Nordic all-stars in local property service.

Half-year report 1-6/2022

PHM Group Holding Oyj (3123811-8)

1 JANUARY – 30 JUNE 2022

Interim Report January – June 2022

Second quarter highlights

- Reported revenue increased by 32% to 111.1 MEUR (84.3)
- Reported EBITDA increased 22% to 15.7 MEUR (12.8)
- LFL revenue increased by 6% to 113.4 MEUR (107.4)
- LFL adjusted EBITDA increased by 1% to 18.2 MEUR (18.0)
- LTM LFL adjusted EBITDA amounted to 77.5 MEUR as at June 2022
- Leverage amounted to 4.70x

January – June highlights

- Reported revenue increased by 37% to 226.7 MEUR (165.3)
- Reported EBITDA increased 31% to 34,6 MEUR (26.3)
- LFL revenue increased by 6% to 235.9 MEUR (223.2)
- LFL adjusted EBITDA increased by 1% to 38.8 MEUR (38.5)
- Profit for the period amounted to -1.3 MEUR (0.4)
- Operating cash flow before acquisitions increased by 23% to 26.7 MEUR (21.6)

Significant events during the quarter

- Twelve acquisitions completed during Q2 2022 with total annual sales of 24.1 MEUR
- Demand for services remained at a good level and operations in general remain relatively mildly impacted by the war in Ukraine as well as the Covid-19 pandemic
- Result impacted to some extent by fuel price inflation, heavy winter in Finland and high sick leave rates resulting in a slightly lower operating margin due to higher costs
- PHM Group's senior secured callable fixed rate notes were listed on Nasdaq Helsinki in June as planned
- Development and execution of ESG strategy and policies continued well

MEUR, IFRS	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21	LTM
Reported								
Revenue	111.1	84.3	32%	226.7	165.3	37%	364.2	N/A
EBITDA	15.7	12.8	22%	34.6	26.3	31%	57.0	N/A
Adjusted EBITDA	17.2	14.5	18%	36.5	29.5	24%	62.8	N/A
Adjusted EBITDA margin %	15.5%	17.2%	-1.8%	16.1%	17.9%	-1.8%	17.2%	N/A
Adjusted EBITA	10.5	8.6	22%	23.4	16.2	44 %	36.1	N/A
Adjusted EBITDA margin %	9.4 %	10.2%	-0.7%	10.3%	9.8%	0.5%	9.9%	N/A
LFL *) financials								
LFL Revenue	113.4	107.4	6%	235.9	223.2	6%	447.6	460.3
LFL EBITDA	16.6	16.3	2%	36.9	35.3	5%	71.4	73.0
Adjusted LFL EBITDA	18.2	18.0	1%	38.8	38.5	1%	77.2	77.5
Adjusted LFL EBITDA margin %	16.0%	16.7%	-0.7%	16.5%	17.2%	-0.8%	17.2%	16.8%
Adjusted LFL EBITA	11.2	10.7	5%	25.0	22.1	13%	46.1	49,0
Adjusted LFL EBITDA margin %	9.9%	10.0%	-0.1%	10.6%	9.9%	0.7%	10.3%	10.6%
Financial position								
Operating cash flow before acquisitions**	6.3	6.2	1 %	26.7	21.6	23%	42.0	
Cash conversion before acquisitions***	40%	48%	-8%	77%	82%	-5%	74%	
Interest bearing net debt	367.8	312.1	18%	367.8	312.1	18%	346.3	
Leverage, x****	4.70	4.55		4.70	4.55		4.48	

*) 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). The Q2/21 comparison period Leverage recalculated with IFRS numbers compared to originally reported leverage KPI

Management review

During the second quarter, PHM continued executing its strategy of growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. Like-for-like revenue increased by 6% to 113.4 MEUR and LFL adjusted EBITDA grew slightly to 18.2 MEUR. Profitability was impacted by a weaker add on sales mix and high share of contractual work, high sick leave rates and increased fuel and energy costs.

During the quarter PHM continued to develop its business by completing twelve acquisitions in all the countries it operates in. The Group significantly increased its size in Denmark by acquiring Altiren A/S and Alt I Polering ApS, a group active in cleaning in the Copenhagen area. The Group also completed several acquisitions in its other operating countries increasing the scale of the business further and entering new geographical markets. Furthermore, development and execution of ESG policies of the Group progressed well and as part of this development PHM Group set a target of becoming climate neutral by 2035.

