All-stars in local property service.

Financial Statements Bulletin 2023

PHM Group Holding Oyj (3123811-8)

1 JANUARY – 31 DECEMBER 2023

Financial Statements Bulletin 2023 (unaudited)

Fourth quarter highlights

- Reported revenue increased by 36% to EUR 195.9 million (144.1)
- Reported EBITDA increased by 38% to EUR 25.2 million (18.3)
- LFL revenue increased by 3% to EUR 206.2 million (200.6). At comparable exchange rates, LFL revenue increased by 6%
- LFL adjusted EBITDA increased by 6% to EUR 30.3 million (28.6). At comparable exchange rates, LFL adjusted EBITDA increased by 9%
- Profit for the period amounted to EUR -2.5 million (9.1)
- Operating cash flow before acquisitions increased by 110% to EUR 28.7 million (13.7)
- Leverage amounted to 5.36x (4.81)

January – December highlights

- Reported revenue increased by 29% to EUR 624.9 million (483.3)
- Reported EBITDA increased by 20% to EUR 86.2 million (71.9)
- LFL revenue increased by 2% to EUR 758.9 million (747.0). At comparable exchange rates, LFL revenue increased by 6%
- LFL adjusted EBITDA increased by 3% to EUR 115.8 million (112.2). At comparable exchange rates, LFL adjusted EBITDA increased by 7%.
- Profit for the period amounted to EUR -2.3 million (14.2)
- Operating cash flow before acquisitions increased by 31% to EUR 68.9 million (52.7)

Significant events during the quarter

- Result improved by increased revenues and improved margins, but was negatively impacted by headwind from exchange rates development
- High M&A activity continued; Total acquired revenue amounted to EUR 92.4 million in Q4 2023, spearheaded by the acquisition of Sefbo, making PHM the market leader in Norway.
- Tap issue of senior secured callable floating rate notes in a nominal amount of EUR 140 million
- Launch of PHM Digital customer portal to property maintenance customers in Finland
- Tommy Fredriksen appointed County Director Norway and member of the Group Management Team

EUR million, IFRS	10-12/23	10-12/22	Change %	1-12/23	1-12/22	Change %
Reported						
Revenue	195.9	144.1	36%	624.9	483.3	29 %
EBITDA	25.2	18.3	38%	86.2	71.9	20 %
Adjusted EBITDA	28.5	20.7	38%	93.7	77.2	21%
Adjusted EBITDA margin%	14.6%	14.4%	0.2%	15.0%	16.0%	-1%
Adjusted EBITA	19.9	20.0	-1%	65.0	56.0	16%
Adjusted EBITA margin%	10.1%	13.9%	-3.7%	10.4%	11.6%	-1%
*LFL *) financials*						
LFL Revenue	206.2	200.6	3%	758.9	747.0	2%
LFL EBITDA	26.9	26.1	3%	108.4	106.4	2%
Adjusted LFL EBITDA	30.3	28.6	6%	115.8	112.2	3%
Adjusted LFL EBITDA margin%	14.7%	14.2%	0.5%	15.3%	15.0%	0.3%
Adjusted LFL EBITA	20.9	19.6	7%	80.8	78.8	2%
Adjusted LFL EBITA margin%	10.2%	9.8%	0.4%	10.6%	10.5%	0.1%
Financial position						
Operating cash flow before acquisitions**	28.7	13.7	110%	68.9	52.7	31%
Cash conversion before acquisitions***	114%	75%	39%	80%	73%	6%
Interest bearing net debt	647.8	421.2	54%	647.8	421.2	54%
Leverage, x****	5.36	4.81	11%	5.36	4.81	11%

*) 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 31.12.2023 amounted to EUR 5.0 million (31.12.2022: 1.0)

Management review

The fourth quarter of 2023 was successful in many ways: organic growth was strong with improved profitability, M&A activity continued to be high, and the PHM Digital customer portal was launched for maintenance customers in Finland having previously been available only for property management clients in Sweden.

