Q4/2020
Financial Statement Release 1-12/2020

Caverion Corporation Financial Statement Release 11 February 2021 at 8.00 a.m. EET

Caverion Corporation's Financial Statement Release for 1 January – 31 December 2020

Strong cash flow the highlight of the corona year – enabling an increased dividend

1 October – 31 December 2020

- **Revenue:** EUR 579.3 (589.0) million, down by 1.7 percent, 1.0 percent in local currencies. Organic growth was -5.6 percent. Services business revenue up by 4.4 percent, 5.3 percent in local currencies.
- **Adjusted EBITA:** EUR 22.5 (33.7) million, or 3.9 (5.7) percent of revenue.
- **EBITA:** EUR 6.3 (22.5) million, or 1.1 (3.8) percent of revenue, impacted by restructuring and write-downs on the last remaining major risk project.
- **Operating cash flow before financial and tax items:** EUR 81.3 (80.6) million. Cash and cash equivalents at year-end EUR 149.3 (93.6) million.
- **Earnings per share, undiluted:** EUR -0.03 (0.11) per share, impacted also by a high effective tax rate (corona and restructuring impact).

1 January – 31 December 2020

- **Order backlog:** EUR 1,609.1 (1,670.5) million, down by 3.7 percent. Services backlog grew by 0.7 percent.
- **Revenue:** EUR 2,154.9 (2,123.2) million, up by 1.5 percent, 2.8 percent in local currencies. Organic growth was -4.1 percent. Services business revenue up by 7.1 percent, 8.7 percent in local currencies.
- **Adjusted EBITDA:** EUR 116.5 (120.4) million, or 5.4 (5.7) percent of revenue.
- **Adjusted EBITA:** EUR 60.6 (67.2) million, or 2.8 (3.2) percent of revenue.
- **EBITA:** EUR 42.4 (49.8) million, or 2.0 (2.3) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 157.6 (143.7) million.
- **Earnings per share, undiluted:** EUR 0.05 (0.14) per share.
- **Net debt/EBITDA*:** -0.2x (1.4x).
- **Board's dividend proposal for the AGM on 24 March 2021:** Dividend of EUR 0.10 per share and an extraordinary dividend of EUR 0.10 per share, in total EUR 0.20 per share for the year 2020.
- No dividend will be paid for FY 2019 based on authorisation by AGM 2020.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

KEY FIGURES

EUR million	10–12/20	10–12/19	Change	1–12/20	1–12/19	Change
Order backlog	1,609.1	1,670.5	-3.7%	1,609.1	1,670.5	-3.7%
Revenue	579.3	589.0	-1.7%	2,154.9	2,123.2	1.5%
Adjusted EBITDA	36.9	47.0	-21.4%	116.5	120.4	-3.2%
Adjusted EBITDA margin, %	6.4	8.0		5.4	5.7	
EBITDA	21.8	35.9	-39.4%	99.4	103.0	-3.4%
EBITDA margin, %	3.8	6.1		4.6	4.8	
Adjusted EBITA	22.5	33.7	-33.2%	60.6	67.2	-9.8%
Adjusted EBITA margin, %	3.9	5.7		2.8	3.2	
EBITA	6.3	22.5	-72.0%	42.4	49.8	-14.8%
EBITA margin, %	1.1	3.8		2.0	2.3	
Operating profit	1.9	18.9	-90.1%	27.2	35.3	-23.0%
Operating profit margin, %	0.3	3.2		1.3	1.7	
Result for the period	-3.6	15.1		8.6	22.6	-61.9%
Earnings per share, undiluted, EUR	-0.03	0.11		0.05	0.14	-67.6%
Operating cash flow before financial and tax items	81.3	80.6	0.8%	157.6	143.7	9.7%
Cash conversion (LTM), %				158.5	139.5	
Working capital				-160.4	-100.9	-59.0%
Interest-bearing net debt				118.6	168.4	-29.5%
Net debt/EBITDA*				-0.2	1.4	
Gearing, %				60.4	73.6	
Equity ratio, %				18.9	21.5	
Personnel, end of period				15,163	16,273	-6.8%

* Based on calculation principles confirmed with the lending parties.

Ari Lehtoranta, President and CEO:

"Caverion's adjusted EBITA improved in the fourth quarter compared to the previous quarters of the year. While our results have been impacted by the second wave of the corona pandemic, I am pleased with our ability to manage the crisis. We have continued developing our digital, smart technology and sustainability offerings across our divisions. At the same time, we have continued to root our performance management practices across the Group, increasing our competitiveness further. When the growth starts after the crisis, we are fit and well positioned to meet new customer demand. In the fourth quarter, our focus was on executing our restructuring and productivity improvements announced in the beginning of November. The resulting savings will be at least EUR 25 million for 2021.

Our order backlog decreased by 3.7 percent to EUR 1,609.1 (1,670.5) million in the fourth quarter. Order backlog increased in Services, whereas in Projects there was a negative impact from the downturn. The share of old projects started in 2016 or earlier was only 1.4 percent of the order backlog in Projects at the end of the year. The economic environment had an impact on both revenue and profitability. Project business revenue was also affected by our continuous selectivity approach in projects and the closure of our large projects business in Denmark. Our fourth quarter revenue was EUR 579.3 (589.0) million, down by 1.7 percent or 1.0 percent in local currencies. Measured in local currencies, the Services business revenue grew by 5.3 percent, while the Projects business revenue declined by 11.1 percent in the fourth quarter. The Services business accounted for 65.3 (61.5) percent of Group revenue.

Our fourth quarter adjusted EBITA was EUR 22.5 (33.7) million, or 3.9 (5.7) percent of revenue. In Services, although the demand environment remained rather stable, our ad-hoc works were impacted by corona. In the Industry division, the quarter saw a positive impact from earlier postponed shutdown services. In Projects, the pandemic continued to impact our productivity to a certain extent. The restructurings completed in the quarter also impacted productivity. EBITA was EUR 6.3 (22.5) million, or 1.1 (3.8) percent of revenue. EBITA was impacted by one-off restructuring costs amounting to EUR 7.7 million and write-downs on the last remaining major risk project in Germany totalling EUR 7.7 million. Compared to our earlier estimate being the end of 2020, the project is now expected to be completed by the end of the first half of 2021. The execution has been delayed due to corona and other reasons beyond Caverion's control. Due to the potential negative effects of the downturn on project forecasts, we also made an overall critical assessment of our Projects business risks when closing the year. Measured by the start year of the project, our margin slippages in the Projects business have clearly decreased each year in recent years. Our risk exposure related to projects is smaller going forward due to various efforts we have made in project management, execution and financial steering.

Our cash flow was again strong and continues to be the highlight of the year. Our operating cash flow before financial and tax items improved to EUR 81.3 (80.6) million in the fourth quarter, despite being negatively impacted by previously postponed authority payments due to corona totalling EUR 6.8 million. Our liquidity position has remained strong and our leverage is at a record low level. All this enables an increased dividend proposal for 2020 compared to previous years. At the end of the fourth quarter, our interest-bearing net debt amounted to EUR 118.6 (168.4) million, or EUR -10.6 (31.5) million excluding lease liabilities. The net debt/EBITDA ratio was -0.2x (1.4x). Our cash and cash equivalents were EUR 149.3 (93.6) million. We made one small acquisition in Austria in the beginning of 2021 and are actively looking for further acquisitions.

Caverion published its sustainability targets during the quarter. The purpose of Caverion is to enable performance and people's well-being in smart and sustainably built environments. Our target is to create sustainable impact through our solutions, with a positive carbon handprint 10 times greater than our own carbon footprint by 2030. Going forward, we are actively striving to make the sustainability impacts we enable visible and measurable to our customers throughout our offering.

