All-stars in local property service.

Half-year report 1-6/2024

PHM Group Holding Oyj (3123811-8)

1 JANUARY – 30 JUNE 2024

Interim report January – June 2024 (unaudited)

Second quarter highlights

- Reported revenue increased by 41% to EUR 199.4 million (141.8).
- Reported EBITDA increased by 51% to EUR 31.7 million (20.9).
- LFL revenue increased by 5% to EUR 251.7 million (240.2).
- LFL adjusted EBITDA increased by 14% to EUR 43.0 million (37.6).
- Profit for the period amounted to EUR -1.2 million (-0.7).
- Operating cash flow before acquisitions increased by 31% to EUR 21.3 million (16.3).
- Leverage was 5.55x (4.76).

January–June highlights

- Reported revenue increased by 43% to EUR 404.6 million (282.7).
- Reported EBITDA increased by 53% to EUR 62.1 million (40.7).
- LFL revenue increased by 7% to EUR 512.3 million (480.3).
- LFL adjusted EBITDA increased by 14% to EUR 83.6 million (73.4).
- Profit for the period amounted to EUR -3.2 million (1.2).
- Operating cash flow before acquisitions increased by 32% to EUR 48.2 million (36.6).

Significant events during the quarter

- PHM made two strategically significant acquisitions: The acquisition of the Real Estate Services business of Investis Group, which saw PHM expand to Switzerland, and the acquisition of DEAS Real Estate Services from DEAS Group, which significantly strengthens PHM's position in Denmark.
- Ten acquisitions were completed in the second quarter of 2024. Total acquired revenue amounted to EUR 210.4 million.
- EBITDA continued to improve, driven by revenue growth and higher margins.
- The amount of financing was significantly increased by launching a new term loan B of EUR 300 million.
- The execution of strategic development measures continued as planned.

EUR million, IFRS	4-6/24	4-6/23	Change %	1-6/24	1-6/23	Change %	1-12/23	LTM
Reported								
Revenue	199.4	141.8	40.6%	404.6	282.7	43.1%	624.9	746.8
EBITDA	31.7	20.9	51.3%	62.1	40.7	52.5%	86.2	107.6
Adjusted EBITDA	34.7	22.1	57.4%	67.6	43.1	56.7%	93.3	117.8
Adjusted EBITDA margin %	17.4%	15.6%	1.9%	16.7%	15.3%	1.5%	14.9%	15.8%
Adjusted EBITA	25.1	15.5	61.6%	48.9	30.3	61.3%	64.6	83.2
Adjusted EBITA margin %	12.6%	10.9%	1.6%	12.1%	10.7%	1.4%	10.3%	11.1%
*LFL *) financials*								
LFL Revenue	251.7	240.2	4.8%	512.3	480.3	6.7%	974.1	1,006.1
LFL EBITDA	44.7	35.6	25.7%	82.4	69.2	19.0%	137.4	150.6
Adjusted LFL EBITDA	43.0	37.6	14.3%	83.6	73.4	13.9%	148.3	158.5
Adjusted LFL EBITDA margin %	17.1%	15.7%	1.4%	16.3%	15.3%	1.0%	15.2%	15.8%
Adjusted LFL EBITA	31.5	26.9	17.1%	60.9	52.2	16.7%	104.7	113.5
Adjusted LFL EBITA margin %	12.5%	11.2%	1.3%	11.9%	10.9%	1.0%	10.8%	11.3%
Financial position								
Operating cash flow before acquisitions**	21.3	16.3	30.7%	48.2	36.6	32.0%	68.9	
Cash conversion before acquisitions***	67.3%	77.9%	-10.6%	77.6%	89.7%	-12.1%	79.9%	
Interest bearing net debt	892.9	428.1	108.5%	892.9	428.1	108.5%	647.8	
Leverage, x****	5.55	4.76	16.6%	5.55	4.76	16.6%	5.36	

*) 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 30.6.2024 amounted to EUR 2.3 million (30.6.2023: 0.6, 31.12.2023: 5.0)

Management review

M&A activity increased significantly again in the second quarter of 2024, with PHM making two strategic acquisitions in addition to several small and medium-sized acquisitions. PHM expanded to Switzerland by acquiring Investis Group's Real Estate Services business (Valores Group) and signed an agreement on acquiring the Denmark-based DEAS Group's Real Estate Services business (DEAS A/S). Valores Group is one of Switzerland's largest providers of property management and maintenance services for residential and commercial properties. Consequently, the acquisition gives PHM a strong position and a stable growth platform to execute its strategy in Switzerland's growing property services market. By acquiring DEAS A/S, a Danish property management company, PHM will more than double the size of its business in Denmark in terms of LFL revenue, and make its service offering the most comprehensive in the Danish market. In order to carry out the acquisitions, PHM significantly strengthened its financing by launching a new EUR 300 million term loan B.

