



Annual Review 2022

CAVERION CORPORATION

Table of contents

In Brief4
Board of Directors' Report12

AUDITED

Consolidated financial statements, IFRS37
Consolidated income statement37
Consolidated statement of comprehensive income37
Consolidated statement of financial position38
Consolidated statement of cash flows.....39
Consolidated statement of changes in equity40

Notes to the consolidated financial statements.....42

1 Basis of preparation42
2 Financial performance.....45
2.1 Revenue from contracts with customers46
2.2 Costs and expenses.....48
2.3 Depreciation, amortisation and impairment.....49
2.4 Financial income and expenses49
2.5 Income taxes50
2.6 Earnings per share.....50

Disclosure regarding non-financial information22
Key figures.....32

3 Working capital and deferred taxes51
3.1 Inventories52
3.2 Trade and other receivables52
3.3 Trade and other payables.....53
3.4 Provisions.....54
3.5 Deferred tax assets and liabilities.....55

4 Business combinations and capital expenditure58
4.1 Acquisitions and disposals59
4.2 Goodwill63
4.3 Tangible and intangible assets65

5 Capital structure68
5.1 Capital management.....69
5.2 Shareholders' equity69
5.3 Change in net debt.....71
5.4 Financial assets and liabilities by category72

Calculation of key figures.....33
Shareholders35

5.5 Financial risk management.....74
5.6 Derivative instruments.....76
5.7 Investments in associated companies and joint ventures.....77
5.8 Employee benefit obligations.....79
5.9 Lease agreements82
5.10 Commitments and contingent liabilities83

6 Others85
6.1 Key management compensation86
6.2 Share-based payments.....87
6.3 Related party transactions.....90
6.4 Subsidiaries.....90
6.5 Events after the reporting date91

Parent company financial statements, FAS92
Signatures to the Board of Directors' report and Financial statements and Auditor's note105
Auditor's report.....106
Independent Auditor's report on Caverion Oyj's ESEF
Consolidated Financial statements110



1 Basis of preparation



2 Financial performance



3 Working capital and deferred taxes



4 Business combinations and capital expenditure



5 Capital structure



6 Others



We enable
performance and
people's wellbeing
in smart and
sustainable built
environments

Caverion – Building Performance

Caverion is an expert for smart and sustainable built environments, enabling performance and people's well-being. Customers can trust our expert guidance during the entire lifecycle of their buildings, infrastructure or industrial sites. Our offering covers the installation and maintenance of base and smart technologies all the way to managed services, advisory and engineering services and digital solutions.

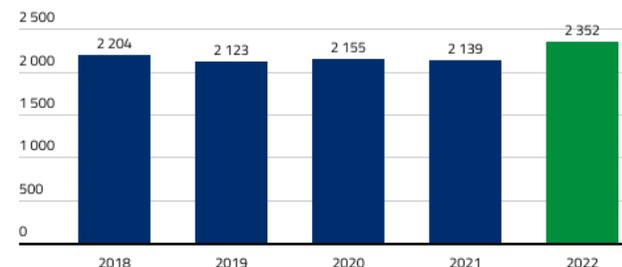
Our customers are supported by almost 14,500 professionals in 10 countries in Northern and Central Europe. Our revenue in 2022 was over EUR 2.3 billion. Caverion's shares are listed on Nasdaq Helsinki. Caverion's head office is located in Vantaa, Finland.

Sustainable impact

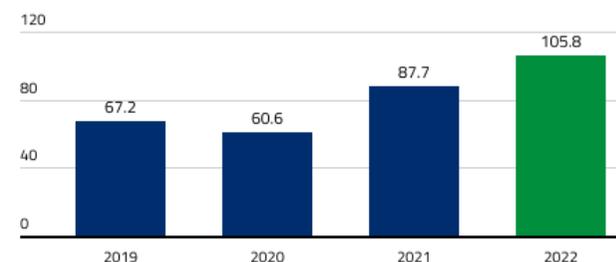
What makes our company unique is that we create sustainable impact for every customer with the solutions we design and deliver, reliably and transparently every time. Sustainable impact for our customers means we develop and deliver long-lasting solutions for their built assets and improve the sustainability and energy efficiency of their built environment.

Caverion is a member of the UN Global Compact, the world's largest corporate sustainability initiative. In February 2022, Caverion committed to the Science Based Targets initiative (SBTi), which is driving ambitious climate action.

Revenue (EUR million)



Adjusted EBITA (EUR million)



Our business units: Services and Projects

Services

Caverion is a partner for its customers within built environment services, from technical maintenance, installation and property management services to solutions based on smart technologies and advisory services. Being a forerunner in sustainability, digitalisation and technology, supported by a wide local service network, we are able to offer our customers reliable, transparent and high-quality services nationwide and internationally. Our focus is on supporting our customers' core business and delivering impactful outcomes: carbon footprint decreases, energy savings, improved end-user satisfaction and optimal building conditions.

Our goal is to be a leading service company and our customers' trusted partner, and to profitably grow faster than the market.

Projects

Caverion delivers building technology and infrastructure projects for new building investments and modernisations. As a lifecycle partner with design & build expertise, we install all building technologies. We enable our customers' building performance with smart and energy efficient solutions, always focusing on connectivity and human-centric design. Our customers count on us for future-proof installations and technical solutions that comply with regulations and the safety and sustainability requirements of the future.

As a selective master of projects, our goal is to set the optimal foundation for a long-term customer relationship which we further grow with our service capabilities throughout the entire lifecycle.

For industrial customers

Caverion improves production efficiency, operational reliability and maintenance processes for its industrial customers. We help them meet increasing sustainability requirements and develop towards knowledge-based management and operator-driven reliability. When the customers' production or energy generation assets and processes operate as planned, production disruptions, uncontrolled emissions and waste are minimised. Caverion offers solutions for the entire lifecycle of the investment - from pre-engineering to implementation and ensuring production continuity.

Revenue by division

- Sweden 19%
- Finland 18%
- Germany 17%
- Norway 16%
- Industry 12%
- Austria 10%
- Denmark 5%
- Other countries 2%



Personnel by division

- Finland 20%
- Sweden 18%
- Norway 16%
- Germany 15%
- Industry 13%
- Austria 7%
- Denmark 5%
- Other countries 5%
- Group Services 1%

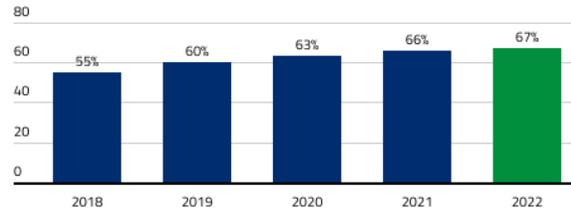


Revenue by customer segment

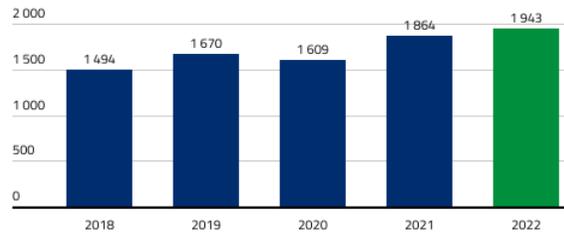
- Industry 33%
- Real Estate Users 26%
- Real Estate Investors and Developers 15%
- Public Sector 15%
- General Contractors 11%



Services business share of revenue, %



Order backlog at the end of the year (EUR million)



From the CEO



2022 was an eventful and positive year for Caverion.

After the pandemic years 2020-2021, 2022 was another exceptional year. The war in Ukraine has had a big impact, not only on the political and social environment, but also on the economic environment in Europe and the whole world. As a consequence, the energy crisis and inflation became more and more predominant concerns as the year progressed. Caverion managed the challenges well because we continued to stay close to our customers and supported them in addressing their priorities – navigating the energy crisis, mitigating supply chain issues and inflation and following tightened sustainability regulations.

In May, our Capital Markets Day marked the launch of our updated strategy, Sustainable Growth. Driven by our purpose of Building Performance, we defined how we will differentiate and focus in a market full of opportunities: we create sustainable impact for every customer with the solutions we design and deliver, reliably and transparently every time.

As evidence of our strategic progress and of increasing interest in our company, a public tender offer for all the shares in Caverion was announced in November. Since then, we have seen development in this front, including another tender offer, and our Board of Directors has worked diligently in the best interests of our company and all of its shareholders. I believe that this development is a unique opportunity to accelerate our growth and the implementation of our strategy and I am looking forward to this new chapter for our company.

Focusing on People at the center

In 2022, we acquired 12 companies in 5 countries. More than 560 new experts joined our Caverion family through these acquisitions, further increasing our capabilities for building performance. Our almost 14,500 employees cover a vast area of special expertise and come from a diverse background of 52 different nationalities. We are all united by the values that define our daily work: We do it together. We deliver what we promise. We explore and improve.

Safety is the foundation, it always comes first. In 2022, we maintained the positive trend of the previous years. Our LTIFR was as low as 4.0. Nevertheless, any accident is one too many. We further increased our focus on safety with additional preventive and proactive measures in all our divisions.

The “race for talent” can be felt in our industry. Therefore, I am particularly proud that our people have relatively long careers at Caverion, and our recruitment efforts are working well. We have also been able to show externally how great it is to work at Caverion; and our company and business have been recognised for this. Part of strengthening the building performance culture is also to reward the right behaviour: a highlight each year is when we hand out the Golden Helmet awards for special achievements to exceptional teams and individuals across all divisions.

Digitalisation – for performance and well-being

Making built environment smart ultimately means using data-driven insights to make decisions and to achieve tangible outcomes for the benefit of efficiency, performance and people's well-being. With Caverion SmartView, we are continuously expanding our ability to provide our customers with actionable data and clear recommendations on the status of their buildings.

Embracing digitalisation means utilising automation for increased efficiency, security and insights. With the acquisition of DI-Teknik in Denmark, we increased our expertise in industrial automation. This strengthened our capability to provide smart, digital and sustainable solutions for the industrial segment. We also grew in renewables by acquiring Wind Controller whose services include remote 24/7 monitoring of wind and industrial solar parks, growing sources of renewable electricity.

Internally too, we are digitalising more and more workflows and processes, always with the focus on how this improves the way we can serve our customers.

Sustainability – energy efficiency as number one priority

Energy efficiency has been at the top of our agenda for many years. In 2022, it has become the top priority for the majority of our customers. We have been able to support them with fast, flexible and sustainable solutions to reduce their energy cost and carbon footprint. Furthermore, we advise on how to adapt to fluctuations in energy availability and cost not only now but also in the mid- and long-term. By improving our customers' footprint, we increase our own handprint.

The other side of reaching our ambitious environmental targets is our own footprint. In 2022, we communicated our commitment to electrifying our car fleet. Early in 2022, we also signed up to the Science Based Targets initiative. We are proud that we received the EcoVadis Gold certificate, which is awarded for scoring within the top 5% in the industry.

Customer Experience – together we improve every day

Doing well in the above three areas has an immediate effect on our fourth key theme: providing and continuously improving the experiences our customers have in every interaction with Caverion. We are proud that in 2022 our NPS (net promoter score, the main standard industry key performance indicator in this area) results have for the sixth time in a row reached an all-time high. 2022 marked another big improvement, although we were already above comparable industry averages. The aggregated feedback is important, but personally I always gain most from speaking to our customers individually and I appreciate the many opportunities I had to meet in person with customers throughout the year.

Part of creating a great customer experience is join forces with other industry leaders in strong partnerships. Since the summer, we have been collaborating with ABB to accelerate the development of energy efficient and sustainable buildings. We are united by our common purpose to fight climate change and we are driven by the impact we can make with the solutions we provide to our customers.

**

Financially, our year 2022 was marked by a clear profitability uplift as a result of the determined performance improvement actions made during the past years. Our revenue grew by 9.9 percent and our EBITA was record-high during our nearly ten-year history as a publicly listed company.

I want to thank everyone who contributed to our successful 2022. Thanks go to my almost 14,500 colleagues across our divisions, to the thousands of customers who trusted us, to the partners that work with us towards common goals and to our investors who share the belief in the purpose we work for every day.

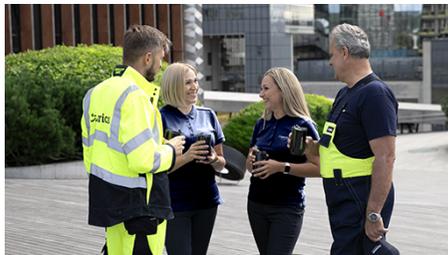
Jacob Götzsche

Sustainability highlights 2022



Electrifying our car fleet to reduce emissions

Our goal is to electrify our service fleet, 4,400 vehicles. Our estimation is that by the end of 2025, half of our service vans would be electric, and all of them by 2030. For new service van orders in cities, fully electric vehicles are now the default. As the majority of our carbon footprint currently comes from the service vehicle fleet, the electrification our cars is an important step for us to reduce local emissions significantly.



Welcoming 700 apprentices; adding 560 experts through acquisitions

Our people are the heart of Caverion. During the year 2022, we offered apprenticeships to more than 700 young potentials across our company. 560 experts joined our team through acquisitions, increasing our capabilities in various areas, including industrial automation, wind power and security and safety.



Supporting our customers to save energy

Saving energy is a priority topic for all our customers. Our experts offer proven advice how to improve energy efficiency and save costs with short-term actions. We also help our customers to prepare for the future as the shift towards fossil free energy production will mean that large fluctuations in energy prices are likely to continue.



Helping to save the Baltic Sea for future generations

During 2022, Caverion donated to the John Nurminen Foundation and to the Baltic Sea Action Group for efforts to protect the fragile Baltic Sea. Our donation was a culmination of many sustainability-related activities and events carried out over the past year. In addition, we continued to support the Smart Building technology research at Aalto University in Finland.



Collaborating with ABB

Together with ABB, we accelerate the development of energy efficient and sustainable buildings. The aim of the collaboration is to jointly offer customers advanced, smart solutions for achieving carbon-neutral buildings and reaching their sustainability targets.



Continuing strong track record in safety

We care about the safety, health and wellbeing of our people and have improved safety systematically throughout the company. Our LTIFR level for 2022 is well above the industry average, 4.0. Proactive safety work will continue to be our focus in the future as our goal is zero accidents.

Joining Science Based Targets initiative

Caverion is committed to the Science Based Targets initiative (SBTi), which is driving ambitious climate action globally. SBTi enables companies to set science-based emissions reduction targets in line with the Paris Climate Agreement and to limit global warming to 1.5 degrees. Our environmental targets will be validated against science-based criteria by SBTi in 2023.

[Read more in our Sustainability Report 2022.](#)

Our strategy

In 2022, we launched our updated strategy for Sustainable Growth. Our strategy builds on our purpose of enabling performance and people's wellbeing in smart and sustainable built environments.

After improving its profitability and delivering on its previous strategy, Caverion is now ready for sustainable growth. During this strategic period, launched in May 2022, we aim to increase the share of our solutions business and to grow both organically and through balanced M&A. Our ultimate strategic goal is to build a clear differentiation from the competition.

Our strategic themes build a bridge between the previous and the future strategy periods. We continue to focus on these four themes:

- > People – becoming the most attractive employer
- > Digitalisation – developing more valuable and transparent solutions for our customers
- > Sustainability – delivering sustainable value for our stakeholders
- > Customer experience – ensuring the best customer experience

The strategic themes guide all our actions. For example, in 2022, we grew with 12 acquisitions in line with these themes.



Building a clear differentiation

What makes our company unique is that **we create sustainable impact for every customer with the solutions we design and deliver, reliably and transparently every time.** Sustainable impact for our customers means we develop and deliver long-lasting solutions for their built assets and improve the sustainability and energy efficiency of their built environment. We build our clear differentiation from competitors by focusing on carefully selected winning capabilities and by investing in focal business areas. The strategic winning capabilities guiding our work are:

- operational excellence in the field
- the best experts in the right places
- segment expertise and commercial excellence
- customer-centric solutions

In 2022, in advancing on our winning capability of having operational excellence in the field, we have focused a notable part of our development efforts on improving the digital tools our people use in the field. To have the best experts in the right places, we have actively managed our presence to make sure that we are close to our customers and have the right skills and competencies in each location. In developing our capabilities in segment expertise and commercial excellence, we have developed our customer engagement initiatives and made significant steps in advancing our focus on strategic growth customer accounts. For our customer-centric solutions, we have invested in solutions design with customers and in our solutions expertise and we have seen the start of strategic partnerships in this area.

Our future business focus defines the development of our business portfolio going forward. We grow by strengthening and investing in these three key areas:

- outstanding installation and maintenance throughout our regions and disciplines
- services throughout the lifecycle
- adding value through Advisory, Engineering and Digital.



Caverion drives sustainable impact

Sustainability is one of key themes of our strategy. We have four focus ESG areas:

- > Caring for our people
- > Ensuring sustainable value chain
- > Increasing our handprint
- > Decreasing our footprint

Our overall target is to create sustainable impact through our solutions, with a positive carbon handprint 10 times greater than our own carbon footprint (Scope 1-2) by 2030.

Read more about our sustainability targets in Board of Directors' report page 27.

Caring for our people

We provide our people a **safe and sustainable environment with diversity, equity and inclusion**, backed up by training and processes.

Increasing our handprint

We maximise our positive **handprint** with a directed effort on identifying and developing smart and sustainable solutions to **advise** our customers.



Ensuring sustainable value chain

We **comply with legal requirements and Caverion policies** supported by meaningful **reporting and supplier engagement**.

Decreasing our footprint

We develop detailed targets and **emission reduction plans** for our footprint while engaging our suppliers and customers to reduce the emissions throughout our value chain.



Board of Directors' Report January 1 –December 31, 2022

Operating environment in 2022

The economic uncertainty increased during 2022 due to the geopolitical tensions related to the Ukraine conflict, resulting in subsequent energy crisis, mounting inflation, rising interest rates and lowered economic growth prospects. Inflation accelerated during 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.

Economic sentiment weakened in the EU during 2022 along with lower economic growth prospects. Also the corona pandemic still continued to have some impact on the operating environment through sick leaves.

More information on the operating environment of the business units has been presented in the Financial Statements Release published on 9 February 2023.

Market position

Caverion has a strong market position and is ranked among the top-5 players in the building solutions market in most of its operating countries measured by revenue. The market is overall still very fragmented in countries where Caverion operates. Caverion is the largest company in its market in Finland and among the two or three largest companies in Austria and Norway and the fourth largest company in Sweden in its market. In Germany and Denmark, the company is among the top-10 players in the market. Additionally, Caverion is one of the leading industrial solutions companies in Finland. The largest industrial client segments are the forest and bioproducts industry and the energy sector.

(Source of market sizes: the company's estimate based on public information from third parties and management calculation).

Caverion's year 2022

Caverion's year 2022 was marked by a clear profitability uplift as a result of the determined performance improvement actions made during the past years. Caverion achieved a record-high EBITA during its nearly ten-year history as a publicly listed company, amounting to EUR 86.1 (59.4) million in 2022. The performance improvement was supported by the overall revenue growth mainly in Services. In addition, consistent efforts in improving project risk management have gradually resulted in healthier and more profitable project portfolio. This demonstrates Caverion's strong capability to deliver sustainable, profitable growth in line with its strategy that was updated during the year.

For the full year, Caverion's revenue increased by 9.9 percent to EUR 2,352.1 (2,139.5) million. Organic growth was 8.6 percent. Revenue increased in all divisions as a result of increased underlying activity and partly indirectly due to inflation impact. The Group's Services business revenue increased by 12.0 percent and amounted to EUR 1,570.1 (1,402.4) million. The Projects business revenue increased by 6.1 percent to EUR 782.0 (737.1) million. Order backlog amounted to EUR 1,943.3 (1,863.8) million at the end of December, 4.3 percent higher compared to the previous year. The solid order backlog is expected to support revenue growth also going forward. During the year, Caverion also completed 12 acquisitions and continues to actively screen for suitable acquisitions. More information about these transactions can be read under Group's 2022 financial statement note 4.1 "Acquisitions and disposals".

Caverion published its guidance for 2022 on 10 February 2022, according to which the Group's revenue (2021: EUR 2,139.5 million) and adjusted EBITA (2021: EUR 87.7 million) were estimated to grow compared to 2021. The guidance remained valid up until the publication of the Financial Statement Release on 9 February 2023. The Group's revenue amounted to EUR 2,352.1 (2,139.5) million and the adjusted EBITA to EUR 105.8 (87.7) million, or 4.5 percent of revenue.

Caverion's operating cash flow before financial and tax items amounted to EUR 144.3 (103.8) million in 2022 and cash conversion (LTM) was 100.6 (91.2) percent. The Group's working capital at the end of 2022 was EUR -141.4 (-144.7) million. Caverion had a high amount of undrawn credit facilities at the end of the year. The Group's gearing was 89.1 (69.8) percent and the equity ratio 19.8 (19.0) percent at the end of December. Interest-bearing net debt amounted to EUR 200.9 (140.7) million at the end of December and the net debt/adjusted EBITDA ratio was 1.2x (1.0x).

Information on potential risk factors is given under "Short-term risks and uncertainties".

A consortium of investors led by Bain Capital in the name of North Holdings 3 Oy announced on 3 November 2022 a public tender offer to the shareholders of Caverion. The Board of Directors of Caverion, represented by a quorum comprising the non-conflicted members of the Board of Directors, decided unanimously to recommend that the shareholders of Caverion accept the tender offer. More information can be found under "Public tender offer for the shares in Caverion Corporation", "Events after the review period" and in stock exchange releases.

Group strategy and financial targets

Caverion's previous Fit for Growth strategy and the financial targets remained valid until 9 May 2022, when Caverion launched its updated Sustainable Growth strategy and the updated financial targets until the end of 2025. The strategy will deliver on Caverion's purpose of enabling performance and people's wellbeing in smart and sustainable built environments. The updated strategy is based on a clear differentiation and focuses on sustainable revenue growth, profitability improvement and investments to support building performance. The four strategic themes continue to be the focus on people, sustainability and digitalisation leading to an outstanding customer experience.

Caverion builds on several sources of growth, both organic and inorganic. The company aims to grow throughout its businesses and divisions with focus on evolving its business mix towards Solutions business at the higher end of the value chain, including Advisory, Engineering and Digital solutions, Managed Services as well as installation and maintenance in Smart disciplines. In base disciplines, Caverion aims to grow with focus on Technical Maintenance, while continuing its selectivity approach in Technical Installation projects. Potential acquisitions are mostly bolt-ons focused on complementary capabilities required to support customers better locally, and also platform acquisitions in existing geographical markets. Caverion is progressing well in intensifying focus on the commercial agenda with further strengthening of the organisation and strategic focus to customers as well as cross-border collaboration. The scaling up of the Strategic Growth Accounts Program has resulted into winning some significant international contracts.

Supporting customers on their digitalisation journey while improving efficiency and long-term sustainable outcomes, provides great opportunities for Caverion. The company's digital solutions such as Caverion SmartView, Remote Services and building automation solutions differentiate Caverion from its competitors already today and will also be important elements in future growth. Caverion has also invested in building expertise in selected Smart disciplines such as Building Automation and Analytics, Refrigeration and Clean Heat as well as Security. These solutions require regular maintenance and provide further opportunities for value-adding services, which links to Caverion's core competence of supporting customers throughout the lifecycle of their built environments. This is delivered by Caverion's almost 14,500 highly skilled employees.

Climate change continues to be the biggest threat our earth is facing. Especially urban environments are a major source of carbon emissions, and solutions to change the trajectory are urgent. Caverion is contributing to a carbon-neutral society through its energy-efficient and sustainable solutions. There is an increased interest for services supporting sustainability, such as energy management. For Caverion, this provides a significant opportunity to modernise buildings and to improve energy-efficiency together with its customers. In 2023, Caverion will report for the first time its EU taxonomy alignment levels for 2022, which, together with the sustainability targets, KPIs and actions, are described in more detail under "Disclosure regarding non-financial information".

Financial targets

Sustainably strong cash conversion, adjusted EBITA margin as well as organic and M&A revenue growth are the Group's most important financial targets in the Sustainable Growth strategy, supported by a moderate debt leverage level.

The focus is on revenue growth and profitability improvement. Organic growth is supported by bolt-on acquisitions in selected growth areas and complementary capabilities. Caverion aims to reach its profitability target through operating and financial leverage as well as improving scalability and efficiency. Productivity is also improved by sharing common expertise across the company. Furthermore, higher profitability is expected from M&A activities.

The following table presents the updated financial targets and the progress in them in 2022.

Financial targets (until the end of 2025)	Progress in 2022
Cash conversion (LTM) = Operating cash flow before financial and tax items / EBITDA > 100%	- Cash conversion 100.6 (91.2)% in 2022 - Operating cash flow EUR 144.3 (103.8) million in 2022
Profitability: Adjusted EBITA > 5.5% of revenue	- Adjusted EBITA amounted to EUR 105.8 million or 4.5 (4.1) % of revenue in 2022
Growth over the strategy period: - Organic revenue growth: 3–4% p.a. - M&A revenue growth: 2–3% p.a.	- Organic revenue growth 8.6% in 2022 - M&A revenue growth 2.2% in 2022
Debt leverage: Net debt/LTM Adjusted EBITDA < 2.5x	- At the level of 1.2x (1.0x) as per 12/2022
Dividend policy: Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account.	Dividend distribution: The Board of Directors proposes to the Annual General Meeting to be held on 27 March 2023 that a dividend of EUR 0.20 per share will be paid for the year 2022.

Group financial development 2022

The key figures have been presented in more detail in the Consolidated Financial Statements. Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

Order backlog

Despite the challenges posed by the operating environment, order backlog at the end of December increased by 4.3 percent to EUR 1,943.3 million from the end of December in the previous year (EUR 1,863.8 million). Around 63 percent of the order backlog is estimated to be realised as revenue during 2023. At comparable exchange rates the order backlog increased by 6.3 percent from the end of December in the previous year. Order backlog increased by 8.2 (14.1) percent in Services and decreased by 0.6 (+18.0) percent in Projects from the end of December in the previous year.

Revenue

Revenue for January–December was EUR 2,352.1 (2,139.5) million. Revenue increased by 9.9 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 2,371.9 million and increased by 10.9 percent compared to the previous year. Organic growth was 8.6 percent. Revenue increased by 2.2 (-0.2) percent as a result of acquisitions and divestments.

Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 19.8 million, equalling a decrease of 0.9 percent. Changes in Swedish krona had a negative effect of EUR 21.7 million and Norwegian krone had a positive effect of EUR 2.2 million.

Revenue increased in all divisions as a result of increased underlying activity and partly indirectly due to inflation impact.

The revenue of the Services business unit increased and was EUR 1,570.1 (1,402.4) million in January–December, an increase of 12.0 percent, or 12.9 percent in local currencies. The revenue of the Projects business unit was EUR 782.0 (737.1) million in January–December, an increase of 6.1 percent, or 7.0 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 66.8 (65.5) percent of Group revenue, and the Projects business unit for 33.2 (34.5) percent of Group revenue in January–December.

Distribution of revenue by Division and Business Unit

Revenue, EUR million	1-12/2022	%	1-12/2021	%	Change
Sweden	455.0	19.3	424.4	19.8	7.2%
Finland	431.9	18.4	403.9	18.9	6.9%
Germany	406.0	17.3	374.1	17.5	8.5%
Norway	368.5	15.7	352.5	16.5	4.5%
Industry	285.5	12.1	256.8	12.0	11.2%
Austria	237.0	10.1	188.7	8.8	25.6%
Denmark	122.1	5.2	80.0	3.7	52.6%
Other countries*	46.0	2.0	59.0	2.8	-22.0%
Group, total	2,352.1	100.0	2,139.5	100.0	9.9%
Services	1,570.1	66.8	1,402.4	65.5	12.0%
Projects	782.0	33.2	737.1	34.5	6.1%

* Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021, which explains the year-on-year decline in revenue. Baltic countries revenue increased slightly in 2022 compared to last year.

Organic growth

Revenue change	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	12.0%	12.9%	9.5%	-1.0%	3.4%
Projects	6.1%	7.0%	6.8%	-0.9%	0.1%
Group, total	9.9%	10.9%	8.6%	-0.9%	2.2%

* Revenue change in local currencies

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

Profitability

Adjusted EBITA, EBITA and operating profit

Adjusted EBITA for January–December increased to EUR 105.8 (87.7) million, or 4.5 (4.1) percent of revenue and EBITA to EUR 86.1 (59.4) million, or 3.7 (2.8) percent of revenue.

Profitability improved during the period despite the cost inflation and higher sick leave levels. Both Services and Projects improved their profitability. Caverion has managed to cover material cost increases in pricing and improve efficiency.

Divisions Austria, Finland, Industry and Norway progressed well. Division Denmark continued the positive performance improvement.

The operating profit (EBIT) for January–December was EUR 69.9 (43.5) million, or 3.0 (2.0) percent of revenue.

Costs related to materials and supplies increased to EUR 615.4 (523.9) million and external services increased to EUR 446.0 (398.4) million in January–December. Personnel expenses increased to a total of EUR 923.6 (889.9) million for January–December. Other operating expenses increased to EUR 226.1 (216.3) million. Other operating income amounted to EUR 2.3 (2.8) million.

Depreciation, amortisation and impairment amounted to EUR 73.5 (70.3) million in January–December. Of these EUR 57.2 (54.3) million were depreciations on tangible assets and EUR 16.2 (15.9) 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 (48.3) million and EUR 6.2 (6.0) million related to machinery and equipment and other tangible assets. The amortisations were related to allocated intangibles on acquisitions amounting to EUR 5.9 (3.9) million as well as IT and developed solutions amounting to EUR 10.3 (12.1) million.

There was a EUR 4.0 million write-down from the last separately identified major risk project. The company no longer expects to report items in this category under items affecting comparability going forward.

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 9.2 million. Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 6.7 million. Other items includes also EUR 2.5 million of advisory costs and personnel bonuses related to the ongoing public tender offers. Transaction costs related to acquisitions and divestments totalled EUR 5.4 million in January–December.

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 old 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). Category (4) includes also advisory costs and personnel bonuses related to the ongoing public tender offer and in 2021, previously capitalised expenses that were booked as operative expenses due to a change in the accounting principle of implementation costs in cloud computing arrangements.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	1–12/22	1–12/21
EBITA	86.1	59.4
EBITA margin, %	3.7	2.8
Items affecting comparability (IAC)		
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	5.4	10.7
- Write-downs, expenses and income from major risk projects*	4.0	4.0
- Restructuring costs	1.1	2.9
- Other items**	9.2	10.6
Adjusted EBITA	105.8	87.7
Adjusted EBITA margin, %	4.5	4.1

* Major risk projects include only one old risk project in Germany during 2021 and 2022.

** In 2021 and 2022, provisions and legal and other costs for civil claims related to the German anti-trust matter. 2022 includes also EUR 2.5 million of advisory costs and personnel bonuses related to the ongoing public tender offer. In 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.

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 60.9 (34.9) million, result for the period to EUR 46.2 (25.1) million, and earnings per share to EUR 0.32 (0.17) in January–December. Net financing expenses in January–December were EUR 9.0 (8.6) million. This includes an interest cost on lease liabilities amounting to EUR 4.1 (3.8) 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 24.1 (28.2) percent in January–December 2022. Income taxes in the income statement amounted to EUR 14.7 (9.8) million January–December 2022.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets (excluding capital expenditure on leased assets), including acquisitions, totalled EUR 112.8 (26.0) million in January–December, representing 4.8 (1.2) percent of revenue. Investments in information technology totalled EUR 8.5 (8.0) million representing 0.4 (0.4) percent of revenue. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms, with migration to the cloud. Caverion SmartView and mobile tools were also further developed. Acquisitions were EUR 98.8 (13.8) million and other investments amounted to EUR 5.5 (4.2). The investments in acquisitions were the largest in the history of Caverion as a listed company in line with the company's Sustainable Growth Strategy.

