

phm*

All-stars in local property service.

Report by the Board of Directors and Financial Statements 2022

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Financial review 2022

Board of Directors' Report.....	3
Key Figures.....	13
Consolidated Financial Statements (IFRS)	17
Consolidated Statement of Financial Position	17
Consolidated Statement of Profit and Loss and Other Comprehensive Income.....	18
Consolidated Statement of Changes in Shareholders' Equity	19
Consolidated Statement of Cash Flows	20
Notes to the consolidated financial statements	21
1. Key Accounting Policies and Consolidation.....	21
1.1. General information	21
1.2. Basis of preparation	25
1.3. Accounting estimates and judgements applied in the preparation of the financial statements.....	26
1.4. New and updated IFRS standards	27
2. Group Performance.....	28
2.1. Revenue from contracts with customers	28
2.2. Other operating income and expenses	30
2.3. Employee benefit expenses and average headcount.....	31
2.4. Financial income and expenses	32
2.5. Income tax	33
3. Capital Employed	35
3.1. Business combinations.....	35
3.2. Goodwill and impairment testing	40
3.3. Intangible assets.....	41
3.4. Tangible Assets	42
3.5. Leases.....	43
3.6. Trade and other receivables.....	45
3.7. Trade and other payables	47
4. Financial Instruments and Capital Structure.....	48
4.1. Financial risk management.....	48
4.2. Fair value measurement.....	50
4.3. Financial assets and liabilities	51
4.4. Cash and cash equivalents	53
4.5. Interest-bearing loans and borrowings.....	54
4.6. Capital management	55
4.7. Equity.....	56
4.8. Other shares & investments.....	56
5. Other notes	57
5.1. Related party transactions	57
5.2. Contingent liabilities and commitments	58
5.3. Events after the reporting period.....	59
Financial Statements of the Parent Company (FAS).....	60
Signatures to the Board of Directors' Report and the Financial Statements	66
Auditor's Report	67

Board of Directors' Report

PHM Group in brief

PHM Group is a provider of local property services whose mission is to care about people by taking care of their surroundings. Our unique operating model is based on having the best boots on the ground close to our customers in the Nordic countries and Germany, supported by the local organisation and partner network. PHM Group is made up of strong local companies that take care of their customers' properties and outdoor areas with a proactive approach. Our shared values – entrepreneurial, fair and responsible – are put into action in the way we operate. We offer flexible services that are tailored to our customers' needs. The quality of our services is guaranteed by our highly competent personnel, supported by local management and decades of experience in property services.

We operate in Finland, Sweden, Norway, Denmark and Germany, and our business is growing quickly. At the end of year 2022, the Group currently employed nearly 6,800 professionals. Our like-for-like revenue exceeded EUR 550 million.

PHM Group is majority-owned by funds managed by Norvestor. The other significant owners include an Intera Partners fund as well as the Group's senior management and key employees.

Operating environment

PHM Group provides property services to its customers locally. The crisis in Ukraine has had limited direct impacts on the Group's operations, and the financial impacts have been relatively minor. The primary effects of the crisis are reflected in the continued rise of fuel and energy prices and general cost inflation, which the Group has to a large extent been able to pass on to its selling prices. Heavy snowfall in certain regions in the early months of the year, and in December, tied

up the Group's resources. This, combined with the exceptionally high sickness-related absence rate caused by the COVID-19 pandemic, affected the Group's ability to focus on higher-margin additional sales opportunities and increased the Group's operating expenses. These factors also reduced the effect of the price increases carried out by the Group.

Thus far, the war in Ukraine has not had a substantial impact on the demand for the Group's services. Contract-based revenue has remained stable. The demand for additional services during the year under review was also largely on a par with the preceding years, although the demand for certain technical and non-essential services declined slightly during the year. The Group has taken active measures to adhere to the sanctions imposed against Russia and to ensure that all of the Group's employees are treated equally, regardless of their nationality and background. Although the war in Ukraine has not had a direct impact on PHM's operations, the indirect impacts of the war – such as accelerating inflation and general economic uncertainty – affect PHM's business operations, as they do all companies. The Group's good pricing power enables it to pass the increased costs on to prices fairly effectively, but high inflation may temporarily affect the Group's margins to some extent. In addition, the general rise in living costs as well as the costs of financing may cause customers to delay certain non-essential maintenance and improvement activities, which could affect the Group's business in the short term.

PHM Group's view is that interest in improving energy efficiency is growing, and increasing investments are made at properties to provide energy-efficient solutions to residents, which will create new opportunities for the Group in the long term. The postponement of additional work and technical services due to the COVID-19 pandemic is also expected to strengthen demand for these services in the short and medium term,



depending on the general development of the economy. Long-term market trends, such as urbanisation, the ageing of the building stock and interest in the modernisation of homes and residential buildings are further factors that support the growth of the market in the long run.

Strategy

PHM Group's vision is to be the market leader across all of its markets, town by town. To achieve this objective, the Group executes a strategy that is based on achieving growth both organically and through acquisitions, and providing industry-leading services delivered by local units. The cornerstones of the strategy are organic growth, mergers and acquisitions, employee experience, operational efficiency, responsibility and good governance. The execution of the Group strategy is driven by development projects that are based on these strategic cornerstones.

We pursue organic growth by increasing the number of contract customers and by enhancing additional sales. The latter is driven by offering an increasingly wide range of additional services and increasing the share of wallet of our contract customers, which we believe benefits both the customer and PHM. Combining the Group's sales resources and the expertise of the local units enables us to deliver the best possible service experience to housing companies, residents and commercial properties alike. Growth is also supported by cross-selling opportunities between the Group companies.

PHM Group is the leading driver of consolidation in the fragmented property services market. The low level of consolidation in the market gives PHM the opportunity to be selective in its acquisitions, and also supports the healthy pricing of acquisitions. The focus of acquisitions is on the growth of the Group's operations in Norway, Denmark and Germany, and expanding the Group's service range and presence in selected regions of Finland and Sweden. The Group has extensive experience of acquisitions, and it uses external consultants in addition to its in-house resources in the

preparation of acquisitions. The Group's local operating model enables the quick and low-risk integration of acquired units and the rapid realisation of synergies.

As our industry is highly labour-intensive, our personnel play a key role in the execution of our strategy. We want to be the best employer in our industry and thereby strengthen our position and enable our growth. We provide a safe and equal work environment and support diversity and inclusion among our personnel. As a Group, we can provide our employees with not only diverse development opportunities but also a local and close-knit workplace community and operating culture.

At PHM Group, we continuously develop our operations with the aim of improving efficiency. This enables the Group to ensure profitable growth, the reliable delivery of services to customers, and strong cash flow for investors. We improve the efficiency of our operations by sharing best practices between the Group's units, by optimising our personnel and fleet resources, and by developing the efficiency of our units in accordance with the Group's common practices and operating models, for example. The operations of the local units are also supported by the Group's centralised support functions, as well as advanced digital solutions that support the local business operations.

Corporate responsibility is at the core of our business. PHM Group offers a wide range of property services that enable safe and smooth daily life for our customers and employees. Our rigorous corporate governance rules and ethical principles protect both our customers and our employees. We also require the same from our suppliers and subcontractors. As a large group of companies, we can make environmentally sustainable choices and decisions that reduce the environmental impacts of our operations.

Acquisitions and divestments

PHM Group was very successful in executing its acquisition strategy in 2022 by completing a total of 34 acquisitions in its various operating countries. We expanded our operations to the German market by



Acquisitions and divestments, 1-12/2022

Target company	Country	Region	Month	Currency	Revenue*)	EBITDA*)
Acquisitions						
Hagen Hageservice AS	Norway	Oslo	January	NOKm	12.8	2.4
Princip Redovisning AB	Sweden	Stockholm	January	SEKm	5.5	1.4
Sundby Rengørings Service ApS	Denmark	Copenhagen	February	DKKm	11.3	2.1
Daseko ApS	Denmark	Copenhagen	March	DKKm	11.4	1.0
Vaktmester-Gruppen AS	Norway	Oslo	March	NOKm	12.1	-0,2
Vammalan Talonmies ja Siivouspalvelu Oy	Finland	Vammala	March	EURm	0.9	0.1
Turun Sähköhuolto Oy	Finland	Turku	March	EURm	0.8	0.0
Parkkompaniet i Boden AB	Sweden	Boden	April	SEKm	44.0	11.3
RenBolig Service og Omsorg AS	Norway	Fredrikstad	April	NOKm	12.2	1.4
Sähköasennus Salminen Oy	Finland	Tampere	April	EURm	2.0	0.4
P. Kiinteistöpalvelut Oy	Finland	Uusimaa	April	EURm	1.1	0.2
Unce Oy	Finland	Helsinki	April	EURm	2.5	0.5
Lojonia Palvelut Oy	Finland	Lohja	April	EURm	0.8	0.1
Karkkilan Huolto Oy	Finland	Karkkila	April	EURm	1.1	0.0
Porvoo 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 A/S and Alt I Polering ApS	Denmark	Copenhagen	June	DKKm	44.4	8.2
HuoneistoHait Oy	Finland	Helsinki	June	EURm	0.3	0.0
H.N. Service**	Denmark	Copenhagen	June	DKKm	5.8	2.3
International NordicLife Förvaltning AB	Sweden	Gothenburg	July	SEKm	34.3	-3,1
OK Rengoring AS and KRS Service ApS	Denmark	Copenhagen	July	DKKm	46.5	6.0
Grindsted Vinduesservice ApS	Denmark	Copenhagen	July	DKKm	10.9	1.7
Kilderent AS	Norway	Trondheim	July	NOKm	5.4	0.6
WA ApS	Denmark	Copenhagen	August	DKKm	18.5	0.9
Ren Service AS	Norway	Oslo	September	NOKm	83.9	7.6
Karsikon Talohuolto Oy	Finland	Joensuu	September	EURm	2.8	0.1
Pukimäen Kiinteistöhuolto PKH Oy and PK Kuivaus Oy	Finland	Helsinki	September	EURm	3.8	0.3
Totopro Oy	Finland	Lahti	October	EURm	1.4	0.3
3 Kløver AS	Norway	Trondheim	October	NOKm	30.9	0.5
Schultz Gruppe and Corporate Care GmbH***	Germany	Hamburg	October	EURm	32.8	3.5
EC Renhold AS	Norway	Oslo	October	NOKm	11.5	3.5
Svendsen Vaktmester & Vedlikeholdservice AS	Norway	Oslo	October	NOKm	11.0	0.2
Rokke Hageservice AS	Norway	Halden	November	NOKm	9.2	0.7
PBT Gruppen AS	Norway	Oslo	November	NOKm	83.1	2.0
Divestments						
Berga Lås & Larm AB	Sweden	Stockholm	June	SEKm	6.9	0.5

*) The presented financial figures are based on the latest available audited financial statements

***) Asset acquisition

****) Unofficial consolidation of group entities



acquiring Schultz Gruppe, a provider of cleaning and maintenance services, technical maintenance services and building management services to a wide range of commercial, industrial and residential properties in the Hamburg region in northern Germany. The acquisition is a strategically significant move for the Group, as it opens up a new market with considerable growth opportunities while supporting the execution of the Group's growth strategy and the diversification of geographical risk.

In Finland, PHM Group strengthened its market position and service offering in several cities and acquired a few local operators in the capital region. PHM also expanded its operations geographically in the Pirkanmaa region by acquiring Vammalan Talonmies ja Siivouspalvelu Oy.

In Sweden, PHM strengthened its position particularly in the Gothenburg region and in northern Sweden. The largest of the acquired companies was Parkkompaniet i Boden Ab, a fast-growing outdoor maintenance company operating in several cities in northern Sweden. In addition, PHM divested one small Swedish company whose business was not aligned with PHM's core business.

In Norway, PHM grew its business significantly in 2022. The largest acquisitions were the Oslo-based property services company Ren Service AS, which provides various cleaning and caretaker services, and PBT Gruppen, a full-service property maintenance company that operates in the Vestfold & Telemark region and the Greater Oslo region. The Group also made other acquisitions in Norway, specifically in Oslo and Trondheim, and expanded its operations to Fredrikstad by acquiring RenBolig Service og Omsorg AS and to the Halden region by acquiring Rokke Hageservice AS.

In Denmark, PHM significantly expanded its business operations by acquiring Altiren A/S and Alt i Polering ApS, as well as OK Rengøring AS and KRS Service ApS, which provide cleaning services in the Copenhagen region. PHM also grew its existing property maintenance business in Copenhagen and strengthened its building

management services by acquiring the Copenhagen-based WA ApS. The Group also expanded its operations to Jylland by acquiring Grindsted Vinduesservice ApS.

The combined positive effect of the acquisitions made by the Group on its rolling 12-month like-for-like revenue was EUR 114.0 million, and the effect on its rolling like-for-like adjusted operating margin was EUR 17.3 million.

Financial review

The Group's reported revenue in 2022 amounted to EUR 483.3 million (364.2). The business operations have grown considerably year-on-year as the Group made several significant acquisitions in 2021 and 2022, which explains the annual growth to a large extent.

The Group's adjusted EBITDA was EUR 78.1 million (62.8) in 2022. The increase in the adjusted operating profit is largely attributable to the aforementioned changes in the scope of operations.

The Group's result for the financial period amounted to EUR 14.2 million (-4.1). In the fourth quarter of 2022, the Group redefined the depreciation methods for machinery and equipment in its Finnish subsidiaries to better match useful life of the assets. In the comparison year, 2021, the Group recognised write-downs on the machinery of acquired companies to harmonise the depreciation periods, which increased the amount of depreciation in 2021. In addition to operating costs the result is impacted by amortization of customer and brand related intangible assets from acquisitions made and amortization of other long-term expenditure totalling EUR -13.6 million (-12.1) and financial expenses, which amounted to EUR -22.2 million (-22.1). In addition to interest expenses, the net financial expenses also included financing-related advisory costs and realised translation differences, among other items. During the period under review, PHM Group redefined the treatment of intra-Group financing arrangements in accordance with the IAS 21 accounting standard. Consequently, loans granted to foreign subsidiaries are recognised as net investments, and unrealised translation differences are reported as-is as part of the statement of comprehen-



sive income, and they are no longer reported as part of financial expenses in the consolidated income statement. Unrealised translation differences amounted to EUR 5.7 million in 2022. The unrealised translation differences for 2021 are not restated as the amounts are deemed immaterial.

The Group's like-for-like revenue grew by 5% and amounted to EUR 550.1 million (523.9). Like-for-like revenue is calculated by adjusting for the revenue of acquired entities for the period when they were not part of the Group. At comparable exchange rates, like-for-like revenue grew by 6%. The growth of like-for-like revenue was accelerated by the Group's increased contract-based revenue as well as higher additional sales. The growth of contract-based revenue was driven by price increases as well as the positive development of the contract customer base in all of the Group's operating countries. The development of additional sales was influenced by the high snowfall during the winter in Finland, price increases, and the increased volumes of additional sales in Sweden, Denmark and Germany. Finland accounted for 53% of LFL revenue, Sweden for 24%, Norway for 10%, Denmark for 6% and Germany for 6%. Like-for-like revenue increased in all countries except Sweden, as the impact of exchange rate fluctuations of EUR -6.4 million was attributable almost exclusively to the weakening of the Swedish Crown. At comparable exchange rates the revenue increased also in Sweden.