As a local Nordic service business, PHM's business continued to show a relatively mild impact from the war in Ukraine due to its limited direct exposure to the crisis. The main impacts from the war are the increased fuel and energy prices as well as the general price inflation. Q2/22 continued to show a high number of sick leaves in the Group, which had an impact on the Group's ability to capitalize on add on sales opportunities, as well as increased the Group's operating costs especially related to sand removal and clean-up after the busy winter season.

The war in Ukraine has so far not materially impacted the demand for the Group's services. The demand for the Group's services has remained good and the pipeline for add on services continues to look strong compared to previous years despite the crisis in Ukraine. The Group has taken active measures to end cooperation with suppliers with Russian ownership and ensure that its employees are treated equally regardless of their nationality or background. Although the war in Ukraine has no direct impact on PHM Group's operations, as all other companies, PHM is not isolated from the indirect effects of the war such as increased price inflation and general economic uncertainty. The Group's good pricing power enables it to pass on price inflation relatively effectively to customers, but high inflation rates may temporarily impact the Group's margins. Also, the generally rising cost of living and financing might postpone some nonessential maintenance and improvement work and therefore impact the business in the short-term.

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

During the review period (1-6/2022) PHM Group completed a tap issue of its senior secured callable fixed rate notes in the nominal amount of 40 MEUR under the existing 450 MEUR notes' framework. Demand for the issue was good. The Group also completed the listing of the Bonds to Nasdaq Helsinki as planned.

Mergers and Acquisitions

In the second quarter of 2022 M&A activity continued to be on a good level and the Group succeeded in completing twelve acquisitions: eight in Finland, one in Sweden, one in Norway and two in Denmark. Together the acquired entities had a 24.1 MEUR positive impact on LTM like-for-like revenue and 5.5 MEUR positive impact on LTM like-for-like adjusted EBITDA, respectively.

In Finland, the Group made several acquisitions that strengthen the current market position in various locations around the country. In Sweden, the Group strengthened its market position in Northern Sweden with the acquisition of Parkkompaniet i Boden Ab, a fast-growing outdoor maintenance company operating in several cities in Northern Sweden. In Norway, the Group expanded to Fredriksstad by acquiring RenBolig Service og Omsorg AS, a company offering cleaning and janitorial services. PHM significantly increased its size in Denmark by acquiring Altiren A/S and Alt I Polering ApS, a group active in cleaning in the Copenhagen area. PHM Group also divested a small Swedish company with operations that were not considered to be core to PHM's service offering.

