Caverion
Building Performance

Annual Review 2021

CAVERION CORPORATION

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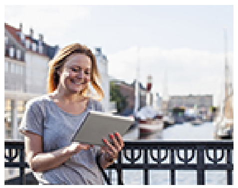
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We enable performance and people’s wellbeing in smart and sustainable built environment

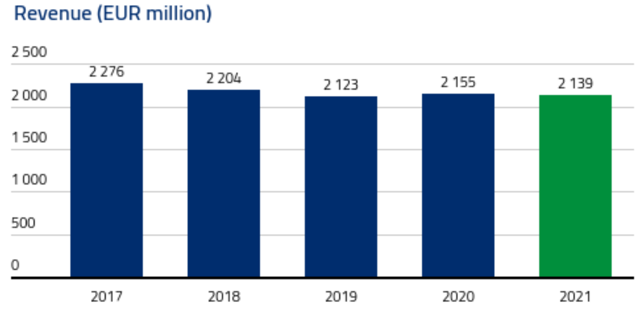
Caverion – Building Performance

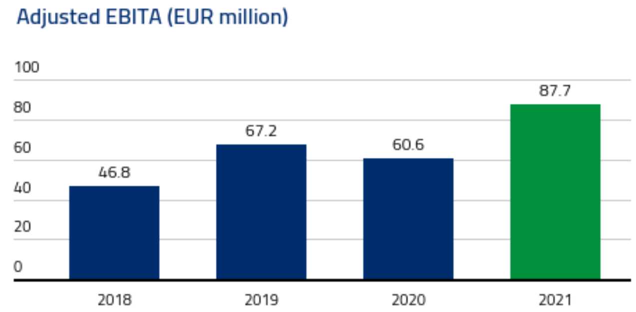
By making built environment smart and sustainable, Caverion enables performance and people's wellbeing. Customers can trust our expert guidance during the entire life cycle of their buildings, infrastructure or industrial sites and processes: from advisory services to design & build, projects, technical and industrial maintenance as well as facility management.

Our customers are supported by more than 14,000 professionals in 10 countries in Northern and Central Europe. Our revenue in 2021 was approximately EUR 2.1 billion. Caverion's shares are listed on Nasdaq Helsinki. Caverion's head office is located in Vantaa, Finland.

Smart and sustainable solutions

In the future, Caverion sees good growth prospects especially in smart and sustainable technology areas, including Building Automation, Refrigeration, Security and Safety. Our target is to create sustainable impact through our solutions, with a positive carbon handprint 10 times greater than our own carbon footprint by 2030. Going forward, we are actively striving to make the sustainability impact visible and measurable to our customers throughout our offering. Since 2021, Caverion is a proud member of the UN Global Compact, the world's largest corporate sustainability initiative. In February 2022, Caverion joined the Science Based Targets initiative to further reinforce our commitment to contributing to the fight against climate change with the solutions and services we provide.





Our business units: Services and Projects

Services

Caverion is a partner for its customers within built environment services, from technical maintenance 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 sustainable, flexible and high-quality services nation-wide or internationally. Our focus is on delivering impactful outcomes for our customers: carbon footprint decrease, energy savings, improved end-user satisfaction and optimal building conditions.

Our goal is to be the most reliable, transparent and trusted partner to our customers and to deliver sustainable growth.

Projects

Caverion delivers building technology and infrastructure projects for new built environment 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 meet regulations, 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.

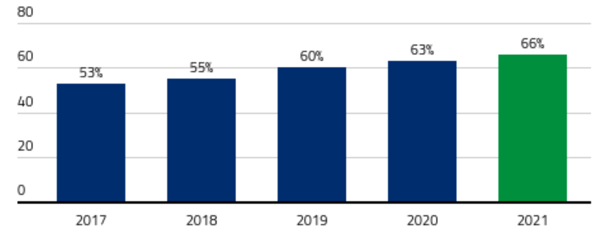
Services and Projects for industry

Caverion is improving efficiency and minimising losses and emissions from production processes by measuring, monitoring, maintaining, operating and modernising production. When customers' production facilities operate as planned, production disruptions, uncontrolled emissions and waste are eliminated.