Information on acquisitions and disposals during 2022 is presented in the Group's 2022 financial statement note 4.1 "Acquisitions and disposals".

Research and development

The Group's expenditure related to research and development activities related to product and service development amounted to approximately EUR 5.2 (4.9) million in 2022, representing 0.2 (0.2) percent of revenue. Of the total amount EUR 2.7 (2.5) million was recognised as an expense in the income statement and EUR 2.5 (2.4) million of the development expenses was capitalised.

Investments in research and development amounted to 3.6 million in 2020, representing 0.2 percent of revenue. Of the total amount EUR 1.8 million was recognised as an expense in the income statement and EUR 1.8 million of the development expenses was capitalised in 2020.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items improved to EUR 144.3 (103.8) million in January–December and cash conversion (LTM) was 100.6 (91.2) 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 32.9 (67.2) million. Cash flow after investments was EUR 23.4 (58.2) million. The Group's working capital was EUR -141.4 (-144.7) million at the end of December.

The amount of trade and POC receivables increased to EUR 611.2 (541.9) million and other current receivables decreased to EUR 31.6 (33.8) million. On the liabilities side, advances received increased to EUR 286.2 (261.3) million, other current liabilities increased to EUR 293.3 (278.3) million and trade and POC payables increased to EUR 227.1 (197.7) million.

Caverion's cash and cash equivalents amounted to EUR 81.2 (130.9) 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 19.7 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 144.6 (135.9) million at the end of December, and the average effective interest rate was 3.0 (2.6) percent. Approximately 39 percent of the loans have been raised from banks and other financial

institutions and approximately 61 percent from capital markets. Lease liabilities amounted to EUR 137.5 (135.7) million at the end of December 2022, resulting to total gross interest-bearing liabilities of EUR 282.0 (271.6) million.

The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 63.4 (5.0) million at the end of December and including lease liabilities to EUR 200.9 (140.7) million. The net debt was impacted by investments in the acquisitions with a negative cash flow effect of EUR 85.3 million in January–December 2022 and dividend payment of EUR 23.2 million.

At the end of December, the Group's gearing was 89.1 (69.8) percent and the equity ratio 19.8 (19.0) percent.

Caverion has a balanced debt maturity profile, where most of the long-term debt matures in 2025 and in 2027.

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.

Board of Directors, Auditors, President and CEO

Board of Directors

The Annual General Meeting was held on 28 March 2022. The Annual General Meeting elected a Chairman, a Vice Chairman and five 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 same members served in the Board of Directors also from the beginning of 2022 until the closing of the Annual General Meeting 2022.

The Vice Chairman of the Board, Markus Ehrnrooth is closely associated with two of the members of the consortium of investors led by Bain Capital ("Bain Consortium") that in the name of North Holdings 3 Oy announced on 3 November 2022 a public tender offer for all of the shares in Caverion Corporation. To avoid any actual or perceived conflicts of interests, Markus Ehrnrooth has not participated in and has refrained from all the work of the Board of Directors and its committees during the pendency of the discussions between the Bain Consortium and the company concerning the Bain Consortium tender offer, and during the pendency of the discussions between Triton Investment Management Limited ("Triton") and the company concerning the Triton tender offer announced in the name of Crayfish BidCo Oy on 10 January 2023.

More detailed information of Caverion's board members and their remuneration as well as board committees can be found in Corporate Governance Statement and Remuneration Report, which are published separately on Caverion's website www.caverion.com/Investors – Corporate Governance.

Auditors

The Annual General Meeting elected Authorised Public Accountants Ernst & Young Oy, auditing firm, to audit the company's governance and accounts in 2022. The auditor with the main responsibility is Antti Suominen, Authorised Public Accountant.

President and CEO

Caverion's Board of Directors nominates the President and CEO and decides on his/her remuneration and other terms of employment.

Caverion Corporation's President and CEO is Jacob Götzsche as of 9 August 2021.

Personnel

Personnel by division,

end of period	12/22	12/21	Change
Finland	2,894	2,819	3%
Sweden	2,559	2,528	1%
Norway	2,344	2,331	1%
Germany	2,225	2,177	2%
Industry	1,850	2,243	-18%
Austria	1,023	903	13%
Denmark	759	528	44%
Other countries	666	609	9%
Group Services	170	160	6%
Group, total	14,490	14,298	1%

Information on the effect of acquisitions on Group personnel can be found in financial statement note 4.1 "Acquisitions and disposals".

Caverion Group employed 14,570 (14,831) people on average in January–December 2022. At the end of December, the Group employed 14,490 (14,298) people. Personnel expenses for January–December increased to EUR 923.6 (889.9) million.

Employee safety continued to be a high focus area also in 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 December was 4.0 (4.0).

Changes in Caverion's Group Management

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 initially took responsibility for Services business, smart technologies, advisory, engineering and digital solutions as well as for strategic and operations development. As of 1 August 2022 Sundbäck is responsible for Services business, smart technologies, advisory, engineering and digital solutions as well as for sustainability.

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.

Mikko Kettunen was appointed as CFO of Caverion Group and a member of the Group Management Board of Caverion as of 22 August 2022. Kettunen's latest position has been the CFO of the Finnish stock-listed composite solutions manufacturer Exel Composites Plc, where he has also acted earlier in a combined role as CFO and Business Unit Manager for Finland.

Riitta Palomäki held the position of interim CFO in March–August 2022. The previous CFO Martti Ala-Härkönen had resigned to join another company and continued as CFO until 31 March 2022.

Short-term risks and uncertainties

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Interim Report Q3/2022. Those risks and uncertainties are still valid.

Operating environment. The impacts of the corona pandemic and the consequent economic downturn on Caverion, and the actions taken by the company are summarised separately in this report.

Caverion is exposed to different types of strategic, operational, political, market, customer, financial and other risks. Caverion estimates that the trade, health and political risks are increasing globally and have partly already materialised in form of the corona pandemic. The increasing cost base, including increasing material and energy prices, could have a material adverse effect on Caverion.

Operational risks and uncertainties. Caverion's typical operational risks relate to its Services and Projects business. These include risks related to tendering (e.g. calculation and pricing), contractual terms and conditions, partnering, subcontractors and the supply chain, procurement and price of materials, long-term service commitments, guaranteed service levels, and availability of qualified personnel and project management. To manage these risks, risk assessment and review processes for both the sales and execution phase are in place, and appropriate risk reservations are being made. The Group's Projects Business Unit and Services Business Unit are overseeing the overall risk of Projects and Services, respectively, and addressing the necessary actions to Divisions to mitigate and manage the risks.

Given the risks materialised in the Projects business, the Group Projects Business Unit is dedicated to the overall improvement of project risk management, to steering the project portfolio and to improving project management capabilities. Despite clearly defined project management processes and project controls, it is possible that some risks which could lead to project write-downs, provisions, disputes and litigations may materialise and could have a negative impact on Caverion's financial performance and position.

Caverion made a large amount of project write-downs during the past strategy period. Systematic performance management continues to be part of the core project management processes in all divisions. In 2019 to, 2022, Caverion reported only one old major risk project from Germany in adjusted EBITA, the completion of which was delayed to the end of 2021. The project has been

handed over to the customer in the end of 2021. In 2022, there were EUR 4.0 million write-downs from this last separately identified major risk project. The company no longer expects to report items in this category under items affecting comparability going forward. It is possible that further risks may emerge in regard to this old project or other projects.

Receivables. According to Group policy, write-offs or provisions are booked on receivables when it is probable that no payment can be expected. Caverion Group follows a policy in valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience with write-offs realised in previous years, empirical knowledge of debt collection, customer-specific collaterals and analyses as well as the general economic situation of the review period. Caverion carries out risk assessments related to POC and trade receivables in its project portfolio on an ongoing basis. There are certain individual larger receivables where the company continues its actions to negotiate and collect the receivables. There is remaining risk in the identified receivables, and it cannot be ruled out that there is also risk associated with other receivables. The corona crisis has increased the general risk level related to the financial standing of customers and the collection of receivables.

Disputes. Given the nature of Caverion's business especially in Projects, Group companies are involved in disputes and legal proceedings in several projects. These disputes and legal proceedings typically concern claims made against Caverion for allegedly defective or delayed delivery. In some cases, the collection of receivables by Caverion may result in disputes and legal proceedings. There is a risk that the client presents counter claims in these proceedings. The outcome of claims, disputes and legal proceedings is difficult to predict. Write-downs and provisions are booked following the applicable accounting rules.

Compliance. In June 2018, Caverion reached a settlement for its part with the German Federal Office (FCO) in a cartel case that had been investigated by the authority since 2014. The investigation concerned several companies providing technical building services in Germany. Caverion Deutschland GmbH (and its predecessors) was found to have participated in anti-competitive practices between 2005 and 2013. According to the FCO's final decision issued on 3 July 2018, Caverion Deutschland GmbH was imposed a fine of EUR 40.8 million. In the end of March 2020, the FCO issued its final decision on the cartel case against the other building technology companies involved in the matter. There is a risk that civil claims may be presented against the involved companies, including Caverion Deutschland GmbH. It is not possible to evaluate the magnitude of the risk for Caverion at this time. Some civil claims were settled between the parties in the fourth quarter of 2021 and in 2022. Caverion will disclose any relevant information on the potential civil law claims as required under the applicable regulations.

As part of Caverion's co-operation with the authorities in the cartel matter, the company identified activities between 2009 and 2011 that were likely to fulfil the criteria of corruption or other criminal commitment in some of its client projects executed in that time. Caverion brought its findings to the attention of the authorities and supported them in investigating the case. In the end of June 2020, the public prosecutor's office in Munich informed Caverion that no further investigative measures are intended and that no formal fine proceedings against Caverion will be initiated related to those cases. There is a risk that civil claims may be presented against Caverion Deutschland GmbH. It is not

possible to evaluate the magnitude of the risk for Caverion at this time. Caverion will disclose any relevant information on the potential civil law claims as required under the applicable regulations.

Caverion has made significant efforts to promote compliance in order to avoid any infringements in the future. As part of the compliance programme all employees must complete an annual e-learning module and further training is given across the organisation. All new employees have to familiarise themselves with Caverion's Code of Conduct and to take the e-learning. All employees are required to comply with Caverion's Code of Conduct, which has a policy of zero tolerance on anti-competitive practices, corruption, bribery or any unlawful action.

Financing. Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Breaching this covenant would give the lending parties the right to declare the loans to be immediately due and payable. It is possible that Caverion may need amendments to its financial covenant in the future. The level of the financial covenant ratio is continuously monitored and evaluated against actual and forecasted EBITDA and net debt figures. The outbreak of the coronavirus pandemic has increased the general risk level related to the availability of financing as well as foreign exchange related risks.

Financial guarantees. Caverion's business typically involves granting financial guarantees to customers or other stakeholders, especially in large projects, e.g. for the security of advance payments received, performance of contractual obligations, and defects during the warranty period. Such guarantees are typically granted by financial intermediaries on behalf of Caverion. There is no assurance that the company would have continuous access to sufficient guarantees from financial intermediaries at competitive terms or at all, and the absence of such guarantees could have an adverse effect on Caverion's business and financial situation. To manage this risk, Caverion's target is to maintain several guarantee facilities in the countries where it operates. The outbreak of the coronavirus pandemic has increased the general risk level related to the availability of guarantee facilities.

Information security. Reliability of the key IT systems and partnership is essential for Caverion's continuous operations. Prolonged disruption in the key systems could limit Caverion's ability to conduct operations in a profitable and efficient manner. In addition, increasing sophistication of and frequency of unauthorised access and cyber threats pose a risk to Caverion's information assets. Data privacy related breaches may have a negative impact on Caverion's reputation. Over time Caverion has made significant investments in its IT systems, and there is a risk that the expected pay-back of these investments is not fully materialised.

Goodwill. Goodwill recognised on Caverion's balance sheet is not amortised, but it is tested annually for any impairment. The amount by which the carrying amount of goodwill exceeds the recoverable amount is recognised as an impairment loss through profit and loss. If negative changes take place in Caverion's result and growth development, this may lead to an impairment of goodwill, which may have an unfavourable effect on Caverion's result of operations and shareholders' equity.

Financial risks have been described in more detail in the 2022 Financial Statements under Note 5.5 "Financial risk management".

Risks related to non-financial information have been described in more detail under "Disclosure regarding non-financial information".

Caverion's risk management principles and the description of Caverion's key risks are 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 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 especially during the first half of the year 2022. During the second half of the year 2022, the effects of the pandemic started to normalise but it still had an impact on business.

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.

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

Russia's invasion of Ukraine at the end of February 2022 increased geopolitical tensions especially in Europe overnight. The war has created uncertainties weakening the growth prospects in several countries where Caverion operates. 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 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. Caverion has 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 performance during 2022.

Authorisations

Repurchase and/or 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 cancelled 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 31 December 2022.

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 cancelled 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 "Shares and share capital" was based on the previous authorisation.

Information about shares in Caverion Corporation

Updated lists of Caverion's largest shareholders and ownership structure by sector as per December 31, 2022 are available on Caverion's website at www.caverion.com/investors. The total combined holdings of the members of the Board of Directors, President and CEO and other members of the

Group Management Board as per December 31, 2022 are presented in the notes to the financial statements.

Public tender offer for the shares in Caverion Corporation

A consortium of investors led by Bain Capital announced in the name of North Holdings 3 Oy on 3 November 2022 a public tender offer to the shareholders of Caverion. The Board of Directors of Caverion, represented by a quorum comprising the non-conflicted members of the Board of Directors, then unanimously decided to recommend that the shareholders of Caverion accept the tender offer. More information can be found in the stock exchange releases published on 3 November 2022 and 18 November 2022 as well as in the tender offer document published on 24 November 2022.

More updated information related to the tender offer and a subsequent competing tender offer has also been presented under the section "Events after the review period".

Shares and share capital

Caverion Corporation 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. Caverion's articles of association neither have any redemption or consent clauses nor any provisions regarding the procedure of changing the articles.

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 31 December 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 December 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.

Information on the incentive plans is presented in the Consolidated Financial Statements for 2022 under Note 6.2 "Share-based payments".

Caverion Corporation does not have any stock option programmes in place.

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 31 December 2022 was EUR 6.93. The share price

increased by 8 percent during January–December. The highest price of the share during the review period January–December was EUR 6.98, the lowest was EUR 4.09 and the average price was EUR 5.68. Share turnover on Nasdaq Helsinki in January–December amounted to 33.4 million shares. The value of share turnover was EUR 190.3 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 945.8 million. Market capitalisation has been calculated excluding the 2,447,447 shares held by the company as per 31 December 2022.

Outlook for 2023

Guidance for 2023

Guidance for 2022: In 2023, Caverion Group's revenue (2022: EUR 2,352.1 million) and adjusted EBITA (2022: EUR 105.8 million) will grow compared to 2022.

Market outlook for 2023

Caverion expects the underlying demand to be overall positive in Services during 2023.

In Projects, Caverion expects the underlying business activity to remain stable in 2023. In Projects, however, the economic uncertainty may start to impact the demand environment negatively. The market instability resulting from the war in Ukraine and the high inflation are expected to dampen the willingness to invest in new construction.

This scenario assumes a sufficient control of the corona pandemic impacts with no significant unforeseen setbacks in 2023 and no further escalation of the conflict in Ukraine.

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and they are believed to increase demand for Caverion's offerings going forward. The increased energy efficiency requirements, and the increasing digitalisation, automation and technology requirements in the built environment remain strong, together with the urbanisation megatrend. 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. The continued focus on energy efficiency and CO2 reduction activities and projects continues to support activity and business volume in Caverion's operating environment.

Events after the review period

Crayfish BidCo Oy ("Crayfish BidCo"), a Finnish company controlled by Triton Fund V, announced on 10 January 2023 a voluntary public cash tender offer for all the shares in Caverion Corporation,

pursuant to which Crayfish BidCo proposes to acquire all issued and outstanding shares in Caverion Corporation at an offer price of EUR 8.00 per share. This tender offer is subject to certain conditions, as described in the announcement by Crayfish BidCo attached to Caverion's stock exchange release as per 10 January 2023.

Caverion Corporation received on 12 January 2023 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Crayfish BidCo had exceeded the threshold of 5 per cent. According to the announcement, the direct holding of Crayfish BidCo in Caverion, and the indirect holding of Triton V LuxCo 87 SARL in Caverion, increased on 12 January 2023 to 13,647,263 shares, corresponding to 9.82 per cent of Caverion's shares and voting rights.

North Holdings 3 Oy ("North Holdings") announced on 11 January 2023, that it will extend the offer period for its tender offer announced on 3 November 2022 until January 31, 2023, at 4:00 p.m. (Finnish time) as well as provided updated information of its financing and regulatory approvals. In addition, North Holdings commented on the competing offer announced by Crayfish BidCo on 10 January 2023. On 13 January 2023, North Holdings also supplemented its tender offer document published on 24 November 2022 with this information and also confirmed that it had received the merger control clearance decision of the European Commission. Additional information has been presented in Caverion's stock exchange releases and their attachments on 11 and 13 January 2023, respectively.

The Board of Directors of Caverion announced on 13 January 2023 that it continues evaluating Triton's tender offer and provided information on discussions with Triton. The Board said that it will present its view on the two offers, including a potential change in recommendation, latest on 24 January 2023.

North Holdings announced on 24 January 2023 that it improves the consideration in its tender offer. Furthermore, North Holdings extended the offer period until 28 February 2023 and lowered the acceptance threshold from more than 90 percent to more than 66 2/3 percent of all shares. The shareholders of Caverion are given the possibility to choose either: (i) a debt instrument entitling to a fixed cash payment of EUR 8.50 per share in nine months from the completion of the tender offer, or (ii) an immediate cash consideration of EUR 8.00 per share upon completion of the tender offer. It was also announced on 24 January 2023 that the Board of Directors of Caverion maintained its recommendation for the tender offer by North Holdings based on the improved offer terms. Additional information has been presented in Caverion's stock exchange releases on 24 January 2023.

On 26 January 2023, North Holdings announced that it had received all necessary regulatory approvals for its voluntary recommended public tender offer for all the shares in Caverion Corporation.

Disclosure regarding non-financial information

Driving sustainable impact

Caverion's purpose is to enable performance and people's well-being in smart and sustainable built environments. As built environments are a major source of carbon emissions today, Caverion drives sustainable impact by helping its customers save energy and decrease the carbon footprint of their buildings, infrastructure or industrial sites and processes. In addition, optimising the conditions in the buildings have a positive effect on the end-users and society as a whole. Caverion is committed to operating in a financially, environmentally and socially responsible way. This approach is integrated into the strategic decision-making and daily business.

Caverion's business model and strategy are described on pages 9-11 of the Annual Review 2022. More information on Caverion's approach to sustainability can be found in the Sustainability Report 2022 which is available at www.caverion.com.

Sustainability management and key principles

Sustainability is one of the key themes in Caverion's Sustainable Growth strategy. At Caverion, sustainability is managed through four focus areas. The company aims for continuous development by decreasing its carbon footprint, increasing its carbon handprint, caring for its people and ensuring sustainable operations throughout the value chain. Each of the four focus areas have KPIs and action plans until 2025.

Beyond the ongoing strategy period, Caverion aims to create a sustainable impact through its solutions by 2030 with a positive carbon handprint 10 times greater than its own carbon footprint (Scope 1-2). Caverion is also committed to the UN Global Compact and Sustainable Development Goals.



Assets

Valuation

- > Market capitalisation EUR 946 m
- > Interest-bearing net debt EUR 201 m

People and relationships

- > Almost 14,500 employees
- > Customers
- > Partners
- > Investors

Production resources

- > Digital platforms
- > 4,400 service vehicles
- > Materials
- > Natural resources incl. energy and fuel

Intangible resources

- > Caverion brand
- > Company culture and values
- > Commercial and operational excellence

Business

Our purpose

We enable performance and people's wellbeing in smart and sustainable built environments.

Our strategy

Sustainable growth through clear differentiation



Buildings and infrastructure



Industry

Business areas

- > Services
- > Projects

Value created and impacts

Building Performance

- > Excellent customer experience
- > Revenue EUR 2,352 m

Environmental

- > Carbon handprint >3 over footprint
- > Own fleet fuel emissions 15 800 tCO2

Social

- > Personnel expenses EUR 924 m
- > LTIFR 4.0
- > Employee training and development
- > End-user wellbeing

Governance

- > Taxes paid EUR 14 m
- > Dividends paid EUR 23 m
- > Expenses for materials and services EUR 1,061 m

The Board of Directors addresses sustainability-related matters through its Human Resources Committee and Audit Committee. The Group Management Board prepares the Group's sustainability related strategic and annual planning, supervises the implementation of these plans as well as develops cooperation and common development within the Group regarding sustainability. The Group sustainability team leads the execution, development and reporting of the sustainability work in active collaboration with the divisions and functions such as human resources and procurement.

Caverion has compiled Group-level policies, instructions and guidelines in a structured manner into Caverion Guidelines. Caverion's Code of Conduct is the cornerstone of Caverion's policies. It defines Caverion's ethical principles and the way of conducting business and behaving with a focus on people, health and safety, business ethics and integrity as well as the environment. The Code of Conduct applies to everyone working for Caverion and every employee is expected to report if they suspect a breach. Any breaches of the Code of Conduct will result in actions being taken. A separate Supplier Code of Conduct is used with suppliers, subcontractors, and other business partners. In 2022, the sign-off rate for the Supplier Code of Conduct by major Caverion suppliers was 74%.

As climate change continues to be the biggest threat planet is facing, Caverion is committed and contributing to a carbon-neutral society by reducing its own emissions and by promoting its energy-efficient and sustainable solutions.

Environmental aspects

Caverion's most significant impact on the environment originates from its energy-efficient and sustainable solutions, which help customers to reduce their environmental impact. In addition, Caverion is contributing to a carbon-neutral society by reducing its own emissions.

Caverion's environmental focus areas include decreasing its carbon footprint and increasing the handprint. Caverion is committed to achieving a positive carbon handprint five times greater than its Scope 1–2 carbon footprint by 2025. This is supported by the company's objectives to define and measure its total carbon footprint and have a defined carbon handprint for its offering.

In order to reliably and transparently measure the total carbon footprint, Caverion announced its commitment to the Science Based Targets initiative (SBTi) at the beginning of 2022. By joining the SBTi, Caverion's environmental sustainability targets will be validated against science-based criteria in the future, while taking into consideration the relevant Scope 1–3 emissions.

Caverion's environmental management systems are certified to the international standard ISO 14001. These certifications covered 90% of the company's business in 2022. Caverion's Supplier Code of Conduct sets out the minimum requirements for suppliers regarding their environmental impact.

Carbon footprint

A key component in Caverion's carbon footprint is its service vehicle fleet that consisted of 4,400 service vans and cars in 2022. To mitigate service fleet emissions, the company is focusing on increasing its remote services, optimising routes and increasing the use of biofuels and electric vehicles.

During 2022, Caverion accelerated the shift towards electric powered service vans. For new service van orders in cities, fully electric vehicles will be the default option and going forward this is expected to reduce the carbon footprint significantly. By 2025, Caverion aims to have more than 2,000 electric service vans in use.

In 2022, the CO₂ emissions of Caverion's service fleet remained on the same level as the previous year, at 15,000 tCO₂. The service vehicle fleet emissions continued to be more substantial than the emissions from Caverion's facilities. 98% of the fuel used by the vehicle fleet was diesel, with an increasing number of biodiesels in use.

Caverion's operations are not extensively energy intensive. Scope 2 emissions derive mainly from Caverion's leased office buildings. Caverion is committed to increasing the share of renewable energy use in its buildings and implementing everyday energy efficiency activities. These activities have already been deployed at many locations. In 2022, Caverion shifted to utilising 100% renewable energy in some of its operating countries.

Caverion aims to be a forerunner in its industry in carbon footprint work. Caverion has screened all the Scope 3 emission categories already in 2021. Purchased goods and services and the use of sold products were identified as the biggest emission sources. Based on the current estimate, Scope 3 accounts for over 90% of the company's carbon emissions. The aim is to externally communicate emissions for each Scope 3 category in the future. Caverion has also drawn up Group-level Scope 3 emission reduction plans. The key reduction areas include efficient waste and material management as well as the procurement of products and services.

By working with its suppliers, Caverion ensures that the existing and new products it installs are fit for circularity. The company aims to calculate the environmental footprint of the key solutions and services provided to customers. A collaboration with key suppliers is planned to reduce the emissions and the waste generated by the products. Acknowledging the biggest Scope 3 emission sources, Caverion aims to further improve and mitigate the environmental impacts of its offering.

Carbon handprint

There is an increased market demand for services supporting sustainability, such as improved energy efficiency and better indoor climate. The awareness of sustainability is supported by both EU-driven regulations and national legislations setting higher targets and actions for energy efficiency and carbon-neutrality. With its solutions, Caverion can help its customers in reaching their sustainability targets. In 2022, Caverion's carbon handprint was three times the size of its footprint.

The main parts of Caverion's carbon handprint accumulate from, for example, smart building automation, smart heating and cooling, EV charging, installations connecting solar panels, energy management, Energy Performance Contracting (EnPC), industrial solutions and advisory services. These solutions offer major CO₂-saving potential for customers and society.

Caverion has proactively strengthened its capabilities in energy efficiency enhancing services already before the ongoing energy crisis. During 2022, Caverion continued to support its customers in this area by providing solutions for short-term and long-term energy optimisation, including energy advisory, energy savings projects and remote monitoring.

Energy Performance Contracting, energy management and EV charging stations are already saving three times the CO2 amount of Caverion's own Scope 1–2 footprint annually. As Caverion adds more services with a positive handprint impact, the company will be well positioned for achieving a carbon handprint five times greater than its footprint (Scope 1–2) by 2025.

EU Taxonomy

As a provider of technical services and projects for buildings, infrastructure as well as industrial sites and processes, Caverion is part of the solution for a green, low-carbon transition. In 2022, 30.5 per cent of Caverion's Group revenue was considered eligible with EU Taxonomy. Caverion's taxonomy eligible revenue consists mainly of building technology and energy generation-related projects and services, which have a positive impact through carbon emissions reductions.

Activities not considered eligible with EU Taxonomy accounted for 69.5 per cent of Group revenue in 2022, consisting of technical building services and industrial services outside the renewable energy sector. 1 per cent of Caverion revenue was aligned with EU Taxonomy.

Caverion's capital expenditure resulting from services or products associated with economic activities considered eligible with EU taxonomy amounted to 62 per cent and Operating Expenditure KPI 3 per cent, respectively.

Assessment of eligibility with EU taxonomy

Caverion has identified over 20 EU taxonomy activities in seven sectors of economic activity. The most significant sectors for Caverion include Construction & Real Estate and Energy, together representing over 65% of the total EU taxonomy eligible revenue. Eligibility assessment was done on division level and information consolidated at group level. Revenue figures are based on purchasing data and including work to the calculation. Capital expenditure and operating expenditure were determined and allocated from acquisitions, vehicles, IT services and buildings and structures.

Assessment of alignment with EU taxonomy

With taxonomy-aligned activities, Caverion focuses on activities 7.3 and 7.4. For these activities, Caverion has carried out the process of meeting alignment requirements. All alignment testing was made on Caverion Group level.

Minimum safeguards requirements are met through due diligence and human rights assessment processes. Environmental impacts assessment was carried out to meet Do-No-Significant-Harm (DNSH) testing criteria. Temperature related chronic and acute hazards were identified to be the most significant climate-related environmental risks for Caverion business. Substantial contribution and to meet the 7.3 technical screening criteria Caverion conducted a screening on purchased materials and services to acknowledge the number of appliances rated in the highest two populated classes of energy efficiency. All Caverion eligible business in activity 7.4 meets the technical screening criteria.

Caverion did not classify any activities under categories "Construction of new buildings (7.1)" and "Renovation of existing buildings (7.2)" as the company interprets these categories as belonging building construction and renovation activities rather than technical building system related

installations and services. However, had this approach been adopted, Caverion would have been able to report a material additional share of its building technology revenue as taxonomy eligible.

With regard to taxonomy activity category "Energy", Caverion's interpretation is that "Construction or operation of energy generation facilities" includes Caverion's installation projects as well as preventive maintenance and other services that are crucial to the energy generation process (i.e. to keeping energy generation running) although the company does not engage in energy generation activities as such.

Social and employee aspects

People are at the core of Caverion's business and customer interface. Therefore, one of the four strategic themes in the updated strategy launched in 2022 is people. Caverion aims to become the most attractive employer in its industry. According to Caverion's people strategy, the company will be focusing on attracting and growing the right people, empowering Building Performance culture as well as leading people and performance with passion and care.

The Building Performance culture and values – We deliver what we promise, We do it together and We explore and improve – form the foundation for our everyday work and all our activities. HR Policy, including Diversity Policy and Safety Guidelines, explain the approaches and rules around the social and employee aspects. Supplier Code of Conduct sets out the minimum requirements for suppliers regarding, for example, occupational health and safety.

In 2022, Caverion continued to focus on developing its Building Performance culture to support its updated strategy, including the launch of the company's updated values. A large number of employees in different countries contributed through workshops and questionnaires to make the values relevant for the Caverion people. Introducing values-based behaviours helped demonstrate to employees how the culture becomes visible in everyday life. Workshops and toolkits, including a virtual game, were utilised to support the implementation and communication of these behaviours. Caverion also worked on defining its Employee Value Proposition and will continue with related actions in 2023.

Caverion Leader Forum gathers key executives once a year to discuss strategic topics. In 2022, this was complemented by two virtual Leader Forum sessions and the divisions' own events in order to translate the strategy to local activities.

During the year, Caverion continued the planned actions based on the previous year's Spirit employee engagement survey and monitored the progress of these plans. Attention was especially paid to feedback culture, performance follow-up and skills development. The Spirit employee engagement survey is conducted every other year.

Caverion provides continuous training and development opportunities to strengthen its business capabilities and enable professional growth. The competence development efforts in 2022 focused especially on service performance management, project management and sales capabilities. One of the key events was the launch of Caverion Sales Academy to provide systematic and modular sales training. Training employees on sustainability is one of Caverion's targets and a company-wide sustainability eLearning was launched at the year-end. The highly appreciated mentoring programme continued in 2022.

Diversity, equity and inclusion are high priorities for Caverion and these topics are an integral part of the Building Performance culture. During the year, the main focus was on increasing awareness. For example, a campaign raising awareness of harassment and discrimination was run in several countries. In addition, diversity and inclusion had a central role in the implementation of the company's values during the year and it was one of the key themes in the annual Leader Forum.

At the end of 2022, Caverion employed 14,490 (14,298) people in 10 countries. A total of 12 acquisitions were completed during the year, resulting in more than 560 new employees joining Caverion from the acquired companies. Caverion also offered apprenticeships to more than 700 young potentials across the company.

In 2022, 11 % of the employees were female. Caverion's Board of Directors represents 5 nationalities and 29 % of the members are female. From the Group Management Board members, 23 % are female and representing 6 nationalities.

Work safety

Work safety is the top priority for Caverion and the company follows a systematic and proactive approach in preventing accidents. Safety matters have developed favourably across the company year after year. The occupational health and safety management systems are externally certified according to international standard ISO 45001. These certifications covered 90% of Caverion's business in 2022.

Caverion is among the top performers in terms of safety in its industry. We believe that all personal injuries and work-related illness can be prevented, and the long-term target is to get as close to zero accidents as possible. Every Caverion employee has the right and responsibility to perform their work safely. The lost time injury frequency (LTIFR) rate was in 2022 4.0 which is same level as 2021. The safety result in 2022 stayed on low level. We strive for continuous improvement, and our safety performance is still on the right track.

We have in 2022 started to roll out a health, safety and well-being culture program. This will be the core of our health, safety and well-being work for the years to come. For us it is important that our employees are safe, feel well, are motivated and enjoy their job – moreover we believe that a strong safety culture is good business.

In 2022 a more systematic approach has been taken on learning and sharing best practise between the divisions. Numerous safety related improvements have been the fruit of that work and expect more to come.