Completed acquisitions and disposals 1-6/2022

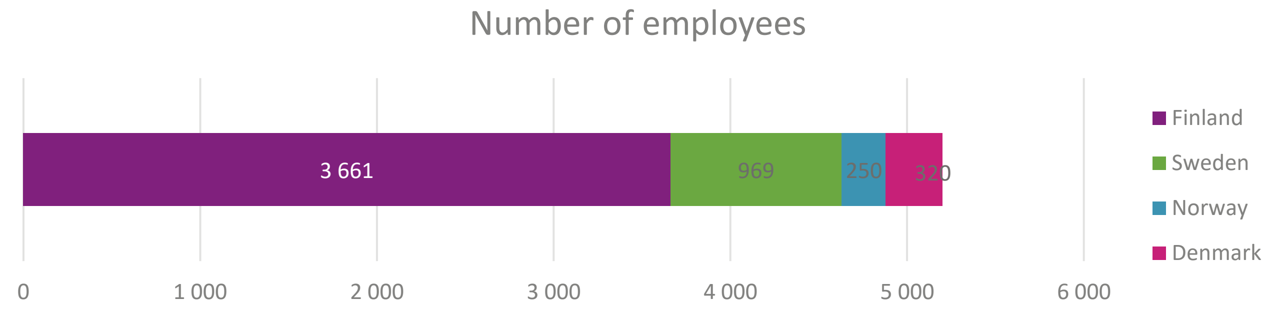
Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisions						
Hagen Hageservice AS	Norway	Oslo	January	NOKm	12.8	2.4
Princip Redovisning Ab	Sweden	Stockholm	January	SEKm	5.5	1.4
Sundby Rengørings Service Aps	Denmark	Copenhagen	February	DKKm	11.3	2.1
Daseko Aps	Denmark	Copenhagen	March	DKKm	11.4	1.0
Vaktmester-Gruppen AS	Norway	Oslo	March	NOKm	12.1	-0.2
Vammalan Talonmies ja Siivouspalvelu Oy	Finland	Vammala	March	EURm	0.9	0.1
Turun Sähköhuolto Oy	Finland	Turku	March	EURm	0.8	0.0
Parkkompaniet i Boden Ab	Sweden	Boden	April	SEKm	44.0	11.3
RenBolig Service og Omsorg As	Norway	Fredrikstad	April	NOKm	12.2	1.4
Sähköasennus Salminen Oy	Finland	Tampere	April	EURm	2.0	0.4
P. Kiinteistöpalvelut Oy	Finland	Uusimaa	April	EURm	1.1	0.2
Unce Oy	Finland	Helsinki	April	EURm	2.5	0.5
Lojonia Palvelut Oy	Finland	Lohja	April	EURm	0.8	0.1
Karkkilan Huolto Oy	Finland	Karkkila	April	EURm	1.1	0.0
Porvoon Talotiimi Oy	Finland	Porvoo	May	EURm	2.0	0.6
Siniservice Oy and Puhtaasti Mäkinen Oy	Finland	Seinäjoki	May	EURm	0.7	0.1
Altiren As and Altipolering ApS	Denmark	Copenhagen	June	DKKm	44.4	8.2
HuoneistoHait Oy	Finland	Helsinki	June	EURm	0.3	0.0
H.N. Service**	Denmark	Copenhagen	June	DKKm	5.8	2.3
Disposals						
Berga Lås & Larm Ab	Sweden	Stockholm	June	SEKm	6.9	0.5

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

At the end of the review period, the Group had several ongoing negotiations that it expects to close during Q3 2022.

Corporate responsibility and sustainability

As at end of June 2022, PHM employed 5,200 people across the four countries where the Group operates. Personnel expenses in January - June totaled 104.5 MEUR million (76.9).



In the first half of 2022, PHM Group started executing its new Corporate Responsibility Strategy that builds on good governance, environmental responsibility and safety and diversity in the workplace. The company initiated a series of Code of Conduct and policy trainings for top management, middle management, and other key personnel. In addition, PHM Group conducted internal HSE (Health, Safety and Environment) audits in Finland, which will continue in the second half of 2022. In June, as part of its environmental strategy work, PHM Group decided to commit to becoming climate neutral by 2035.

Financial review

April-June

The Group's reported revenue was 111.1 MEUR (84.3) in Q2 2022. The business scale has continued to increase compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021 and 2022 explaining a large part of the growth year on year.

The Group's adjusted EBITDA was 17.2 MEUR (14.5) in Q2 2022. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above.

The Group's result for the financial period amounted to -4.5 MEUR (-0.6 MEUR). The result is impacted by amortization of customer and brand related intangible assets from acquisitions made -3.2 MEUR (-2.9 MEUR) as well as proportionately higher financing costs. In addition to interest paid, net financial expenses include, among others, financing related advisory costs and realized- and unrealized translation differences from group internal financing arrangements. The effect of translation differences amounted to -3.5 MEUR in Q2 2022.

The Group's LFL revenue was 113.4 MEUR (107.4). LFL revenue is calculated by adjusting for the revenue of acquired entities for the time when they have not been a part of the group. LFL revenue increase was driven by increased sand removal and clean-up works related to winter maintenance in Finland and Sweden, as well as increased contract customer base and increased add on sales revenue in Norway and Denmark.