The Group's like-for-like adjusted EBITDA was EUR 86.5 million (85.4). At fixed exchange rates, the adjusted EBITDA increased by 2% (EUR 1.9 million) and amounted to EUR 87.3 million. The positive factors behind the increase included revenue growth and price increases, although the actual margin was slightly weaker, mainly due to the sales mix. The lower margin was primarily due to resources being tied up in lower-margin snow clearing and cleaning operations in the first half of the year and in the fourth quarter instead of being used for additional services. The like-for-like adjusted EBITDA was

also reduced by the high rate of sickness-related absences and the resulting increase in overtime and subcontracting in fixed contract-based services. The higher fuel and energy costs also affected the Group's result. They reduced the adjusted EBITDA margin by 0.6 percentage points year-on-year.

The Group's operating cash flow before acquisitions and financial items was strong at EUR 52.7 million (42.0). The operating cash flow was supported by the strong EBITDA, offset by investments in tangible and intangible assets. The development of working capital during the financial period had a somewhat negative impact on operating cash flow, as trade receivables grew faster than trade payables. The operating cash flow has been adjusted for the change intra-group liabilities to the Group's parent entity, PHM Group TopCo Oy. Investments in tangible and intangible assets totaled EUR 17.7 million (13.1). This amount mainly consisted of acquisitions of machinery and equipment. The high level of investments was attributable to deliveries being delayed from 2021, as well as growth investments made due to new contracts. At the end of the review period, interest-bearing net debt amounted to EUR 421.0 million and the leverage ratio was 4.81x. The Group's liquidity is strong, as cash and cash equivalents at the end of the review period amounted to EUR 31.6 million, and EUR 62 million of the Super Senior RCF was undrawn.

To ensure its ability to continue to execute its growth strategy, the Group considerably strengthened its financial position by substantially increasing the amount of financing available to the Group in 2022. In February 2022, PHM issued new notes in the amount of EUR 40 million under the existing EUR 450 million notes framework. The notes, including the notes of EUR 300 million originally issued in 2021, were listed on Nasdaq Helsinki in June 2022 in accordance with the terms of the notes framework. The Group also increased its Senior Secured Revolving Credit Facility by EUR 12.5 million to EUR 62.5 million in October 2022. The increase is agreed for 12 months and is in line with the terms set

out in the current financing agreements. In addition, new euro-denominated senior secured floating rate notes in the nominal amount of EUR 70 million, under a new framework of EUR 200 million, were issued in December 2022. The new notes are traded on the Frankfurt Open Market, and PHM will submit an application in the second quarter of 2023 to have the notes listed for trading on Nasdaq Helsinki.

Personnel

During 2022, the PHM Group companies employed 6,794 people (LFL) on average across the five countries where the Group operates. Adjusted for the time the companies were part of the Group, the average number of personnel was 5,615. Like-for-like personnel expenses adjusted for non-recurring items totaled EUR 258.2 million (247.4) in 2022. Reported personnel expenses amounted to EUR 225.5 million (168.0).

Governance and corporate responsibility

PHM Group's Board of Directors in 2022:

- Karl Svozilik (Chair)
- Marika af Enehjelm
- Tuomas Sarkola
- Ståle Angel
- Svein Olav Stølen

PHM Group's Management Team in 2022:

- Ville Rantala, Group CEO
- Petri Pellonmaa, Group CFO
- Toni Mannila, Country Director, Finland
- Andreas Westin, Country Director, Sweden (from 6/2022)

- Jon Eldon, Country Director, Norway (from 6/2022)
- Eeva Tielinen, HR Director
- Juha Allonen, CIO
- Joni Paananen, Group Legal Counsel
- Hanna Haapakoski, Director, Corporate Responsibility and Communications (from 5/2022)

In 2022, PHM Group continued to execute its corporate responsibility strategy as planned. The Group organised training on the Code of Conduct and operating policies for senior management, middle management and other key employees in Finland. Next, PHM Group will carry out training on the Code of Conduct and operating policies, as well as harmonisation measures related to HSE (health, safety and environment) issues in Sweden and Norway in 2023. PHM Group continued to conduct internal occupational safety audits in Finland. In late 2022, PHM Group updated its safety strategy and targets, and developed its occupational safety reporting. PHM's Nordic Climate Working Group started its work in late 2022. The Working Group aims to promote the Group's goal of carbon neutrality by 2035 and develop new sustainable business models. In the fourth quarter, PHM Group also continued to develop its corporate responsibility reporting in preparation for reporting on the financial year 2022.

Number of personnel





A more detailed description of PHM Group's governance can be found in the Corporate Governance Statement in the Annual Report.

Shares and shareholders

The parent company PHM Group Holding Oyj has one issued share and one class of shares. The only issued share is held by PHM Group TopCo Oy. PHM Group TopCo Oy is majority owned by funds managed by Norvestor Equity AS. Other major owners include funds managed by Intera Partners together with the Group's senior management and key employees.

Board of Directors' proposal concerning the distribution of profits

The Board of Directors proposes that the loss of EUR 430.7 thousand shown on the company's non-restricted shareholders' equity be covered with subsequent earnings and that no separate measures to adjust the shareholders' equity be taken and that no dividend be distributed.

Subordinated loan

PHM Group Holding Oyj had no subordinated loans on the balance sheet date. During the comparison year, 2021, PHM Group Holding Oyj repaid a subordinated loan to its parent entity PHM Group TopCo Oy, including interest payments of EUR 1,476 thousand. The interest rate on the loan was 8%.

Loans, liabilities and contingent liabilities to related parties

Transactions with related parties are presented in Note 6.1.

Statement of non-financial information

Description of the business model

PHM Group produces local property services in Finland, Sweden, Norway, Denmark and Germany. The company's unique operating model is based on having boots on the ground close to our customers, supported by a strong organisation and partner network. PHM

Group is made up of local companies that take care of their customers' properties and outdoor areas with a proactive approach.

PHM's reporting of non-financial information includes social responsibility and employee-related issues, respecting human rights, the prevention of corruption and bribery, environmental issues, and the diversity of the management. PHM's own corporate responsibility strategy is built on three cornerstones: good governance, a safe and diverse workplace, and the climate and the environment. The theme "good governance" includes the prevention of corruption and bribery, as well as the diversity of the management. The theme "a safe and diverse workplace" covers social responsibility, employee-related issues, and respecting human rights. The theme "climate and the environment" covers environmental issues.

Social responsibility and employee-related issues

PHM complies with labour law, collective agreements, occupational health and safety regulations, and other obligations. All PHM employees have a written contract of employment and the right to unionise. The company observes consistent HR practices, operating principles and policies. We use professional payroll calculation to ensure consistent wage payment practices. Our operations are guided by PHM's Code of Conduct and the operating policies that specify how we observe ethical business practices in employee-related matters.

PHM Group companies had, on average, a total of 6,794 employees (LFL) in the five operating countries in 2022. Adjusted for the periods of time the various companies were part of the Group, the average number of personnel was 5,615.

We measure employee satisfaction annually. According to the personnel survey we conducted in Finland, Sweden and Norway in late 2022, the company's strengths include having an appropriate balance between employees' skills and the demands of their work, enthusiasm for work, and supervisory work, for example. The development areas identified in the survey included the collaborative



development of new operating practices, receiving feedback from supervisors, and recovery from work. Supervisors review the results of the survey together with their teams. Units and teams use the results to prepare their respective development plans and actions, which will be monitored during the new year. We also make use of the results in planning Group-level development measures and the themes of supervisor training, as well as in our actions related to the management of work ability.

PHM focused heavily on the development of occupational safety in 2022. Our target is to reduce the number of occupational accidents by 50% each year, compared to the previous year. In 2022, we updated the health, safety and environmental requirements for our units and further specified our descriptions of responsibilities. We also conducted an internal safety audit at 55 of our units in Finland, covering almost all of our units. Based on the audits, we recorded a total of 625 safety deficiencies, development areas and other observations. We began taking corrective actions in response to the observations in 2022, and this will continue in 2023. In 2022, we also made preparations for the deployment of a new safety reporting tool. It enables the reporting and centralised processing of safety observations, near misses, threatening and violent incidents, and occupational accidents. PHM's lost time injury frequency (LTIF) in Finland was 26.0 in 2022. No comparable figures are available for the other operating countries, as the harmonisation of safety management between the countries of operation has not been completed yet.

We recognise that the availability of skilled professionals is a key risk related to our operations. We carried out a survey on labour shortages in our Finnish units in 2022. Approximately 44% of the respondents indicated they have experienced a lot of challenges related to labour availability, and 38% said they have experienced such challenges to some degree. The challenge is common throughout the industry. The company will use the results of the survey to support the personnel

with competence development and prevent excessive workloads. A further goal is to provide even better support to the company's units with regard to both recruitment and orientation training.

To enable growth, PHM has a continuous need to recruit competent professionals, which is why we aim to be a motivating and diverse workplace for professionals regardless of their background. In 2022, we drafted a non-discrimination, diversity and inclusion policy for the company and launched related training for the company's key employees in Finland.

Respecting human rights

We respect human rights and workers' rights. This is stated in PHM's Code of Conduct and included as a topic in related training activities. Our aim is for all PHM employees to have completed training on the Code of Conduct.

We treat each other and job applicants with respect and equality and without discrimination. We do not condone any form of bullying, harassment or inappropriate conduct. We do not discriminate against anyone based on age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, health, disability, sexual orientation or other personal reasons.

PHM Group operates in Finland, Sweden, Norway, Denmark and Germany. The company also has supply chains that extend to various countries, including countries that have been identified as risk countries from a human rights perspective. PHM has determined that human rights issues in the supply chain are the most relevant to the company's business operations. With this in mind, the company seeks to promote responsibility throughout the supply chain and the realisation of human rights. For example, the use of temporary labour through subcontractors may involve risks related to working conditions, occupational safety and appropriate HR practices.

The company commenced a development effort related to supply chain sustainability in late 2022. We will deploy a new supplier portal in 2023, which will enable us to



more effectively manage the fulfilment of sustainability requirements and other contractual obligations, for example.

Potential risks related to the supply chain and human rights violations are addressed as part of the Group's risk management process. PHM Group was not informed of any human rights violations in its own operations or its supply chains in 2022.

Anti-corruption and bribery

We do not condone bribery of any form in our business operations. All PHM Group employees are required to act with integrity and transparency. At the turn of the year 2021–2022, we updated the Group's Code of Conduct and key policies, such as the policy concerning the prevention of corruption and bribery.

PHM's assessment is that the risk of corruption and bribery in the company's operating countries is present, but the company does not see this risk as being significant. Nonetheless, the company focuses on guidelines for the prevention of corruption and bribery, as well as the continuous training of the personnel, and key employees in particular. Nearly all of PHM's key employees, meaning approximately 80 representatives of senior management, middle management and the management of our support functions, completed anti-corruption and anti-bribery training in Finland in 2022. The training will be expanded to Sweden and Norway in 2023. Our aim is for all PHM employees to have completed training on the Code of Conduct, and for all of PHM's key employees (senior management, middle management, the persons in charge of the support functions) have completed training on the prevention of corruption and bribery.

PHM Group was not informed of any incidents of corruption or bribery in its own operations or its supply chains in 2022.

Environmental issues

We have identified the environmental impact of our business and are steering our operations towards a

less environmentally damaging direction. PHM's day-to-day business operations involve a large number of kilometres driven using various vehicles, the use of machines and equipment, waste processing, the use of various chemicals, as well as landscaping and earthworks. Observing environmental safety is part of the safety requirements we have established for our units. Compliance with the requirements is monitored in various ways, including internal audits. The aim of these measures is to ensure compliance with environmental regulations and the orders issued by the authorities.

We have determined that reducing the greenhouse gas emissions arising from fuel consumption is PHM's most significant environmental challenge. With that in mind, we made a commitment in 2022 to achieve climate neutrality by 2035. To support the achievement of this goal, we established a Nordic Climate Working Group. The first concrete steps will be taken in 2023, and they will include updating our fleet-related policies, for example.

PHM has identified physical risks and transition risks related to climate change. The physical risks are mainly related to projections of decreasing snowfall, increasing rainfall and increased extreme weather phenomena, which is why we aim to assess the long-term development of our service offering. The transition risks are primarily related to the development of fuel and energy prices in the medium and long term, which is why we are continuously investigating alternatives to the use of fossil fuels in particular.

PHM Group's total emissions (Scope 1 and 2) in 2022 amounted to 26,100 tCO₂e (19,000 tCO₂e in 2021). The Group's emission intensity, or total emissions relative to reported revenue, was 54 (52).

Diversity of the management

Two of the nine members of PHM Group's Management Team are female. Of the members of the Management Team, seven are aged 30–50 and two are over 50 years of age. Various professional and academic backgrounds as well as three different nationalities are represented in the Management Team.



The principles concerning the diversity of the Board of Directors are taken into account in the election of the members of the Board of Directors. There are three different nationalities represented on the Board of Directors. Of the members of the Board of Directors, three are aged 30–50 and two are over 50 years of age. Various professional and academic backgrounds are represented in the Board of Directors. The Board of Directors has one female member and four male members.

Further information

More information on PHM's corporate responsibility, reporting boundaries according to the EEU taxonomy and GRI index is provided in the sections Reporting principles, EU Taxonomy and GRI Index of the Corporate Responsibility Report. The Corporate Responsibility Report is published annually as part of the Annual Report.

Events after the review period

The Group has continued its strategy of growing through acquisitions even after the year end and continues to have a strong pipeline of active dialogues. None of the closed transactions are such that it would have a material impact on the Group's business or financial position.

The Board of Directors has also evaluated the impacts on PHM's business from the war in Ukraine and assessed that it will not have any significant impacts on the Group's operations, financial position or operating environment. The Group's Board of Directors and management closely monitor the development of the situation and are prepared to react to changing circumstances as needed.



Key Figures

EUR million, unless otherwise specified

	2022	2021
Reported		
Revenue (net sales)	483.3	364.2
EBITDA	71.9	57.0
Adjusted EBITDA	78.1	62.8
Adjusted EBITDA margin -%	16.2%	17.2%
Adjusted EBITA	56.8	36.6
Adjusted EBITA margin -%	11.8%	10.0%
Profit for the period	14.2	-4.1
Like-for-like (LFL)		
LFL Revenue	550.1	523.9
LFL EBITDA	80.8	79.6
LFL adjusted EBITDA	86.5	85.4
LFL adjusted EBITDA margin -%	15.7%	16.3%
LFL adjusted EBITA	62.4	52.3
LFL adjusted EBITA margin -%	11.4%	10.0%
Financial position		
Equity ratio, %	20.6%	23.2%
Net interest bearing debt (NIBD)	421.2	346.3
Leverage, x	4.81	4.84
Operating cash flow before acquisitions	52.7	42.0
Cash conversion, %	73.4%	73.7%
Other		
Average number of employees, LFL	6,794	-
Average number of employees, Reported	5,615	4,138



Alternative Performance Measures (APM)

Company applies ESMA (European Securities and Markets Authority) guidelines on alternative performance measures.

before amortisations (EBITA), EBITDA, Adjusted EBITA, Adjusted EBITDA, like-for-like figures.

