Caverion
Building Performance

Q4/2021

Financial Statement Release 1-12/2021

Caverion Corporation Financial Statement Release 10 February 2022 at 8.00 a.m. EET

Caverion Corporation's Financial Statement Release for 1 January – 31 December 2021

Year 2021: Continued improvement in profitability and strong increase in order backlog

1 October – 31 December 2021

- **Revenue:** EUR 585.3 (579.3) million, up by 1.0 percent, 0.5 percent in local currencies. Organic growth was -1.1 percent. Services business revenue increased by 3.0 percent, 1.2 percent in local currencies. Projects business revenue decreased by 2.7 percent, 3.7 percent in local currencies.
- **Adjusted EBITDA:** EUR 44.5 (36.9) million, or 7.6 (6.4) percent of revenue.
- **Adjusted EBITA:** EUR 30.1 (22.5) million, or 5.1 (3.9) percent of revenue.
- **EBITA:** EUR 8.6 (6.3) million, or 1.5 (1.1) percent of revenue.
- **Operating profit:** EUR 5.1 (1.9) million, or 0.9 (0.3) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 76.7 (81.3) million.
- **Earnings per share, undiluted:** EUR 0.01 (-0.03) per share.

1 January – 31 December 2021

- **Order backlog:** EUR 1,863.8 (1,609.1) million, up by 15.8 percent. Services backlog increased by 14.1 percent. Projects backlog increased by 18.0 percent.
- **Revenue:** EUR 2,139.5 (2,154.9) million, down by 0.7 percent, 2.2 percent in local currencies. Organic growth was -2.0 percent. Services business revenue increased by 2.7 percent, 1.0 percent in local currencies. Projects business revenue decreased by 6.7 percent, 7.7 percent in local currencies.
- **Adjusted EBITDA:** EUR 142.1 (116.5) million, or 6.6 (5.4) percent of revenue.
- **Adjusted EBITA:** EUR 87.7 (60.6) million, or 4.1 (2.8) percent of revenue, up by 44.6 percent.
- **EBITA:** EUR 59.4 (42.4) million, or 2.8 (2.0) percent of revenue.
- **Operating profit:** EUR 43.5 (27.2) million, or 2.0 (1.3) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 103.8 (157.6) million.
- **Cash conversion (LTM):** 91.2 (158.5) percent.
- **Earnings per share, undiluted:** EUR 0.17 (0.05) per share.
- **Net debt/EBITDA*:** 1.1x (-0.2x).
- **Board's dividend proposal for the AGM on 28 March 2022:** Dividend of EUR 0.17 per share for the year 2021.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.
* Based on calculation principles confirmed with the lending parties, containing certain agreed adjustments. The calculation principles take into account the impacts of the IFRS 16 standard as of Q4/2021, while prior to this period IFRS 16 standard impacts were not applicable.

Guidance for 2022: In 2022, Caverion Group's revenue (2021: EUR 2,139.5 million) and adjusted EBITA (2021: EUR 87.7 million) will grow compared to 2021.

KEY FIGURES

EUR million	10-12/21	10-12/20	Change	1-12/21	1-12/20	Change
Order backlog	1,863.8	1,609.1	15.8%	1,863.8	1,609.1	15.8%
Revenue	585.3	579.3	1.0%	2,139.5	2,154.9	-0.7%
Organic growth, %	-1.1	-5.6		-2.0	-4.1	
Adjusted EBITDA	44.5	36.9	20.4%	142.1	116.5	21.9%
Adjusted EBITDA margin, %	7.6	6.4		6.6	5.4	
EBITDA	23.0	21.8	5.8%	113.8	99.4	14.4%
EBITDA margin, %	3.9	3.8		5.3	4.6	
Adjusted EBITA	30.1	22.5	33.6%	87.7	60.6	44.6%
Adjusted EBITA margin, %	5.1	3.9		4.1	2.8	
EBITA	8.6	6.3	36.9%	59.4	42.4	40.1%
EBITA margin, %	1.5	1.1		2.8	2.0	
Operating profit	5.1	1.9	171.0%	43.5	27.2	59.9%
Operating profit margin, %	0.9	0.3		2.0	1.3	
Result for the period	1.6	-3.6	143.9%	25.1	8.6	190.8%
Earnings per share, undiluted, EUR	0.01	-0.03	126.8%	0.17	0.05	265.2%
Operating cash flow before financial and tax items	76.7	81.3	-5.7%	103.8	157.6	-34.2%
Cash conversion (LTM), %				91.2	158.5	
Working capital				-144.7	-160.4	9.8%
Interest-bearing net debt				140.7	118.6	18.6%
Net debt/EBITDA*				1.1	-0.2	
Gearing, %				69.8	60.4	
Equity ratio, %				19.0	18.9	
Personnel, end of period				14,298	15,163	-5.7%

* Based on calculation principles confirmed with the lending parties, containing certain agreed adjustments. The calculation principles take into account the impacts of the IFRS 16 standard as of Q4/2021, while prior to this period IFRS 16 standard impacts were not applicable.

Jacob Götzsche, President and CEO:

"I am satisfied that our profitability improvement, which was visible throughout the year, continued in the fourth quarter of 2021. A highlight of the second half of the year was that our order backlog grew strongly both in Services and Projects compared to last year. This provides a solid foundation for profitable growth in 2022. In the fourth quarter, our revenue turned back to growth. Our cash flow also rebounded strongly.

The corona pandemic continued to impact our operations to a certain extent throughout the year. However, I am grateful to and proud of our 14,000 employees who have still been able to deliver high-quality solutions and services to our customers despite the challenging environment.

In the fourth quarter, our order backlog increased by 15.8 percent to EUR 1,863.8 (1,609.1) million compared to a year earlier. The order backlog increased in Services by 14.1 percent and in Projects by 18.0 percent. We expect our increased order backlog to realise in revenue growth in 2022. Our fourth quarter revenue was EUR 585.3 (579.3) million, up by 1.0 percent or -0.5 percent in local currencies. Measured in local currencies, the Services business revenue increased by 1.2 percent, while the Projects business revenue decreased by 3.7 percent in the fourth quarter. The business mix change seen in recent years continued; the Services business accounted for 65.5 (63.3) percent of Group revenue in 2021.

We continued to improve our profitability in the fourth quarter. Our adjusted EBITA improved to EUR 30.1 (22.5) million, or 5.1 (3.9) percent of revenue. EBITA was EUR 8.6 (6.3) million, or 1.5 (1.1) percent of revenue. There were also a few notable one-off items during the period. We divested our non-core Russian subsidiary at the end of the year, which resulted in a capital loss of EUR 10.0 million. The largest part of the loss is explained by translation differences, which is a non-cash item and does not have an impact on equity. The transaction only had a limited cash flow effect. In addition to this, we settled certain civil claims related to our old cartel case in Germany, totalling EUR 6.4 million in the fourth quarter. We also critically assessed our final remaining major risk project at the end of the year and made an additional provision of EUR 2.0 million in the fourth quarter. The project is now handed over to the customer, however final discussions between the parties are still ongoing.

I am particularly happy about the positive progress which continued in our divisions Sweden, Germany, Norway, Industry and Austria throughout the year. Division Finland continued its already strong performance. In Services, the performance continued overall on a strong level year-to-date. We continued to see an increased interest towards those parts of our lifecycle offerings that help customers make their operations more efficient and sustainable. In Projects, market demand picked up as of the third quarter and we continued to improve our profitability in Projects in the fourth quarter. Our project portfolio is now more balanced and better covered from a risk perspective, providing a good starting point for 2022. Overall, I trust that our professional employees together with our focus on sustainability and digitalisation will enable us to continue improving our performance in 2022.

Our operating cash flow before financial and tax items was EUR 76.7 (81.3) in the fourth quarter. For the full year, our operating cash flow was EUR 103.8 (157.6) million and cash conversion (LTM) was 91.2 (158.5) percent. Our liquidity position continues to be strong and our leverage is at a low level. At the end of the fourth quarter, our interest-bearing net debt amounted to EUR 140.7 (118.6) million, or EUR 5.0 (-10.6) million excluding lease liabilities. The net debt/EBITDA ratio was 1.1x (-0.2x). We completed three bolt-on acquisitions in the fourth quarter and continue to actively search for suitable acquisitions. After the reporting period, we closed one bolt-on acquisition in January.

We have continued the work on our new strategy that will guide us up until the year 2025 and expect to finalise this work during the first half of 2022. The core strategic themes for us going forward are people, customer experience, sustainability, and digitalisation. We will target sustainable profitable growth going forward. We strongly believe in our purpose to enable building performance and people's wellbeing in smart and sustainable built environment. We aim to tell more about this work at our Capital Markets Day in Helsinki on 10 May 2022."

EU taxonomy related reporting for the financial year 2021

As a provider of technical services and projects for buildings, infrastructure as well as industrial sites and processes, Caverion is part of the solution for a green, low carbon transition. In 2021, 33.0 percent of Caverion's Group revenue was considered eligible with EU Taxonomy. Activities not considered eligible with EU Taxonomy accounted for 67.0 percent of Group revenue in 2021, consisting of technical building services not contributing to carbon emission reductions and industrial services outside the renewable energy sector. Caverion's capital expenditures and operating expenses resulting from services or products associated with economic activities considered eligible with

EU taxonomy amounted to 13.8 percent and 3.1 percent of its 2021 denominators of Capital Expenditure KPI and Operating Expenditure KPI, respectively. Caverion's business model is asset-light and does not require large-scale investments to cope with the EU taxonomy. Most of Caverion's investments are M&A or IT investments. With these eligibility levels, Caverion nevertheless demonstrates its strong position in environment and climate protection. More information on the calculation principles related to Caverion's EU Taxonomy eligible figures can be found on Caverion's website.

Caverion did not classify any activities under categories "Construction of new buildings" and "Renovation of existing buildings" as the company interprets these categories as belonging to building construction and renovation activities rather than technical building system related installations and services. However, had this approach been adopted, Caverion would have been able to report a material additional share of its building technology revenue as taxonomy eligible.