The quarter under review was also operationally successful, as PHM achieved continued revenue growth and improved profitability. Although there was no clear improvement in the market conditions, both contract sales and additional sales continued to grow, while cost control, realisation of synergies and the in-housing of service production boosted profitability. In spite of the substantial organic growth in profit and the LFL EBITDA brought by acquisitions, the debt financing required for the acquisitions made during the quarter under review saw the Group's leverage increase when compared to the end of March 2024.

The execution of strategic development measures continued as planned during the quarter. In addition to the Group's major integration projects, focus was particularly on measures aimed at improving operational efficiency, including the centralisation of IT services in the Group's common IT environment and the centralisation of procurement. The development of PHM Digital was continued in order to enable the deployment of the service in several of the Group's operating countries, and the number of users continued to grow.

PHM will continue to execute its strategy to fulfil its mission of taking care of people by taking care of their surroundings. At the same time, the company aims to become the market leader across all of its markets.

Operating environment

PHM's business is to provide must-have weekly, monthly and seasonally recurring services, complemented by 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 essential to discretionary services, some of which are more prone to be affected 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 related to the timing of cost and revenue increases of recurring services. This can temporarily impact the Group's margins and customer demand for non-essential additional services.

During the second quarter, the operating environment continued to be affected by general economic uncertainty in all of PHM's operating countries. Interest rates remained high, consumer confidence was still low and the property market continued to be subdued. Housing companies continued to show selectivity in purchasing non-essential additional services and postponed their purchases to some extent. Professional property owners have also decreased investments, and project demand among commercial and public sector customers has decreased. Interest rate expectations in Europe, which had lowered in the latter part of 2023, remained unchanged, which contributed to the stabilisation of the operating environment, although the start of interest rate cuts is now expected to take place slightly later than previously anticipated. Inflation continued to decline during the quarter, which has eased margin pressure and will also contribute to increased consumer confidence and the stabilisation of demand going forward. Risk appetite in the financial markets remained at a good level and the market was active, which improved access to financing and reduced credit risk premiums.

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, 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 second quarter of 2024, like-for-like revenue increased by 5% to EUR 251.7 million and LFL adjusted EBITDA increased by 14% to EUR 43.0 million. The impact of exchange rate developments on profit performance was minor: EUR 0.3 million on LFL revenue and EUR 0.1 million on LFL EBITDA during the quarter. Revenue growth was supported by increased contract sales as well as the growth of additional sales. The increase in contract sales was driven by both price increases and the growth of the customer base. The increase in additional sales was driven by the timing of winter-related services in Finland, Sweden and Denmark, the increased sales of additional technical services in Germany, and the sales of expert services in Switzerland. The positive development of sales was, however, offset by lower additional sales of non-essential improvement and refurbishment work due to the general economic uncertainty and high interest rates, as well as lower project revenue in Norway and Germany. LFL adjusted EBITDA growth was supported by the substantial growth of revenue, the successful in-house production of previously subcontracted work, and a reduction in other operating expenses due to realised synergies.

PHM continued to execute its strategic development measures as planned during the quarter. The procurement centralisation project continued with the competitive tendering of suppliers, and the procurement monitoring tool developed to support the centralisation of procurement activities was deployed in Sweden and Norway. Good progress was made in the significant integration projects of Bredablick, Sefbo and Taurus during the quarter, and the planned synergies were realised in line with expectations.

Mergers and Acquisitions

M&A activity was at a record-high level in the second quarter of 2024 as PHM carried out two strategic acquisitions in addition to several small and medium-sized acquisitions. PHM made a total of 10 acquisitions, the most significant of which was the acquisition of the Switzerland-based Investis Group's Real Estate Services business (Valores Group). Together, the closed acquisitions had a positive effect of EUR 210.7 million on LTM like-for-like revenue and a positive effect of EUR 31.4 million on LTM like-for-like adjusted EBITDA. In addition to the closed acquisitions, PHM signed an agreement on acquiring the Denmark-based DEAS Group's Real Estate Services business (DEAS A/S).

By acquiring Valores Group, PHM Group continued its expansion in Central Europe and established a foothold in Switzerland. Valores Group provides property management and maintenance services for residential and commercial properties. The companies included in the transaction have 2,285 employees and their consolidated revenue for the financial year that ended on 31 December 2023 amounted to approximately CHF 180.8 million (171.7), or about EUR 183 million. The Swiss property services market is growing and its purchasing behaviour is very similar to the Finnish and Danish markets, for example. This makes Switzerland an attractive market for PHM Group.