We recognise exemplary performance through the company-wide Golden Helmet awards were safety leadership plays a key role.

Human rights

In accordance with Caverion's Code of Conduct, the company does not allow any kind of discrimination related to age, gender, nationality, social status, religion, physical or mental disability, political or other opinions, sexual orientation or any other factor. The Code of Conduct also provides active guidance towards improved equality and promotes gender equality and diversity.

Human rights safeguarded by international conventions are respected. Caverion applies a zero-tolerance approach to discrimination, harassment or any unlawful act and does not permit any kind of bullying in the workplace.

Caverion complies with the labour laws and regulations of its operating countries. Employees have freedom of association and, in 2022, 93 % of the employees were covered by collective bargaining agreements.

Aspects related to human rights are included in the company-wide Code of Conduct eLearning. In 2022, the eLearning was rolled out to all employees with an excellent completion rate of 97%. The training is also part of the employee onboarding during the first weeks of employment. According to Caverion's Supplier Code of Conduct, suppliers, subcontractors and other business partners shall respect human rights by following international conventions, in particular the United Nations' Universal Declaration of Human Rights. They shall also comply with fundamental conventions as defined by the International Labour Organization and ensure that their own suppliers comply with requirements that meet or exceed the requirements laid down in Caverion's Supplier Code of Conduct.

Anti-corruption and bribery

Caverion applies a zero-tolerance approach to corruption, bribery or any anti-competitive practices or unlawful acts. To prevent corruption and bribery, the company has several standard control processes as part of the sales and delivery of its services and projects. Checks and controls are conducted in tender preparation and procurement activities as well as in the delivery and execution phases. Among other things, these include monitoring, reviews, due diligence measures, approvals and the use of ethical reporting channels.

Caverion has a compliance programme to ensure that all Caverion's business is conducted legally, ethically and in a compliant manner. Caverion also has a Group-level Compliance unit and a network headed by the Compliance Officer. The compliance network aims to enhance a culture of integrity and responsibility all around the organisation. It builds leadership capabilities by rolling out the compliance programme locally, for example through training.

Caverion also operates a Group Ethics & Compliance Committee consisting of the President and CEO, CFO, Group General Counsel, Head of HR and Safety and the Compliance Officer. The committee reviews the annual compliance plan and its progress, the compliance cases reported or otherwise identified and other Group-level ethics and compliance matters.

Regarding its relationships with its suppliers, Caverion does everything in its power to reject bribery, corruption and white-collar crimes. Caverion does not tolerate any form of bribery or other illegal payments.

Caverion supports open and fair competition in all its markets. The company complies with the applicable legislation regarding competition in every activity and avoids situations where there is a risk that regulations concerning competition could be violated. A mandatory eLearning on competition law has been rolled out for all such employees who work in positions in which knowledge of this topic is especially important, such as in management, sales and procurement.

Non-financial risks

Environmental risks and impacts of Caverion own direct operations are moderate due to the nature of the business. Caverion is not mainly manufacturing products but operates as an expert in services and projects. More significant climate and environmental risks are originating from the company's wide value chain. The products installed and maintained by Caverion can have a potentially negative impact on the environment, for example through components, raw materials and chemicals used by the key suppliers. Caverion aims to collaborate with suppliers with a low environmental risk rate and has recently increased its supplier dialogue to mitigate the environmental impacts of its offering.

The key risks related to social and employee aspects are linked to occupational safety and the availability of qualified personnel. These risks can be potentially further fuelled by the effects of the COVID-19 pandemic. The occupational safety risks are mitigated by continuously ensuring a proactive focus on the topic on different management levels and conducting various safety initiatives such as trainings, campaigns and reminders. The availability of key talent is essential for the company's ability to conduct its operations. To manage this risk, Caverion pays particular attention to recruitment, onboarding, resource flexibility and enhancing its digital capabilities as well as to the development of its employer brand and company culture.

Caverion primarily operates in developed, transparent markets. Potential human rights risks relate to the uncertainty or unawareness of how subcontractors conduct their daily business. The risks of a breach in the area of human rights are predominantly located further away in Caverion's supply chain. Through Caverion's ethical reporting channel, employees and suppliers can confidentially and anonymously report their observations of suspected misconduct. In addition, reports can be submitted via email. A separate Supplier Code of Conduct sets out the requirements for suppliers regarding the respect of human rights. To ensure a sustainable value chain, the company aims to increase its Supplier Code of Conduct sign-off rate.

To manage the anti-corruption and bribery related risks, Caverion has made significant efforts to promote compliance in order to avoid any infringements. As part of the compliance programme, all employees must complete an annual e-learning module and further training is given across the organisation. All new employees must familiarise themselves with Caverion's Code of Conduct and pass the mandatory e-learning. All employees are required to comply with Caverion's Code of Conduct, which has a policy of zero tolerance on anti-competitive practices, corruption, bribery or any unlawful action.

More information on compliance related risks and their management is presented in the Board of Directors' Report in chapter "Short-term risks and uncertainties".

Caverion sustainability performance and KPIs

For more information on Caverion sustainability KPIs and actions, please read the Sustainability Report 2022.

Focus area	KPI	Definition of KPI	Actions	2020	2021	2022	Target 2025
Decreasing Caverion's footprint	Total carbon footprint defined and measured	The material Scope 1-3 emission categories defined. All emissions from those material categories measured.	We continued improving Scope 1-2 measurements. Scope 3 categories defined and improved measurements on total Scope 3 emissions.	66%	80%	90%	100%
Increasing Caverion's handprint	Five times carbon handprint over footprint (Scope 1-2)	Caverion offering's carbon savings for customers and society in relation to Caverion own Scope 1-2 carbon emissions.	We expanded carbon emission for our positive handprint offering. Simultaneously aimed to decrease our own carbon footprint (Scope 1-2).	>1x	>2x	>3x	5X
Increasing Caverion's handprint	Our offering has a defined carbon handprint	Caverion offering which has a relevant positive carbon handprint defined. All that offering is measured with its CO2 savings for customers and society.	We collaborated with key suppliers and engaged customers to development offering and handprint measurements.	-	20%	25%	100%
Caring for our people	Lost Time Injury Frequency Rate (LTIFR)	LTIFR refers to the amount or number of lost time injuries per 1,000,000 hours worked.	We invested in systematic safety work and strong proactive measures in safety.	4.2	4.0	4.0	<2
Caring for our people	Share of female employees	Share of female employees.	We created a plan for longer term activities, started building awareness and local specific actions.	11%	11%	11%	15%
Caring for our people	All employees trained in sustainability	Number of employees (excl. temporary, inactive, etc. employees) who have conducted Sustainability eLearning.	Our Sustainability eLearning was launched in 2022.	-	N/A *	30% **	100%
Ensuring sustainable value chain operations	Supplier Code of Conduct (SCoC) sign-off rate	Share of purchase volume of suppliers who have approved Caverion SCoC or who have a CoC/SCoC which Caverion has approved.	We followed up on each Caverion division to increase the sign-off rate of SCoC.	63%	66%	74%	>90%
Ensuring sustainable value chain operations	All tender requests include sustainability criteria	Sustainability criteria for tender requests defined. Include sustainability criteria in all the major tender requests.	We held sustainability discussions with chosen key suppliers during 2022.	-	-	-	100%

Changes of specifications for the KPI All employees trained in sustainability.

** Sustainability eLearning not yet available. Two other ESG related eLearnings conducted with performance rates of 86% (Safety eLearning) and 92% (Code of Conduct eLearning).*

*** Sustainability eLearning available since Q4/2022. During the year two other ESG related eLearnings conducted with performance rates of 97% (InfoSec eLearning) and 97% (Code of Conduct eLearning).*

2022 proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Economic activities (1)	Code(s) (2)	Absolute turnover (3) MEUR	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year N (18) %	Taxonomy-aligned proportion of turnover, year N-1 (19) %	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T	
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N						
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy aligned)																					
Installation, maintenance and repair of energy efficiency equipment	7.3	4.1	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	Y	n/a	n/a	Y	n/a	Y	0.2%	n/a	E	n/a
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	16.2	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	Y	n/a	n/a	n/a	n/a	Y	0.7%	n/a	E	n/a
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		20.3	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	Y	n/a	n/a	Y	n/a	Y	0.9%	n/a	E	n/a
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Installation, maintenance and repair of energy-efficiency equipment	7.3	400.8	17.0%																		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.0	0.0%																		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	60.9	2.6%																		
Installation, maintenance and repair of renewable energy technologies	7.6	1.3	0.1%																		
Manufacture of energy efficiency equipment for buildings	3.5	0.0	0.0%																		
Electricity generation using solar photovoltaic technology	4.1	6.4	0.3%																		
Electricity generation from hydropower	4.5	0.0	0.0%																		
Electricity generation from renewable non-fossil gaseous and liquid fuels	4.7	0.1	0.0%																		
Transmission and distribution of electricity	4.9	39.0	1.7%																		
District heating/cooling distribution	4.15	15.2	0.6%																		
Installation and operation of electric heat pumps	4.16	20.0	0.9%																		
Cogeneration of heat/cool and power from solar energy	4.17	5.9	0.3%																		

Economic activities (1)	Code(s) (2)	Absolute turnover (3) MEUR	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy- aligned proportion of turnover, year N (18) %	Taxonomy - aligned proportion of turnover, year N-1 (19) %	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
				Production of heat/cool from bioenergy	4.24	2.9	0.1%													
Production of heat/cool using waste heat	4.25	57.8	2.5%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	2.0	0.1%																	
Renewal of waste water collection and treatment	5.4	3.3	0.1%																	
Collection and transport of non-hazardous waste in source segregated fractions	5.5	2.0	0.1%																	
Infrastructure for rail transport	6.14	37.9	1.6%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	3.7	0.2%																	
Infrastructure enabling low carbon water transport	6.16	7.4	0.3%																	
Low carbon airport infrastructure	6.17	1.3	0.1%																	
Data-driven solutions for GHG emissions reductions	8.2	3.9	0.2%																	
Programming and broadcasting activities	8.3	9.5	0.4%																	
Professional services related to energy performance of buildings	9.3	14.5	0.6%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		696.0	29.6%																	
Total (A.1 + A.2)		748.0	30.5%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		1,656.0	69.5%																	
Total (A + B)		2,352.1	100.0%																	

2022 proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) MEUR	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy- aligned proportion of CapEx, year N (18) %	Taxonomy - aligned proportion of CapEx, year N-1 (19) %	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
				A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from wind power	4.3	7.2	4.5%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	4.5	16.1	9.9%																	
Transmission and distribution of electricity	4.9	1.7	1.1%																	
Renewal of waste water collection and treatment	5.4	5.4	3.3%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	27.9	17.2%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	19.3	11.9%																	
Acquisition and ownership of buildings	7.7	21.3	13.1%																	
Data processing, hosting and related activities	8.1	2.2	1.3%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		101.1	62.4%																	
Total (A.1 + A.2)		101.1	62.4%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		61.0	37.6%																	
Total (A + B)		162.1	100.0%																	

Key figures

Consolidated income statement,

Jan 1 - Dec 31	2022	2021	2020	2019	2018
Revenue, EUR million	2,352.1	2,139.5	2,154.9	2,123.2	2,204.1
Organic growth, %	8.6	-2.0	-4.1	-	-
EBITDA, EUR million ¹⁾	143.4	113.8	99.4	103.0	-8.8
EBITDA margin, % ¹⁾	6.1	5.3	4.6	4.8	-0.4
Adjusted EBITDA, EUR million ¹⁾	163.0	142.1	116.5	120.4	53.4
Adjusted EBITDA margin, % ¹⁾	6.9	6.6	5.4	5.7	2.4
EBITA, EUR million ¹⁾	86.1	59.4	42.4	49.8	-15.4
EBITA margin, % ¹⁾	3.7	2.8	2.0	2.3	-0.7
Adjusted EBITA, EUR million ¹⁾	105.8	87.7	60.6	67.2	46.8
Adjusted EBITA margin, % ¹⁾	4.5	4.1	2.8	3.2	2.1
Operating profit, EUR million	69.9	43.5	27.2	35.3	-35.9
Operating profit margin, %	3.0	2.0	1.3	1.7	-1.6
Result before taxes, EUR million	60.9	34.9	16.0	27.0	-43.9
% of revenue	2.6	1.6	0.7	1.3	-2.0
Result for the period, EUR million	46.2	25.1	8.6	22.6	-48.1
% of revenue	2.0	1.2	0.4	1.1	-2.2

Consolidated statement of

financial position, EUR million	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Total assets	1,424.7	1,320.0	1,292.4	1,281.4	1,024.5
Working capital	-141.4	-144.7	-160.4	-100.9	-54.6
Interest-bearing net debt	200.9	140.7	118.6	168.4	6.9

Key ratios and other data

	2022	2021	2020	2019	2018
Equity ratio, %	19.8	19.0	18.9	21.5	30.2
Gearing ratio, %	89.1	69.8	60.4	73.6	2.7
Return on equity, %	21.7	12.6	4.0	9.4	-19.7
Operating cash flow before financial and tax items, EUR million	144.3	103.8	157.6	143.7	21.6
Cash conversion (LTM), %	100.6	91.2	158.5	139.5	-244.8
Order backlog, EUR million	1,943.3	1,863.8	1,609.1	1,670.5	1,494.3
Personnel, average for the period	14,570	14,831	15,773	14,763	15,672
Personnel at the end of the period	14,490	14,298	15,163	16,273	14,950

Share-related key figures,

Jan 1 - Dec 31	2022	2021	2020	2019	2018
Earnings per share, basic, EUR	0.32	0.17	0.05	0.14	-0.40
Earnings per share, diluted, EUR	0.32	0.17	0.05	0.14	-0.40
Equity per share, EUR	1.6	1.5	1.4	1.7	1.9
Dividend per share, EUR ²⁾	0.20	0.17	0.20	-	0.05
Dividend per earnings, %	61.6	100.2	430.5	-	-
Effective dividend yield, %	2.9	2.7	3.4	-	1.0
Price per earnings (P/E ratio)	21.3	37.7	125.1	50.2	-12.9

Share price trend

Share price on Dec 31, EUR	6.93	6.39	5.81	7.19	5.09
Low, EUR	4.09	5.06	3.79	4.85	4,74
High, EUR	6.98	7.94	8.25	7.64	7,54
Average, EUR	5.68	6.13	5.73	6.18	6,37
Share capitalisation on Dec 31, EUR million	945.8	871.7	790.8	978.3	690.5

Share turnover trend

Share turnover, thousands	33,448	38,609	65,208	22,944	41,403
Share turnover, %	24.5	28.3	47.9	16.9	31.6
Number of shares outstanding at the end of period, thousands	136,473	136,418	136,112	136,071	135,656
Weighted average number of shares, thousands	136,465	136,298	136,105	135,866	131,087
Weighted average number of shares, dilution adjusted, thousands	136,465	136,298	136,105	135,866	131,087

¹⁾ Alternative performance measure (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. Calculation of key figures is presented on the following page.

²⁾ Financial year 2022 dividend is the Board of Directors' proposal to the Annual General meeting.

Calculation of key figures

IFRS key figures

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

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

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) ¹⁾

EBITA = Operating profit (EBIT) + amortisation and impairment

Adjusted EBITA = EBITA before items affecting comparability (IAC) ¹⁾

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.

¹⁾ Items affecting comparability (IAC) 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 old 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). Category (4) includes also advisory costs and personnel bonuses related to the ongoing public tender offer and in 2021, previously capitalised expenses that were booked as operative expenses due to a change in the accounting principle of implementation costs in cloud computing arrangements.

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

Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions	Effective dividend yield (%) =	$\frac{\text{Dividend per share} \times 100}{\text{Share price on December 31}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents	Price/earnings ratio (P/E ratio) =	$\frac{\text{Share price on December 31}}{\text{Earnings per share}}$
Equity ratio (%) =	$\frac{\text{Equity} + \text{non-controlling interest} \times 100}{\text{Total assets} - \text{advances received}}$	Net debt / Adjusted EBITDA =	$\frac{\text{Interest-bearing net debt}}{\text{Adjusted EBITDA (LTM)}}$
Gearing ratio (%) =	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents} \times 100}{\text{Shareholder's equity} + \text{non-controlling interest}}$	Average price =	$\frac{\text{Total EUR value of all shares traded}}{\text{Average number of all shares traded during the accounting period}}$
Return on equity, % =	$\frac{\text{Result for the period} \times 100}{\text{Total equity (average of the figures for the accounting period)}}$	Market capitalisation =	(Number of shares – treasury shares) x share price on the closing date
Cash conversion (%) =	$\frac{\text{Operating cash flow before financial and tax items (LTM)} \times 100}{\text{EBITDA (LTM)}}$	Share turnover =	Number of shares traded during the accounting period
Average number of employees =	The average number of employees at the end of previous financial year and of each calendar month during the accounting period	Share turnover (%) =	$\frac{\text{Number of shares traded} \times 100}{\text{Average number of outstanding shares}}$
Equity per share =	$\frac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$		
Dividend per share =	$\frac{\text{Dividend per share for the period}}{\text{Adjustment ratios of share issues during the period and afterwards}}$		
Dividend per earnings (%) =	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$		

Shareholders

At the end of December 2022, the number of registered shareholders in Caverion was 26,409 (2021: 27,582). At the end of December 2022, a total of 36.4 percent of the shares were owned by nominee-registered and non-Finnish investors (2021: 31.1%).

Updated lists of Caverion's largest shareholders, the holdings of public insiders and ownership structure by sector as per December 31, 2022, are available on Caverion's website at www.caverion.com/investors.

No shareholder, member or other person is controlling Caverion as meant in the Securities Markets Act section 2 paragraph 4. Caverion is not subject to any arrangements which separate the possession of the securities and the economic rights vested in them. The Board of Directors is not aware of any shareholder agreements or other similar type of arrangements having effect on Caverion shareholders or that might have a significant impact on share price.

Caverion Corporation's essential financing agreements include a change of control clause which is applicable in case more than 50 percent of company's shares are acquired by a single entity or parties controlled by it.

Ownership structure by sector on December 31, 2022

Sector	Share-holders	% of owners	Shares	% of all shares
Nominee registered and non-Finnish holders	131	0.5	50,589,476	36.4
Households	25,120	95.1	22,780,206	16.4
General government	18	0.1	18,844,192	13.6
Financial and insurance corporations	45	0.2	31,555,745	22.7
Non-profit institutions	206	0.8	4,584,427	3.3
Non-financial corporations and housing corporations	889	3.4	10,566,046	7.6
Total	26,409	100.0	138,920,092	100.0

Largest shareholders on December 31, 2022

Shareholder	Shares, pcs	% of all shares
1. Funds held by Antti Herlin, including directly held shares	21,054,392	15.2
2. Fennogens Investments SA	14,169,850	10.2
3. Varma Mutual Pension Insurance Company	9,035,780	6.5
4. Mandatum companies	6,114,441	4.4
5. Ilmarinen Mutual Pension Insurance Company	4,162,955	3.0
6. Säästöpankki funds	3,704,062	2.7
7. Elo Mutual Pension Insurance Company	2,565,640	1.8
8. Caverion Oyj	2,447,447	1.8
9. The State Pension Fund	2,050,000	1.5
10. Brotherus Ilkka	1,803,765	1.3
11. Aktia funds	1,250,000	0.9
12. OP funds	1,073,136	0.8
13. S-Bank funds	1,062,605	0.8
14. Kaleva Mutual Insurance Company	969,025	0.7
15. Nordea funds	913,044	0.7
16. Veritas Pension Insurance Company Ltd.	754,610	0.5
17. Sinituote Oy	572,400	0.4
18. Samfundet folkhälsan i Svenska Finland rf	374,400	0.3
19. Pivosto Oy	326,416	0.2
20. Foundation for Economic Education	300,000	0.2
20 largest, total	74,703,968	53.8
Other shareholders	28,222,560	20.3
Nominee registered total	35,993,564	25.9
All shares	138,920,092	100.0

Public insider ownership of Caverion Group on December 31, 2022

		Direct	Holdings of	Total
Board of Directors		holdings	controlled	
			companies	
Aho Jussi	Member	54,671	-	54,671
Ehrnrooth Markus	Vice Chairman of the Board	18,809	-	18,809
Hallengren Joachim	Member	20,671	11,000	31,671
Hinnerskov Thomas	Member	54,671	-	54,671
Jahn Kristina	Member	10,459	-	10,459
Paulsson Mats	Chairman of the Board	24,828	136,200	161,028
Soravia Jasmin	Member	10,459	-	10,459
Total		194,568	147,200	341,768

		Direct	Holdings of	Total
Group Management Board		holdings	controlled	
			companies	
Engman Elina	Head of Division Industry	-	-	-
Gaaserud Knut	Head of Division Norway	110,967	-	110,967
Götzsche Jacob	President and CEO	55,000	-	55,000
Kaiser Michael	Head of Business Unit Projects	164,578	-	164,578
Kettunen Mikko	Chief Financial Officer (CFO)	10,000	-	10,000
Lundberg Uno	Head of Division Sweden	10,000	-	10,000
Poglitsch Reinhard	Head of International customers and commercial development	1,500	-	1,500
Schrey-Hyppänen Minna	Head of Human Resources & Safety	87,361	-	87,361
Simmet Manfred	Head of Divisions Germany and Austria	87,901	-	87,901
Sundbäck Kari	Head of Services, Solutions, Digital and Sustainability	94,224	-	94,224
Sørensen Carsten	Head of Division Denmark	93,006	-	93,006
Tamminen Ville	Head of Division Finland & Baltics	65,934	-	65,934
Viitala Anne	Head of Legal & Compliance	80,100	-	80,100
Total		860,571	-	860,571

Consolidated income statement

EUR million	Note	1.1.-31.12.2022	%	1.1.-31.12.2021	%
Revenue	2.1	2,352.1		2,139.5	
Other operating income	2.2	2.3		2.8	
Materials and supplies		-615.4		-523.9	
External services		-446.0		-398.4	
Employee benefit expenses	2.2	-923.6		-889.9	
Other operating expenses	2.2	-226.1		-216.3	
Share of results in associated companies	5.7	0.0		0.0	
Depreciation, amortisation and impairment	2.3	-73.5		-70.3	
Operating profit		69.9	3.0	43.5	2.0
Financial income		0.8		0.5	
Exchange rate differences (net)		1.0		0.3	
Financial expenses		-10.7		-9.4	
Financial income and expenses	2.4	-9.0		-8.6	
Result before taxes		60.9	2.6	34.9	1.6
Income taxes	2.5	-14.7		-9.8	
Result for the financial year		46.2	2.0	25.1	1.2
Attributable to:					
Owners of the parent		46.2		25.0	
Non-controlling interests		0.0		0.0	
Earnings per share for profit attributable to owners of the parent:					
Earnings per share, basic, EUR	2.6	0.32		0.17	
Earnings per share, diluted, EUR		0.32		0.17	

Consolidated statement of comprehensive income

EUR million	Note	1.1.-31.12.2022	1.1.-31.12.2021
Result for the period		46.2	25.1
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in the fair value of defined benefit pension		6.6	-0.1
-Deferred tax		-2.1	-0.5
Change in fair value of other investments	5.4	-0.1	0.0
- Deferred tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		-3.7	8.1
Other comprehensive income, total		0.7	7.5
Total comprehensive income		46.9	32.5
Attributable to:			
Owners of the parent		46.9	32.5
Non-controlling interests		0.0	0.0

The notes are an integral part of the consolidated

Consolidated statement of financial position

EUR million	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4.3	19.1	17.6
Right-of-use assets	5.9	132.6	131.2
Goodwill	4.2	442.5	369.9
Other intangible assets	4.3	56.4	47.7
Investments in associated companies and joint ventures	5.7	0.1	1.5
Investments	5.4	1.1	1.3
Receivables	3.2	8.4	9.6
Deferred tax assets	3.5	15.0	16.8
Total non-current assets		675.3	595.6
Current assets			
Inventories	3.1	22.3	16.9
Trade receivables	3.2	379.6	346.0
POC receivables	3.2	231.3	195.6
Other receivables	3.2	32.1	34.4
Income tax receivables		2.9	0.6
Cash and cash equivalents		81.2	130.9
Total current assets		749.4	724.4
TOTAL ASSETS		1,424.7	1,320.0

The notes are an integral part of the consolidated financial statements.

EUR million	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	5.2	1.0	1.0
Treasury shares		-2.0	-2.4
Translation differences		-9.6	-6.0
Fair value reserve		-0.3	-0.2
Hybrid capital		35.0	35.0
Unrestricted equity reserve		66.0	66.0
Retained earnings		135.1	107.6
Total equity attributable to owners of the parent		225.2	201.1
Non-controlling interests		0.2	0.3
Total equity		225.4	201.4
Non-current liabilities			
Deferred tax liabilities	3.5	38.5	34.0
Pension obligations	5.8	41.9	50.6
Provisions	3.4	8.7	10.6
Lease liabilities	5.9	93.5	94.1
Other interest-bearing debts	5.4	127.8	132.9
Other liabilities	3.3	12.7	7.1
Total non-current liabilities		323.1	329.2
Current liabilities			
Trade payables	3.3	198.5	167.4
Advances received	3.3	286.2	261.3
Other payables	3.3	294.7	276.5
Income tax liabilities		6.8	5.5
Provisions	3.4	29.4	34.0
Lease liabilities	5.9	43.9	41.6
Other interest-bearing debts	5.4	16.8	3.1
Total current liabilities		876.2	789.4
Total liabilities		1,199.3	1,118.6
TOTAL EQUITY AND LIABILITIES		1,424.7	1,320.0

Consolidated statement of cash flows

EUR million	Note	1.1.- 31.12.2022	1.1.- 31.12.2021
Cash flow from operating activities			
Result for the financial year		46.2	25.1
Adjustments for:			
Depreciation, amortisation and impairment		73.5	70.3
Reversal of accrual-based items		-8.3	0.6
Financial income and expenses		9.0	8.6
Gains on the sale of tangible and intangible assets		-0.2	10.4
Taxes		14.7	9.8
Total adjustments		88.7	99.8
Change in working capital:			
Change in trade and other receivables		-57.7	-40.4
Change in inventories		-2.9	-0.5
Change in trade and other payables		70.0	19.9
Total change in working capital		9.4	-21.0
Operating cash flow before financial and tax items		144.3	103.8
Interest paid		-11.4	-10.0
Other financial items, net		1.2	0.5
Interest received		0.7	0.4
Dividends received		0.0	0.0
Taxes paid		-14.3	-14.3
Net cash generated from operating activities		120.5	80.4

EUR million	Note	1.1.- 31.12.2022	1.1.- 31.12.2021
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash	4.1	-85.3	-9.7
Disposals of subsidiaries and businesses, net of cash	4.1	0.4	-0.9
Dividends from equity accounted investments	5.7	1.3	
Purchases of property, plant and equipment	4.3	-5.8	-4.8
Purchases of intangible assets	4.3	-8.5	-7.4
Proceeds from sale of tangible and intangible assets		0.7	0.5
Proceeds from sale of investments		0.1	0.0
Net cash used in investing activities		-97.1	-22.3
Cash flow from financing activities			
Change in loan receivables		0.8	0.0
Proceeds from borrowings	5.3	74.7	50.3
Repayments of borrowings	5.3	-75.4	-53.2
Repayments of lease liabilities	5.4	-49.8	-46.9
Change in current liabilities, net	5.3	9.9	0.0
Hybrid capital expenses and interests		-2.4	-2.4
Dividends paid		-23.2	-27.3
Net cash used in financing activities		-65.4	-79.5
Net change in cash and cash equivalents		-42.0	-21.3
Cash and cash equivalents at the beginning of the financial year		130.9	149.3
Foreign exchange rate effect on cash and cash equivalents		-7.7	2.9
Cash and cash equivalents at the end of the financial year		81.2	130.9

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR million	Note	Attributable to owners of the parent							Non-controlling interests	Total equity	
		Share capital	Retained earnings	Translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital			Total
Equity 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 1-12/2022											
Result for the period			46.2						46.2	0.0	46.2
Other comprehensive income:											
Change in fair value of defined benefit pension			6.6						6.6		6.6
- Deferred tax			-2.1						-2.1		-2.1
Change in fair value of other investments	5.4				-0.1				-0.1		-0.1
-Deferred tax											
Translation differences				-3.7					-3.7		-3.7
Comprehensive income 1-12/2022, total			50.7	-3.7	-0.1				46.9	0.0	46.9
Dividend distribution	5.2		-23.2						-23.2	0.0	-23.2
Share-based payments	6.2		2.2						2.2		2.2
Transfer of own shares	5.2		-0.4			0.4					
Hybrid capital interests and costs after taxes	5.2		-1.9						-1.9		-1.9
Equity on December 31, 2022		1.0	135.1	-9.6	-0.3	-2.0	66.0	35.0	225.2	0.2	225.4

EUR million	Note	Attributable to owners of the parent								Non-controlling interests	Total equity
		Share capital	Retained earnings	Translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total		
Equity 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 1-12/2021											
Result for the period			25.0						25.0	0.0	25.1
Other comprehensive income:											
Change in fair value of defined benefit pension			-0.1						-0.1		-0.1
- Deferred tax			-0.5						-0.5		-0.5
Change in fair value of investments	5.4				0.0				0.0		0.0
-Deferred tax											
Translation differences				8.1					8.1		8.1
Comprehensive income 1-12/2021, total			24.4	8.1	0.0				32.5	0.0	32.5
Dividend distribution	5.2		-27.3						-27.3	0.0	-27.3
Share-based payments	6.2		1.5						1.5		1.5
Transfer of own shares	5.2		-0.4			0.4					
Hybrid capital interests and costs after taxes	5.2		-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

The notes are an integral part of the consolidated financial statements.



1 Basis of preparation

The consolidated financial statements of Caverion Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Accounting principles

can be found next to the relevant notes in sections 2–6.

General Information

Caverion Corporation (the "Parent company" or the "Company") with its subsidiaries (together, "Caverion" or "Caverion Group") is a Finnish service company in building systems, construction services and services for the industry. Caverion designs, builds, operates and maintains user-friendly and energy-efficient technical solutions for buildings and industries throughout the life cycle of the property. Caverion's services are used in offices and retail properties, housing, public premises, industrial plants and infrastructure, among other places.

Caverion Corporation is domiciled in Helsinki, Finland and its registered address is Torpantie 2, 01650 Vantaa, Finland. The company's shares are listed on the NASDAQ OMX Helsinki Ltd as of July 1, 2013. The copies of the consolidated financial statements are available at www.caverion.com or at the parent company's head office, Torpantie 2, 01650 Vantaa, Finland.

On June 30, 2013, the partial demerger of Building Systems business (the "demerger") of YIT Corporation became effective. At this date, all of the assets and liabilities directly related to Building Systems business were transferred to Caverion Corporation, a new company established in the partial demerger.

These consolidated financial statements were authorised for issue by the Board of Directors in their meeting on 8 February 2023 after which, in accordance with Finnish Company Law, the financial statements are either approved, amended or rejected in the Annual General Meeting.

The consolidated financial statements have been prepared in accordance with the basis of preparation and accounting policies set out below.

The consolidated financial statements of Caverion Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union observing the standards and interpretations effective on December 31, 2022. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and corporate legislation complementing the IFRS regulation.

The figures in these consolidated financial statements are presented in million euros, unless stated otherwise. Rounding differences may occur.

Caverion Group's consolidated financial statements for the financial year ended 2022 have been prepared under the historical cost convention, except for investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value. Equity-settled share-based payments are measured at fair value at the grant date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under "Critical accounting estimates and judgements" below.

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The total consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by Caverion Group. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's assets.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Disposal of subsidiaries

When the Group ceases to have control, any remaining interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised through profit and loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if realised and recognised in the income statement. If the interest is reduced but control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are booked to non-controlling interest in equity.