EU Taxonomy KPI's, EUR million	Total	Eligible, %	Non-eligible, %
Revenue	2,139.5	33.0	67.0
Capital expenditure*	80.7	13.8	86.2
Operating expenses related to day-to-day servicing of assets of property, plant and equipment	76.4	3.1	96.9

*Total of EUR 80.7 million includes EUR 54.7 million capital expenditure on leased assets

Sustainability is at the core of Caverion Group's growth strategy. Sustainability is also a mega trend that will support Caverion's market demand over the coming years. Caverion's solutions help its customers to improve their energy-efficiency and thereby reduce their carbon footprint. Caverion commits to making a difference in sustainability together with its customers in line with its strategy and purpose: enabling performance and people's wellbeing in smart and sustainable built environments. Caverion has approved its own sustainability strategy. Caverion also reaffirms its sustainability target of having a positive carbon handprint five times greater than its carbon footprint by 2025. In the longer term, Caverion's target by 2030 is to create a sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its carbon footprint (Scope 1-2).

Market outlook for Caverion's services and solutions in 2022 and megatrends impacting the industry

Caverion expects market demand to be overall positive in Services and to improve also in Projects during 2022. This scenario assumes a successful outcome from the ongoing corona vaccination programmes and a sufficient control of the corona pandemic impacts with no significant unforeseen setbacks in 2022. Increased material prices and longer delivery times may still affect Caverion's business going forward, although the inflationary pressures are expected to be more moderate in 2022 compared to 2021. Potential risks may still emerge from the supply side, not only from raw material price inflation but also from labour shortage, furthermore potentially fuelled by increased sick leave levels or quarantines.

The business volume and the amount of new order intake are important determinants of Caverion's performance in 2022. A negative scenario whereby the corona pandemic continues and starts to negatively impact market demand cannot be ruled out. However, a large part of Caverion's services is vital in keeping also critical services and infrastructure up-and-running at all times.

The monetary and fiscal policies currently in place are clearly supporting an economic recovery. As an example, the economic stimulus packages provided by national governments and the EU are expected to increase infrastructure, health care and different types of sustainable investments in Caverion's operating area over the next few years. The main themes in the EU stimulus packages are green growth and digitalisation. Caverion expects the national and EU programmes to increase demand also in Caverion's areas of operation in 2022. The ECB decided in December 2021 to reduce its asset purchases step-by-step over the coming quarters with a goal to stabilise inflation at its target over the medium term, while still maintaining flexibility in the conduct of its monetary policy.

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and believed to increase demand for Caverion's offerings going forward. The increase of technology in built environment, increased energy efficiency requirements, increasing digitalisation and automation as well as urbanisation remain strong and are expected to promote demand for Caverion's services and solutions over the coming years. Especially the sustainability trend is expected to continue strong.

Increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting higher targets and actions for energy efficiency and carbon-neutrality. This is furthermore supported by the society end-users' general request for an environmentally friendly built environment. The Energy Performance of Buildings Directive (EPBD) passed by the EU requires all new buildings from 2021 to be nearly zero-energy buildings (NZEB). Other initiatives include e.g. the "Fit for 55" climate package and the Renovation Wave Strategy. The "Fit for 55" climate package proposes to make EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. The objective of the European Commission's Renovation Wave Strategy is to at least double the annual energy renovation rate of residential and non-residential buildings by 2030. Mobilising forces at all levels towards these goals is expected to result in 35 million building units renovated by 2030. The increased rate and depth of renovation will have to be maintained and increased also post-2030 to reach EU-wide climate neutrality by 2050. The proposed revision of the Energy Performance of Buildings Directive (EPBD) is an example of the coming EU directives that highlight the importance of sustainability and energy performance of the buildings. It, among other measures, aims to establish new EU-level Minimum Energy Performance Standards (MEPS), with enhanced requirements for both existing and new building stock. Caverion has been putting an effort to develop its offering and solutions to meet this demand and is well positioned with its more than 14,000 skilled employees.

Services

Caverion expects market demand to be overall positive during 2022. Caverion's Services business is overall by nature more stable and resilient through business cycles than the Projects business. Stimulus packages are also expected to positively impact general demand in the Services business.

There is an increased interest for services supporting sustainability, such as energy management. Caverion has had a special focus for several years both in so-called Smart Technologies as well as in digital solutions development. These are believed to grow faster than more basic services on average and enable data-driven operations with recurring maintenance. In Cooling, as an example, there is a technical change ongoing from environmentally harmful F-gases into CO_2-based refrigeration, providing increased need for upgrades and modernisations. The sustainability trend is also increasing the demand for building automation upgrades.

As technology in buildings increases, the need for new services and digital solutions is expected to increase. Customer focus on core operations also continues to open up opportunities for Caverion through outsourcing of industrial operation and maintenance, property maintenance as well as facility management.

Projects

Due to the late-cyclical nature of the Projects business, even after the economic environment recovers, it typically takes some time before the Projects business turns back to growth. However, the stimulus packages are expected to positively impact the general demand also in the Projects business. Caverion expects market demand to improve also in Projects during 2022.

According to Euroconstruct reports published in November 2021, the European construction industry has already fully recovered from the negative corona impacts, as the total construction volume in Western Europe was expected to grow by 5.6 percent in 2021, following a drop of 4.7 percent in 2020. Euroconstruct has a positive outlook for 2022, expecting a healthy growth (3.6%) in 2022 for Western European countries. The non-residential construction market is expected to perform relatively better than the housing market in the near future according to Euroconstruct.

From the trends perspective, the digitalisation and sustainability megatrends are supporting demand also in Projects, as Caverion's target is to offer long-term solutions binding both Projects and Services together. The requirements for increased energy efficiency, better indoor climate and tightening environmental legislation continue to drive demand over the coming years.

NEWS CONFERENCE, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on its Financial Statement Release on Thursday, 10 February 2022, at 10.00 a.m. Finnish time (EET). The news conference can be viewed live on Caverion's website at www.caverion.com/investors. It is also possible to participate in the event through a conference call by calling the assigned number +44 333 3000804 at 9:55 a.m. (Finnish time, EET) at the latest. The participant code for the conference call is "21251507#". More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2022

The Annual Review, including the financial statements for 2021, will be published on Caverion's website in English and Finnish by 4 March 2022 at the latest. Interim/Half-yearly Reports for 2022 will be published on 28 April, 4 August and 3 November 2022.

Financial reports and other investor information are available on Caverion's website www.caverion.com/investors. The materials may also be ordered by sending an e-mail to IR@caverion.com.

Caverion will arrange a Capital Markets Day in Helsinki on 10 May 2022 at 12:00 noon (EEST). Further information on the programme will be published closer to the date.

CAVERION CORPORATION

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Operating environment in the fourth quarter and in 2021

The corona pandemic continued to have an impact on the operating environment in 2021. The emergence of the new variants of the corona virus affected the business operations negatively primarily due to restrictions re-imposed by governments and the slow start of new investments in the beginning of the year. In between the new waves of the corona virus, governmental restrictions were lifted and the operating environment improved. However, the year closed in uncertainty with soaring numbers of omicron variant infections and governmental restrictions being re-imposed.

During the year 2021, the building technology market was impacted by increases in material prices. There have also been supply shortages and delays in some areas. Caverion has proactively taken various measures to optimise the supply chain and to manage pricing.

Services

In Services, Caverion has experienced increased investment activity among several customer segments as of the second quarter. As an example, certain annual industrial shutdowns in Finland postponed from 2020 took place in the second quarter of 2021.

Caverion has started to see a general increasing interest for services supporting sustainability, such as energy management and advisory services, driven by regulation and the expected governmental and EU stimulus packages supporting investments in green growth.

Projects

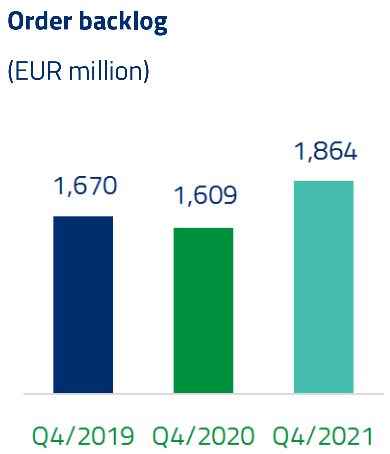
In Projects, there were clear signs of market stabilisation as of the end of the second quarter of 2021. In the third quarter, market demand started to pick up also in Projects and the trend continued until the end of the year.

During the year, the market was impacted by increases in material prices.

Stimulus packages did not yet have a clear impact on general demand in 2021.

Order backlog

- Order backlog at the end of December increased by 15.8 percent to EUR 1,863.8 million from the end of December in the previous year (EUR 1,609.1 million).
- At comparable exchange rates the order backlog increased by 15.5 percent from the end of December in the previous year.
- Order backlog increased by 14.1 percent in Services and increased by 18.0 percent in Projects from the end of December in the previous year.



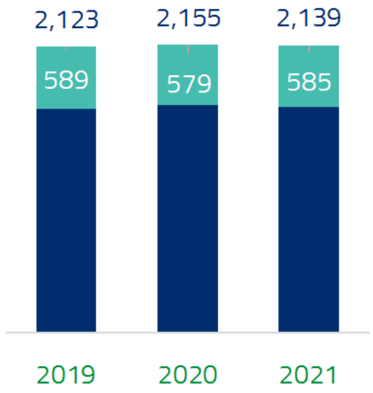
Revenue

October–December

- Revenue for October–December was EUR 585.3 (579.3) million. Revenue increased by 1.0 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 576.4 million and decreased by 0.5 percent compared to the previous year. Organic growth was -1.1 percent.
- Revenue was positively impacted by fluctuations in currency exchange rates. Changes in Swedish krona and Norwegian krone had a positive effect of EUR 2.1 million and EUR 6.7 million respectively.
- Revenue increased in Sweden, Germany, Austria and Norway, while it decreased in other divisions.

Revenue

(EUR million)



EUR million	10-12/ 2021	10-12/ 2020	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	390.1	378.6	3.0%	1.2%	0.6%	1.9%	0.5%
Projects	195.3	200.7	-2.7%	-3.7%	-4.3%	0.9%	0.7%
Group total	585.3	579.3	1.0%	-0.5%	-1.1%	1.6%	0.6%

** Revenue change in local currencies*

*** Revenue change in local currencies, excluding acquisitions and divestments*

The revenue of the Services business unit increased and was EUR 390.1 (378.6) million in October–December, an increase of 3.0 percent, or 1.2 percent in local currencies.