Company uses and presents the following alternative performance measures to better illustrate the operative development of its business: operating profit

The items included in the aforementioned APM's consist of the following:

Adjusted EBITA and EBITDA	2022	2021
EBIT	37.0	18.7
Amortisation	13.6	12.1
EBITA	50.6	30.8
M&A related consultancy costs	2.8	3.5
Business related non-recurring items	2.5	1.7
Other non-recurring items	0.9	0.6
Adjusted EBITA	56.8	36.6
LFL impact of acquisitions made	5.6	15.8
LFL adj EBITA	62.4	52.3
EBIT	37.0	18.7
Depreciations	21.3	26.2
Amortisation	13.6	12.1
EBITDA	71.9	57.0
M&A related consultancy costs	2.8	3.5
Business related non-recurring items	2.5	1.7
Other non-recurring items	0.9	0.6
Adjusted EBITDA	78.1	62.8
LFL impact of acquisitions made	8.4	22.6
LFL adj EBITDA	86.5	85.4



Calculation formulas for the key figures

EBITDA	=	Operating profit + depreciation and amortisation	
EBITDA margin -%	=	$\frac{\text{Operating profit + depreciations and amortisation}}{\text{Revenue}}$	x 100
EBITA	=	Operating profit + amortisation	
EBITA margin -%	=	$\frac{\text{Operating profit + amortisation}}{\text{Revenue}}$	x 100
Adjusted EBITDA	=	EBITDA + non-recurring items	
Adjusted EBITDA margin -%	=	$\frac{\text{Adjusted EBITDA}}{\text{Revenue}}$	x 100
Adjusted EBITA	=	EBITA + non-recurring items	
Adjusted EBITA margin -%	=	$\frac{\text{Adjusted EBITA}}{\text{Revenue}}$	x 100
LFL revenue	=	Revenue + like-for-like adjustment	
LFL EBITDA	=	EBITDA + like-for-like adjustment	
LFL adjusted EBITDA	=	Adjusted EBITA + like-for-like adjustment	
LFL adjusted EBITDA margin -%	=	$\frac{\text{LFL adjusted EBITDA}}{\text{Revenue}}$	x 100
LFL adjusted EBITA	=	Adjusted EBITA + like-for-like adjustments	
LFL adjusted EBITA margin -%	=	$\frac{\text{LFL adjusted EBITA}}{\text{Revenue}}$	x 100
LFL synergy adjusted EBITDA	=	LFL adjusted EBITDA + unrealised synergies	



Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}}$	x 100
Net interest-bearing debt		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 liabilities to ultimate parent) + proceeds from the sale of tangible and intangible assets + purchases of tangible and intangible assets	
Cash conversion, %	=	$\frac{\text{EBITDA}}{\text{Operating cash flow before acquisitions}}$	x 100
Number of employees at the end of the period	=	The average number of employees at the end of the previous financial year and of each calendar month during the reporting period, including the average number of employees of companies acquired during the financial year for the periods before the companies were part of the Group.	
Average number of employees, reported	=	The average number of employees at the end of the previous financial year and of each calendar month during the reporting period.	



Consolidated Financial Statements (IFRS)

Consolidated Statement of Financial Position

EUR thousand	Note	31.12.2022	31.12.2021
Assets			
Non-current assets			
Goodwill	3.2	416,764	350,561
Intangible assets	3.3	124,978	122,758
Tangible assets	3.4	59,034	45,295
Right-of-use assets	3.5	26,536	22,285
Other shares and investments	4.8	3,223	2,965
Other receivables	3.6	332	273
Deferred tax assets	2.5	3,150	2,202
Total non-current assets		634,018	546,338
Current assets			
Trade receivables	3.6	56,204	37,086
Inventories		3,007	1,112
Loan receivables	4.3	291	15,086
Other current assets	3.6	15,049	10,174
Cash and cash equivalents	4.2; 4.4	31,632	18,331
Total current assets		106,183	81,789
Total assets		740,201	628,127
Equity and liabilities			
Equity			
Share capital	4.7	80	0
Fund for unrestricted equity	4.7	160,238	158,318
Retained earnings		-393	-13,219
Translation differences		-7,709	343
Equity attributable to equity holders of the parent		152,216	145,442
Total equity		152,216	145,442
Non-current liabilities			
Interest-bearing loans and borrowings	4.1-4.3; 4.5	418,297	303,971
Other non-current liabilities	3.7	7,923	18,453
Lease liabilities	3.5; 4.5	15,020	13,494
Deferred tax liabilities	2.5	30,961	27,982
Total non-current liabilities		472,201	363,901
Current liabilities			
Trade payables and other payables	3.7	98,401	73,557
Interest-bearing loans and borrowings	4.1-4.3; 4.5	4,314	33,584
Lease liabilities	3.5; 4.5	12,202	9,362
Income tax payable	2.5	866	2,281
Total current liabilities		115,783	118,784
Total liabilities		587,985	482,685
Total equity and liabilities		740,201	628,127



Consolidated Statement of Profit and Loss

EUR thousand	Note	1.1.-31.12.2022	1.1.-31.12.2021
Revenue (net sales)	2.1.	483,282	364,215
Other operating income	2.2.	3,547	3,488
Materials and services	2.2.	-124,076	-96,480
Employee benefit expenses	2.3., 5.1.	-225,493	-167,978
Depreciations, amortisations and impairment	3.2.; 3.3.; 3.4.	-34,859	-38,327
Other operating expenses	2.2.	-65,407	-46,260
Operating profit (EBIT)		36,994	18,658
Financial income	2.4.	486	794
Financial expenses	2.4.	-22,743	-22,865
Profit before tax		14,738	-3,413
Taxes	2.5.	-539	-680
Profit for the financial period		14,198	-4,093

Consolidated Statement of Other Comprehensive Income

EUR thousand	1.1.-31.12.2022	1.1.-31.12.2021
Profit for the financial period	14,198	-4,093
Other items of other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations, net of tax	-8,052	-636
Items that will not be reclassified to profit or loss in subsequent periods		
Other comprehensive income/(loss) for the year, net of tax	-8,052	-636
Total comprehensive income for the financial period	6,147	-4,729
Profit for the period attributable to		
Profit for the period attributable to	14,198	-4,093



Consolidated statement of Changes in Equity

2022							
Equity belonging to the Parent Company							
EUR thousand	Note	Share Capital	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total equity
Equity on 1.1.2022		0	158,318	0	343	-13,219	145,442
Profit for the period		0	0	0	0	14,198	14,198
Other comprehensive income	4.7.	0	0	0	-8,052	0	-8,052
Total comprehensive income		0	0	0	-8,052	14,198	6,147
Increase in Fund for unrestricted equity	4.7.	0	2,000	0	0	0	2,000
Distribution of profit to Parent company	4.7.	0	0	0	0	-1,315	-1,315
Reclassification	4.7.	80	-80	0	0	0	0
Other changes		0	0	0	0	-58	-58
Equity on 31.12.2022		80	160,238	0	-7,709	-393	152,216

2021							
Equity belonging to the Parent Company							
EUR thousand	Note	Share Capital	Fund for unrestricted equity	Subordinated loans	Translation differences	Retained earnings	Total equity
Equity on 1.1.2021	4.7.	0	193,910	17,934	978	-6,948	205,874
Profit for the period		0	0	0	0	-4,093	-4,093
Other comprehensive income		0	0	0	-636	0	-636
Total comprehensive income		0	0	0	-636	-4,093	-4,729
Acquisition of a subsidiary	4.7.	0	-35,592	0	0	0	-35,592
Change in subordinated loans	4.7.	0	0	-17,934	0	-1,476	-19,409
Distribution of profit to Parent company		0	0	0	0	-669	-669
Other changes		0	0	0	0	-33	-33
Equity on 31.12.2021		0	158,318	0	343	-13,219	145,442

Consolidated statement of Cash Flows

EUR thousand	2022	2021
Operating activities		
Profit (loss)	14,198	-4,093
Adjustments to reconcile profit before tax to net cash flows:		
Income tax expenses	541	680
Depreciation and impairment	34,847	38,327
Finance income and expenses	20,945	22,071
Other adjustments	-1,720	-695
Change in working capital	-12,064	14,923
Other adjustments without payment	2,564	-
Income tax paid	-3,831	-2,569
Net cash flow from operating activities	55,480	68,644
Net cash flow from investing activities		
Acquisition of tangible and intangible assets	-17,711	-13,052
Acquisition of a subsidiary, net of cash acquired (Note 3.1.)	-87,507	-85,999
Proceeds from sale of subsidiaries	465	-
Net cash flow from investing activities	-104,754	-99,050
Net cash flow from financing activities		
Proceeds from fund for unrestricted equity	16,331	-
Equity refund	-	-68,524
Paid dividends and other distribution of profit	-	-
Net change in borrowings	82,536	132,630
Net interests and finance costs paid	-20,933	-22,489
Payments of lease liabilities	-14,834	-10,409
Net cash flow from financing activities	63,100	31,208
Net increase in cash and cash equivalents	13,827	801
Effect of exchange rate changes on cash and cash equivalents	-525	-
Cash and cash equivalents at 1.1. (4.4.)	18,331	17,530
Cash and cash equivalents at 31.12.	31,632	18,331

Notes to the consolidated financial statements

1. Key Accounting Policies and Consolidation

1.1. General information

Corporate information

PHM Group Holding Oyj ("Parent company" or "Company") is a limited company incorporated and domiciled in Finland and whose share is not publicly listed. The registered office is located in Helsinki, Uusimaa, Finland. PHM Group Holding Oyj issued senior secured callable fixed rate notes with an initial principal amount of EUR 300 million in June 2021 and further issued a tap issue of senior secured senior secured callable fixed rate notes with a principal amount of EUR 40 million in February 2022. Notes are listed on NASDAQ Helsinki Oy's main list. In addition, new euro-denominated senior secured floating rate notes in the nominal amount of EUR 70 million, under a new framework of EUR 200 million, were issued in December 2022. The new notes are traded on the Frankfurt Open Market, and PHM will submit an application in the second quarter of 2023 to have the notes listed for trading on Nasdaq Helsinki.

PHM principally provides services within property maintenance. Information about the PHM's group structure is provided below. Information on other related party relationships of PHM is provided in Note 5.1.

The consolidated financial statements for the year ended 31.12.2022 were authorised for issue in accordance with a resolution of the Board of

Directors on 26 April 2023. PHM's financial statements, Board of Directors' report and Auditor's report are available at the website phmgroup.com/investors/ and in the Group's head office at Takomotie 1-3, 00380 Helsinki, Finland. In accordance with Finnish Limited Liability Act, shareholders may adopt or reject the financial statements at the Annual General Meeting held after the publication. Annual general meeting can decide on changing the financial statements.

Parent company information

PHM Group Holding Oyj was founded in 6 March 2020 when funds controlled by Norvestor Equity AS acquired a controlling interest in PHM Group. PHM Group Holding Oyj is consolidated into PHM Group TopCo Oy. The ultimate parent of this Group is PHM Group TopCo Oy.

Information about subsidiaries

The consolidated financial statements of PHM include the following subsidiaries, which all provide property maintenance services to its customers. More information about the consolidation principles is presented in Note 1.2. Basis of preparation.

The consolidated financial statements of the Group include:

Name	Country of incorporation	% equity interest	
		2022	2021
Cateva Oy	Finland	100	100
EPV Kiinteistöpalvelu Oy	Finland	100	100
Eurajoen Kiinteistöpalvelu Oy	Finland	100	100
Helmi Saneerauspalvelut Oy	Finland	100	100
Janitor Oy	Finland	100	100
Kanta-Hämeen Kiinteistöala Oy	Finland	100	100
Kiinteistöhoito Juhala Oy	Finland	100	100
Kiinteistöhuolto 3 J Oy	Finland	100	100
Kiinteistöhuolto Honkapää Oy	Finland	100	100
Kiinteistöhuolto J Rusanen Oy	Finland	100	100
Kiinteistöhuolto Jurvelin Oy	Finland	100	100
Kiinteistöhuolto Kantola Oy	Finland	100	100
Kiinteistöhuolto Lyijynen Oy	Finland	100	100
Kiinteistöhuolto Rantanen Oy	Finland	100	100
Kiinteistöpalvelu Lintula Oy	Finland	100	100
Kiinteistöpalvelu Tim Turunen Oy	Finland	100	100
Kirkas-Siivous Oy	Finland	100	100
Kotikatu Group Oy	Finland	100	100
Kotikatu Hallintopalvelut Oy**	Finland	100	100
PHM Group Services Oy	Finland	100	100
Kotikatu Holding Oy	Finland	100	100
Kotikatu Jokilaakso Oy	Finland	100	100

Kotikatu Oy	Finland	100	100
Kotkan Kiinteistöpalvelu Oy	Finland	100	100
Kouvola talohuolto Oy	Finland	100	100
Lappeen Huoltomestarit Oy	Finland	100	100
Luotsi Kiinteistöpalvelut Oy	Finland	100	100
Meranti Siivouspalvelut Oy	Finland	100	100
Moxley Oy	Finland	100	100
Nokian Kiinteistöhuolto Oy	Finland	100	100
PHM Finland Oy	Finland	100	100
PHM Group Holding Oyj	Finland	100	100
PHM Group Oy	Finland	100	100
PHM Holding Oy	Finland	100	100
Pirkanmaan Duo Siivouspalvelut Oy	Finland	100	100
Pirkanmaan Talotoimi Oy	Finland	100	100
Puhdas Tuuli Oy	Finland	100	100
Purkat Oy	Finland	100	100
QSC Group Oy	Finland	100	100
Raahen Kiinteistöhoito Oy	Finland	100	100
Raahen Talohoito Oy***	Finland	100	100
Savon Talohoito STH Oy	Finland	100	100
Talohuolto Multanen Oy	Finland	100	100
Talosyke Oy	Finland	100	100
Tankkipojat Oy	Finland	100	100
TL-Maint Oy	Finland	100	100
Turun Kiinteistöässä Oy	Finland	100	100
Uudenmaan Huoltokeskus Oy***	Finland	100	100
Valkeakosken Kiinteistöpalvelu Oy	Finland	100	100
Vihdin Rakennustekniikka VRT Oy	Finland	100	100
Viherkehä Oy	Finland	100	100
Ympäristöpalvelut Knuutila Oy	Finland	100	100
Vammalan Talonmies- ja Siivouspalvelu Oy	Finland	100	-
Turun Sähköhuolto Oy	Finland	100	-
Karkkilan Huolto Oy ***	Finland	100	-
Lojonia Palvelut Oy***	Finland	100	-
Unce Oy	Finland	100	-
P. Kiinteistöpalvelut Oy	Finland	100	-
Sähköasennus Salminen Oy	Finland	100	-
Siniservice Oy	Finland	100	-
Puhtaasti Mäkinen Oy	Finland	100	-
Porvoon Talotiimi Oy	Finland	100	-
HuoneistoHait Oy	Finland	100	-
PK-Kuivaus Oy	Finland	100	-
Pukimäen Kiinteistöhuolto PKH Oy	Finland	100	-
Karsikon Talohuolto Oy	Finland	100	-
Totopro Oy	Finland	100	-
Berga Lås &Larm AB****	Sweden	-	100
Bromma Fönsterputs AB	Sweden	100	100
Cemi AB	Sweden	100	100
Cemi Specialfastigheter AB	Sweden	100	100
Crendo Fastighetsförvaltning AB	Sweden	100	100
Crendo i Växjö AB**	Sweden	100	100
PHM Redovisning AB	Sweden	100	100
Driftia EL AB	Sweden	100	100
Driftia Förvaltning Aktieföretag	Sweden	100	100

