Caverion
Building Performance

H1/2022
Half-year Financial Report
1-6/2022

Caverion Corporation Half-year Financial Report 4 August 2022 at 8.00 a.m. EEST

Caverion Corporation's Half-year Financial Report for 1 January – 30 June 2022

Organic revenue growth and margin improvement continued

1 April – 30 June 2022

- **Revenue:** EUR 577.0 (545.1) million, up by 5.9 (5.1) percent, 6.5 (2.6) percent in local currencies. Organic growth was 4.7 (3.3) percent. Services business revenue increased by 7.7 (10.1) percent, 8.3 (7.1) percent in local currencies. Projects business revenue increased by 2.5 (-2.9) percent, 3.1 (-4.6) percent in local currencies.
- **Adjusted EBITA:** EUR 22.9 (19.7) million, or 4.0 (3.6) percent of revenue, up by 16.0 percent.
- **EBITA:** EUR 21.4 (18.0) million, or 3.7 (3.3) percent of revenue.
- **Operating profit:** EUR 17.5 (13.9) million, or 3.0 (2.5) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR -9.3 (-3.4) million.
- **Earnings per share, undiluted:** EUR 0.09 (0.06) per share.
- **Acquisitions:** Caverion closed four acquisitions in April–June 2022.

1 January – 30 June 2022

- **Order backlog:** EUR 1,907.9 (1,789.0) million, up by 6.6 (2.8) percent. Services backlog increased by 4.3 (10.7) percent. Projects backlog increased by 9.8 (-6.1) percent.
- **Revenue:** EUR 1,105.1 (1,060.4) million, up by 4.2 (0.0) percent, 4.6 (-1.8) percent in local currencies. Organic growth was 3.6 (-1.1) percent, driven by 5.2 (2.7) percent organic growth in Services. Services business revenue increased by 6.1 (3.9) percent, 6.4 (1.8) percent in local currencies. Projects business revenue increased by 0.8 (-6.5) percent, 1.3 (-7.9) percent in local currencies.
- **Adjusted EBITA:** EUR 40.3 (36.1) million, or 3.6 (3.4) percent of revenue, up by 11.6 percent.
- **EBITA:** EUR 36.4 (33.1) million, or 3.3 (3.1) percent of revenue.
- **Operating profit:** EUR 28.9 (24.9) million, or 2.6 (2.3) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 29.7 (37.2) million.
- **Cash conversion (LTM):** 81.3 (80.3) percent.
- **Earnings per share, undiluted:** EUR 0.13 (0.11) per share.
- **Net debt/Adjusted EBITDA:** 1.5x (1.1x).
- **Acquisitions:** Caverion closed five acquisitions in January–June 2022.

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

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	4-6/22	4-6/21	Change	1-6/22	1-6/21	Change	1-12/21
Revenue	577.0	545.1	5.9%	1,105.1	1,060.4	4.2%	2,139.5
Organic growth, %	4.7	3.3		3.6	-1.1		-2.0
Adjusted EBITDA	37.3	33.2	12.4%	68.1	62.6	8.8%	142.1
Adjusted EBITDA margin, %	6.5	6.1		6.2	5.9		6.6
EBITDA	35.8	31.5	13.8%	64.3	59.6	7.9%	113.8
EBITDA margin, %	6.2	5.8		5.8	5.6		5.3
Adjusted EBITA	22.9	19.7	16.0%	40.3	36.1	11.6%	87.7
Adjusted EBITA margin, %	4.0	3.6		3.6	3.4		4.1
EBITA	21.4	18.0	18.6%	36.4	33.1	9.8%	59.4
EBITA margin, %	3.7	3.3		3.3	3.1		2.8
Operating profit	17.5	13.9	26.0%	28.9	24.9	16.0%	43.5
Operating profit margin, %	3.0	2.5		2.6	2.3		2.0
Result for the period	12.1	8.8	37.2%	18.5	15.6	18.3%	25.1
Earnings per share, undiluted, EUR	0.09	0.06	39.1%	0.13	0.11	19.2%	0.17
Operating cash flow before financial and tax items	-9.3	-3.4	-176.7%	29.7	37.2	-20.1%	103.8
Order backlog				1,907.9	1,789.0	6.6%	1,863.8
Cash conversion (LTM), %				81.3	80.3		91.2
Working capital				-106.5	-139.9	23.8%	-144.7
Interest-bearing net debt				215.4	147.3	46.3%	140.7
Net debt/Adjusted EBITDA				1.5	1.1		1.0
Gearing, %				111.3	79.9		69.8
Equity ratio, %				18.6	18.1		19.0
Personnel, end of period				14,612	14,958	-2.3%	14,298

Jacob Götzsche, President and CEO:

"I am pleased that we continued improving our underlying business and increased revenue and adjusted EBITA during the second quarter of 2022 compared to the previous year. I am satisfied that despite the challenging business environment we have a continued strong order backlog and a positive organic growth. This supports our sustainable profitable growth strategy going forward.

The recent changes in the geopolitical environment are expected to impact also Caverion. We divested our Russian subsidiary in the end of 2021 and have no operations in Ukraine or Belarus. Therefore, the impact of the conflict on Caverion is currently indirect. Despite these challenges in the operating environment and resulting cost inflation and rising interest rates, our performance during the second quarter of 2022 was solid. The effects of the corona pandemic gradually started to ease off during the second quarter, however the number infections started to increase again towards the end of the quarter. We remain somewhat cautious with the pandemic as unpredictable virus variants and new waves of the pandemic may continue to emerge.

Our order backlog at the end of June increased by 6.6 percent to EUR 1,907.9 (1,789.0) million compared to the previous year. The order backlog increased in Services by 4.3 percent and in Projects by 9.8 percent. In addition to the fixed contracts in Projects and Services, we also see strong demand in Services ad-hoc orders. We expect our increased order backlog to continue to support our revenue growth in 2022. Our second quarter revenue was EUR 577.0 (545.1) million, up by 5.9 percent or 6.5 percent in local currencies. Measured in local currencies, the Services business revenue increased by 8.3 percent, while the Projects business revenue increased by 3.1 percent in the second quarter. The business mix change seen in recent years continued; the Services business accounted for 66.0 (64.8) percent of Group revenue in the second quarter of 2022. As a result of the high share of our Services business, more than half of our revenue is recurring service and maintenance work.

Our profitability improved in the second quarter. The adjusted EBITA improved to EUR 22.9 (19.7) million, or 4.0 (3.6) percent of revenue. EBITA was EUR 21.4 (18.0) million, or 3.7 (3.3) percent of revenue. Particularly divisions Austria, Finland, Germany and Norway progressed well. Division Denmark continued the positive performance improvement. Both business units, Services and Projects, improved their performance during the second quarter of 2022.

Our operating cash flow before financial and tax items was EUR 29.7 (37.2) million in the first half of the year 2022 and cash conversion (LTM) was 81.3 (80.3) percent. In the first half of 2022, the cash flow was negatively impacted by the payment of EUR 8.8 million for civil claims relating to the German anti-trust matter. The respective cost was recognised in 2021 and reported in items affecting comparability in 2021. At the end of the first half of the year, our interest-bearing net debt amounted to EUR 215.4 (147.3) million, or EUR 77.5 (23.7) million excluding lease liabilities. The net debt was impacted by investments in acquisitions with a negative cash flow effect of EUR 28.4 million in January–June 2022 and dividend payment of EUR 23.2 million. We have a solid financial position, and our leverage is at a low level. The net debt/Adjusted EBITDA ratio was 1.5x (1.1x).

We have embarked on our journey towards targeted acquisitions in line with our strategy. As part of our ongoing development of our capabilities to serve our customers, we closed the acquisitions of the Danish company DI-Teknik A/S in April 2022, the Finnish service company Wind Controller and the Finnish industrial service specialist WT-Service Oy in May 2022 as well as one bolt-on acquisition in Norway in May 2022. DI-Teknik is one of Denmark's largest industrial automation companies bringing us completely new expertise in this area. Wind Controller is the leading technical consultant and service provider for the Finnish wind power industry.