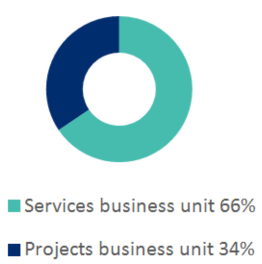
The revenue of the Projects business unit was EUR 195.3 (200.7) million in October–December, a decrease of 2.7 percent, or 3.7 percent in local currencies. Project business revenue was affected by the continuous selectivity approach and the postponed start of certain new projects from the order backlog.

January–December

- Revenue for January–December was EUR 2,139.5 (2,154.9) million. Revenue decreased by 0.7 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 2,108.0 million and decreased by 2.2 percent compared to the previous year. Organic growth was -2.0 percent.
- Revenue was impacted by fluctuations in currency exchange rates mainly in Swedish krona and Norwegian krone with a positive effect of EUR 13.9 million and EUR 18.5 million respectively.
- Revenue increased in Sweden, Germany and Norway, and decreased in other divisions.

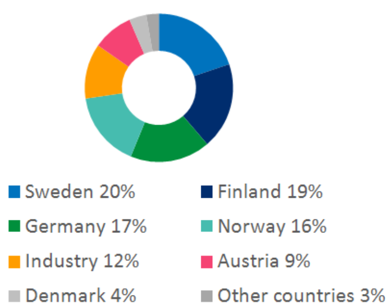
Revenue by business unit

% of revenue 1-12/2021



Revenue by division

% of revenue 1-12/2021



EUR million	1-12/ 2021	1-12/ 2020	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	1,402.4	1,364.9	2.7%	1.0%	1.4%	1.7%	-0.3%
Projects	737.1	790.0	-6.7%	-7.7%	-7.7%	1.0%	0.0%
Group total	2,139.5	2,154.9	-0.7%	-2.2%	-2.0%	1.5%	-0.2%

** Revenue change in local currencies*

*** Revenue change in local currencies, excluding acquisitions and divestments*

The revenue of the Services business unit increased and was EUR 1,402.4 (1,364.9) million in January–December, an increase of 2.7 percent, or 1.0 percent in local currencies. The revenue of the Projects business unit was EUR 737.1 (790.0) million in January–December, a decrease of 6.7 percent, or 7.7 percent in local currencies. Project business revenue was affected by the continuous selectivity approach.

The Services business unit accounted for 65.5 (63.3) percent of Group revenue, and the Projects business unit for 34.5 (36.7) percent of Group revenue in January–December.

Revenue by Division and Business Unit

Revenue, EUR million	10-12/21	%	10-12/20	%	Change	1-12/21	%	1-12/20	%	Change
Sweden	121.7	20.8	117.4	20.3	3.7%	424.4	19.8	420.6	19.5	0.9%
Finland	109.2	18.6	114.3	19.7	-4.5%	403.9	18.9	416.0	19.3	-2.9%
Germany	99.7	17.0	93.7	16.2	6.4%	374.1	17.5	368.8	17.1	1.5%
Norway	92.8	15.8	91.7	15.8	1.2%	352.5	16.5	318.9	14.8	10.6%
Industry	71.3	12.2	74.1	12.8	-3.8%	256.8	12.0	275.9	12.8	-6.9%
Austria	51.8	8.8	48.4	8.4	6.9%	188.7	8.8	191.4	8.9	-1.4%
Denmark	22.1	3.8	25.5	4.4	-13.3%	80.0	3.7	93.6	4.3	-14.5%
Other countries*	16.8	2.9	14.2	2.4	18.6%	59.0	2.8	69.7	3.2	-15.5%
Group, total	585.3	100	579.3	100	1.0%	2,139.5	100	2,154.9	100	-0.7%
Services	390.1	66.6	378.6	65.3	3.0%	1,402.4	65.5	1,364.9	63.3	2.7%
Projects	195.3	33.4	200.7	34.7	-2.7%	737.1	34.5	790.0	36.7	-6.7%

** Other countries include the Baltic countries and Russia.*

Profitability

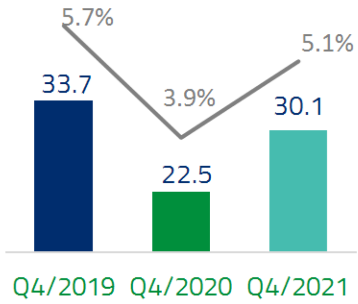
Adjusted EBITA, EBITA and operating profit

October–December

- Adjusted EBITA for October–December amounted to EUR 30.1 (22.5) million, or 5.1 (3.9) percent of revenue and EBITA to EUR 8.6 (6.3) million, or 1.5 (1.1) percent of revenue.
- The profitability improved during the period. The restructurings completed in the fourth quarter of last year had a positive impact on the cost base.
- Particularly divisions Industry, Germany and Sweden progressed well.

Adjusted EBITA and margin

(EUR million)



In Services, the performance continued overall on a strong level. In Projects, market demand picked up as of the third quarter and Caverion continued to improve its profitability in Projects in the fourth quarter.

In the adjusted EBITA calculation, the capital loss from divestments and the transaction costs related to divestments and acquisitions totalled EUR 10.2 million in October–December. Caverion divested its non-core Russian subsidiary at the end of the year. A large part of the capital loss is explained by translation differences. Caverion also critically assessed its final remaining major risk project at the end of the year. The write-downs from separately identified major risk projects amounted to EUR 2.0 million. The project is now handed over to the customer, however final discussions between the parties are still ongoing.

The Group's restructuring costs amounted to EUR 1.4 million. Other items totalled EUR 7.8 million. Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 6.4 million in the fourth quarter. Other items includes also EUR 1.4 million previously capitalised expenses. These were booked as operative expenses in the fourth quarter of 2021 due to change in accounting principle of implementation costs in cloud computing arrangements (IAS 38, IFRIC Agenda decision April 2021).

The operating profit (EBIT) for October–December was EUR 5.1 (1.9) million, or 0.9 (0.3) percent of revenue.

Costs related to materials and supplies increased to EUR 154.3 (139.7) million and external services increased to EUR 118.9 (116.6) million in October–December. Personnel expenses amounted to a total of EUR 223.8 (235.4) million for October–December. Other operating expenses amounted to EUR 66.2 (66.5) million. Other operating income increased to EUR 0.9 (0.7) million.

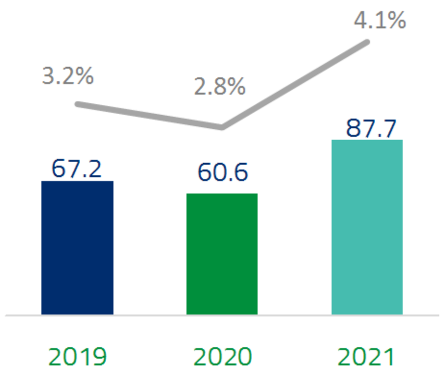
Depreciation, amortisation and impairment amounted to EUR 17.9 (19.9) million in October–December. Of these EUR 14.4 (15.4) million were depreciations on tangible assets and EUR 3.5 (4.4) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 12.7 (14.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

January–December

- Adjusted EBITA for January–December amounted to EUR 87.7 (60.6) million, or 4.1 (2.8) percent of revenue and EBITA to EUR 59.4 (42.4) million, or 2.8 (2.0) percent of revenue.
- The profitability improved during the period. Both Services and Projects improved their profitability.
- Particularly divisions Sweden, Germany, Norway, Industry and Austria progressed well. Division Finland continued its already strong performance.
- In Services, the performance continued overall on a strong level year-to-date. In Projects, market demand started to pick up following the stabilisation seen in the second quarter. In Projects, Caverion continued to improve its profitability. Caverion has so far coped well with the increase in material prices, affecting particularly the Projects business.

Adjusted EBITA and margin

(EUR million)



In the adjusted EBITA calculation, the capital loss from divestments and the transaction costs related to divestments and acquisitions totalled EUR 10.7 million in January–December. Caverion divested its non-core Russian subsidiary at the end of the year. A large part of the capital loss is explained by translation differences. Caverion also critically assessed its final remaining major risk project at the end of the year. The write-downs from separately identified major risk projects amounted to EUR 4.0 million. The project is now handed over to the customer, however final discussions between the parties are still ongoing. The Group's restructuring costs amounted to EUR 2.9 million, the majority of which related to the parent company. Other items totalled EUR 10.6 million. Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 9.1 million. Other items include also EUR 1.4 million previously capitalised expenses. These were booked as operative expenses in the fourth quarter of 2021 due to change in accounting principle of implementation costs in cloud computing arrangements (IAS 38, IFRIC Agenda decision April 2021).

The operating profit (EBIT) for January–December was EUR 43.5 (27.2) million, or 2.0 (1.3) percent of revenue.

Costs related to materials and supplies decreased to EUR 523.9 (529.0) million and external services decreased to EUR 398.4 (410.1) million in January–December. Personnel expenses amounted to a total of EUR 889.9 (902.6) million for January–December. Other operating expenses decreased to EUR 216.3 (225.3) million, due to savings in several categories. Other operating income decreased to EUR 2.8 (11.5) million.

Depreciation, amortisation and impairment amounted to EUR 70.3 (72.2) million in January–December. Of these EUR 54.3 (57.0) million were depreciations on tangible assets and EUR 15.9 (15.2) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 48.3 (51.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
EBITA	8.6	6.3	59.4	42.4
EBITA margin, %	1.5	1.1	2.8	2.0
Items affecting comparability (IAC)				
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	10.2	0.5	10.7	-6.0
- Write-downs, expenses and income from major risk projects*	2.0	7.7	4.0	12.8
- Restructuring costs	1.4	7.7	2.9	10.7
- Other items**	7.8	0.3	10.6	0.6
Adjusted EBITA	30.1	22.5	87.7	60.6
Adjusted EBITA margin, %	5.1	3.9	4.1	2.8

* Major risk projects include only one risk project in Germany in 2020 and 2021.

** In 2020 and 2021, provisions and legal and other costs related to the German anti-trust matter. In the fourth quarter of 2021 EUR 1.4 million previously capitalised expenses were booked as operative expenses due to change in accounting principle of implementation costs in cloud computing arrangements. In 2020, also including costs related to a subsidiary in Russia sold during the second quarter.