FT Drift AB	Sweden	100	100
Fastighet Mark Teknik Förvaltning Norr AB	Sweden	100	100
FF Fastighetsservice AB	Sweden	100	100
Flow Fastighetsvärden AB	Sweden	100	100
Fönsterputsåren i Stockholm AB	Sweden	100	100
Förvaltnings AB Graden	Sweden	100	100
Gröna Gården AB	Sweden	100	100
Gutens Fastighetsservice AB	Sweden	100	100
Hemma Bäst BidCo AB (uct Flow Fastighetsvärden IT AB)	Sweden	100	100
Höga Kusten Skog & Fastighet AB	Sweden	100	100
Lövets AB	Sweden	100	100
Mark & Fastighetsservice i Kalmar AB	Sweden	100	100
Miljö & Trädgårdsservice i Stockholm AB	Sweden	100	100
Norstaden Stockholm AB	Sweden	100	100
Optimal Elservice Sverige AB****	Sweden	-	100
Optimal FM Syd AB****	Sweden	-	100
Optimal Service Sverige AB	Sweden	100	100
Optimal Service Väst AB	Sweden	100	100
Ostkustens Trädgårdsservice AB***	Sweden	100	100
Part Halmstad Fastighetsförvaltning AB	Sweden	100	100
PHM Sweden AB	Sweden	100	100
Renew Service AB	Sweden	100	100
Svealands Fastighetsteknik AB	Sweden	100	100
Tingvalla Mark AB	Sweden	100	100
Tomina AB	Sweden	100	100
Västerås Service & Anläggning AB	Sweden	100	100
Västmanlands Byggtjänst AB	Sweden	100	100
Västmanlands Fastighetsskötsel AB	Sweden	100	100
Princip Redovisning AB	Sweden	100	-
Parkkompaniet i Boden AB	Sweden	100	-
International NordicLife Förvaltning AB	Sweden	100	-
International Nordiclif Teknik AB	Sweden	100	-
International Nordiclif Byggservice AB	Sweden	100	-
993Hjelp AS	Norway	100	100
Din Vaktmester AS	Norway	100	100
Montasjelaget AS	Norway	100	100
Myja AS***	Norway	100	100
Olies Renhold AS	Norway	100	100
PHM Norge AS	Norway	100	100
Rene Bygårder AS	Norway	100	100
Rene Trapper AS	Norway	100	100
Trappersak Service AS	Norway	100	100
Trondheim Renholdsservice AS	Norway	100	100
Uterom Entreprenør AS	Norway	100	100
Økonomiske Løsninger AS	Norway	100	100
Hagen Hageservice AS***	Norway	100	-
Vaktmester-Gruppen AS	Norway	100	-
RenBolig Service og Omsorg AS	Norway	100	-
Kilderent AS	Norway	100	-
Ren Service AS	Norway	100	-
3 Kløver AS	Norway	100	-
EC Renhold AS	Norway	100	-
Svensden Vaktmester & Vedlikeholdservice AS	Norway	100	-



PBT Gruppen AS	Norway	100	-
PBT Eiendomsdrift AS	Norway	100	-
PBT Eiendomsdrift Øst AS	Norway	100	-
Skandinavisk Utemiljø AS	Norway	100	-
Rokke Hageservice AS	Norway	100	-
Ejendomsvirke A/S	Denmark	100	100
PHM Danmark ApS	Denmark	100	100
TipTop Ejendomsservice ApS	Denmark	100	100
Sundby Rengørings Service ApS	Denmark	100	-
Daseko ApS	Denmark	100	-
Altiren A/S	Denmark	100	-
Alt I Polering ApS	Denmark	100	-
OK Rengoring A/S	Denmark	100	-
KRS Service ApS	Denmark	100	-
HN Service	Denmark	100	-
Grindsted Vinduesservice ApS	Denmark	100	-
WA ApS	Denmark	100	-
Corporate Care Organisation & Unternehmensbetreuung GmbH	Germany	100	-
Schultz Gruppe GmbH	Germany	100	-
BBP Gesellschaft für Haus- und Versorgungstechnik GmbH	Germany	100	-
Schultz BGM GmbH	Germany	100	-
Schultz IGM GmbH	Germany	100	-
Schultz TGM GmbH	Germany	100	-
Schultz TKD GmbH	Germany	100	-
Schultz GFS GmbH	Germany	100	-
Elektro Czorski GmbH	Germany	100	-
Schultz EGM GmbH	Germany	100	-
Sophienterrassen Quartiersmanagement GmbH & Co. KG	Germany	100	-
Münz-24 Haus- & Energietechnik GmbH	Germany	100	-
PHM Deutschland GmbH	Germany	100	-

** Entity name has changed. New entity names are presented below the former name.

*** Entity was merged during the 2022 financial period.

**** Entity was disposed during the 2022 financial period.

1.2. Basis of preparation

Basis of accounting

The consolidated financial statements of PHM Group Holding Oyj have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union as of 31.12.2022. The notes to the financial statements also comply with the Finnish accounting and corporate legislation. These financial statements are prepared on a going concern basis. The condition of the assumption is that the group has adequate resources to continue its operations and that the management will continue the operations for at least one financial year from the end of the previous reporting period. The effects of the amended IFRS standard applied from the beginning of the financial year 2022 on the consolidated financial statements were not significant.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated. Therefore, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in brackets after the information for the current financial year. In the financial year 2022, the group has grown strongly through acquisitions, which is why the figures for the consolidated result and balance sheet are not fully comparable in all respects.

The consolidated IFRS financial statements as of 31.12.2022 contain comparative information for the period ended 31.12.2021.

Significant events during fiscal year

Acquisitions and disposals

Acquisitions are a key element of PHM's strategy. The property services market is characterized by a very fragmented competitive landscape and therefore the number of acquisitions made by PHM is typically high. During 2022, PHM made acquisitions in all its operating countries; 13 in Finland, three in Sweden, 10 in Norway, seven in Denmark and expanded to Germany by acquiring Schultz Gruppe. Schultz Gruppe is an owner-managed property service company serving a wide range of commercial, industrial and residential properties, offering cleaning and maintenance services, technical maintenance services and building management services in Northern Germany. The revenue of Schultz Gruppe in 2021 was 32.8 MEUR. Furthermore, PHM also divested a small Swedish company with operations that were not considered to be core to PHM's service offering.

Financing

During 2022, PHM took measures to secure financing for future acquisitions and continuation of its growth strategy. PHM 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. The bonds, including the originally in 2021 issued 300 MEUR nominal amount, were listed to Nasdaq Helsinki as planned.

The Group also increased its Senior Secured Revolving Credit Facility by 12.5 MEUR to 62.5 MEUR. The increase is agreed for 12 months and is in-line with the terms set out in the current financing agreements. Furthermore, new euro-denominated senior secured floating rate notes in a nominal amount of

EUR 70 million under a framework of EUR 200 million were issued. The New Notes are listed on the Frankfurt Open Market exchange and PHM will submit an application to have the New Notes listed on Nasdaq Helsinki Ltd during Q2/2023.

The war in Ukraine

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

Impacts of COVID-19 Pandemic

The Board of Directors has assessed the impacts of the COVID-19 virus pandemic on the Group's market, employees and business. So far, the virus pandemic has not had a significant impact on the demand for the company's services or its ability to execute them but the pandemic has increased the number of sickness absences. The company's Board of Directors and management closely monitor the development of the COVID-19 situation and will update their assessment of the impacts of the epidemic as the situation progresses.

Consolidation principles

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by PHM Group (its subsidiaries). PHM has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Acquired subsidiaries are consolidated from the date on which control is transferred to PHM, and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the PHM's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income. There has not been non-controlling interests in the fiscal year or in the comparison year.

Segment reporting

PHM has one reportable segment. The reported segment comprises of the Group, PHM Group Holding, and the segment numbers are consistent with PHM Group Holding Group's numbers. See further information in the note 2.1. Revenue from contracts with customers.

Currencies

Functional currency

PHM's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, PHM determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Primary and subsequent recording

Transactions in foreign currencies are initially recorded by PHM's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of PHM's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group consolidation

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Current versus non-current classification

PHM presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, is held for trading or, is expected to be realised within 12 months. Cash and cash equivalent items are presented as current assets unless restricted from being exchanged or used to settle a liability for longer than 12 months.

A liability is current when it is expected to be settled in normal operating cycle, is held primarily for trading or it is due to be settled within 12 months or there is no unconditional right to defer the settlement over a period of 12 months.

1.3. Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of PHM's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The actual values may differ from these estimates and assumptions.

The most significant accounting policies requiring judgement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Business combinations, value of net assets acquired and contingent considerations (Note 3.1)
- Goodwill impairment testing (Note 3.2)
- Expected credit losses (Note 4.1)
- Leases (Note 3.5)

1.4. New and updated IFRS standards

PHM adopts the new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards that become effective of 1 January 2023 or later are not expected to have a significant impact on PHM's consolidated financial statements.

The following new and amended standards have been issued and become effective on 1 January 2023 or later. PHM's perspective about the relevancy of each amended standard have been included in the summary below.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for financial years beginning on or after 1 January 2022).

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

Reference to the Conceptual Framework — Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2022).

The amendments update a reference in IFRS 3 and makes further reference related amendments.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023, early application is permitted).

The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023, early application is permitted).

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2024, early application is permitted).

The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date; and Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early application is permitted).

The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (available for optional adoption, effective date deferred indefinitely).

The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

2. Group Performance

2.1. Revenue from contracts with customers

Accounting principles

Revenue recognition

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which PHM expects to be entitled in exchange for those goods or services. The control is transferred over time. PHM acts as a principal in its revenue arrangements, as it typically controls the goods or services being transferred to the customers.

Performance obligations

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 mainly 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 financial year.

Variable consideration

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.

Trade receivables

A receivable represents PHM's right to an amount of consideration that is unconditional, i.e., only the passage of time is required before payment of the consideration is due. Further information is disclosed in note 3.6. Trade and other receivables.

Other principles

PHM's contracts with customers do not include significant financing components.

PHM's contracts with customers do not include non-cash considerations.

PHM does not provide any warranties to its customers that would be considered as separate performance obligations. PHM's short-term project customer contracts include warranties, which guarantee to the customer that services performed comply with the agreed specifications. Typically, the contracts contain standard warranties in accordance with the overall industry practice and no service-type warranties are provided to the customers

Segment information

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.

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.

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.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

EUR thousand	31.12.2022	31.12.2021
Type of service		
Contract revenues	251,324	169,730
Sale of additional services	231,082	192,989
Other sales	876	1,496
Total revenue from contracts with customers	483,282	364,215

Geographical markets	Contract sales	Additional sales	Total 31.12.2022
Finland	142,726	138,257	280,984
Sweden	59,072	73,733	132,806
Norway	24,221	11,444	35,666
Denmark	19,988	4,956	24,944
Germany	5,317	3,567	8,884
Total revenue from contracts with customers	251,324	231,958	483,282

In the chart above other sales are included in "additional sales" column.

Timing of revenue recognition			
Services transferred over time	251,324	231,958	483,282
Total revenue from contracts with customers	251,324	231,958	483,282

Geographical markets	Contract sales	Additional sales	Total 31.12.2021
Finland	121,940	111,727	233,667
Sweden	34,852	69,023	103,875
Norway	6,668	12,409	19,077
Denmark	6,269	1,326	7,595
Total revenue from contracts with customers	169,730	194,485	364,215

Timing of revenue recognition			
Services transferred over time	169,730	194,485	364,215
Total revenue from contracts with customers	169,730	194,485	364,215



2.2. Other operating income and expenses

Accounting principles

Other operating income

Other operating income includes income that does not directly relate to income from PHM's operating activities.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset,

it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants have been recognised within other income. There has not been any material grants during the financial period of 2022 or the comparison period.

"Other income" in total other operating income during the periods presented include mainly annual rebates and rent income. In FY21 the balance also includes COVID-19 related cost compensations.

EUR thousand	2022	2021
Insurance compensations	554	383
Capital gains on fixed assets	1,342	937
Other income	1,651	2,168
Total other operating income	3,547	3,488

Other operating expenses

Other operating expenses include other operating expenses, which are not considered to be cost of good sold.

The other operating expenses consist mainly of machinery and equipment expenses, marketing and administrative expenses, IT expenses and voluntary personnel costs.

EUR thousand	2022	2021
Machinery and equipment expenses	-30,677	-20,173
Marketing and administrative expenses	-13,740	-11,879
IT expenses	-7,855	-6,083
Voluntary personnel costs	-4,836	-3,509
Expenses for premises	-3,295	-2,153
Short-term and low value leases	-695	-524
Travel expenses	-2,010	-1,356
Other operating expenses	-2,992	-1,106
Total other operating expenses	-65,407	-46,260

Audit fees

EUR thousand	2022	2021
Audit fees	-635	-544
Consulting services	-23	-223
Total fees to auditors	-658	-768

Materials and services

Materials and services consists of acquisitions of typical equipment and materials related to the inventory and services provided to customers. If

inventory value is written off it's booked to materials in costs of goods sold.

2.3. Employee benefit expenses and average headcount

Accounting principles

Short-term employee benefits

Short-term employment benefits include salaries, bonuses as well as benefits in kind, annual holidays and bonuses. They are recorded in the period in which the employees perform the work in question.

PHM provides pension benefits in accordance with local statutory regulation. The current plans are defined contribution based plans and therefore the contributions payable are recognised as expenses in the statement of profit and loss for the period to which the payments relate.

PHM has an annual bonus plan and PHM accrues for the bonus on a monthly basis.

Post employment benefit

The post-employment benefit plans in PHM are contribution-based arrangements. PHM does not have legal obligations to pay any additional amounts related to the defined contribution plans. The payments made to the defined contribution plans are recognized in the statement of profit and loss during a financial period to which they relate.

Employee benefit expenses

EUR thousand	2022	2021
Wages and salaries	-182,832	-135,813
Social security costs	-19,352	-13,869
Pension expenses	-23,309	-18,296
Total employee benefit expenses	-225,493	-167,978

Average headcount of employees

	2022	2021
Average headcount of employees during the period	5,615	4,138

Salaries, fees and benefits paid for the Board of Directors and for the Group management

Please see the note 5.1. Related party transactions for information regarding compensation to Board and Directors and the Group management.

2.4. Financial income and financial expenses

Accounting principles

Financial income and expenses are recognised in the period during which they are incurred. Interest income and expenses are recognised using the effective interest method. More information regarding the financial instruments is presented in the sections 4.1, 4.2 and 4.4. Accounting policies relating to lease agreements are presented in the note 3.5.

The financial income of PHM consist mainly of interest income and foreign currency exchange gains. The financial expenses relate mostly to loans' interest payment.

Financial income

EUR thousand

	2022	2021
Interest income	111	-
Foreign currency exchange gains	355	686
Dividends received	3	2
Other financial income	17	107
Total financial income	486	794

Financial expenses

EUR thousand

	2022	2021
Interest on debts and borrowings	-19,007	-13,704
Interest expenses from leases	-1,071	-971
Foreign currency exchange losses	-809	-723
Other finance costs	-1,856	-7,467
Total financial expenses	-22,743	-22,865



2.5. Income tax

Accounting principles

Income taxes consist of taxes based on the taxable income of the financial year and deferred taxes. Taxes recorded on items in the income statement are included in income taxes in the income statement. The tax effect of other items of comprehensive income is recorded in other items of comprehensive income.