In May we launched our updated strategy and financial targets guiding us up until the year 2025. We are targeting sustainable profitable growth going forward. Our strategic priorities and actions are progressing according to the plan. We have already taken our first steps in executing on our new strategy by identifying a handful of customer solution areas in which we will set up centres of expertise, sharing knowledge by leveraging our presence across our geographies. In addition, we continue our simplification efforts in our IT landscape. We move forward in our Sustainability strategic theme by aiming to have more than 2,000 electric service vans in use by 2025. We also improved our EcoVadis sustainability rating from the silver to the gold standard and are now in the top 5% in our industry. We strongly believe in our purpose to enable building performance and people's wellbeing in smart and sustainable built environments."

Impacts of the Ukraine crisis on Caverion's business during the first half of 2022

Russia's invasion of Ukraine at the end of February 2022 increased geopolitical tensions especially in Europe overnight. Unprecedented sanctions have been imposed on Russia and Belarus and on certain individuals of these countries, and Russia has imposed extensive counter-sanctions. The war has created uncertainties weakening the growth prospects in several countries where Caverion operates. Any further escalation or prolongation of the conflict or regional unrest in neighbouring areas could adversely affect growth estimates for all of Europe, and potentially lead to a recession.

Caverion has divested its Russian subsidiary at the end of 2021 and has no operations in Ukraine or Belarus. Therefore, the impact of the conflict on Caverion is currently indirect. The crisis may affect Caverion directly short or longer term if the conflict escalates further or if de-escalation is not achieved. The possibility that other countries may become actively involved in the conflict would be likely to materially and adversely affect also Caverion's operations in such countries.

The duration of the Ukrainian conflict and its future effects on the industry, and Caverion in particular, remain uncertain, and the overall situation remains highly volatile. Caverion has already experienced increases in material prices and delays in the supply chain and in decision-making, however Caverion continued to manage them on a daily basis without having a significant impact on the performance during the first half of 2022. These will potentially accelerate further with a longer duration of the war in Ukraine. Due to the uncertainty, it is however difficult to evaluate the potential long-term effects of the crisis on Caverion.

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

Caverion expects the underlying demand to be overall positive in Services and Projects during 2022. This scenario assumes a sufficient control of the corona pandemic impacts with no significant unforeseen setbacks in 2022 and no further escalation of the conflict in Ukraine. The conflict has resulted in geopolitical tensions, mounting inflation, rising interest rates and lowered economic growth prospects.

According to Euroconstruct forecasts published on 10 June 2022, the total construction growth is estimated to slow down from the level of 5.7 percent in 2021 to 2.3 percent in the Western Europe (EC-15) countries in 2022, and a similar rate is forecasted for 2023. After the sharp decline in 2020, the total non-residential construction is forecast to recover in 2022–2024. However, it will not return to pre-pandemic levels in several EC-15 countries, including Germany and Finland. Stagnant forecasts are predicted for the largest European construction market Germany, while the expectations for the Nordic countries are diverse. Forecasts for Finland and Sweden are more negative with expectations on decreasing production levels over the next three years, whereas Norway and Denmark expect an increase by 3–4 percent over 2022–2024. Both new construction and renovation in the non-residential sector are expected to have stable growth in 2022.

The market instability resulting from the war in Ukraine and the high inflation are expected to dampen the willingness to invest in new construction. Uncertainty is caused by the availability of building materials and the significant cost increases. Increased material prices, including fuel costs, and longer delivery times may continue to affect also Caverion's business going forward. Potential risks may still emerge from the supply side, not only from cost inflation but also from labour shortage, potentially further fuelled by increased sick leave levels or quarantines caused by the corona pandemic. Any further delays in the supply chain and potential cost increases may have a negative impact on business execution and order intake going forward.

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 or the ongoing geopolitical conflict start 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. Furthermore, the continued focus on energy efficiency and CO_2 reduction activities and projects continue to support the activity and business volume.

The monetary and fiscal policies currently in place are still 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.

In order to control the mounting inflation, the European Central Bank (ECB) concluded in June 2022 that it will end its asset purchases program as of 1 July 2022 and raise the key ECB interest rates at its July monetary policy meeting, whereby the rates were raised by 50 basis points. Furthermore, the ECB expects to further normalise the key interest rates in its upcoming meetings depending on the updated medium-term inflation outlook.

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and believed to increase demand for Caverion's offerings going forward. The increased energy efficiency requirements, increasing digitalisation, automation and technology in built environment 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. The EU also aims to accelerate the green transition due to the current geopolitical situation that has led into energy crisis in many countries that have been largely dependent on imported gas from Russia.

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's end-users' general request for an environmentally friendly built environment. Examples of current initiatives include e.g. the proposed revision of EU's Energy Performance of Buildings Directive (EPBD) and Minimum Energy Performance Standards (MEPS) it aims to establish as well as 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.

Services

Caverion expects the underlying demand to be overall positive during 2022. Caverion's Services business is overall by nature stable and resilient through business cycles. 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. 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 opportunities for Caverion through outsourcing of industrial operation and maintenance, property maintenance as well as facility management.

Projects

Both new construction and renovation in the non-residential sector are expected to have stable growth in 2022. 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. Economic sentiment is on a lower level in the EU as a result of the Ukraine crisis. The market instability resulting from the war in Ukraine and the high inflation are expected to dampen the willingness to invest in new construction. However, the stimulus packages are expected to positively impact the general demand also in the Projects business. Caverion expects the underlying demand to be overall positive also in Projects during 2022.

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.

Financial and sustainability targets

Caverion updated its financial targets in connection with publishing its updated strategy on 9 May 2022. Sustainability targets remained unchanged. Previous financial targets and results for 2021 are available at Caverion's website at www.caverion.com/investors.

Mid-term financial targets until the end of 2025		1-6/2022
Cash conversion (LTM)	Operating cash flow before financial and tax items / EBITDA > 100%	81.3%
Profitability	Adjusted EBITA > 5.5% of revenue	3.6%
Organic revenue growth	3–4% p.a. over the strategy period	3.6%
M&A revenue growth	2–3% p.a. over the strategy period	1.0%
Debt leverage	Net debt/LTM Adjusted EBITDA < 2.5x	1.5x
Dividend policy	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account	100% *

*Calculated as Dividend per earnings (%). The Annual General Meeting approved the proposal of the Board of Directors according to which a dividend of EUR 0.17 per share was paid from the distributable funds of the company for the financial year 2021. The dividend was paid on 6 April 2022.

Sustainability targets until 2025	2025 target	2021
Decreasing our footprint		
Total carbon footprint defined and measured	100%	80%
Increasing our handprint		
Our offering has a defined carbon handprint	100%	20%
Carbon handprint over footprint (Scope 1–2)	5x	>2x
Caring for our people		
Lost Time Injury Frequency Rate (LTIFR)	<2	4.0
Share of female employees	15%	11%
Our employees trained in sustainability	100%	89%
Ensuring sustainable value chain		
Supplier Code of Conduct sign-off rate	>90%	66%
Our tender requests include sustainability criteria	100%	-

NEWS CONFERENCE, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on its Half-year Financial Report on Thursday, 4 August 2022, at 10.00 a.m. Finnish time (EEST) at Flik Studio Eliel, Töölönlahdenkatu 2C (Sanoma House), Helsinki, Finland. 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, EEST) at the latest. The participant code for the conference call is 76171729#. More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published for 2022

Q3 Interim Report will be published on 3 November 2022 and Financial Statement Release for 2022 on 9 February 2023. 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

For further information, please contact:

Riitta Palomäki, Interim CFO, Caverion Corporation, tel. +358 40 833 2100, riitta.palomaki@caverion.com

Milena Hæggström, Head of Investor Relations and External Communications, Caverion Corporation, tel. +358 40 5581 328, milena.haeggstrom@caverion.com

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Operating environment in the second quarter and during the first half of 2022

The corona pandemic continued to have an impact on the operating environment. The effects of the pandemic gradually started to ease off during the second quarter, however the number infections started to increase again towards the end of the quarter.

As a result of the Ukraine crisis, the geopolitical tensions were reflected as weakened economic sentiment in the EU during the first half of 2022.

Inflation accelerated during the first half of the year and the cost inflation related to material prices, including fuel costs, continued to impact also the building technology market. 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, the market demand and general investment activity remained positive.

Caverion has continued 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. There has also been increasing interest towards long-term and large-scale service agreements.