EBITA is defined as Operating profit + amortisation and impairment on intangible assets. Adjusted EBITA = EBITA before items affecting comparability (IAC). Items affecting comparability (IAC) in 2021 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (2) write-downs, expenses and/or income from separately identified major risk projects; (3) restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2020 and 2021, major risk projects only include one risk project in Germany reported under category (2). In 2020 and 2021, provisions and legal and other costs related to the German anti-trust matter and in 2020 also costs related to a subsidiary in Russia sold during the second quarter have been reported under category (4).

Adjusted EBITDA is affected by the same adjustments as adjusted EBITA, except for restructuring costs, which do not include depreciation and impairment relating to restructurings.

Result before taxes, result for the period and earnings per share

Result before taxes amounted to EUR 34.9 (16.0) million, result for the period to EUR 25.1 (8.6) million, and earnings per share to EUR 0.17 (0.05) in January–December. Net financing expenses in January–December were EUR 8.6 (11.2) million. This includes an interest cost on lease liabilities amounting to EUR 3.8 (4.5) million. In January–December 2020, net financing expenses included an exchange rate loss from an internal loan denominated in euros in Russia amounting to EUR 1.0 million.

The Group's effective tax rate was 28.2 (46.0) percent in January–December 2021. The tax rate is now at a more normalised level.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets (excluding capital expenditure on leased assets), including acquisitions, totalled EUR 26.0 (16.7) million in January–December, representing 1.2 (0.8) percent of revenue. Investments in information technology totalled EUR 8.0 (9.7) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms. Certain IT system renewals have been done. IT systems and mobile tools have been further developed to improve the Group's internal processes and efficiency going forward. Other investments, including acquisitions, amounted to EUR 18.0 (7.0) million.

Caverion signed an agreement to acquire the business of Electro Berchtold GmbH in Austria in December 2020. Electro Berchtold is a provider of maintenance services for ski lift and snow systems and has 13 employees. The transaction was closed in the beginning of 2021. The transaction price was not material for Caverion Group.

Caverion closed on 1 July 2021 an agreement to acquire the business of the Swedish company RPH Linc AB. RPH Linc is a system integrator in the area of electrical security focusing on high-end security solutions for enterprise and multisite customers and the public sector. The parties agreed not to disclose the transaction price.

Caverion closed on 2 July 2021 an agreement to acquire GTS Immobilien GmbH ("GTS") in Austria. Through its subsidiary GTS Automation GmbH, GTS Group is a well-known company on the Austrian market for building automation. Through the acquisition, Caverion supported its growth strategy and strengthened its market position in smart technologies. The acquisition was a bolt-on acquisition for Caverion in the area of building automation, a smart technology area in which Caverion has a deep competence. The company has approximately 40 employees. The purchase price was not disclosed.

Caverion closed on 13 September 2021 an agreement to acquire Felcon GmbH ("Felcon") in Austria. Felcon Group is a small clean room specialist company based in Vienna, Austria. The company provides design, construction, installation, validation as well as technical services, among others. Through the acquisition, Caverion supported its growth strategy and strengthened its market position in the clean room business. Felcon has 13 employees. The purchase price was not disclosed.

Caverion closed on 29 October 2021 an agreement to acquire the business of Bott Kälte- und Klimatechnik ("Bott") in Germany. Bott is a small cooling and air conditioning specialist based in Wiesbaden, Germany. Through the acquisition, Caverion supported its growth strategy and strengthened its market position in smart technologies. The company has 8 employees. The purchase price was not disclosed.

On 1 December 2021, Caverion closed on an agreement to acquire the business of a small Norwegian company Rørlegger'n Innlandet AS. Rørlegger'n Innlandet is based in Raufoss, Norway and provides services in the area of plumbing, heating and sanitation. In total 7 employees transferred into Caverion in the acquisition. The purchase price was not disclosed.

On 15 December 2021, Caverion closed on an agreement to acquire the industrial design and advisory business of the Finnish company Merius Oy. Merius provides surveying, design and consulting services for industrial investments by using 3D digitisation, virtual and visualisation technologies. The software business of the company was excluded from the transaction. The acquisition complemented the design and advisory services of Caverion Industry to provide added value in industrial plant investments and to utilise digital design technologies. As a result of the transaction, 20 employees transferred into Caverion's service. The purchase price was not disclosed.

More information on Caverion's acquisitions completed in 2021 can be found in Note 5 to this Financial Statement Release.
In December 2021, Caverion signed an agreement to acquire the business of Frödéns Ventilation AB in Sweden. Frödéns offers service and maintenance, inspections, energy optimisations and smaller projects in the area of ventilation and mainly operates in the Jönköping area. Frödéns has 12 employees. The acquisition was completed in the beginning of 2022.

In the end of December 2021, Caverion sold the share capital of its subsidiary JSC "Caverion Rus" in Russia to Aim Cosmetics Rus, LTD. The transaction covered Caverion's entire operations in Russia which are focused on the St. Petersburg and Moscow regions. The divested business had a revenue of EUR 13.9 million in 2021 and employed 421 persons at the end of the year. The divestment of the Russian subsidiary was a part of Caverion's strategy to focus on the Group's core businesses in its main market areas and to improve the Group's financial performance. Caverion recognised a capital loss of EUR 10.0 million in relation to the divestment in its 2021 result. The largest part of the capital loss was related to negative translation differences which had no cash flow effect and no effect on the Group's total equity. Overall, the divestment only had a limited impact on Caverion's cash flow. The transaction value was not disclosed.

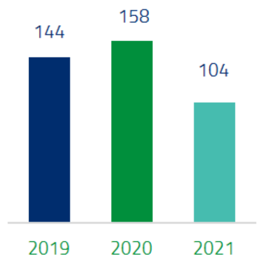
A disposal affecting comparability between the periods is that Caverion signed an agreement in June 2020 to sell certain Finnish operations of Caverion Industria Ltd to Elcoline Oy in June 2020 based on the conditions imposed on the Maintpartner transaction by the Finnish Competition and Consumer Authority (the "FCCA"). The business transfer became effective on 30 September 2020. The Finnish Competition and Consumer Authority (the "FCCA") confirmed on 25 February 2021 that Caverion's divestment on 30 September 2020 did fulfil the conditions on the divestment size in Caverion's Maintpartner transaction, based on which Caverion was to divest approximately 6.5 percent of the post-transaction revenue (approximately EUR 300 million in 2018) of the Industry division in Finland.

Cash flow, working capital and financing

- The Group's operating cash flow before financial and tax items decreased to EUR 103.8 (157.6) million in January–December and cash conversion (LTM) was 91.2 (158.5) percent. Lower operating cash flow was impacted by a change in working capital of EUR -21.0 million (EUR +54.0 million) due to higher receivables.
- The Group's free cash flow amounted to EUR 67.2 (137.3) million. Cash flow after investments was EUR 58.2 (127.8) million.
- The Group's working capital was EUR -144.7 (-160.4) million at the end of December. There were improvements in divisions Denmark, Austria and Industry compared to the previous year.

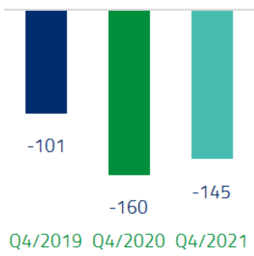
Operating cash flow before financial and tax items

(EUR million)



Working capital

(EUR million)



In October–December, the Group's operating cash flow before financial and tax items decreased to EUR 76.7 (81.3) million. The Group's free cash flow amounted to EUR 64.9 (76.9) million. Cash flow after investments was EUR 62.1 (74.2) million.

The amount of trade and POC receivables increased to EUR 541.9 (506.5) million and other current receivables increased to EUR 33.8 (30.2) million. On the liabilities side, advances received increased to EUR 261.3 (252.2) million, other current liabilities increased to EUR 278.3 (273.3) million and trade and POC payables increased to EUR 197.7 (188.0) million.

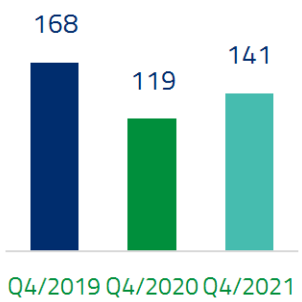
Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 31 December 2021. Caverion's cash and cash equivalents amounted to EUR 130.9 (149.3) million at the end of December. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 135.9 (138.7) million at the end of December, and the average interest rate was 2.6 (2.7) percent. Approximately 45 percent of the loans have been raised from banks and other financial institutions and approximately 55 percent from capital markets. Lease liabilities amounted to EUR 135.7 (129.2) million at the end of December 2021, resulting to total gross interest-bearing liabilities of EUR 271.6 (267.9) million.

- The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 5.0 (-10.6) million at the end of December and including lease liabilities to EUR 140.7 (118.6) million.
- At the end of December, the Group's gearing was 69.8 (60.4) percent and the equity ratio 19.0 (18.9) percent.
- Excluding the effect of IFRS 16, the equity ratio would have amounted to 21.7 (21.5) percent.

Interest-bearing net debt

(EUR million)



On 15 May 2020 Caverion issued a EUR 35 million hybrid bond, an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. The coupon of the hybrid bond is 6.75 per cent per annum until 15 May 2023. The hybrid bond does not have a maturity date but the issuer is entitled to redeem the hybrid for the first time on 15 May 2023, and subsequently, on each coupon interest payment date. If the hybrid bond is not redeemed on 15 May 2023, the coupon will be changed to 3-month EURIBOR added with a Re-offer Spread (706.8 bps) and a step-up of 500bps.

In December 2021 Caverion agreed with its lending parties on refinancing of its bank loans and revolving credit facility. The new facility agreement consists of a EUR 100 million revolving credit facility and a EUR 50 million term loan with a termination date on 15 January 2025 and the possibility to extend the maturity by two additional years. With this arrangement Caverion prolonged its loan maturity and strengthened its long-term liquidity.

Caverion’s external loans are subject to a financial covenant based on the ratio of the Group’s net debt to EBITDA. The financial covenant shall not exceed 3.5:1. At the end of December, the Group’s Net debt to EBITDA was 1.1x according to the confirmed calculation principles.