In Germany, PHM expanded to Kassel and its surroundings in central Germany by acquiring Schöne Gebäude-Reinigung GmbH and Schöne & Co. Tech GmbH. The companies are known as high-quality providers of cleaning and property maintenance services as well as technical services in the region, and they have a strong market position in Kassel.

In Finland, PHM made five acquisitions, four of which strengthened the existing regional service offering. PHM also expanded to the Heinola area by acquiring Kiinteistöpalvelu Kukkonen Oy. In Norway, PHM acquired Absolutt Rent AS, which specialises in staircase cleaning for residential properties. The company strengthens PHM's cleaning service expertise and offering in the Oslo area. In Denmark, PHM's market position in the Copenhagen area was strengthened by the acquisition of J S E Ejendomsservice ApS.

In addition to the closed acquisitions, PHM signed an agreement on acquiring the Denmark-based DEAS Group's Real Estate Services business (DEAS A/S), which will significantly strengthen PHM's position in Denmark. The acquisition does not include DEAS Group's Asset Management business, the ownership of which will be transferred away from DEAS A/S before the transaction is completed. DEAS A/S is a Danish property management company that provides services to local, regional and international real estate investors, property owners and tenants. With the acquisition, PHM will have the most comprehensive range of services and expertise in property maintenance and management in Denmark. The transaction was subject to approval by the Danish Competition Authority, which was obtained in June, and the transaction was closed in August when all of the conditions for the transaction were met.

Completed acquisitions and disposals 1-6/2024

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
Savonlinnan Siivous- ja Kiinteistöhuoltokeskus SK2**	Finland	Savonlinna	January	EURm	0.9	0.2
Nokian Saneeraus Asiantuntijat Oy	Finland	Nokia	February	EURm	1.0	0.2
Høvik Eiendomsdrift AS	Norway	Drammen	March	NOKm	17.1	2.2
Pur98100 Gebäude-Service**	Germany	Flensburg	March	EURm	2.6	0.5
Allgranthgruppen***	Sweden	Stockholm	March	SEKm	49.7	6.7
Korrekt Bostadsrättsförvaltning****	Sweden	Stockholm	March	SEKm	3.3	1.6
Kiinteistöpalvelu Kukkonen Oy	Finland	Heinola	April	EURm	2.0	0.2
Borg Service****	Denmark	Jutland	May	DKKm	2.9	0.4
Rauman Pihapojat Oy	Finland	Rauma	May	EURm	1.2	0.2
J S E Ejendomsservice ApS	Denmark	Copenhagen	May	DKKm	5.1	0.9
Schöne & Co. Tech GmbH and Schöne Gebäude-Reinigung GmbH	Germany	Kassel	May	EURm	6.6	1.2
KS-Kiinteistö Oy	Finland	Jyväskylä	June	EURm	1.7	0.1
Kiinteistöhuolto Hautanen Oy	Finland	Seinäjoki	June	EURm	1.6	0.4
Päre Siivous**	Finland	Rovaniemi	June	EURm	0.4	0.0
Absolutt Rent AS	Norway	Oslo	June	NOKm	10.4	3.7
Valores Group*****	Switzerland	Nationwide	June	CHFm	184.8	22.9

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

****) Asset purchase, management estimation of like-for-like revenue and adjusted EBITDA
*****) Like-for-like revenue and adjusted EBITDA

Financing

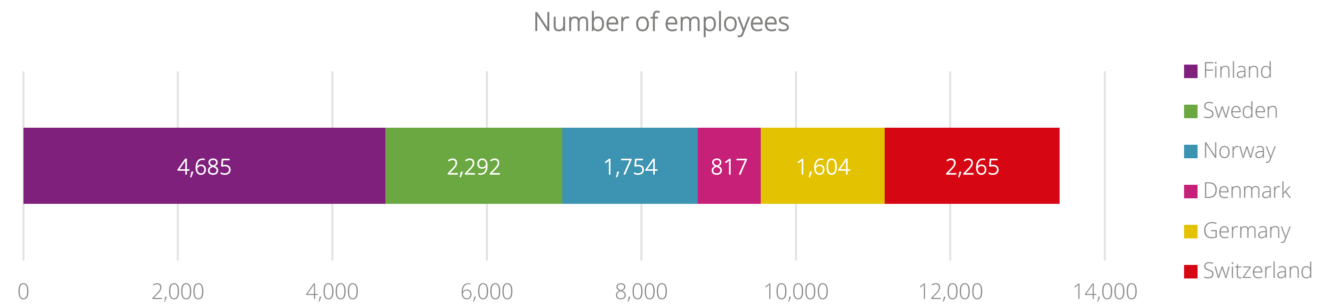
PHM Group significantly strengthened its financing in the second quarter of 2024 by launching a senior secured term loan B of EUR 300 million. The floating rate loan has a maturity of seven years. The term loan B was successfully priced and allocated to investors, and it has a margin of 4.75% above the 3-month Euribor rate. The proceeds will be used to finance acquisitions and related acquisition costs, as well as for general corporate purposes. During the quarter under review, PHM also increased the size of its Super Senior RCF to EUR 92.5 million.