Projects

In Projects, the market demand remained stable during the first half of 2022.

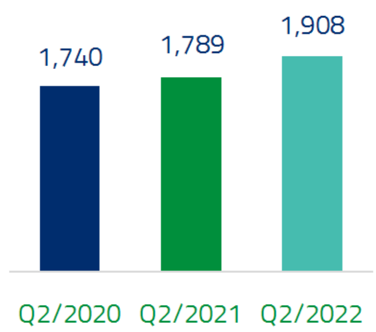
The market was impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty in the business environment.

Order backlog

- Order backlog at the end of June increased by 6.6 percent to EUR 1,907.9 million from the end of June in the previous year (EUR 1,789.0 million).
- At comparable exchange rates the order backlog increased by 7.7 percent from the end of June in the previous year.
- Order backlog increased by 4.3 (10.7) percent in Services and increased by 9.8 (-6.1) percent in Projects from the end of June in the previous year.

Order backlog

(EUR million)



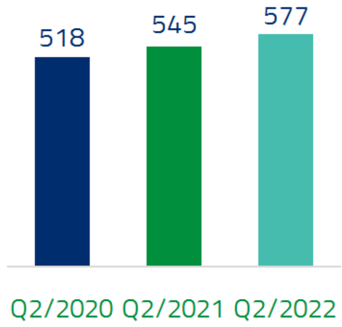
Revenue

April–June

- Revenue for April–June was EUR 577.0 (545.1) million. Revenue increased by 5.9 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 580.3 million and increased by 6.5 percent compared to the previous year. Organic growth was 4.7 percent.
- Revenue increased by 1.8 (-0.7) percent as a result of acquisitions and divestments.
- Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 3.3 million. Changes in Swedish krona had a negative effect of EUR 3.8 million and Norwegian krone had a positive effect of EUR 0.6 million.
- Revenue increased in divisions Austria, Denmark, Finland, Germany, Industry and Sweden.

Revenue

(EUR million)



EUR million	4-6/ 2022	4-6/ 2021	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	380.6	353.4	7.7%	8.3%	5.9%	-0.6%	2.4%
Projects	196.4	191.7	2.5%	3.1%	2.5%	-0.6%	0.6%
Group total	577.0	545.1	5.9%	6.5%	4.7%	-0.6%	1.8%

** 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 380.6 (353.4) million in April–June, an increase of 7.7 percent, or 8.3 percent in local currencies.

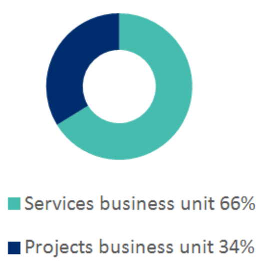
The revenue of the Projects business unit was EUR 196.4 (191.7) million in April–June, an increase of 2.5 percent, or 3.1 percent in local currencies.

January–June

- Revenue for January–June was EUR 1,105.1 (1,060.4) million. Revenue increased by 4.2 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 1,109.2 million and increased by 4.6 percent compared to the previous year. Organic growth was 3.6 percent.
- Revenue increased by 1.0 (-0.7) percent as a result of acquisitions and divestments.
- Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 4.1 million. Changes in Swedish krona had a negative effect of EUR 7.5 million and Norwegian krone had a positive effect of EUR 3.6 million.
- Revenue increased in divisions Austria, Denmark, Finland, Germany, Industry and Sweden.

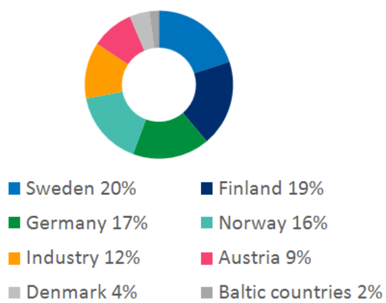
Revenue by business unit

% of revenue 1-6/2022



Revenue by division

% of revenue 1-6/2022



EUR million	1-6/ 2022	1-6/ 2021	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	732.1	690.2	6.1%	6.4%	5.2%	-0.3%	1.2%
Projects	373.1	370.2	0.8%	1.3%	0.6%	-0.5%	0.6%
Group total	1,105.1	1,060.4	4.2%	4.6%	3.6%	-0.4%	1.0%

** 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 732.1 (690.2) million in January–June, an increase of 6.1 percent, or 6.4 percent in local currencies. The revenue of the Projects business unit was EUR 373.1 (370.2) million in January–June, an increase of 0.8 percent, or 1.3 percent in local currencies. Caverion continued a selective approach in the Projects business.

The share of Services revenue developed in line with the strategy. The Services business unit accounted for 66.2 (65.1) percent of Group revenue, and the Projects business unit for 33.8 (34.9) percent of Group revenue in January–June.

Revenue by Division and Business Unit

Revenue, EUR million	4-6/22	%	4-6/21	%	Change	1-6/22	%	1-6/21	%	Change	1-12/21	%
Sweden	116.2	20.1	109.4	20.1	6.2%	220.8	20.0	210.7	19.9	4.8%	424.4	19.8
Finland	109.5	19.0	99.4	18.2	10.1%	208.4	18.9	202.1	19.1	3.1%	403.9	18.9
Germany	94.9	16.5	93.0	17.1	2.0%	186.0	16.8	181.3	17.1	2.6%	374.1	17.5
Norway	89.4	15.5	91.6	16.8	-2.4%	180.5	16.3	185.4	17.5	-2.7%	352.5	16.5
Industry	75.0	13.0	70.8	13.0	6.0%	135.9	12.3	126.6	11.9	7.4%	256.8	12.0
Austria	54.3	9.4	47.1	8.6	15.2%	102.7	9.3	85.6	8.1	19.9%	188.7	8.8
Denmark	26.7	4.6	19.0	3.5	40.4%	48.1	4.3	39.6	3.7	21.2%	80.0	3.7
Other countries*	10.9	1.9	14.7	2.7	-25.6%	22.7	2.1	29.0	2.7	-21.6%	59.0	2.8
Group, total	577.0	100	545.1	100	5.9%	1,105.1	100	1,060.4	100	4.2%	2,139.5	100
Services	380.6	66.0	353.4	64.8	7.7%	732.1	66.2	690.2	65.1	6.1%	1,402.4	65.5
Projects	196.4	34.0	191.7	35.2	2.5%	373.1	33.8	370.2	34.9	0.8%	737.1	34.5

** Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021, which explains the year-on-year decline. Baltic countries revenue for the first half of 2022 remained stable compared to the previous period.*

Profitability

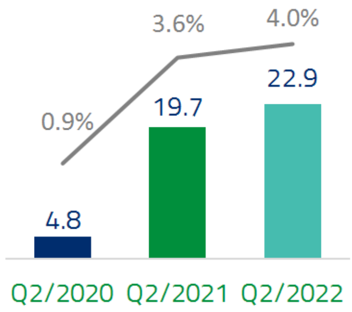
Adjusted EBITA, EBITA and operating profit

April–June

- Adjusted EBITA for April–June amounted to EUR 22.9 (19.7) million, or 4.0 (3.6) percent of revenue and EBITA to EUR 21.4 (18.0) million, or 3.7 (3.3) percent of revenue.
- Profitability improved during the period. Both Services and Projects improved their performance.
- Particularly divisions Austria, Finland, Germany and Norway progressed well. Division Denmark continued the positive performance improvement.

Adjusted EBITA and margin

(EUR million)



The operating profit (EBIT) for April–June was EUR 17.5 (13.9) million, or 3.0 (2.5) percent of revenue.

Costs related to materials and supplies increased to EUR 150.8 (127.6) million and external services increased to EUR 106.0 (100.6) million in April–June. Personnel expenses decreased to a total of EUR 235.9 (236.1) million for April–June. Other operating expenses amounted to EUR 49.1 (49.8) million. Other operating income increased to EUR 0.7 (0.5) million.