PERSONNEL

- Caverion Group employed 14,831 (15,773) people on average in January–December 2021. At the end of December, the Group employed 14,298 (15,163) people. Personnel expenses for January–December amounted to EUR 889.9 (902.6) million.
- Employee safety continued to be a high focus area also in 2021. Due to the corona situation, many extra actions have been taken to protect the employees, to organise the work in a way that it is safe to complete and to establish different supportive trainings, tools and communication methods.
- The Group's accident frequency rate at the end of December was 4.0 (4.2).

Personnel by division

at the end of December 2021

Personnel by division, end of period	12/2021	9/2021	Change	12/2021	12/2020	Change
Finland	2,819	2,830	0%	2,819	2,876	-2%
Sweden	2,528	2,521	0%	2,528	2,601	-3%
Norway	2,331	2,340	0%	2,331	2,366	-1%
Industry	2,243	2,272	-1%	2,243	2,464	-9%
Germany	2,177	2,171	0%	2,177	2,260	-4%
Austria	903	903	0%	903	852	6%
Other countries	609	1,035	-41%	609	1,050	-42%
Denmark	528	537	-2%	528	565	-7%
Group Services	160	164	-2%	160	129	24%
Group, total	14,298	14,773	-3%	14,298	15,163	-6%

Changes in Caverion's Group Management Board and organisation structure

Manfred Simmet (born 1966, Engineer) was appointed as a transitional Head of Division Germany as of 19 January 2021. He will also continue in his current position as the Head of Division Austria and a member of the Group Management Board of Caverion Corporation. Frank Krause, the previous Head of Division Germany, has left the company.

The Board of Directors of Caverion Corporation and President and CEO Ari Lehtoranta mutually agreed on 28 February 2021 that Ari Lehtoranta stepped down from his position as President and CEO of Caverion Corporation. The Board of Directors of Caverion Corporation appointed the Chairman of the Board of Directors, Mats Paulsson, as interim President and CEO effective as from 28 February 2021. Mats Paulsson continues in his position as the Chairman of the Board of Directors.

Ari Lehtoranta held the position of President and CEO of Caverion Corporation since January 2017 and he was available for the Board of Directors until the end of August 2021.

The Board of Directors of Caverion appointed Jacob Götzsche as the President and CEO of Caverion Corporation in May 2021. He started in this position on 9 August 2021. Jacob Götzsche joined Caverion after a long career in ISS, a global provider of facility services. Most recently he held the position of CEO of Europe. In this position he was also a Member of the Executive Group Management in the ISS Group, reporting to the Group CEO. During his career at ISS, Jacob Götzsche has also held various regional leadership, M&A and finance roles.

Uno Lundberg (born 1962, B.Sc. (Econ. & Bus. Adm.)) was appointed Head of Division Sweden starting on 1 August 2021. He joined Caverion from the emergency and rescue services company Falck where his position was CEO for Falck Emergency in Scandinavia. Juha Mennander, who has been Head of Division Sweden since June 2018 and Head of Group Market

Operations prior to this, has been supporting Uno Lundberg in the onboarding phase to ensure a smooth transition and will take on new challenges at Caverion after that.

Caverion announced on 9 November 2021 that its CFO Martti Ala-Härkönen has resigned to accept a position in another company. He will continue in his position until 7 May 2022, at the latest. The search for his successor has commenced. Martti Ala-Härkönen has been Caverion's CFO and member of the Group Management Board since September 2016. His area of responsibility has also included M&A and IT.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Interim Report Q3/2021. Those risks and uncertainties are still valid. The lack of availability of materials and supply and the increase in material prices were then identified as new short-term risks. In addition, there is a risk that the rising energy prices and possible problems with the availability of energy may impact the operating environment in the near future. Increased material prices and longer delivery times may still affect Caverion's business going forward.

The impacts of the corona pandemic and the actions taken by the company are summarised separately after this section and described earlier in the report in the "Market outlook for Caverion's services and solutions in 2022 and megatrends impacting the industry" and "Operating environment in the fourth quarter and in 2021".

The comprehensive description of Caverion's key risks is available on the Company's website www.caverion.com/investors.

IMPACT OF CORONA PANDEMIC ON CAVERION

The corona pandemic continued to negatively impact Caverion's business in 2021, the level of revenue in particular. At the end of the third quarter, the effects of the corona pandemic gradually started to ease off and the operating environment generally improved. The ongoing corona vaccination programmes have provided a helping hand seen in the lower number of severe COVID-19 cases. In the end of November, the rapid spread by the new omicron variant of the coronavirus started to impact the operating environment negatively as more restrictions by governments were once again put in place. Caverion remains somewhat cautious with the pandemic as unpredictable virus variants and new waves of the pandemic may continue to emerge.

Caverion's business is exposed to various risks associated with the corona pandemic and the economic downturn. These include, for example, suspension or cancellation of existing contracts by customers, lack of demand for new services, absenteeism of employees and subcontractor staff, closures of work sites and other work premises by customers or authorities and defaults in customer payments.

The business volume and the amount of new order intake are important determinants of Caverion's performance. A negative scenario whereby the corona pandemic continues due to potential new corona variants cannot be ruled out. However, a large part of Caverion's services is vital in keeping critical services for buildings, industries and infrastructure up-and-running at all times.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

Caverion Corporation's Annual General Meeting, which was held on 24 March 2021 in Helsinki under the so-called Temporary Act without the shareholders' or their proxy representatives' presence at the meeting venue, adopted the Financial Statements and the consolidated Financial Statements for the year 2020 and discharged the members of the Board of Directors and the President and CEO from liability. In addition, the Annual General Meeting resolved on the use of the profit shown on the balance sheet and the payment of dividends, the approval of the presented Remuneration Report for Governing Bodies, on the composition of members of the Board of Directors and their remuneration, the election of the auditor and its remuneration as well as authorised the Board of Directors to decide on the repurchase of the Company's own shares and/or acceptance as pledge of own shares as well as share issues.

The Annual General Meeting elected a Chairman, a Vice Chairman and five (5) ordinary members to the Board of Directors. Mats Paulsson was elected as the Chairman of the Board of Directors, Markus Ehrnrooth as the Vice Chairman and Jussi Aho, Joachim Hallengren, Thomas Hinnerskov, Kristina Jahn and Jasmin Soravia as members of the Board of Directors for a term of office expiring at the end of the Annual General Meeting 2022. The stock exchange release on the resolutions passed at the Annual General Meeting is available on Caverion's website at http://www.caverion.com/newsroom.

The Board of Directors held its organisational meeting on 24 March 2021. At the meeting the Board decided on the composition of the Human Resources Committee and the Audit Committee. A description of the committees' tasks and charters are available on Caverion's website at www.caverion.com/investors - Corporate Governance.

DIVIDENDS AND DIVIDEND POLICY

The Board of Directors proposes to the Annual General Meeting to be held on 28 March 2022 that that a dividend of EUR 0.17 per share will be paid for the year 2021.

The Annual General Meeting, held on 24 March 2021, approved the proposal of the Board of Directors according to which a dividend of EUR 0.10 per share and an additional dividend of EUR 0.10 per share, in total EUR 0.20 per share, was paid from the distributable funds of the Company for the financial year 2020. The dividend was paid to shareholders who on the record date of the dividend payment 26 March 2021 were recorded in the shareholders' register held by Euroclear Finland Oy. The dividend was paid on 7 April 2021.

Caverion's dividend policy is to distribute as dividends at least 50 percent of the result for the year after taxes, however, taking profitability and leverage level into account. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

SHARES AND SHAREHOLDERS

The Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on 30 June 2013. The company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. The company's shares have no nominal value.

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2021. Caverion held 2,807,991 treasury shares on 1 January 2021. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,502,467 treasury shares on 31 December 2021, representing 1.80 percent of the total number of shares and voting rights. The number of shares outstanding was 136,417,625 at the end of December 2021.

On 16 November 2021, a total of 30,066 own shares were returned to Caverion Corporation. The return was related to the directed share issues announced on 30 April 2021 and 25 August 2021, whereby shares held by the company were conveyed as payments from the Matching Share Plan 2018–2022. The shares were returned to the company based on the terms and conditions of the plan. After the return, Caverion held a total of 2,502,467 treasury shares.

On 14 September 2021, a total of 16,911 own shares were returned to Caverion Corporation. The return was related to the directed share issues announced on 30 April 2021 and 25 August 2021, whereby shares held by the company were conveyed as payments from the Matching Share Plan 2018–2022. The shares were returned to the company based on the terms and conditions of the plan. After the return, Caverion held a total of 2,472,401 treasury shares.

The Board of Directors of Caverion Corporation decided on a directed share issue without consideration for the payment of the reward instalments from Caverion's Matching Share Plan 2018–2022, as described in stock exchange release published on 25 August 2021. In the directed share issue without consideration, 168,650 Caverion Corporation shares held by the company were on 25 August 2021 conveyed to key employees included in the Matching Share Plan 2018—2022. The shares were delivered as a reward from the matching period 1 March 2018—28 February 2021. The launch of the plan and its main terms were published in the stock exchange release on 7 February 2018. No new shares were issued in connection with the plan and therefore the plan had no diluting effect. The conveyance of shares through the directed share issue without consideration was based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 24 March 2021. After the conveyance, a total of 2,455,490 shares were held by the company.

The Board of Directors of Caverion Corporation decided on a directed share issue without consideration for the payment of the reward instalments from Caverion's Matching Share Plan 2018–2022, as described in stock exchange release published on 30 April 2021. In the directed share issue without consideration, 120,199 Caverion Corporation shares held by the company were on 30 April 2021 conveyed to key employees included in the Matching Share Plan 2018—2022. The shares were delivered as a reward from the matching period 1 March 2018—28 February 2020 and, for participants who joined the plan at a later stage, also as a reward from the matching period 2018—2019. No new shares were issued in connection with the plan and therefore the plan had no diluting effect. The conveyance of shares through the directed share issue without consideration was based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 May 2020. Prior to the directed share issue, Caverion held a total of 2,744,339 treasury shares, of which 2,624,140 treasury shares remained with the company after the conveyance.