The year 2020 was very demanding for our employees. We have focused on employee safety throughout the year and our teams have vigorously fought the virus and taken all necessary actions in their daily work. Fortunately, all of our infected employees have so far recovered from Covid-19. Our people have shown very strong performance and I want to sincerely thank all our employees for their hard efforts during this exceptional year.

Looking forward into 2021, our target remains to come out of the crisis as a stronger company than entering it. We expect the economic environment particularly in the first quarter still to be challenging. The second half of the year looks more promising. We expect that a significant amount of the governmental and EU-level stimulus packages will be directed towards sustainable investments enabling smart buildings and cities. Even if our general outlook for this year is positive and we expect to improve our performance, Caverion will only provide a guidance for 2021 once the level of uncertainty caused by the pandemic on Caverion's operating environment and operations has diminished.

Our mid-term adjusted EBITA margin target of over 5.5 percent (launched in November 2019) is valid and we see good opportunities to improve even beyond that in the future."

OUTLOOK FOR 2021

Market outlook for Caverion's services and solutions

Caverion expects the economic environment particularly in the first quarter of 2021 still to be challenging and to negatively impact general demand and pricing, while market demand is expected to gradually pick up as of the second half of the year. This base case scenario assumes a successful implementation of the ongoing corona vaccination programmes and no material unforeseen negative surprises in 2021.

Various economic scenarios exist on how deep and long the economic downturn will be and what the speed of the economic recovery will be. The business volume and the amount of new order intake are important determinants of Caverion's performance in 2021. A negative scenario whereby the corona pandemic continues longer than currently anticipated cannot be ruled out. Nevertheless, a large part of Caverion's services is vital in keeping critical services and infrastructure up-and-running. This includes ensuring the continued functioning of energy and transportation infrastructure, health facilities, pharmaceutical and food industries, retail and logistics as well as facilities and services used by public authorities. An important share of these services needs to be performed even during a downturn.

The monetary and fiscal policies currently in place are clearly supporting an economic recovery in 2021. 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. The main themes in the EU stimulus packages are green growth and digitalisation. The EU member states must prepare and present their own national plans during spring 2021. Caverion expects these national and EU programmes to increase demand also in Caverion's areas of operation as of the second half of 2021.

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 environments, 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. Caverion has put a large effort to develop its offering and solutions to meet this demand.

The Energy Performance of Buildings Directive (EPBD) passed by the EU requires all buildings from 2021 to be nearly zero-energy buildings (NZEB). Furthermore, EU Member States shall lay down requirements to ensure that, where technically and economically feasible, non-residential buildings with an effective rated output for heating systems or systems for combined space heating and ventilation of over 290 kW are equipped with building automation and control systems by 2025. The building automation and control systems shall be capable of (a) continuously monitoring, logging, analysing and allowing for adjusting energy use; (b) benchmarking the building's energy efficiency, detecting losses in efficiency of technical building systems, and informing the person responsible for the facilities or technical building management about opportunities for energy efficiency improvement; and (c) allowing communication with connected technical building systems and other appliances inside the building.

The nearly zero or very low amount of energy required should be covered to a very significant extent from renewable sources. As concrete numeric thresholds or ranges are not defined in the EPBD, these requirements leave room for interpretation and thus allow EU Member States to define their nearly zero-energy buildings in a flexible way, taking into account their country-specific climate conditions, primary energy factors, ambition levels, calculation methodologies and building traditions. Several Caverion countries have already passed the national legislation based on the EPBD framework, for example Finland and Germany in the fourth quarter of 2020.

Services

While the corona crisis and the economic downturn have negatively impacted the demand environment in Services, especially in ad-hoc works and small service projects, an economic recovery is expected to turn the Services business back to growth. 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 within building technologies as well as in digital solutions development, both of which 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 CO2-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 outsourcing and maintenance as well as various facility management opportunities for Caverion.

Projects

The corona crisis and the economic downturn are in general impacting the demand environment negatively in Projects. In the short term, new builds are still expected to decrease while modernisations are expected to grow more modestly in larger cities. Commercial and office construction will still suffer from uncertainty. 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.

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.

Guidance for 2021

Caverion will provide a guidance for 2021 as soon as the level of uncertainty caused by the pandemic on Caverion's operating environment and operations has diminished.

ONLINE NEWS CONFERENCE AND CONFERENCE CALL

Caverion will hold an online news conference on its Financial Statement Release on Thursday, 11 February 2021, at 10.00 a.m. Finnish time (EET). The online 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 (0)330 336 9105 at 9:55 a.m. (Finnish time, EET) at the latest. The participant code for the conference call is "1772267 / Caverion". More practical information on the online news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2021

The Annual Review, including the financial statements for 2020, will be published on Caverion's website in English and Finnish by 3 March 2021 at the latest. Interim/Half-yearly Reports will be published on 29 April, 5 August and 4 November 2021.

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 CORPORATION

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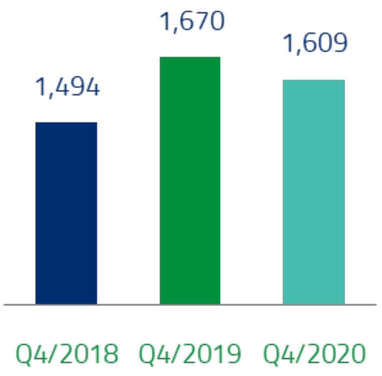
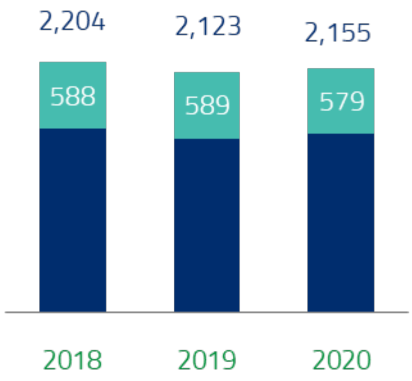
GROUP FINANCIAL DEVELOPMENT

Key figures

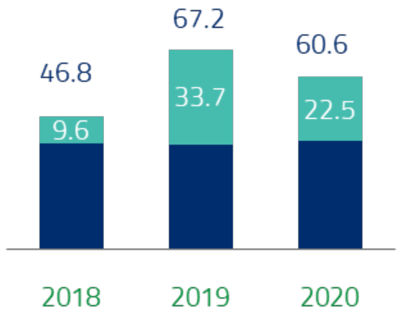
Order backlog
(EUR million)



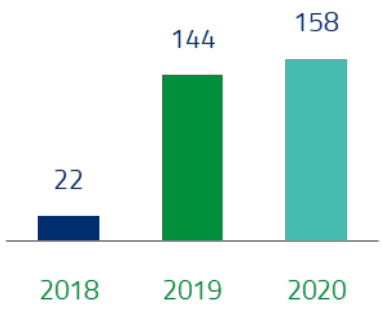
Revenue
(EUR million)



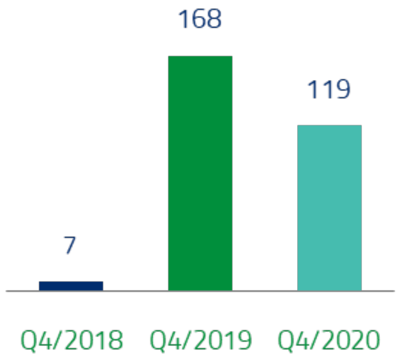
Adjusted EBITA
(EUR million)



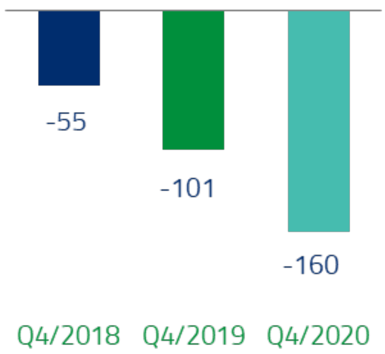
Operating cash flow before financial and tax items
(EUR million)