Transactions with non-controlling interests

The Group accounts transactions with non-controlling interests that do not result in loss of control as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and exercise judgement in the application of the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may deviate from the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Accounting estimates and judgements are commented in more detail in connection with each item.

- > Goodwill
- > Acquisitions and disposals
- > Revenue from contracts with customers
- > Income taxes
- > Provisions
- > Employee benefit obligations
- > Trade receivables

Foreign currency translation and transactions

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in euros, which is the Group's presentation currency.

The income statements of foreign Group companies are translated into euro using the average exchange rate for the reporting period. The balance sheets are translated at the closing rate at the date of that balance sheet. Translating the result for the period using different exchange rates in the income statement and balance sheet results in a translation difference, which is recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. When a foreign subsidiary is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are

recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income and expenses". All other foreign exchange gains and losses are presented in the income statement above operating profit. Non-monetary items are mainly measured at the exchange rates prevailing on the date of the transaction date.

Caverion Group applies exchange rates published by the European Central Bank in the consolidated financial statements. Exchange rates used in euros:

	Income statement January-December 2022	Income statement January-December 2021	Statement of financial position Dec 31, 2022	Statement of financial position Dec 31, 2021
DKK	7.4396	7.4371	7.4365	7.4364
NOK	10.1019	10.1635	10.5138	9.9888
PLN	4.6856	4.5647	4.6808	4.5969
RUB	112.4265	87.2208	117.2010	85.3004
SEK	10.6278	10.1452	11.1218	10.2503

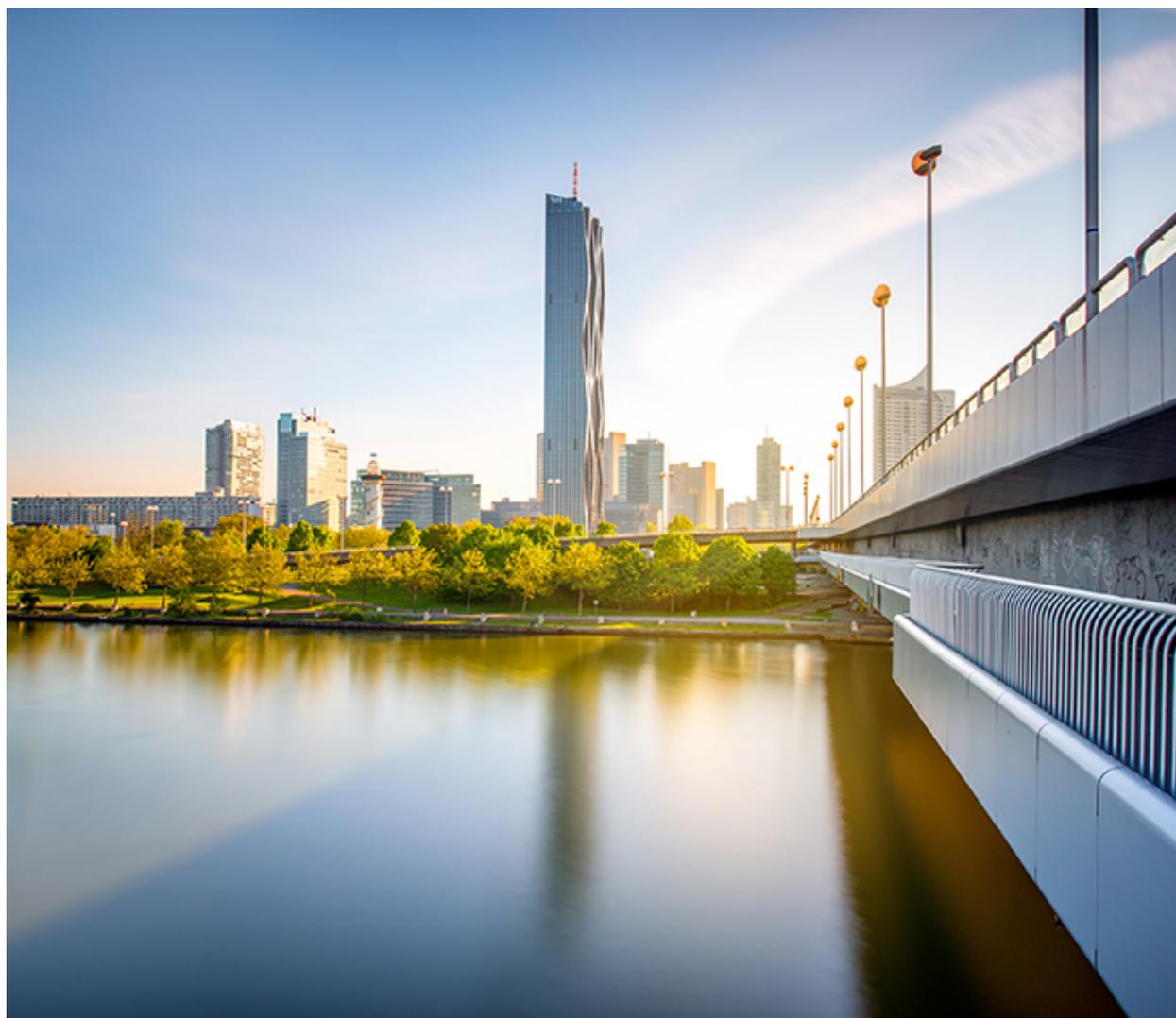
Operating segments

The profitability of Caverion Group has been presented as one operating segment from 1 January 2014 onwards. The chief operating decision-maker of Caverion is the Board of Directors. Due to the management structure of Caverion, nature of its operations and its business areas, Group is the relevant reportable operating segment.

New standards and amendments adopted

Evaluation of the future impact of new standards and interpretations

Caverion has adopted the new standards and interpretations that were effective during the accounting period and are relevant to its operations. These amendments had no impact on the consolidated financial statements of Caverion. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been applied in preparing these consolidated financial statements. The Group is not expecting a significant impact of those to the consolidated financial statements.



2 Financial performance

Revenue, EUR million	2,352.1
EBITDA, EUR million	143.4
EBITA, EUR million	86.1

In this section

This section comprises the following notes describing Caverion's financial performance in 2022:

2.1 Revenue from contracts with customers	46
2.2 Costs and expenses	48
2.3 Depreciation, amortisation and impairment	49
2.4 Financial income and expenses	49
2.5 Income taxes	50
2.6 Earnings per share	50

2.1 Revenue from contracts with customers

The disaggregation of revenue is set out below by Business Units and by division. The reportable segment of Caverion is the Group and thus, no reconciliation between segments and revenue from contracts with customers is presented.

Disaggregated revenue information

EUR million	2022	%	2021	%
Business units				
Services	1,570.1	67%	1,402.4	66%
Projects	782.0	33%	737.1	34%
Total revenue from contracts with customers	2,352.1	100%	2,139.5	100%
Revenue by division				
Sweden	455.0	19%	424.4	20%
Finland	431.9	18%	403.9	19%
Germany	406.0	17%	374.1	17%
Norway	368.5	16%	352.5	16%
Industry	285.5	12%	256.8	12%
Austria	237.0	10%	188.7	9%
Denmark	122.1	5%	80.0	4%
Other countries*	46.0	2%	59.0	3%
Total revenue from contracts with customers	2,352.1	100%	2,139.5	100%

* Other countries include the Baltic countries and Russia. Caverion divested its Russian subsidiary in December 2021, which explains the year on year decline in revenue. Baltic countries revenue increased slightly in 2022 compared to last year.

Revenue from contracts with customers is recognised mainly over time.

Revenue increased in both Business units, Services business revenue increased by 12.0% and Projects business unit revenue by 6.1%. Revenue increased in all divisions during 2022, despite the geopolitical tensions related to the war in Ukraine and resulting energy crisis, mounting inflation and rising interest rates that lowered the economic growth prospects. Rapid rise in inflation during the year had a positive effect on revenue. Caverion has managed to cover material cost increases in pricing. In Services, the market demand and general investment activity remained positive during the period. Caverion has continued to see a general increasing interest for services supporting

sustainability, such as energy management and advisory services. In Projects, the market demand remained mostly stable. The interest for energy improvement projects has picked up, driven by the focus on energy consumption due to the energy crisis. Caverion carried out 12 acquisitions during the year, revenue increased by 2.2 (-0.2) percent as a result of acquisitions and divestments.

Contract balances

EUR million	12/31/2022	12/31/2021
Contract assets		
POC receivables	231.3	195.6
Work in progress	7.5	3.2
Contract liabilities		
Advances received ¹⁾	286.2	261.3
Accrued expenses from long-term contracts	28.7	30.2

¹⁾ Advances received consist of advances received in cash and advances relating to percentage of completion method.

Amounts included in the contract liabilities at the beginning of the year are mainly recognised as revenue during the financial year. Revenue recognised from performance obligations satisfied in the previous years was not material in 2022 or 2021.

Performance obligations

A performance obligation is a distinct good or service within a contract that customer can benefit on stand-alone basis.

In Projects and Services business, performance obligation is satisfied by transferring control of a work delivered to a customer. At Caverion, control is transferred mainly over time and payment is generally due within 14-45 days.

In most of the contracts that Caverion has with its customers only one performance obligation is identified. Many contracts include different building systems (e.g. heating, sanitation, ventilation, air conditioning and electricity) that the customer has ordered from Caverion. All the different building systems (i.e. disciplines) could be distinct, because the customer could benefit from those on their own or together with other resources that are readily available. However, those are not concluded to be distinct in the context of the contract while based on the management's view, the customer has wanted to get all the building systems as a whole and the customer has requested for all technical solutions / services as one package. In addition, Caverion provides also project management services and is responsible for managing the project. This integrates the different

goods and services as one total deliverable / combined output to the customer, which has been agreed in the contract and from the commercial point there are no separable risks related to the different parts of the project, as the project has one total price for the full delivery and possible sanctions are defined at the contract level.

In Services business performance obligations are maintenance agreements and separate repair orders which are distinct. Caverion has lifecycle contracts, where maintenance phases are recognised over time as separate performance obligations. During the maintenance period, Caverion receives payments on a monthly basis. The consideration of the maintenance periods are tied to the maintenance index. Revenue is recognised under percentage of completion method and the stage of completion of these contracts are measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for the contract.

Remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December is as follows:

EUR million	2022	2021
Within one year	1,228.7	937.5
More than one year	714.6	926.3
Total (order backlog)	1,943.3	1,863.8

Accounting principles

Income from the sale of products and services is recognised as revenue at fair value net of indirect taxes and discounts.

Revenue from sales of goods is recorded when the significant risks and rewards and control associated with the ownership of the goods have been transferred to the buyer. Revenue for sales of short-term services is recognised in the accounting period in which the services are rendered. Revenue is recognised when, or as, the customer obtains control of the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contracts under percentage of completion method are recognized as revenue on the stage of completion basis when the outcome of the project can be estimated reliably. The stage of completion of these contracts are measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for the contract or evaluated based on physical stage of completion. Invoicing which exceeds the revenue recognized based on the stage of completion is recognized in advances received. Invoicing which is less than the revenue

recognized on the percentage of completion basis is deferred and presented as related accrued income. Costs in excess of the stage of completion are capitalised as work in progress and costs below the stage of completion are recorded as accrued expenses from long-term contracts.

Due to estimates included in the revenue recognition of contracts under percentage of completion method, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. When revenue recognition is based on the percentage of completion method, the outcome of the projects and contracts is regularly and reliably estimated. Calculation of the total income of projects involves estimates on the total costs required to complete the project as well as on the development of billable work. If the estimates regarding the outcome of a contract change, the revenue and result recognised are adjusted in the reporting period when the change first becomes known and can be estimated. If it is probable that the total costs required to complete a contract will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

Revenue is recognised from any variable consideration at its estimated amount, if it is highly probable that no significant reversal of revenue will occur.

Caverion's customer contracts do not usually include any significant financing components.

The Group can also carry out a pre-agreed single project or a long-term service agreement through a construction consortium. The construction consortium is not a separate legal entity. The participating companies usually have a joint responsibility. Projects and service agreements performed by the consortium are included in the reporting of the Group company and revenue is recognised on the stage of completion basis according to the Group company's share in the consortium.

2.2 Costs and expenses

Employee benefit expenses

EUR million	2022	2021
Wages and salaries ¹⁾	740.5	715.2
Pension costs ²⁾	68.1	61.5
Share-based compensations	2.6	4.0
Other indirect employee costs	112.4	109.3
Total	923.6	889.9
Average number of personnel	14,570	14,831

1) Division Sweden received a grant from the government relating to the corona pandemic for short-term layoffs and sick-leave compensation amounting to about EUR 1.4 (1.5) million. This has been presented in income statement as a reduction of personnel expenses. Usually government grants are recognised as other operating income unless they compensate a specific cost item in the income statement.

2) In 2021, division Sweden received a payment from collectively bargained AGS group sickness insurance policy amounting to EUR 7.5 million. Payment was made to the employers that had previously received repayment of AGS premiums for the years 2004–2008 and which had a valid insurance contract in December 2020, when the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation reached an agreement concerning the payment. This has been presented in income statement as a reduction of pension expenses, where also the original actual expenses have been recognised.

Information on the management's salaries and fees and other employee benefits is presented in note 6.1 Key management compensation.

Other operating income and expenses

EUR million	2022	2021
Loss on disposal of tangible and intangible assets ¹⁾	0.1	10.7
Expenses for office facilities	4.2	5.0
Other expenses for leases	29.7	24.6
Voluntary indirect personnel expenses	12.3	10.3
Other variable expenses	42.8	40.4
Travel expenses	38.5	33.6
IT expenses	40.6	40.8
Premises expenses	10.3	9.7
Other fixed expenses ²⁾	47.6	41.2
Total of other operating expenses	226.1	216.3
Other operating income ³⁾	2.3	2.8
Total of other operating items	223.8	213.4

1) In 2021 EUR 10.0 million related to divestment of our non-core Russian subsidiary.

2) Other fixed expenses include consulting, legal, administrative, marketing and other fixed costs. In 2022, Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 6.7 million (EUR 9.1 million).

3) Other operating income includes e.g. gains on the sale of tangible and intangible assets and rental income.

The Group's expenditure related to research and development activities related to product and service development amounted to approximately EUR 5.2 (4.9) million in 2022, representing 0.2 (0.2) percent of revenue. Of the total amount EUR 2.7 (2.5) million was recognised as an expense in the income statement and EUR 2.5 (2.4) million of the development expenses was capitalised.

Audit fee

The Annual General Meeting, held on 28 March 2022, re-elected Authorised Public Accountants Ernst & Young Oy as the company's auditor until the end of the next Annual General Meeting. The auditor's remuneration will be paid according to invoice approved by Caverion.

EUR million	2022	2021
Ernst & Young		
Audit fee	0.8	0.8
Statement	0.0	0.0
Tax services	0.0	0.1
Other services	0.1	0.3
Others	0.0	0.0
Total	0.9	1.1

Restructuring costs

EUR million	2022	2021
Personnel related costs	1.0	3.0
Rents	0.1	-0.1
Other restructuring costs	0.0	0.0
Total	1.1	2.9

The Group's restructuring costs for the year 2022 related to changes in the Group Management Board and to closing of project unit in Division Norway.

2.3 Depreciation, amortisation and impairment

EUR million	2022	2021
Depreciation and amortisation by asset category		
Intangible assets		
Allocations from business combinations	5.9	3.9
Other intangible assets	10.3	12.1
Tangible assets ¹⁾	57.2	54.3
Total	73.5	70.3

¹⁾ Depreciations on right-of-use assets in accordance with IFRS 16 have been presented in note 5.9 Lease agreements.

Accounting principles

The depreciation and amortisation are recorded on a straight-line basis over the economic useful lives of the assets:

Intangible assets		Tangible assets	
Allocations from business combinations	3–10 years	Buildings	40 years
Other intangible assets	2–5 years	Machinery and equipment	3–7 years
		Other tangible assets	3–15 years

2.4 Financial income and expenses

EUR million	2022	2021
Financial income		
Dividend income on investments	0.0	0.0
Interest income on loans and other receivables	0.7	0.4
Other financial income on loans and other receivables	0.0	0.1
Financial income, total	0.8	0.5
Financial expenses		
Interest expenses on liabilities at amortised cost	-4.6	-4.2
Other financial expenses on liabilities at amortised cost	-1.9	-1.5
Interest expenses on leases	-4.1	-3.8
Changes in fair values on financial instruments at fair value through profit and loss account	-0.1	0.0
Financial expenses, total	-10.7	-9.4
Exchange rate gains	32.2	19.0
Exchange rate losses	-31.2	-18.6
Exchange rate differences, net	1.0	0.3
Financial expenses, net	-9.0	-8.6

Accounting principles

Interest income and expenses are recognised using the effective interest method and dividend income when the right to receive payment is established. More detailed information about financial assets and interest-bearing liabilities can be found in note 5.4.

2.5 Income taxes

Income taxes in the income statement

EUR million	2022	2021
Tax expense for current year	11.8	6.7
Tax expense for previous years	0.3	-0.3
Change in deferred tax assets and liabilities	2.6	3.4
Total income taxes	14.7	9.8

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland 20.0% is as follows:

EUR million	2022	2021
Result before taxes	60.9	34.9
Income taxes at the tax rate in Finland (20.0%)	12.2	7.0
Effect of different tax rates outside Finland	-0.3	-1.0
Tax exempt income and non-deductible expenses	0.1	1.4
Impact of the changes in the tax rates on deferred taxes	0.0	0.0
Impact of losses for which deferred taxes is not recognised	2.6	3.3
Reassessment of deferred taxes	-0.2	-0.6
Taxes for previous years	0.3	-0.3
Income taxes in the income statement	14.7	9.8

Group's effective tax rate was 24.1 (28.2) percent in January–December 2022. The deferred tax asset on losses was not fully recorded for two divisions.

Accounting principles

Tax expenses in the income statement comprise current and deferred taxes. Taxes are recognised in the income statement except when they are associated with items recognised in other comprehensive income or directly in shareholders' equity. Current taxes are calculated on the taxable income on the basis of the tax rate stipulated for each country by the balance sheet date. Taxes are adjusted for the taxes of previous financial periods, if applicable. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The tax provisions recognised in such situations are based on evaluations by management. Evaluating the total amount of income taxes at the Group level requires significant judgement, so the amount of total tax includes uncertainty.

2.6 Earnings per share

	2022	2021
Result for the financial year, EUR million	46.2	25.0
Hybrid capital expenses and accrued interest after tax, EUR million	-1.9	-1.9
Adjusted result for the financial year, EUR million	44.3	23.1
Weighted average number of shares (1,000 shares)	136,465	136,298
Earnings per share, basic, EUR	0.32	0.17

Accounting principles

Earnings per share is calculated by dividing the result for the financial year attributable to the owners of the parent company (adjusted with the paid hybrid capital expenses and interests and accrued unrecognised interest after tax) by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of shares to assume conversion of all diluting potential shares. There were no diluting effects in 2022 and 2021.



3 Working capital and deferred taxes

Working capital,
EUR million

-141.4

EUR million	2022	2021
Inventories	22.3	16.9
Trade and POC receivables	611.2	541.9
Other current receivables	31.6	33.8
Trade and POC payables	-227.1	-197.7
Other current liabilities	-293.3	-278.3
Advances received	-286.2	-261.3
Working capital	-141.4	-144.7

In this section

This section comprises the following notes describing Caverion's working capital and deferred taxes for 2022:

3.1 Inventories.....	52
3.2 Trade and other receivables.....	52
3.3 Trade and other payables	53
3.4 Provisions	54
3.5 Deferred tax assets and liabilities	55

3.1 Inventories

EUR million	2022	2021
Raw materials and consumables	14.7	13.7
Work in progress	7.5	3.2
Advance payments	0.1	0.0
Total	22.3	16.9

The Group did not make any material write-downs in inventories in 2022 or 2021.

Accounting principles

Inventories are stated at the lower of cost and net realisable value. The acquisition cost of materials and supplies is determined using the weighted average cost formula. The acquisition cost of work in progress comprises the value of materials, direct costs of labour, other direct costs and a systematic allocation of the variable manufacturing overheads and fixed overhead. The net realisable value is the estimated selling price in the course of ordinary business less the estimated cost of completion and the estimated cost to make the sale.

3.2 Trade and other receivables

EUR million	2022 Carrying value	2021 Carrying value
Trade receivables	379.6	346.0
POC-receivables	231.3	195.6
Prepayments and other accrued income	17.1	20.5
Other receivables	15.0	13.9
Non-current receivables ¹⁾	8.4	9.6
Total	651.4	585.6

¹⁾ EUR 3.7 (4.4) million were loan receivables, EUR 4.0 (3.3) million defined benefit pension plan assets and EUR 0.7 (1.9) million other receivables.

The average amount of trade receivables was EUR 303.9 (287.9) million in 2022.

Aging profile of trade receivables

Age analysis of trade receivables December 31, 2022

EUR million	Carrying amount	Impaired	Gross
Not past due ¹⁾	314.8	-1.1	315.8
1 to 90 days	37.7	-0.2	37.9
91 to 180 days	2.3	-0.4	2.7
181 to 360 days	2.4	-0.6	3.0
Over 360 days	22.5	-2.5	25.0
Total	379.6	-4.8	384.4

Age analysis of trade receivables December 31, 2021

EUR million	Carrying amount	Impaired	Gross
Not past due ¹⁾	254.9	-0.7	255.6
1 to 90 days	35.1	-0.1	35.2
91 to 180 days	25.2	-0.4	25.6
181 to 360 days	4.6	-0.5	5.1
Over 360 days	26.1	-2.8	28.9
Total	346.0	-4.5	350.5

¹⁾ Not past due trade receivables include IFRS 9 credit risk allowance.

Operational credit risk of receivables

Caverion's operational credit risk arises from outstanding receivable balances and long-term agreements with customers. Customer base and the nature of commercial contracts are different in each country, and local teams are responsible for ongoing monitoring of customer-specific credit risk. The exposure to credit risk is monitored on an ongoing basis.

The Group manages credit risk relating to operating items, for instance, by advance payments, upfront payment programs in projects, payment guarantees and careful assessment of the credit quality of the customer. Majority of Caverion Group's operating activities are based on established, reliable customer relationships and generally adopted contractual terms. The payment terms of the invoices are mainly from 14 to 45 days. Credit background of new customers is assessed comprehensively and when necessary, guarantees are required and client's paying behavior is monitored actively. Caverion Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically spread into the countries in which the Group operates.

The Group's largest overdue trade receivables relate to legal cases of old projects, for which there exist separate legal opinions justifying the validity of the receivables. Caverion Group did not experience any major unexpected credit losses in 2022. Group management also critically assessed the level of the expected credit loss accrual in accordance with IFRS 9 at year-end closing

and it was assessed to be sufficient. Overall, Group management assessed the Group's credit risk position to be at about previous year's level.

Credit losses and impairment of receivables amounted to EUR -0.3 (+1.4) million. The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2022) is the carrying amount of the financial assets. There are EUR 24.9 (30.7) million overdue receivables that are more than 180 days old. Receivables and the related risk are monitored on a regular basis and risk assessments are updated always when there are changes in circumstances. The receivable is impaired if payment is considered unlikely.

Current receivables include operative risks which are described in more detail in the Board of Directors' Report.

Accounting principles

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less, they are classified as current. If not, they are presented as non-current.

The Group recognises an impairment loss on receivables when there is objective evidence that payment is not expected to occur. Recognised impairment loss includes estimates and critical judgements. The estimates are based on historical credit losses, past practice of credit management, client specific analysis and economic conditions at the assessment date. In addition to impairment losses recognized based on the evidence that the receivable cannot be collected in full, IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables - the so-called expected credit losses model. Caverion has chosen to apply a simplified credit loss matrix for trade receivables as the trade receivables do not contain significant financing components. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The lifetime expected credit loss provision is calculated by multiplying the gross carrying amount of outstanding trade receivables by an expected default rate. Changes in expected credit losses are recognized in other operating expenses in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

Due to the application of the percentage of completion method, part of reliably estimated impairment losses are included in the cost estimate of a project and considered as weakened margin forecast. Therefore impairment losses of trade receivables in onerous projects are included in the loss reserve.

3.3 Trade and other payables

EUR million	2022 Carrying value	2021 Carrying value
Non-current liabilities		
Other liabilities	12.7	7.1
Total non-current payables	12.7	7.1
Current liabilities		
Trade payables	198.5	167.4
Accrued expenses	153.2	144.1
Accrued expenses from long-term contracts	28.7	30.2
Advances received ¹⁾	286.2	261.3
Other payables	112.9	102.1
Total current payables	779.3	705.2

¹⁾ Advances received consist of advances received and invoiced advances.

Accounting principles

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

3.4 Provisions

EUR million	Warranty provision	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2022	24.2	9.8	1.5	3.4	5.8	44.6
Translation differences	-0.3	-0.1	-0.0	-0.0	0.0	-0.5
Provision additions	4.1	1.6	0.5	2.1	0.3	8.7
Released during the period	-6.4	-6.7	-1.5	-0.6	-2.4	-17.5
Reversals of unused provisions	0.0	0.0	-0.0	-0.1	-0.0	-0.1
Acquisitions through business combinations	1.2	0.1	0.0	0.0	1.6	2.9
Business disposals						
December 31, 2022	22.7	4.8	0.5	4.8	5.3	38.1
Non-current provisions	6.9		0.2	0.1	1.5	8.7
Current provisions	15.8	4.8	0.3	4.8	3.7	29.4
Total	22.7	4.8	0.5	4.8	5.3	38.1

EUR million	Warranty provision	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2021	24.1	7.8	5.2	3.7	7.2	48.0
Translation differences	0.1	0.0	0.0	0.0	0.0	0.1
Provision additions	5.5	9.2	1.1	1.3	1.0	18.0
Released during the period	-5.4	-7.2	-4.2	-0.9	-2.4	-20.1
Reversals of unused provisions	0.0	0.0	-0.6	-0.6	0.0	-1.3
Acquisitions through business combinations						
Business disposals						
December 31, 2021	24.2	9.8	1.5	3.4	5.8	44.6
Non-current provisions	8.8		0.2	0.1	1.5	10.6
Current provisions	15.4	9.8	1.3	3.3	4.3	34.0
Total	24.2	9.8	1.5	3.4	5.8	44.6

The recognition of provisions involves estimates concerning probability, time of realization and quantity. As of December 31, 2022 the provisions amounted to EUR 38.1 (44.6) million.

Accounting principles

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a past event, the realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditure required to settle the obligation. If reimbursement for some or all of the obligations can be received from a third party, the reimbursement is recorded as a separate asset, but only when it is practically certain

that said reimbursement will be received. Provisions are recognised for onerous contracts when the unavoidable costs required to meet obligations exceed the benefits expected to be received under the contract. The amount of the warranty provision is set on the basis of experience of the realisation of these commitments.

Provisions for restructuring are recognised when the Group has made a detailed restructuring plan and initiated the implementation of the plan, or has communicated of it.

3.5 Deferred tax assets and liabilities

EUR million	2022	2021
Deferred tax asset	15.0	16.8
Deferred tax liability	-38.5	-34.0
Deferred tax liability, net	-23.4	-17.1
Changes in deferred tax assets and liabilities:		
Deferred tax liability, net January 1	-17.1	-12.0
Translation difference	0.4	-0.4
Changes recognised in income statement	-2.6	-3.5
Changes recognised in comprehensive income	-2.1	-0.5
Changes recognised in equity	0.5	0.5
Acquisitions and allocations	-2.2	-0.9
Disposals	-0.2	-0.4
Deferred tax liability, net December 31	-23.4	-17.1

Changes in deferred tax assets and liabilities before the offset

2022

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Recognised in equity	Acquisitions and allocations	Disposals	December 31
Deferred tax assets:								
Provisions	6.7	-0.1	-1.2			0.9		6.3
Tax losses carried forward	22.7	-0.1	0.6					23.2
Pension obligations	9.4	-0.1	-0.5	-1.9				6.8
Percentage of completion method	1.4	0.0	-0.3			0.5	-0.1	1.5
Right-of-use assets (IFRS 16)	1.1	0.0	0.1					1.2
Other items	4.2	-0.1	1.8			0.7	-0.1	6.5
Total deferred tax assets	45.4	-0.4	0.5	-1.9		2.2	-0.2	45.6
Deferred tax liabilities:								
Allocation of intangible assets ¹⁾	40.2	-0.7	-0.2			3.7		43.0
Accumulated depreciation differences	2.0	0.0	-0.1					1.9
Pension obligations	1.0		-0.3	0.2				1.0
Percentage of completion method	18.1	-0.1	3.2			0.7		21.9
Other items	1.1	0.0	0.6		-0.5			1.2
Total deferred tax liabilities	62.5	-0.8	3.1	0.2	-0.5	4.4		69.0

2021

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Recognised in equity	Acquisitions and allocations	Disposals	December 31
Deferred tax assets:								
Provisions	6.5	0.1	0.1					6.7
Tax losses carried forward	23.1	0.0	0.0				-0.3	22.7
Pension obligations	9.7	0.1	-0.1	-0.3				9.4
Percentage of completion method	0.7	0.0	0.8				-0.2	1.4
Right-of-use assets (IFRS 16)	0.9	0.0	0.1					1.1
Other items	3.8	0.0	0.3			0.3	-0.2	4.2
Total deferred tax assets	44.8	0.2	1.2	-0.3		0.3	-0.7	45.4
Deferred tax liabilities:								
Allocation of intangible assets ¹⁾	38.7	0.6	-0.1			1.0		40.2
Accumulated depreciation differences	2.4	0.0	-0.3				0.0	2.0
Pension obligations	0.8		0.1	0.1				1.0
Percentage of completion method	13.6		4.6			0.1	-0.3	18.1
Other items	1.3	0.0	0.4		-0.5	0.0	0.0	1.1
Total deferred tax liabilities	56.8	0.6	4.7	0.1	-0.5	1.1	-0.3	62.5

¹⁾ Capitalisation of intangible assets include, besides capitalisation of intangible assets, the deductible amount of the deferred taxes of goodwill from the separate entities.

The Group's unused tax losses carried forward amounted to EUR 57.4 million, for which corresponding deferred tax assets of EUR 16.4 million have not been recorded as of 31 December 2022 since the realisation of the related tax benefit through future taxable profits was considered not probable. These tax losses carried forward do not have an expiration date.

Accounting principles

Deferred taxes are calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred taxes are calculated on goodwill impairment that is not deductible in taxation and no deferred taxes are recognised on the undistributed profits of subsidiaries to the extent that the difference is unlikely to be reverse in the foreseeable future. Deferred taxes have been calculated using the statutory tax rates or the tax rates substantively enacted by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

The most significant temporary differences arise from differences between the recognised revenue from long-term contracts using the percentage of completion method and taxable income, measurement at fair value in connection with business combinations and unused tax losses.

Deferred tax assets on taxable losses are booked to the extent the benefit is expected to be possible to deduct from the taxable profit in the future. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognized in the statement of financial position, because distribution of the earnings is in the control of the Group and it is not probable in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



4 Business combinations and capital expenditure

In 2022, Caverion completed 12 acquisitions.