Despite no clear improvement in the market conditions, both contract and additional sales increased, and thanks to successful in-housing of services provided and costs control the profit margins improved. The operating cash flow was very strong in the quarter and the cash conversion for the full year exceeded the level of 2022.

Altogether ten acquisitions were closed during the quarter, of which the most significant was the acquisition of Sefbo Group, the leading service provider of contract and subscription-based property services to housing associations in Norway, which more than doubled the size of PHM's Norwegian business. The acquisition was financed with a tap issue of senior secured floating rate notes in the nominal value of EUR 140 million.

During 2023, the development of the PHM Digital customer portal has been one of the most important projects in the Group. PHM Digital, previously only used in Sweden for property management customers under the name Realnode, was developed to fit both the property maintenance market and the Finnish market whereby the potential customer reach was multiplied. At the end of 2023, the PHM Digital customer portal was successfully launched to Finnish property maintenance customers.

PHM will continue executing its strategy to fulfil the mission of taking care of people by taking care of their surroundings, simultaneously becoming the market leader across all our markets.

Operating environment

PHM's business is to provide must have monthly and seasonally recurring services, complemented with a broad offering of additional services to serve the needs of our customers. In general, the demand for recurring services is unaffected by external market factors, whereas the additional services range from mandatory to discretionary services of which some are more prone to be impacted by external market factors. The Group's pricing power is good and thus, the main impact on PHM's business from changes in the operating environment are timing of cost and revenue increases of recurring services, which can temporarily impact the Group's margins, and fluctuations in customer demand for non-essential additional services.

The operating environment during the quarter continued to be affected by general economic uncertainty in all PHM's operating countries. The higher interest rates have decreased consumer confidence and weakened the property market. Private customers have shown increased selectivity in, and have to some extent postponed, purchase of non-essential add-on services. Professional property owners have also decreased investments, and commercial and public customers have decreased project demand. Towards the end of the year, however, interest rate expectations have started pointing to an end of rate hikes and start of rate decreases which has supported in stabilising the operating environment. Further reduced inflation has seen margin pressure ease and will also contribute to increased consumer confidence and stabilising demand going forward.

Despite being a locally operating service company, PHM is not unaffected by the broader macroeconomic development. Geopolitical tensions, including Russia's ongoing war in Ukraine, recent emerging conflicts in the Middle East, and tensions between major economies, like China and the US, continue to cause uncertainty in the operating environment, which may impact economic growth, inflation, and consumer confidence. Changes in the monetary policies of major central banks may impact customer demand, financing conditions and various currencies that directly or indirectly affect PHM.

Organic growth and operational efficiency

In the fourth quarter of 2023, like-for-like revenue increased by 3% to EUR 206.2 million and LFL adjusted EBITDA increased by 6% to EUR 30.3 million. The results continued to be negatively impacted by headwinds from exchange rate development that caused a EUR -7.0 million impact on like-for-like revenue and a EUR -0.9 million impact on like-for-like adjusted EBITDA during the quarter. On a fixed FX basis sales grew by 6% and adjusted EBITDA grew by 9%, respectively. Revenue was supported by growth in both contract and additional sales in local currencies across the countries where PHM operates. Contract sales growth was driven by both price increases and growth in the customer base, and the strong additional sales especially by winter related services in Finland, Sweden and Denmark, and higher project revenue in Norway and Germany. The positive sales development was, however, offset by lower additional sales of non-essential improvement and refurbishment work due to general economic uncertainty and higher interest rates. LFL adjusted EBITDA growth was supported by high revenue, successful in-housing of previously subcontracted work and decreased share of other operating expenses as share of revenue.

During the quarter, the major integration projects of Bredablick, Sefbo and Taurus progressed well. Synergy realisation was secured by finishing the first stage of IT integration of Bredablick and by nomination of a new country organisation in Norway. In Denmark the newly acquired Taurus Ejendomsforvaltning and PHM's first acquisition in Denmark, Ejendomsvirke, joined forces and established a new operating organisation to capitalise on each other's strengths and better serve their current customer base within property management and maintenance.