During the period under review, PHM Group completed a tap issue of its senior secured callable floating rate notes in a nominal amount of EUR 35 million. The subsequent notes were issued on the same terms as the EUR 265 million senior secured callable floating rate notes due in 2026, under the company's existing framework of EUR 450 million. The notes were in high demand and issued at a price corresponding to 104.25% of the nominal value. The Super Senior RCF that was utilised during the review period was repaid with the proceeds from the issued notes.

At the end of the review period, the total amount of outstanding senior secured notes was EUR 640 million. The total amount consists of EUR 300 million in floating rate notes and EUR 340 million in fixed rate notes. The notes are listed on the Nasdaq Helsinki Stock Exchange and the Frankfurt Open Market. The Super Senior RCF of EUR 92.5 million was entirely unutilised.

People, Sustainability and Good Governance

At the end of June, PHM employed a total of 13,417 people across its six operating countries. Like-for-like personnel expenses adjusted for non-recurring items totalled EUR 267.4 million (253.4) in January–June. Reported personnel expenses totalled EUR 198.1 million (139.3).



In the second quarter of 2024, PHM Group continued to implement its Corporate Responsibility Strategy and Personnel Strategy as planned. PHM published its corporate responsibility report for 2023 as part of the annual report. Otherwise, PHM's sustainability efforts in the second quarter were focused on preparations related to the Corporate Sustainability Reporting Directive (CSRD). These preparations will continue throughout the rest of the year. PHM started a CSRD-compliant double materiality assessment to assess the company's impacts on society and the environment, as well as the impacts of sustainability factors on the company. The results of the double materiality assessment will affect the focus areas of PHM's sustainability efforts and the Group's sustainability disclosures. In the second quarter, PHM also drafted a Group policy on compliance with economic sanctions. The Group's personnel will receive training on the implementation of sanctions screening in accordance with the updated guidelines later in the autumn. The company also continued the deployment of HR systems in the operating countries in order to enable more comprehensive reporting in the future. A new e-learning environment has been deployed in Finland and its implementation in the other operating countries is under way. The planning and implementation of supervisor training continued.

Financial review

April–June

The Group's reported revenue was EUR 199.4 million (141.8) and adjusted EBITDA was EUR 34.7 million (22.1) in the second quarter of 2024. In addition to the operational development discussed below in the financial review section on LFL figures, the scale of the Group's business relative to the comparison period also continued to be increased by the several significant acquisitions made by PHM in 2023. The year-on-year growth is largely attributable to the acquisitions in question.

The Group's result for the second quarter was EUR -1.2 million (-0.7). In addition to being affected by operating costs, the result was affected by the amortisation of customer- and brand-related intangible assets from acquisitions made and the amortisation of other long-term expenditure totalling EUR -5.8 million (-3.7), as well as financing costs, which amounted to EUR -16.8 million (-11.2). In addition to interest expenses, the net financial expenses also included financing-related advisory costs and realised translation differences, among other items. The increase in financing costs is due to the increase in debt financing necessary for implementing PHM's growth strategy.

The Group's LFL revenue increased by 5% to EUR 251.7 million (240.2). 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 growth at comparable exchange rates was also 5%. The strong growth of LFL revenue was driven by price increases, the growth of the contract base and increased additional sales. Additional sales were increased by the timing of winter-related services in Finland, Sweden and Denmark, sales of additional technical services in Germany, and sales of expert services in Switzerland. The additional sales of other types of non-essential services remained low in Finland, Sweden and Norway, and project revenue decreased in Norway and Germany. Nevertheless, LFL revenue increased in all of the Group's operating countries. The overall impact of exchange rate fluctuations on revenue was minor at EUR 0.3 million, but there were continued country-specific fluctuations in exchange rates. During the last 12 months, Finland accounted for approximately 33%, Sweden for 21%, Norway for 13%, Denmark for 7%, Germany for 6% and Switzerland for 19% of LFL revenue.