In this section

This section comprises the following notes, which describe Caverion's business combinations and capital expenditure in 2022:

4.1 Acquisitions and disposals	59
4.2 Goodwill.....	63
4.3 Tangible and intangible assets.....	65

4.1 Acquisitions and disposals

Acquisitions

Acquisitions completed in 2022

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees	Annual sales for fiscal year prior to acquisition, EUR million ¹⁾	EBITDA for fiscal year prior to acquisition, EUR million ¹⁾
Frödéns Ventilation	Sweden	Services	Ventilation and air conditioning	Business	January	12	2.7	0.1
DI-Teknik A/S	Denmark	Services	Automation	Shares	April	185	27.8	2.3
Kaldt og Varmt	Norway	Services	Cooling and heating	Business	May	5	1.8	0.1
Wind Controller Group	Industry	Services	Energy utilities operation and maintenance	Shares	May	40	5.1	0.3
WT-Service Oy	Industry	Services	Industrial maintenance	Shares	May	17	1.7	0.3
Visi Oy	Finland	Services	Security and safety	Shares	July	22	4.6	1.0
PORREAL GmbH ²⁾	Austria	Services	Technical maintenance	Shares	August	120 ²⁾	23.3 ²⁾	2.4 ²⁾
Elicentra AB	Sweden	Services	Electricity	Shares	August	18	2.4	0.3
CS electric A/S	Denmark	Services	Industrial engineering and automation	Shares	September	70	13.4	1.6
Simex Klima & Kulde AS	Norway	Services	Cooling and heating	Shares	October	25	4.2	0.3
LukkoPro Oy	Finland	Services	Security and safety	Shares	November	35	5.6	0.7
Carrier's food retail refrigeration business	Finland	Services	Refrigeration	Business	December	17	1.7 ³⁾	- ³⁾

Acquisitions completed in 2021

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees	Annual sales for fiscal year prior to acquisition, EUR million ¹⁾	EBITDA for fiscal year prior to acquisition, EUR million ¹⁾
Electro Berchtold	Austria	Services	Technical maintenance	Business	January	13	1.8 ⁴⁾	0.1 ⁴⁾
RPH Linc	Sweden	Services	Security and safety	Business	July	9	2.5	0.6
GTS Immobilien GmbH	Austria	Projects	Building automation	Shares	July	40	5.6 ⁴⁾	0.3 ⁴⁾
Felcon GmbH	Austria	Services	Ventilation and air conditioning	Shares	September	13	2.4	0.2
Bott Kälte- und Klimatechnik	Germany	Services	Cooling	Business	October	8	0.7	0.2
Rørlegger'n Innlandet	Norway	Services	Heating and sanitation	Business	December	7	0.7	0.0
Merius	Industry	Services	Industrial design and advisory	Business	December	20	1.4	0.1

¹⁾ Figures for the fiscal year prior to acquisition are in accordance with the local accounting standards of the acquired businesses. Full acquisition year figures are not available for all acquired businesses due to merger and integration activities following the acquisitions. Therefore, the revenue and EBITDA for the fiscal year prior to acquisition provides a good estimate of the impact the acquisitions would have had on Caverion's figures had all the acquisitions been carried out on 1 January of the acquisition year.

²⁾ Caverion's acquisition of PORREAL Group in August 2022 comprised PORREAL GmbH and its subsidiary ALEA GmbH. ALEA GmbH was divested in December 2022 and the above figures only contain those of PORREAL GmbH.

³⁾ For Carrier's food retail refrigeration business, the annual sales for the fiscal year prior to the acquisition contains only the sales arising from the transferred business. A comparable EBITDA for the prior fiscal year is not available for the business transferred to Caverion.

⁴⁾ The annual sales and EBITDA figures for Electro Berchtold and GTS Immobilien GmbH are for the fiscal year 2021.

Assets and liabilities of the acquired businesses (including fair value adjustments)

EUR million	2022	2021
Property, plant and equipment	3.7	0.4
Right-of-use assets	7.2	0.7
Intangible assets	17.0	8.7
Investments	0.1	0.1
Deferred tax assets	0.1	0.3
Inventories	3.1	0.4
Trade and other receivables	25.9	2.6
Cash and cash equivalents	6.7	0.9
Total assets	63.6	14.1
Deferred tax liabilities	2.3	1.1
Pension obligations	0.0	0.1
Trade payables	6.4	0.4
Advances received	6.5	0.1
Other liabilities	11.2	1.1
Provisions	3.9	0.2
Lease liabilities	7.2	0.7
Interest-bearing debt	0.5	0.2
Total liabilities	38.1	3.9
Net assets	25.6	10.2
Acquisition cost paid in cash during the fiscal period	88.5	10.6
Contingent consideration, recognised as liability	10.2	4.5
Goodwill	73.2	4.9

Year 2022

In 2022, Caverion completed 12 acquisitions, the largest of which were the acquisitions of the Austrian PORREAL Group and the Danish DI-Teknik A/S and CS electric A/S. In the fair value measurement of the 2022 acquisitions, customer relationships, order backlog, technology and trademarks were identified as intangible assets. A total fair value of EUR 9.7 million was allocated to customer relationships, EUR 3.4 million to order backlog, EUR 2.2 million to technology and EUR 1.2 million to trademarks. The acquisition prices contained EUR 2.7 million of payments which were conditional to continuing employment and therefore treated as personnel benefit expenses during the period to which they relate.

The goodwill arising from the 2022 acquisitions amounted to EUR 73.2 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage. From the generated goodwill, EUR 1.4 million was considered tax deductible. The nominal and fair values of the acquired trade and other receivables did not differ materially. The transaction costs from the acquisitions completed during 2022 amounted to EUR 3.5 million and were expensed during the fiscal year as a part of other operating expenses.

DI-Teknik

On 1 April 2022, Caverion closed on an agreement to acquire the shares of the Danish DI-Teknik A/S. DI-Teknik is one of Denmark's largest industrial automation companies with approximately 185 employees at the time of the acquisition. DI-Teknik operates as a full-service provider (design, dimensioning, programming, installation and maintenance) in industrial automation, IT and electrification. The acquisition brought completely new expertise and capabilities in industrial automation to Caverion in Denmark as well as strengthened Caverion's capability to provide smart, digital and sustainable solutions for the industrial segment also more widely outside Denmark.

80% of DI-Teknik's shares were transferred into Caverion's ownership in April 2022 and Caverion is committed to purchasing the remaining 20% latest in April 2026. Based on this, Caverion consolidated DI-Teknik into the Group's figures based on 100% ownership already in 2022 and recognised a purchase consideration liability for the remaining 20%. The revenue of DI-Teknik A/S for the fiscal year 1 July 2020 - 30 June 2021 amounted to EUR 27.8 million and EBITDA to EUR 2.3 million according to the company's local accounting standards. DI-Teknik's nine-month IFRS revenue after the acquisition date for the year 2022 amounted to EUR 24.7 million and EBITDA excluding IFRS 16 adjustments to EUR 2.4 million. The transaction price was not disclosed.

PORREAL

On 2 August 2022, Caverion closed on an agreement to acquire all the shares in PORREAL GmbH in Austria, also including its fully owned subsidiary ALEA GmbH. PORREAL offers technical facility services and real estate consulting services while ALEA offers soft facility services. The acquisition strengthened Caverion's position in the Austrian facility services market. At the time of the acquisition, PORREAL Group employed approximately 380 employees, 120 of which were employed by PORREAL GmbH. On 28 December 2022, Caverion divested the shares of ALEA GmbH.

The 2021 revenue of PORREAL GmbH amounted to EUR 23.3 million and EBITDA to EUR 2.4 million according to the company's local accounting standards. The five-month IFRS revenue after the acquisition date for the year 2022 amounted to EUR 11.7 million and EBITDA excluding IFRS 16 adjustments to EUR 1.0 million. ALEA GmbH's revenue amounted to EUR 4.2 million during Caverion's ownership and it did not have a material effect on the Group's profitability. The transaction price was not disclosed.

CS electric

On 1 September 2022, Caverion closed on an agreement to acquire the shares of the Danish CS electric A/S. CS electric is a leading player in Denmark in technical engineering, electrification and

automation services. The acquisition supported Caverion's sustainable growth strategy and expanded its footprint especially in the marine, energy and industrial customer segments. The company employed approximately 70 people at the time of the acquisition. The 2022 revenue of CS electric amounted to EUR 26.6 million and EBITDA to EUR 3.9 million according to the company's local accounting standards. The four-month IFRS revenue after the acquisition date for the year 2022 amounted to EUR 13.7 million and EBITDA excluding IFRS 16 adjustments to EUR 2.2 million. The transaction price was not disclosed.

Other acquisitions

In December 2021, Caverion signed an agreement to acquire the business of Frödéns Ventilation AB in Sweden. The transaction was completed on 3 January 2022. Frödéns offers service and maintenance, inspections, energy optimisations and smaller projects in the area of ventilation and mainly operates in the Jönköping area. The acquisition was a bolt-on acquisition for Caverion in the ventilation business in Sweden.

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 and the acquisition complements Caverion's regional service offering in relation to cooling and heat pumps.

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.

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.

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.

On 31 August 2022, Caverion closed on an agreement to acquire the shares of the Swedish Elicentra AB. Elicentra provides electrical installation services in the Sundsvall area in Sweden and the acquisition strengthened Caverion's regional service offering in the area of electricity solutions.

On 1 October 2022, Caverion closed on an agreement to acquire the shares of the Norwegian Simex Klima & Kulde AS. The company is one of Norway's Stavanger region's leading suppliers in technical installations of indoor climate, cooling and heat pump systems for commercial buildings. The acquisition complemented Caverion's service capacity in the region and strengthened its market position.

On 30 November 2022, Caverion closed on an agreement to acquire the shares of the Finnish LukkoPro Oy. LukkoPro specialises in locking and safety services and its digital services offering includes the EasyKey automated key management service. The acquisition broadened Caverion's offering in smart security services.

On 1 December 2022, Caverion closed on an agreement to acquire Carrier's food retail refrigeration business in Finland. The acquisition strengthened Caverion's refrigeration business and expertise and also brought Carrier's market-leading food refrigeration product portfolio to Caverion's offering.

On 31 December 2022, Caverion acquired Metsä Fibre Oy's shares in Oy Botnia Mill Service Ab (50.17%) as a part of an arrangement where Metsä Fibre took over the maintenance operations of their pulp mills and the Rauma sawmill as well as the related workshop and design services. These operations were previously performed by Oy Botnia Mill Service Ab, a joint venture company owned by the parties. Apart from the share purchase, the transaction was treated as a termination of an outsourcing agreement.

On 27 October 2022, Caverion signed an agreement to acquire TM Voima Group's substation and transmission line business in Finland and Estonia. The acquisition will strengthen Caverion's presence in the energy sector and enable growth especially in the substation business. In 2021, the revenue of TM Voima Group's substation and transmission line business amounted to EUR 30.5 million and the number of employees was 66. The closing of the acquisition was subject to the approval by the Finnish Competition and Consumer Authority and the acquisition was completed on 1 February 2023.

Year 2021

In 2021, Caverion completed seven bolt-on acquisitions, the largest of which was the acquisition of the Austrian GTS Immobilien GmbH. In the fair value measurement of the 2021 acquisitions, customer relationships, technology and order backlog were identified as intangible assets. A total fair value of EUR 5.6 million was allocated to customer relationships, EUR 2.7 million to technology and EUR 0.5 million to order backlog. The acquisition prices contained EUR 0.4 million of payments which were conditional to continuing employment and therefore treated as personnel benefit expenses during the period to which they relate.

The goodwill arising from the 2021 acquisitions amounted to EUR 4.9 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage. From the generated IFRS goodwill, EUR 1.6 million was considered tax deductible. The transaction costs from the acquisitions completed in 2021 amounted to EUR 0.1 million and were expensed during the fiscal year as a part of other operating expenses.

GTS

On 2 July 2021, Caverion completed the acquisition of Austrian GTS Immobilien GmbH including its subsidiaries. The transaction excluded, however, the non-automation business of GTS as well as its Swiss operations. Through its subsidiary GTS Automation GmbH, GTS Group is a well-known company on the Austrian market for building automation. Through the acquisition, Caverion supported its

growth strategy and strengthened its market position in smart technologies. At the time of acquisition, GTS employed approx. 40 employees.

The full year 2021 revenue of the acquired business amounted to EUR 5.6 million and EBITDA to EUR 0.3 million according to the acquired companies' local accounting standards. IFRS revenue after the acquisition date for year 2021 amounted to EUR 3.2 million and EBITDA excluding IFRS 16 adjustments to EUR 0.3 million. The transaction price was not disclosed.

Other acquisitions

In December 2020, Caverion signed an agreement to acquire the business of Electro Berchtold GmbH in Austria. The transaction was completed on 1 January 2021. Electro Berchtold is a provider of maintenance services for ski lift and snow systems.

On 1 July 2021, Caverion closed on an agreement to acquire the business of Swedish RPH Linc AB and further strengthened its smart security solutions offering. RPH Linc is a system integrator in the area of electrical security focusing on high-end security solutions for enterprise and multisite customers and the public sector. The acquisition was a bolt-on acquisition for Caverion in the area of smart technology services.

On 13 September 2021, Caverion closed on an agreement to acquire the shares of Felcon GmbH in Austria. Felcon is a small clean room specialist based in Vienna, Austria and provides design, construction, installation, validation as well as technical services, among others. Its customers include companies in the pharma & medical, biotech as well as food & cosmetics industries. Through the acquisition, Caverion supported its growth strategy and strengthened its market position in the clean room business.

On 29 October 2021, Caverion closed on an agreement to acquire the business of Bott Kälte- und Klimatechnik in Germany. Bott is a small cooling and air conditioning specialist based in Wiesbaden, Germany. Through the acquisition, Caverion supported its growth strategy and strengthened its market position in smart technologies.

On 1 December 2021, Caverion closed on an agreement to acquire the business of a small Norwegian company Rørlegger'n Innlandet AS. Rørlegger'n Innlandet is based in Raufoss, Norway and provides services in the area of plumbing, heating and sanitation.

On 15 December 2021, Caverion closed on an agreement to acquire the industrial design and advisory business of the Finnish company Merius Oy. Merius provides surveying, design and consulting services for industrial investments by using 3D digitalisation, virtual and visualisation technologies. The acquisition complemented the design and advisory services of Caverion Industry to provide added value in industrial plant investments and to utilise digital design technologies.

Accounting principles

Caverion applies the acquisition method to account for business combinations. The total consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred and the possible equity interests issued by Caverion Group. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and

contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The measurement of the fair values requires management judgement and is based partly on management's estimates.

The consolidation of the acquired businesses in accordance with IFRS 3 is still provisional as of 31 December 2022. Therefore, the fair value measurement of the assets and liabilities acquired during 2022 is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalized.

Disposals

Assets and liabilities of the disposed businesses

EUR million	2022	2021
Property, plant and equipment	0.8	0.1
Right-of-use assets		0.3
Goodwill	0.5	
Deferred tax assets	0.2	0.4
Inventories		0.3
Trade and other receivables	1.2	5.8
Cash and cash equivalents	0.2	0.9
Total assets	2.9	7.8
Trade payables	0.5	0.7
Advances received		0.3
Other liabilities	1.4	2.1
Provisions	0.3	
Lease liabilities		0.3
Total liabilities	2.1	3.4
Net assets	0.8	4.4
Consideration to be received in cash (including contingent consideration) ¹⁾	0.8	0.2
Translation differences		-5.6
Other items affecting gain/loss on sales		-0.4
Gain/loss on sales ¹⁾	0.0	-10.1

¹⁾ In 2022, Caverion decreased its estimate of the contingent consideration receivable related to the 2021 divestment of JSC "Caverion Rus" by EUR 0.1 million.

Year 2022

On 28 December 2022, Caverion sold the shares of ALEA GmbH to Avalon GmbH. ALEA provides soft facility services in Austria and was transferred to Caverion's ownership in the August 2022 acquisition of the PORREAL Group. ALEA employed 230 persons at the time of the divestment and its revenue for the time in Caverion's ownership amounted to EUR 4.2 million. The divestment did not have a material effect on Caverion's profitability. The transaction price was not disclosed. The transaction costs were expensed during the fiscal year and were not material in value.

Year 2021

In the end of December 2021, Caverion sold the share capital of its subsidiary JSC "Caverion Rus" in Russia to Aim Cosmetics Rus, LTD. The transaction covered Caverion's entire operations in Russia which are focused on the St. Petersburg and Moscow regions and employed 421 persons at the end of 2021. 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.

The IFRS revenue of Caverion's Russian operations amounted to EUR 13.9 million and EBITDA to EUR 0.5 million in 2021. The figures of JSC "Caverion Rus" were included in the Group's consolidated income statement until the end of 2021. Caverion recognised a capital loss of EUR 10.0 million in relation to the divestment in its 2021 result. The largest part of the capital loss was related to negative translation differences which had no cash flow effect or effect on the Group's total equity. In 2022, Caverion decreased its estimate of the contingent consideration receivable by EUR 0.1 million. The transaction costs amounted to EUR 0.3 million and were expensed partly during the fiscal year 2021 and partly in 2022.

4.2 Goodwill

Goodwill is allocated to the cash generating units (CGU) as follows:

EUR million	2022	2021
Finland	96.4	80.8
Germany	77.7	77.7
Norway	72.3	69.8
Industry	71.6	64.6
Sweden	49.1	47.7
Austria	42.8	21.6
Denmark	32.7	7.8
Total goodwill	442.5	369.9

In 2022, Caverion completed 12 acquisitions, the largest of which were the acquisitions of the Austrian PORREAL Group and the Danish DI-Teknik A/S and CS electric A/S. In 2022 Goodwill increased by EUR 72.6 million and the goodwill arising from the 2022 acquisitions amounted to EUR 73.2 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage.

In 2021, Caverion completed seven bolt-on acquisitions, the largest of which was the acquisition of the Austrian GTS Immobilien GmbH. The goodwill arising from the 2021 acquisitions amounted to EUR 4.9 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage.

Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Impairment testing of goodwill is carried out by allocating goodwill to the lowest cash generating unit level (CGU) which generates independent cash flows. The recoverable amounts of the cash generating units (CGU) are determined on the basis of value-in-use calculations. The future cash flow projections are based on the budget approved by the top management and the Board of Directors and other long-term financial plans. After this there is a critical assessment of the cash flows related to the goodwill impairment testing. Cash flow projections cover three years, the terminal value is defined by extrapolating it on the basis of average development during the forecasted planning horizon. Cash flows beyond the forecast period are projected by using 1.75 percent long-term growth rate that is based on a prudent estimate about the long-term growth rate and inflation. Future growth estimates are based on the former experience and information available by external market research institutions on market development.

The discount rate used in the impairment testing is the weighted average pre-tax cost of capital (WACC). The discount rate reflects the total cost of equity and debt and the market risks related to the segment. The country-specific WACC components are: the risk-free interest rate, the market risk premium and the credit spread. The common components for all tested CGUs are; the comparable peer industry beta, the Group capital structure and the size premium based on Caverion Group's size.

Estimating the future cash flows of CGUs has been challenging in 2022 due to the corona pandemic, the war in Ukraine and there-related uncertainty in the economic environment. As part of the goodwill impairment testing, management cautiously assessed the future cash flows of the CGUs while taking into account the current economic environment. Management considered the fact that the Group's cash flows have been strong in the past few years and also profitability of most of the CGUs was on an improving track in 2022.

Assumptions used in goodwill impairment testing 2022	CGU 1 = Finland	CGU 2 = Sweden	CGU 3 = Norway	CGU 4 = Denmark	CGU 5 = Industry	CGU 6 = Germany	CGU 7 = Austria
Pre-tax WACC	10.97%	10.27%	12.86%	10.18%	10.97%	10.55%	11.27%
Recoverable amount exceeds balance sheet value	>50%	>50%	>50%	20-50%	20-50%	20-50%	>50%

Recoverable amount in different sensitivity analysis scenarios in relation to balance sheet value

Revenue - 10% and operating profit - 1%	>50%	>50%	>50%	Impairment	Impairment	Impairment	20-50%
WACC +2%-points	>50%	>50%	>50%	0-20%	0-20%	0-20%	>50%
Long-term growth rate -0,5%-points	>50%	>50%	>50%	20-50%	20-50%	20-50%	>50%
All the above	>50%	20-50%	>50%	Impairment	Impairment	Impairment	Impairment

The goodwill test results are evaluated by comparing the recoverable amount (E) with the carrying value of the CGU assets (T), as follows:

Ratio	Estimate
E < T	Impairment
E 0 - 20% > T	Slightly above
E 20 - 50% > T	Clearly above
E 50% - > T	Substantially above

As a result of the impairment tests performed, no impairment loss has been recognised in 2022 or in 2021. In the 2022 testing the recoverable amount exceeded the balance sheet value in Germany, Denmark and Industry clearly and in other CGUs substantially. In the 2021 testing the recoverable amount exceeded the balance sheet value in Germany clearly and in other CGUs substantially. Management has assessed that in Germany (CGU 6) a reasonably possible change in key assumptions might lead into impairment. Management has prepared sensitivity analysis for that CGU:

Values for sensitivity analysis in separate scenarios (1, 2, 3), with which recoverable amount = balance sheet value, Germany	Basic assumption	Change in value resulting in break even
Revenue in the forecast period (scenario 1)	4.0% average growth (CAGR)	-5.5% p.p.
Average EBITDA percentage in the forecast period (scenario 1)	5.8%	-0.9% p.p.
Pre-tax WACC (scenario 2)	10.55%	+3.2% p.p.
Terminal growth assumption (scenario 3)	1.75%	-2.5% p.p.

Accounting principles

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets of the acquiree and the fair value of the non-controlling interest in the acquiree on the date of acquisition. The net identifiable assets include the assets acquired and the liabilities assumed as well as the contingent liabilities. The consideration transferred is measured at fair value.

Impairment testing

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is measured at the original acquisition cost less impairment. Impairment is expensed immediately in the income statement and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

Goodwill is tested for any impairment annually in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years. The discount rate may be increased with a branch specific risk factor.

The recoverable amounts have been assessed in relation to different time periods and the sensitivity has been analysed for the changes of the discount rate, profitability and the terminal growth rate.

4.3 Tangible and intangible assets

Property, plant and equipment

2022	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets ¹⁾	Advance payments	Total
EUR million						
Historical cost on Jan 1, 2022	0.6	6.8	43.7	21.6	0.2	72.8
Translation differences	-0.0	-0.0	-0.9	-0.1	-0.0	-1.0
Increases		0.1	4.3	1.2	0.1	5.6
Acquisitions		0.2	5.8	2.5		8.5
Decreases	-0.0	-0.1	-4.5	-0.3	-0.1	-5.0
Business disposals			-0.5	-0.4		-0.9
Reclassifications between classes			0.1	0.0	-0.1	-0.1
Historical cost on Dec 31, 2022	0.6	6.9	47.9	24.4	0.1	79.9
Accumulated depreciation and impairment on Jan 1, 2022		-4.7	-33.9	-16.7		-55.3
Translation differences		0.0	0.8	0.1		0.8
Depreciation		-0.3	-4.2	-1.7		-6.2
Accumulated depreciation of increases and acquisitions		-0.0	-2.9	-1.8		-4.8
Accumulated depreciation of decreases and business disposals		0.1	4.2	0.3		4.7
Reclassification between classes			0.0			0.0
Accumulated depreciation and impairment on Dec 31, 2022		-4.9	-36.1	-19.8		-60.8
Carrying value on January 1, 2022	0.6	2.1	9.7	4.9	0.2	17.6
Carrying value on Dec 31, 2022	0.6	2.0	11.8	4.6	0.1	19.1

¹⁾ Other tangible assets include, among other things, capitalised leasehold improvement costs.

Accounting principles

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost over their estimated useful lives.

2021	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets ¹⁾	Advance payments	Total
EUR million						
Historical cost on Jan 1, 2021	0.6	7.1	50.4	21.2	0.2	79.5
Translation differences	-0.0	-0.0	0.1	0.1		0.2
Increases		0.1	3.0	1.4	0.4	4.7
Acquisitions			0.4			0.4
Decreases		-0.4	-8.4	-1.1		-9.8
Business disposals			-2.0	0.0		-2.0
Reclassifications between classes		0.0	0.2	0.0	-0.4	-0.2
Historical cost on Dec 31, 2021	0.6	6.8	43.7	21.6	0.2	72.8
Accumulated depreciation and impairment on Jan 1, 2021		-4.6	-39.9	-16.1		-60.6
Translation differences		0.0	0.0	-0.1		-0.1
Depreciation		-0.3	-4.1	-1.6		-6.0
Accumulated depreciation of increases and acquisitions			0.0			0.0
Accumulated depreciation of decreases and business disposals		0.2	10.2	1.1		11.4
Reclassification between classes			0.0			0.0
Accumulated depreciation and impairment on Dec 31, 2021		-4.7	-33.9	-16.7		-55.3
Carrying value on Jan 1, 2021	0.6	2.5	10.4	5.1	0.2	18.9
Carrying value on Dec 31, 2021	0.6	2.1	9.7	4.9	0.2	17.6

The residual values and useful lives of assets are reviewed at the end of each reporting period. If necessary, they are adjusted to reflect the changes in expected economic benefits. Capital gains or losses on the disposal of property, plant and equipment are included in other operating income or expenses.

Intangible assets

2022

EUR million	Goodwill	Allocations from business combinations	Other intangible assets ¹⁾	Total other intangible assets
Historical cost on January 1, 2022	369.9	86.7	126.8	213.5
Increases			8.5	8.5
Acquisitions	73.2	16.5	0.6	17.1
Decreases			-9.4	-9.4
Business disposals	-0.5		-0.0	-0.0
Reclassifications between classes			0.1	0.1
Translation differences	-0.1	-1.8	-1.5	-3.4
Historical cost on December 31, 2022	442.5	101.4	124.9	226.4
Accumulated amortisation and impairment on January 1, 2022		-59.0	-106.8	-165.8
Amortisation and impairment		-5.9	-10.3	-16.2
Translation differences		1.6	1.2	2.8
Accumulated amortisation of increases and acquisitions			-0.2	-0.2
Accumulated amortisation of decreases and reclassifications			9.4	9.4
Accumulated amortisation of business disposals			0.0	0.0
Accumulated amortisation and impairment on December 31, 2022		-63.3	-106.6	-170.0
Carrying value on January 1, 2022	369.9	27.7	20.0	47.7
Carrying value on December 31, 2022	442.5	38.1	18.3	56.4

2021

EUR million	Goodwill	Allocations from business combinations	Other intangible assets ¹⁾	Total other intangible assets
Historical cost on January 1, 2021	365.0	79.3	123.3	202.6
Increases			7.5	7.5
Acquisitions	4.9	8.7	0.0	8.8
Decreases		-1.0	-4.3	-5.2
Business disposals			0.0	0.0
Reclassifications between classes			0.2	0.2
Translation differences		-0.4	0.1	-0.3
Historical cost on December 31, 2021	369.9	86.7	126.8	213.5
Accumulated amortisation and impairment on January 1, 2021		-56.7	-97.5	-154.2
Amortisation and impairment		-3.9	-12.1	-15.9
Translation differences		0.4	0.0	0.4
Accumulated amortisation of increases and acquisitions				0.0
Accumulated amortisation of decreases and reclassifications		1.1	2.8	3.9
Accumulated amortisation of business disposals			0.0	0.0
Accumulated amortisation and impairment on December 31, 2021		-59.0	-106.8	-165.8
Carrying value on January 1, 2021	365.0	22.9	26.2	49.1
Carrying value on December 31, 2021	369.9	27.7	20.0	47.7

¹⁾ Other intangible assets consist mainly of IT infrastructure, systems and solutions.

Allocations from business combinations carrying value split:

EUR million	2022	2021
Customer relations and contract bases	26.8	21.7
Unpatented technology	5.2	3.7
Trademarks	1.9	1.1
Patents	0.7	0.9
Order backlog	3.4	0.4
Total	38.1	27.7

Accounting principles

An intangible asset is initially recognised in the balance sheet at acquisition cost when the acquisition cost can be reliably determined and the economic benefits are expected to flow from the asset to the Group. Intangible assets with a known or estimated limited useful life are expensed in the income statement on a straight-line basis over their useful life.

Other intangible assets acquired in connection with business acquisitions are recognised separately from goodwill if they meet the definition of an intangible asset: they are separable or are based on contractual or other legal rights. Intangible assets recognised in connection with business acquisitions include e.g. the value of customer agreements and associated customer relationships, prohibition of competition agreements, the value of acquired technology and industry related process competences. The value of customer agreements and their associated customer relationships and industry related process competence is determined using the cash flows estimated according to the durability and duration of the assumed customer relations.

Impairment of tangible and intangible assets

At each closing date, the Group evaluates whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of said asset is estimated. In addition, the recoverable amount is assessed annually for each of the following assets regardless of whether there is any indication of impairment: goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use. The need for impairment is assessed at the level of cash-generating units.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. The value in use is determined based on the discounted future net cash flows estimated to be recoverable from the assets in question or cash-generating units. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the asset is higher than its recoverable amount. The impairment loss is recognised immediately in the income statement and is initially allocated to the goodwill allocated to the cash-generating unit and thereafter to other assets pro rata on the basis of their carrying amounts. An impairment loss is reversed when the circumstances change and the amount recoverable from the asset has changed since the date when the impairment loss was recorded. However, impairment losses are not reversed beyond the carrying amount of the asset that would have been determined had no impairment loss been recognised in prior years. Impairment losses on goodwill are never reversed.



5 Capital structure

Net debt, EUR million	200.9
Equity ratio, %	19.8
Net debt/Adjusted EBITDA	1.2x

In this section

This section comprises the following notes describing Caverion's capital structure for 2022:

5.1 Capital management	69
5.2 Shareholders' equity.....	69
5.3 Change in net debt	71
5.4 Financial assets and liabilities by category.....	72
5.5 Financial risk management	74
5.6 Derivative instruments	76
5.7 Investments in associated companies and joint ventures.....	77
5.8 Employee benefit obligations	79
5.9 Lease agreements.....	82
5.10 Commitments and contingent liabilities	83

5.1 Capital management

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

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.

Caverion has an outstanding hybrid bond in amount of EUR 35 million, Hybrid bond is an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. 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.

Caverion's business model is asset light and typically requires little investments. Caverion's targeted operational capex level (excluding acquisitions and capitalised lease contracts) should not exceed 1 percent of revenue. Growth will be supported by bolt-on acquisitions in selected growth areas and complementary capabilities. Caverion aims at 100 per cent cash conversion (operating cash flow before financial and tax items/EBITDA) in order to ensure a healthy cash flow.

Caverion's management evaluates and continuously monitors the amount of funding required in the Group's business activities to ensure it has adequate liquid funds to finance its operations, repay its loans at maturity and pay annual dividends. The funding requirements have been evaluated based on an annual budget, monthly financial forecasts and short-term, timely cash planning. Caverion's Group Treasury is responsible for maintaining sufficient funding, availability of different funding sources and a controlled maturity profile for the external loans. Caverion targets a net debt to adjusted EBITDA ratio of less than 2.5 times.

Cash management and funding is centralised in Group Treasury. With a centralised cash management, the use of liquid funds can be optimised between different units of the Group.

Caverion's aim is to distribute at least 50 % of the result for the year after taxes, however, taking profitability and leverage level into account.

Capital

EUR million	2022	2021
Share capital	1.0	1.0
Hybrid capital	35.0	35.0
Unrestricted equity reserve	66.0	66.0
Other equity	123.2	99.1
Equity attributable to owners of the parent company	225.2	201.1
Non-controlling interest	0.2	0.3
Total equity	225.4	201.4
Non-current borrowings	221.3	226.9
Current borrowings	60.7	44.7
Total interest-bearing debt	282.0	271.6
Total capital	507.4	473.0
Total interest-bearing debt	282.0	271.6
Cash and cash equivalents	81.2	130.9
Net debt	200.9	140.7
Net debt/Adjusted EBITDA	1.2	1.0
Gearing ratio, %	89.1	69.8
Equity ratio, %	19.8	19.0

5.2 Shareholders' equity

Share capital and treasury shares

	Number of outstanding shares	Share capital EUR million	Treasury shares EUR million
Jan 1, 2022	136,417,625	1.0	-2.4
Transfer of treasury shares	55,020		0.4
Dec 31, 2022	136,472,645	1.0	-2.0
Jan 1, 2021	136,112,101	1.0	-2.8
Transfer of treasury shares	352,501		0.4
Return of treasury shares	46,977		0.0
Dec 31, 2021	136,417,625	1.0	-2.4

The total number of Caverion Corporation's shares was 138,920,092 (138,920,092) and the share capital amounted to EUR 1.0 (1.0) million on December 31, 2022.