Mergers and Acquisitions

In the fourth quarter of 2023, M&A activity continued to be high as PHM Group completed ten acquisitions. Together, the closed acquisitions had a EUR 92.4 million positive impact on LTM like-for-like revenue and EUR 15.7 million positive impact on LTM like-for like adjusted EBITDA, respectively.

In Norway, PHM closed the acquisition of Sefbo Group, signed in Q3/23, after receiving approval from the Norwegian Competition Authority. Sefbo is the leading service provider of contract and subscription-based property services to housing associations in Norway. Sefbo's service offering includes property management, maintenance and cleaning services, as well as a wide range of supplementary services. The acquisition strengthens PHM's range of services and geographical presence in Norway and provides excellent opportunities to expand and develop its activities both locally and as a group.

PHM continued its growth outside the Nordics by entering the residential property service market in Berlin by acquiring Marnach Hauswartung GmbH, a facility maintenance and cleaning service provider serving mainly residential housing. Further, by acquiring MÜTRA Objektmanagement GmbH, a high-quality provider of facility maintenance, cleaning and outdoor maintenance, the Group strengthened its presence in Berlin and eastern parts of Germany.

In Finland, PHM made several acquisitions whereby expanding to new cities and strengthening the service portfolio and market position of existing businesses. Market expansion to Pietarsaari was done by acquiring JS Fastighetsservice Ab Oy, and to Mäntyharju in Southern Savonia by acquiring property services and maintenance company Punavaara Oy. Kiinteistötyöt Neitola Oy strengthens the market position in Rovaniemi in Northern Finland, Golden Shine Oy the cleaning services offering in Southwest Finland and TR Kiinteistöhuolto Oy the service offering to commercial customers in the Uusimaa region.

In Sweden, PHM made two acquisitions in the property maintenance sector. We Go Fastighet Ab offers indoor and outdoor property maintenance in Stockholm and Hagtorn Fastighetsservice AB and Hagtorn VVS AB, operating in the greater Malmö area, offer a wide range of property services to housing associations.

Completed acquisitions and disposals 1-12/2023

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
MARK Fastighet Mälardalen AB**	Sweden	Västerås	July	SEKm	98.1	3.3
Lilla Kloster Gruppen**	Sweden	Skåne	July	SEKm	29.7	1.8
Meincke's Total-Service A/S	Denmark	Copenhagen	July	DKKm	8.0	1.9
Bredablick Gruppen***	Sweden	Nationwide	August	SEKm	430.3	14.4
Green Carpet Turku Oy	Finland	Turku	August	EURm	0.7	0.2
Vakka-Suomen Talohuolto Oy	Finland	Laitila	September	EURm	0.3	0.0
Taurus Ejendomsadministration ApS	Denmark	Aarhus	September	DKKm	73.3	4.2
Vækst & Miljø A/S	Denmark	Slagelse	September	DKKm	105.4	13.3
Sefbo Group****	Norway	Nationwide	October	NOKm	730.4	90.9
We Go Fastighet AB	Sweden	Stockholm	October	SEKm	29.5	3.5
Marnach Hauswartung GmbH	Germany	Berlin	October	EURm	3.6	0.7
Kiinteistötyöt Neitola Oy	Finland	Rovaniemi	November	EURm	0.6	0.1
JS Fastighetsservice Ab Oy	Finland	Pietarsaari	November	EURm	1.9	0.2
TR-Kiinteistöhuolto Oy	Finland	Mäntsälä	November	EURm	0.8	0.0
Hagtorn Fastighetsservice AB and Hagtorn VVS AB**	Sweden	Malmö	December	SEKm	31.6	-0.4
MÜTRA Objektmanagement GmbH	Germany	Berlin	December	EURm	6.2	0.6
Punavaara Oy	Finland	Mäntyharju	December	EURm	2.0	0.4
Golden Shine Oy	Finland	Turku	December	EURm	1.3	0.2

*) Presented financials are based on latest available audited financial statements (local GAAP)
**) Unofficial consolidation of group entities
***) No statutory consolidated financials available, presented financials are based on management reporting FY22
****) Like-for-like revenue and adjusted EBITDA