Revenue by division

- Sweden 20%
- Finland 19%
- Germany 17%
- Norway 16%
- Industry 12%
- Austria 9%
- Denmark 4%
- Other countries 3%

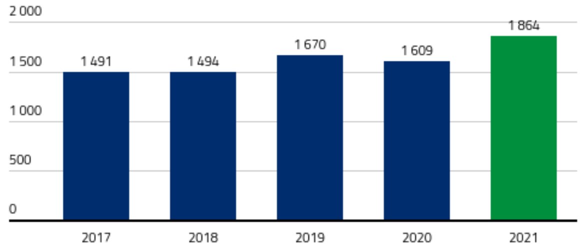
Services business share of revenue, %



Personnel by division

- Finland 20%
- Sweden 18%
- Norway 16%
- Industry 16%
- Germany 15%
- Austria 6%
- Other countries 4%
- Denmark 4%
- Group Services 1%

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



Revenue by customer segment

- Industry 33%
- Real Estate Users 25%
- Public Sector 16%
- General Contractors 14%
- Real Estate Investors and Developers 13%

SUSTAINABLE DEVELOPMENT GOALS

From the CEO

As we are soon entering a new strategy period focusing on sustainable growth, we are closing 2021 on the notion of getting Caverion fit for growth. Despite the demanding past years of life and work during the pandemic, we were able to deliver continued improvement in profitability in 2021. We were continuously adjusting our delivery to the changing market demands and we supported our customers in adapting to the new market environment.

Our purpose of enabling performance and people's wellbeing in smart and sustainable built environment guided us through the pandemic. We focused on our customers and how we can support them in serving their purpose and stakeholders. We made investments into our own capabilities, both through acquisitions and training programs. We further developed our digital offering and advisory services in regard to energy efficiency. We will give more details about our strategy and our aim to deliver sustainable growth at our Capital Markets Day in May. I want to highlight four themes that have been in our focus throughout the latest strategy period and will continue as our strategic themes also in the years to come.

Our people – at the core of everything we do

Our more than 14,000 employees are what Caverion is all about. They are the ones ensuring building performance and building our brand by serving our customers every day. It is my top priority to make sure that everyone can work in a safe and healthy work environment every day. Therefore I am very happy that we were able to continue our trend of reducing LTIFR in 2021. It was lower than ever and is amongst the best in our field.

We clearly see that our preventive and proactive measures, that have become an integral part of our Building Performance culture, are showing results. However, we will continue focusing on making Caverion an even safer workplace.

Despite the pandemic, we offered last year apprenticeships to more than 800 young professionals – future building performers looking to make a difference in a job with a powerful purpose.

We believe that diversity, equity and inclusion create a great Building Performance culture and enable us to serve our customers in the best possible way. Therefore the work to enhance these topics is a high priority for us. Our employee engagement survey in 2021 showed above-industry ratings and further improvements compared to 2019 in the areas of performance, safety, leadership and wellbeing. Happy employees who enjoy what they do in a safe work environment, and feel enabled and appreciated, contribute and lead to a great customer experience.

Customer experience – improvement in all divisions

Customers are the center of all our ambitions, planning and developments. Every change we make, every investment we plan, is being viewed through the lens of "How does this improve our customers' experience with us? How does this make us better in serving them?"

Throughout our Fit for Growth strategy period we have been able to increase our customer satisfaction, loyalty and NPS rates year on year. In 2021 we reached a record high. I am particularly proud of this, as it shows that we have been able to be a reliable, flexible, transparent and relevant partner to our customers also in the challenging pandemic times. In 2021 we have continued the close dialogue with our customers on all levels, also involving them closely through interviews and surveys into the preparation work for our new strategy. We were able to start new partnerships and expand existing relationships cross boarders through several large international managed services and industrial process contracts. In these partnerships we can show the unique advantage we can provide - a strong local presence and delivery capability across our geographies, paired with the scalable expertise of a large Group company.