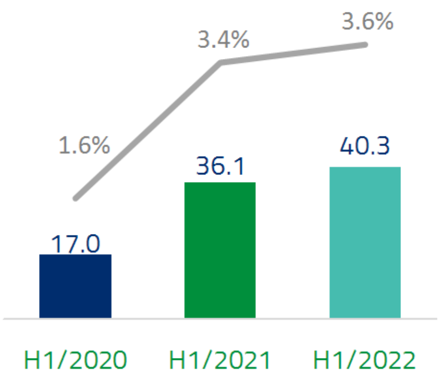
Depreciation, amortisation and impairment amounted to EUR 18.3 (17.6) million in April–June. Of these EUR 14.4 (13.4) million were depreciations on tangible assets and EUR 3.9 (4.2) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 12.9 (12.0) million. The amortisations were related to allocated intangibles on acquisitions amounting to EUR 1.4 (1.0) million as well as IT and developed solutions amounting to EUR 2.5 (3.2) million.

January–June

- Adjusted EBITA for January–June amounted to EUR 40.3 (36.1) million, or 3.6 (3.4) percent of revenue and EBITA to EUR 36.4 (33.1) million, or 3.3 (3.1) percent of revenue.
- Profitability improved during the period. Both Services and Projects improved their performance.
- Particularly divisions Austria, Finland, Germany, Norway and Sweden progressed well. Division Denmark continued the positive performance improvement.

Adjusted EBITA and margin

(EUR million)



The operating profit (EBIT) for January–June was EUR 28.9 (24.9) million, or 2.6 (2.3) percent of revenue.

Costs related to materials and supplies increased to EUR 278.2 (245.6) million and external services increased to EUR 201.3 (190.6) million in January–

June. Personnel expenses amounted to a total of EUR 464.5 (469.4) million for January–June. Other operating expenses increased to EUR 98.0 (96.0) million. Other operating income increased to EUR 1.1 (0.9) million.

Depreciation, amortisation and impairment amounted to EUR 35.4 (34.7) million in January–June. Of these EUR 27.9 (26.5) million were depreciations on tangible assets and EUR 7.5 (8.2) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 25.0 (23.6) million. The amortisations were related to allocated intangibles on acquisitions amounting to EUR 2.5 (1.9) million as well as IT and developed solutions amounting to EUR 5.0 (6.3) million.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
EBITA	21.4	18.0	36.4	33.1	59.4
EBITA margin, %	3.7	3.3	3.3	3.1	2.8
Items affecting comparability (IAC)					
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	1.5	0.2	2.4	0.3	10.7
- Write-downs, expenses and income from major risk projects*		1.0		1.0	4.0
- Restructuring costs		0.3	1.1	1.5	2.9
- Other items**	0.0	0.1	0.4	0.2	10.6
Adjusted EBITA	22.9	19.7	40.3	36.1	87.7
Adjusted EBITA margin, %	4.0	3.6	3.6	3.4	4.1

** Major risk projects include only one risk project in Germany in 2021 and 2022.*
*** In 2021 and 2022, provisions and legal and other costs for civil claims 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.*

April–June

Transaction costs related to acquisitions and divestments totalled EUR 1.5 million in April–June.

January–June

There were no write-downs from the separately identified major risk project, which was handed over to the customer in the fourth quarter of 2021. However, final discussions between the parties are still ongoing.

The Group's restructuring costs amounted to EUR 1.1 million. There were restructuring costs related to changes in the Group Management Board and Division Norway. Other items totalled EUR 0.4 million and were related to civil claims related to the German anti-trust matter. Transaction costs related to acquisitions and divestments totalled EUR 2.4 million in January–June.

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 2022 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 2021 and 2022, major risk projects include only one risk project in Germany reported under category (2). In 2021 and 2022, provisions and legal and other costs for civil claims related to the German anti-trust matter were 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 24.2 (20.7) million, result for the period to EUR 18.5 (15.6) million, and earnings per share to EUR 0.13 (0.11) in January–June. Net financing expenses in January–June were EUR 4.7 (4.2) million. This includes an interest cost on lease liabilities amounting to EUR 1.8 (1.9) million. In January-March 2022, net finance expenses included one-off exchange settlement cost related to bond refinancing amounting to EUR 1.2 million.

The Group's effective tax rate was 23.5 (24.6) percent in January–June 2022.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets (excluding capital expenditure on leased assets), including acquisitions, totalled EUR 38.0 (7.1) million in January–June, representing 3.4 (0.7) percent of revenue. Investments in information technology totalled EUR 4.6 (4.1) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms, with migration to the cloud. SmartView and mobile tools were also further developed. Other investments, including acquisitions, amounted to EUR 33.4 (3.0) million.

On 3 January 2022, Caverion closed on 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. The revenue of Frödéns amounted to EUR 2.7 million in 2021 and the company had 12 employees at the time of the acquisition. The transaction value was not disclosed.

On 1 April 2022, Caverion closed on an agreement to acquire the shares of DI-Teknik A/S in Denmark. DI-Teknik is one of Denmark's largest industrial automation companies with around 185 employees at the time of the acquisition. The company's revenue in 2020/2021 amounted to EUR 27.8 million. This acquisition brought completely new expertise and capabilities in industrial automation to Caverion in Denmark. On 1 April 2022, 80% of DI-Teknik's shares transferred into Caverion's ownership and Caverion will acquire the remaining 20% of the shares at the latest in April 2026. The transaction value was not disclosed.

On 1 May 2022, Caverion closed on an agreement to acquire the business of Kaldt og Varmt AS in Norway. Kaldt og Varmt is a heating and cooling specialist based in Askim, Norway. The acquisition complemented Caverion's service offering in the region and five employees were transferred into Caverion's service. The acquisition is expected to bring approximately EUR 1 million in revenue for Caverion. The purchase price was not disclosed.

On 2 May 2022, Caverion closed on an agreement to acquire the shares of the Finnish Wind Controller JV Oy ("WiCo"). The transaction included WiCo's subsidiaries WiCo Inspections Oy and WiCo Safety Oy. WiCo is the leading technical consultant and service provider for the Finnish wind power industry. Its customer base includes turbine suppliers and wind farm owners, operators and developers. By entering the wind power segment, Caverion widened its offering in the energy sector. The transaction also complemented Caverion's strong expertise in the energy industry and supported its growth strategy. WiCo had approximately 40 employees at the time of the acquisition and its revenue was EUR 5.1 million in 2021. The purchase price was not disclosed.

On 11 May 2022, Caverion closed on an agreement to acquire the shares of the Finnish WT-Service Oy. WT-Service provides industrial maintenance, installation and project services in the Vaasa region in Finland. The acquisition strengthened Caverion's regional footprint with new experts and a solid customer base. The company had 17 employees at the time of the acquisition and its revenue was EUR 1.7 million in 2021. The purchase price was not disclosed.

On 28 June 2022, Caverion signed an agreement to acquire all the shares in PORREAL GmbH in Austria, also including its fully owned subsidiary ALEA GmbH (together "PORREAL Group"). PORREAL Group offers technical and soft facility services in Austria thus strengthening Caverion's position in the Austrian facility services market. The stand-alone revenues of PORREAL and ALEA amounted to EUR 23.3 million and EUR 12.0 million in 2021, respectively. PORREAL Group currently employs approximately 380 employees. The transaction was closed on 2 August 2022. The purchase price was not disclosed.

On 1 July 2022, Caverion closed on an agreement to acquire the shares of the Finnish Visi Oy. Visi is an industrial security service specialist providing industrial video and access control services as well as work and safety communication services. The acquisition supported Caverion's sustainable growth strategy and strengthened the Group's capabilities in technical security services. Visi had 22 employees at the time of the acquisition and the company's revenue amounted to EUR 4.6 million for the financial year ending in April 2022. The purchase price was not disclosed.

More information on Caverion's acquisitions in the review period can be found in Note 5 to this Half-year Financial Report.

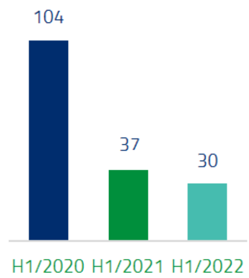
On 16 May 2022, Caverion and Metsä Fibre Oy agreed on an arrangement whereby Metsä Fibre Oy will take over the maintenance operations of their pulp mills and the Rauma sawmill as well as the related workshop and design services. The operations are currently performed by Oy Botnia Mill Service Ab, a joint venture company owned by the parties. The transaction will be carried out as a business transfer planned to take effect at the end of the year 2022. Altogether, approximately 350 employees will transfer to Metsä Fibre in the business transfer. The revenue of the business amounted to approximately EUR 60 million in 2021 and its impact on Caverion's EBITA was approximately EUR 4.2 million. As part of the transaction, Caverion will buy all the shares in Oy Botnia Mill Service Ab held by Metsä Fibre Oy. The purchase price was not disclosed. The transaction has no impact on Caverion's guidance for the year 2022 and it has no material impact on the financial position of Caverion.