Current income tax

Taxes based on taxable income are recorded according to the local tax rules of each country using the applicable tax rate. If there is uncertainty included in interpretations of the income tax rules, company estimates if a company is able to fully utilize the tax position that is stated in income tax computation. If necessary, tax bookings are adjusted to reflect the changes in tax position.

Deferred tax

Deferred tax asset or liability is recognised on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset

is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. The most significant temporary differences in PHM Group arise mainly from business combinations.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

The Group offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity.

Direct taxes

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

EUR thousand	2022	2021
Income tax on operations	-2,028	-3,251
Tax for previous accounting periods	163	-110
Deferred taxes	1,326	2,681
Income tax total	-539	-680

Tax rate reconciliation

EUR thousand	2022	2021
Profit before income tax	14,738	-3,413
Tax calculated at parent's tax rate of 20% (2020 20%)	-2,948	-695
Tax for previous years	163	-110
Effect on different tax rates in foreign subsidiaries	-457	-156
Non-deductible expenses	-872	1,500
Income not subject to tax	1,474	-1,242
Confirmed losses and other tax items	2,099	22
Income taxes	-539	-680

Income tax receivables and payables

EUR thousand	2022	2021
Income tax receivables	0	67
Income tax payable	866	2,281

Effective tax rate

	2022	2021
Effective tax rate for the period	4%	-20%

Effective tax rate of fiscal year 2022 is explained by dividend income exempt from taxation. In addition there are interests and confirmed losses usable in taxation.



Deferred tax

Deferred tax assets 2022

EUR thousand	1.1.2022	Recognised in profit or loss	Business acquisitions	Translation differences	31.12.2022
Leases	153	20	0	0	173
Transaction costs from financial instruments	447	0	0	0	447
Business combinations	1,350	723	0	-14	2,060
Other	251	118	28	72	469
Total	2,202	862	28	59	3,150

Deferred tax assets 2021

EUR thousand	1.1.2021	Recognised in profit or loss	31.12.2021
Leases	-	153	153
Transaction costs from financial instruments	-	447	447
Business combinations	892	458	1,350
Other	329	-78	251
Total	1,222	980	2,202

Deferred tax liabilities 2022

EUR thousand	1.1.2022	Recognised in profit or loss	Business acquisitions	Translation differences	31.12.2022
Reclassification of subordinated loan	295	-	-	-	295
Business combinations	24,304	-2,604	3,712	-152	25,260
Leases	44	-	-	-	44
Transaction costs from financial instruments	1,506	28	-	-	1,535
Appropriations	1,792	2,037	-	-20	3,808
Other	41	74	-93	-4	19
Total	27,982	-464	3,619	-176	30,961

Deferred tax liabilities 2021

EUR thousand	1.1.2021	Recognised in profit or loss	Business acquisitions	31.12.2021
Reclassification of subordinated loan	155	140	-	295
Business combinations	22,438	-2,303	4,169	24,304
Leases	44	-	-	44
Transaction costs from financial instruments	1,266	240	-	1,506
Other	918	915	-	1,833
Total	24,821	-1,008	4,169	27,982

3. Capital Employed

3.1. Business Combinations

Accounting principles

Acquired subsidiaries are consolidated in the Group financial statements from the date when PHM obtained control over the acquired entity. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The Group measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values. In connection with the most significant acquisitions, part of the purchase price is allocated to customer related intangibles and marketing related intangibles.

Acquisition-related costs, such as consulting costs, are expensed as incurred and included in the statement of profit and loss as other operating expenses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit. More information about goodwill and impairment testing is provided in the note 3.2. Goodwill and impairment testing.

A contingent consideration recognised in a business combination is measured at its fair value through profit and loss.

Acquisitions in 2022

During 2022, PHM made acquisitions in all its operating countries; 13 in Finland, three in Sweden, 10 in Norway, seven in Denmark and expanded to Germany by acquiring Schultz Gruppe. PHM also disposed of one small Swedish company. Please see details in the table below of the acquisitions and disposals in 2022.

Entry to the German market

The largest acquisition made by PHM in 2022 was the acquisition of German Schultz Gruppe by which PHM entered the German market. Schultz Gruppe is an owner-managed property service company serving a wide range of commercial, industrial and residential properties, offering cleaning and maintenance services, technical maintenance services and building management services in Northern Germany. The acquisition is strategically important to the Group as it opens a new market with significant growth opportunities and enables the continuing execution of the Group's strategy and diversification of the geographical risk of the Group.

Acquisitions in Finland

In Finland, PHM strengthened its market position and service offering in multiple locations around the country including the capital region by acquiring a number of local competitors and specialist service providers. Additionally, PHM expanded to Vammala and Sastamala by acquiring Vammalan Talonmies ja Siivouspalvelu Oy.

Acquisitions in Sweden

In Sweden, PHM strengthened its position especially in the Gothenburg area and in Northern Sweden. The largest acquisition in Sweden was Parkkompaniet i Boden AB, a fast-growing outdoor maintenance company operating in several cities in Northern Sweden. PHM also divested a small Swedish company with operations that did not fit the core service offering of PHM.

Acquisitions in Norway

In Norway, PHM increased the size of its business significantly during 2022. The largest acquisitions were Ren Service AS, a property service company providing a variety of cleaning and janitorial services in the Oslo area, and PBT Gruppen, a full service property maintenance company operating in Vestfold & Telemark and Greater Oslo areas. Additionally, add-on acquisitions were made in both Oslo and Trondheim, and operations were expanded to Fredriksstad by acquiring RenBolig Service og Omsorg AS and to the Halden area by acquisition of Rokke Hageservice AS.

Acquisitions in Denmark

In Denmark, PHM increased the size of its business significantly during 2022. The largest acquisitions were the acquisitions of Altiren A/S and Alt I Polering ApS, and OK Rengøring A/S and KRS Service ApS, both active mainly in the cleaning business in the Copenhagen area. Furthermore, in addition to strengthening the existing property maintenance business in Copenhagen, PHM also increased its management capabilities by acquiring WA ApS in Copenhagen and expanded to Jutland with the acquisition of Grindsted Vinduesservice ApS.



Acquired company	Country	Transaction month	Currency	Revenue*)	EBITDA*)
Hagen Hageservice AS	Norway	January	NOKm	12,770	2,436
Princip Redovisning Ab	Sweden	January	SEKm	5,509	1,439
Sundby Rengørings Service Aps	Denmark	February	DKKm	11,260	2,058
Daseko Aps	Denmark	March	DKKm	11,365	1,010
Vaktmester-Gruppen AS	Norway	March	NOKm	12,101	-208
Vammalan Talonmies ja Siivouspalvelu Oy	Finland	March	EURm	861	123
Turun Sähköhuolto Oy	Finland	March	EURm	811	48
Parkkompaniet i Boden Ab	Sweden	April	SEKm	43,974	11,326
RenBolig Service og Omsorg As	Norway	April	NOKm	12,186	1,435
Sähköasennus Salminen Oy	Finland	April	EURm	1,971	417
P. Kiinteistöpalvelut Oy	Finland	April	EURm	1,110	158
Unce Oy	Finland	April	EURm	2,538	466
Lojonia Palvelut Oy	Finland	April	EURm	753	91
Karkkilan Huolto Oy	Finland	April	EURm	1,115	43
Porvoon Talotiimi Oy	Finland	May	EURm	1,965	552
Siniservice Oy and Puhtaasti Mäkinen Oy	Finland	May	EURm	661	93
Altiren As and Altipolering ApS	Denmark	June	DKKm	44,360	8,175
HuoneistoHait Oy	Finland	June	EURm	271	18
H.N. Service**	Denmark	June	DKKm	5,791	2,280
International NordicLife Förvaltning AB	Sweden	July	SEKm	34,292	-3,137
OK Rengoring AS and KRS Service ApS	Denmark	July	DKKm	46,483	6,040
Grindsted Vinduesservice ApS	Denmark	July	DKKm	10,885	1,749
Kilderent As	Norway	July	NOKm	5,377	646
WA ApS	Denmark	August	DKKm	18,466	897
Ren Service AS	Norway	September	NOKm	83,859	7,610
Karsikon Talohuolto Oy	Finland	September	EURm	2,798	124
Pukimäen Kiinteistöhuolto and PK Kuivaus Oy	Finland	September	EURm	3,847	266
Totopro Oy	Finland	October	EURm	1,370	340
3 Kløver AS	Norway	October	NOKm	30,939	480
Schultz Gruppe and Corporate Care GmbH***	Germany	October	EURm	32,753	3,494
EC Renhold As	Norway	October	NOKm	11,458	3,470
Svendsen Vaktmester & Vedlikeholdservice AS	Norway	October	NOKm	11,047	238
Rokke Hageservice AS	Norway	November	NOKm	9,229	663
PBT Gruppen	Norway	November	NOKm	83,147	1,998

Disposed company

Berga Lås & Larm Ab	Sweden	June	SEKm	6,868	504
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*) Presented financials are based on latest available audited financial statements

**) Asset purchase

***) Unofficial consolidation of group entities

EUR thousand

	Acquisitions in 2022
Purchase price	
Consideration paid in cash	98,193
Contingent considerations (Note 4.5.)	1,582
Total	99,775
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets (note 3.3.)	
Customer related intangibles	14,468
Marketing related intangibles	214
Other intangible assets	108
Intangible assets	14,789

Tangible assets (note 3.4.)	6,412
Land and water areas	-
Buildings	1,274
Machinery & equipment	5,129
Construction in progress	-
Other equipment	9
Other assets	35,740
Cash and cash equivalents	10,686
Total assets	67,628
Liabilities	
Non-interest bearing liabilities	22,099
Interest bearing liabilities	15,983
Deferred tax liability (Note 2.5)	3,803
Total liabilities	41,886
Total identifiable net assets at fair value	25,743
Goodwill arising on acquisition (Note 3.2)	73,873
Purchase consideration transferred	99,615
Cash flow impact of acquisitions	
Paid in cash	
Cash and cash equivalents	-98,193
Expenses related to the acquisition	-2,557
Net cash flow on acquisition	-100,750

Acquisitions in 2021

During 2021, the Group completed 33 acquisitions, of which 16 were in Finland, 9 were in Sweden, 6 were in Norway and 2 in Denmark. Please see details in the table below of the acquisitions in 2021. In addition, the main acquisitions in each country have been presented in more detail below.

Acquisitions in Sweden

In Sweden, the Group managed to acquire one of its main competitors, Flow Fastighetsvärden AB with a transaction that was signed in June 2021 and subsequently executed in July 2021 after competition authority clearance was received. Flow Group, formerly owned by MVI Advisors and key management, comprises of four operating entities with a wide geographical coverage that greatly complements PHM's current geographical presence in Sweden. In addition, the acquisition will give PHM access to a proprietary digital property management system that can be used widely also in PHM's other operations. PHM also widened its geographical footprint and strengthened its position in many geographical areas during 2021 especially in the southern and northern parts of Sweden and Stockholm.

Acquisitions in Finland

In Finland the Group strengthened its market position in and around major growth centers outside the capital region with several acquisitions, thus widening the geographical scope of the operations. The largest acquisition in Finland was the acquisition of Quality Service Group (QSC Group Oy), which comprised four operating entities operating in Oulu, Rovaniemi and Joensuu. Other larger acquisitions included Kiinteistöhuolto Lyijynen Oy in Lappeenranta and Meranti Siivouspalvelut Oy in Oulu.

Acquisitions in Norway and Denmark

In Norway, the Group was successful in entering Stavanger as well as strengthening its position in both Oslo and Trondheim where it already had a presence since fall 2020. In April, the Group made its first acquisition in Denmark by acquiring Ejendomsvirke A/S, which is based in Copenhagen, but provides property management and maintenance services nationwide in Denmark. Subsequently in December, the Group also acquired TipTop Ejendomsservice ApS, a fast-growing property maintenance company focusing on the residential market.



Acquired company	Country	Acquisition date	Currency	Revenue*)	EBITDA*)
Tomina AB	Sweden	January	SEKt	39,000	3,900
Montasjelaget AS	Norway	February	NOKt	18,900	1,900
Olies Renhold AS	Norway	February	NOKt	4,900	700
Meranti Siivouspalvelut Oy	Finland	March	EURt	3,600	500
Janitor Oy	Finland	March	EURt	800	100
Kiinteistöhuolto 3J Oy	Finland	April	EURt	1,200	100
QSC Group Oy	Finland	April	EURt	16,800	2,200
Vihkerhä Oy	Finland	April	EURt	1,500	200
Ejendomsvirke A/S	Denmark	April	DKKt	67,500	6,700
Höga Kusten Skog & Fastighet AB	Sweden	April	SEKt	63,700	6,800
Vihdin Rakennustekniikka VRT Oy	Finland	May	EURt	1,700	200
Optimal Service Sverige AB **)	Sweden	May	SEKt	31,200	2,900
Gröna Gården AB	Sweden	May	SEKt	27,700	5,100
Ostkustens Trädgårdsservice AB	Sweden	May	SEKt	18,700	1,300
Trondheim Renholdsservice AS	Norway	June	NOKt	12,700	1,000
Uterom Entreprenør AS **)	Norway	June	NOKt	28,100	9,100
Kiinteistöhuolto Lyijynen Oy	Finland	June	EURt	4,300	1,900
Kiinteistöpalvelu Tim Turunen Oy	Finland	June	EURt	1,600	200
Flow Fastighetsvärden AB	Sweden	July	SEKt	231,900	9,400
Mark & Fastighetsservice i Kalmar AB	Sweden	July	SEKt	27,500	1,400
Uudenmaan Huoltokeskus Oy	Finland	September	EURt	1,600	200
Økonomiske Løsninger AS	Norway	September	NOKt	19,300	4,000
Bromma Fönsterputs Ab and Fönsterputskåren i Stockholm AB	Sweden	October	SEKt	8,800	500
Raahen Kiinteistönhoito Oy and Raahen Talonhoito Oy	Finland	November	EURt	1,200	100
993 Hjelp AS	Norway	November	NOKt	11,200	1,300
Fastighet Mark Teknik Förvaltning Norr AB	Sweden	November	SEKt	18,000	-800
Puhdas Tuuli Oy	Finland	December	EURt	300	-
Pirkanmaan Talotoimi Oy	Finland	December	EURt	1,300	400
Duo Siivouspalvelut Oy	Finland	December	EURt	2,600	500
Kouvolan Talohuolto Oy	Finland	December	EURt	700	100
Kiinteistöhoito Juhala Oy	Finland	December	EURt	800	100
Kiinteistöhuolto Honkapää Oy	Finland	December	EURt	700	200
TIP TOP Ejendomsservice ApS	Denmark	December	DKKt	14,900	1,400
Trappevask Service AS	Norway	December	NOKt	9,200	3,700

*) Presented financials are based on latest available local GAAP audited financial statements in local currency.