The Group's LFL adjusted EBITDA was 18.2 MEUR (18.0). Adjusted EBITDA was supported by the increased sales, albeit with a slightly weaker margin primarily due to sales mix as resources were focused on lower-margin clean-up activities related to winter maintenance instead of other additional sales. Resources were also strained due to continued high sick leave rates and resulting higher overtime and subcontracting within fixed contracts. Additionally, increased fuel and energy prices impacted the Group's result. Consequently, adjusted EBITDA margin weakened by 0.7 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was fairly low as typical for the season amounting to 6.3 MEUR (6.2). Operating cash flow was supported by strong EBITDA but offset by increase in working capital in line with normal seasonality. The increase in working capital was driven mainly by slightly higher amount of receivables and lower payables and cost accruals, which normalize after being at a higher level at the end of the winter season in March. 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, excluding ROU assets, was 2.9 MEUR comprising mainly of acquisitions of machinery and equipment. At the end of the period interest-bearing net debt was 367.8 MEUR and leverage was at 4.70x. The liquidity of the Group is strong as cash and cash equivalents at the end of the review period was 17.7 MEUR and 29.5 MEUR of the Super Senior RCF was undrawn.

January-June

The Group's reported revenue was 226.7 MEUR (165.3) in H1 2022. The business scale has increased materially compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021 and 2022 explaining a large part of the growth year on year.

The Group's adjusted EBITDA was 36.5 MEUR (29.5) in H1 2022. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above.

The Group's result for the financial period amounted to -1.3 MEUR (0.4 MEUR). The result is impacted by amortization of customer and brand related intangible assets from acquisitions made -6.4 MEUR (-5.6 MEUR) as well as proportionately higher financing costs. In addition to interest paid, net financial expenses include, among others, financing related advisory costs and realized- and unrealized translation differences from group internal financing arrangements. The effect of translation differences amounted to -3.6 MEUR in H1 2022.

The Group's LFL revenue increased by 5.7% to 235.9 MEUR (223.2). 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. At comparable exchange rates, LFL revenue increased 6.3%. LFL revenue increase was driven by an active winter season in Finland and increased contract customer base and add on sales revenue in Norway. In Sweden contract revenues continued to grow, but revenues in total were impacted by a mild winter season. Revenues in Denmark developed positively driven by increased contract revenue. Finland accounted for approximately 62% (61%) of LFL revenue, Sweden for 27% (29%), Norway for 6% (5%) and Denmark for 5% (5%). LFL revenue increased in Finland, Norway and Denmark, but decreased in Sweden. The impact of exchange rate fluctuations on LFL revenue was -1,5 MEUR y-o-y, of which the clearly biggest impact was from weaking of the Swedish Crown.

The Group's LFL adjusted EBITDA was 38.8 MEUR (38.5). Adjusted EBITDA was supported by the increased sales, albeit with a slightly weaker margin primarily due to sales mix as resources were focused on lower-margin snow clearance and clean-up activities instead of other additional sales. Additionally, LFL adjusted EBITDA was adversely impacted by high sick leave rates and resulting higher overtime and subcontracting within fixed contracts. Increased fuel and energy prices further impacted the Group's result. Consequently, adjusted EBITDA margin weakened by 0.8 pp. from the comparison period.

The Group's operating cash flow before acquisitions and financial items was strong amounting to 26.7 MEUR (21.6). Operating cash flow was supported by strong EBITDA and a stable working capital. Working capital developed in line with normal seasonality, as the increase in holiday pay accruals was offset by lower level of accounts payable. The operating cash flow excludes the intra group cash pool debt to the Group's ultimate parent PHM Group Topco Oy. Investments into tangible and intangible assets were at a normal level at 6.6 MEUR comprising mainly of acquisitions of machinery and equipment.

The Company has not distributed dividends during the review period.

Events after the review period

After the review period the Group has completed four acquisitions, one in Sweden, one in Norway and two 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 2022.

Helsinki, 11 August, 2022

Ville Rantala
CEO

Karl Svozilik
Chairman of the Board

Financial information

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, IFRS EUR THOUSAND	4-6 2022	4-6 2021	1-6 2022	1-6 2021	1-12 2021
Net sales	111,052	84,334	226,654	165,330	364,215
Other operating income	999	470	1,734	1,056	3,488
Materials and services	-27,607	-20,325	-59,807	-42,510	-96,480
Personnel expenses	-52,961	-40,714	-104,507	-76,860	-167,978
Other operating expenses	-15,826	-10,921	-29,489	-20,712	-46,260
EBITDA	15,657	12,843	34,584	26,304	56,985
% of revenue	*14.1%*	*15.2%*	*15.3%*	*15.9%*	*15.6%*
Depreciation	-6,731	-5,958	-13,118	-13,305	-26,715
EBITA	8,926	6,885	21,466	12,999	30,270
% of revenue	*8.0%*	*8.2%*	*9.5%*	*7.9%*	*8.3%*
Amortisation and impairment	-3,221	-2,949	-6,445	-5,567	-11,612
Operating result	5,705	3,935	15,021	7,432	18,658
% of revenue	*5.1%*	*4.7%*	*6.6%*	*4.5%*	*5.1%*
Net financial expenses	-8,824	-4,938	-13,695	-8,174	-22,740
Result before taxes	-3,119	-1,003	1,326	-742	-4,082
Income taxes	-1,391	416	-2,669	1,155	-680
Result for the financial period	-4,511	-587	-1,343	413	-4,762