A disposal affecting comparability between the periods is that 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 were 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.

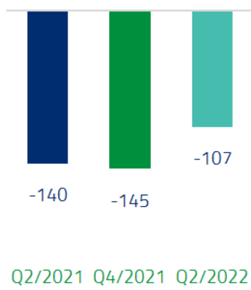
Cash flow, working capital and financing

- The Group's operating cash flow before financial and tax items decreased to EUR 29.7 (37.2) million in January–June and cash conversion (LTM) was 81.3 (80.3) percent. The cash flow was negatively impacted by the payment of EUR 8.8 million for civil claims relating to the German anti-trust matter. The respective cost was recognised in 2021 and reported in items affecting comparability in 2021.
- The Group's free cash flow amounted to EUR -13.0 (21.5) million. Cash flow after investments was EUR -20.3 (16.2) million.
- The Group's working capital was EUR -106.5 (-139.9) million at the end of June. Working capital was impacted by projects being in a cash-consuming phase.

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



Working capital
(EUR million)



In April–June, the Group's operating cash flow before financial and tax items decreased to EUR -9.3 (-3.4) million. The Group's free cash flow amounted to EUR -42.2 (-7.3) million. Cash flow after investments was EUR -44.1 (-8.3) million.

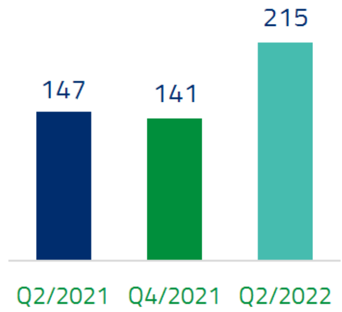
The amount of trade and POC receivables increased to EUR 560.1 (518.4) million and other current receivables increased to EUR 29.4 (26.9) million. On the liabilities side, advances received increased to EUR 248.4 (237.9) million, other current liabilities decreased to EUR 262.5 (278.1) million and trade and POC payables increased to EUR 203.1 (185.9) million.

Caverion's cash and cash equivalents amounted to EUR 58.7 (113.7) million at the end of June. 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 136.2 (137.3) million at the end of June, and the average effective interest rate was 2.5 (2.6) percent. Approximately 44 percent of the loans have been raised from banks and other financial institutions and approximately 56 percent from capital markets. Lease liabilities amounted to EUR 137.9 (123.6) million at the end of June 2022, resulting to total gross interest-bearing liabilities of EUR 274.1 (260.9) million.

- The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 77.5 (23.7) million at the end of June and including lease liabilities to EUR 215.4 (147.3) million. The net debt was impacted by investments in the acquisitions with a negative cash flow effect of EUR 28.4 million in January-June 2022 and dividend payment of EUR 23.2 million.
- At the end of June, the Group's gearing was 111.3 (79.9) percent and the equity ratio 18.6 (18.1) percent.
- Excluding the effect of IFRS 16, the equity ratio would have amounted to 21.3 (20.5) percent.

Interest-bearing net debt
(EUR million)



In February Caverion issued a senior unsecured bond of EUR 75 million with an issue price of 99.425 percent. The 5-year bond matures on 25 February 2027 and carries a fixed annual interest of 2.75 percent. Also, Caverion carried out a tender offer for the EUR 75 million bond maturing in March 2023 resulting to a EUR 71.5 million acceptance level. The new bond extends the maturity profile, lowers the interest expenses and supports Caverion's strategy for sustainable profitable growth.

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 percent 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.

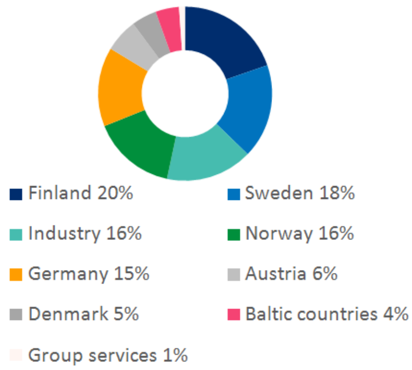
Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA according to the calculation principles confirmed with the lending parties. The financial covenant shall not exceed 3.5:1. Caverion is in compliance with the quarterly monitored financial covenant.

PERSONNEL

- Caverion Group employed 14,381 (14,958) people on average in January–June 2022. At the end of June, the Group employed 14,612 (14,958) people. Personnel expenses for January–June amounted to EUR 464.5 (469.4) million.
- Employee safety continued to be a high focus area also in the first half of 2022. 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. However, due to the corona pandemic, sick leave levels increased significantly compared to the previous year.
- The Group's accident frequency rate at the end of June was 4.5 (4.2).

Personnel by division

at the end of June 2022



Personnel by division, end of period	6/2022	3/2022	Change	6/2022	6/2021	Change	12/2021
Finland	2,877	2,815	2%	2,877	2,890	0%	2,819
Sweden	2,562	2,555	0%	2,562	2,523	2%	2,528
Industry	2,358	2,228	6%	2,358	2,458	-4%	2,243
Norway	2,274	2,303	-1%	2,274	2,324	-2%	2,331
Germany	2,151	2,156	0%	2,151	2,164	-1%	2,177
Austria	904	904	0%	904	855	6%	903
Denmark	684	524	31%	684	548	25%	528
Other countries*	637	622	2%	637	1,032	-38%	609
Group Services	165	165	0%	165	164	1%	160
Group, total	14,612	14,272	2%	14,612	14,958	-2%	14,298

** Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021. Russian subsidiary employed 421 persons at the end of the year 2021.*

Information on the effect of acquisitions on Group personnel can be found in Note 5 to this Half-year Financial Report.

Changes in Caverion's Group Management Board and organisation structure

Deputy CEO Thomas Hietto, responsible for Services, Sustainability & Smart City Solutions, resigned as of 28 January 2022. 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 other responsibilities.

As Caverion announced on 10 February 2022, Kari Sundbäck is taking responsibility for Services business, smart technologies, advisory, engineering and digital solutions as well as for strategic and operations development.

Reinhard Poglitsch was appointed as EVP, Head of Commercial, responsible for International customers and commercial development as of 14 March 2022. Poglitsch joined Caverion after a long career in ISS, a global provider of facility services. His most recent position was as Commercial Director, ISS Europe, during 2019–2021. He is also a Group Management Board member of Caverion.

Riitta Palomäki was appointed as interim CFO as of 1 March 2022. Palomäki has previously held CFO positions at Uponor Corporation and Kuusakoski Group Oy. She reports to Jacob Götzsche, President and CEO, but is not a Group Management Board member. The previous CFO Martti Ala-Härkönen had resigned to join another company and continued as CFO until 31 March 2022.

Mikko Kettunen has been appointed as CFO of Caverion Group and a member of the Group Management Board of Caverion Corporation as of 22 August 2022.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties reported in the Board of Director's Report presented in the Annual Review of 2021. Those risks and uncertainties are still valid.

The most significant new factor creating uncertainty is the invasion of Ukraine by Russia since 24 February 2022. The expected impacts of the crisis on Caverion's business during the first half of 2022 have been described earlier in the report in "Impacts of the Ukraine crisis on Caverion's business during the first half of 2022".

The lack of availability of materials and supply as well as the increase in material prices were presented as short-term risks in the Board of Director's Report presented in the Annual Review of 2021. These risks are still valid and even more significant due to the Ukraine crisis. The same applies to the risk of rising energy and fuel prices. Possible problems with the availability and cost of materials, labour, energy and fuel may impact the operating environment in the near future. These risks have already partly materialised. The key measures how Caverion is managing the situation include price increase clauses in tenders and agreements covering these costs.

The soaring inflation in the EU countries poses several risks and may lead to a recession within the EU and also wider.