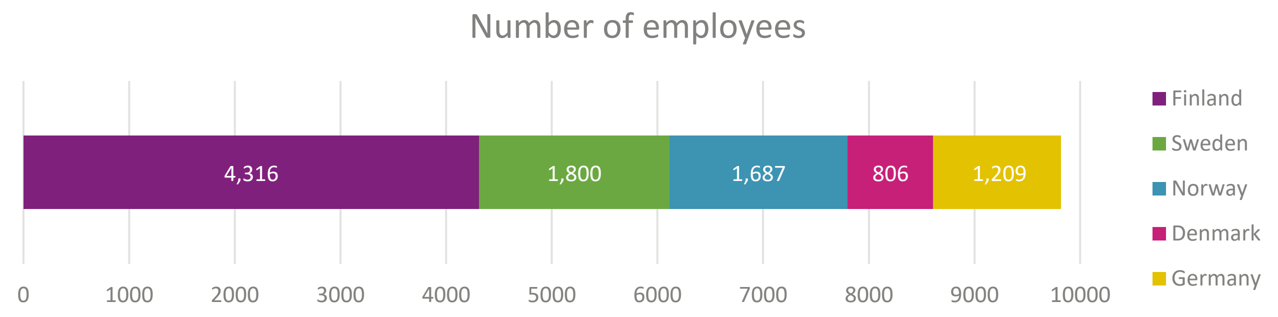
Financing

During Q4/23 PHM Group issued a tap issue of senior secured callable floating rate notes due in June 2026 in the nominal amount of EUR 140 million to finance the acquisition of Sefbo. Despite challenging conditions in the financial markets, the demand for the issue was good, showing the markets conviction towards PHM's strategy and strong resilience of its operations. Additional notes were issued to the market at 100.25% of par. PHM secured the financing already in September by receiving underwriting commitments in an amount of EUR 140 million and a minimum issue price of 100%, and simultaneously increased the framework from EUR 200 million to EUR 450 million. Additionally, EUR 15 million of the Super Senior RCF was utilised during the period.

During the review period in June, PHM also completed a EUR 55 million tap issue of its senior secured callable floating rate notes due 2026 under the existing framework of EUR 450 million and increased its Super Senior Revolving Credit Facility to EUR 77.5 million. At the end of the review period, the total amount of outstanding senior secured notes totalled EUR 605 million consisting of the EUR 265 million senior secured floating rate notes and EUR 340 million senior secured fixed rate notes. The notes are listed on the Nasdaq Helsinki Stock Exchange. In total EUR 21.5 million of the Super Senior RCF was utilised.

People, Responsibility and Good Governance

During 2023, the PHM Group companies employed 9,817 people (LFL) on average across the five countries where the Group operates. Adjusted for the time the companies have been part of PHM the average number of employees was 8,389. Like-for-like personnel expenses adjusted for non-recurring items in January - December totalled EUR 369.4 million (359.5). Reported personnel expenses totalled EUR 307.5 million (225.5).



In the last quarter of 2023, PHM Group continued to implement its Corporate Responsibility Strategy as planned. The company introduced a Group-wide whistleblowing channel, open to both internal and external stakeholders. At the end of the year, PHM started a series of procurement development projects to strengthen both the sustainability of its supply chain and reduce the climate impact of its business. To enable a controlled and economic green transition for our fleet, the company launched developments in fleet management, procurement and reporting in various countries at the end of the year, among others. Further, the implementation of the personnel strategy continued as planned. The focus was on expanding the use of HR systems in the operating countries, developing reporting, renewing the entire group's online learning environment, and implementing supervisor training in Finland, Sweden, and Norway. The company conducted a comprehensive personnel survey in all operating countries. Positive development was observed in every area of the personnel survey.

Financial review

October-December

The Group's reported revenue was EUR 195.9 million (144.1) and adjusted EBITDA was EUR 28.5 million (20.7) in Q4 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 PHM has completed several sizeable add on acquisitions during 2022 and 2023 explaining a large part of the growth year on year.