The Board of Directors of Caverion Corporation also decided on a directed share issue without payment for Caverion's Performance Share Plan 2018 – 2020 and Restricted Share Plan 2018–2020 reward payments, as described in stock exchange release published on 23 February 2021. In the directed share issue without payment, 63,652 Caverion Corporation shares held by the company were on 23 February 2021 conveyed to 82 key employees according to the terms and conditions of the plans. No new shares were issued in connection with the plan and therefore the plan had no diluting effect. The decision on the directed share issue without payment was based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 May 2020. Prior to the directed share issue, Caverion held a total of 2,807,991 treasury shares, of which 2,744,339 treasury shares remained with the company after the conveyance.

Caverion's Board of Directors approved in December 2021 the commencement of a new plan period 2022-2024 in the share-based long-term incentive scheme. The scheme is based on a performance share plan (PSP) structure targeted to Caverion's management and selected key employees. The Board approved at the same time the commencement of a new plan period 2022-2024 in the Restricted Share Plan (RSP) structure, which is a complementary share-based incentive structure for specific situations. More information on the plans have been published in a stock exchange release on 14 December 2021. Any potential share rewards based on PSP 2022-2024 and RSP 2022-2024 will be delivered in the spring 2025.

Caverion's Board of Directors approved in December 2020 the commencement of a new plan period 2021-2023 in the share-based long-term incentive scheme. The scheme is based on rolling a performance share plan (PSP) structure targeted to Caverion's management and selected key employees. The Board approved at the same time the commencement of a new plan period 2021-2023 in the Restricted Share Plan (RSP) structure, which is a complementary share-based incentive structure for specific situations. More information on the plans have been published in a stock exchange release on 9 December 2020. Any potential share rewards based on PSP 2021-2023 and RSP 2021-2023 will be delivered in the spring 2024.

Caverion's long-term share-based incentive schemes for the Group's senior management and key employees were approved by the Board of Directors in December 2015 and in December 2018. The targets set for the Performance Share Plan 2016–2018 and 2017–2019 were not achieved, and no rewards thereof were paid. The targets set for the Performance Share Plan 2018–2020 were partially achieved and the respective share rewards were delivered in February 2021. The targets set for the Performance Share Plan 2019–2021 will be evaluated in March 2022 and the potential share rewards will be delivered by the end of April 2022. If all targets will be achieved, the share rewards subject to Board approval will comprise a maximum of approximately 1.3 million Caverion shares (gross before the deduction of applicable taxes) based on PSP 2019–2021, as well as 1.6 million Caverion shares (gross before the deduction of applicable taxes) for each of PSP 2020-2022, PSP 2021-2023 as well as PSP 2022-2024.

The Board of Directors of Caverion decided on 30 April 2020, upon management's suggestion, to postpone the commencement of PSP 2020-2022 incentive plan, latest until the beginning of the year 2021. More information on the said plan has been published in a stock exchange release on 18 December 2019.

The Restricted Share Plan (RSP) is based on a rolling plan structure originally announced on 18 December 2015. The commencement of each new plan within the structure is conditional on a separate Board approval. Share allocations within the Restricted Share Plan will be made for individually selected key employees in specific situations. Each RSP plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues at the time of the delivery of the share reward. The potential share rewards based on the Restricted Share Plans for 2019–2021, 2020-2022, 2021-2023 as well as 2022-2024 total a maximum of approximately 615,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 135,000 shares will be delivered in the spring of 2022, a maximum of 230,000 shares in the spring of 2023, a maximum of 165,000 shares in the spring of 2024 and a maximum of 85,000 shares in the spring of 2025.

More information on the incentive plans has been published in stock exchange releases on 18 December 2015, 21 December 2016, 21 December 2017, 18 December 2018, 18 December 2019, 9 December 2020 and 14 December 2021.

Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Authorisations of the Board of Directors

Authorising Caverion's Board of Directors to decide on the repurchase and/or on the acceptance as pledge of own shares of the company

The Annual General Meeting of Caverion Corporation, held on 24 March 2021, authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares in accordance with the proposal by the Board of Directors. The number of own shares to be repurchased and/or accepted as pledge shall not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Company may use only unrestricted equity to repurchase own shares on the basis of the authorisation. Purchase of own shares may be made at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors resolves the manner in which own shares be repurchased and/or accepted as pledge. Repurchase of own shares may be made using, inter alia, derivatives. Repurchase and/or acceptance as pledge of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed repurchase or acceptance as pledge).

The authorisation cancels the authorisation given by the General Meeting on 25 May 2020 to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares. The authorisation is valid until 24 September 2022. The Board of Directors has not used the authorisation to decide on the repurchase of the Company's own shares during the period.

As part of the implementation of the Matching Share Plan announced on 7 February 2018, the company has accepted as a pledge the shares acquired by those key employees who took a loan from the company. As a result, Caverion had 689,056 Caverion Corporation shares as a pledge at the end of the reporting period on 31 December 2021.

Authorising Caverion's Board of Directors to decide on share issues

The Annual General Meeting of Caverion Corporation, held on 24 March 2021, authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The number of shares to be issued under the authorisation may not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Board of Directors decides on all the conditions of the issuance of shares. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorisation can be used, e.g. in order to develop the Company's capital structure, to broaden the Company's ownership base, to be used as payment in corporate acquisitions or when the Company acquires assets relating to its business and as part of the Company's incentive programs. The authorisation cancels the authorisation given by the general meeting on 25 May 2020 to decide on the issuance of shares. The authorisation is valid until the end of the next Annual General Meeting, however no later than 31 March 2022.

The Board of Directors has used the current authorisation to decide on share issues during the period. The decisions on the directed share issues without payment described under "Share capital and number of shares" were based partly on the current and partly on the previous authorisation.

Trading in shares

The opening price of Caverion's share was EUR 5.81 at the beginning of 2021. The closing rate on the last trading day of the review period on 31 December was EUR 6.39. The share price increased by 10 percent during January–December. The highest price of the share during the review period January–December was EUR 7.94, the lowest was EUR 5.06 and the average price was EUR 6.13. Share turnover on Nasdaq Helsinki in January–December amounted to 38.6 million shares. The value of share turnover was EUR 236.6 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other marketplaces, such as Cboe and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 871.7 million. Market capitalisation has been calculated excluding the 2,502,467 shares held by the company as per 31 December 2021.

Number of shareholders and flagging notifications

At the end of December 2021, the number of registered shareholders in Caverion was 27,582 (9/2021: 26,261). At the end of December 2021, a total of 31.1 percent of the shares were owned by nominee-registered and non-Finnish investors (9/2021: 31.7%).

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 31 December 2021, are available on Caverion's website at www.caverion.com/investors.

Board of Directors' proposal for the distribution of distributable equity

The distributable equity of the parent company Caverion Corporation on 31 December 2021 is (EUR):

Retained earnings	66,758,154.89
Result for the period	-3,488,422.72
Retained earnings, total	63,269,732.19
Unrestricted equity reserve	66,676,176.49
Distributable equity, total	129,945,908.66

The Board of Directors proposes to the Annual General Meeting to be held on 28 March 2022 that a dividend of EUR 0.17 per share will be paid for the year 2021.

SIGNATURE OF THE REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Helsinki, 9 February 2022

Caverion Corporation

Board of Directors

Mats Paulsson

Chairman

Markus Ehrnrooth

Vice Chairman

Jussi Aho

Joachim Hallengren

Thomas Hinnerskov

Kristina Jahn

Jasmin Soravia

Jacob Götzsche

President and CEO

FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2021: FINANCIAL TABLES

The Financial Statement Release is based on the audited Financial Statements for 2021.

Condensed consolidated income statement

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	**585.3**	**579.3**	**2,139.5**	**2,154.9**
Other operating income	0.9	0.7	2.8	11.5
Materials and supplies	-154.3	-139.7	-523.9	-529.0
External services	-118.9	-116.6	-398.4	-410.1
Employee benefit expenses	-223.8	-235.4	-889.9	-902.6
Other operating expenses	-66.2	-66.5	-216.3	-225.3
Share of results of associated companies	0.0		0.0	0.0
Depreciation, amortisation and impairment	-17.9	-19.9	-70.3	-72.2
Operating result	**5.1**	**1.9**	**43.5**	**27.2**
% of revenue	0.9	0.3	2.0	1.3
Financial income and expense, net	-2.5	-2.6	-8.6	-11.2
Result before taxes	**2.6**	**-0.7**	**34.9**	**16.0**
% of revenue	0.4	-0.1	1.6	0.7
Income taxes	-1.0	-2.9	-9.8	-7.3
Result for the period	**1.6**	**-3.6**	**25.1**	**8.6**
% of revenue	0.3	-0.6	1.2	0.4
Attributable to				
Equity holders of the parent company	1.6	-3.6	25.0	8.6
Non-controlling interests	0.0	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company				
Earnings per share, undiluted, EUR	0.01	-0.03	0.17	0.05
Diluted earnings per share, EUR	0.01	-0.03	0.17	0.05

Consolidated statement of comprehensive income

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Result for the review period	**1.6**	**-3.6**	**25.1**	**8.6**
Other comprehensive income				
Items that will not be reclassified to profit/loss				
- Change in fair value of defined benefit pension plans	0.6	-3.4	-0.1	-0.7
-- Deferred tax	-0.5	0.5	-0.5	0.5
- Change in fair value of other investments	0.0	0.0	0.0	0.0
-- Deferred tax				
Items that may be reclassified subsequently to profit/loss				
- Translation differences	6.3	2.8	8.1	-9.3
Other comprehensive income, total	**6.4**	**-0.1**	**7.5**	**-9.5**
Total comprehensive result	**8.0**	**-3.6**	**32.5**	**-0.9**
Attributable to				
Equity holders of the parent company	8.0	-3.6	32.5	-0.9
Non-controlling interests	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Dec 31, 2021	Dec 31, 2020
Assets		
Non-current assets		
Property, plant and equipment	17.6	18.9
Right-of-use assets	131.2	125.5
Goodwill	369.9	365.0
Other intangible assets	47.7	49.1
Shares in associated companies and joint ventures	1.5	1.7
Other investments	1.3	1.3
Other receivables	9.6	8.1
Deferred tax assets	16.8	19.6
Total non-current assets	**595.6**	**589.1**
Current assets		
Inventories	16.9	16.3
Trade receivables	346.0	316.5
POC receivables	195.6	190.0
Other receivables	34.4	31.0
Income tax receivables	0.6	0.2
Cash and cash equivalents	130.9	149.3
Total current assets	**724.4**	**703.3**
Total assets	**1,320.0**	**1,292.4**
Equity and liabilities		
Equity attributable to equity holders of the parent company		
Share capital	1.0	1.0
Hybrid capital	35.0	35.0
Other equity	165.1	160.3
Non-controlling interest	0.3	0.3
Equity	**201.4**	**196.6**
Non-current liabilities		
Deferred tax liabilities	34.0	31.6
Pension liabilities	50.6	51.4
Provisions	10.6	10.8
Lease liabilities	94.1	87.5
Other interest-bearing debts	132.9	135.7
Other liabilities	7.1	5.7
Total non-current liabilities	**329.2**	**322.7**
Current liabilities		
Advances received	261.3	252.2
Trade payables	167.4	163.6
Other payables	276.5	263.1
Income tax liabilities	5.5	12.3
Provisions	34.0	37.3
Lease liabilities	41.6	41.7
Other interest-bearing debts	3.1	3.0
Total current liabilities	**789.4**	**773.1**
Total equity and liabilities	**1,320.0**	**1,292.4**