Sustainability – towards a carbon-neutral society

We have set ourselves ambitious sustainability targets. Already now we are providing a handprint that is double the size of our footprint. By 2030, our goal is to achieve a handprint ten times bigger compared to the footprint (Scope 1-2). In 2021, we took the planning of our activities into more detail in all three areas of E (Environment), S (Social) and G (Governance) and completed the first estimates of Scope 3 emissions.

For the first time we also reported our EU taxonomy eligibility levels for 2021 and can be very proud of the difference we make every day. Our smart technology and digital solutions are meeting an increasing market demand. We support our customers with advice, such as our Smart Readiness Indicator consultation service, technical engineering, and installation and maintenance expertise. The goal is to make our customers' operations more energy-efficient and carbon-neutral and at the same time to improve indoor conditions for their tenants and end-users. We help our customers reach their own sustainability targets and thus improve our own handprint in the environment we operate in – this is why we are proud of our purpose enabling performance and wellbeing in smart and sustainable built environments.

We also joined the UN Global Compact in early 2021 (and most recently in early 2022 also the Science Based Targets initiative) to further reinforce our commitment to contributing to the fight against climate change with the solutions and services we provide.

Digitalisation – value to our customers

Digitalisation has been a megatrend driving our industry for years and it is at the core of the smart city approach. For us, the focus on digitalisation goes hand in hand with the previous three themes: How can digitalisation help our people serve customers better and work more safely? How can digitalisation be used to improve people's wellbeing in the environments we create? How can digitalisation help us reduce our waste and emissions and contribute to the fight against climate change? How can digitalisation bring direct value to our customers in their buildings or industrial facilities and processes?

In 2021 we strengthened our digital solutions development, for instance, by expanding the offering of Caverion SmartView. SmartView is a digital platform providing full insights into the performance of buildings and actionable insights for building owners and facility managers on how to improve energy efficiency and end-user wellbeing in their buildings. For our industrial customers, our Caverion Intelligence solution provides full-coverage predictive monitoring service for industrial processes. Our remote management services have been particularly valuable during the height of the pandemic when we could partly support, maintain and secure our customer's facilities without sending anyone physically onsite. We have listened and learned a lot from our customers and have taken their feedback and requirements into our agile solution development.

Internally also, we continue to focus on digitalising our processes further, with the focus of providing operational excellence in the field, leading to a reliable, efficient and transparent service to our customers.

I want to thank everyone who contributed to the improved performance in 2021, including our Caverion colleagues across our divisions, our customers who trusted us, our partners who joined us on the journey and our shareholders who supported the purpose we work for every day.

Jacob Götzsche

Sustainability highlights 2021

Innovation: Turning condensation heat from supermarket into clean energy

In cooperation with retail chain Osuuskauppa Arina and energy company Oulun Energia, we developed an innovative solution that captures condensation heat from the CO2 refrigeration and the heat pump energy in supermarkets to feed clean energy into the district heating grid. The first grocery store to utilise this technology will open in Oulu, Finland in spring 2022.

Electric service cars are the future

For example in Norway, about 75 fossil fuelled service vehicles were replaced with EVs in 2021. During the coming years, the replacement rate will be approximately 200 new cars every year in Norway alone. We aim to significantly increase the share of electric cars throughout our company in the future.

In addition, Caverion is one of the leading installers of EV charging infrastructure in Sweden and Norway.

Baltic Sea at the heart of Caverion

The Baltic Sea is our geographical heart. In 2021, we challenged our customers, employees and followers to learn more and act around smart cities and sustainability. For every activity, points were earned. For every point collected, we will make a €1 donation to the John Nurminen Foundation towards efforts to save the Baltic Sea and its heritage for future generations.

Our safety improvement continued

We care about the safety, health and wellbeing of our people. In 2021, we continued the systematic improvement of our safety and reached an all time low LTIFR level of 4.0. Proactive safety work will continue to be our focus in the futureas our goal is zero accidents.

Optimal campus conditions for 25 years

Over 1,900 children in daycare as well as elementary and secondary schools in Vienna, Austria get to enjoy new sustainable facilities. Caverion guarantees optimal indoor conditions and energy efficiency at the new campuses for 25 years after completion.