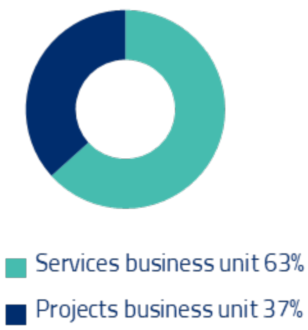
Net debt
(EUR million)



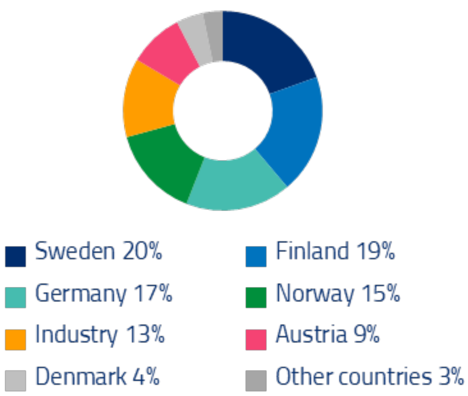
Working capital
(EUR million)



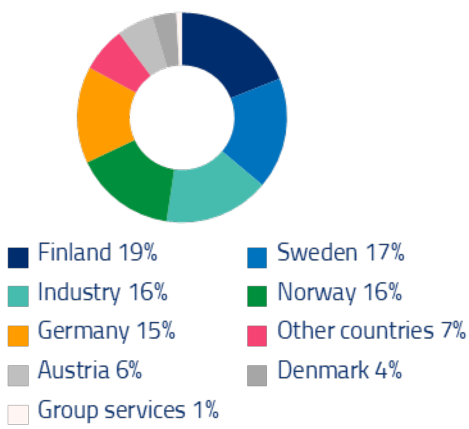
Revenue by business unit
% of revenue 1-12/2020



Revenue by division
% of revenue 1-12/2020



Personnel by division
at the end of December 2020



Comparative figures for 2018 have not been restated according to IFRS 16.

Operating environment in the fourth quarter and in 2020

The outbreak of the corona pandemic had a major impact on the operating environment in 2020. The overall market and demand situation started to weaken in mid-March. Thereafter Caverion experienced more workforce absences as well as more work site delays and closures especially in April-May. Most of Caverion's operating countries were also locked down in the early part of the second quarter, after which government restrictions and the impacts on Caverion's business started to clearly ease up in June. At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, after which the second wave of corona became more visible at the end of the third quarter, again increasing the risk exposure. In the fourth quarter the situation was more stable compared to the second quarter, but the corona pandemic impacted operations more than in the third quarter. This was visible particularly in the Projects business, whereas the Services business remained more stable. On a positive note, Caverion did not experience any major constraints in the supply chain during the year.

In order to minimise the negative financial impacts from the pandemic on its operations, Caverion implemented cost saving actions and adapted its resources. In most of the operating countries, the key flexibility measures were the use of temporary lay-offs and the reduction of subcontracting. Furthermore, due to the lengthened corona crisis and the resulting downturn, Caverion carried out proactive streamlining and adjustments of its operations during the fourth quarter. These actions included personnel reductions, reorganisation and operating model development. Due to the increased uncertainty around the market outlook as a result of the corona pandemic, the President and CEO and the top management of Caverion also decided to voluntarily lower their compensation for 2020 in the spring of 2020.

Services

The impacts of the first wave of the corona pandemic were more visible between mid-March and the end of May, at which time there were site access restrictions and less ad-hoc works, negatively impacting revenue and profitability. Government restrictions and the impacts on Caverion's business started to clearly ease up in June. At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, after which the second wave of corona became more visible at the end of the third quarter. In the fourth quarter, however, market demand in Services was rather stable and comparable to the third quarter. In division Industry, the corona situation postponed certain annual shutdowns in Finland until 2021 despite increased activity in the fourth quarter. Overall pricing environment tightened somewhat in Services as of the second quarter.

There was still a general increasing interest for services supporting sustainability, such as energy management and advisory services.

Projects

The impacts of the first wave of the corona pandemic were more visible between mid-March and the end of May. There were more workforce absences as well as more work site delays and closures. However, the previous order backlog supported the Projects business revenue in the second quarter.

At the beginning of the third quarter, the corona pandemic was well contained in most Caverion countries, after which the second wave of corona became more visible at the end of the third quarter. In the fourth quarter, there was somewhat further reduced business activity in Projects.

The demand for new construction projects was negatively impacted by the corona pandemic, however less for renovation construction. Pricing environment generally tightened in Projects as of the second quarter. Stimulus packages did not yet impact general demand during 2020.

Order backlog

Order backlog at the end of December decreased by 3.7 percent to EUR 1,609.1 million from the end of December in the previous year (EUR 1,670.5 million). At comparable exchange rates the order backlog decreased by 3.5 percent.

Order backlog increased by 0.7 percent in Services compared to the previous year, while it decreased by 8.8 percent in Projects. In the second half of the year, the impacts of corona were more visible in the Projects order backlog. Services business order backlog was less affected by corona during the year.

Revenue

October-December

EUR million	10-12/ 2020	10-12/ 2019	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	378.6	362.5	4.4%	5.3%	-1.6%	-0.9%	6.9%
Projects	200.7	226.5	-11.4%	-11.1%	-11.8%	-0.3%	0.7%
Group total	579.3	589.0	-1.7%	-1.0 %	-5.6%	-0.7%	4.6%

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

Revenue for October–December was EUR 579.3 (589.0) million, a decrease of 1.7 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 583.2 million and decreased by 1.0 percent compared to the previous year. Changes in Swedish crona had a positive effect of EUR 3.8 million and changes in Norwegian krone and Russian rouble a negative effect of EUR 6.4 million and EUR 1.2 million, respectively.

Organic growth was -5.6 percent, impacted by the corona crisis and the downturn. Revenue was also impacted by fluctuations in currency exchange rates and the Maintpartner and Huurre acquisitions as of December 2019.

Revenue increased in Finland, Germany and Industry, while it decreased in other divisions.

The revenue of the Services business unit increased and was EUR 378.6 (362.5) million in October–December, an increase of 4.4 percent, or 5.3 percent in local currencies. The revenue of the Projects business unit was EUR 200.7 (226.5) million in October–December, a decrease of 11.4 percent, or 11.1 percent in local currencies.

The Services business unit accounted for 65.3 (61.5) percent of Group revenue, and the Projects business unit for 34.7 (38.5) percent of Group revenue in October–December.

January-December

EUR million	1-12/ 2020	1-12/ 2019	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	1,364.9	1,274.9	7.1%	8.7%	-2.2%	-1.7%	10.9%
Projects	790.0	848.3	-6.9%	-6.2%	-6.9%	-0.7%	0.7%
Group total	2,154.9	2,123.2	1.5%	2.8%	-4.1%	-1.3%	6.8%

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

Revenue for January–December was EUR 2,154.9 (2,123.2) million, an increase of 1.5 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 2.181,9 million and increased by 2.8 percent compared to the previous year. Changes in Swedish crona had a positive effect of EUR 4.0 million and changes in Norwegian krone and Russian rouble a negative effect of EUR 28.3 million and EUR 2.3 million, respectively.

Organic growth was -4.1 percent, impacted by the corona crisis and the downturn. Revenue was also impacted by fluctuations in currency exchange rates and the Maintpartner and Huurre acquisitions as of December 2019.

Revenue increased in Finland, Germany and Industry, while it decreased in other divisions.

The revenue of the Services business unit increased and was EUR 1,364.9 (1,274.9) million in January–December, an increase of 7.1 percent, or 8.7 percent in local currencies. The revenue of the Projects business unit was EUR 790.0 (848.3) million in January–December, a decrease of 6.9 percent, or 6.2 percent in local currencies. Project business revenue was affected by the continuous selectivity approach in projects and the closure of the large projects business in Denmark.

The Services business unit accounted for 63.3 (60.0) percent of Group revenue, and the Projects business unit for 36.7 (40.0) percent of Group revenue in January–December.