All the issued and subscribed shares have been fully paid to the company. Shares do not have a nominal value.

Treasury shares

Caverion held 2,447,447 (2,502,467) treasury shares on December 31, 2022.

The consideration paid for the treasury shares amounted to EUR 2.0 million on December 31, 2022 and is disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of Caverion Corporation. Caverion Corporation holds the own shares as treasury shares and has the right to return them to the market in the future.

Translation differences

Translation differences include the exchange rate differences recognised in Group consolidation. In addition, the portion of the gains and losses of effective hedges on the net investment in foreign subsidiaries, which are hedged with currency forwards, is recognised in equity. There were no hedges of a net investment in a foreign operation in 2022 or 2021.

Fair value reserve

Fair value reserve includes movements in the fair value of the investments that are not held for trading, and the derivative instruments used for cash flow hedging.

Hybrid capital

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 accrued unrecognized interest on the bond was EUR 1.5 (1.5) million at 31 December 2022.

The interest from the hybrid bond must be paid to the investors if Caverion Corporation pays dividends. If dividends are not paid, a separate decision regarding interest payment on the hybrid bond will be made. The hybrid bond is initially recognised at fair value less transaction costs and subsequently the bond is measured at cost. If interest is paid to the hybrid bond, it is debited directly to equity, net of any related income tax benefit. In 2022, EUR 2.4 million interest was paid.

According to IAS 33, interest accrued in local books has been taken into account as an expense in earnings per share calculation as described in calculation of key figures.

Unrestricted equity reserve

Caverion announced in a stock exchange release on 7 February 2018 the establishment of a new share-based incentive plan directed at the key employees of the Group ("Matching Share Plan 2018-2022"). In connection with the technical execution of the plan a total of 3,800,000 new shares were subscribed for in Caverion Corporation's share issue directed to the company itself without payment, and were entered into the Trade Register on 19 February 2018. The total capital raised amounted to EUR 6.67 million and was recorded in entirety into the unrestricted equity reserve.

Caverion executed a directed share issue of new shares in June 2018 in order to maintain a strong balance sheet and to retain strategic flexibility after the payment of the German anti-trust fine. On 15 June 2019, the Company announced that it had directed a share issue of 9,524,000 new shares in the Company to institutional investors, corresponding to approximately 7.36 percent of all the shares and votes in the Company immediately prior to the share issue raising gross proceeds of EUR 60.0 million. The subscription price was recorded in its entirety into the unrestricted equity reserve of the company.

Dividends

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

The Board of Directors proposes to the Annual General Meeting to be held on 27 March 2023 that a dividend of EUR 0.20 per share will be paid for the year 2022.

5.3 Change in net debt

Net debt is defined as the total of interest-bearing liabilities less cash and cash equivalents.

EUR million	Liabilities from financing activities			Cash and cash equivalents	Net debt
	Non-current borrowings including repayments	Lease liabilities	Current loans		
Net debt as at 1 January 2022	135.9	135.7	0	130.9	140.7
Change in net debt, cash:					
Proceeds from non-current borrowings	74.8				
Repayment of non-current borrowings	-75.4	-50.6			
Change in current liabilities			10.1		
Change in non-current liabilities					
Change in cash and cash equivalents				-42.0	
Change in net debt, non-cash:					
Additions		50.5			
Acquisitions		7.2			
Disposals and business divestitures		-2.3			
Foreign exchange adjustments ¹⁾		-3.1		-7.7	
Other non-cash changes	-0.9				
Net debt as at 31 December 2022	134.5	137.5	10.1	81.2	200.9

EUR million	Liabilities from financing activities			Cash and cash equivalents	Net debt
	Non-current borrowings including repayments	Lease liabilities	Current loans		
Net debt as at 1 January 2021	138.7	129.2		149.3	118.6
Change in net debt, cash:					
Proceeds from non-current borrowings	50.2				
Repayment of non-current borrowings	-53.2	-47.7			
Change in current liabilities					
Change in non-current liabilities					
Change in cash and cash equivalents				-21.3	
Change in net debt, non-cash:					
Additions		54.7			
Acquisitions		0.7			
Disposals and business divestitures		-2.3			
Foreign exchange adjustments ¹⁾		1.1		2.9	
Other non-cash changes	0.2				
Net debt as at 31 December 2021	135.9	135.7		130.9	140.7

¹⁾ The cash flow statements of foreign subsidiaries are translated into euro using the financial year's average foreign currency exchange rates, and the cash and cash equivalents are translated using the exchange rates quoted on the balance sheet date.

5.4 Financial assets and liabilities by category

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The standard has been applied as of 1 January 2018.

2022

EUR million Valuation	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying value
Non-current financial assets				
Investments	0.4	0.7		1.1
Trade receivables and other receivables			4.4	4.4
Current financial assets				
Trade receivables and other receivables			625.8	625.8
Derivatives (hedge accounting not applied)	0.0			
Cash and cash equivalents			81.2	81.2
Total	0.4	0.7	711.4	712.5
Non-current financial liabilities				
Loans from financial institutions			50.0	50.0
Bonds			73.3	73.3
Pension loans			4.5	4.5
Other loans			0.0	0.0
Lease liabilities			93.5	93.5
Total non-current interest-bearing liabilities			221.3	221.3
Trade payables and other liabilities			7.4	7.4
Current financial liabilities				
Loans from financial institutions			0.1	0.1
Bonds			3.5	3.5
Pension loans			3.0	3.0
Other loans			0.1	0.1
Commercial papers			10.0	10.0
Lease liabilities			43.9	43.9
Total current interest-bearing liabilities			60.7	60.7
Trade payables and other liabilities			597.5	597.5
Derivatives (hedge accounting not applied)	0.1			
Total	0.1		886.9	887.0

2021

EUR million Valuation	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying value
Non-current financial assets				
Investments	0.6	0.7		1.3
Trade receivables and other receivables			6.1	6.1
Current financial assets				
Trade receivables and other receivables			555.4	555.4
Derivatives (hedge accounting not applied)	0.1			0.1
Cash and cash equivalents			130.9	130.9
Total	0.7	0.7	692.4	693.8
Non-current financial liabilities				
Loans from financial institutions			49.9	49.9
Bonds			74.8	74.8
Pension loans			7.5	7.5
Other loans			0.5	0.5
Lease liabilities			94.1	94.1
Total non-current interest-bearing liabilities			226.9	226.9
Trade payables and other liabilities			2.0	2.0
Current financial liabilities				
Loans from financial institutions			0.1	0.1
Bonds				
Pension loans			3.0	3.0
Other loans				
Commercial papers				
Lease liabilities			41.6	41.6
Total current interest-bearing liabilities			44.7	44.7
Trade payables and other liabilities			530.9	530.9
Derivatives (hedge accounting not applied)	0.1			0.1
Total	0.1		804.5	804.6

The carrying amount of financial assets and liabilities except for non-current loans approximate their fair value. The fair value of non-current loans amounted to EUR 140.1 (136.8) million at the end of 2022. The fair values of non-current loans are based on discounted cash flows and are categorised within level 2 of the fair value hierarchy. Discount rate is defined to be the rate that the Group was to pay for an equivalent external loan at year end. It consists of a risk-free market rate and a company and maturity related risk premium of 2.00% p.a (1.00% - 2.00% in 2021).

Investments consist of as follows:

	2022	2021
Quoted shares (level 1 in fair value hierarchy)	0.4	0.6
Unquoted shares (level 3 in fair value hierarchy)	0.7	0.7
Total	1.1	1.3

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily funds and OMXH equity investments. Investments categorised in Level 3 are non-listed equity instruments and they are measured at acquisition cost less any impairment or prices obtained from a broker as their fair value cannot be measured reliably.

Accounting principles

Financial assets

Classification and measurement

Financial assets are classified at initial recognition into the following categories according to IFRS 9: at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost. The classification depends on the objective of the business model and the characteristics of contractual cash flows of the item.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets or derivatives that do not meet the criteria for hedge accounting. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives and other financial assets at fair value through profit and loss are initially measured at fair value and transaction costs are expensed in the income statement. Subsequent to initial recognition, they are measured at fair value. Realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Assets in this category are classified as non-current assets (Receivables) if expected to be settled after 12 months and as current assets (Trade and other receivables) if expected to be settled within 12 months.

Amortised cost

The Group's non-derivative financial assets and cash and cash equivalents are classified to amortised cost category. This category comprises loans receivables, trade receivables, cash and cash equivalents and other receivables. These are included in current assets, except for maturities greater than 12 months after the reporting period, which are classified as non-current. These assets are initially recognised at fair value and transaction costs are expensed in the income statement. Subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method less any impairment. Due to the nature of short-term receivables and other receivables, their book value is expected to equal to the fair value.

Cash and cash equivalents include cash at hand, bank deposits withdrawable on demand and liquid short-term investments with original maturities of three months or less.

Financial assets at fair value through other comprehensive income

Equity investments in non-listed investments that are not held for trading, are classified as equity instruments designated at fair value through other comprehensive income.

These assets are initially recognised at fair value, plus any transaction costs. Subsequent to initial recognition, they are carried at fair value. Changes in the fair value are recognised in other comprehensive income and are presented in the fair value reserves under shareholders' equity, net of tax. When investments are sold or impaired, the accumulated fair value adjustments recognised in equity are never recycled to income statement.

These assets are non-current financial assets when the Group intends not to dispose them within the next 12 months.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date which is the date on which Caverion Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within finance income and expenses in the period in which they arise. Interest income from items at amortised cost are presented in the income statement within finance income in the period in which they arise. Dividend income from financial assets is recognised in the income statement as part of financial income when the Group's right to receive payments is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised costs

Caverion Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset ("a loss event"). That loss event must impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes: default or delinquency in interest or principal payments, significant financial difficulty, restructuring of an amount due to the Group, indications that a debtor will enter bankruptcy or other financial reorganisation, observable data indicating that there is measurable decrease in expected cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement within other operating expenses. Caverion Group considers evidence of impairment at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

Risks related to trade and other operative receivables are described in note 3.2.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

Financial liabilities

Borrowings are recorded on the settlement date and initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost and any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Other borrowing costs are expensed in the period during which they are incurred. Fees paid on the establishment of loan facilities are recognised as expenses over the period of the facility to which it relates. Borrowings are derecognised when its contractual obligations are discharged or cancelled, or expire.

Borrowings are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current.

5.5 Financial risk management

Caverion Group is exposed in its business operations to liquidity risk, credit risk, foreign exchange risk and interest rate risk. The objective of Caverion's financial risk management is to minimise the uncertainty which the changes in financial markets cause to its financial performance.

The year closed with a high market uncertainty, which is reflected to Caverion figures especially by weaker Norwegian and Swedish krone, as well as higher interest on floating rate loans. The defining feature of the markets in 2022 has been the inflation and market volatility. The central banks have fought the inflation with rapid rate increases. Energy prices have been declining, but there are still risks that the pressure on wage inflation will keep the overall inflation figures high, thus the interest rate peak and its timing is hard to predict. Continuing high volatility on foreign exchange rates is also expected. 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.

Risk management is carried out by Caverion Group Treasury in co-operation with divisions under policies approved by the Board of Directors. Financing activities are carried out by finance personnel and management in the divisions and subsidiaries. Responsibilities in between the Group Treasury and divisions are defined in the Group's Treasury Policy. Divisions are responsible for providing the Group Treasury timely and accurate information on their financial position, cash flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management. In addition, the Group's Treasury Policy defines main principles and methods for financial risk management, cash management and specific financing-related areas e.g. commercial guarantees, relationships with financiers and customer financing.

Interest rate risk

Caverion has interest-bearing receivables in its cash and cash equivalents but otherwise its revenues and cash flows from operating activities are mostly independent of changes in market interest rates.

Caverion's exposure to cash flow interest rate risk arises mainly from current and non-current loans. Borrowing issued at floating interest rates expose Caverion to cash flow interest rate risk. To manage the interest rate risk, the Board of Directors of Caverion Group has defined an average interest rate fixing term target for the Group's net debt (excluding cash). At the reporting date the average interest rate fixing term of net debt (excluding cash) was 28.1 (13.6) months. At the end of December 2022 Caverion has not used interest rate derivatives to hedge interest rate risk.

The weighted average effective interest rate of the whole loan portfolio excluding IFRS 16 effects was 3.0% (2.6%) at the end of December 2022. Fixed-rate loans accounted for approximately 59 (66) percent of the Group's borrowings.

In addition to the targeted average interest rate fixing term of net debt, Caverion Group's management monitors regularly the effect of the possible change in interest rate level on the Group's financial result. The monitored number is the effect of one percentage point rise in interest rate level on yearly net interest expenses.

Interest rate risk sensitivity

EUR million	Result before taxes	
	2022	2021
Interest rate of net debt 1 percentage point higher	0.2	1.0

Net debt includes interest-bearing liabilities and cash and cash equivalents. Sensitivities are calculated based on the situation at the balance sheet date.

Financial counterparty risk

The financial instruments the Group has agreed with its banks and financial institutions contain a risk of the counterparty being unable to meet its obligations. The Group Treasury is responsible for the counterparty risk of derivative instruments and financial investment products.

Counterparties to the financial instruments are chosen based on Caverion Group management's estimate on their reliability. The Board of Directors of Caverion Group accepts the main banks used by the Group and counterparties to derivative instruments. CFO accepts counterparties to short-term investments. Short-term investments related to liquidity management are made according to Caverion's Treasury Policy. No impairment has been recognised on derivative instruments or investment products in the reporting period. Caverion Group's management does not expect any credit losses from non-performance by counterparties to investment products or derivative instruments.

As a result of the partial demerger of YIT Corporation registered on 30 June 2013, a secondary liability has been generated to Caverion Corporation, a new company established in the partial demerger, for those liabilities that have been 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 that remain with YIT Corporation after the demerger, if YIT Corporation falls into default. These Group guarantees amounted to EUR 20.4 (24.3) million at the end of December 2022.

Refinancing and liquidity risk

Refinancing risk is defined as a risk that funds are not available or the costs of refinancing maturing debt is high at the time a debt needs to be refinanced. The objective of liquidity risk management is to maintain a sufficient liquidity reserve in all situations. Liquidity and refinancing risk is managed by diversifying the maturities of external loans and monitoring the proportion of short-term debt (maturing in less than one year's time) and the long-term liquidity forecast for the Group. The Group shall always have liquidity reserve available to meet the need for debt repayments falling due during the calendar year and to cover the potential funding need over the planning period of business operations including planned capital expenditure. Adequate liquidity is maintained by keeping sufficient amount of unused committed credit facilities as a reserve.

In 2022 Caverion took actions to prolong its loan maturity and strengthen long-term liquidity. 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.

Caverion Group's interest-bearing loans and borrowings amounted to 144.6 (135.9) million at the end of December. Approximately 40 percent of the loans have been raised from financial institutions and 60 percent from investors. The Group's net debt amounted to EUR 63.4 (5.0) million at the end of December excluding IFRS 16 effects and EUR 200.9 (140.7) including IFRS 16 effects. At the end of December, the Group's gearing was 89.1 (69.8) percent and its equity ratio 19.8 (19.0) percent including IFRS 16 effects. The hybrid bond in amount of EUR 35 million that Caverion issued in 2020 is an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. 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.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The financial covenant shall not exceed 3.5:1. At the end of December, the Group's Net debt to EBITDA was 1.3x according to the confirmed calculation principles.

To manage liquidity risk, Caverion uses cash and cash equivalents, Group accounts with overdraft facilities, credit facilities and commercial papers. Caverion's cash and cash equivalents amounted to EUR 81.2 (130.9) million at the end of December 2022. In addition, Caverion has undrawn overdraft facilities amounting to EUR 19.7 (19) million and undrawn committed revolving credit facilities amounting to EUR 100 (100) million. The committed revolving credit facilities are valid until January 2025.

The following table describes the contractual maturities of financial liabilities. The amounts are undiscounted. Interest cash flows of floating rate loans and derivative instruments are based on the interest rates prevailing on December 31, 2022 (December 31, 2021). Cash flows of foreign currency denominated loans are translated into euro at the reporting date. Cash flows of foreign currency forward contracts are translated into euro at forward rates.

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2022

EUR million	2023	2024	2025	2026	2027	2028	Total
Loans from financial institutions	17.3	3.4	52.2	2.1	77.1		152.1
Pension loans	3.1	3.0	1.5				7.6
Lease liabilities	47.8	35.7	22.1	14.8	8.8	20.5	149.8
Other financial liabilities							
Trade and other payables	597.5						597.5
Foreign currency derivatives	0.1						0.1

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2021

EUR million	2022	2023	2024	2025	2026	2027-	Total
Loans from financial institutions	3.1	78.1	0.7	50.0			131.9
Pension loans	3.2	3.2	3.1	1.5			11.0
Lease liabilities	44.5	34.6	22.8	14.0	9.3	20.1	145.1
Other financial liabilities						0.5	0.5
Trade and other payables	530.9						530.9
Foreign currency derivatives	0.1						0.1

Foreign exchange risk

Caverion Group operates internationally and is exposed to foreign exchange risks arising from the currencies of the countries in which it operates. Risk arises mainly from the recognised assets and liabilities and net investments in foreign operations. In addition, commercial contracts in the subsidiaries cause foreign exchange risk, but the contracts are mainly denominated in the entity's own functional currencies.

The objective of foreign exchange risk management is to reduce uncertainty caused by foreign exchange rate movements on income statement through measurement of cash flows and commercial receivables and payables. By the decision of the Board of Directors of Caverion Group, the investments in foreign operations are not hedged for foreign exchange translation risk.

Foreign currency denominated net investments at the balance sheet date

EUR million	2022	2022	2022	2021	2021	2021
	Net investment	EUR strengthens by 10%, effect on equity	EUR weakens by 10%, effect on equity	Net investment	EUR strengthens by 10%, effect on equity	EUR weakens by 10%, effect on equity
SEK	34.1	-3.1	3.8	6.5	-0.6	0.7
NOK	32.5	-3.0	3.6	18.6	-1.7	2.1
DKK	-3.9	0.4	-0.4	7.3	-0.7	0.8
Other currencies	0.7	-0.1	0.1	0.0	0.0	0.0

Here net investment comprises equity invested in foreign subsidiaries and internal loans that qualify for net investment classification deducted by possible goodwill in the subsidiaries balance sheet.

According to Caverion Group's Treasury policy, all Group companies are responsible for identifying and hedging the foreign exchange risk related to the foreign currency denominated cash flows. All firm commitments of over EUR 0.2 million must be hedged by intra-group transactions with Group Treasury. Group Treasury hedges the net position with external counterparties but does not apply hedge accounting to derivatives hedging foreign exchange risk. Accordingly, the fair value changes of derivative instruments are recognized in the consolidated income statement. There were no foreign exchange hedges, which relate to commercial contracts on the reporting date.

Excluding the foreign exchange differences due to translation risk related to the investments in foreign operations, the strengthening or weakening of the Euro does not have a significant impact on the Group's result. The foreign exchange derivative contracts made for hedging internal and external loans and receivables offset the effect of changes in foreign exchange rates.

5.6 Derivative instruments

All derivatives are hedges according to Caverion Group's Treasury Policy, but hedge accounting as defined in IFRS 9 is not applied for valid derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance income/expenses. Foreign exchange forward contracts mature in 2023. There were no outstanding interest rate swaps in December 2022.

The Group's derivative instruments are subject to offsetting, enforceable master netting arrangements or similar agreements. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. Master netting agreements do not meet the criteria for offsetting in the statement of financial position and amounts are presented on a gross basis. Other financial assets or liabilities, for example trade receivables or trade payables, do not include any amounts subject to netting agreements.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair values for the derivative instruments categorised in Level 2 have been defined as follows: the fair values of foreign exchange forward and forward rate agreements have been defined by using the market prices at the closing day. The fair values of interest rate swaps are based on discounted cash flows.

Nominal values

EUR million	2022	2021
Foreign exchange forward contracts, hedge accounting not applied	121.1	65.2

Fair values

EUR million	2022	2022	2022	2021	2021	2021
	Positive fair value (carrying value)	Negative fair value (carrying value)	Net value	Positive fair value (carrying value)	Negative fair value (carrying value)	Net value
Foreign exchange forward contracts						
Hedge accounting not applied	0.0	-0.1	-0.1	0.1	-0.1	0.0
Total	0.0	-0.1	-0.1	0.1	-0.1	0.0
Netting fair values of derivative financial instruments subject to netting agreements	0.0	0.0		0.0	0.0	
Net total	0.0	-0.1	-0.1	0.1	-0.1	0.0

Accounting principles

Derivatives are initially recognised at fair value on the date Caverion Group becomes party to an agreement and are subsequently re-measured at their fair value. Directly attributable transaction costs are recognised in the income statement. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currency forward contracts are used for hedging against the currency exposure of exchange rates and resulting changes in fair value are included in operating profit or financial income and expenses based on their nature in the financial period in which they were incurred. Interest rate swaps are used to hedge against changes in market interest rates. Changes in the fair value of interest rate swaps that do not meet the hedge accounting criteria under IFRS 9, are entered in financing income or expenses in the financial period in which they were incurred. Derivatives are classified as non-current liabilities when their contractual maturity is more than 12 months (Other liabilities) and current liabilities when maturity is less than 12 months (Trade and other payables).

Derivative instruments used in hedge accounting which meet the hedge accounting criteria under IFRS 9 are entered in the balance sheet at fair value on the day that Caverion Group becomes counterpart to the agreement. The Group has applied hedge accounting to hedge the benchmark rate of floating rate loans (cash flow hedging). The Group documents at inception of the transaction the relationship between the hedged item and the hedging instruments and assesses both at hedge inception and on an ongoing basis, of whether the derivatives are effective in offsetting changes in cash flows of hedged items. The effectiveness is assessed at each balance sheet date at minimum. The effective portion of changes in the fair value of derivative instruments that qualify for cash flow hedges is recognised in other comprehensive income and accumulate in the fair value reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within financial income and expenses. Gains and losses accumulated in shareholders' equity are

reclassified to income statement within financial income or expenses in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction occurs. Nevertheless, if the hedged forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within financial income or expense.

5.7 Investments in associated companies and joint ventures

EUR million	2022			2021		
	Associated companies	Joint ventures	Total	Associated companies	Joint ventures	Total
Carrying value on Jan 1	0.1	1.4	1.5	0.1	1.6	1.7
Share of the profit	0.0	0.0	0.0	0.0	0.0	0.0
Decreases		-0.1			-0.3	-0.3
Dividends received		-1.3				
Carrying value on Dec 31	0.1	0.0	0.1	0.1	1.4	1.5

The carrying amounts of the shares in associated companies do not include goodwill.

2022

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
Joint ventures						
CG FH St. Pölten GmbH	Wien	0.1	0.0	0.0	0.0	50%
Associated companies						
Arandur Oy	Vantaa	5.3	4.9	4.9	0.0	33%
Total		5.3	4.9	4.9	0.0	-

2021

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
Joint ventures						
CG FH St. Pölten GmbH	Wien	42.2	39.5	38.6	0.0	50%
Associated companies						
Arandur Oy	Vantaa	5.1	4.8	4.9	0.0	33%
Total		47.3	44.2	43.5	0.0	-

Joint Venture CG FH St. Pölten Gmb relates to life-cycle project for the University of Applied Sciences in St. Pölten in Austria, together with the construction company Granit. Project phase was completed

in 2022 and Caverion has taken over the Managed Services and Technical Maintenance of the property for the next 25 years.

Sales of goods and services sold to associated companies and joint ventures amounted to EUR 1.3 (1.4) million in 2022.

Accounting principles

The consolidated financial statements include associated companies in which the Group either holds 20%-50% of the voting rights or in which the Group otherwise has significant influence but not control. Companies where the Group has joint control with another entity are considered as joint ventures. Investments in associated companies and joint ventures are accounted for using the equity method: they are initially recorded at cost and the carrying amount is increased or decreased by Caverion's share of the profit or loss. The Group determines at each reporting date whether there is any indication of impairment.

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends received from an associated company or joint venture reduce the carrying amount of the investment. When the Group's share of losses in an associate exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in each associate.

5.8 Employee benefit obligations

Obligations in the statement of financial position:

EUR million	2022	2021
Defined benefit plans	41.9	50.6
Liability in the statement of financial position	41.9	50.6
Pension asset in the statement of financial position	-4.0	-3.3
Net liability	37.8	47.2

Income statement charge:

EUR million	2022	2021
Defined benefit plans	-0.1	-0.8
Included in financial expenses	-0.5	-0.3
Income statement charge, total (income (+) / expense (-))	-0.6	-1.1

Remeasurements, included in other comprehensive income:

EUR million	2022	2021
Defined benefit plans	6.6	1.1
Change in foreign exchange rates	0.0	-1.2
Included in other comprehensive income. total	6.6	-0.1

Defined benefit pension plans

The Group has defined benefit pension plans in Norway, Germany, Austria and Finland. In all plans the pension liability has been calculated based on the number of years employed and the salary level. Most of the pension plans are managed in insurance companies, which follow the local pension legislation in their management.

The amounts recognised in the statement of financial position are determined as follows:

EUR million	2022	2021
Present value of funded obligations	4.0	5.8
Fair value of plan assets	-8.0	-9.1
Net deficit of funded plans	-4.0	-3.3
Present value of unfunded obligations	41.9	50.6
Total net deficit of defined benefit pension plans	37.8	47.2
Liability in the statement of financial position	41.9	50.6
Receivable in the statement of financial position	-4.0	-3.3

The movement in the net defined benefit obligation over the year is as follows:

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2022	56.3	-9.1	47.3
Current service cost	0.1	0.0	0.1
Interest expense	0.5	-0.1	0.5
Past service costs			
Gains on settlements			
Remeasurements:			
Return on plan assets, excluding interest expense		0.8	0.8
Gain (-) / loss (+) from change in demographic assumptions			
Gain (-) / loss (+) from change in financial assumptions	-8.3		-8.3
Experience gains (-) / losses (+)	0.3		0.3
Exchange difference	-0.5		-0.5
Employers' contributions	-0.3	-0.0	-0.4
Acquired pension liability			
Benefit payments from plans	-2.1	0.3	-1.9
At December 31, 2022	45.9	-8.1	37.8

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2021	57.1	-8.3	48.9
Current service cost	0.8		0.8
Interest expense	0.3	0.0	0.3
Past service costs			
Gains on settlements			
Remeasurements:			
Return on plan assets, excluding interest expense		-1.0	-1.0
Gain (-) / loss (+) from change in demographic assumptions			
Gain (-) / loss (+) from change in financial assumptions	-1.7		-1.7
Experience gains (-) / losses (+)	1.6		1.6
Exchange difference	0.4		0.4
Employers' contributions	-0.4	0.0	-0.4
Acquired pension liability	0.2	-0.2	0.0
Benefit payments from plans	-2.0	0.2	-1.8
At December 31, 2021	56.3	-9.1	47.2

The weighted average duration of the defined benefit plan obligation in Caverion Group is 13 (14) years.

The significant actuarial assumptions were as follows:

2022	Discount rate	Salary growth rate	Pension growth rate
Finland	3.30%	2.50%	2.70%
Norway	3.20%	3.75%	3.50%
Germany	3.00%	3.25%	2.30%
Austria	3.00%	-	3.00%

2021	Discount rate	Salary growth rate	Pension growth rate
Finland	0.80%	1.95%	2.25%
Norway	1.50%	2.50%	2.25%
Germany	0.90%	3.00%	2.00%
Austria	0.80%	-	2.25%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2022	Impact on defined benefit obligation ¹⁾		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease 5.6%	increase 6.1%
Salary growth rate	0.50%	increase 0.1%	decrease 0.1%
Pension growth rate	0.50%	increase 4.3%	decrease 3.2%

2021	Impact on defined benefit obligation ¹⁾		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease 6.8%	increase 7.6%
Salary growth rate	0.50%	increase 0.2%	decrease 0.2%
Pension growth rate	0.50%	increase 5.4%	decrease 5.0%

¹⁾ Based on the sensitivity analyses of the Group's most significant pension arrangements. The impacts of the other pension arrangements are similar.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

Plan assets are comprised as follows:

EUR million	2022	%	2021	%
Equity instruments	3.9	49	4.8	52
Debt instruments	2.5	31	2.7	29
Property	1.4	18		
Investment funds				
Cash and cash equivalents	0.1	1	0.2	2
Other investments	0.2	2	0.2	2
Total plan assets	8.0	100	9.1	100

Expected employer contribution is expected to be zero in year 2023.

Multi-employer plan in Sweden

In Sweden, Caverion participates in a multi-employer defined benefit plan in Alecta insurance company. 870 employees of Caverion Sverige AB are insured through this pension plan in 2022. This multi-employer plan has not been able to deliver sufficient information for defined benefit accounting purposes, thus Caverion has accounted for this pension plan as a contribution plan.

Alecta's possible surplus may be credited to the employer company or to employee. The expected contributions to the plan for the next annual reporting period are EUR 6.8 million.

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields - A decrease in corporate bond yields will increase plan liabilities.

Inflation risk - some of the Group pension obligations are linked to inflation and higher inflation will lead to higher liabilities.

Life expectancy - The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Accounting principles

Caverion Group has several different pension schemes, both defined benefit and defined contribution pension plans, in accordance with local regulations and practices in countries where it operates.

Contributions to defined contribution pension plans are recognised in the income statement in the financial period during which the charge is due. Caverion Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The Group has defined benefit pension plans in Norway, Austria, Germany and Finland. Obligations connected with the Group's defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The discount rate used in calculating the present value of the pension obligation is the market rate of high-quality corporate bonds. The maturity of the bonds used to determine the reference rate substantially corresponds to the maturity of the related pension obligation. In defined benefit plans, the pension liability recognised on the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. Pension expenditure is expensed in the income statement, allocating the costs over the employment term of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement.

Occupational pensions in Sweden have been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information on these pension obligation for allocating the liabilities and assets by employers. Occupational pensions in Sweden have been treated on a defined contribution basis.

The present value of pension obligations depends on various factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Changes in the assumptions rate have an effect on the carrying amount of pension obligation. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the instruments used to determine the reference rate used corresponds substantially to the maturity of the related pension obligation. Other assumptions are based on actuarial statistics and prevailing market conditions.

5.9 Lease agreements

Group as lessee

Set out below are the carrying amounts of the Group's right-of-use assets and their movements during the period.

EUR million	Right-of-use assets			
	Buildings and structures	Cars	Other assets	Total
1 January 2022	83.8	47.2	0.2	131.2
Translation differences	-1.8	-1.2	0.0	-3.0
Acquisitions	5.6	1.6		7.2
Additions	22.5	28.0		50.5
Disposals and business divestitures	-1.1	-1.3	-0.0	-2.4
Depreciation and impairment	-25.0	-25.9	-0.1	-51.0
31 December 2022	84.1	48.4	0.0	132.6

EUR million	Right-of-use assets			
	Buildings and structures	Cars	Other assets	Total
1 January 2021	79.5	44.6	1.3	125.5
Translation differences	0.6	0.4	0.0	1.0
Acquisitions	0.5	0.2		0.7
Additions	27.9	26.7	0.0	54.7
Reclassifications		1.1	-1.1	
Disposals and business divestitures	-1.5	-0.9		-2.4
Depreciation and impairment	-23.3	-24.9	-0.1	-48.3
31 December 2021	83.8	47.2	0.2	131.2

In 2022, the depreciation and impairment of right-of-use assets included EUR 0.1 million of impairment relating to the restructuring of premises. No impairments were booked in 2021.