**) Unofficial consolidation of group entities



Table below specifies the purchase prices and the fair value of the identifiable assets and liabilities of the acquisitions and the cash flow impact of the acquired companies in 2021:

EUR thousand	Acquisitions in 2021
Purchase price	
Consideration paid in cash	97,572
Contingent considerations (Note 4.5.)	4,228
Total	101,801
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer related intangibles	20,212
Other intangible assets	1,431
Intangible assets	21,643
Tangible assets	10,575
Land and water areas	189
Buildings	1,407
Machinery & equipment	8,791
Construction in progress	188
Other equipment	-
Other assets	18,557
Cash and cash equivalents	11,574
Total assets	62,349
Liabilities	
Non-interest bearing liabilities	30,475
Interest bearing liabilities	9,418
Deferred tax liability (Note 2.5)	4,179
Total liabilities	44,072
Total identifiable net assets at fair value	18,277
Goodwill arising on acquisition (Note 3.2)	73,064
Purchase consideration transferred	91,341
Cash flow impact of acquisitions	
Paid in cash	
Cash and cash equivalents	-97,572
Expenses related to the acquisition	-3,145
Net cash flow on acquisition	-100,718

3.2. Goodwill and impairment testing

Accounting principles

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 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.

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.

EUR thousand	31.12.2022	31.12.2021
Acquisition cost at 1.1.	350,561	274,694
Goodwill from business acquisitions	66,203	75,867
Acquisition cost at 31.12.	416,764	350,561

PHM does not possess any intangible assets that have indefinite useful life. Impairment testing is carried out at group level as the identified cash generating unit (CGU) also follows the method how the management follows the operative business. PHM Group Holding monitors goodwill internally at Group level and as PHM Group Holding only has identified one CGU, all goodwill recognised is allocated to this cash generating unit.

The Group has in the reporting period tested goodwill for impairment at 31.12.2022 and 31.12.2021. The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans.

Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 0.5 percent (0.5%) used in projections is based on management's assessment on conservative long term growth. Key driver for the valuation is the revenue growth based on the Group's performance and future strategic growth plans, market position as well as the potential in key markets.

The applied discount rate is the weighted average pre-tax cost of capital (WACC). The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The pre-tax WACC of 10.36% percent (9.10%) has been used in the calculations.

As a result of the impairment test, no impairment loss for the CGU was recognized for the financial periods ended 31.12.2022 and 31.12.2021.

When assessing the recoverable amounts of cash generating unit, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the unit would fall below their carrying amount.

Accounting estimates and determinations based on management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units but since one cash generating unit has been identified, no further allocation of goodwill is required.

The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on Group's existing business structure, actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. The growth rates are based on the management's estimates on future growth of the business.

Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses as described above in this note.



3.3. Intangible assets

Accounting principles

PHM's intangible assets arise mainly from intangible assets identified in acquisitions that are customer and marketing related intangibles. These assets are valued at fair value. PHM also has separately acquired 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. Development costs are capitalized.

The useful lives of intangible assets are assessed as either finite or indefinite. PHM does not have intangible assets with indefinite useful lives.

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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to the PHM's intangible assets is, as follows:

	Customer related intangibles	Marketing related intangibles	Other intangible assets			
Useful lives (years)	Finite (12 and 10 years)	Finite (15 years)	Finite (5 years)			
Amortisation principle	Amortised on a straight-line basis over the period of the customer relationships	Amortised on a straight-line basis over the period of the trademark	Amortised on a straight-line basis over the period of the trademark			
Internally generated or acquired	Acquired	Acquired	Acquired			

EUR thousand	Customer related intangibles	Marketing related intangibles	Other intangible assets excluding goodwill	Intangible assets total	Goodwill	Total intangible assets
Cost						
1.1.2021	104,816	12,300	440	117,556	277,442	394,997
Business combinations	20,212	-	1,431	21,643	73,119	94,762
Additions	158	-	849	1,007	-	1,007
Disposals	-	-	-	-	-	-
31.12.2021	125,186	12,300	2,720	140,206	350,561	490,766
Business combinations	14,468	214	108	14,789	73,873	88,662
Additions	-	-	1,284	1,284	35	1,319
Disposals	-	-	-	-	-451	-451
Translation differences	-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						
1.1.2021	-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
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						
31.12.2021	109,406	11,207	2,145	122,758	350,561	473,319
31.12.2022	111,168	10,597	3,213	124,978	416,764	541,742

Customer related intangibles

PHM has recognised customer relationships as intangible assets. The majority of intangible assets in connection to business acquisitions are customer relationships due to importance of the customer base to PHM's operations.

Marketing related intangibles

In connection with the acquisition of Kotikatu Holding Oy and Schultz Gruppe GmbH PHM obtained a right to use Kotikatu, Cateva and Schultz Gruppe trademarks. The trademarks have been valued using the relief from royalty method.

3.4. Tangible Assets

Accounting principles

PHM's property, plant and equipment consist mainly of buildings, machinery & equipment and land and water areas. The most significant assets class is machinery and equipment which include cars, vans, trucks, office equipment and furniture and other equipment.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The costs comprises directly attributable incremental costs incurred. Indirect acquisition costs are not included in the capitalised acquisition costs.

Depreciation of property, plant and equipment is charged on a straight-line basis over the estimated useful lives to their residual value, as follows:

- Land areas (are not depreciated)
- Buildings 5-25 years
- Machinery and equipment 3-15 years
- Other tangible assets 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

PHM estimates the recognised amounts of the tangible assets, when the internal or external events or changes in the conditions of the operations indicate that the recognised value may not be retained. PHM also takes into account the age of the assets and their remaining useful lives. If any such indication exists, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference is recognized in profit or loss.

During Q4/22 the Group redefined the depreciation period for machinery and equipment in its Finnish subsidiaries to better match the useful life of the assets. The change in depreciation method for the fiscal year 2022 was booked in its entirety to Q4/22 having a positive impact of EUR 4.8 million on depreciation.

EUR thousand	Land and water areas	Buildings	Machinery & equipment	Construction in progress	Other equipment	Total
1.1.2021	63	657	35,481	564	1,280	38,045
Additions	-	-	13,201	-	45	13,247
Business combinations (Note 3.1)	189	1,407	8,791	188	-	10,575
Disposals	-101	-235	-	-	-	-336
Reclassifications	-	-	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
Additions	-	232	20,077	-	525	20,834
Business combinations (Note 3.1)	-	1,274	5,129	-	9	6,412
Disposals	-	-175	-2,831	-	-	-3,006
Reclassifications	-	-1	1	-	-	-0
Depreciation charge for the year	-	-314	-8,283	-	-61	-8,658
Translation differences	-	1	-633	-	-1,210	-1,842
31.12.2022	150	2,725	55,649	-	510	59,034

3.5. Leases

Accounting principles

Group as a lessee

The lease contracts of PHM consist mainly of cars, machinery and equipment and office premises. Lease contracts are valid for a fixed period or until further notice. The majority of PHM's leasing contracts are valid until further notice with notice periods of 3, 6 or 12 months respectively.

PHM assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

Right-of-use assets are measured at acquisition cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct costs incurred by PHM, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Lease liabilities

At the inception of the lease, PHM measures the lease liability at the present value of the lease payments over the lease term. The lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments;
- variable lease payments that depend on an index or a rate;
- the price of the purchase option if it is reasonably certain that the option will be exercised by the Group; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The fixed payments consist of the minimum lease payments. In some of the contracts the lease payments are increased annually based on index. The non-lease components are separated from leases payments in case they can be measured reliably.

Lease payments are discounted by using the lessee's incremental borrowing rate since the interest rates are not easily available in the lease contracts. PHM's

incremental borrowing rate is determined based on financing offers received and market conditions and it is reviewed annually. Further information regarding the incremental borrowing rate has been disclosed in the note 4.1. Financial risk management.

Interest expense on lease liabilities are recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

Interest expense on lease liabilities are recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

Short-term lease contracts and contracts of low-value assets

PHM applies the exemptions applicable to short-term lease contracts (lease period 12 months or less), and for lease contracts for which the underlying asset is of low value. The lease assets are considered to be low value when the underlying asset value is estimated to be under the threshold of EUR 200 on a monthly basis. However, car leases under EUR 200 are included to the lease calculations. These low value lease contracts, which are not included to the lease calculations, are not recognized in the statement of financial position but recorded as expense when the costs are incurred. Lease expenses recognised for short-term leases and low-value assets are presented in more detail in note 2.2. Other operating income and expenses.

Right-of-use assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Right-of-use assets, machinery	Right-of-use assets, other	Total
At 1.1.2021	15,784	2,855	824	-	19,463
Additions	721	3,111	1,323	0	5,156
Business combinations	6,947	295	523	8	7,774
Depreciations for the financial year	-6,608	-2,305	-1,069	0	-9,983
Translation differences	-90	-31	-5	0	-125
At 31.12.2021	16,755	3,925	1,596	9	22,285
1.1.2022	16,755	3,925	1,596	9	22,285
Additions	3,781	3,335	486	15	7,617
Business combinations	6,553	1,657	1,827	24	10,061
Depreciations for the financial year	-8,496	-2,897	-1,214	-16	-12,622
Translation differences	-407	-280	-115	-1	-803
At 31.12.2022	18,186	5,740	2,580	31	26,536

Lease liabilities

EUR thousand	2022	2021
1.1.	22,856	19,667
Additions	10,209	6,772
Business combinations	10,062	7,796
Lease payments	-14,834	-10,409
Interest expenses	-1,071	-971
31.12.	27,222	22,856
EUR thousand	31.12.2022	31.12.2021
Long-term lease liabilities	15,020	13,494
Short-term lease liabilities	12,202	9,362
31.12.2021	27,222	22,856

The maturity analysis of lease liabilities is disclosed in Note 4.5. Borrowings and lease liabilities.

Impact of leases on profit and loss statement

EUR thousand	1.1.-31.12.2022	1.1.-31.12.2021
Short-term leases	-194	-179
Low value assets	-140	-345
Depreciations of right-of-use assets	-12,622	-9,977
Interest expenses from lease liabilities	-1,071	-971
Total	-13,694	-10,948

Payments of lease liabilities during the financial period 2022 were EUR 14.8 thousand (2021: EUR 10.4 thousand).

Accounting estimates and management's judgements

The most significant management judgment relates to open-ended real-estate lease agreements. For these contracts, management needs to estimate the length of the lease term, which may significantly affect the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense.

Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments. PHM applies a margin based on external loan agreement to determine the incremental borrowing rate plus a risk-free reference rate that takes into consideration the currency of the lease payments and the lease term of the lease. In PHM the discount rate is determined according to the operating country, contract term and lease asset class. As a reference discount rate for

real estate PHM uses its high-yield bond interest rate and for machinery and equipment lease contracts PHM uses SSRCF limit rate as reference. Based on PHM's analysis these interest rates corresponds to PHM's expenses of financing.

For real estate contracts valid until further notice, PHM analyses the lease term on a case-by-case basis supported by PHM's strategy period. For those contracts with an option to extend, PHM has estimated the likelihood to use the option based on the asset classes, on a lease-by-lease basis and based on PHM's strategic period. Based on the analysis made the term for ongoing contracts has been assessed to be three years. For contracts including a purchase option, PHM's evaluates the likelihood of the purchase transaction based on the asset class and the lease period, being either valid until further notice or for a fixed period and the strategic period which is on a group level three years. For the car lease contracts, lease term is generally assessed to be 3-5-year contract period. The estimates of the lease terms are updated every year.

3.6. Trade and other receivables

Accounting principle

Trade and other receivables arise from typical business transactions and are non-interest-bearing receivables. A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer. Trade receivables are initially recognised at fair value at inception and recognised

as subsequently measured at amortised cost following the classification of financial assets. Other receivables are recognised as cost and are typically including tax receivables and other short-term accruals, which are not considered as financial assets.

Trade receivables

EUR thousand

	31.12.2022	31.12.2021
Trade receivables from external customers	57,317	38,160
Provision for expected credit losses	-1,113	-1,074
Total trade receivables	56,204	37,086

Trade receivables are non-interest bearing and are generally on payment terms of 14 to 45 days. Trade receivables which are over 360 days past due are considered as defaulted. Past due trade receivables are subject to enforcement activity and collection. The collection process is managed by the PHM 's credit control unit.

Other current assets consist of prepayments, accrued income and other receivables. Other receivables include VAT receivables and other related items. Other receivables considered as non-current assets amount to EUR 332 thousand for 2022 and EUR 273 thousand for 2021. The receivables under other current assets are presented below.

For terms and conditions relating to related party receivables, refer to Note 5.1. At the reporting date there were no open receivables from the related parties.

Other receivables & other current assets

EUR thousand

	31.12.2022	31.12.2021
Prepayments and accrued income	11,965	8,875
Other receivables	3,084	1,300
Other current assets	15,049	10,174

Expected Credit Loss (ECL) calculation

The expected credit loss calculation is based on historical data adjusted by forward-looking parameters based on customers' payment behavior. PHM has analyzed its trade receivables as one portfolio, because the payment behavior is homogeneous. The management estimates the customers' payment behavior and economic events in every reporting period. PHM estimates the timeliness of the payment alongside the customers' payment profile in order to recognize the time value of money effect for the credit receivables. As PHM does not use financing as part of their sales contracts in accordance with IFRS 15, the clients' time value of money is discounted separately for each past due bracket as presented in the ECL table above. PHM applies the simplified approach to calculate the estimated credit losses for each period.

The expected credit losses for contract assets include the expected credit losses from open account receivables at each quarterly reporting period. The expected credit loss rate of contract assets is assumed to match the rate used for current trade receivables.

In order to avoid excessive concentrations of risk, the PHM Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified customer portfolio. Identified concentrations of credit risks are controlled and managed accordingly. In PHM Group, the share of an individual customer is never significant, which reduces the risk of credit losses.

Set out below is the information about the credit risk exposure on Group's trade receivables using a provision matrix:

Expected Credit Loss 31.12.2022

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0.1%	47,491	-47	47,443
Overdue 1-30 days	0.5%	6,226	-31	6,195
Overdue 31-90 days	2.0%	1,746	-35	1,711
Overdue 91-180 days	10.0%	593	-59	533
Overdue 181-360 days	50.0%	641	-321	321
Overdue > 360 days	100.0%	619	-619	0
Total		57,317	-1,113	56,204

Expected Credit Loss 31.12.2021

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0.1%	32,727	-33	32,694
Overdue 1-30 days	0.5%	2,841	-14	2,827
Overdue 31-90 days	2.0%	712	-14	697
Overdue 91-180 days	10.0%	545	-54	490
Overdue 181-360 days	50.0%	754	-377	377
Overdue > 360 days	100.0%	581	-581	0
Total		38,160	-1,074	37,086

There are no changes in the expected credit loss valuation methods or assumptions between the comparison periods. Due to immaterial amount of the

loan receivables to and loan payables to the parent of the group, the expected credit loss was not calculated for either financial period.



3.7. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables

are classified as current liabilities if payment is due within 12 months or less. Otherwise they are presented as non-current liabilities.

EUR thousand	31.12.2022	31.12.2021
Other non-current payables		
Contingent liabilities	676	1,101
Other long-term liabilities	265	356
Cash pool liability to PHM Group TopCo Oy	5,668	16,327
Group contribution liability to PHM Group TopCo Oy	1,315	669
Other non-current payables total	7,923	18,453
EUR thousand	31.12.2022	31.12.2021
Current trade and other payables		
Trade payables	28,995	19,366
Personnel related liabilities	41,824	28,379
Other payables	16,189	14,671
Accrued interest	755	502
Accrued expenses and deferred income	10,639	10,639
Current trade and other payables total	98,401	73,557

Other payables consist of contingent considerations, VAT liabilities, withholding tax and social security pay. Accrued expenses and deferred

income in the table consist mainly of accrued costs and personnel related expenses.