Distribution of revenue by Division and Business Unit

Revenue, EUR million	10–12/ 2020	%	10–12/ 2019	%	Change	1–12/ 2020	%	1–12/ 2019	%	Change
Sweden	117.4	20.3	123.2	20.9	-4.7%	420.6	19.5	435.4	20.5	-3.4%
Finland	114.3	19.7	112.4	19.1	1.7%	416.0	19.3	384.3	18.1	8.2%
Norway	91.7	15.8	94.6	16.1	-3.1%	318.9	14.8	359.6	16.9	-11.3%
Germany	93.7	16.2	92.3	15.7	1.5%	368.8	17.1	355.5	16.7	3.7%
Austria	48.4	8.4	52.4	8.9	-7.6%	191.4	8.9	200.1	9.4	-4.4%
Industry	74.1	12.8	61.6	10.5	20.2%	275.9	12.8	205.3	9.7	34.4%
Denmark	25.5	4.4	29.3	5.0	-13.2%	93.6	4.3	109.5	5.2	-14.5%
Other countries*	14.2	2.4	23.1	3.9	-38.6%	69.7	3.2	73.6	3.5	-5.2%
Group, total	579.3	100	589.0	100	-1.7%	2,154.9	100	2,123.2	100	1.5%
Services	378.6	65.3	362.5	61.5	4.4%	1,364.9	63.3	1,274.9	60.0	7.1%
Projects	200.7	34.7	226.5	38.5	-11.4%	790.0	36.7	848.3	40.0	-6.9%

** Other countries include the Baltic countries, Poland (until 28 February 2019) and Russia.*

Profitability

EBITA and operating profit

October-December

Adjusted EBITA for October-December amounted to EUR 22.5 (33.7) million, or 3.9 (5.7) percent of revenue and EBITA to EUR 6.3 (22.5) million, or 1.1 (3.8) percent of revenue.

In Services, although the demand environment remained rather stable, the ad-hoc works were impacted by corona. In the Industry division, the quarter saw a positive impact from earlier postponed shutdown services. In Projects, the pandemic continued to impact productivity to a certain extent.

EBITA was impacted by one-off restructuring costs amounting to EUR 7.7 million and write-downs on the last remaining major risk project in Germany totalling EUR 7.7 million. Compared to earlier estimate being the end of 2020, the project is now expected to be completed by the end of the first half of 2021. The execution has been delayed due to corona and other reasons beyond Caverion's control.

In the adjusted EBITA calculation, the capital gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR 0.5 million. The write-downs, expenses and/or income from separately identified major risk projects amounted to EUR 7.7 million. The Group's restructuring costs amounted to EUR 7.7 million, the majority of which related to Germany, Norway and Sweden. Other items totalled EUR 0.3 million.

The operating profit (EBIT) for October-December was EUR 1.9 (18.9) million, or 0.3 (3.2) percent of revenue.

Costs related to materials and supplies amounted to EUR 139.7 (139.4) million and external services to EUR 116.6 (116.9) million in October-December. Personnel expenses amounted to a total of EUR 235.4 (235.0) million for October-December, impacted by the completed acquisitions in 2019 and the streamlining measures taken in 2020. Personnel expenses decreased from the previous year excluding the effect of the acquisitions. Other operating expenses decreased to EUR 66.5 (73.8) million, due to savings in several categories. Other operating income decreased to EUR 0.7 (12.0) million. The figures for 2019 only include the costs of the companies acquired in late 2019 as of the date of closing.

Depreciation, amortisation and impairment amounted to EUR 19.9 (17.0) million in October-December, affected by acquisitions completed and restructuring costs. Of these EUR 15.4 (13.4) million were depreciations on tangible assets and EUR 4.4 (3.6) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 14.0 (12.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

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 2020 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 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, legal and other costs related to the German anti-trust fine and costs related to a subsidiary in Russia sold during the second quarter have been reported under category (4).

January-December

Adjusted EBITA for January–December amounted to EUR 60.6 (67.2) million, or 2.8 (3.2) percent of revenue and EBITA to EUR 42.4 (49.8) million, or 2.0 (2.3) percent of revenue.

In the adjusted EBITA calculation, the capital gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR -6.0 million. The write-downs, expenses and/or income from separately identified major risk projects amounted to EUR 12.8 million. The Group's restructuring costs amounted to EUR 10.7 million, the majority of which related to Germany, Sweden, Norway and Denmark. Other items totalled EUR 0.6 million.

The operating profit (EBIT) for January–December decreased to EUR 27.2 (35.3) million, or 1.3 (1.7) percent of revenue.

Costs related to materials and supplies increased to EUR 529.0 (524.2) million and external services decreased to EUR 410.1 (411.3) million in January–December. Personnel expenses increased by 3.9 percent from the previous year and amounted to a total of EUR 902.6 (868.9) million for January–December, explained mainly by the completed acquisitions in 2019. Personnel expenses decreased from the previous year excluding the effect of the acquisitions. Division Sweden received a grant from the government in 2020 for short-term layoffs and sick-leave compensation amounting to about EUR 3.6 million. This has been presented in income statement as a reduction of personnel costs. Other operating expenses decreased to EUR 225.3 (229.8) million. Other operating income was EUR 11.5 (14.0) million. The capital gain from the sale of a subsidiary in Russia is reported under other operating income for the period and it amounted to EUR 7.3 million, mainly consisting of cumulative translation differences. The transaction had no cash flow impact. The figures for 2019 only include the costs of the companies acquired in late 2019 as of the date of closing.

Depreciation, amortisation and impairment amounted to EUR 72.2 (67.6) million in January–December affected by acquisitions completed. Of these EUR 57.0 (53.2) million were depreciations on tangible assets and EUR 15.2 (14.5) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 51.0 (47.9) million. The amortisations related to allocated intangibles on acquisitions and IT.

The definitions for EBITA and Adjusted EBITA have been presented above under October-December profitability.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	10–12/ 2020	10–12/ 2019	1–12/ 2020	1–12/ 2019
EBITA	6.3	22.5	42.4	49.8
EBITA margin, %	1.1	3.8	2.0	2.3
Items affecting comparability (IAC)				
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.5	2.1	-6.0	4.8
- Write-downs, expenses and income from major risk projects*	7.7	15.5	12.8	17.1
- Restructuring costs	7.7	2.9	10.7	4.6
- Other items**	0.3	-9.3	0.6	-9.0
Adjusted EBITA	22.5	33.7	60.6	67.2
Adjusted EBITA margin, %	3.9	5.7	2.8	3.2

** Major risk projects include only one risk project in Germany in 2019 and 2020.*

*** In 2019, including legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case. In 2020, including legal and other costs related to the German anti-trust fine and costs related to a subsidiary in Russia sold during the second quarter.*

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. These amounted to EUR 1.0 million in October–December and EUR 1.1 million in January–December. In 2019, the EBITA adjustments did not include depreciation and impairment.

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

Result before taxes amounted to EUR 16.0 (27.0) million, result for the period to EUR 8.6 (22.6) million, and earnings per share to EUR 0.05 (0.14) in January–December. Net financing expenses in January–December were EUR 11.2 (8.4) million. This includes an interest cost on lease liabilities amounting to EUR 4.5 (5.2) million and an exchange rate loss from an internal loan denominated in euros in Russia amounting to EUR 1.0 million.

In October-December, result before taxes was EUR -0.7 (16.3) million, result for the period EUR -3.6 (15.1) million, and earnings per share EUR -0.03 (0.11). Earnings per share was impacted also by a high effective tax rate due to not recording a deferred tax asset on losses in two divisions (corona and restructuring impact).