The Group's LFL adjusted EBITDA increased by 14% to EUR 43.0 million (37.6). LFL adjusted EBITDA also increased by 14% at comparable exchange rates. LFL adjusted EBITDA was supported by revenue growth, the realisation of planned synergies from acquisitions, successful price increases, a reduction in material costs due to decreased project revenue, the successful in-housing of previously subcontracted work, as well as a reduction in operating costs, which was mainly due to decreased administrative expenses. However, this development was offset by higher subcontracting costs, as sales were more focused on winter-related services than in the comparison period, and the use of subcontracting is relatively higher in the implementation of winter-related services. Personnel costs increased due to the growth of in-house service production and general increases to wages, albeit clearly less than the increase in revenue. Consequently, the adjusted EBITDA margin improved by 1.4 percentage points year-on-year.

The Group's operating cash flow before acquisitions and financial items increased year-on-year and amounted to EUR 21.3 million (16.3). Operating cash flow was supported by higher EBITDA but weakened by increased working capital and higher capital expenditure. Investments in tangible and intangible assets amounted to EUR -6.7 million (-3.7). This amount consisted mainly of investments in machinery and equipment, as well as intangible assets arising from acquisitions carried out as asset purchases.

At the end of the period, interest-bearing net debt was EUR 892.9 million and leverage was 5.55x. Interest-bearing net debt increased from the level seen at the end of the first quarter of 2024 due to strategic acquisitions and the payment of semi-annual coupon payments on bonds. Leverage is also affected by the fact that the acquisition of the highly synergistic DEAS A/S was closed in the third quarter of the year. Although synergy-adjusted LFL EBITDA for the previous 12 months increased significantly due to acquisitions and strong organic EBITDA growth, the increase in interest-bearing net debt led to an increase in leverage. The Group's liquidity remained strong, with cash and cash equivalents totalling EUR 118.8 million at the end of the period and the Super Senior RCF of EUR 92.5 million being undrawn in its entirety.

January–June

The Group's reported revenue was EUR 404.6 million (282.7) and adjusted EBITDA was EUR 67.6 million (43.1) in the first half of 2024. In addition to the operational development discussed below in the financial review section on LFL figures, the scale of the Group's business relative to the comparison period also continued to be increased by the several significant acquisitions made by PHM in 2023. The year-on-year growth is largely attributable to the acquisitions in question.

The Group's result for the first half of the year was EUR -3.2 million (1.2). In addition to being affected by operating costs, the result was affected by the amortisation of customer- and brand-related intangible assets from acquisitions made and the amortisation of other long-term expenditure totalling EUR -11.1 million (-7.4), as well as financing costs, which amounted to EUR -32.6 million (-19.1). In addition to interest expenses, the net financial expenses also included financing-related advisory costs and realised translation differences, among other items. The increase in financing costs is due to the increase in debt financing necessary for implementing PHM's growth strategy.

The Group's LFL revenue increased by 7% to EUR 512.3 million (480.3). 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 growth at comparable exchange rates was also 7%. The strong growth of LFL revenue was driven by price increases and growth in the contract base and, primarily, by increased winter-related additional sales in Finland, Sweden and Denmark. In addition to the successful provision of winter-related services, the increase in additional sales was attributable to the exceptionally low sales of winter-related services in Finland during the comparison period. The additional sales of other types of non-essential services remained low in Finland, Sweden and Norway, and project revenue decreased in Norway and Germany. Nevertheless, LFL revenue increased in all of the Group's operating countries. The overall impact of exchange rate fluctuations on revenue was EUR 0.8 million. This was due to the appreciation of the Swiss franc, the effect of which was partially offset by the depreciation of the Swedish krona and the Norwegian krone.

The Group's LFL adjusted EBITDA increased by 14% to EUR 83.6 million (73.4). LFL adjusted EBITDA also increased by 14% at comparable exchange rates. LFL adjusted EBITDA was supported by substantial revenue growth, successful price increases, the realisation of planned synergies from acquisitions, the successful in-housing of previously subcontracted work, as well as a reduction in operating costs, which was mainly due to decreased administrative expenses. However, this development was offset by higher subcontracting costs, as sales were focused on winter-related services for which the use of subcontracting is relatively higher. Personnel costs increased due to the growth of in-house service production and general increases to wages, albeit clearly less than the increase in revenue. Consequently, the adjusted EBITDA margin improved by 1.0 percentage points year-on-year.

The Group's operating cash flow before acquisitions and financial items increased clearly from the comparison period to EUR 48.2 million (36.6). Operating cash flow was supported by higher EBITDA, but weakened by higher capital expenditure. Investments in tangible and intangible assets amounted to EUR -12.9 million (-8.2). This amount consisted mainly of investments in machinery and equipment, as well as intangible assets arising from acquisitions carried out as asset purchases.