Consolidated Statement of Other Comprehensive Income

EUR thousand	30.6.2022	30.6.2021	31.12.2021
Profit for the financial period	-1,343	413	-4 762
Items that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations, net of tax	1,484	-1 353	-636
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gains/(losses) on defined benefit plans, net of tax	0	0	0
Other comprehensive income/(loss) for the year, net of tax	-764	-602	-636
Total comprehensive income for the financial period	-2,107	-188	-5 398
Profit for the period attributable to			
Equity holders of the parent	-1,343	413	-4,762
Non-controlling interests	0	0	0
Total comprehensive income attributable to			
Equity holders of the parent	-2,107	-188	-5,398
Non-controlling interests	0	0	0

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET, IFRS EUR THOUSAND	6 2022	6 2021	12 2021
ASSETS			
Non-current assets			
Goodwill	372,158	314,572	350,561
Intangible assets other than goodwill	121,397	120,082	122,758
Tangible assets	46,339	43,092	45,295
Right-of-use assets	21,880	21,963	22,285
Other shares	3,091	2,964	2,965
Other receivables	266	228	273
Deferred tax assets	2,366	1,604	2,202
Total non-current assets	567,498	504,504	546,338
Current assets			
Trade receivables	37,613	27,575	37,086
Inventories	1,300	1,210	1,112
Other current financial assets	0	0	15,086
Other current assets	11,627	11,164	10,174
Cash and cash equivalents	17,722	18,304	18,331
Total current assets	68,262	58,252	81,789
Total assets	635,760	562,757	628,127
EQUITY AND LIABILITIES			
Equity			
Translation differences	-1,107	377	343
Fund for unrestricted equity	160,318	143,318	158,318
Subordinated loan	0	0	0
Retained earnings	-14,559	-8,016	-13,219
Total equity	144,653	135,679	145,442
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	345,155	304,009	303,971
Other non-current liabilities	2,726	8,963	18,453
Lease liabilities	12,289	13,659	13,494
Deferred tax liabilities	27,737	27,182	27,982
Total non-current liabilities	387,907	353,813	363,901
Current liabilities			
Trade payables and other payables	73,231	59,629	73,557
Interest-bearing loans and borrowings	15,186	4,030	33,584
Lease liabilities	10,235	8,668	9,362
Income tax payable	4,548	939	2,281
Total current liabilities	103,200	73,265	118,784
Total liabilities	491,107	427,078	482,685
Total equity and liabilities	635,760	562,757	628,127

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT, IFRS EUR THOUSAND	4-6 2022	4-6 2021	1-6 2022	1-6 2021	1-12 2021
Operating activities					
Profit before tax	-3,119	-1,003	1,326	-742	-4,082
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	9,952	8,907	19,563	18,872	38,327
Finance income and expenses	8,826	4,938	13,696	8,174	22,740
Other adjustments	-486	-79	-705	-248	-695
Change in working capital	-3,965	3,380	-15,926	7,592	14,923
Other adjustments without payment	1,187	-156	520	-708	0
Income tax paid	-1,201	-1,445	-2,021	-1,750	-2,569
Net cash flow from operating activities	11,194	14,543	16,454	31,190	68,644
Net cash flow from investing activities					
Acquisition of tangible and intangible assets	-2,926	-2,846	-6,602	-4,959	-13,052
Acquisition of subsidiaries, net of cash acquired	-24,683	-45,425	-33,654	-53,001	-85,999
Proceeds from sale of subsidiaries	767	0	767	0	0
Net cash flow from investing activities	-26,843	-48,271	-39,489	-57,960	-99,050
Net cash flow from financing activities					
Equity refund	0	-68,524	0	-68,524	-68,524
Increase in fund for unrestricted equity for consideration	0	0	16,331		0
Net change in borrowings	12,583	108,606	22,051	110,507	132,630
Net interests and finance costs paid	-9,468	-6,734	-9,691	-9,694	-22,489
Payments of lease liabilities	-3,012	-2,804	-6,016	-4,747	-10,409
Net cash from financing activities	103	30,544	22,674	27,541	31,208
Net increase in cash and cash equivalents	-15,546	-3,184	-362	770	801
Cash and cash equivalents at the beginning of the period	33,515	21,484	18,331	17,530	17,530
Effect of exchange rate changes on cash and cash equivalents	-247	4	-247	4	
Cash and cash equivalents at reporting period end	17,722	18,304	17,722	18,304	18,331

