.

At the end of the period interest-bearing net debt was EUR 428.1 million and leverage was at 4.76x. The increase in interest-bearing net debt from the end of March 2023 is explained mainly by acquisitions made and payments of fixed rate bond coupons, but the development was mitigated by strong operating cash flow. The synergy adjusted LFL EBITDA for the previous twelve months increased and coupled with only moderate net debt increase the leverage ratio decreased from the level of 4.84x at the end of March 2023. The liquidity of the Group remains strong as cash and cash equivalents at the end of the review period was EUR 79.8 million and EUR 76.5 million of the Super Senior RCF was undrawn.

January-June

The Group's reported revenue was EUR 282.7 million (226.7) and adjusted EBITDA was EUR 43.2 million (36.6) for the first six months of 2023. In addition to the operational development discussed below in the like-for-like section of the financial review, the business scale has continued to increase compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2022 explaining a large part of the growth year on year.

The Group's result for the first six months of 2023 amounted to EUR 1.2 million (-1.3). 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 totalling EUR -7.4 million (-6.4) as well as financing costs amounting to EUR -19.1 million (-13.7). In addition to interests paid, net financial expenses include, among others, financing related advisory costs and realized translation differences. During the quarter, PHM converted intra-group loans into unrestricted equity in its Norwegian subsidiary. The conversion resulted in a EUR 3.3 million cost in realized translation differences. The increase in financing costs is due to an increase in debt financing for execution of PHM's growth strategy.

The Group's LFL revenue decreased by 1% to EUR 287.6 million (289.7). 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. At comparable exchange rates, LFL revenue increased by 3%. LFL revenue development was supported by increased contract sales, attributable to both price increases and increase in the contract base and increased additional sales of maintenance services in Denmark and technical services revenue in Germany. LFL revenue was burdened by a low amount of winter related additional sales in Finland and low additional sales volumes especially in Sweden as clients have postponed non-essential improvement and maintenance works. LFL revenue increased in Denmark and Germany but decreased in other countries. The impact of exchange rate fluctuations of EUR -9.7 million was attributable almost exclusively to the weaking of the Swedish Crown and Norwegian Krone. At comparable exchange rates the revenue increased also in Sweden and Norway.

The Group's LFL adjusted EBITDA was EUR 44.4 million (46.0). At comparable FX rates LFL adjusted EBITDA was almost at par with previous year amounting to EUR 45.8 million. Adjusted EBITDA was supported by the increased contract revenue and improved sales mix of additional maintenance services, and lower operating expenses. The result was burdened by lower winter related additional sales in Finland, lower additional sales in Sweden as well as increased personnel costs due to overtime pay for snow clearance work. Otherwise, the personnel cost increase is largely attributable to in housing of services provided where the result impact is moderated by lower costs for external services and materials. Consequently, adjusted EBITDA margin weakened by 0.4 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was strong amounting to EUR 36.6 million (26.7). Operating cash flow was supported by strong EBITDA and release of working capital but offset by investments into tangible and intangible assets. Compared to the corresponding period of the previous year, the cash flow improved clearly driven by higher EBITDA, lower trade working capital and higher amount of other short-term liabilities despite seasonal payments of holiday pay. 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 EUR -8.2 million (-6.6) comprising mainly of acquisitions of machinery and equipment. Investments were higher due to the larger size of the business operations, postponed vehicle deliveries from 2022 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 Denmark and three in Sweden, of which the most significant is the acquisition of Bredablick.

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 2023.

Helsinki, 11 August 2023

Ville Rantala	Karl Svozilik
CEO	Chairman of the Board

Financial information

Consolidated income statement

EUR THOUSAND	4-6 2023	4-6 2022	1-6 2023	1-6 2022	1-12 2022
Net sales	141,765	111,052	282,661	226,654	483,282
Other operating income	935	999	1,699	1,734	3,547
Materials and services	-33,510	-27,607	-68,841	-59,807	-124,076
Personnel expenses	-70,431	-52,961	-139,346	-104,507	-225,493
Other operating expenses	-17,811	-15,826	-35,433	-29,489	-65,407
EBITDA	20,947	15,657	40,741	34,584	71,853
% of revenue	*14.8%*	*14.1%*	*14.4%*	*15.3%*	*14.9%*
Depreciation	-6,554	-6,731	-12,806	-13,118	-21,281
EBITA	14,393	8,926	27,935	21,466	50,572
% of revenue	*10.2%*	*8.0%*	*9.9%*	*9.5%*	*10.5%*
Amortisation and impairment	-3,715	-3,221	-7,387	-6,445	-13,578
Operating result	10,678	5,705	20,548	15,021	36,994
% of revenue	*7.5%*	*5.1%*	*7.3%*	*6.6%*	*7.7%*
Net financial expenses	-11,276	-8,824	-19,120	-13,695	-22,257
Result before taxes	-598	-3,119	1,427	1,326	14,738
Taxes	-151	-1,391	-241	-2,669	-539
Result for the financial period	-749	-4,511	1,187	-1,343	14,198