The Group's result for the fourth quarter amounted to EUR -2.5 million (9.1). In addition to operating costs the result is impacted by amortisation of customer and brand related intangible assets from acquisitions made and amortisation of other long-term expenditure totalling EUR -5.3 million (-4.2) as well as financing costs amounting to EUR -13.2 million (-6.3). In addition to interests paid, net financial expenses include, among others, financing related advisory costs and realised translation differences. The realized translation differences for the period include a one-time FX loss of EUR 2.7 million due to hedging of the purchase price of Sefbo between the signing and the closing of the acquisition. The increase in financing costs is due to increase in debt financing for execution of PHM's growth strategy.

The Group's LFL revenue increased by 3% to EUR 206.2 million (200.6). 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 6%. LFL revenue increase was driven by price increases and growth in the contract base throughout the Group, increased winter related additional sales in Finland, Sweden and Denmark, and increased project revenue from a few large projects in Norway and Germany. Other types of additional sales continued to be on a low level in Finland, Sweden and Norway, which impacted the sales development negatively. LFL revenue increased in Finland, Sweden, Denmark and Germany and decreased in Norway. The impact of exchange rate fluctuations, mainly due to the weakening of the Swedish and Norwegian Krones, totalled EUR -7.0 million. At comparable exchange rates the revenue increased also in Norway. During the last twelve months, Finland accounted for approximately 40%, Sweden for 27%, Norway for 17%, Denmark for 9% and Germany for 7% of LFL revenue.

The Group's LFL adjusted EBITDA increased 6% to EUR 30.3 million (28.6). At comparable exchange rates, LFL adjusted EBITDA grew 9% amounting to EUR 31.2 million (28.6). LFL adjusted EBITDA was supported by higher revenue, improved gross margin due to in-housing of services provided and stable operating expenses mainly due to lower premises costs offset by higher administrative expenses. Due to in-housing of services provided, personnel costs increased albeit clearly less than the increase in revenue. Consequently, adjusted EBITDA margin improved by 0.5 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items increased clearly from the comparison period to EUR 28.7 million (13.7). Operating cash flow was supported by higher EBITDA and release of working capital whereas capital expenditure increased slightly from the previous year. Investments into tangible and intangible assets amounted to EUR -10.1 million comprising mainly of investments 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.

At the end of the period, interest-bearing net debt was EUR 647.8 million and leverage was at 5.36x. The increase in interest-bearing net debt from the end of September 2023 is explained mainly by the several large acquisitions made. The synergy adjusted LFL EBITDA for the previous twelve months increased driven by acquisitions and organic growth. Leverage ratio, however, increased from the level of 5.01x at the end of September 2023 due to strategic acquisitions made during the period. The liquidity of the Group remains strong as cash and cash equivalents at the end of the review period was EUR 35.0 million and EUR 56.0 million of the Super Senior RCF was undrawn.

January-December

The Group's reported revenue was EUR 624.9 million (483.3) and adjusted EBITDA was EUR 93.7 million (77.2) for 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 PHM has completed several sizeable add on acquisitions during 2022 and 2023 explaining a large part of the growth year on year. The profitability of some of these acquisitions has been lower than the previously existing PHM Group's business, which has diluted the reported EBITDA margin in the short-term. The profitability is expected to improve going forward when integration and operational improvements take effect in accordance with PHM's strategy.

The Group's result for 2023 amounted to EUR -2,3 million (14.2). In addition to operating costs the result is impacted by amortisation of customer and brand related intangible assets from acquisitions made and amortisation of other long-term expenditure totalling EUR -16.7 million (-13.6) as well as financing costs amounting to EUR -41.3 million (-22.3). In addition to interests paid, net financial expenses include, among others, financing related advisory costs and realised translation differences. During the review period, PHM converted intra-group loans into unrestricted equity in its Norwegian subsidiary, which resulted in a EUR 3.3 million loss in realised translation differences. Further, the realized translation differences include a one-time FX loss of EUR 2.7 million due to hedging of the purchase price of Sefbo between the signing and the closing of the acquisition. The increase in financing costs is due to increase in debt financing for execution of PHM's growth strategy.