Notes to the interim consolidated financial statements

Accounting principles

1. Reporting Entity

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

These condensed interim financial statements for the quarter ended June 30, 2022 comprise the Company and its subsidiaries (together referred to as the 'Group'). PHM Group Holding Oyj is consolidated into PHM Group TopCo Oy. The ultimate parent of this Group is PHM Group TopCo Oy.

2. Accounting Principles

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

3. Seasonality

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

4. Segment reporting

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

5. Revenue

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

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

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

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

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

6. Intangible Assets

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

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

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

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

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

7. Goodwill

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

Revenue from Contracts

Net sales by country, EUR thousand	1-6 2022	1-6 2021
Finland	141,217	116,368
Sweden	63,762	40,646
Norway	13,745	5,962
Denmark	7,929	2,354
Total revenue from contracts with customers	226,654	165,330

Consolidated statement of Changes in Equity

30.6.2022

EUR thousand	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2022	158,318	0	343	-13,219	145,442		145,442
Profit for the period	0	0	0	-1,343	-1,343		-1,343
Other comprehensive income	0	0	-1,450	0	-1,450		-1,450
Total comprehensive income	0	0	-1,450	-1,343	-2,793	0	-2,793
Increase in Fund for unrestricted equity	2,000	0	0	0	2,000		2,000
Change in subordinated loans	0	0	0	0	0		0
Other changes	0	0	0	3	3		3
Equity on 30.06.2022	160,318	0	-1,107	-14,559	144,653	0	144,653

2021

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

30.6.2021

EUR thousand	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2021	193,910	17,934	978	-6,948	205,874		205,874
Profit for the period				413	413		413
Other comprehensive income			-602		-602		-602
Total comprehensive income	193,910	17,934	-602	-6,535	-188	0	205,686
Acquisition of a subsidiary	-50,592				-50,592		-50,592
Change in subordinated loans		-17,934		-1,476	-19,409		-19,409
Other changes				-6	-6		-6
Equity on 30.6.2021	143,318	0	377	-8,016	135,679	0	135,679

Intangible assets

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2021	125,186	12,300	2,720	140,206	350,561	490,766
Additions			1,062	1,062	36	1,097
Disposals				-	-391	-391
Business combinations	4,504		2	4,506	25,839	30,345
Translation difference	-410		-75	-485	-3,885	-4,370
30.6.2022	129,279	12,300	3,709	145,289	372,158	517,447
Amortisation and impairment						
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Amortisation	-5,740	-410	-295	-6,445	-	-6,445
30.6.2022	-21,519	-1,503	-870	-23,892	-	-23,892
Net book value						
30.06.2022	107,760	10,797	2,840	121,397	372,158	493,555

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2020	104,816	12,300	440	117,556	277,442	394,997
Additions		-	232	232	1,375	1,607
Business combinations	12,926	-	168	13,094	35,688	48,782
Translation difference	101		-1	100	68	167
30.6.2021	117,843	12,300	839	130,982	314,572	445,553
Amortisation and impairment						
31.12.2020	-4,987	-273	-72	-5,332	-	-5,332
Amortisation	-5,084	-410	-73	-5,567	-	-5,567
30.6.2021	-10,071	-683	-144	-10,899	-	-10,899
Net book value						
30.6.2021	107,771	11,617	695	120,083	314,572	434,654