Consolidated Statement of Other Comprehensive Income

EUR thousand	1-6 2023	1-6 2022	1-12/2022
Profit for the financial period	1,187	-4,511	14,198
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	-4,701	-14,902	-8,052
Other comprehensive income/(loss) for the year, net of tax	-4,701	-14,902	-8,052
Total comprehensive income for the financial period	-3,514	-19,412	6,147
Profit for the period attributable to			
Equity holders of the parent	1,187	-4,511	14,198
Total comprehensive income attributable to			
Equity holders of the parent	-3,514	-19,412	6,147

Consolidated balance sheet

EUR THOUSAND	6 2023	6 2022	12 2022
ASSETS			
Non-current assets			
Goodwill	420,146	372,158	416,764
Intangible assets other than goodwill	121,229	121,397	124,978
Tangible assets	62,494	46,339	59,034
Right-of-use assets	29,448	21,880	26,536
Other shares	3,027	3,091	3,223
Other receivables	364	266	332
Deferred tax assets	2,920	2,366	3,150
Total non-current assets	639,628	567,498	634,018
Current assets			
Trade receivables	49,117	37,613	56,204
Inventories	3,100	1,300	3,007
Other current financial assets	83	0	291
Other current assets	17,916	11,627	15,049
Cash and cash equivalents	79,850	17,722	31,632
Total current assets	150,066	68,262	106,183
Total assets	789,694	635,760	740,201
EQUITY AND LIABILITIES			
Equity			
Share capital	80	-1,107	80
Fund for unrestricted equity	164,239	160,318	160,238
Retained earnings	699	0	-393
Translation differences	-12,410	-14,559	-7,709
Total equity	152,608	144,653	152,216
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	472,077	345,155	418,297
Other non-current liabilities	2,076	2,726	7,923
Lease liabilities	17,164	12,289	15,020
Deferred tax liabilities	30,689	27,737	30,961
Total non-current liabilities	522,007	387,907	472,201
Current liabilities			
Trade payables and other payables	97,737	73,231	98,401
Interest-bearing loans and borrowings	4,443	15,186	4,314
Lease liabilities	13,060	10,235	12,202
Income tax payable	-161	4,548	866
Total current liabilities	115,080	103,200	115,783
Total liabilities	637,087	491,107	587,985
Total equity and liabilities	789,694	635,760	740,201

Consolidated cash flow statement

EUR THOUSAND	4-6 2023	4-6 2022	1-6 2023	1-6 2022	1-12 2022
Operating activities					
Profit before tax	-598	-3,119	1,427	1,326	14,738
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	10,269	9,952	20,193	19,563	34,847
Finance income and expenses	11,276	8,826	19,121	13,696	20,945
Other adjustments	-547	-486	-789	-705	-1,720
Change in working capital	-5,440	-3,965	501	-15,926	-12,064
Other adjustments without payment	48	1,187	1,251	520	2,564
Income tax paid	-866	-1,201	-2,403	-2,021	-3,829
Net cash flow from operating activities	14,143	11,194	39,301	16,454	55,480
Net cash flow from investing activities					
Acquisition of tangible and intangible assets	-3,765	-2,926	-8,149	-6,602	-17,711
Acquisition of subsidiaries, net of cash acquired	-4,723	-24,683	-15,571	-33,654	-87,507
Proceeds from sale of subsidiaries	0	767	0	767	465
Net cash flow from investing activities	-8,488	-26,843	-23,720	-39,489	-104,754
Net cash flow from financing activities					
Increase in fund for unrestricted equity for consideration	2,685	0	2,685	16,331	16,331
Net change in borrowings	55,430	12,583	54,037	22,051	82,536
Net interests and finance costs paid	-11,541	-9,468	-14,946	-9,691	-20,933
Payments of lease liabilities	-4,223	-3,012	-8,370	-6,016	-14,834
Net cash from financing activities	42,352	103	33,406	22,674	63,100
Net increase in cash and cash equivalents	48,006	-15,546	48,987	-362	13,827
Cash and cash equivalents at the beginning of the period	32,165	33,515	31,632	18,331	18,331
Effect of exchange rate changes on cash and cash equivalents	-321	-247	-770	-247	-525
Cash and cash equivalents at reporting period end	79,850	17,722	79,850	17,722	31,632

Notes to the interim consolidated financial statements

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 the period ended June 30, 2023 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 Interim Report for January-June 2023 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with the Group's financial statements for 2022, published in May 2023. The Group has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2022. 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	1-6 2023	1-6 2022
Finland	148,574	141,217
Sweden	67,666	63,762
Norway	27,253	13,745
Denmark	19,701	7,929
Germany	19,468	0
Total revenue from contracts with customers	282,661	226,653