The Group's LFL revenue increased by 2% to EUR 758.9 million (747.0). 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 6%. LFL revenue development was supported by increased contract sales in all countries, attributable to both price increases and increase in the contract base but was burdened by lower additional sales volume. Additional sales decreased was driven by clients postponing non-essential improvement and maintenance works due to the current uncertainty in the economic climate and higher interest rates. Price increases of additional sales in all countries and good development in Denmark and Germany did not compensate for the decrease in additional sales volume in Finland, Sweden and Norway. LFL revenue increased in Finland, Denmark and Germany but decreased in Sweden and Norway. The impact of exchange rate fluctuations of EUR -32.8 million was attributable almost exclusively to the weaking of the Swedish and Norwegian Krones. At comparable exchange rates the LFL revenue increased also in Sweden and Norway.

The Group's LFL adjusted EBITDA was EUR 115.8 million (112.2). At comparable FX rates LFL adjusted EBITDA increased by 7% amounting to EUR 120.3 million. Adjusted EBITDA was supported by the increased contract revenue and improved sales mix of additional maintenance services, as well as lower machinery costs and operating expenses. The result was burdened by lower additional sales volume in Finland, Sweden and

Norway as well as increased personnel costs driven by general salary increases and higher 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 reversed by lower costs for external services and materials. Consequently, adjusted EBITDA margin improved 0.3 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was strong amounting to EUR 68.9 million (52.7). Operating cash flow was supported by strong EBITDA and release of working capital but offset by capital expenditure. Compared to the corresponding period of the previous year, the cash flow was supported by higher EBITDA and release of working capital but weakened due to higher capital expenditure. 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 -22.5 million (-17.7) comprising mainly of investments in 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.

At the end of the period, interest-bearing net debt was EUR 647.8 million and leverage was at 5.36x. The increase in interest-bearing net debt from the end of December 2022 is explained mainly by the several large acquisitions made. The synergy adjusted LFL EBITDA for the previous twelve months increased, however, the leverage ratio increased from the level of 4.81x at the end of December 2022 due to strategic acquisitions made during the period. The liquidity of the Group remains strong as cash and cash equivalents at the end of the review period was EUR 35.0 million and EUR 56.0 million of the Super Senior RCF was undrawn.

Events after the review period

After the review period PHM has completed two acquisitions in Finland.

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, 13 February 2024

Ville Rantala	Karl Svozilik
CEO	Chairman of the Board

Financial information

Consolidated income statement

EUR THOUSAND	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales	195,911	144,113	624,904	483,282
Other operating income	1,352	1,218	3,541	3,547
Materials and services	-52,713	-36,914	-155,538	-124,076
Personnel expenses	-92,690	-68,214	-307,493	-225,493
Other operating expenses	-26,655	-21,910	-79,194	-65,407
EBITDA	25,204	18,292	86,219	71,853
% of revenue	*12.9%*	*12.7%*	*13.8%*	*14.9%*
Depreciation	-8,690	-751	-28,716	-21,281
EBITA	16,514	17,541	57,504	50,572
% of revenue	*8.4%*	*12.2%*	*9.2%*	*10.5%*
Amortisation and impairment	-5,267	-4,183	-16,684	-13,578
Operating result	11,247	13,358	40,819	36,994
% of revenue	*5.7%*	*9.3%*	*6.5%*	*7.7%*
Net financial expenses	-13,159	-6,281	-41,281	-22,257
Result before taxes	-1,912	7,077	-462	14,738
Taxes	-631	1,978	-1,811	-539
Result for the financial period	-2,543	9,056	-2,273	14,198

Consolidated Statement of Other Comprehensive Income

EUR thousand	1-12 2023	1-12 2022
Profit for the financial period	-2,273	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	11,005	-8,052
Other comprehensive income/(loss) for the year, net of tax	11,005	-8,052
Total comprehensive income for the financial period	8,732	6,147
Profit for the period attributable to		
Equity holders of the parent	-2,273	14,198
Total comprehensive income attributable to		
Equity holders of the parent	8,732	6,147