Events after the review period

After the review period PHM has completed two acquisitions in Germany, one each in Finland, Sweden and Switzerland, and closed the acquisition of DEAS A/S in Denmark.

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 the first half of 2024.

Helsinki, 14 August 2024

Ville Rantala
CEO

Karl Svozilik
Chairman of the Board

Financial information

Consolidated income statement

EUR THOUSAND	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales	199,357	141,765	404,562	282,661	624,904
Other operating income	2,273	935	4,436	1,699	3,541
Materials and services	-45,074	-33,510	-97,018	-68,841	-155,538
Personnel expenses	-99,357	-70,431	-198,130	-139,346	-307,493
Other operating expenses	-25,511	-17,811	-51,715	-35,433	-79,194
EBITDA	31,689	20,947	62,134	40,741	86,219
% of revenue	*15.9%*	*14.8%*	*15.4%*	*14.4%*	*13.8%*
Depreciation	-10,710	-6,554	-19,747	-12,806	-28,716
EBITA	20,979	14,393	42,387	27,935	57,504
% of revenue	*10.5%*	*10.2%*	*10.5%*	*9.9%*	*9.2%*
Amortisation and impairment	-5,828	-3,715	-11,059	-7,387	-16,684
Operating result	15,151	10,678	31,328	20,548	40,819
% of revenue	*7.6%*	*7.5%*	*7.7%*	*7.3%*	*6.5%*
Net financial expenses	-16,816	-11,276	-32,657	-19,120	-41,281
Result before taxes	-1,665	-598	-1,330	1,427	-462
Taxes	469	-151	-1,836	-241	-1,811
Result for the financial period	-1,196	-749	-3,166	1,187	-2,273

Consolidated Statement of Other Comprehensive Income

EUR thousand	1-6 2024	1-6/2023	1-12/2023
Profit for the financial period	-3,166	1,187	-2,273
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	-4,724	-4,701	11,005
Other comprehensive income/(loss) for the year, net of tax	-4,724	-4,701	11,005
Total comprehensive income for the financial period	-7,889	-3,514	8,732
Profit for the period attributable to			
Equity holders of the parent	-3,166	1,187	-2,273
Total comprehensive income attributable to			
Equity holders of the parent	-7,889	-3,514	8,732

Consolidated balance sheet

EUR THOUSAND	6 2024	6 2023	12 2023
ASSETS			
Non-current assets			
Goodwill	826,305	420,146	624,621
Intangible assets other than goodwill	262,553	121,229	183,198
Tangible assets	88,421	62,494	78,335
Right-of-use assets	69,054	29,448	47,701
Other shares	3,336	3,027	3,011
Other non-current assets	2,414	364	842
Deferred tax assets	3,529	2,920	3,295
Total non-current assets	1,255,611	639,628	941,004
Current assets			
Trade receivables	94,382	49,117	87,121
Inventories	2,401	3,100	3,243
Other current financial assets	100	83	138
Other current assets	42,295	17,916	29,171
Cash and cash equivalents	118,799	79,850	35,026
Total current assets	257,977	150,066	154,699
Total assets	1,513,588	789,694	1,095,703
EQUITY AND LIABILITIES			
Equity			
Share capital	80	80	80
Fund for unrestricted equity	261,644	164,239	208,239
Retained earnings	-8,931	699	-4,087
Translation differences	-1,428	-12,410	3,296
Total equity	251,365	152,608	207,527
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	933,513	472,077	603,940
Other non-current liabilities	2,426	2,076	3,375
Defined benefits obligations	20,996	0	0
Lease liabilities	45,057	17,164	29,476
Deferred tax liabilities	53,164	30,689	43,723
Total non-current liabilities	1,055,156	522,007	680,514
Current liabilities			
Trade payables and other payables	167,077	97,737	155,898
Interest-bearing loans and borrowings	5,301	4,443	24,706
Lease liabilities	25,607	13,060	19,459
Income tax payable	9,083	-161	7,598
Total current liabilities	207,068	115,080	207,662
Total liabilities	1,262,224	637,087	888,176
Total equity and liabilities	1,513,588	789,694	1,095,703