Working capital

EUR million	Dec 31, 2021	Dec 31, 2020
Inventories	16.9	16.3
Trade and POC receivables	541.9	506.5
Other current receivables	33.8	30.2
Trade and POC payables	-197.7	-188.0
Other current liabilities	-278.3	-273.3
Advances received	-261.3	-252.2
Working capital	**-144.7**	**-160.4**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2021	**1.0**	**111.3**	**-14.1**	**-0.1**	**-2.8**	**66.0**	**35.0**	**196.3**	**0.3**	**196.6**
Comprehensive income										
Result for the period		25.0						25.0	0.0	25.1
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-0.1						-0.1		-0.1
-Deferred tax		-0.5						-0.5		-0.5
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			8.1					8.1		8.1
Comprehensive income, total		**24.4**	**8.1**	**0.0**				**32.5**	**0.0**	**32.5**
Dividend distribution		-27.3						-27.3	0.0	-27.3
Share-based payments		1.5						1.5		1.5
Transfer of own shares		-0.4			0.4					
Hybrid capital interests and costs after taxes		-1.9						-1.9		-1.9
Equity on December 31, 2021	**1.0**	**107.6**	**-6.0**	**-0.2**	**-2.4**	**66.0**	**35.0**	**201.1**	**0.3**	**201.4**

EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
	Equity attributable to owners of the parent									
Equity on January 1, 2020	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income										
Result for the period		8.6						8.6	0.0	8.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-0.7						-0.7		-0.7
-Deferred tax		0.5						0.5		0.5
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			-9.3					-9.3		-9.3
Comprehensive income, total		**8.4**	**-9.3**	**0.0**				**-0.9**	**0.0**	**-0.9**
Dividend distribution									0.0	0.0
Share-based payments		2.4						2.4		2.4
Transfer of own shares		-0.3			0.3					
Hybrid capital repayment							-66.1	-66.1		-66.1
Hybrid capital issue							35.0	35.0		35.0
Hybrid capital interests and costs after taxes		-2.4						-2.4		-2.4
Other distribution of equity									-0.1	-0.1
Other change		-0.2						-0.2		-0.2
Equity on December 31, 2020	**1.0**	**111.3**	**-14.1**	**-0.1**	**-2.8**	**66.0**	**35.0**	**196.3**	**0.3**	**196.6**

Condensed consolidated statement of cash flows

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flows from operating activities				
Result for the period	1.6	-3.6	25.1	8.6
Adjustments to result	35.0	35.9	99.8	95.0
Change in working capital	40.1	49.0	-21.0	54.0
Operating cash flow before financial and tax items	**76.7**	**81.3**	**103.8**	**157.6**
Financial items, net	-2.8	-2.7	-9.0	-9.5
Taxes paid	-4.8	-3.5	-14.3	-8.5
Net cash from operating activities	**69.1**	**75.1**	**80.4**	**139.6**
Cash flows from investing activities				
Acquisition of subsidiaries and businesses, net of cash	-3.1	0.0	-9.7	-2.1
Disposal of subsidiaries and businesses, net of cash	-0.9	0.0	-0.9	1.9
Capital expenditure and other investments, net	-3.1	-1.0	-11.7	-11.6
Net cash used in investing activities	**-7.0**	**-1.0**	**-22.3**	**-11.8**
Cash flow after investing activities	**62.1**	**74.2**	**58.2**	**127.8**
Cash flow from financing activities				
Change in loan receivables, net				0.3
Change in current liabilities, net	0.0			
Proceeds from borrowings	50.2		50.3	15.0
Repayments of borrowings	-51.7	-1.5	-53.2	-1.5
Repayments of lease liabilities	-12.2	-13.1	-46.9	-48.2
Hybrid capital issue				35.0
Hybrid capital repayment				-66.1
Hybrid capital costs and interests			-2.4	-3.0
Dividends paid and other distribution of assets		-0.1	-27.3	-0.1
Net cash used in financing activities	**-13.7**	**-14.7**	**-79.5**	**-68.5**
Change in cash and cash equivalents	**48.4**	**59.5**	**-21.3**	**59.2**
Cash and cash equivalents at the beginning of the period	81.5	84.8	149.3	93.6
Change in the foreign exchange rates	1.1	5.0	2.9	-3.5
Cash and cash equivalents at the end of the period	**130.9**	**149.3**	**130.9**	**149.3**

Free cash flow

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Operating cash flow before financial and tax items	76.7	81.3	103.8	157.6
Taxes paid	-4.8	-3.5	-14.3	-8.5
Net cash used in investing activities	-7.0	-1.0	-22.3	-11.8
Free cash flow	**64.9**	**76.9**	**67.2**	**137.3**

NOTES TO THE FINANCIAL STATEMENT RELEASE

1 Accounting principles

Caverion Corporation's Financial Statement Release for 1 January – 31 December, 2021 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The information presented in this Financial Statement Release is based on the audited Financial Statements for 2021. Caverion has applied the same accounting principles in the preparation of the Financial Statement Release as in its Financial Statements for 2021.

In the Financial Statement Release the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

In April 2021, the IFRS Interpretations Committee issued its final agenda decision on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Interpretations Committee examined whether, applying IAS 38, the configuration and customisation of software shall be recognised as an intangible asset and, if an intangible asset is not recognised, how these configuration and customisation costs are to be recognised. IFRIC agenda decisions do not have an effective date; it is expected that they are applied as soon as possible. As Caverion has cloud computing arrangements in place, it analysed whether this agenda decision has an impact on the accounting principles applied to the implementation costs in cloud computing arrangements. As a result of the analysis, EUR 1.4 million previously capitalised implementation expenses were booked as operative expenses.

2 Key figures

	12/2021	12/2020
Revenue, EUR million	2,139.5	2,154.9
EBITDA, EUR million	113.8	99.4
EBITDA margin, %	5.3	4.6
Adjusted EBITDA, EUR million	142.1	116.5
Adjusted EBITDA margin, %	6.6	5.4
EBITA, EUR million	59.4	42.4
EBITA margin, %	2.8	2.0
Adjusted EBITA, EUR million	87.7	60.6
Adjusted EBITA margin, %	4.1	2.8
Operating profit, EUR million	43.5	27.2
Operating profit margin, %	2.0	1.3
Result before taxes, EUR million	34.9	16.0
% of revenue	1.6	0.7
Result for the review period, EUR million	25.1	8.6
% of revenue	1.2	0.4
Earnings per share, undiluted, EUR	0.17	0.05
Earnings per share, diluted, EUR	0.17	0.05
Equity per share, EUR	1.5	1.4
Equity ratio, %	19.0	18.9
Interest-bearing net debt, EUR million	140.7	118.6
Gearing ratio, %	69.8	60.4
Total assets, EUR million	1,320.0	1,292.4
Operating cash flow before financial and tax items, EUR million	103.8	157.6
Cash conversion (LTM), %	91.2	158.5
Working capital, EUR million	-144.7	-160.4
Gross capital expenditures, EUR million	26.0	16.7
% of revenue	1.2	0.8
Order backlog, EUR million	1,863.8	1,609.1
Personnel, average for the period	14,831	15,773
Number of outstanding shares at the end of the period (thousands)	136,418	136,112
Average number of shares (thousands)	136,298	136,105

3 Financial development by quarter

EUR million	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Revenue	585.3	493.7	545.1	515.3	579.3	515.5	518.5	541.6
EBITDA	23.0	31.2	31.5	28.1	21.8	31.4	22.1	24.1
EBITDA margin, %	3.9	6.3	5.8	5.5	3.8	6.1	4.3	4.4
Adjusted EBITDA	44.5	35.0	33.2	29.4	36.9	34.8	18.5	26.3
Adjusted EBITDA margin, %	7.6	7.1	6.1	5.7	6.4	6.8	3.6	4.8
EBITA	8.6	17.7	18.0	15.1	6.3	17.7	8.4	10.0
EBITA margin, %	1.5	3.6	3.3	2.9	1.1	3.4	1.6	1.8
Adjusted EBITA	30.1	21.5	19.7	16.4	22.5	21.2	4.8	12.1
Adjusted EBITA margin, %	5.1	4.4	3.6	3.2	3.9	4.1	0.9	2.2
Operating profit	5.1	13.5	13.9	11.0	1.9	13.9	5.0	6.5
Operating profit margin, %	0.9	2.7	2.5	2.1	0.3	2.7	1.0	1.2