The restructuring and project write-downs completed in two divisions caused negative results for these divisions in 2020, for which no deferred tax asset was recorded due to the prudence principle applied for the deferred tax asset valuation. The economic uncertainties caused by the corona pandemic were also considered in the assessment. Therefore, the Group's effective tax rate was exceptionally high, 46.0 (16.2) percent in January-December 2020.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets totalled EUR 16.7 (73.4) million in January–December, representing 0.8 (3.5) percent of revenue. Investments in information technology totalled EUR 9.7 (9.4) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms as well as datacenter consolidation. IT systems and mobile tools were also developed to improve the Group’s internal processes and efficiency going forward. Other investments, including acquisitions and investments in joint ventures, amounted to EUR 7.0 (64.0) million.

Caverion signed an agreement to acquire Gunderlund A/S, a Danish company specialising in power grid expansions and renovations in March 2020. The revenue of the acquired company amounted to EUR 3.2 million in a twelve-month period ending September 2019. Gunderlund employs about 10 people. The transaction value was not disclosed. The purchase price was paid in cash.

Caverion signed an agreement to sell certain Finnish operations of Caverion Industria Ltd to Elcoline Oy in June based on the conditions imposed on the Maintpartner transaction by the Finnish Competition and Consumer Authority (the "FCCA"). The buyer is a

Finnish, internationally operating provider of industrial maintenance. The business transfer became effective on 30 September 2020. The transaction value was not disclosed. According to a stock exchange release published by Caverion on 22 November 2019, the FCCA approval on the Maintpartner transaction included certain conditions 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. The fulfilment of the conditions set out in the approval still requires final confirmation from the FCCA.

Caverion sold a subsidiary in Russia during the second quarter. The capital gain from the sale is reported under other operating income for the period and it amounted to EUR 7.3 million, mainly consisting of cumulative translation differences. The transaction had no cash flow impact.

Caverion signed an agreement to acquire the business of Electro Berchtold GmbH in Austria in December. 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.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items improved to EUR 157.6 (143.7) million in January-December and cash conversion (LTM) was 158.5 (139.5) percent. The Group's free cash flow improved to EUR 137.3 (74.0) million. Cash flow after investments was EUR 127.8 (64.5) million.

In October-December, the Group's operating cash flow before financial and tax items improved to EUR 81.3 (80.6) million. Cash flow was negatively impacted by previously postponed authority payments due to corona totalling EUR 6.8 million paid in the fourth quarter. The final postponed authority payments totalling EUR 3.3 million will be paid in in the first half of 2021. The Group's free cash flow was EUR 76.9 (24.4) million. Cash flow after investments was EUR 74.2 (21.4) million.

The Group's working capital improved to EUR -160.4 (-100.9) million at the end of December. There were improvements in all divisions except for Industry compared to the previous year. The amount of trade and POC receivables decreased to EUR 506.5 (527.2) million and other current receivables to EUR 30.2 (32.6) million. On the liabilities side, advances received increased to EUR 252.2 (216.2) million and other current liabilities to EUR 273.3 (269.2) million, while trade and POC payables decreased to EUR 188.0 (194.1) million.

Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 31 December 2020. Caverion's cash and cash equivalents amounted to EUR 149.3 (93.6) 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 138.7 (125.0) million at the end of December, and the average interest rate was 2.7 (3.0) percent. Approximately 46 percent of the loans have been raised from banks and other financial institutions and approximately 54 percent from capital markets. Lease liabilities amounted to EUR 129.2 (136.9) million at the end of December 2020, resulting to total gross interest-bearing liabilities of EUR 267.9 (261.9) million.

The Group's interest-bearing net debt excluding lease liabilities amounted to EUR -10.6 (31.5) million at the end of December and including lease liabilities to EUR 118.6 (168.4) million. At the end of December, the Group's gearing was 60.4 (73.6) percent and the equity ratio 18.9 (21.5) percent. Excluding the effect of IFRS 16, the gearing would have amounted to -5.4 (13.7) percent and the equity ratio to 21.5 (24.6) percent.

Caverion raised a 5-year TyEL pension loan of EUR 15 million on 29 April 2020.

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.

The previously outstanding EUR 66.06 million 2017 Hybrid Capital Securities were redeemed in full on 16 June 2020 in accordance with their terms and conditions.

In June a one-year extension option to move the maturity of RCF (100M€) and term loan (50M€) from 2022 to February 2023 was utilised.

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 -0.2x according to the confirmed calculation principles. The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments.

Recent changes in financial reporting affecting comparability

Caverion made three important acquisitions in 2019. Maintpartner and Huurre acquisitions were closed in the end of November 2019 and Pelsu Pelastussuunnitelma Oy in October 2019, thus affecting the reporting as of December 2019 and November 2019, respectively. In December 2018, Caverion announced the sale of its small subsidiaries in Poland and Czech Republic. These were completed on 28 February 2019 and on 2 January 2019, respectively.

PERSONNEL

Personnel by division, end of period	12/2020	9/2020	Change	12/2020	12/2019	Change
Sweden	2,601	2,664	-2%	2,601	2,961	-12%
Finland	2,876	2,892	-1%	2,876	2,795	3%
Norway	2,366	2,386	-1%	2,366	2,431	-3%
Germany	2,260	2,292	-1%	2,260	2,253	0%
Industry	2,464	2,660	-7%	2,464	2,929	-16%
Other countries	1,050	1,168	-10%	1,050	1,223	-14%
Austria	852	864	-1%	852	828	3%
Denmark	565	599	-6%	565	734	-23%
Group Services	129	124	4%	129	119	8%
Group, total	15,163	15,649	-3%	15,163	16,273	-7%

Caverion Group employed 15,773 (14,763) people on average in January–December 2020. At the end of December, the Group employed 15,163 (16,273) people. Personnel expenses for January–December amounted to EUR 902.6 (868.9) million.

Employee safety continued to be a high focus area in year 2020. 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 4.2 (5.3).

Changes in Caverion's Group Management Board and organisation structure

Elina Engman, M.Sc. (Tech.) (born 1970), was appointed as Head of Division Industrial Solutions and a member of the Group Management Board of Caverion Corporation as of 1 January 2020. She has previously worked as Vice President at ÅF Consult responsible for ÅF's renewables and energy business consulting, as President and CEO of Voimaosakeyhtiö SF, as Vice President, Energy at Kemira Corporation as well as in energy business related roles at Areva and Siemens.

Other disclosure related to Group management

Caverion announced on 29 October 2020 that it has come to its attention that the public prosecutor has decided to press charges in a matter concerning suspected disclosure offence in a Nokian Tyres plc related matter against several persons including Ari Lehtoranta, the President and CEO of Caverion Corporation. The matter does not in any manner relate to Lehtoranta's position as the President and CEO of Caverion Corporation and he enjoys full trust of the Board of Directors. More information can be found in the stock exchange release issued on 29 October 2020.

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 Half-year Financial Report 2020. Those risks and uncertainties are still valid.

The impacts of the corona pandemic and the consequent economic downturn on Caverion, 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" and "Operating environment in the fourth quarter and in 2020" sections.

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

IMPACT OF CORONA PANDEMIC AND CONSEQUENT ECONOMIC DOWNTURN ON CAVERION

The first wave of the corona pandemic and the consequent economic downturn negatively impacted Caverion's business in 2020. After major impacts in the second quarter, the impact reduced and was more limited during the third quarter, with somewhat increased impacts again in the fourth quarter.

The second wave of corona was visible in the fourth quarter of 2020, again increasing the risk exposure. The second wave of corona led to renewed lockdown measures also in Caverion countries and somewhat increased the negative business impacts.

Caverion's business is exposed to various risks associated with corona 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.

Apart from its immediate effects, the corona pandemic has also led to a global economic downturn, which in many areas can negatively impact the general demand and the pricing environment also for Caverion. However, a material part of Caverion's offering is of such nature that customers will need these services also during a downturn.