4. Financial Instruments and Capital Structure

4.1. Financial risk management

Financial instruments risk management objectives and policies

PHM's principal financial instruments are exposed to various financial risks. Financial risks include market risk, credit risk and liquidity risk. Market risk covers foreign exchange risk and interest rate risk. In addition, PHM's financial assets are exposed to counterparty's credit risk. PHM's management monitors and manages its financial risks in accordance to its Risk Management Policy. PHM has appropriate policies and procedures and financial risks are identified, measured and managed in accordance with PHM's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

Currently, PHM does not use derivatives to hedge its risks associated with market risk. However, PHM key management has the mandate from the Board of Directors to use derivatives if deemed necessary. The objective of PHM is to monitor and minimize financial risk exposures. PHM has centralized management for its funding arrangements on group level.

As a local service business, PHM's business has shown a relatively mild impact from the war in Ukraine due to its limited direct exposure to the crisis. The main impacts from the crisis are increased fuel and energy prices as well as the general price inflation and economic uncertainty.

Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk is comprised of: interest rate risk and currency risk. Sensitivity analysis of the market risks is presented below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. PHM's exposure to interest rate fluctuations relates primarily to the debt obligations which have floating interest rate linked to euribor. Changes in market interest rates have a direct effect on PHM's future interest payments. The majority of PHM external loans are having fixed interest rates and hence variable interest rate risk is considered limited. The main exposure to interest rate risk is the new floating rate senior secured notes of EUR 70 million that were issued in December 2022, which present 15.3% of the Group's total interest bearing debt.

The interest rates of intra-group loans are in line with the interest rates of external financing.

PHM Group Holding Oyj issued senior secured callable fixed rate notes with an initial principal amount of EUR 300 million on 18 June 2021. The loan is due on 18 June 2026. In February 2022 PHM completed a tap issue of its senior secured callable fixed rate notes in the nominal amount of EUR 40 million under the existing EUR 450 million notes' framework. The bonds, including the originally in 2021 issued EUR 300 million nominal amount, were listed to Nasdaq Helsinki as planned in June 2022.

The Group also increased its Senior Secured Revolving Credit Facility by EUR 12.5 million to EUR 62.5 million. The increase is agreed for 12 months and is in-line with the terms set out in the current financing agreements. Furthermore, new euro-denominated senior secured floating rate notes in a nominal amount of EUR 70 million under a framework of EUR 200 million were issued on 15 December 2022. The loan is due on 19 June 2026. The New Notes are listed on the Frankfurt Open Market and PHM will submit an application to have the New Notes listed on NASDAQ Helsinki during Q2/2023.

Interest-bearing loans

Debt Instrument	Interest	Interest type	Loan raised	Capital amount at 31.12.2022 M€
Super senior RCF	Euribor + Margin	Floating	2021	0.5 (undrawn 62)
Loans from financial institutions	Reference rate + Margin	Fixed/Floating	2020-2021	18.1
Bond	4.75%	Fixed	2021	340
Bond	3 m Euribor + 7.5%	Floating	2022	70

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected.

Sensitivity analysis has been calculated assuming 0.5% variation in the market interest rate with other variables remaining constant.

EUR thousand	31.12.2022		31.12.2021	
	Profit of the year	Equity	Profit of the year	Equity
+0.5% change in market interest rate	-350,0	-350,0	-140,0	-140,0
-0.5% change in market interest rate	350,0	350,0	140,0	140,0
+1.0% change in market interest rate	-700,0	-700,0	-280,0	-280,0
-1.0% change in market interest rate	700,0	700,0	280,0	280,0



Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. PHM's exposure to the foreign currency risk relates primarily to the operating activities, when revenue or expense is denominated in a foreign currency.

PHM operates in Finland, Sweden, Norway, Denmark and Germany. All entities in the group has local currency as their functional currency. All entities operates with their functional currency without any significant foreign currency transactions and hence the Group has no significant foreign currency transaction risk.

PHM Group has translation risk related to Swedish krona, Norwegian krone and Danish krone. Foreign currency translation risk is presented in translation difference in equity. The most significant part of the translation risk arises in SEK. PHM Group has not hedged its equity risk in its group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial credit loss. PHM is exposed to credit risk from its operating activities, which primarily includes trade receivables.

In relation to the credit risk PHM is exposed to a counterparty risk, which is managed alongside the credit risk, by recognising the customer prior the trading for the services. PHM operates only with recognised, creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. There are no significant concentrations of credit risk within PHM. Please, see note 3.6 Trade and other receivables regarding credit risk.

Liquidity risk

PHM monitors its available funds and maturity analysis as the basis for concluding the cash requirements. Management assesses the business forecast and the related cash flows to maintain the liquidity requirements.

PHM's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balances, and if necessary bank loans. PHM assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The group has a good liquidity position as cash amounted to EUR 31.6 millions at year end and the amount of undrawn short term credit facility was EUR 62 million.

PHM has a considerable head room for covenants at their current position. The Group has not had any repayment events caused by breaches of covenants in fiscal years 2022 and 2021.

Please see further information regarding the liquid assets in the note 4.4. Cash and cash equivalents.

The maturity analysis of the financial liabilities is presented in this note below.

Maturity Distribution of Financial liabilities

The following table describes the contractual maturity distribution of the remaining financial liabilities on the balance sheet date. The presented figures are gross and undiscounted.

Based on the maturity distribution position PHM's management facilitates the credit position and liquidity requirement.

2022

EUR thousand	Carrying amount	Due in less than a year	Due in 1-5 years	Total Cash Outflows
Interest-bearing loans and borrowings incl. Interest	423,366	-20,531	-509,670	-530,201
Lease liabilities	27,222	-13,585	-19,067	-32,652
Trade payables	28,995	-28,995	-	-28,995
Contingent considerations	2,987	-2,311	-676	-2,987
Total	482,569	-65,422	-529,413	-594,835

2021

EUR thousand	Carrying amount	Due in less than a year	Due in 1-5 years	Total Cash Outflows
Interest-bearing loans and borrowings incl. Interest	338,057	-47,834	-360,971	-408,805
Lease liabilities	22,856	-10,335	-14,971	-25,306
Trade payables	19,366	-19,366	-	-19,366
Contingent considerations	4,228	-3,127	-1,101	-4,228
Total	384,507	-80,663	-377,043	-457,705

4.2. Fair value measurement

PHM measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in note 3.1. Business combinations.

Accounting principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by PHM.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

PHM uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2:

The fair value of these assets or liabilities is based on valuation techniques, for which the lowest level input that is significant to the fair value measurement and it is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source.

Level 3:

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, PHM determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the PHM's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the PHM's accounting policies.

For the purpose of fair value disclosures, PHM has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

In PHM Group contingent liabilities are based on level 3 information.

Management's estimate regarding contingent liabilities is based on the financial development of the target company. That is supported by historical result, budget and latest business plan.

Fair values

Set out in the Financial instruments tabular presentation (Note 4.3. Financial assets and liabilities) is a comparison, by class, of the carrying amounts and fair values of PHM's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

4.3. Financial assets and liabilities

Accounting principles

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

PHM's financial assets are measured at fair value at initial recognition at trade date, and are classified and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and PHM's business model for managing the instruments.

Amortised cost

Financial assets are classified at amortized cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfill both of the conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognized in profit or loss when the asset is derecognized, modified or impaired.

PHM's financial assets at amortized cost include cash and cash equivalents, trade and loan receivables.

Derecognition of financial assets

PHM derecognises a financial assets when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition.

When PHM has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, PHM continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The were no such items on balance sheet at year end.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (1.2.-1.3.)
- Trade receivables (3.6.)

Further information about ECL is presented in the Note 4.1. Financial Risk Management.

Financial liabilities

PHM recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. PHM's financial liabilities are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

Amortised cost

PHM's financial liabilities classified at amortized cost, such as interest-bearing loans and borrowings and lease liability are initially recognized at fair value less any related transaction cost, and are subsequently measured using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial liabilities classified at amortized cost include loans from financial institutions, bond, lease liabilities and trade payables.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at fair value through profit and loss includes contingent considerations arising from business combinations. More information in note 4.5. Borrowings and lease liabilities.

Derecognition of financial liabilities

PHM derecognizes financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires.

Financial instruments by classification 31.12.2022**Financial assets, 2022**

EUR thousand	Note	Level	Fair value through profit and loss	At amortized cost	Fair value
Current financial assets					
Trade receivables	3.6.	2	-	56,204	56,204
Loan receivables	4.3.	2	-	291	291
Cash and cash equivalents	4.4.	2	-	31,632	31,632
Current financial assets total			-	88,127	88,127
Financial assets total			-	88,127	88,127

Financial liabilities, 2022

EUR thousand	Note	Level	Fair value through profit and loss	At amortized cost	Fair value
Non-current financial liabilities					
Bonds		2	0	404,531	369,050
Loans from financial institutions		2	0	3,217	3,217
Hire purchase loans		2	0	10,548	10,548
Contingent consideration	4.5.	3	676	-	676
Non-current financial liabilities total			676	418,297	383,491
Current financial liabilities					
Loans from financial institutions	4.5.	2	-	362	362
Hire purchase loans		2	-	3,952	3,952
Trade payables	3.7.	2	-	28,995	28,995
Leasing liabilities	3.5.	2	-	27,222	27,222
Contingent consideration	4.5.	3	2,311	-	2,311
Current financial liabilities total			2,311	60,531	62,842
Financial liabilities total			2,987	478,828	446,333

Financial instruments by classification 31.12.2021**Financial assets, 2021**

EUR thousand	Note	Level	Fair value through profit and loss	At amortized cost	Fair value
Current financial assets					
Trade receivables	3.6.	2	-	37,086	37,086
Loan receivables	4.3.	2	-	15,086	15,086
Cash and cash equivalents	4.4.	2	-	18,331	18,331
Financial assets total			-	70,503	70,503

Financial liabilities, 2021

EUR thousand	Note	Level	Fair value through profit and loss	At amortized cost	Fair value
Non-current financial liabilities					
Bond	4.5.	2	0	294,240	294,240
Loans from financial institutions	4.5.	2	0	1,413	1,413
Hire purchase loans	4.5.	2	0	8,318	8,318
Contingent consideration	4.5.	3	1,101	0	1,101
Non-current financial liabilities total			1,101	303,971	305,072
Current financial liabilities					
Loans from financial institutions		2	-	29,793	29,793
Hire purchase loans		2	-	3,790	3,790
Trade payables	3.7.	2	-	19,366	19,366
Leasing liabilities	3.5.	2	-	22,856	22,856
Contingent consideration	4.5.	3	3,127	-	3,127
Current financial liabilities total			3,127	75,805	78,933
Financial liabilities total			4,228	379,777	384,005



4.4. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand with a maturity of three months or less. Cash and cash equivalents are subject to

a minor risk of changes in value. The Groups cash deposits are deposited to banks with a low credit risk.

EUR thousand	31.12.2022	31.12.2021
Cash at banks and on hand	31,632	18,331
Total	31,632	18,331



4.5. Interest-bearing loans and borrowings

Interest-bearing liabilities and net interest-bearing debt

Net interest-bearing debt

EUR thousand	Note	31.12.2022	31.12.2021
Non-current interest-bearing liabilities	4.3.	418,297	303,971
Current interest-bearing loans and borrowings	4.3.	4,314	33,584
Lease liabilities	3.5.	27,222	22,856
Contingent consideration	4.3.	2,987	4,228
Cash and cash equivalents	4.4.	-31,632	-18,331
Net interest-bearing debt total		421,187	346,308

Changes in the interest-bearing liabilities

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	-	-107	-1,135	2,987
Total changes in interest-bearing liabilities	364,639	15,883	-1,193	73,491	452,819

31.12.2021

EUR thousand	Opening balance 1.1.	Business combinations	Translation differences	Other changes	Reporting date balance 31.12.
Non-current interest-bearing liabilities	187,401	4,557	-7	112,020	303,971
Current interest-bearing liabilities	6,914	4,954	-85	21,802	33,584
Lease liabilities	19,667	7,796	-127	-4,479	22,856
Contingent considerations	2,747	-	-	1,481	4,228
Total changes in interest-bearing liabilities	216,728	17,307	-219	130,823	364,639

Contingent considerations

PHM has contingent considerations related to its acquisitions. PHM recognises contingent considerations at fair value through profit or loss. Revaluation is made on each reporting date based on the likelihood meeting the predetermined targets set at acquisition. The earn-out is based on an agreed performance target of the acquired entity, which is typically an agreed EBITDA target for the entity.

In connection with the acquisitions from financial period ending 31.12.2022, PHM has agreed on contingent consideration based on the performance of the acquired companies. PHM has estimated the contingent consideration to an amount of EUR 2,842 thousand included in the acquisition price at the acquisition date, of which EUR 676 thousand will mature in less than five years and EUR 2,167 thousand will mature in less than a year.

In connection with the acquisitions from financial period ending 31.12.2021, PHM has agreed on contingent consideration based on the performance of the acquired companies. PHM has estimated the contingent consideration to an amount of EUR 4,228 thousand 31.12.2021 included in the acquisition price at the acquisition date, of which EUR 1,101 thousand will mature in less than five years and EUR 3,127 thousand will mature in less than a year.

Publicly traded bonds

PHM Group Holding Oyj issued senior secured callable fixed rate notes with an initial principal amount of EUR 300 million on 18 June 2021. The loan is due on 18 June 2026. In February 2022 PHM completed a tap issue of its senior secured callable fixed rate notes in the nominal amount of EUR 40 million under the existing EUR 450 million notes' framework. The bonds, including the originally in 2021 issued EUR 300 million nominal amount, were listed to Nasdaq Helsinki as planned in June 2022.

New euro-denominated senior secured floating rate notes in a nominal amount of EUR 70 million under a framework of EUR 200 million were issued on 15 December 2022. The loan is due on 19 June 2026. The New Notes are listed on the Frankfurt Open Market and PHM will submit an application to have the New Notes listed on NASDAQ Helsinki during Q2/2023.



4.6. Capital management

The primary objective of the Group's capital management is to ensure continuity of operations (going concern), enable the execution of the Group's strategy and increase the shareholder value.

PHM manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, and to ensure availability of capital. To maintain or adjust the capital structure, PHM may issue new debt instruments, repay existing debt, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. PHM monitors its capital structure by following its leverage ratio, equity and

net debt levels. PHM includes within net debt, interest bearing loans and borrowings, lease liabilities and contingent considerations, less cash and cash equivalents.

Interest-bearing net debt is presented separately in note 4.5. Interest-bearing loans and borrowings.

Capital Structure

EUR thousand	2022	2021
Net debt (note 4.5.)	421,187	346,308
Equity	152,216	145,442
Leverage, x	4.81	4.84

In order to achieve this overall objective, PHM's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that are a prerequisite to maintaining the desired capital structure. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current review period. PHM further aims to keep its leverage ratio below

5.5x to ensure availability of debt capital with reasonable terms. Leverage is calculated by dividing the interest-bearing Net debt by the LFL synergy adjusted EBITDA. Additional information regarding the calculation of the Leverage is found in the Key Figures section in the the report by the Board of Directors.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31.12.2022.