Lease liabilities

EUR million	2022	2021
1 January	135.7	129.2
Translation differences	-3.1	1.1
Acquisitions	7.2	0.7
Additions	50.5	54.7
Disposals and business divestitures	-2.3	-2.3
Interest expenses	4.1	3.8
Payments	-54.7	-51.5
31 December	137.5	135.7

The Group recognised rent expenses from short-term lease contracts in the amount of EUR 2.7 million (EUR 2.9 million) and from leases of low-value assets in the amount of EUR 3.4 million (EUR 3.4 million) in 2022. The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 5.4 million at the end of 2022 (EUR 8.8 million). The present value of lease liability of leases not yet commenced to which Caverion is committed amounted to EUR 1.1 million at the end of 2022 (EUR 0.1 million).

The Group has subleased some of its leased premises. The income recognised by the Group for these premises during the year 2022 was EUR 0.8 million (EUR 0.9 million in 2021).

Group as lessor

As a lessor, the Group has finance lease contracts for which the net investment in the balance sheet amounted to EUR 0.3 million at the end of the year 2022 (EUR 0.3 million). The income statement effect of these finance lease contracts amounted to EUR 0.1 million in 2022 (EUR 0.0 million) comprising the selling profit of the contract and interest income.

Accounting principles

Group as lessee

The lease liability is initially measured at the present value of the remaining lease payments, discounted by using an estimate of the lessee's incremental borrowing rate at the date of initial application. Since the interest implicit in the lease contracts is not available, a management estimate is used to determine the incremental borrowing rate. The components of the rate are the following: the currency-specific reference rate and the interest margin that is derived from each individual company's risk assessment, adjusted to reflect the maturity of the lease contract.

At the inception of the lease, Caverion measures the right-of-use asset at an amount equal to the lease liability. After the initial measurement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Caverion does not recognise an IFRS 16 lease liability for leases for which the underlying asset is not material. The assessment of whether the underlying asset is material and is within the scope or excluded from the recognition requirements of IFRS 16 is based on the concept of materiality in the

Conceptual Framework and IAS 1. Caverion recognises lease payments associated with such leases as an expense on a straight-line basis.

Caverion does not recognise short-term leases on the balance sheet. Short-term leases are lease contracts that have a lease term of 12 months or less, and which do not include an option to purchase the underlying asset. Caverion has analysed lease contracts where the lease term is not fixed but both the lessor and lessee have an option to terminate the lease within 1-12 months' notice. Management judgement based on realistic estimates is used when determining the lease term for short-term leases and leasing agreements with non-fixed terms. If the termination of the short-term contract is practically realistic within the time of the notice period (1-12 months), those contracts have been excluded from the lease liability.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for a lease and its associated non-lease components as a single arrangement. Caverion has used the practical expedient for car leases that include service components. On the other hand, the non-lease component from real estate lease contracts has been separated and the non-lease components have been booked as expenses.

Group as lessor

Under IFRS 16, a lessor classifies arrangements which convey a right to use a specific asset as either finance leases or operating leases and accounts for these two types of leases differently. Caverion's lease contracts relate to different types of machinery and equipment which are installed to operate within the customer's buildings and structures. These lease contracts vary in terms of conditions.

In finance leases, the risks and rewards incidental to ownership of the leased asset have substantially transferred from Caverion to the lessee. Sales derived from finance leases are recognized at the beginning of the lease period in accordance with the same principles as in the outright sale of similar assets. The net investment in finance leases is recognized as a part of non-current and current receivables and lease payments are disclosed as repayments of the finance lease receivable and interest income. The interest income is recognised on the income statement over the lease term so as to achieve a constant interest rate on the outstanding balance.

In operating leases, the risks and rewards incidental to ownership of the leased asset remain with the lessor. The leased assets are recognised on the balance sheet as a part of tangible assets and depreciated in accordance with the policy applied to similar assets in own use as well as considering the planned use after the lease period. The lease income from operating leases is recognized on a straight-line basis over the lease term on the income statement.

Under IFRS 16, an intermediate lessor is additionally required to classify its subleases as finance or operating leases by reference to the right-of-use assets arising from the head lease. Caverion has not reclassified any of its sublease agreements as finance leases.

5.10 Commitments and contingent liabilities

EUR million	2022	2021
Other commitments		
Other contingent liabilities		0.2
Accrued unrecognised interest on hybrid bond	1.5	1.5

The Group's parent company has guaranteed obligations of its subsidiaries. On December 31, 2022 the total amount of these guarantees was EUR 493.1 (497.7) million. These consist of counter guarantees for external guarantees and parent company guarantees given according to general contracting practices.

Given the nature of Caverion's Projects business, Group companies are involved in disputes and legal proceedings in several projects. These disputes and legal proceedings typically concern claims made against Caverion for allegedly defective or delayed delivery. In some cases, the collection of receivables by Caverion may result in disputes and legal proceedings. There is a risk that the client presents counter claims in these proceedings. The outcome of claims, disputes and legal proceedings is difficult to predict. Write-downs and provisions are booked following the applicable accounting rules.

In June 2018, Caverion reached a settlement for its part with the German Federal Office (FCO) in a cartel case that had been investigated by the authority since 2014. The investigation concerned several companies providing technical building services in Germany. Caverion Deutschland GmbH (and its predecessors) was found to have participated in anti-competitive practices between 2005 and 2013. According to the FCO's final decision issued on 3 July 2018, Caverion Deutschland GmbH was imposed a fine of EUR 40.8 million. In the end of March 2020, the FCO issued its final decision on the cartel case against the other building technology companies involved in the matter. There is a risk that civil claims may be presented against the involved companies, including Caverion Deutschland GmbH. It is not possible to evaluate the magnitude of the risk for Caverion at this time. Some civil claims presented against Caverion Deutschland GmbH have been settled in 2022 and 2021, totalling EUR 6.7 and 9.1 million, respectively.

As part of Caverion's co-operation with the authorities in the cartel matter, the company identified activities between 2009 and 2011 that were likely to fulfil the criteria of corruption or other criminal commitment in one of its client projects executed in that time. Caverion has brought its findings to the attention of the authorities and supported them in further investigating the case. In the end of June 2020, the public prosecutor's office in Munich informed Caverion that no further investigative measures are intended and that no formal fine proceedings against Caverion will be initiated related to those cases. There is a risk that civil claims may be presented against Caverion Deutschland GmbH. It is not possible to evaluate the magnitude of the risk for Caverion at this time. Caverion will disclose any relevant information on the potential civil law claims as required under the applicable regulations.

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. Creditors of YIT Corporation's major financial liabilities have waived their right to claim for settlement from Caverion Corporation on the basis of the secondary liability. 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 20.4 (24.3) million at the end of December 2022.



6 Others

In this section

This section comprises the following notes:

6.1 Key management compensation.....	86
6.2 Share-based payments.....	87
6.3 Related party transactions.....	90
6.4 Subsidiaries.....	90
6.5 Events after the reporting date.....	91

6.1 Key management compensation

Key management includes members of the Board of Directors and Group Management Board of Caverion Corporation. The compensation paid to key management for employee services is depicted in the table below.

Compensation paid to key management

EUR thousand	2022	2021
Salaries and other short-term employee benefits	5,439	4,726
Post-employment benefits ¹⁾	124	169
Termination benefits	802	949
Share-based payments ²⁾	280	3,401
Total	6,646	9,245

¹⁾ The post-employment benefits above include separate supplementary executive pension schemes but exclude statutory pension payments and country specific group pension arrangements to which key management maybe be party to.

²⁾ Comprises the total value of transferred shares, portion paid in cash and transfer tax.

Compensation paid to the members of the Board of Directors and President and CEO

EUR thousand	2022	2021
President and CEO ¹⁾		
Jacob Götzsche, as from 9 August 2021	774	302
Mats Paulsson, 28 February - 8 August 2021 ²⁾		235
Ari Lehtoranta, until 28 February 2021 ³⁾		198
Total	774	735

Members of the Board of Directors

Jussi Aho	74	59
Markus Ehrnrooth	70	73
Joachim Hallengren	99	59
Thomas Hinneroskov	97	59
Kristina Jahm	74	60
Mats Paulsson, Chairman of the Board	133	91
Jasmin Soravia	72	58
Total	619	459

¹⁾ The above presented compensation paid to the President and CEO includes only separate supplementary executive pension schemes in regards to post-employment benefits and does not include any statutory pension payments.

²⁾ Mats Paulsson acted as the Interim President and CEO and his termination notice period was one week for both parties with no entitlement to severance pay. Mr. Paulsson was included in the Swedish statutory social security pension and he was paid a supplementary defined contribution pension to compensate for the difference between country specific pension practices. Mats Paulsson was not a participant in any of Caverion's short-term or long-term incentive plans.

³⁾ The compensation paid to Ari Lehtoranta in the above table contains only the remuneration paid from his period as Caverion's President and CEO. After 28 February 2021, Mr. Lehtoranta was paid the contractual six months' notice period salary of EUR 330,000 in 2021. He was also entitled to a severance payment amounting to 12 months' base salary as monthly payments after the termination date. The severance paid amounted to EUR 220,000 in 2021 and EUR 440,000 in 2022. The whole severance payment amount was recognised as an expense in Caverion's 2021 result. Mr. Lehtoranta did not receive any short-term incentive payments or share payments in 2021 or 2022. Ari Lehtoranta also had a supplementary defined contribution pension plan, annual

contribution being 20% of the base salary (including the six months' notice period salary but excluding severance payments). Additionally, he was eligible for the Finnish statutory pension.

For the board membership period starting in March 2022, Board membership fees are paid as annual fees, 60% of which are paid as cash and 40% as Caverion shares according to the decision by the Annual General Meeting (50% as cash and 50% as shares for the board membership period starting in March 2021).

More detailed information on share-incentive schemes has been presented in note 6.2 Share-based payments.

Remuneration of the President and CEO

Jacob Götzsche joined Caverion Corporation as President and CEO in August 2021. Mr. Götzsche's fixed annual base salary is EUR 620,000 in addition to which he is entitled to customary fringe benefits. In 2022, the actual base salary and fringe benefits paid to Mr. Götzsche amounted to EUR 649,976 (EUR 253,036 in 2021). Caverion does not provide pension coverage for Jacob Götzsche, but to compensate for this he is paid an additional 20% cash allowance calculated from his fixed annual base salary to obtain a pension coverage by himself. No specific retirement age has been agreed.

Jacob Götzsche was not a participant in Caverion Corporation's short-term incentive plan 2021 and thus no short-term incentive was paid for him in 2022 for financial year 2021. His short-term incentive annual earning opportunity for 2022 was at the target level 40% and at the maximum level 80% of the annual fixed base salary.

Jacob Götzsche's strategic short-term incentive targets for the financial year 2022 were Caverion Group's Adjusted EBITA with 70% weight and Caverion Group's Adjusted Cash flow with 30% weight. The President and CEO's short-term incentive related to 2022 amounted to 71% of the annual salary, with a corresponding value of EUR 443,226, payable in April 2023. In addition, Jacob Götzsche is eligible for a one-time cash bonus corresponding to four months of base salary, with a corresponding value of EUR 206,667, as a reward for the extraordinary contribution in connection with the public tender offer, payable in 2023. Mr. Götzsche did not receive any share-based payments during the years 2021 and 2022 but he is a participant in the share-based incentive plan PSP 2022-2024.

In case of termination, Mr. Götzsche's notice period is six months for both parties. Mr. Götzsche is entitled to a severance pay amounting to 12 months' base salary if the company terminates the agreement.

Remuneration of the Group Management Board (excluding President and CEO)

EUR thousand	Fixed base salary	Fringe benefits	Short-term Incentive	Share-based payments	Total 2022
Group Management Board members excluding President and CEO ¹⁾	3,207	118	994	131	4,450

¹⁾ Includes the members' total remuneration for the period they have been members of the Group Management Board.

In 2022, a total of 23,621 Caverion Corporation shares were transferred to the Group Management Board (excluding President and CEO) as a reward from the Restricted Share Plan 2019-2021. In 2021, a total of 215,270 Caverion Corporation shares were transferred to the Group Management Board as a reward from the Matching Share Plan 2018-2022 as well as from the Restricted Share Plan 2018-2020.

In addition to the above compensation, some of the Group Management Board members take part in country specific group pension arrangements. The members of the Group Management Board do not, however, have any supplementary executive pension schemes and the statutory retirement age applies.

Also, a total of EUR 362 thousand of compensation related to the termination of the Group Management Board members' employment was paid during financial year 2022 (EUR 399 thousand in 2021).

Additional information on Management remuneration is presented in the parent company financial statements

6.2 Share-based payments

Caverion has long-term share-based incentive schemes which are a part of the remuneration and commitment programme for the management and key personnel of Caverion Group. The key aim is to align the interests of the shareholders and the executives in order to promote shareholder value creation and to commit the key executives to the company and its strategic targets and to offer them a competitive reward plan based on the ownership of the company's shares.

Caverion's Board of Directors approved a rolling long-term share-based incentive plan for the Group's senior management and key employees in December 2015. The share-based incentive plan consists of a Performance Share Plan (PSP) as the main structure, complemented by a Restricted Share Plan (RSP) structure for specific situations. Both plans consist of annually commencing individual plans, each lasting a three-year period. The commencement of each new plan is subject to a separate decision of the Board. Of the plans depicted below, the performance share plan commencing in 2018 was based on the rolling incentive structure approved in December 2015. Also all restricted share plans commencing during years 2018-2022 are based on the rolling structure originally approved in December 2015.

In December 2018, Caverion's Board of Directors approved the establishment of a new share-based long-term incentive plan which is based on a performance share plan (PSP) structure. This new incentive structure consists of annually commencing individual performance share plans, each with a three-year performance period, which is followed by the payment of the potentially attained share reward. The performance share plans commencing during years 2019-2022 are based on the rolling incentive structure approved in December 2018.

Share-based long-term incentive plan 2018-2020

In its December 2017 meeting, Caverion's Board of Directors approved the commencement of Performance Share Plan 2018-2020 and Restricted Share Plan 2018-2020. The targets for PSP 2018-2020 were partially met and, in a share issue without consideration, 28,169 Caverion

Corporation shares were conveyed to 77 participants during 2021. For RSP 2018-2020, 35,483 Caverion Corporation shares were conveyed to 16 key employees in 2021.

Matching Share Plan 2018-2022

In February 2018, Caverion announced the establishment of a share-based incentive plan directed at the key employees of the Group, "Matching Share Plan (MSP) 2018-2022". The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to encourage the key employees to personally invest in the company's shares, to retain them at the company and to offer them a competitive reward plan that is based on acquiring, receiving and holding the company's shares. The prerequisite for participating in MSP 2018-2022 is that a key employee acquires company shares up to the number and in the manner determined by the Board of Directors. The rewards from the plan will be paid in four instalments, one instalment each in 2019, 2020, 2021 and 2022. However, the reward payment will be deferred if the yield of the share has not reached the pre-set minimum yield level by the end of the matching period in question. The deferred reward will be paid as soon as practical after the pre-set minimum yield level has been reached. If the pre-set minimum yield level has not been reached by the end of reward instalment specific grace periods ending in 2021-2022, no reward from the matching period in question will be paid. Furthermore, the receiving of the reward is tied to the continuance of the participant's employment or service upon reward payment.

The target group of MSP 2018-2022 consists of approximately 20 key executives, including the members of the Group Management Board. The rewards to be paid on the basis of the MSP correspond to the value of an approximate maximum total of 2,520,000 Caverion Corporation shares (including also the portion to be paid in cash). In 2019, Caverion's Board of Directors decided on share issues without consideration in which 391,469 shares were conveyed to key employees participating in MSP 2018-2022 as a reward from the matching period 1 March 2018 - 28 February 2019. A total of 4,431 shares from these issues were returned to Caverion during 2020. In the spring 2021, 120,199 Caverion Corporation shares were conveyed as a reward from the matching period 1 March 2018 - 29 February 2020 and, for participants who joined the plan at a later stage, also as a reward from the matching period 1 March 2018 - 28 February 2019. Additionally, in the fall of 2021, 168,650 Caverion Corporation shares were conveyed as a reward from the matching period 1 March 2018 - 28 February 2021. From the 2021 share issues, a total of 46,977 shares were returned to Caverion.

No rewards were paid during 2022 under MSP 2018-2022. However, the Board of Directors has in December 2022 decided to supplement the terms of the MSP. Notwithstanding the grace period for the fourth instalment terminating on 31 December 2022, the Board maintained full discretion to resolve on any partial or full pay-out under the fourth instalment under certain conditions.

Share-based long-term incentive plan 2019-2021

In December 2018, Caverion's Board of Director's approved the commencement PSP 2019-2021 and RSP 2019-2021. PSP 2019-2021 could include a maximum of approximately 75 key

employees of Caverion Group. The performance target KPI's were the relative total shareholder return of the Company's share and earnings per share. The targets for PSP 2019-2021 were not met and, therefore, no rewards were paid. Within RSP 2019-2021, share allocations were made for individually selected key employees in special situations. On 24 February 2022, 55,020 Caverion Corporation shares were conveyed in a share issue without consideration to 22 key employees participating in RSP 2019-2021.

Share-based long-term incentive plan 2020-2022

In December 2019, Caverion's Board of Director's approved the commencement PSP 2020-2022 and RSP 2020-2022. However, on 30 April 2020, the Board decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 until the beginning of the year 2021. PSP 2020-2022 may include a maximum of approximately 90 key employees of Caverion Group. The performance targets for the plan are the relative total shareholder return of the Company's share and earnings per share. If all targets are met, the share rewards based on PSP 2020-2022 will comprise a maximum of approximately 1.6 million Caverion shares (gross before the deduction of applicable taxes). The targets set for PSP 2020-2022 will be evaluated in the spring of 2023 after which the potential share rewards will be delivered to the participants.

Within RSP 2020-2022, share allocations are made for individually selected key employees in special situations. The maximum number of shares that may be allocated and delivered totals 230,000 shares (gross before the deduction of applicable taxes). The share rewards will be delivered to the participants in spring 2023 provided that their employment with Caverion continues until the delivery of the share reward.

Share-based long-term incentive plan 2021-2023

Caverion's Board of Directors approved in December 2020 the commencement of PSP 2021-2023 and RSP 2021-2023. PSP 2021-2023 may include a maximum of approximately 90 key employees of Caverion Group. The performance targets for the plan are the relative total shareholder return of the Company's share and earnings per share. If all targets will be met, the share rewards based on PSP 2021-2023 will comprise a maximum of approximately 1.6 million Caverion shares (gross before the deduction of applicable taxes) delivered in the spring of 2024.

Within RSP 2021-2023, share allocations are made for individually selected key employees in special situations. The maximum number of shares that may be allocated and delivered totals 165,000 shares (gross before the deduction of applicable taxes). The share rewards will be delivered to the participants in spring 2024 provided that their employment with Caverion continues until the delivery of the share reward.

Share-based long-term incentive plan 2022-2024

Caverion's Board of Directors approved in December 2021 the commencement of PSP 2022-2024 and RSP 2022-2024. PSP 2022-2024 may include a maximum of approximately 90 key employees of Caverion Group. The performance targets for the plan are the relative total shareholder return of the Company's share and earnings per share. If all targets will be met, the

share rewards based on PSP 2022-2024 will comprise a maximum of approximately 1.6 million Caverion shares (gross before the deduction of applicable taxes) delivered in the spring of 2025.

Within RSP 2022-2024, share allocations are made for individually selected key employees in special situations. The maximum number of shares that may be allocated and delivered totals 85,000 shares (gross before the deduction of applicable taxes). The share rewards will be delivered to the participants in spring 2025 provided that their employment with Caverion continues until the delivery of the share reward.

Costs recognised for the share-based incentive plans

The consolidated financial statements include costs from share plans amounting to EUR 2.6 (4.0) million. EUR 1.0 (1.5) million of the cost recognised is related to the Group Management Board.

Plan	Performance share plan				Restricted share plan				Matching share plan	
	Instrument	PSP 2022–2024	PSP 2021–2023	PSP 2020–2022	PSP 2019–2021	RSP 2022–2024	RSP 2021–2023	RSP 2020–2022	RSP2019–2021	MSP 2018–2022
Maximum number of shares	1,600,000	1,600,000	1,600,000	1,301,250	85,000	165,000	230,000	135,000	2,520,000	
Dividend adjustment	No	No	No	No	No	No	No	No	Yes	
Grant date	Jun 9, 2022	May 5, 2021	Jan 25, 2021	Apr 3, 2019	Apr 12, 2022	Feb 17, 2021	May 18, 2020	Apr 12, 2019	Mar 1, 2018	
Beginning of earning period	Jan 1, 2022	Jan 1, 2021	Jan 1, 2020	Jan 1, 2019	Jan 1, 2022	Jan 1, 2021	Jan 1, 2020	Jan 1, 2019	Mar 1, 2018	
End of earning period	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	
End of restriction period	Apr 30, 2025	Apr 30, 2024	Apr 30, 2023	Apr 30, 2022	Feb 28, 2025	Feb 28, 2024	Feb 28, 2023	Feb 28, 2022	Jul 1, 2022	
Vesting conditions ¹⁾	TSR ²⁾ and EPS ³⁾	Division EBITA for selected participants				Minimum yield of the share				
Maximum contractual life, years	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.2	4.8	
Remaining contractual life, years	2.3	1.3	0.3	-	2.2	1.2	0.2	-	-	
Number of persons at the end of the reporting year	81	77	74	-	7	32	30	-	13	
Payment method	Cash and shares	Cash and shares	Cash and shares	Cash and shares	Cash and shares					
Changes in plan during the period										
Outstanding at the beginning of the reporting period, 1 January 2022	-	1,348,250	1,272,500	722,500	-	59,000	195,000	125,500	433,947	
Changes during the period										
Granted	1,260,167				52,000	55,000				
Forfeited		149,000	186,250	70,000		9,000	11,000	5,500	90,000	
Earned (gross)								120,000		
Expired				652,500						
Outstanding at the end of the period, 31 December 2022	1,260,167	1,199,250	1,086,250	-	52,000	105,000	184,000	-	343,947	
Delivered during the period (net)	-	-	-	-	-	-	-	55,020	-	

¹⁾ Continued employment with Caverion until the delivery of the share reward is included as a vesting condition in all share incentive plans.

²⁾ Relative total shareholder return (TSR)

³⁾ Earnings per share (EPS)

The public tender offers made for Caverion's shares can have an effect on the payments made under Caverion's outstanding share incentive plans. Additional information on the possible effects can be found in North Holdings 3 Qy's tender offer document published on 24 November 2022.

Accounting principles

Caverion's share-based incentive plans, which include a net settlement feature, are in principle accounted for as fully equity settled plans even though Caverion pays the withholding taxes in cash on behalf of the participants. The share-based incentive plans are valued at their fair value on grant date and are recognised as an employee benefit expense over the vesting period with corresponding entry in equity. The difference realised upon the settlement date is also accounted for against equity.

Insofar as the decision regarding the settlement method of the share-based incentive plans is outside of Caverion's discretion, the company's management has had to utilise its judgement based on the information available at the time. Caverion has estimated the effect of the public tender offers and other available information on the share-based incentive plans and their classification at the reporting date. Based on these estimates, Caverion has not deemed it necessary to change the classification used in the treatment of the share-based incentive plans from the previously applied treatment.

The fair value of the share-based rewards is based on the market price of Caverion Corporation's share at the grant date. Some of Caverion's share-based incentive plans also contain market-based vesting conditions which are taken into consideration when determining the fair value of the reward at grant date. For these, the reward's fair value is determined by utilising the Monte Carlo simulation which reflects also the probability of not achieving the market-based vesting condition. For the market-based vesting conditions, the expense is recognised regardless of whether the condition is, in the end, satisfied. For non-market-based vesting conditions, the achievement of the condition is taken into account in the number of shares which are expected to vest at the end of the vesting period.

6.3 Related party transactions

Caverion announced in February 2018 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. By the end of December 2022 the total outstanding amount of these loans amounted to approximately 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. As a result, Caverion had 623,122 Caverion Corporation shares as a pledge at the end of the reporting period on 31 December 2022.

Share-based incentive plans have been described in more detail in note 6.2 Share-based payments.

Transactions with key management and entities controlled by key management

EUR million	2022	2021
Sale of goods and services	0.0	0.0
Purchase of goods and services	0.1	0.1
Receivables	3.7	4.4
Liabilities	0.0	0.0

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

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

All transactions with entities controlled by key management personnel have been carried out on normal market terms and conditions and at market prices. Transactions with associated companies are listed in note 5.7. Investments in associated companies.

6.4 Subsidiaries

Company name	Domicile	Holding of Caverion Group, %	Holding of Caverion Corporation, %
Caverion Danmark A/S	Fredericia	100.00	100.00
Caverion Emerging Markets Oy	Helsinki	100.00	100.00
Caverion GmbH	Munich	100.00	100.00
Caverion Industria Oy	Helsinki	100.00	100.00
Caverion Internal Services AB	Stockholm	100.00	100.00
Caverion Norge AS	Oslo	100.00	100.00
Caverion Suomi Oy	Helsinki	100.00	100.00
Caverion Sverige AB	Stockholm	100.00	100.00
Caverion Österreich GmbH	Vienna	100.00	100.00
Huurte Technologies Oy	Kuopio	100.00	100.00
Caverion Deutschland GmbH	Munich	100.00	
Caverion Eesti AS	Tallinn	100.00	
Caverion Huber Invest Oy	Helsinki	100.00	
Caverion Latvija SIA	Riga	100.00	
Caverion Lietuva UAB	Vilnius	100.00	
Caverion Poland S.A.	Zabrze	100.00	
CS Electric A/S	Esbjerg	100.00	
Duatec GmbH	Munich	100.00	
Elicentra AB	Sundsvall	100.00	
GTS Automation GmbH	Bad Vöslau	100.00	
GTS Automation System SRL (RO)	Jilava	100.00	
Huurte Sweden Ab	Västerås	100.00	
LukkoPro Oy	Ylivieska	100.00	
MISAB Sprinkler & VVS AB	Stockholm	100.00	
Oy Botnia Mill Service Ab	Kemi	100.00	
Simex Klima & Kulde AS	Stavanger	100.00	
Teollisuus Invest Oy	Helsinki	100.00	
Visi Oy	Kotka	100.00	
DI-Teknik A/S	Køge	80.00	
Kiinteistö Oy Leppävirran Teollisuustalotie 1	Leppävirta	60.00	
CG FH St. Pölten GmbH	Vienna	50.00	

6.5 Events after the reporting date

Crayfish Bidco Oy ("Crayfish Bidco"), a Finnish company controlled by Triton Fund V, announced on 10 January 2023 a voluntary public cash tender offer for all the shares in Caverion Corporation, pursuant to which Crayfish Bidco proposes to acquire all issued and outstanding shares in Caverion Corporation at an offer price of EUR 8.00 per share. This tender offer is subject to certain conditions, as described in the announcement by Crayfish Bidco attached to Caverion's stock exchange release as per 10 January 2023.

Caverion Corporation received on 12 January 2023 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Crayfish BidCo had exceeded the threshold of 5 per cent. According to the announcement, the direct holding of Crayfish BidCo Oy in Caverion, and the indirect holding of Triton V LuxCo 87 SARL in Caverion, increased on 12 January 2023 to 13,647,263 shares, corresponding to 9.82 per cent of Caverion's shares and voting rights.

North Holdings announced on 11 January 2023, that it will extend the offer period for its tender offer announced on 3 November 2022 until January 31, 2023, at 4:00 p.m. (Finnish time) as well as provided updated information of its financing and regulatory approvals. In addition, North Holdings commented on the competing offer announced by Crayfish BidCo Oy on January 10, 2023. On 13 January 2023, North Holdings 3 Oy also supplemented its tender offer document published on 24 November 2022 with this information and also confirmed that it had received the merger control clearance decision of the European Commission. Additional information has been presented in Caverion's stock exchange releases and their attachments on 11 and 13 January 2023, respectively.

The Board of Directors of Caverion announced on 13 January 2023 that it continues evaluating Triton's tender offer and provided information on discussions with Triton. The Board said that it will present its view on the two offers, including a potential change in recommendation, latest on 24 January 2023.

North Holdings 3 Oy announced on 24 January 2023 that it improves the consideration in its tender offer. Furthermore, North Holdings 3 Oy extended the offer period until 28 February 2023 and lowered the acceptance threshold from more than 90 percent to more than 66 2/3 percent of all shares. The shareholders of Caverion are given the possibility to choose either: (i) a debt instrument entitling to a fixed cash payment of EUR 8.50 per share in nine months from the completion of the tender offer, or (ii) an immediate cash consideration of EUR 8.00 per share upon completion of the tender offer. The Board of Directors of Caverion Corporation also maintained its recommendation for the tender offer by North Holdings 3 Oy based on the improved offer terms. Additional information has been presented in Caverion's stock exchange releases on 24 January 2023.

On 26 January 2023, North Holdings announced that it had received all necessary regulatory approvals for its voluntary recommended public tender offer for all the shares in Caverion Corporation.

Income statement, Parent company, FAS

EUR	Note	1.1.-31.12.2022	1.1.-31.12.2021
Other operating income	1	58,815,501.43	55,478,581.90
Personnel expenses	2	-15,915,905.16	-14,651,322.59
Depreciation, amortisation and impairments	3	-628,912.64	-871,219.88
Other operating expenses	4	-49,753,006.01	-45,894,744.45
Operating profit / loss		-7,482,322.38	-5,938,705.02
Financial income and expenses	5	7,131,797.80	-6,504,496.75
Result before appropriations and taxes		-350,524.58	-12,443,201.77
Appropriations	6	13,800,000.00	9,067,160.67
Income taxes	7	-7,809.65	-112,381.62
Result for the period		13,441,665.77	-3,488,422.72

Balance sheet, Parent company, FAS

EUR	Note	31.12.2022	31.12.2021
Assets			
Non-current assets			
Intangible assets	8	5,059,115.95	5,661,797.26
Tangible assets	8	345,795.70	589,793.25
Investments	9	535,898,113.55	503,426,384.15
Total non-current assets		541,303,025.20	509,677,974.66
Current assets			
Non-current receivables	10	98,684,944.50	21,529,360.58
Current receivables	11	27,967,962.75	29,107,838.94
Cash and cash equivalents		54,520,323.61	102,823,909.98
Total current assets		181,173,230.86	153,461,109.50
Total assets		722,476,256.06	663,139,084.16
Equity and liabilities			
Equity			
Share capital	12	1,000,000.00	1,000,000.00
Unrestricted equity reserve		66,676,176.49	66,676,176.49
Retained earnings		42,263,056.21	69,116,233.71
Result for the period		13,441,665.77	-3,488,422.72
Treasury shares		-1,999,469.16	-2,358,078.82
Total equity		121,381,429.31	130,945,908.66
Liabilities			
Non-current liabilities	15	164,137,537.05	167,499,999.99
Current liabilities	16	436,957,289.70	364,693,175.51
Total liabilities		601,094,826.75	532,193,175.50
Total equity and liabilities		722,476,256.06	663,139,084.16

Cash flow statement, Parent company, FAS

EUR	1.1.-31.12.2022	1.1.-31.12.2021
Cash flow from operating activities		
Result before appropriations and taxes	-350,524.58	-12,443,201.77
Adjustments for:		
Depreciation, amortisation and impairments	628,912.64	871,219.88
Other adjustments	194,204.53	307,769.00
Financial income and expenses	-7,131,797.80	6,504,496.75
Cash flow before change in working capital	-6,659,205.21	-4,759,716.14
Change in working capital		
Change in trade and other current receivables	6,501,083.87	678,793.24
Change in trade and other current payables	-14,471,047.73	1,911,905.37
Cash flow before financial items and taxes	-14,629,169.07	-3,526,604.01
Cash flow from operating activities		
Interest paid and other financial expenses	-42,766,550.18	-25,988,015.78
Dividends received	13,374,796.79	0.00
Interest received and other financial income	36,235,702.00	23,238,729.16
Income taxes paid	-113,041.96	-2,127,832.34
Cash flow from operating activities	-7,898,262.42	-8,403,722.97

EUR	1.1.-31.12.2022	1.1.-31.12.2021
Cash flow from investing activities		
Purchases of tangible and intangible assets	-7,980,545.45	-7,094,951.84
Proceeds from the sales of tangible and intangible assets	8,198,311.67	6,512,869.74
Investments in subsidiaries	-11,430,108.25	-14,119,545.49
Cash flow from investing activities	-11,212,342.03	-14,701,627.59
Cash flow from financing activities		
Group contributions received	9,000,000.00	18,000,000.00
Repayment of non-current borrowings	-74,457,000.00	-53,000,000.00
Change in non-current loan receivables	-77,155,583.92	-244,406.77
Proceeds from non-current borrowings	74,637,537.06	50,000,000.00
Change in short-term financing	61,982,359.68	22,634,945.58
Dividends paid	-23,200,294.74	-27,234,901.60
Cash flow from financing activities	-29,192,981.92	10,155,637.21
Net change in cash and cash equivalents	-48,303,586.37	-12,949,713.35
Cash and cash equivalents at the beginning of the financial year	102,823,909.98	115,773,623.33
Cash and cash equivalents at the end of the financial year	54,520,323.61	102,823,909.98

Notes to the financial statements, Parent company

Caverion Corporation accounting principles

The financial statements have been prepared in accordance with the Finnish accounting standards (FAS).