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Total excluding goodwill	Goodwill	Total intangible assets
31.12.2020	104,816	12,300	440	117,556	277,442	394,997
Additions	158	-	849	1,007	-	1,007
Business combinations	20,212	-	1,431	21,643	73,119	94,762
31.12.2021	125,186	12,300	2,720	140,206	350,561	490,766
Amortisation and impairment						
31.12.2020	-4,987	-273	-72	-5,332	-	-5,332
Amortisation	-10,792	-820	-503	-12,115	-	-12,115
31.12.2021	-15,779	-1,093	-575	-17,447	-	-17,447
Net book value						
31.12.2021	109,406	11,207	2,145	122,758	350,561	473,319

Tangible assets

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2021	150	1,707	42,190	-	1,247	45,295
Business combinations	0	135	2,569	-	5	2,709
Additions	0	117	6,020	-	43	6,179
Depreciation charge for the year	0	-92	-7,362	-	-27	-7,480
Translation differences	0	-5	-302	-	-57	-364
30.6.2022	150	1,862	43,114	-	1,212	46,339

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2020	63	657	35,481	564	1,280	38,045
Business combinations	189	1,407	8,791	188	-	10,575
Additions	-	-	13,201	-	45	13,247
Disposals	-101	-235	-	-	-	-336
Transfers	0	-	752	-752	-	-
Depreciation charge for the year	-	-122	-16,035	-	-79	-16,235
31.12.2021	150	1,707	42,190	-	1,247	45,295

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
31.12.2020	63	657	35,481	564	1,280	38,045
Business combinations	182	1,362	6,857	192		8,592
Additions			5,259	452	-11	5,700
Disposals	-93	-265				-357
Transfers						-
Depreciation charge for the year		-58	-8,789	-	-25	-8,872
Translation difference			-6		-9	-15
30.6.2021	151	1,696	38,801	1,208	1,235	43,092

Interest-bearing loans and borrowings

Net interest-bearing debt

EUR thousand	30.6.2022	30.6.2021	31.12.2021
Non-current interest-bearing liabilities	345,155	304,009	303,971
Current interest-bearing loans and borrowings	15,186	4,030	33,584
Lease liabilities	22,523	22,326	22,856
Contingent consideration	2,179	-	4,228
Cash and cash equivalents	-17,722	-18,304	-18,331
Net interest-bearing debt total	**367,322**	**312,062**	**346,308**

Business Combinations

EUR thousand	Acquisitions in 1-6/2022	Acquisitions in 1-6/2021	Acquisitions in 2021
Purchase price			
Consideration paid in cash	35,060	55,554	97,572
Consideration paid in shares	-		-
Contingent considerations	2,179	2,661	4,228
Fair value of assets and liabilities recognised on acquisitions			
Assets			
Intangible assets			
Customer related intangibles	4,503	12,926	20,212
Marketing related intangibles	-	0	-
Other intangible assets	28	799	1,431
Intangible assets	4,531	13,725	21,643
Tangible assets	2,709	3,068	10,575
Other assets	7,956	20,879	18,557
Cash and cash equivalents	3,585	5,213	11,574
Total assets	18,781	42,885	62,349
Liabilities			
Non-interest bearing liabilities	7,003	17,908	30,475
Interest bearing liabilities	1,569	4,551	9,418
Deferred tax liability	1,099	2,668	4,179
Total liabilities	9,671	25,128	44,072
Total identifiable net assets at fair value	9,110	17,757	18,277
Goodwill arising on acquisition	22,138	35,057	73,064
Purchase consideration transferred	31,248	52,814	91,341
Cash flow impact of acquisitions			
Paid in cash			
Cash and cash equivalents	35,060	55,554	97,572
Expenses related to the acquisitions	- 699	- 1,772	- 3,145
Net cash flow on acquisition	34,360	53,781	94,427

Related party transactions

Service provided to

EUR thousand	1-6 2022	2021
to Companies held by CEO or to CEO	185	361
Total	185	361

Services Purchased from

EUR thousand	1-6 2022	2021
Real-estate leases from Mivi Capital (CEO)	502	675
Total	502	675

Definitions of alternative performance measures

Formulas of Key Figures

EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin -%	=	$\frac{\text{Operating profit + depreciations and amortisation}}{\text{Net sales}}$	x 100
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA)	=	Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill	
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%	=	$\frac{\text{Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill}}{\text{Net sales}}$	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		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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