Cyber risks have increased due to the Ukraine crisis. There have been concrete cases of cyber-attacks on business enterprises and government authorities. Government authorities have warned of an increasing amount of cyber-attacks. Caverion has improved the company's cyber security operations and technologies continuously and is well prepared against cyber security threats. However, it cannot be excluded that also Caverion could face cyber-attacks with potential impact on operations.

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 second quarter and during the first half of 2022".

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 the first half of 2022. While there was less impact on the demand, the level of sick leaves was particularly high in the Nordics and also higher than normally in Central Europe. The high level of infections continued in Caverion's operating countries in the end of the first quarter. The effects of the pandemic gradually started to ease off during the second quarter, however the number infections started to increase again towards the end of the quarter.

The business volume and the amount of new order intake are important determinants of Caverion's performance. Despite the somewhat more optimistic outlook of the corona pandemic, a negative scenario whereby new waves of the corona pandemic or new pandemics would emerge 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.

Should the new waves of the corona pandemic or new pandemics emerge, Caverion's business would be exposed to various risks. 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.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

Caverion Corporation's Annual General Meeting, which was held on 28 March 2022 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 2021 and discharged the members of the Board of Directors and the President and CEOs from liability. In addition, the Annual General Meeting resolved on the use of the profit shown on the balance sheet and the payment of dividend, 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 2023. 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 28 March 2022. 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 Annual General Meeting, held on 28 March 2022, approved the proposal of the Board of Directors according to which a dividend of EUR 0.17 per share was paid from the distributable funds of the company for the financial year 2021. The dividend was paid to shareholders who on the record date of the dividend payment 30 March 2022 were recorded in the shareholders' register held by Euroclear Finland Oy. The dividend was paid on 6 April 2022.

Caverion's dividend policy is to distribute as dividends at least 50 percent of the result for the year after taxes, however, taking 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 2022. Caverion held 2,502,467 treasury shares on 1 January 2022. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,447,447 treasury shares on 30 June 2022, representing 1.76 percent of the total number of shares and voting rights. The number of shares outstanding was 136,472,645 at the end of June 2022.

The Board of Directors of Caverion Corporation decided on a directed share issue without payment for Caverion's Restricted Share Plan 2019–2021 reward payment, as described in stock exchange release published on 24 February 2022. In the directed share issue without payment, 55,020 Caverion Corporation shares held by the company were on 24 February 2022 conveyed to 22 key employees according to the terms and conditions of the plan. 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 24 March 2021. Prior to the directed share issue, Caverion held a total of 2,502,467 treasury shares, of which 2,447,447 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 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 2019–2021 were not achieved, and no rewards thereof were paid. If all targets will be achieved, the share rewards subject to Board approval will comprise a maximum of approximately 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 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 2020–2022, 2021–2023 as well as 2022–2024 total a maximum of approximately 480,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 230,000 shares will be delivered 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.

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 28 March 2022, 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 total 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 on the manner in which own shares will be repurchased and/or accepted as pledge. Repurchase of own shares may be made using, inter alia, derivatives. The 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 Annual General Meeting on 24 March 2021 to decide on the repurchase and/or acceptance as pledge of the company's own shares. The authorisation is valid until 28 September 2023. 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 623,122 Caverion Corporation shares as a pledge at the end of the reporting period on 30 June 2022.

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

The Annual General Meeting of Caverion Corporation, held on 28 March 2022, authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The total 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 Annual General Meeting on 24 March 2021 to decide on the issuance of shares. The authorisation is valid until the end of the next Annual General Meeting, however no later than 30 June 2023.

The Board of Directors has not used the current authorisation to decide on share issues during the period. The decision on the directed share issue without payment described under "Share capital and number of shares" was based on the previous authorisation.

Trading in shares

The closing price of Caverion's share was EUR 6.39 at the end of the year 2021. The closing rate on the last trading day of the review period on 30 June was EUR 4.42. The share price decreased by 31 percent during January–June. The highest price of the share during the review period January–June was EUR 6.74, the lowest was EUR 4.24 and the average price was EUR 5.26. Share turnover on Nasdaq Helsinki in January–June amounted to 15.8 million shares. The value of share turnover was EUR 83.1 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 603.2 million. Market capitalisation has been calculated excluding the 2,447,447 shares held by the company as per 30 June 2022.

Number of shareholders and flagging notifications

At the end of June 2022, the number of registered shareholders in Caverion was 29,999 (3/2022: 29,259). At the end of June 2022, a total of 29.7 percent of the shares were owned by nominee-registered and non-Finnish investors (3/2022: 30.3%).

Caverion Corporation received on 5 January 2022 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Antti Herlin in Caverion Corporation through Security Trading Oy (a company owned by Antti Herlin) had exceeded the threshold of 15 percent on 5 January 2022, as Security Trading Oy acquired 100% of the share capital in Hisra Consulting and Finance Oy. The combined direct and indirect holding of Antti Herlin and Security Trading in Caverion increased to 21,054,392 shares, corresponding to 15.1558 percent of Caverion's shares and voting rights.

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 30 June 2022, are available on Caverion's website at www.caverion.com/investors.

HALF-YEAR FINANCIAL REPORT 1 JANUARY – 30 JUNE 2022: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Revenue	**577.0**	**545.1**	**1,105.1**	**1,060.4**	**2,139.5**
Other operating income	0.7	0.5	1.1	0.9	2.8
Materials and supplies	-150.8	-127.6	-278.2	-245.6	-523.9
External services	-106.0	-100.6	-201.3	-190.6	-398.4
Employee benefit expenses	-235.9	-236.1	-464.5	-469.4	-889.9
Other operating expenses	-49.1	-49.8	-98.0	-96.0	-216.3
Share of results of associated companies			0.0	0.0	0.0
Depreciation, amortisation and impairment	-18.3	-17.6	-35.4	-34.7	-70.3
Operating result	**17.5**	**13.9**	**28.9**	**24.9**	**43.5**
% of revenue	3.0	2.5	2.6	2.3	2.0
Financial income and expense, net	-1.6	-2.1	-4.7	-4.2	-8.6
Result before taxes	**15.9**	**11.8**	**24.2**	**20.7**	**34.9**
% of revenue	2.8	2.2	2.2	2.0	1.6
Income taxes	-3.8	-3.0	-5.7	-5.1	-9.8
Result for the period	**12.1**	**8.8**	**18.5**	**15.6**	**25.1**
% of revenue	2.1	1.6	1.7	1.5	1.2
Attributable to					
Equity holders of the parent company	12.1	8.8	18.5	15.6	25.0
Non-controlling interests	0.0	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	0.09	0.06	0.13	0.11	0.17
Diluted earnings per share, EUR	0.09	0.06	0.13	0.11	0.17

Consolidated statement of comprehensive income

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Result for the review period	**12.1**	**8.8**	**18.5**	**15.6**	**25.1**
Other comprehensive income					
Items that will not be reclassified to profit/loss:					
- Change in fair value of defined benefit pension plans	1.6	0.4	0.9	-0.7	-0.1
-- Deferred tax					-0.5
- Change in fair value of other investments		0.0	-0.1	0.0	0.0
-- Deferred tax					
Items that may be reclassified subsequently to profit/loss:					
- Translation differences	-4.5	-0.6	-2.9	1.6	8.1
Other comprehensive income, total	**-2.8**	**-0.2**	**-2.1**	**0.9**	**7.5**
Total comprehensive result	**9.3**	**8.6**	**16.4**	**16.5**	**32.5**
Attributable to					
Equity holders of the parent company	9.3	8.6	16.4	16.5	32.5
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	18.7	18.2	17.6
Right-of-use assets	133.3	120.0	131.2
Goodwill	391.3	365.0	369.9
Other intangible assets	49.7	45.7	47.7
Shares in associated companies and joint ventures	1.5	1.7	1.5
Other investments	1.3	1.3	1.3
Other receivables	8.9	8.2	9.6
Deferred tax assets	17.5	20.2	16.8
Total non-current assets	**622.3**	**580.1**	**595.6**
Current assets			
Inventories	18.0	16.6	16.9
Trade receivables	302.0	311.0	346.0
POC receivables	257.7	207.4	195.6
Other receivables	30.0	27.0	34.4
Income tax receivables	0.8	2.4	0.6
Cash and cash equivalents	58.7	113.7	130.9
Total current assets	**667.3**	**678.2**	**724.4**
Total assets	**1,289.5**	**1,258.3**	**1,320.0**
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	1.0	1.0	1.0
Hybrid capital	35.0	35.0	35.0
Other equity	157.3	148.1	165.1
Non-controlling interest	0.3	0.3	0.3
Equity	**193.6**	**184.4**	**201.4**
Non-current liabilities			
Deferred tax liabilities	37.0	32.0	34.0
Pension liabilities	50.0	51.5	50.6
Provisions	8.2	10.2	10.6
Lease liabilities	94.2	83.4	94.1
Other interest-bearing debts	133.1	134.3	132.9
Other liabilities	8.2	5.8	7.1
Total non-current liabilities	**330.6**	**317.3**	**329.2**
Current liabilities			
Advances received	248.4	237.9	261.3
Trade payables	174.0	161.4	167.4
Other payables	262.7	270.6	276.5
Income tax liabilities	3.5	10.8	5.5
Provisions	29.9	32.8	34.0
Lease liabilities	43.7	40.2	41.6
Other interest-bearing debts	3.1	3.0	3.1
Total current liabilities	**765.3**	**756.7**	**789.4**
Total equity and liabilities	**1,289.5**	**1,258.3**	**1,320.0**