	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Earnings per share, undiluted, EUR	0.01	0.05	0.06	0.05	-0.03	0.06	0.01	0.01
Earnings per share, diluted, EUR	0.01	0.05	0.06	0.05	-0.03	0.06	0.01	0.01
Equity per share, EUR	1.5	1.4	1.4	1.3	1.4	1.5	1.4	1.7
Equity ratio, %	19.0	19.0	18.1	17.2	18.9	19.8	18.6	22.0
Interest-bearing net debt, EUR	140.7	185.0	147.3	98.0	118.6	187.5	138.8	142.8
Gearing ratio, %	69.8	96.2	79.9	55.2	60.4	93.8	72.5	62.3
Total assets, EUR million	1,320.0	1,254.2	1,258.3	1,280.9	1,292.4	1,247.7	1,265.3	1,261.1
Operating cash flow before financial and tax items, EUR million	76.7	-10.1	-3.4	40.6	81.3	-28.0	48.2	56.1
Cash conversion (LTM), %	91.2	96.4	80.3	137.4	158.5	138.2	160.7	162.4
Working capital, EUR million	-144.7	-101.7	-139.9	-176.0	-160.4	-94.5	-161.3	-127.3
Gross capital expenditures, EUR	5.2	13.7	2.8	4.3	3.4	1.1	4.0	8.3
% of revenue	0.9	2.8	0.5	0.8	0.6	0.2	0.8	1.5
Order backlog, EUR million	1,863.8	1,889.7	1,789.0	1,626.7	1,609.1	1,627.7	1,739.7	1,768.3
Personnel at the end of the period	14,298	14,773	14,958	14,892	15,163	15,649	15,902	16,010
Number of outstanding shares at end of period (thousands)	136,418	136,448	136,296	136,176	136,112	136,112	136,112	136,110
Average number of shares (thousands)	136,433	136,361	136,258	136,138	136,112	136,112	136,109	136,085

4 Calculation of key figures

Key figures on financial performance

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC) *
EBITA =	Operating profit (EBIT) + amortisation and impairment
Adjusted EBITA =	EBITA before items affecting comparability (IAC) *
Equity ratio (%) =	$\frac{\text{(Equity + non-controlling interest)} \times 100}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\frac{\text{(Interest-bearing liabilities - cash and cash equivalents)} \times 100}{\text{Shareholders' equity + non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities
Cash conversion (%) =	$\frac{\text{Operating cash flow before financial and tax items (LTM)} \times 100}{\text{EBITDA (LTM)}}$
Organic growth =	Defined as the change in revenue in local currencies excluding the impacts of (i) currencies; and (ii) acquisitions and divestments. The currency impact shows the impact of changes in exchange rates of subsidiaries with a currency other than the euro (Group's reporting currency). The acquisitions and divestments impact shows how acquisitions and divestments completed during the current or previous year affect the revenue reported.

Share related key figures

Earnings / share, undiluted =	$\frac{\text{Result for the period (attributable for equity holders) - hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Earnings /share, diluted =	$\frac{\text{Result for the period (attributable for equity holders) - hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average dilution adjusted number of shares outstanding during the period}}$
Equity / share =	$\frac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$

*Items affecting comparability (IAC) in 2021 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (2) write-downs, expenses and/or income from separately identified major risk projects; (3)

restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2020 and 2021, major risk projects only include one risk project in Germany reported under category (2). In 2020 and 2021, provisions and legal and other costs related to the German anti-trust matter and in 2020 also costs related to a subsidiary in Russia sold during the second quarter have been reported under category (4).

Adjusted EBITDA is affected by the same adjustments as adjusted EBITA, except for restructuring costs, which do not include depreciation and impairment relating to restructurings.

ESMA (European Securities and Markets Authority) has issued guidelines regarding Alternative Performance Measures ("APM"). Caverion presents APMs to improve the analysis of business and financial performance and to enhance the comparability between reporting periods. APMs presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS.

5 Acquisitions

Acquisitions completed in January-December 2021

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Employees	Prior fiscal year annual sales, EUR million
Electro Berchtold	Austria	Services	Technical Maintenance	Business	Jan	13	2.5
RPH Linc	Sweden	Services	Security and safety	Business	Jul	9	2.5
GTS Immobilien GmbH	Austria	Projects	Building Automation	Shares	Jul	40	5.8
Felcon GmbH	Austria	Services	Ventilation and air conditioning	Shares	Sep	13	2.4
Bott Kälte- und Klimatechnik	Germany	Services	Cooling	Business	Oct	8	0.7
Rørlegger'n Innlandet	Norway	Services	Heating and sanitation	Business	Dec	7	0.7
Merius	Industry	Services	Industrial design and advisory	Business	Dec	20	1.4

In the next table, the assets and liabilities of the acquired businesses are reported in aggregate. The consolidation of the acquired businesses is still provisional as of 31 December 2021. Therefore, the fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalized.

Assets and liabilities of the acquired businesses (including fair value adjustments)	
EUR million	**Dec 31, 2021**
Intangible assets	8.7
Right-of-use assets	0.7
Tangible assets	0.4
Inventories	0.4
Investments	0.1
Trade and other receivables	2.6
Deferred tax assets	0.3
Cash and cash equivalents	0.9
Total assets	**14.1**
Interest-bearing debt	0.2
Trade payables	0.4
Advances received	0.1
Pension liabilities	0.1
Provisions	0.2
Lease liabilities	0.7
Deferred tax liabilities	1.1
Other liabilities	1.1
Total liabilities	**3.9**
Net assets	**10.2**
Acquisition cost paid in cash during the fiscal period	**10.6**
Contingent consideration, to be paid during future fiscal periods	**4.5**
Goodwill	**4.9**

6 Related party transactions

Caverion announced on 7 February 2018 in a stock exchange release the establishment of a new share-based incentive plan directed for the key employees of the Group ("Matching Share Plan 2018–2022"). The company provided the participants a possibility to finance the acquisition of the company's shares through an interest-bearing loan from the company, which some of the participants utilised. In the end of December 2021, the total outstanding amount of these loans amounted approximately to EUR 4.4 (4.3) million. The loans will be repaid in full on 31 December 2023, at the latest. Company shares have been pledged as a security for the loans.

Purchases from members of the Board

Caverion had a fixed term contract until 28 February 2021 with a member of the Board concerning consulting services. The value of the contract was not material.

Caverion entered into a new fixed term contract until 31 March 2022 with a member of the Board concerning consulting services in August 2021. After the reporting period, contract has been prolonged until 31 December 2022. The value of the contract is not material.

7 Financial risk management

Caverion's main financial risks are the liquidity risk, credit risk as well as market risks including the foreign exchange and interest rate risk. The objectives and principles of financial risk management are defined in the Treasury Policy approved by the Board of Directors. Financial risk management is carried out by Group Treasury in co-operation with the Group's subsidiaries.

During 2021 the impact of corona pandemic was easing off in the financial markets. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks are gradually returning to the pre-pandemic levels. However, the year closed in uncertainty with soaring numbers of omicron variant infections and governmental restrictions being re-imposed. Therefore, Caverion remains cautious with the financial risk management.

The objective of capital management in Caverion Group is to maintain an optimal capital structure, maximise the return on the respective capital employed and to minimise the cost of capital within the limits and principles stated in the Treasury Policy. The capital structure is modified primarily by directing investments and working capital employed.

No significant changes have been made to the Group's financial risk management principles in the reporting period. Further information is presented in Group's 2021 financial statement in note 5.5 Financial risk management.

Caverion's liquidity position is strong. Caverion continues the sharpened focus on optimising cash flow and working capital management. Ensuring adequate financing has also been prioritised.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The covenant ratio is continuously monitored and evaluated against actual and forecasted EBITDA and net debt figures.

The next table presents the maturity structure of interest-bearing liabilities. Interest-bearing borrowings are based on contractual maturities of liabilities excluding interest payments. Lease liabilities are presented based on discounted present value of remaining lease payments. Cash flows of foreign-denominated liabilities are translated into the euro at the reporting date.

EUR million	2022	2023	2024	2025	2026	2027->	Total
Interest-bearing borrowings	3.0	78.0	3.0	51.5	0.0	0.5	135.9
Lease liabilities	41.6	32.5	21.4	13.0	8.6	18.7	135.7
Total	**44.6**	**110.5**	**24.4**	**64.5**	**8.6**	**19.2**	**271.6**

8 Financial liabilities and interest-bearing net debt

EUR million	Dec 31, 2021 Carrying amount	Dec 31, 2020 Carrying amount
Non-current liabilities		
Senior bonds	74.9	74.7
Loans from financial institutions	50.0	49.9
Other financial loans	0.5	0.5
Pension loans	7.5	10.5
Lease liabilities	94.1	87.5
Total non-current interest-bearing liabilities	**226.9**	**223.2**
Current liabilities		
Loans from financial institutions	0.1	0.0
Pension loans	3.0	3.0
Other financial loans	0.0	0.0
Lease liabilities	41.6	41.7
Total current interest-bearing liabilities	**44.7**	**44.7**
Total interest-bearing liabilities	**271.6**	**267.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**135.9**	**138.7**
Cash and cash equivalents	130.9	149.3
Interest-bearing net debt	**140.7**	**118.6**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**5.0**	**-10.6**

The carrying amounts of all financial assets and liabilities are reasonably close to their fair values.

Derivative instruments

Nominal amounts EUR million	Dec 31, 2021	Dec 31, 2020
Foreign exchange forwards	65.2	70.2

Fair values EUR million	Dec 31, 2021	Dec 31, 2020
Foreign exchange forwards		
positive fair value	0.1	0.6
negative fair value	-0.1	-0.2

The fair values of the derivative instruments have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

9 Commitments and contingent liabilities

EUR million	Dec 31, 2021	Dec 31, 2020
Guarantees given on behalf of associated companies and joint ventures	32.1	22.4
Parent company's guarantees on behalf of its subsidiaries	467.9	454.9
Other commitments		
- Other contingent liabilities	0.2	0.2
Accrued unrecognised interest on hybrid bond	1.5	1.5

The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 8.8 million at the end of 2021 (EUR 10.2 million). The present value of lease liability of leases not yet commenced to which Caverion is committed amounted to EUR 0.1 million at the end of 2021 (EUR 0.1 million).

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 18.6 million at the end of December 2021.

The short-term risks and uncertainties relating to the operations have been described above under "Short-term risks and uncertainties".

10 Events after the reporting period

Deputy CEO Thomas Hietto, responsible for Services, Sustainability & Smart City Solutions, has resigned. Group Management Board member Kari Sundbäck, responsible for Strategy, Marketing & Communications and Supply Operations, assumed interim responsibility for Services as well as Sustainability & Smart City Solutions on top of his current role. The changes became effective as of 28 January 2022.

Caverion's Financial Information in 2022

Annual Review 2021: during week 9/2022, at the latest

Interim Report for January – March 2022: 28 April 2022

Half-year Financial Report for January – June 2022: 4 August 2022

Interim Report for January – September 2022: 3 November 2022

Building Performance

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