It is still unclear how long the corona pandemic will last, how deep and long the consequent downturn will be and what will be the speed of the economic recovery. The business volume and the amount of new order intake are important determinants to Caverion's performance in 2021. Large-scale vaccination against the corona virus is expected to improve the overall risk situation going forward. Caverion estimates that the first half of 2021 will still be negatively impacted by the corona pandemic, after which the operating environment is expected to improve.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

Caverion Corporation's Annual General Meeting, which was held under special arrangements in Vantaa on 25 May 2020, adopted the Financial Statements and the consolidated Financial Statements for the year 2019 and discharged the members of the Board of Directors and the President and CEO from liability. In addition, the Annual General Meeting resolved to authorise the Board of Directors to decide on the distribution of dividends, to support the presented Remuneration Policy 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 2021. The stock exchange release on the resolutions passed at the Annual General Meeting is available on Caverion's website at http://www.caverion.com/media.

The Board of Directors held its organisational meeting on 25 May 2020. 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 24 March 2021 that a dividend of EUR 0.10 per share and an extraordinary dividend of EUR 0.10 per share, in total EUR 0.20 per share will be paid for the year 2020.

Caverion Corporation's Annual General Meeting, held on 25 May 2020, approved the proposal of the Board of Directors according to which no dividends will be distributed based on the balance sheet to be adopted for 2019 by a resolution of the Annual General Meeting, but that the Board of Directors was authorized to decide at their discretion on the distribution of dividends of a maximum amount of EUR 0.08 per share from the Company's retained earnings.

The Board of Directors has decided that no dividend will be paid for the year 2019.

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 2020. Caverion held 2,849,360 treasury shares on 1 January 2020. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,807,991 treasury shares on 31 December 2020, representing 2.02 percent of the total number of shares and voting rights. The number of shares outstanding was 136,112,101 at the end of December 2020.

The Board of Directors of Caverion Corporation decided on two directed share issues without payment for the payment of the reward instalments from Caverion's share plans during the period. In these directed share issues without payment, 39,127 Caverion Corporation shares held by the company were conveyed to 16 key employees according to the terms and conditions of Caverion's Restricted Share Plan 2017–2019 on 27 February 2020, and 6,673 Caverion Corporation shares held by the company were conveyed to a key employee according to the terms and conditions of Caverion's Restricted Share Plan 2016–2018 on 26 June 2020. More information about the conveyance of the shares and the said share plans has been given in stock exchange releases published on the respective dates above. The first directed share issue was based on the authorisation given by the Annual General Meeting on 25 March 2019 and the latter on the authorisation given by the Annual General Meeting on 25 May 2020.

On 4 June 2020 a total of 4,431 own shares were returned to Caverion Corporation. The receipt of shares was related to the directed share issue announced on 18 December 2019, whereby shares held by the company were conveyed as payment from the Matching Share Plan 2018–2022. The shares were returned to the company based on the terms and conditions of the plan.

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 will be delivered in February 2021. If all targets will be achieved, the share rewards subject to Board approval based on PSP 2019–2021 will comprise a maximum of approximately 1.3 million Caverion shares (gross before the deduction of applicable taxes), as well as 1.6 million Caverion shares for both PSP 2020-2022 and PSP 2021-2023.

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 2018–2020, 2019–2021, 2020-2022 as well as 2021-2023 total a maximum of approximately 615,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 85,000 shares will be delivered in the spring of 2021, a maximum of 135,000 shares in the spring of 2022, a maximum of 230,000 shares in the spring of 2023 and a maximum of 165,000 shares in the spring of 2024.

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 and 9 December 2020.

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 25 May 2020, 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 March 2019 to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares. The authorisation is valid until 23 September 2021. 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 2020.

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

The Annual General Meeting of Caverion Corporation, held on 25 May 2020, 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 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 is valid until the closing of the next annual general meeting, however no later than 24 May 2021.

The Board of Directors of Caverion Corporation decided on two directed share issues without payment for the payment of the reward instalments from Caverion's share plans during the period. In these directed share issues without payment, 39,127 Caverion Corporation shares held by the company were conveyed to 16 key employees according to the terms and conditions of Caverion's Restricted Share Plan 2017–2019 on 27 February 2020, and 6,673 Caverion Corporation shares held by the company were conveyed to a key employee according to the terms and conditions of Caverion's Restricted Share Plan 2016–2018 on 26 June 2020. More information about the conveyance of the shares and the said share plans has been given in stock exchange releases published on the respective dates above. The first directed share issue was based on the authorisation given by the Annual General Meeting on 25 March 2019 and the latter on the authorisation given by the Annual General Meeting on 25 May 2020.

Trading in shares

The opening price of Caverion's share was EUR 7.24 at the beginning of 2020. The closing rate on the last trading day of the review period on 30 December was EUR 5.81. The share price decreased by 20 percent during January–December. The highest price of the share during the review period January–December was EUR 8.25, the lowest was EUR 3.79 and the average price was EUR 5.73. Share turnover on Nasdaq Helsinki in January–December amounted to 65.2 million shares. The value of share turnover was EUR 373.4 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other market places, such as Aquis, Cboe, POSIT Auction and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 790.8 million. Market capitalisation has been calculated excluding the 2,807,991 shares held by the company as per 31 December 2020.

Number of shareholders and flagging notifications

At the end of December 2020, the number of registered shareholders in Caverion was 26,747 (9/2020: 26,710). At the end of December 2020, a total of 31.0 percent of the shares were owned by nominee-registered and non-Finnish investors (9/2020: 30.4%).

Caverion Corporation received on 17 February 2020 a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act from Solero Luxco S.à r.l. ("Solero Luxco", a company based in Luxembourg ultimately owned by Triton Fund IV). According to the notification, the holding in Caverion Corporation by Solero Luxco decreased below the 5 percent threshold on 17 February 2020. The holding of Solero Luxco in Caverion decreased to 0 shares, corresponding to 0.00 percent of Caverion's shares and voting rights.

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 31 December 2020, 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 2020 is (EUR):

Retained earnings	101,827,674.06
Result for the period	-8,142,137.57
Retained earnings, total	93,685,536.49
Unrestricted equity reserve	66,676,176.49
Distributable equity, total	160,361,712.98

The Board of Directors proposes to the Annual General Meeting to be held on 24 March 2021 that a dividend of EUR 0.10 per share and an extraordinary dividend of EUR 0.10 per share, in total EUR 0.20 per share will be paid for the year 2020.

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

Helsinki, 10 February 2021

Caverion Corporation

Board of Directors

Mats Paulsson

Chairman

Markus Ehrnrooth

Vice Chairman

Jussi Aho

Joachim Hallengren

Thomas Hinnerskov

Kristina Jahn

Jasmin Soravia

Ari Lehtoranta

President and CEO

FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2020: FINANCIAL TABLES

The Financial Statement Release is based on the audited Financial Statements for 2020.