Consolidated cash flow statement

EUR THOUSAND	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Operating activities					
Profit before tax	-1,708	-598	-1,529	1,427	-463
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	16,537	10,269	30,807	20,193	45,400
Finance income and expenses	16,817	11,276	32,659	19,121	41,284
Other adjustments	-2,631	-547	-1,476	-789	-3,846
Change in working capital	-2,999	-5,440	-29	501	545
Other adjustments without payment	-747	48	-4,114	1,251	-2,792
Income tax paid	333	-866	-4,835	-2,403	-3,439
Net cash flow from operating activities	25,603	14,143	51,483	39,301	76,689
Net cash flow from investing activities					
Acquisition of tangible and intangible assets	-6,773	-3,765	-12,875	-8,149	-22,490
Acquisition of subsidiaries, net of cash acquired	-248,720	-4,723	-252,652	-15,571	-222,710
Proceeds from sale of subsidiaries	0	0	0	0	0
Net cash flow from investing activities	-255,493	-8,488	-265,527	-23,720	-245,201
Net cash flow from financing activities					
Increase in fund for unrestricted equity for consideration	52,094	2,685	53,405	2,685	48,002
Paid dividends and other distribution of profit	0	0	0	0	-1
Net change in borrowings	269,269	55,430	287,212	54,037	178,655
Net interests and finance costs paid	-18,560	-11,541	-29,568	-14,946	-35,083
Payments of lease liabilities	-6,862	-4,223	-13,064	-8,370	-18,807
Net cash from financing activities	295,941	42,352	297,984	33,406	172,767
Net increase in cash and cash equivalents	66,051	48,006	83,940	48,987	4,255
Cash and cash equivalents at the beginning of the period	52,480	32,165	35,026	31,632	31,632
Effect of exchange rate changes on cash and cash equivalents	267	-321	-167	-770	-861
Cash and cash equivalents at reporting period end	118,799	79,850	118,799	79,850	35,026

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 2024 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 s Interim Report for January-June 2024 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with the Group's financial statements for 2023, published in April 2024. The Group has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2023. 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 2024	1-6 2023	1-12 2023
Finland	170,256	148,574	298,729
Sweden	107,110	67,666	168,211
Norway	65,552	27,253	68,024
Denmark	34,567	19,701	49,394
Germany	27,077	19,468	40,546
Switzerland	-	-	-
Total revenue from contracts with customers	404,562	282,661	624,904

Consolidated statement of Changes in Equity

30.6.2024

EUR thousand	Share Capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total equity
Equity on 1.1.2024	80	208,239	3,296	-4,087	207,527
Profit for the period	0	0	0	-3,166	-3,166
Other comprehensive income	0	0	-4,724	0	-4,724
Total comprehensive income	0	0	-4,724	-3,166	-7,889
Increase in Fund for unrestricted equity	0	53,405	0	0	53,405
Distribution of profit to Parent company	0	0	0	-1,468	-1,468
Reclassification	0	0	0	0	0
Other changes	0	0	0	-210	-210
Equity on 30.6.2024	80	261,644	-1,428	-8,931	251,365

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

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

Intangible assets

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2023	201,810	21,317	7,768	230,895	624,621	855,516
Business combinations	81,767	-	6,599	88,366	200,165	288,531
Additions	-	-	1,184	1,184	2,793	3,978
Disposals	-	-	57	57	-	57
Translation differences	831	-199	146	777	-1,233	-456
Reclassification	-	-	21	21	-41	-21
30.6.2024	284,408	21,117	15,776	321,301	826,305	1,147,606
Amortisation and impairment						
31.12.2023	-42,165	-2,988	-2,544	-47,697	-	-47,697
Amortisation	-9,521	-703	-826	-11,051	-	-11,051
30.6.2024	-51,687	-3,691	-3,370	-58,748	-	-58,748
Net book value						
30.6.2024	232,721	17,426	12,405	262,553	826,305	1,088,858

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
31.12.2022	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

Tangible assets

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Other equipment	Total
31.12.2023	143	3,052	74,732	408	78,335
Additions	-	305	10,721	224	11,250
Business combinations	-	247	3,892	4,309	8,448
Disposals	-	-17	-1,390	-8	-1,415
Reclassifications	-	2	23	-4	21
Depreciation charge for the year	-	-284	-7,668	-175	-8,127
Translation differences	-	-4	-188	101	-91
30.6.2024	143	3,301	80,122	4,855	88,421

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

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	-	-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

Interest-bearing loans and borrowings

Net interest-bearing debt

EUR thousand	30.6.2024	30.6.2023	31.12.2023
Non-current interest-bearing liabilities	933,513	472,077	603,940
Current interest-bearing loans and borrowings	5,301	4,443	24,706
Lease liabilities	70,664	30,225	48,936
Contingent consideration	2,209	1,253	5,214
Cash and cash equivalents	-118,799	-79,850	-35,026
Net interest-bearing debt total	892,888	428,148	647,769