Consolidated statement of Changes in Equity

30.6.2023

EUR thousand	Share Capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total equity
Equity on 1.1.2023	80	160,238	-7,709	-393	152,216
Profit for the period	0	0	0	1,187	1,187
Other comprehensive income	0	0	-4,701	0	-4,701
Total comprehensive income	0	0	-4,701	1 187	-3,514
Increase in Fund for unrestricted equity	0	4,000	0	0	4,000
Distribution of profit to Parent company	0	0	0	0	0
Reclassification	0	0	0	0	0
Other changes	0	0	0	-95	-95
Equity on 30.6.2023	80	164,239	-12,410	699	152,608

30.6.2022

EUR thousand	Share Capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total equity
Equity on 1.1.2022	0	158,318	343	-13,219	145,442
Profit for the period	0	0	0	-1,343	-1,343
Other comprehensive income	0	0	-1,450	0	-1,450
Total comprehensive income	0	0	-1,450	-1,343	-2,793
Increase in Fund for unrestricted equity	0	2,000	0	0	2,000
Distribution of profit to Parent company	0	0	0	0	0
Reclassification	0	0	0	0	0
Other changes	0	0	0	3	3
Equity on 30.06.2022	0	160,318	-1,107	-14,559	144,652

31.12.2022

EUR thousand	Share Capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total equity
Equity on 1.1.2022	0	158,318	343	-13,219	145,442
Profit for the period	0	0	0	14,198	14,198
Other comprehensive income	0	0	-8,052		-8,052
Total comprehensive income	0	0	-8,052	14,198	6,147
Increase in Fund for unrestricted equity	0	2,000	0	0	2,000
Distribution of profit to Parent company	0	0	0	-1,315	-1,315
Reclassification	80	-80	0	0	0
Other changes	0	0	0	-58	-58
Equity on 31.12.2022	80	160,238	-7,709	-393	152,216

Intangible assets

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2022	138,928	12,514	4,549	155,991	416,764	572,755
Business combinations	3,472	-	-	3,472	11,334	14,806
Additions	-	-	1,140	1,140	-	1,140
Disposals	-	-	-	-	-	-
Translation differences	-918	-	-15	-934	-7,951	-8,885
Reclassification	-	-	-41	-41	-	-41
30.6.2023	141,482	12,514	5,634	159,629	420,146	579,775
Amortisation and impairment						
31.12.2022	-27,760	-1,917	-1,337	-31,014	-	-31,014
Amortisation	-6,490	-417	-480	-7,387	-	-7,387
30.6.2023	-34,250	-2,334	-1,817	-38,401	-	-38,401
Net book value						
30.6.2023	107,232	10,180	3,817	121,229	420,146	541,375

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			1,062	1,062	36	1,097
Disposals				-	-391	-391
Business combinations	4,504		2	4,506	25,839	30,345
Translation difference	-410		-75	-485	-3,885	-4,370
30.6.2022	129,279	12,300	3,709	145,289	372,158	517,447
Amortisation and impairment						
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Amortisation	-5,740	-410	-295	-6,445	-	-6,445
30.6.2022	-21,519	-1,503	-870	-23,892	-	-23,892
Net book value						
30.06.2022	107,760	10,797	2,840	121,397	372,158	493,555

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	14,468	214	108	14,789	73,873	88,662
Disposals	-	-	1,284	1,284	35	1,319
Business combinations	-	-	-	-	-451	-451
Translation difference	-725	-	438	-288	-7,254	-7,542
31.12.2022	138,928	12,514	4,549	155,991	416,764	572,755
Amortisation and impairment						
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Amortisation	-11,981	-824	-762	-13,566	-	-13,566
31.12.2022	-27,760	-1,917	-1,337	-31,014	-	-31,014
Net book value						
31.12.2022	111,168	10,597	3,213	124,978	416,764	541,742

Tangible assets

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2022	150	2,725	55,649	-	510	59,034
Additions	0	479	8,624	-	273	9,376
Business combinations	0	-	1,124	-	3	1,127
Disposals	0	-348	-946	-	-1	-1,295
Reclassifications	0	169	331	-	-446	55
Depreciation charge for the year	0	-249	-4,825	-	-61	-5,135
Translation differences	0	-4	-621	-	-43	-668
30.6.2023	150	2,771	59,337	-	236	62,494

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
Additions	-	232	20,077	-	525	20,834
Business combinations (Note 3.1)	-	1,274	5,129	-	9	6,412
Disposals	-	-175	-2,831	-	-	-3,006
Reclassifications	-	-1	1	-	-	0
Depreciation charge for the year	-	-314	-8,283	-	-61	-8,658
Translation differences	-	1	-633	-	-1,210	-1,842
31.12.2022	150	2,725	55,649	-	510	59,034