Condensed consolidated income statement

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Revenue	**579.3**	**589.0**	**2,154.9**	**2,123.2**
Other operating income	0.7	12.0	11.5	14.0
Materials and supplies	-139.7	-139.4	-529.0	-524.2
External services	-116.6	-116.9	-410.1	-411.3
Employee benefit expenses	-235.4	-235.0	-902.6	-868.9
Other operating expenses	-66.5	-73.8	-225.3	-229.8
Share of results of associated companies			0.0	0.0
Depreciation, amortisation and impairment	-19.9	-17.0	-72.2	-67.6
Operating result	**1.9**	**18.9**	**27.2**	**35.3**
% of revenue	0.3	3.2	1.3	1.7
Financial income and expense, net	-2.6	-2.6	-11.2	-8.4
Result before taxes	**-0.7**	**16.3**	**16.0**	**27.0**
% of revenue	-0.1	2.8	0.7	1.3
Income taxes	-2.9	-1.2	-7.3	-4.4
Result for the period	**-3.6**	**15.1**	**8.6**	**22.6**
% of revenue	-0.6	2.6	0.4	1.1
Attributable to				
Equity holders of the parent company	-3.6	15.0	8.6	22.6
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, basic, EUR	-0.03	0.11	0.05	0.14
Diluted earnings per share, EUR	-0.03	0.11	0.05	0.14

Consolidated statement of comprehensive income

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Result for the review period	**-3.6**	**15.1**	**8.6**	**22.6**
Other comprehensive income				
Items that will not be reclassified to profit/loss				
- Change in fair value of defined benefit pension plans	-3.4	-5.6	-0.7	-5.7
-- Deferred tax	0.5	1.6	0.5	1.6
- 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				
- Cash flow hedges				0.1
- Translation differences	2.8	0.0	-9.3	0.7
Other comprehensive income, total	**-0.1**	**-4.0**	**-9.5**	**-3.3**
Total comprehensive result	**-3.6**	**11.1**	**-0.9**	**19.3**
Attributable to				
Equity holders of the parent company	-3.6	11.1	-0.9	19.3
Non-controlling interests	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Dec 31, 2020	Dec 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	18.9	19.3
Right-of-use assets	125.5	135.0
Goodwill	365.0	366.5
Other intangible assets	49.1	56.0
Shares in associated companies and joint ventures	1.7	1.7
Other investments	1.3	1.3
Other receivables	8.1	7.3
Deferred tax assets	19.6	19.3
Current assets		
Inventories	16.3	18.8
Trade receivables	316.5	329.6
POC receivables	190.0	197.6
Other receivables	31.0	33.7
Income tax receivables	0.2	1.7
Cash and cash equivalents	149.3	93.6
Total assets	**1,292.4**	**1,281.4**
Equity and liabilities		
Equity attributable to equity holders of the parent company		
Share capital	1.0	1.0
Hybrid capital	35.0	66.1
Other equity	160.3	161.5
Non-controlling interest	0.3	0.4
Equity	**196.6**	**228.9**
Non-current liabilities		
Deferred tax liabilities	31.6	32.6
Pension liabilities	51.4	49.1
Provisions	10.8	9.4
Lease liabilities	87.5	93.3
Other interest-bearing debts	135.7	125.0
Other liabilities	5.7	2.1
Current liabilities		
Advances received	252.2	216.2
Trade payables	163.6	173.7
Other payables	263.1	258.7
Income tax liabilities	12.3	15.6
Provisions	37.3	33.1
Lease liabilities	41.7	43.6
Other interest-bearing debts	3.0	
Total equity and liabilities	**1,292.4**	**1,281.4**

Working capital

EUR million	Dec 31, 2020	Dec 31, 2019
Inventories	16.3	18.8
Trade and POC receivables	506.5	527.2
Other current receivables	30.2	32.6
Trade and POC payables	-188.0	-194.1
Other current liabilities	-273.3	-269.2
Advances received	-252.2	-216.2
Working capital	**-160.4**	**-100.9**

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	Noncontrolling interest	Total equity
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**

EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Noncontrolling interest	Total equity
	Equity attributable to owners of the parent									
Equity on December 31, 2018	**1.0**	**95.5**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.6**	**0.4**	**254.0**
Change in accounting principle, IFRS 16		0.1						0.1		0.1
Equity on January 1, 2019	**1.0**	**95.7**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.8**	**0.4**	**254.1**
Comprehensive income										
Result for the period		22.6						22.6	0.0	22.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-5.7						-5.7		-5.7
-Deferred tax		1.6						1.6		1.6
Cash flow hedges				0.1				0.1		0.1
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			0.7					0.7		0.7
Comprehensive income, total		**18.5**	**0.7**	**0.0**				**19.3**	**0.0**	**19.3**
Dividend distribution		-6.8						-6.8	0.0	-6.8
Share-based payments		0.1						0.1		0.1
Transfer of own shares		-0.1			0.1					
Hybrid capital repayment							-33.9	-33.9		-33.9
Hybrid capital interests and costs after taxes		-3.8						-3.8		-3.8
Disposal of subsidiaries		-0.2						-0.2		-0.2
Equity on December 31, 2019	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**

Condensed consolidated statement of cash flows

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Cash flows from operating activities				
Result for the period	-3.6	15.1	8.6	22.6
Adjustments to result	35.9	32.2	95.0	95.9
Change in working capital	49.0	33.3	54.0	25.2
Operating cash flow before financial and tax items	**81.3**	**80.6**	**157.6**	**143.7**
Financial items, net	-2.7	-3.0	-9.5	-9.6
Taxes paid	-3.5	-3.0	-8.5	-4.7
Net cash from operating activities	**75.1**	**74.6**	**139.6**	**129.4**
Cash flows from investing activities				
Acquisition of subsidiaries and businesses, net of cash		-47.5	-2.1	-48.6
Disposal of subsidiaries and businesses, net of cash	0.0		1.9	1.5
Investments in joint ventures				-1.6
Capital expenditure and other investments, net	-1.0	-5.7	-11.6	-16.2
Net cash used in investing activities	**-1.0**	**-53.2**	**-11.8**	**-65.0**
Cash flow after investing activities	**74.2**	**21.4**	**127.8**	**64.5**
Cash flow from financing activities				
Change in loan receivables, net			0.3	-0.3
Change in current liabilities, net		0.0		
Proceeds from borrowings			15.0	125.0
Repayments of borrowings	-1.5		-1.5	-56.7
Repayments of lease liabilities	-13.1	-11.4	-48.2	-45.5
Hybrid capital issue			35.0	
Hybrid capital repayment			-66.1	-33.9
Hybrid capital costs and interests			-3.0	-4.7
Dividends paid and other distribution of assets	-0.1		-0.1	-6.8
Net cash used in financing activities	**-14.7**	**-11.5**	**-68.5**	**-23.0**
Change in cash and cash equivalents	**59.5**	**9.9**	**59.2**	**41.5**
Cash and cash equivalents at the beginning of the period	84.8	83.4	93.6	51.2
Change in the foreign exchange rates	5.0	0.3	-3.5	0.9
Cash and cash equivalents at the end of the period	**149.3**	**93.6**	**149.3**	**93.6**

Free cash flow

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating cash flow before financial and tax items	81.3	80.6	157.6	143.7
Taxes paid	-3.5	-3.0	-8.5	-4.7
Net cash used in investing activities	-1.0	-53.2	-11.8	-65.0
Free cash flow	**76.9**	**24.4**	**137.3**	**74.0**

NOTES TO THE FINANCIAL STATEMENT RELEASE

1 Accounting principles

Caverion Corporation's Financial Statement Release for January 1 – December 31, 2020 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The information presented in the Financial Statement Release is based on the audited Financial Statements for 2020. Caverion has applied the same accounting principles in the preparation of the Financial Statement Release Report as in its Financial Statements for 2020.

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.