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. The balance sheet has been translated using the European Central Bank rates on the closing date.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Financial income and expenses".

Valuation of assets

Intangible and tangible assets are recognized in the balance sheet at original acquisition cost less planned depreciation and amortisation and possible impairment.

Planned depreciation and amortisation are calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives of assets are the following:

Intangible assets	2-5 years
Buildings and structures	10 years
Machinery and equipment	3 years

Investments in subsidiaries as well as other investments are recognized at original acquisition cost or at fair value if fair value is lower than acquisition cost.

Income recognition

The parent company's income consists of services provided to Group subsidiaries. These service sales are booked to other operating income. The income is recognized once the services have been provided.

Future expenses and losses

Future expenses and losses which relate to the current or previous financial years and which are likely or certain to materialize and do not relate to a likely or certain future income, are recognized as an expense in the appropriate income statement category. When the precise amount or timing of the expenses is not known, they are recorded as provisions in the balance sheet.

Accrual of pension costs

The pension cover of the parent company is handled by external pension insurance companies. Pension costs are recognized in the income statement in the year to which these contributions relate.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting period end. These are classified as non-current. The assets are recognized at acquisition cost, and transaction costs are expensed in the income statement over the period of the loan to which they relate.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of the business. If collection is expected in 12 months or less, they are classified as current. If not, they are classified as non-current.

Cash and cash equivalents include cash in hand, bank deposits withdrawable on demand and other liquid short-term investments with original maturities of three months or less.

Financial liabilities and other liabilities

Hybrid bond is presented as a financial liability in the balance sheet of the parent company's financial statements. Borrowings are recorded on the settlement date at acquisition cost, and transaction costs are expensed in the financing expenses of the statement of income over the period of the liability to which they relate. Other borrowing costs are expensed in the period during which they are incurred. Fees paid on the establishment of loan facilities are recognised as an expense over the period of the facility to which they relate. Borrowings are derecognised when their contractual obligations are discharged, cancelled or expire.

Borrowings are classified as current liabilities if payment is due within 12 months or less. If not, they are classified as non-current.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities. Trade payables are recognized at acquisition cost.

Derivative instruments

Derivative contracts that are used to hedge currency and interest rate risks are valued at fair value. The fair values of foreign exchange derivatives are presented in Note 18 Derivative instruments. At the end of December 2022 Caverion has not used interest rate derivatives to hedge interest rate risk.

Foreign exchange derivatives are used to hedge against changes in forecasted foreign currency denominated cash flows and changes in value of receivables and liabilities in foreign currency. Foreign exchange derivatives are valued employing the market forward exchange rates quoted on the balance sheet date. Foreign exchange gains and losses related to business operations are included in operating profit. Foreign exchange gains and losses associated with financing are reported in financial income and expenses. Foreign exchange derivatives mature within 2023. Hedge accounting is not applied to foreign exchange derivatives.

Income taxes

Income taxes relating to the financial year are recognized in the income statement. Deferred taxes have not been booked in the parent company's financial statements.

Notes to the income statement, Parent company

1. Other operating income

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Service income	58,815.5	55,478.6
Total	58,815.5	55,478.6

2. Information concerning personnel and key management

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Personnel expenses		
Wages and salaries	13,434.7	12,615.2
Pension expenses	2,083.2	1,930.6
Other indirect personnel costs	398.0	105.5
Total	15,915.9	14,651.3

Average number of personnel during the financial period	97.0	94.0
---	------	------

Salaries and fees to the management

President and CEO	774.0	735.0
Members of the Board of Directors	619.3	458.6
Total	1,393.2	1,193.6

3. Depreciation, amortisation and impairments

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Amortisation of intangible assets	384.9	422.5
Depreciation of buildings and structures	16.1	16.1
Depreciation of machinery and equipment	227.9	432.6
Total	628.9	871.2

4. Other operating expenses

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Fees paid to the Auditor of the company		
Audit fee	283.0	297.3
Tax services	41.0	36.2
Other services	34.0	62.1
Total	358.0	395.7

Ernst & Young Oy, Authorized Public Accountants, operated as the company's auditor.

5. Financial income and expenses

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Dividend income		
From Group companies	13,374.8	0.0
Interest and financial income		
From Group companies	4,078.3	3,916.7
From others	324.0	135.7
Total	4,402.3	4,052.4
Impairment on investment assets		
Subsidiary shares	0.0	-3,839.0
Total	0.0	-3,839.0
Other interest and financial expenses		
Interest expenses to Group companies	-2,540.2	-296.3
Interest expenses to others	-5,641.3	-5,651.7
Other expenses to others	-3,477.7	-1,104.0
Total	-11,659.3	-7,051.9
Exchange rate gains	32,214.5	19,490.6
Change in the fair value of derivatives	-117.4	-323.4
Exchange rate losses	-31,083.1	-18,833.1
Total	1,013.9	334.1
Total financial income and expenses	7,131.8	-6,504.5

6. Appropriations

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Change in the difference between planned and taxation depreciation	0.0	67.2
Group contributions received	13,800.0	9,000.0

7. Income taxes

1,000 EUR	1.1.-31.12.2022	1.1.-31.12.2021
Income taxes on operating activities, current year	-7.8	-112.4
Total	-7.8	-112.4

Notes to the balance sheet, Parent company

8. Changes in fixed assets

1,000 EUR	31.12.2022	31.12.2021
Intangible assets		
Intangible rights		
Acquisition cost on Jan 1	14,518.0	14,518.0
Acquisition cost on Dec 31	14,518.0	14,518.0
Accumulated amortisation and impairments on Jan 1	-11,592.2	-11,199.5
Amortisation for the period	-351.8	-392.7
Accumulated amortisation and impairments on Dec 31	-11,944.1	-11,592.2
Book value on December 31	2,573.9	2,925.7
Renovations		
Acquisition cost on Jan 1	314.7	251.8
Additions	0.0	62.9
Book value on December 31	314.7	314.7
Accumulated amortisation and impairments on Jan 1	-67.9	-38.1
Amortisation for the period	-33.1	-29.8
Accumulated amortisation and impairments on Dec 31	-101.0	-67.9
Book value on December 31	213.8	246.9
Advance payments and construction in progress		
Acquisition cost on Jan 1	2,489.2	1,970.0
Additions	7,980.5	7,032.1
Disposals	-8,198.3	-6,512.9
Acquisition cost on Dec 31	2,271.4	2,489.2
Book value on December 31	2,271.4	2,489.2
Total intangible assets	5,059.1	5,661.8

1,000 EUR	31.12.2022	31.12.2021
Tangible assets		
Land and water areas		
Acquisition cost on Jan 1	109.8	109.8
Acquisition cost on Dec 31	109.8	109.8
Book value on December 31	109.8	109.8
Buildings and structures		
Acquisition cost on Jan 1	160.9	160.9
Acquisition cost on Dec 31	160.9	160.9
Accumulated depreciation and impairments on Jan 1	-136.8	-120.7
Depreciation for the period	-16.1	-16.1
Accumulated depreciation and impairments on Dec 31	-152.8	-136.8
Book value on December 31	8.0	24.1
Machinery and equipment		
Acquisition cost on Jan 1	1,918.8	1,918.8
Acquisition cost on Dec 31	1,918.8	1,918.8
Accumulated depreciation and impairments on Jan 1	-1,463.0	-1,030.4
Depreciation for the period	-227.9	-432.6
Accumulated depreciation and impairments on Dec 31	-1,690.9	-1,463.0
Book value on December 31	227.9	455.8
Total tangible assets	345.8	589.8

9. Investments

1,000 EUR	31.12.2022	31.12.2021
Shares in Group companies		
Acquisition cost on Jan 1	503,426.4	474,895.9
Additions	32,471.7	32,369.4
Impairments	0.0	-3,839.0
Acquisition cost on Dec 31	535,898.1	503,426.4
Total investments	535,898.1	503,426.4

10. Non-current receivables

1,000 EUR	31.12.2022	31.12.2021
Receivables from Group companies		
Loan receivables	95,019.3	17,170.0
Receivables from associated personnel		
Loan receivables	3,665.6	4,359.4
Total non-current receivables	98,684.9	21,529.4

Loan arrangements with Group key personnel are described in more detail in Note 19 Salaries and fees to the management.

11. Current receivables

1,000 EUR	31.12.2022	31.12.2021
Receivables from group companies		
Trade receivables	7,856.5	11,334.8
Loan receivables	350.0	0.0
Other receivables	14,969.1	9,757.0
Receivables, external		
Trade receivables	20.5	20.2
Other receivables	22.6	640.1
Accrued income	4,749.3	7,355.8
Total	27,968.0	29,107.8
Accrued income consists of:		
Accrued financial expenses	649.3	767.8
Tax receivables	78.0	0.0
Other receivables	4,022.1	6,587.9
Total	4,749.3	7,355.8

12. Equity

1,000 EUR	31.12.2022	31.12.2021
Share capital on Jan 1	1,000.0	1,000.0
Share capital on Dec 31	1,000.0	1,000.0
Unrestricted equity reserve on Jan 1	66,676.2	66,676.2
Unrestricted equity reserve on Dec 31	66,676.2	66,676.2
Retained earnings on Jan 1	63,269.7	93,685.5
Share-based incentive plans	-164.4	-109.3
Dividend distribution	-23,200.3	-27,235.2
Distribution of own shares	358.6	417.1
Retained earnings on Dec 31	40,263.6	66,758.2
Result for the period	13,441.7	-3,488.4
Total equity	121,381.4	130,945.9
Distributable funds on Dec 31		
Retained earnings	40,263.6	66,758.2
Net result for the financial period	13,441.7	-3,488.4
Unrestricted equity reserve	66,676.2	66,676.2
Distributable funds from shareholders' equity	120,381.4	129,945.9

Treasury shares of Caverion Corporation

December 31, 2022 parent company had treasury shares as follows:

	Number of treasury shares	Total number of shares	% of total share capital and voting rights
	2,447,447	138,920,092	1,76 %

13. Appropriations

1,000 EUR	31.12.2022	31.12.2021
Accumulated depreciation difference on Jan 1	0.0	67.2
Increase / decrease	0.0	-67.2
Accumulated depreciation difference on Dec 31	0.0	0.0

14. Deferred taxes and liabilities

1,000 EUR	31.12.2022	31.12.2021
Deferred tax assets		
Accumulated depreciation difference	41.5	27.9
Total	41.5	27.9

Deferred taxes have not been recognized in the parent company's financial statements.

15. Non-current liabilities

1,000 EUR	31.12.2022	31.12.2021
Liabilities to Group companies		
Other loans	4,500.0	7,500.0
Liabilities, external		
Loans from credit institutions	50,000.0	50,000.0
Hybrid bond	35,000.0	35,000.0
Senior bond	74,637.5	75,000.0
Total	164,137.5	167,500.0

16. Current liabilities

1,000 EUR	31.12.2022	31.12.2021
Liabilities to Group companies		
Trade payables	1 168.7	405.8
Accrued expenses	21,184.0	19,388.8
Other liabilities	382,989.5	330,834.3
Liabilities, external		
Trade payables	4,708.7	3,503.1
Loans from credit institutions	3,543.0	0.0
Commercial papers	9,964.5	0.0
Other current liabilities	840.4	337.2
Accrued expenses	12,558.7	10,223.8
Total	436,957.5	364,693.1
Accrued expenses consist of:		
Personnel expenses	6,332.3	4,021.4
Interest expenses	3,383.4	3,369.9
Accrued expenses to group companies	21,184.0	19,388.8
Other expenses	2,843.1	2,832.4
Total	33,742.7	29,612.6

17. Commitments and contingent liabilities

1,000 EUR	31.12.2022	31.12.2021
Leasing commitments		
Payable during the next fiscal year	2,832.9	2,669.1
Payable during subsequent years	18,049.6	20,763.6
Total	20,882.5	23,432.8
Guarantees		
On behalf of Group companies		
Contractual work guarantees	466,897.3	467,947.9
Loan guarantee	7,500.0	10,500.0
Leasing commitment guarantees	17,340.0	17,254.9
Factoring related guarantees	1,349.3	1,989.9
18. Derivate instruments		
1,000 EUR	31.12.2022	31.12.2021
External foreign currency forward contracts		
Fair value	-101.4	3.9
Value of underlying instruments	121,110.6	65,177.0
Internal foreign currency forward contracts		
Fair value	8.9	21.2
Value of underlying instruments	1,050.3	2,150.6

Derivative instruments are categorized to be on Level 2 in the fair value hierarchy. The fair values for the derivative instruments categorized in Level 2 have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using the market prices at the closing day of the fiscal year.

19. Salaries and fees to the management

Decision-making procedure regarding remuneration

Caverion Corporation's Annual General Meeting decides on the remuneration of the Board of Directors. The Human Resources Committee of the Board of Directors prepares the proposal on the remuneration of the Board of Directors for the Annual General Meeting. The Human Resources Committee also prepares the general remuneration principles, short- and long-term incentive schemes and the Remuneration Policy of Caverion Group which is approved by the Board of Directors.

The Board of Directors appoints the President and CEO and approves his/her terms of employment including remuneration. The Board of Directors also appoints the members of the Group Management Board. According to Caverion Guidelines all individual remuneration decisions have to be approved by the manager's manager. The Chairman of the Board approves the remuneration of the Group Management Board members.

Remuneration of the Board of Directors

Based on the decisions of Caverion Corporation's Annual General Meeting on March 28, 2022, the members of the Board of Directors are entitled to the following fees:

- > Chairman of the Board of Directors EUR 6,600 per month (EUR 79,200 per year)
- > Vice Chairman of the Board of Directors EUR 5,000 per month (EUR 60,000 per year)
- > Members of the Board of Directors EUR 3,900 per month (EUR 46,800 per year)

A meeting fee of EUR 550 was paid for each Board and Committee meeting held in the member's domicile or electronically and EUR 900 per meeting held outside the member's domicile for their participation in meetings of the Board of Directors and its committees during 1.1.-28.3.2022. A meeting fee of EUR 900 was paid for each Board and Committee meeting held during 29.3.-31.12.2022. Possible travel expenses were reimbursed in accordance with the principles related to remuneration of tax-exempt travel expenses approved by the Finnish Tax Administration. No other financial benefits were paid in relation to the Board membership.

In addition to and separate from the role as the Chairman of the Board and Chairman of the HR Committee, a company solely owned by Mats Paulsson has had a consulting agreement with the Company. The agreement was effective until 31.12.2022. The fees under the agreement totaled EUR 119,999 during 2022. The consulting agreement has been made in accordance with the Remuneration Policy. Apart from the said consulting agreement with a company owned by Mats Paulsson, none of the board members have an employment relationship or service agreement with Caverion Group and they are not part of any of Caverion Group's short- or long-term incentive schemes or pension plans.

Fees paid to the Board of Directors

EUR	Board membership annual fee*	Permanent committee meeting fee	Ad hoc committee meeting fee	Board meeting fee	Total 2022	Total 2021
Jussi Aho	46,800	5,600		21,250	73,650	58,700
Markus Ehrnrooth**	60,000	2,350		7,750	70,100	73,000
Joachim Hallengren	46,800	5,050	25,200	22,150	99,200	58,900
Thomas Hinnerkov	46,800	5,050	24,300	21,150	97,400	58,900
Kristina Jahn	46,800	5,050		22,150	74,000	59,800
Mats Paulsson	79,200	5,600	24,300	23,950	133,050	91,100
Jasmin Soravia	46,800	4,700		20,350	71,850	58,150
Total	373,200	33,400	73,800	138,850	619,250	458,550

* Board membership fees were paid as annual fees, 60% of which were paid as cash and 40% in Caverion shares according to the decision by the Annual General Meeting.

** The Vice Chairman of the Board, Markus Ehrnrooth did not participate in and refrained from the work of the Board of Directors and its committees during the pendency of the discussions pertaining to the public tender offers for all the shares in the company as described in more detail in the Board of Directors' Report January 1-December 31, 2022.

Management remuneration

The remuneration paid to the Group's Management Board members consists of:

- > Fixed base salary
- > Fringe benefits
- > Short-term incentive scheme, such as annual performance bonus plan, and
- > Long-term incentive schemes, such as share-based incentive plans

Short term incentive schemes

The basis of remuneration at Caverion is a fixed base salary. In addition, the Group's management and most of the salaried employees are included in a performance based short-term incentive plan. The aim of the annual short-term incentive plan is to reward the management and selected employees based on the achievement of pre-defined and measurable financial and strategic targets. The Board of Directors approves the terms of the short-term incentive plan every year, according to which possible incentives are paid. Performance of the Group, the President and CEO as well as Group Management Board members is evaluated by the Board of Directors. Potential incentives are approved by the Board of Directors and they are paid out after the financial statements have been finalised.

The amount of the possible incentive payment is based on the achievement of the pre-set financial performance targets, such as the Group's and/or division's and/or unit's financial result, strategic targets and/or development objectives set separately. Individual target and maximum

incentive opportunity are defined on the role based responsibilities. Possible incentive payments can vary from zero payment to the pre-defined maximum incentive payment based on the achievement of set targets.

Performance and development discussions are an essential part of the annual incentive plan and performance development process at Caverion. Possible individual targets, their relative weighting and achievement of the previously agreed targets are set and reviewed in these discussions.

The maximum short-term incentive paid to the President and CEO may be at maximum level 80% of the annual fixed base salary. The maximum short-term incentive paid to the members of the Group Management Board may equal at maximum level to 70-80% of the annual fixed base salary.

Long-term incentive schemes

Long-term incentive schemes at Caverion are determined by the Board of Directors and they are part of the remuneration of the management and key personnel of Caverion Group. The aim is to align the interests of the shareholders and the executives in order to promote shareholder value creation and to support Caverion in becoming a leading service company and a selective master of projects by covering the whole life cycle of buildings, industries and infrastructure. In addition, the aim is to commit the key executives to the company and its strategic targets and to offer them a competitive reward plan based on the ownership of the company's shares.

Matching Share Plan 2018–2022

Caverion's Board of Directors approved a new share-based long-term incentive plan "Matching Share Plan 2018-2022" in its February 2018 meeting. The prerequisite for participating in the Plan is that a key employee shall acquire company shares up to the number and in the manner determined by the Board of Directors. The Plan includes four matching periods, all beginning on 1 March 2018 and ending on 28 February 2019, 29 February 2020, 28 February 2021 or 28 February 2022. The plan participant may not participate in the Performance Share Plan 2018-2020 and/or 2019-2021 simultaneously with participating in the Matching Share Plan.

The rewards from the plan will be paid in four instalments, one instalment each in 2019, 2020, 2021 and 2022. However, the reward payment will be deferred, if a yield of the share has not reached the pre-set minimum yield level by the end of the matching period in question. If the pre-set minimum yield level has not been reached by the end of reward instalment specific grace periods ending in 2021–2022, no reward from a matching period in question will be paid.

In a directed share issue without consideration, 120,199 Caverion Corporation shares held by the company were on 30 April 2021 conveyed to key employees included in the Matching Share Plan 2018-2022. The shares were delivered as a reward from the matching period 1 March 2018 - 29 February 2020 and, for participants who have joined the plan at a later stage, also as a reward from the matching period 1 March 2018 - 28 February 2019.

In a directed share issue without consideration, 168,650 Caverion Corporation shares held by the company were on 25 August 2021 conveyed to key employees included in the Matching Share Plan

2018 - 2022. The shares were delivered as a reward from the matching period 1 March 2018 - 28 February 2021.

From the 2021 share issues, a total of 16,911 own shares were returned to Caverion on 14 September 2021 and 30,066 own shares on 16 November 2021. No rewards were paid during 2022 under the MSP.

The Board of Directors has in December 2022 decided to supplement the terms of the MSP. Notwithstanding the Grace Period for the fourth instalment terminating on 31 December 2022, the Board maintained full discretion to resolve on any partial or full payout under the fourth instalment under certain conditions.

Share-based long-term incentive plan 2019–2021

Caverion's Board of Directors decided on a new share-based long-term incentive plan for key employees of the Group in its December 2018 meeting. The new plan is based on a performance share plan (PSP) structure. The Board approved at the same time the commencement of a new plan period 2019–2021 in the Restricted Share Plan (RSP) structure, a complementary share-based incentive structure for specific situations. Both plans consist of annually commencing individual plans, each with a three-year period. The commencement of each new plan is subject to a separate decision of the Board.

The Performance Share Plan 2019–2021 consists of a three-year operative financial performance period (2019–2021). The potential reward is based on the targets set for the Relative Total Shareholder Return and Earnings per share (EPS). The Board of Directors evaluates the target achievement in March 2022 and the potential share reward will be paid to the participants in April 2022.

Within RSP 2019-2021, share allocations were made for individually selected key employees in special situations. The maximum number of shares that may be allocated and delivered totals 135,000 shares (gross before the deduction of applicable taxes). The share rewards were delivered to the participants in spring 2022 provided that their employment with Caverion continues until the delivery of the share reward. 55,020 shares were conveyed in a share issue without consideration to 22 key employees participating in RSP 2019-2021.

Share-based long-term incentive plan 2020–2022

Caverion's Board of Directors decided on a commencement of new plan period 2020–2022 of the company's performance share plan (PSP) structure in its December 2019 meeting. The Board approved at the same time the commencement of a new plan period 2020–2022 in the Restricted Share Plan (RSP) structure, a complementary share-based incentive structure for specific situations. Both plans consist of annually commencing individual plans, each with a three-year period.

The Performance Share Plan 2020–2022 consists of a three-year operative financial performance period (2020–2022). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). On 30 April 2020, Caverion's Board of Directors decided, upon management's suggestion, to postpone the commencement of PSP 2020–2022 until the beginning

of the year 2021. The Board of Directors will evaluate the target achievements and potential share rewards will be delivered to the participants in spring 2023.

Share-based long-term incentive plan 2021-2023

Caverion's Board of Directors decided on a commencement of new plan period 2021-2023 of the company's performance share plan (PSP) structure in its December 2020 meeting. The Board approved at the same time the commencement of a new plan period 2021-2023 in the Restricted Share Plan (RSP) structure, a complementary share-based incentive structure for specific situations. Both plans consist of annually commencing individual plans, each with a three-year period.

The Performance Share Plan 2021-2023 consists of a three-year operative financial performance period (2021-2023). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). Potential share rewards will be delivered to the participants in spring 2024.

Share-based long-term incentive plan 2022-2024

Caverion's Board of Directors decided on a commencement of new plan period 2022-2024 of the company's performance share plan (PSP) structure in its December 2021 meeting. The Board approved at the same time the commencement of a new plan period 2022-2024 in the Restricted Share Plan (RSP) structure, a complementary share-based incentive structure for specific situations. Both plans consist of annually commencing individual plans, each with a three-year period.

The Performance Share Plan 2022-2024 consists of a three-year operative financial performance period (2022-2024). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). Potential share rewards will be delivered to the participants in spring 2025.

Remuneration of the President and CEO

The Board of Directors decides on the remuneration, benefits and other terms of the Managing Director agreement of the President and CEO. The remuneration paid to the President and CEO consists of fixed base salary, fringe benefits, annual short-term incentive plan, long-term incentive plan and other possible benefits such as defined contribution pension scheme. The President and CEO's annual short-term incentive can be up to 80% of the annual fixed base salary and the measures are based in Caverion's strategic targets set by the Board.

Termination compensation, pensions and retirement age of the President and CEO

Jacob Götzsche joined Caverion Corporation's as the President and CEO on 9 August 2021. In case of termination, his notice period is six months for both parties. Jacob Götzsche is entitled to a severance pay amounting to 12 months' base salary if the company terminates the agreement. The company will not provide a pension coverage for Jacob Götzsche, but to compensate for this he is paid an

additional 20 percent cash allowance calculated from his fixed annual base salary to obtain a pension coverage by himself. No specific retirement age has been agreed.

Ari Lehtoranta held the position of Caverion Corporation's President and CEO until 28 February 2021 when the Board of Directors of Caverion Corporation and Ari Lehtoranta mutually agreed that he leaves his position as President and CEO. Mr Lehtoranta was entitled to a severance payment amounting to 12 months' base salary as monthly payments after the termination date. The severance paid in 2022 was 440,000 euros. The last monthly severance payment was paid in August 2022, total severance payment being 660,000 euros.

Remuneration paid to the President and CEO in 2022

Jacob Götzsche's base salary and fringe benefits as the President and CEO in 2022 were in total EUR 649,976. Jacob Götzsche was not a participant in Caverion Corporation's short-term incentive plan 2021 and thus no short-term incentive was paid for him in 2022 for financial year 2021. His short-term incentive annual earning opportunity for 2022 was at the target level 40% and at the maximum level 80% of the annual fixed base salary.

Jacob Götzsche's strategic short-term incentive targets for the financial year 2022 were Caverion Group's Adjusted EBITA with 70% weight and Caverion Group's Adjusted Cash flow with 30% weight. The President and CEO's short-term incentive related to 2022 amounted to 71% of the annual salary, with a corresponding value of EUR 443,226, payable in April 2023. In addition, Jacob Götzsche is eligible for a one-time cash bonus corresponding to four months of base salary, with a corresponding value of EUR 206,667, as a reward for the extraordinary contribution in connection with the public tender offer, payable in 2023. Mr. Götzsche did not receive any share-based payments during 2022 but he is a participant in the share-based incentive plan PSP 2022-2024.

EUR	Fixed base salary	Fringe benefits	Short-term incentive payment	Long-term incentive payment	Supplementary pension scheme	Total 2022
Jacob Götzsche*	620,000	29,976			124,000	773,976

President and CEO's pension costs					Total 2022
Jacob Götzsche	Statutory pension scheme				305
	Supplementary defined contribution pension scheme *				124,000

* Jacob Götzsche is paid a 20% cash allowance calculated of his fixed annual base salary to obtain a pension coverage.

A regularly updated table on the Group Management Board members' holdings of shares is available in insider register.

Loans to associated parties

The President and CEO and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2022.

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. By the end of December 2022 the total outstanding amount of these loans amounted approximately to EUR 3.7 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.

Signatures to the Board of Directors' report and Financial statements and Auditor's note

Board of Directors' proposal for the distribution of distributable equity

The distributable equity of the parent company Caverion Corporation on December 31, 2022 is (EUR):

Retained earnings	40,263,587.05
Result for the period	13,441,665.77
Retained earnings, total	53,705,252.82
Unrestricted equity reserve	66,676,176.49
Distributable equity, total	120,381,429.31

The Board of Directors proposes to the Annual General Meeting to be held on 27 March 2023 that a dividend of EUR 0.20 per share will be paid for the year 2022.

Signature of the report of the Board of Directors and Financial statements

Helsinki, 8 February 2023

Caverion Corporation
Board of Directors

Mats Paulsson
Chairman

Markus Ehrnrooth*
Vice Chairman

Jussi Aho

Joachim Hallengren

Thomas Hinnerkov

Kristina Jahn

Jasmin Soravia

Jacob Götzsche
President and CEO

**The Vice Chairman of the Board, Markus Ehrnrooth has not participated in and has refrained from all the work of the Board of Directors and its committees for part of 2022 as described in the Board of Directors' Report January 1 – December 31, 2022 and has also refrained from signing the Board of Directors' Report January 1 – December 31, 2022 and the Annual Accounts January 1 – December 31, 2022 of the Company.*

The Auditor's note

Our auditor's report has been issued today
Helsinki, 8 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Caverion Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Caverion Oyj (business identity code 2534127-4) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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

Key audit matter

Revenue recognition

The accounting principles and disclosures concerning revenue recognition are disclosed in Note 2.1.

In accordance with its accounting principles Caverion applies the percentage-of-completion method for recognizing significant portion of its revenues.

The recognition of revenue by applying percentage-of-completion method and the estimation of the outcome of projects require significant management judgment in estimating the cost-to-complete as well as total revenues. From the financial statement perspective, significant judgment is required especially when the project execution and the associated revenues extend over two or more financials years.

The areas where significant judgment is required are more prone to the risk that the assumptions may be deliberately misappropriated. Based on above, revenue recognition was a key audit matter. This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

How our audit addressed the Key Audit Matter

Our audit procedures to address the risk of material misstatement included:

- > Assessing of the Group's accounting policies over revenue recognition of projects.
- > Examination of the project documentation such as contracts, legal opinions and other written communication.
- > Analytical procedures and review of financial KPI's as well as development of projects by
 - > reviewing the changes in estimated total revenues, cost-to-complete and changes in reserves, and
 - > discussing with the different levels of the organization including project, division and group management.
- > Analyzing key elements in management's estimates such as the estimated future costs-to-complete and the estimated time necessary to complete the project.
- > Evaluating the appropriateness of the Group's disclosures in respect of revenue recognition.

Key audit matter

Valuation of goodwill associated with German business operations

The accounting principles and disclosures concerning goodwill are disclosed in Note 4.2.

The valuation of goodwill associated with German business operations was a key audit matter

- > because the assessment process is judgmental, it is based on assumptions relating to market or economic conditions extending to the future,
- > because of the significance of the goodwill 77,7 million euro to the financial statements, and
- > as the management views that a reasonably possible change in key assumption may result in an impairment.

German business operations form a one cash generating unit. The valuation of goodwill is based on the management's estimate about the value-in-use calculations of the cash generating unit. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows.

Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.

How our audit addressed the Key Audit Matter

Our audit procedures regarding the valuation of goodwill in German business operation included involving EY valuation specialists to assist us in evaluating testing methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing.

In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations associated with German business operations.

The key assumptions applied by the management were compared to

- > approved budgets and forecasts,
- > information available in external sources, as well as
- > our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows.

We also assessed the sufficiency of the disclosures associated with the German business operations.

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 26 March 2018, and our appointment represents a total period of uninterrupted engagement of 5 years.

Other information

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

Our opinion on the financial statements does not cover the other information.

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

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

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

Helsinki, 8 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Independent Auditor's report on Caverion Oyj's ESEF Consolidated Financial Statements (Translation of the Finnish original)

To the Board of Directors of Caverion Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 7437007ECQWVPCJIS695-2022-12-31-fi.zip of Caverion Oyj for the financial year 1.1.-31.12.2022 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- > preparation of ESEF financial statements in accordance with Article 3 of ESEF RTS
- > tagging the consolidated financial statements included within the ESEF financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- > ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS.

Auditor's Independence and Quality Control

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

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- > whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- > whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- > whether the ESEF financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

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

Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statement of Caverion Oyj for the year ended 31.12.2022 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Caverion Oyj for the year ended 31.12.2022 is included in our Independent Auditor's Report dated 8.2.2023. In this report, we do not express an audit opinion or any other assurance on the consolidated financial statements.

Helsinki, 28 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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

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



Our Annual Reporting for 2022 consists of Annual Review (including Financial Statements and Board of Directors' Report), Sustainability Report, Corporate Governance Statement and Remuneration Report. Reports are available at caverion.com/annualreview.