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	0	135	2,569	-	5	2,709
Additions	0	117	6,020	-	43	6,179
Depreciation charge for the year	0	-92	-7,362	-	-27	-7,480
Translation differences	0	-5	-302	-	-57	-364
30.6.2022	150	1,862	43,114	-	1,212	46,339

Interest-bearing loans and borrowings

Net interest-bearing debt

EUR thousand	30.6.2023	30.6.2022	31.12.2022
Non-current interest-bearing liabilities	472,077	345,155	418,297
Current interest-bearing loans and borrowings	4,443	15,186	4,314
Lease liabilities	30,225	22,523	27,222
Contingent consideration	1,253	2,179	2,987
Cash and cash equivalents	-79,850	-17,722	-31,632
Net interest-bearing debt total	428,148	367,321	421,187

Changes in the interest-bearing liabilities

30.6.2023

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance 30.6.
Non-current interest-bearing liabilities	418 297	190	-212	53 803	472 077
Current interest-bearing liabilities	4 314	4 314	-26	-4 160	4 443
Lease liabilities	27 222	1 709	-881	2 175	30 225
Contingent considerations	2 987	0	-124	-1 609	1 253
Total changes in interest-bearing liabilities	452 819	6 213	-1 243	50 208	507 998

30.6.2022

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance 30.6.
Non-current interest-bearing liabilities	303 971	1 510	-90	39 764	345 155
Current interest-bearing liabilities	33 584	59	-434	-18 023	15 186
Lease liabilities	22 856	3 371	-7	-3 696	22 523
Contingent considerations	4 228	0	-77	-1 972	2 179
Total changes in interest-bearing liabilities	364 639	4 940	-607	16 073	385 043

Business Combinations

EUR thousand	Acquisitions in 1-6/2023	Acquisitions in 1-6/2022	Acquisitions in 2022
Purchase price			
Consideration paid in cash	17,972	35,060	98,193
Contingent considerations	1,253	2,179	1,582
Total	19,225	37,239	99,775
Fair value of assets and liabilities recognised on acquisitions			
Assets			
Intangible assets			
Customer related intangibles	3,472	4,503	14,468
Marketing related intangibles	-	-	214
Other intangible assets	-	28	108
Intangible assets	3,472	4,531	14,789
Tangible assets	1,127	2,709	6,412
Other assets	5,422	7,956	35,740
Cash and cash equivalents	3,654	3,585	10,686
Total assets	13,675	18,781	67,628
Liabilities			
Non-interest bearing liabilities	3,897	7,003	22,099
Interest bearing liabilities	1,899	1,569	15,983
Deferred tax liability	715	1,099	3,803
Total liabilities	6,512	9,671	41,886
Total identifiable net assets at fair value	7,164	9,110	25,743
Goodwill arising on acquisition	11,050	22,138	73,873
Purchase consideration transferred	18,213	31,248	99,615
Cash flow impact of acquisitions			
Paid in cash			
Cash and cash equivalents	-17,927	-35,060	- 98,193
Expenses related to the acquisitions	- 673	- 699	- 2,557
Net cash flow on acquisition	-18,645	-35,759	- 100,750

Related party transactions

Service provided to

EUR thousand	30.6.2023	30.6.2022	31.12.2022
to Companies held by CEO or to CEO	179	185	361
Total	179	185	361

Services Purchased from

EUR thousand	30.6.2023	30.6.2022	31.12.2022
Real-estate leases from Mivi Capital (CEO is shareholder)	-365	-502	-778
Personnel recreation expenses from Scandinavian Outdoor (CEO is shareholder)	-2	0	-98
Total	-367	-502	-876

Definitions of alternative performance measures

Formulas of Key Figures			
EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin -%	=	Operating profit + depreciations and amortisation / Net sales	x 100
EBITA	=	Operating profit + amortisation	
EBITA margin -%	=	Operating profit + amortisation / Net sales	x 100
Adjusted EBITDA	=	EBITDA + non-recurring items	
Adjusted EBITDA margin -%	=	Adjusted EBITDA / Net sales	x 100
Adjusted EBITA		EBITA + non-recurring items	
Adjusted EBITA margin -%	=	Adjusted EBITA / 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 -%	=	LFL adjusted EBITDA / Net sales	x 100
LFL adjusted EBITA		Adjusted EBITA + like-for-like adjustments	
LFL adjusted EBITA margin -%	=	LFL adjusted EBITA / 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		Net interest-bearing debt (NIBD) / 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, %		EBITDA / Operating cash flow before acquisitions	x 100

Contact

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

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