4.7. Equity

The Group classifies the instruments it has issued either in equity or in financial liabilities based on their nature. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Expenses related to the issuance or acquisition of equity instruments are presented as an allowance for equity.

Equity and capital reserves

Group equity per 31.12.2022 consists of reserve for unrestricted equity and exchange differences on translation of foreign operations.

Share capital

In fiscal year 2022 80 000 euros were transferred from other unrestricted equity to share value.

Fund for unrestricted equity

The fund for unrestricted equity contains the other equity-related investments and share subscription prices to the extent not to be credited to the share capital. Addition of two million euros was made to fund for unrestricted equity during the fiscal year 2022. From that amount 80 thousand euros was transferred to share capital and 669 thousand euros related to a debt conversion. PHM Group TopCo Oy also paid an addition of 15 million euros made last fiscal year.

Exchange differences on translation of foreign operations

Exchange differences relating to the translation of the results and net assets of the PHM's foreign operations from their functional currencies

to the Group's presentation currency (i.e. euro) are recognised in other comprehensive income and accumulated in the equity.

Dividends

The Board of Directors proposes that the loss of EUR 430,7 thousand shown on the company's non-restricted shareholders' equity be covered with subsequent earnings and that no separate measures to adjust the shareholders' equity be taken and no dividend be distributed.

PHM Group Holding Oyj has distributed profit to its Parent Company PHM Group TopCo Oy 1 315 thousand euros in fiscal year 2022 and 669 thousand euros in fiscal year 2021.

Shares

PHM Group Holding Oyj has one share class and one share outstanding, which is owned by PHM Group Topco Oy.

Subordinated loan

PHM Group Holding Oyj has paid back the subordinated loan during financial period of 2021, which included interest payments of EUR 1,476 thousand for PHM Group Topco Oy. The loan was fully paid in fiscal year 2021.

4.8. Other shares and investments

PHM's investments in other shares consist of shares of housing co-operative and other equity shares. Shares in housing co-operative company is a typical ownership structure for Finnish apartments and commercial space, where the acquirer owns the shares allowing for tenure

in a specific unit and the company around housing co-operative facilitates the maintenance and public spaces. Other shares and investments are initially measured at cost and are subsequently measured at cost less any impairment.

EUR thousand	2022	2021
Other shares and investments	3,223	2,965

5. Other Notes

5.1. Related party transactions

PHM's related parties comprise of subsidiaries, the board of directors, the CEO and the rest of the company's management team and their close family members, as well as entities under their control or joint control, sister companies belonging to the group structure.

PHM Group Holding Oyj's parent company is PHM Group TopCo Oy. Its majority owners are the funds managed by Norvestor Equity AS (ownership 68.2% on 31.12.2022 and 69.0% on 31.12.2021). Other significant owners include the

funds managed by Intera Partners and the group's top management and key personnel.

Balances and transactions between the parent and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

Compensation of key management personnel

The Group's key management personnel consist of the members of the Board of Directors, the Group CEO and the members of the Group Management Team. The amounts disclosed in the table are expensed during the fiscal year.

Compensation of the members of the Board of Directors

EUR thousand	2022	2021
Karl Svozilik, Chairman of the Board	-	-
Ståle Kolbjørn Angel	-18	-15
Tuomas Sarkola	-	-
Svein Olav Stølen	-18	-14
Marika af Enehjelm	-	-
Janne Näränen (resigned 15th of Sep 2021)	-	-
Total	-36	-29

Group management team (including CEO)

EUR thousand	2022	2021
Salaries and short-term employee benefits	-1,926	-1,432
Post-employment pension and medical benefits	-25	-5
Total compensation paid to key management personnel	-1,951	-1,437

Other related party transactions

Service provided to

EUR thousand	2022	2021
to Companies held by CEO or to CEO	361	361
Total	361	361

Services Purchased from

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

Liabilities to PHM Group TopCo Oy

EUR thousand	2022	2021
Group contribution liability	1,315	669
Cash pool liability	5,668	16,327
Total	6,983	16,996



5.2. Contingent liabilities and commitments

Other commitments and obligations for the Group

EUR thousand	2022	2021
Liabilities with pledges, mortgages or other assets pledged as collateral		
Liabilities	52,000	39,500
Total	52,000	39,500

Securities pledged as collateral for own commitments regarding the above-mentioned liabilities		
Business mortgages	650,000	650,000
Total	650,000	650,000

Obligations for lease liabilities

EUR thousand	2022	2021
Leasing liabilities payable in the following financial year	619	1,389
Leasing liabilities payable in later financial years	1,856	4,166
Total	2,474	5,554

Obligations for rent liabilities

EUR thousand	2022	2021
Rent liabilities payable in the following financial year	77	278
Rent liabilities payable in later financial years	230	833
Total	307	1,111

Legal claim contingency

PHM has not had any material outstanding or ongoing juridical cases with employees, former employees, customers, or other parties to the companies from which PHM would be liable to compensate the other party.



5.3. Events after reporting period

The Group has continued its strategy of growing through acquisitions even after the year end and continues to have a strong pipeline of active dialogues. None of the closed transactions are such that it would have a material impact on the Group's business or financial position.

The Board of Directors has also evaluated the impacts on PHM's business from the war in Ukraine and assessed that it will not have any significant impacts

on the Group's operations, financial position or operating environment. The Group's Board of Directors and management closely monitor the development of the situation and are prepared to react to changing circumstances as needed.



Parent Company Income Statement (FAS)

EUR thousand	1.1.-31.12.2022	1.1.-31.12.2021
Revenue (net sales)	0	0
Other operating expenses	-1,185	-772
Operating profit (loss)	-1,185	-772
Financial income and expenses		
Other interest and financial income	13,555	11,371
Interest and other financial expenses	-18,839	-14,531
Financial income and expenses, total	-5,284	-3,160
Profit (loss) before appropriations and taxes	-6,468	-3,932
Group contribution	6,038	3,932
Profit for the financial period	- 431	0

Parent Company Balance Sheet (FAS)

EUR thousand	2022	2021
Assets		
Non-current assets		
Investments		
Holdings in Group companies	224,410	224,410
Subordinated loan receivable	26,792	20,207
Receivables from Group companies	277,719	198,000
Total investments	528,921	442,617
Total non-current assets	528,921	442,617
Current assets		
Current receivables	49	80
Receivables from Group companies	43,509	24,753
Total current receivables	43,557	24,833
Total current assets	43,557	24,833
Total assets	572,479	467,450
Equity and liabilities		
Equity		
Share capital	80	0
Other reserves (Ltd)	160,238	158,318
Retained earning	-1	-0
Profit (loss) for the financial year	-431	-0
Total shareholder's equity attributable to equity holders of the parent	159,887	158,318
Liabilities		
Non-current liabilities		
Bond loan	410,000	300,000
Total non-current liabilities	410,000	300,000
Current liabilities		
Liabilities to Group companies	1,315	3,422
Loans from financial institutions	0	5,000
Short term liabilities	1,277	710
Total Current liabilities	2,592	9,132
Total liabilities	412,592	309,132
Total equity and liabilities	572,479	467,450



Cash Flows Statement of the Parent Company

EUR thousand	2022	2021
Operating activities		
Profit before tax	-6,468	-3,932
Adjustments to reconcile profit before tax to net cash flows:		
Finance income and expenses	5,284	3,160
Change in working capital	-32,869	-4,114
Net cash flow from operating activities	-34,054	-4,886
Net cash flow from investing activities		
Acquisition of a subsidiary, net of cash acquired	-	-30,500
Net cash flow from investing activities	0	-30,500
Net cash flow from financing activities		
Loans granted	-70,000	-197,999
Proceeds from borrowings	110,000	305,000
Repayment of borrowings	-5,000	-18,711
Change in equity	16,331	-50,592
Net interest and finance cost paid	-17,277	-2,312
Net cash flow from financing activities	34,054	35,386
Net increase in cash and cash equivalents	0	0
Cash and cash equivalents at 1.1.	-	-
Cash and cash equivalents at 31.12.	0	0



Accounting policies

The financial statements have been prepared in accordance with the Small Business Act (in accordance with Chapters 2 and 3 of the PMA).

Valuation and accrual principles and methods

The company's valuation principles and methods as well as accrual principles and methods are in accordance with sections 3: 1.2–3 of the PMA (Small Business Acts), therefore no separate notes are presented on these.

Notes concerning the parent company's balance sheet

Asset breakdown

EUR thousand	2022	2021
Holdings in Group companies		
PHM Group Oy	224,410	224,410

EUR thousand	2022	2021
Breakdown of long-term receivables		
Subordinated loan receivable PHM Group Oy	21,823	20,207
Subordinated loan receivable Kotikatu Oy	4,969	0
Loan receivable PHM Group Oy	277,719	198,000
Long-term receivables total	304,511	218,207

EUR thousand	2022	2021
Breakdown of short-term receivables		
Receivables from group companies	43,509	24,753
Other receivables	49	80
Short-term receivables total	43,557	24,833

Breakdown of Equity items

Restricted equity

EUR thousand	2022	2021
Share capital 1 January 2022 & 1 January 2021	0	0
Increase	80	0
Decrease	0	0
Share capital 31 December	80	0
Total restricted equity	80	0

Unrestricted equity and other equity reserves

EUR thousand	2022	2021
Other reserves 1 January 2022 & 1 January 2021	158,318	193,910
Increase	2,000	15,000
Decrease	-80	-50,592
Other reserves 31 December	160,238	158,318
Other reserves total	160,238	158,318

Retained earnings

EUR thousand	2022	2021
Retained earnings 1 January 2022 & 1 January 2021	-1	0
Profit (loss) for the period	-431	0
Retained earnings 31 December	-431	-1

Non-restricted equity attributable to the owners of the parents

	159,807	158,318
EUR thousand	2022	2021
Retained earnings/losses	-431	-1
Total restricted equity	80	0
Total unrestricted equity	160,238	158,318
Total Equity	159,887	158,318

Distributable funds attributable to the owners of the parents and subordinated loans

	160,238	158,318
EUR thousand	2022	2021
Other reserves	160,238	158,318
Retained earnings/losses	-431	-1
Total	159,807	158,318

Notes concerning the parent company's income statement

Total amounts of dividend income, interest income and interest expenses

	13,555	11,371
EUR thousand	2022	2021
Other interest and financial income	13,555	11,371
Interest and other financial expenses	-18,839	-14,531
Total	-5,284	-3,160

Parent company's notes concerning personnel and members of the organs

Number and groups of personnel

The company had one employee during the financial year.

Loans and securities granted to the CEO, Board of members and other related parties

	0	407
EUR thousand	2022	2021
Accounts payable to PHM Group Oy	0	407
Other liabilities to PHM group TopCo Oy	1,315	669
Nordea Cash Pool account assets/ liabilities to PHM Finland Oy	0	2,346
Nordea Cash Pool account receivable from PHM Finland Oy	34,467	0

Holdings in other companies

	100%	100%
PHM Group Oy	100%	100%

Notes concerning reporting entity included in the Group

The company's parent company is PHM Group TopCo Oy. The consolidated financial statements are available from Takomotie 1-3, FI-00380 Helsinki, Finland



Report of the Board of Directors referred to in the limited liability companies act

Board of Directors' proposal for measures concerning the company's profit and any other distribution of non-restricted equity

The Board of Directors proposes that the loss of EUR 430,736.63 shown on the company's non-restricted shareholders' equity be covered with subsequent earnings and that no separate measures to adjust the shareholders' equity be taken and no dividend be distributed.

Other commitments and obligations for the Group	2022	2021
Liabilities with pledges, mortgages or other assets pledged as collateral		
Liabilities	47,000	39,500
Total	47,000	39,500
Securities pledged as collateral for own commitments regarding the above-mentioned liabilities		
Business mortgages	650,000	650,000
Total	650,000	650,000



Signatures to the Board of Directors' Report and the Financial Statements

DocuSigned by:

Karl Svozilik

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Karl Svozilik

Chairman of the Board

DocuSigned by:

Ståle Angel

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Ståle Angel

Member of the Board

DocuSigned by:

Tuomas Sarkola

FE3C12A9EB4E4E6...

Tuomas Sarkola

Member of the Board

DocuSigned by:

Marika af Enehjem

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Marika af Enehjem

Member of the Board

DocuSigned by:

Svein Olav Stølen

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Svein Olav Stølen

Member of the Board

DocuSigned by:

Ville Rantala

CDADDF1EE787413...

Ville Rantala

CEO

Auditor's note

A report on the audit performed has been issued today.

KPMG Oy

DocuSigned by:

Turo Koila

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Turo Koila

Authorised Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of PHM Group Holding Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHM Group Holding Oyj (business identity code 3123811-8) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4.1 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition – Accounting principles of the consolidated financial statements and note 2.1	
<ul style="list-style-type: none"> • Completeness and accuracy of revenue recognition is a key audit matter due to the following reasons: • Sales are generated by individual services rendered in multiple locations. • The volume of sales transactions is high and the group uses several pricing- and contract models. 	<ul style="list-style-type: none"> • Completeness and accuracy of revenue recognition is a key audit matter due to the following reasons: • Sales are generated by individual services rendered in multiple locations. • The volume of sales transactions is high and the group uses several pricing- and contract models.
Valuation of goodwill (Accounting principles and note 3.1 and 3.2 to the consolidated financial statements)	
<ul style="list-style-type: none"> • Goodwill of EUR 417 million represents a significant part, 56%, of the consolidated balance sheet total. • Goodwill is tested for impairment annually and whenever there is any indication that the goodwill may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is determined based on value in use. The preparation of goodwill impairment testing requires estimates be made about the future. Management estimates and associated critical uncertainties relate to the components of the calculation of recoverable amount, which include the discount rate, terminal growth rate, and the development of net sales and operating profit, including cost levels for the company. • Due to the significance of the carrying amount and significant management judgments involved in the forecasts, valuation of goodwill is considered a key audit matter. 	<ul style="list-style-type: none"> • We critically assessed the management fundamentals and assumptions underlying the cash flow projections for the coming years. • We utilised our own valuation specialists that assessed the appropriateness of the discount rate, the technical accuracy of the calculations and the assumptions used in relation to market and industry information. • In addition, we considered the appropriate presentation of the disclosures on goodwill impairment testing in the financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting in 2020, and our appointment represents a total period of uninterrupted engagement of 3 years.

PHM Group Holding Oyj has been a public interest entity since 9.6.2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

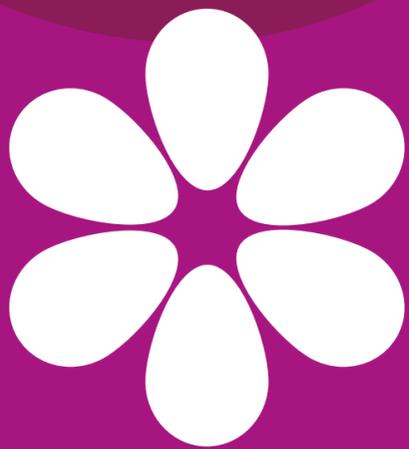
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 26 April 2023

KPMG OY AB

TURO KOILA

Authorised Public Accountant, KHT



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