Consolidated balance sheet

EUR THOUSAND	12 2023	12 2022
ASSETS		
Non-current assets		
Goodwill	624,621	416,764
Intangible assets other than goodwill	183,198	124,978
Tangible assets	78,335	59,034
Right-of-use assets	47,701	26,536
Other shares	3,011	3,223
Other receivables	842	332
Deferred tax assets	3,295	3,150
Total non-current assets	941,004	634,018
Current assets		
Trade receivables	87,121	56,204
Inventories	3,243	3,007
Other current financial assets	138	291
Other current assets	29,171	15,049
Cash and cash equivalents	35,026	31,632
Total current assets	154,699	106,183
Total assets	1,095,703	740,201
EQUITY AND LIABILITIES		
Equity		
Share capital	80	80
Fund for unrestricted equity	208,239	160,238
Retained earnings	-4,087	-393
Translation differences	3,296	-7,709
Total equity	207,527	152,216
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	603,940	418,297
Other non-current liabilities	3,375	7,923
Lease liabilities	29,476	15,020
Deferred tax liabilities	43,723	30,961
Total non-current liabilities	680,514	472,201
Current liabilities		
Trade payables and other payables	155,898	98,401
Interest-bearing loans and borrowings	24,706	4,314
Lease liabilities	19,459	12,202
Income tax payable	7,598	866
Total current liabilities	207,662	115,783
Total liabilities	888,176	587,985
Total equity and liabilities	1,095,703	740,201

Consolidated cash flow statement

EUR THOUSAND	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Operating activities				
Profit before tax	-1,912	7,077	-463	14,738
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and impairment	13,957	4,922	45,400	34,847
Finance income and expenses	11,848	4,967	39,972	20,945
Other adjustments	-3,803	-994	-3,846	-1,720
Change in working capital	10,036	7,309	545	-12,064
Other adjustments without payment	-3,389	299	-2,792	2,564
Income tax paid	222	-393	-3,439	-3,829
Net cash flow from operating activities	26,959	23,186	75,378	55,480
Net cash flow from investing activities				
Acquisition of tangible and intangible assets	-10,116	-9,376	-22,490	-17,711
Acquisition of subsidiaries, net of cash acquired	-147,242	-35,917	-222,710	-87,507
Proceeds from sale of subsidiaries	0	-1	0	465
Net cash flow from investing activities	-157,357	-45,294	-245,201	-104,754
Net cash flow from financing activities				
Increase in fund for unrestricted equity for consideration	45,315	0	48,002	16,331
Net change in borrowings	120,313	46,843	179,966	82,536
Net interests and finance costs paid	-15,952	-9,858	-35,069	-20,933
Payments of lease liabilities	-5,768	-5,135	-18,807	-14,834
Net cash from financing activities	143,908	31,850	174,093	63,100
Net increase in cash and cash equivalents	13,510	9,742	4,270	13,827
Cash and cash equivalents at the beginning of the period	21,668	21,935	31,632	18,331
Effect of exchange rate changes on cash and cash equivalents	-137	-45	-861	-525
Cash and cash equivalents at reporting period end	35,041	31,632	35,027	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 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 Financial Statements Bulletin for 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	1-12 2023	1-12 2022
Finland	298,729	280,984
Sweden	168,211	132,806
Norway	68,024	35,666
Denmark	49,394	24,944
Germany	40,546	8,884
Total revenue from contracts with customers	624,904	483,282

Consolidated statement of Changes in Equity

31.12.2023

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	-2,273	-2,273
Other comprehensive income	0	0	11,005	0	11,005
Total comprehensive income	0	0	11,005	-2,273	8,732
Increase in Fund for unrestricted equity	0	48,000	0	0	48,000
Distribution of profit to Parent company	0	0	0	-1,311	-1,311
Reclassification	0	0	0	0	0
Other changes	0	0	0	-110	-110
Equity on 31.12.2023	80	208,239	3,296	-4,087	207,527