Working capital

EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Inventories	18.0	16.6	16.9
Trade and POC receivables	560.1	518.4	541.9
Other current receivables	29.4	26.9	33.8
Trade and POC payables	-203.1	-185.9	-197.7
Other current liabilities	-262.5	-278.1	-278.3
Advances received	-248.4	-237.9	-261.3
Working capital	**-106.5**	**-139.9**	**-144.7**

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, 2022	**1.0**	**107.6**	**-6.0**	**-0.2**	**-2.4**	**66.0**	**35.0**	**201.1**	**0.3**	**201.4**
Comprehensive income										
Result for the period		18.5						18.5	0.0	18.5
Other comprehensive income:										
Change in fair value of defined benefit pension plans		0.9						0.9		0.9
-Deferred tax										
Change in fair value of other investments				-0.1				-0.1		-0.1
-Deferred tax										
Translation differences			-2.9					-2.9		-2.9
Comprehensive income, total		**19.4**	**-2.9**	**-0.1**				**16.4**	**0.0**	**16.4**
Dividend distribution		-23.2						-23.2	0.0	-23.2
Share-based payments		0.9						0.9		0.9
Transfer of own shares		-0.4			0.4					
Hybrid capital interests and costs after taxes		-1.9						-1.9		-1.9
Equity on June 30, 2022	**1.0**	**102.4**	**-8.9**	**-0.3**	**-2.0**	**66.0**	**35.0**	**193.3**	**0.3**	**193.6**

	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		15.6						15.6	0.0	15.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-0.7						-0.7		-0.7
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			1.6					1.6		1.6
Comprehensive income, total		**14.9**	**1.6**	**0.0**				**16.5**	**0.0**	**16.5**
Dividend distribution		-27.3						-27.3	0.0	-27.3
Share-based payments		0.5						0.5		0.5
Transfer of own shares		-0.4			0.4					
Hybrid capital interests and costs after taxes		-1.9						-1.9		-1.9
Equity on June 30, 2021	**1.0**	**97.1**	**-12.4**	**-0.2**	**-2.4**	**66.0**	**35.0**	**184.1**	**0.3**	**184.4**

	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**

Condensed consolidated statement of cash flows

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Cash flows from operating activities					
Result for the period	12.1	8.8	18.5	15.6	25.1
Adjustments to result	20.6	21.5	39.2	39.9	99.8
Change in working capital	-42.1	-33.7	-28.0	-18.3	-21.0
Operating cash flow before financial and tax items	**-9.3**	**-3.4**	**29.7**	**37.2**	**103.8**
Financial items, net	-1.9	-1.0	-7.3	-5.3	-9.0
Taxes paid	-1.5	-0.9	-6.5	-9.0	-14.3
Net cash from operating activities	**-12.8**	**-5.2**	**16.0**	**22.9**	**80.4**
Cash flows from investing activities					
Acquisition of subsidiaries and businesses, net of cash	-27.2	0.0	-28.4	-0.7	-9.7
Disposal of subsidiaries and businesses, net of cash	0.0		-0.1	0.0	-0.9
Capital expenditure and other investments, net	-4.1	-3.1	-7.8	-6.0	-11.7
Net cash used in investing activities	**-31.3**	**-3.1**	**-36.3**	**-6.7**	**-22.3**
Cash flow after investing activities	**-44.1**	**-8.3**	**-20.3**	**16.2**	**58.2**
Cash flow from financing activities					
Change in loan receivables, net	0.5		0.8		
Change in current liabilities, net				0.0	
Proceeds from borrowings			74.6	0.1	50.3
Repayments of borrowings	-1.5	-1.5	-73.0	-1.5	-53.2
Repayments of lease liabilities	-12.9	-12.0	-24.2	-22.8	-46.9
Hybrid capital costs and interests	-2.4	-2.4	-2.4	-2.4	-2.4
Dividends paid and other distribution of assets	-23.2	-27.2	-23.2	-27.3	-27.3
Net cash used in financing activities	**-39.5**	**-43.2**	**-47.4**	**-53.9**	**-79.5**
Change in cash and cash equivalents	**-83.6**	**-51.5**	**-67.7**	**-37.7**	**-21.3**
Cash and cash equivalents at the beginning of the period	130.9	149.3	130.9	149.3	149.3
Change in the foreign exchange rates	-6.9	-1.0	-4.5	2.1	2.9
Cash and cash equivalents at the end of the period	**58.7**	**113.7**	**58.7**	**113.7**	**130.9**

Free cash flow

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating cash flow before financial and tax items	-9.3	-3.4	29.7	37.2	103.8
Taxes paid	-1.5	-0.9	-6.5	-9.0	-14.3
Net cash used in investing activities	-31.3	-3.1	-36.3	-6.7	-22.3
Free cash flow	**-42.2**	**-7.3**	**-13.0**	**21.5**	**67.2**

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1 Accounting principles

Caverion Corporation's Half-year Financial Report for 1 January – 30 June, 2022 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Half-year Financial Report as in its Financial Statements for 2021.

The information presented in this Half-year Financial Report has not been audited.

In the Half-year Financial Report the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

2 Key figures

	6/2022	6/2021	12/2021
Revenue, EUR million	1,105.1	1,060.4	2,139.5
Organic growth, %	3.6	-1.1	-2.0
EBITDA, EUR million	64.3	59.6	113.8
EBITDA margin, %	5.8	5.6	5.3
Adjusted EBITDA, EUR million	68.1	62.6	142.1
Adjusted EBITDA margin, %	6.2	5.9	6.6
EBITA, EUR million	36.4	33.1	59.4
EBITA margin, %	3.3	3.1	2.8
Adjusted EBITA, EUR million	40.3	36.1	87.7
Adjusted EBITA margin, %	3.6	3.4	4.1
Operating profit, EUR million	28.9	24.9	43.5
Operating profit margin, %	2.6	2.3	2.0
Result before taxes, EUR million	24.2	20.7	34.9
% of revenue	2.2	2.0	1.6
Result for the review period, EUR million	18.5	15.6	25.1
% of revenue	1.7	1.5	1.2
Earnings per share, undiluted, EUR	0.13	0.11	0.17
Earnings per share, diluted, EUR	0.13	0.11	0.17
Equity per share, EUR	1.4	1.4	1.5
Equity ratio, %	18.6	18.1	19.0
Interest-bearing net debt, EUR million	215.4	147.3	140.7
Gearing ratio, %	111.3	79.9	69.8
Total assets, EUR million	1,289.5	1,258.3	1,320.0
Operating cash flow before financial and tax items, EUR million	29.7	37.2	103.8
Cash conversion (LTM), %	81.3	80.3	91.2
Working capital, EUR million	-106.5	-139.9	-144.7
Gross capital expenditures, EUR million	38.0	7.1	26.0
% of revenue	3.4	0.7	1.2
Order backlog, EUR million	1,907.9	1,789.0	1,863.8
Personnel, average for the period	14,381	14,958	14,831
Number of outstanding shares at the end of the period (thousands)	136,473	136,296	136,418
Average number of shares (thousands)	136,456	136,198	136,298