Changes in the interest-bearing liabilities

30.6.2024

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance
Non-current interest-bearing liabilities	603,940	363	-57	329,266	933,513
Current interest-bearing liabilities	24,706	24,706	-16	-44,095	5,301
Lease liabilities	48,936	18,171	-57	3,615	70,664
Contingent considerations	5,214	0	-38	-2,966	2,209
Total changes in interest-bearing liabilities	682,796	43,241	-169	285,820	1,011,687

30.6.2023

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance
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

31.12.2023

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance
Non-current interest-bearing liabilities	418,297	1,043	-78	184,679	603,940
Current interest-bearing liabilities	4,314	207	4	20,180	24,706
Lease liabilities	27,222	18,777	-700	3,636	48,936
Contingent considerations	2,987	0	-21	2,248	5,214
Total changes in interest-bearing liabilities	452,819	20,028	-795	210,744	682,796

Business Combinations

EUR thousand	Acquisitions in 1-6/2024	Acquisitions in 1-6/2023	Acquisitions in 2023
Purchase price			
Consideration paid in cash	262,047	17,972	241,567
Contingent considerations	2,209	1,253	-4,242
Total	264,256	19,225	237,325
Fair value of assets and liabilities recognised on acquisitions			
Assets			
Intangible assets			
Customer related intangibles	81,767	3,472	66,273
Marketing related intangibles	-	-	8,791
Other intangible assets	6,599	-	108
Intangible assets	88,366	3,472	75,172
Tangible assets	8,448	1,127	8,927
Land and water areas	-	-	-
Buildings	247	-	146
Machinery & equipment	3,892	1,124	8,593
Construction in progress	-	-	-
Other equipment	4,309	3	188
Other assets	237,389	5,422	53,878
Cash and cash equivalents	11,604	3,654	18,856
Total assets	345,807	13,675	156,833
Liabilities			
Non-interest bearing liabilities	150,986	3,897	39,914
Interest bearing liabilities	50,574	1,899	68,764
Deferred tax liability	13,492	715	16,338
Total liabilities	215,052	6,512	125,017
Total identifiable net assets at fair value	130,755	7,164	31,816
Goodwill arising on acquisition	200,165	11,050	219,596
Purchase consideration transferred	330,920	18,213	251,412
Cash flow impact of acquisitions			
Paid in cash			
Cash and cash equivalents	- 262,047	- 17,972	- 241,567
Expenses related to the acquisitions	- 1,729	- 673	- 2,710
Net cash flow on acquisition	- 263,776	- 18,645	- 244,277

Related party transactions

Service provided to EUR thousand	30.6.2024	30.6.2023	31.12.2023
to Companies held by CEO or to CEO	234	179	489
Total	234	179	489

Services Purchased from EUR thousand	30.6.2024	30.6.2023	31.12.2023
Real-estate leases from Mivi Capital (CEO is shareholder)	-376	-365	-732
Personnel recreation expenses from Scandinavian Outdoor (CEO is shareholder)	0	-2	-104
Total	-376	-367	-836

Definitions of alternative performance measures

Formulas of Key Figures

EBITDA = Operating profit + depreciations and amortisation

EBITDA margin -% = $\frac{\text{Operating profit + depreciations and amortisation}}{\text{Net sales}} \times 100$

EBITA = Operating profit + amortisation

EBITA margin -% = $\frac{\text{Operating profit + amortisation}}{\text{Net sales}} \times 100$

Adjusted EBITDA = EBITDA + non-recurring items

Adjusted EBITDA margin -% = $\frac{\text{Adjusted EBITDA}}{\text{Net sales}} \times 100$

Adjusted EBITA: EBITA + non-recurring items

Adjusted EBITA margin -% = $\frac{\text{Adjusted EBITA}}{\text{Net sales}} \times 100$

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 -% = $\frac{\text{LFL adjusted EBITDA}}{\text{Net sales}} \times 100$

LFL adjusted EBITA: Adjusted EBITA + like-for-like adjustments

LFL adjusted EBITA margin -% = $\frac{\text{LFL adjusted EBITA}}{\text{Net sales}} \times 100$

LFL synergy adjusted EBITDA: LFL adjusted EBITDA + run rate synergies

Net interest-bearing debt (NIBD): Interest bearing liabilities - cash and cash equivalents

Leverage, x: $\frac{\text{Net interest-bearing debt (NIBD)}}{\text{LFL synergy adjusted EBITDA}} \times 100$

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,%: $\frac{\text{EBITDA}}{\text{Operating cash flow before acquisitions}} \times 100$

Contact

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

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