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	66,273	8,791	994	76,058	219,596	295,654
Additions	-	-	2,357	2,357	186	2,542
Disposals	-	-	-34	-34	-60	-94
Translation differences	-3,391	12	-59	-3,438	-11,861	-15,299
Reclassification	-	-	-39	-39	-3	-42
31.12.2023	201,810	21,317	7,768	230,895	624,621	855,516
Amortisation and impairment						
31.12.2022	-27,760	-1,917	-1,337	-31,014	-	-31,014
Amortisation	-14,405	-1,071	-1,207	-16,683	-	-16,683
31.12.2023	-42,165	-2,988	-2,544	-47,697	-	-47,697
Net book value						
31.12.2023	159,645	18,329	5,225	183,199	624,621	807,820

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	Other equipment	Total
31.12.2022	150	2,725	55,649	510	59,034
Additions	-	950	22,663	375	23,988
Business combinations	-	146	8,593	188	8,927
Disposals	-0	-367	-1,729	-21	-2,118
Reclassifications	-7	62	486	-444	98
Depreciation charge for the year	-	-463	-10,700	-170	-11,332
Translation differences	-	-0	-230	-31	-262
31.12.2023	143	3,052	74,732	408	78,335

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Other equipment	Total
31.12.2021	150	1,707	42,190	1,247	45,295
Additions	-	232	20,077	525	20,834
Business combinations	-	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

Interest-bearing loans and borrowings

Net interest-bearing debt

EUR thousand	31.12.2023	31.12.2022
Non-current interest-bearing liabilities	603,940	418,297
Current interest-bearing loans and borrowings	24,706	4,314
Lease liabilities	48,936	27,222
Contingent consideration	5,214	2,987
Cash and cash equivalents	-35,026	-31,632
Net interest-bearing debt total	647,769	421,187

Changes in the interest-bearing liabilities

31.12.2023

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance 31.12.
Non-current interest-bearing liabilities	418,297	1,043	-78	184,679	603,940
Current interest-bearing liabilities	4,314	4,314	4	16,073	24,706
Lease liabilities	27,222	18,777	-700	3,636	48,936
Contingent considerations	2,987	-1,990	-21	4,239	5,214
Total changes in interest-bearing liabilities	452,819	22,144	-795	208,627	682,796

31.12.2022

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance 31.12.
Non-current interest-bearing liabilities	303,971	5,433	-161	109,053	418,297
Current interest-bearing liabilities	33,584	388	-107	-29,550	4,314
Lease liabilities	22,856	10,062	-818	-4,877	27,222
Contingent considerations	4,228	0	-107	-1,135	2,987
Total changes in interest-bearing liabilities	364,639	15,883	-1,193	73,491	452,819

Business Combinations

EUR thousand	Acquisitions in 2023	Acquisitions in 2022
Purchase price		
Consideration paid in cash	236,337	98,193
Contingent considerations	5,214	1,582
Total	241,551	99,775
Fair value of assets and liabilities recognised on acquisitions		
Assets		
Intangible assets		
Customer related intangibles	84,999	14,468
Marketing related intangibles	8,791	214
Other intangible assets	994	108
Intangible assets	94,784	14,789
Tangible assets	8,927	6,412
Other assets	53,878	35,740
Cash and cash equivalents	18,856	10,686
Total assets	176,445	67,628
Liabilities		
Non-interest bearing liabilities	39,914	22,099
Interest bearing liabilities	68,764	15,983
Deferred tax liability	16,338	3,803
Total liabilities	125,017	41,886
Total identifiable net assets at fair value	51,429	25,743
Goodwill arising on acquisition	212,519	73,873
Purchase consideration transferred	263,948	99,615
Cash flow impact of acquisitions		
Paid in cash		
Cash and cash equivalents	-236,337	-98,193
Expenses related to the acquisitions	-3,007	-2,557
Net cash flow on acquisition	-239,345	-100,750

Related party transactions

Service provided to

EUR thousand	31.12.2023	31.12.2022
to Companies held by CEO or to CEO	489	361
Total	489	361

Services Purchased from

EUR thousand	31.12.2023	31.12.2022
Real-estate leases from Mivi Capital (CEO is shareholder)	-732	-778
Personnel recreation expenses from Scandinavian Outdoor (CEO is shareholder)	-104	-98
Total	-836	-876

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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