3 Financial development by quarter

EUR million	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Revenue	577.0	528.1	585.3	493.7	545.1	515.3
Organic growth, %	4.7	2.4	-1.1	-4.6	3.3	-5.4
EBITDA	35.8	28.5	23.0	31.2	31.5	28.1
EBITDA margin, %	6.2	5.4	3.9	6.3	5.8	5.5
Adjusted EBITDA	37.3	30.8	44.5	35.0	33.2	29.4
Adjusted EBITDA margin, %	6.5	5.8	7.6	7.1	6.1	5.7
EBITA	21.4	15.0	8.6	17.7	18.0	15.1
EBITA margin, %	3.7	2.8	1.5	3.6	3.3	2.9
Adjusted EBITA	22.9	17.4	30.1	21.5	19.7	16.4
Adjusted EBITA margin, %	4.0	3.3	5.1	4.4	3.6	3.2
Operating profit	17.5	11.4	5.1	13.5	13.9	11.0
Operating profit margin, %	3.0	2.2	0.9	2.7	2.5	2.1

	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Earnings per share, undiluted, EUR	0.09	0.04	0.01	0.05	0.06	0.05
Earnings per share, diluted, EUR	0.09	0.04	0.01	0.05	0.06	0.05
Equity per share, EUR	1.4	1.4	1.5	1.4	1.4	1.3
Equity ratio, %	18.6	17.3	19.0	19.0	18.1	17.2
Interest-bearing net debt, EUR million	215.4	125.6	140.7	185.0	147.3	98.0
Gearing ratio, %	111.3	67.7	69.8	96.2	79.9	55.2
Total assets, EUR million	1,289.5	1,313.9	1,320.0	1,254.2	1,258.3	1,280.9
Operating cash flow before financial and tax items, EUR million	-9.3	39.1	76.7	-10.1	-3.4	40.6
Cash conversion (LTM), %	81.3	89.6	91.2	96.4	80.3	137.4
Working capital, EUR million	-106.5	-158.2	-144.7	-101.7	-139.9	-176.0
Gross capital expenditures, EUR million	33.3	4.7	5.2	13.7	2.8	4.3
% of revenue	5.8	0.9	0.9	2.8	0.5	0.8
Order backlog, EUR million	1,907.9	1,951.6	1,863.8	1,889.7	1,789.0	1,626.7
Personnel at the end of the period	14,612	14,272	14,298	14,773	14,958	14,892
Number of outstanding shares at end of period (thousands)	136,473	136,473	136,418	136,448	136,296	136,176
Average number of shares (thousands)	136,473	136,440	136,433	136,361	136,258	136,138

4 Calculation of key figures

IFRS key figures

$$\text{Earnings / share, undiluted} = \frac{\text{Result for the period (attributable for equity holders)} \atop \text{- hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$$

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

Alternative performance measures

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.

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) *

$$\text{Equity ratio (\%)} = \frac{\text{(Equity + non-controlling interest)} \times 100}{\text{Total assets - advances received}}$$

$$\text{Gearing ratio (\%)} = \frac{\text{(Interest-bearing liabilities - cash and cash equivalents)} \times 100}{\text{Shareholders' equity + non-controlling interest}}$$

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

$$\text{Cash conversion (\%)} = \frac{\text{Operating cash flow before financial and tax items (LTM)} \times 100}{\text{EBITDA (LTM)}}$$

$$\text{Equity / share} = \frac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$$

$$\text{Dividend / earnings (\%)} = \frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$$

Net debt / Adjusted EBITDA = $\frac{\text{Interest-bearing net debt}}{\text{Adjusted EBITDA (LTM)}}$

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.

*Items affecting comparability (IAC) in 2022 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 2021 and 2022, major risk projects only include one risk project in Germany reported under category (2). In 2021 and 2022, provisions and legal and other costs for civil claims related to the German anti-trust matter were 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.

5 Acquisitions 2022

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Employees	Prior fiscal year annual sales, EUR million
Frödéns Ventilation	Sweden	Services	Ventilation and air conditioning	Business	Jan	12	2.7
DI-Teknik A/S	Denmark	Services	Automation	Shares	Apr	185	27.8
Kaldt og Varmt	Norway	Services	Cooling and heating	Business	May	5	1.8
Wind Controller Group	Industry	Services	Energy utilities operation and maintenance	Shares	May	40	5.1
WT-Service Oy	Industry	Services	Industrial maintenance	Shares	May	17	1.7
Visi Oy	Finland	Services	Security and safety	Shares	Jul	22	4.6
PORREAL Group	Austria	Services	Technical maintenance	Shares	Aug	380	32.8

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 June 2022, the total outstanding amount of these loans amounted approximately to EUR 3.7 (4.4) million. The loans will be repaid in full on 29 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 fixed term contract with a member of the Board concerning consulting services. The contract is valid until 31 December 2022 and the value 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.

At the end of June the market risk sentiment continued weak driven by geopolitical risks and inflation. ECB is controlling the inflation by ending its asset purchases program and raised the key ECB rates by 50 basis points in July. Furthermore, next interest rate hikes are expected in upcoming meetings. With continuing high inflation rates, the pressure on interest rate increases remains strong and high volatility on foreign exchange rates is expected. Also, despite the more optimistic outlook of the corona pandemic, it cannot be ruled out that new waves of the pandemic continue to emerge further increasing the market risks. Caverion monitors the risks closely and at the moment does not see any need for changes in the risk management principles. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange and interest rate related risks are in control.

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 continues the sharpened focus on optimising cash flow and working capital management. Ensuring adequate liquidity has been prioritised since the start of the corona pandemic.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA according to the calculation principles confirmed with the lending parties. 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	1.5	6.5	3.0	51.5	0.0	75.5	138.0
Lease liabilities	22.7	39.2	26.6	16.0	11.0	22.4	137.9
Total	**24.2**	**45.7**	**29.6**	**67.5**	**11.0**	**97.9**	**275.9**

8 Financial liabilities and interest-bearing net debt

EUR million	Jun 30, 2022 Carrying amount	Jun 30, 2021 Carrying amount	Dec 31, 2021 Carrying amount
Non-current liabilities			
Senior bonds	76.6	74.8	74.9
Loans from financial institutions	50.0	50.0	50.0
Other financial loans	0.5	0.5	0.5
Pension loans	6.0	9.0	7.5
Lease liabilities	94.2	83.4	94.1
Total non-current interest-bearing liabilities	**227.3**	**217.7**	**226.9**
Current liabilities			
Loans from financial institutions	0.1	0.0	0.1
Pension loans	3.0	3.0	3.0
Lease liabilities	43.7	40.2	41.6
Total current interest-bearing liabilities	**46.8**	**43.2**	**44.7**
Total interest-bearing liabilities	**274.1**	**260.9**	**271.6**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**136.2**	**137.3**	**135.9**
Cash and cash equivalents	58.7	113.7	130.9
Interest-bearing net debt	**215.4**	**147.3**	**140.7**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**77.5**	**23.7**	**5.0**

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

Derivative instruments

Nominal amounts EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Foreign exchange forwards	98.4	60.2	65.2

Fair values EUR million	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Foreign exchange forwards			
positive fair value	0.2	0.0	0.1
negative fair value	-0.4	-0.1	-0.1

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	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Guarantees given on behalf of associated companies and joint ventures	0.0	30.7	32.1
Parent company's guarantees on behalf of its subsidiaries	457.4	459.5	467.9
Other commitments			
- Other contingent liabilities	0.2	0.2	0.2
Accrued unrecognised interest on hybrid bond	0.3	0.3	1.5

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 18.4 (18.5) million at the end of June 2022.

The short-term risks and uncertainties relating to the operations have been described in section "Significant short-term risks and uncertainties".

Caverion's Financial Information for 2022

Interim Report for January – September 2022: 3 November 2022

Financial Statement Release for 2022: 9 February 2023

Building Performance

Caverion Corporation ▪ P.O.Box 71, FI-01601 Vantaa ▪ Tel. +358 10 4071 ▪ ir@caverion.com ▪ www.caverion.com

@CaverionGroup facebook.com/CaverionGroup www.linkedin.com/company/caverion