2 Key figures

	1-12/2020	1-12/2019
Revenue, EUR million	2,154.9	2,123.2
EBITDA, EUR million	99.4	103.0
EBITDA margin, %	4.6	4.8
Adjusted EBITDA, EUR million	116.5	120.4
Adjusted EBITDA margin, %	5.4	5.7
EBITA, EUR million	42.4	49.8
EBITA margin, %	2.0	2.3
Adjusted EBITA, EUR million	60.6	67.2
Adjusted EBITA margin, %	2.8	3.2
Operating profit, EUR million	27.2	35.3
Operating profit margin, %	1.3	1.7
Result before taxes, EUR million	16.0	27.0
% of revenue	0.7	1.3
Result for the review period, EUR million	8.6	22.6
% of revenue	0.4	1.1
Earnings per share, basic, EUR	0.05	0.14
Earnings per share, diluted, EUR	0.05	0.14
Equity per share, EUR	1.4	1.7
Equity ratio, %	18.9	21.5
Interest-bearing net debt, EUR million	118.6	168.4
Gearing ratio, %	60.4	73.6
Total assets, EUR million	1,292.4	1,281.4
Operating cash flow before financial and tax items, EUR million	157.6	143.7
Cash conversion (LTM), %	158.5	139.5
Working capital, EUR million	-160.4	-100.9
Gross capital expenditures, EUR million	16.7	73.4
% of revenue	0.8	3.5
Order backlog, EUR million	1,609.1	1,670.5
Personnel, average for the period	15,773	14,763
Number of outstanding shares at the end of the period (thousands)	136,112	136,071
Average number of shares (thousands)	136,105	135,866

3 Financial development by quarter

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Revenue	579.3	515.5	518.5	541.6	589.0	507.5	512.3	514.4
EBITDA	21.8	31.4	22.1	24.1	35.9	35.3	9.1	22.6
EBITDA margin, %	3.8	6.1	4.3	4.4	6.1	7.0	1.8	4.4
Adjusted EBITDA	36.9	34.8	18.5	26.3	47.0	36.2	10.0	27.1
Adjusted EBITDA margin, %	6.4	6.8	3.6	4.8	8.0	7.1	2.0	5.3
EBITA	6.3	17.7	8.4	10.0	22.5	22.1	-4.1	9.3
EBITA margin, %	1.1	3.4	1.6	1.8	3.8	4.4	-0.8	1.8
Adjusted EBITA	22.5	21.2	4.8	12.1	33.7	23.0	-3.2	13.8
Adjusted EBITA margin, %	3.9	4.1	0.9	2.2	5.7	4.5	-0.6	2.7
Operating profit	1.9	13.9	5.0	6.5	18.9	18.9	-7.7	5.3
Operating profit margin, %	0.3	2.7	1.0	1.2	3.2	3.7	-1.5	1.0

	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Earnings per share, basic, EUR	-0.03	0.06	0.01	0.01	0.11	0.08	-0.06	0.01
Earnings per share, diluted, EUR	-0.03	0.06	0.01	0.01	0.11	0.08	-0.06	0.01
Equity per share, EUR	1.4	1.5	1.4	1.7	1.7	1.6	1.5	1.6
Equity ratio, %	18.9	19.8	18.6	22.0	21.5	22.6	20.8	21.3
Interest-bearing net debt, EUR million	118.6	187.5	138.8	142.8	168.4	172.9	158.9	162.7
Gearing ratio, %	60.4	93.8	72.5	62.3	73.6	79.5	77.3	75.1
Total assets, EUR million	1,292.4	1,247.7	1,265.3	1,261.1	1,281.4	1,170.5	1,186.6	1,205.5
Operating cash flow before financial and tax items, EUR million	81.3	-28.0	48.2	56.1	80.6	3.8	29.1	30.1
Cash conversion (LTM), %	158.5	138.2	160.7	162.4	139.5	177.5	169.9	na
Working capital, EUR million	-160.4	-94.5	-161.3	-127.3	-100.9	-46.8	-80.8	-60.4
Gross capital expenditures, EUR million	3.4	1.1	4.0	8.3	59.5	5.7	3.8	4.4
% of revenue	0.6	0.2	0.8	1.5	10.1	1.1	0.7	0.9
Order backlog, EUR million	1,609.1	1,627.7	1,739.7	1,768.3	1,670.5	1,676.9	1,704.7	1,579.7
Personnel at the end of the period	15,163	15,649	15,902	16,010	16,273	14,606	14,681	14,489
Number of outstanding shares at end of period (thousands)	136,112	136,112	136,112	136,110	136,071	135,973	135,973	135,679
Average number of shares (thousands)	136,112	136,112	136,109	136,085	135,988	135,973	135,834	135,664

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 (%) =	$\dfrac{\text{(Equity + non-controlling interest) x 100}}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\dfrac{\text{(Interest-bearing liabilities - cash and cash equivalents) x 100}}{\text{Shareholders' equity + non-controlling interest}}$
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 (%) =	$\dfrac{\text{Operating cash flow before financial and tax items (LTM) X 100}}{\text{EBITDA (LTM)}}$
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, basic =	$\dfrac{\text{Result for the period (attributable for equity holders)} \atop \text{- hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Earnings /share, diluted =	$\dfrac{\text{Result for the period (attributable for equity holders)} \atop \text{- hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average dilution adjusted number of shares} \atop \text{outstanding during the period}}$
Equity / share =	$\dfrac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$

*Items affecting comparability (IAC) in 2020 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 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, mainly legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, legal and other costs related to the German anti-trust fine as well as 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 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 2020, the total outstanding amount of these loans amounted approximately to EUR 4.3 (4.5) 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 has a 10-month fixed term contract with a member of the Board concerning consulting services. The value of the contract is not material.

6 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.

The outbreak of the corona pandemic has increased the general risk level related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks.

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 2020 financial statement in note 5.5 Financial risk management.

Caverion's liquidity position is strong. The outbreak of the corona pandemic has led to an even 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	2021	2022	2023	2024	2025	2026->	Total
Interest-bearing borrowings	3.0	3.0	128.0	3.0	1.5	0.5	139.0
Lease liabilities	40.2	31.0	20.9	12.7	6.4	17.9	129.2
Total	**43.2**	**34.0**	**148.9**	**15.7**	**7.9**	**18.4**	**268.2**

7 Financial liabilities and interest-bearing net debt

EUR million	Dec 31, 2020 Carrying amount	Dec 31, 2019 Carrying amount
Non-current liabilities		
Senior bonds	74.7	74.6
Loans from financial institutions	49.9	49.9
Other financial loans	0.5	0.5
Pension loans	10.5	
Lease liabilities	87.5	93.3
Total non-current interest-bearing liabilities	**223.2**	**218.3**
Current liabilities		
Loans from financial institutions		
Pension loans	3.0	
Other financial loans		
Lease liabilities	41.7	43.6
Total current interest-bearing liabilities	**44.7**	**43.6**
Total interest-bearing liabilities	**267.9**	**261.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**138.7**	**125.0**
Cash and cash equivalents	149.3	93.6
Interest-bearing net debt	**118.6**	**168.4**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**-10.6**	**31.5**

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

Derivative instruments

Nominal amounts EUR million	Dec 31, 2020	Dec 31, 2019
Foreign exchange forwards	70.2	66.7

Fair values EUR million	Dec 31, 2020	Dec 31, 2019
Foreign exchange forwards		
positive fair value	0.6	0.9
negative fair value	-0.2	-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.

8 Commitments and contingent liabilities

EUR million	Dec 31, 2020	Dec 31, 2019
Guarantees given on behalf of associated companies		0.0
Parent company's guarantees on behalf of its subsidiaries	454.9	456.0
Other commitments		
- Other contingent liabilities	0.2	0.2
Accrued unrecognised interest on hybrid bond	1.5	1.7

The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 10.2 million at the end of 2020 (EUR 5.7 million at the end of 2019). 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 2020 (EUR 5.9 million at the end of 2019).

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 19.7 million at the end of December 2020.

The short-term risks and uncertainties relating to the operations have been described above under "Short-term risks and uncertainties". It is possible that especially the infringements in compliance may cause considerable damage to Caverion in terms of fines, civil claims as well as legal expenses. However, the magnitude of the potential damage cannot be assessed at the moment.

9 Events after the reporting period

Manfred Simmet (born 1966, Engineer) was appointed as a transitional Head of Caverion's Division Germany as of 19 January 2021. He will also continue in his current position as the Head of Caverion's Division Austria and a member of the Group Management Board of Caverion Corporation. Frank Krause, the previous Head of Caverion's Division Germany, has been leading the division for two years and the German Services business for three years prior to that.

Caverion's Financial Information for 2021

Annual Review (including the financial statements for 2020): by 3 March 2021 at the latest

Interim Report for January – March 2021: 29 April 2021

Half-year Financial Report for January – June 2021: 5 August 2021

Interim Report for January – September 2021: 4 November 2021

Building Performance

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