Supporting smart building technology research at Aalto University

We are partnering with Aalto University for the development and education and research of smart building technology and smart buildings. Caverion is committed to financially supporting the Intelligent Buildings Doctoral school in Finland for the next five years.

Campaign to prevent harassment

We believe that diversity and inclusiveness are critical elements in creating value for our customers, business partners, employees and shareholders. In November 2021, we launched a campaign in Norway to prevent harassment. The aim of the campaign is to make it clear that we do not tolerate bullying, discrimination or harassment in the workplace. The campaign has received very positive feedback and awareness.

Our strategy

After delivering on our Fit for Growth strategy, we will start a journey towards sustainable growth. Caverion is now well positioned to help provide a sustainable, digital future for its customers.

We started our Fit for Growth journey in 2018 after assessing the overall resilience and profitability of our business. We decided to embark on a journey that would make our business portfolio healthier, deleverage our debt profile and make Caverion our customers' first choice in digitalising built environments through our smart solutions.

In 2018–2019, as part of the first phase (Fit) of this strategy, we improved our financial performance. In this phase, we implemented strict selection criteria in our projects business, made changes to our geographical footprint, and discontinued unprofitable operations. The actions aimed to create a solid foundation for growth. After successfully executing on the actions in the Fit phase, we updated our strategy in late 2019 and started gearing us towards growth.

After very promising initial progress on our growth path, we were hit by the global coronavirus pandemic. We adjusted fast and flexibly to the changing market conditions and further updated our operating model; our number one priority was to support our customers in these challenging times with the services they now needed most. Throughout 2020-2021, our teams took all the necessary precautions in their daily work against the virus to ensure employee, customer and end-user safety.

We also used this decisive period to sharpen our future set up, and continued initiatives preparing Caverion for the Growth phase of our strategy after the pandemic. This included investing in smart technology and digital solutions, further developing our sustainability offering and strengthening our purpose-driven brand. Our target in 2020-2021 has been to further accelerate profitable growth in the Services business and exceed market growth. In Projects, we continued our selective approach, keeping our risk profile healthy.

Fit for Growth strategy

PURPOSE

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

VISION

First choice in digitalising environments

MUST-WINS

- Excellent customer experience
- Sustainable solutions
- Top performance at every level
- Winning team

FOUNDATION

Building Performance culture and values
Safety | Quality

KEY THEMES

Digitalisation and sustainability

Read more about our strategy and financial targets in Board of Directors' report page 13.

Towards our future strategy

During 2021, we worked on our new strategy that will guide us up until the year 2025. We expect to finalise this work during the first half of 2022 and present it at our Capital Markets Day on May 10, 2022.

The new growth strategy is built around core future capabilities that will allow Caverion to differentiate and focus on a market full of opportunities. It will deliver on Caverion's purpose of enabling performance and people's wellbeing in smart and sustainable built environments.

Caverion's strategic themes build the bridge between the previous and the future strategy periods. We continue to focus on:

- People
- Customer experience
- Digitalisation
- Sustainability

Our people are our most important asset; we want to retain, attract, and grow the right people and become the most attractive employer in our industry. Our Building Performance culture will be a key element for the success in our new strategy period.

We are focusing on a customer-centric operating model to deliver on our promise of "Building Performance" in every interaction we have with our customers. The voice of our customers will continue guiding us in our strategy execution to ensure we explore and improve every day in a partnership with our customers.

Digitalisation has been at the core of our solution development over the past years and will increase in importance regarding in our offering but also in the way we work and serve our customers to ensure we provide them transparent and reliable services and actionable insights into their built environment.

Sustainability will be at the core of our offering and all our operations. Sustainability is also gaining more and more emphasis in our customers' businesses. We can help our customers to achieve their sustainability targets.

We will tell more about our future strategy at our Capital Markets Day in Helsinki on May 10, 2022.

Caverion drives sustainable impact

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

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

We have set clear actions and KPIs to reach our targets. 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.

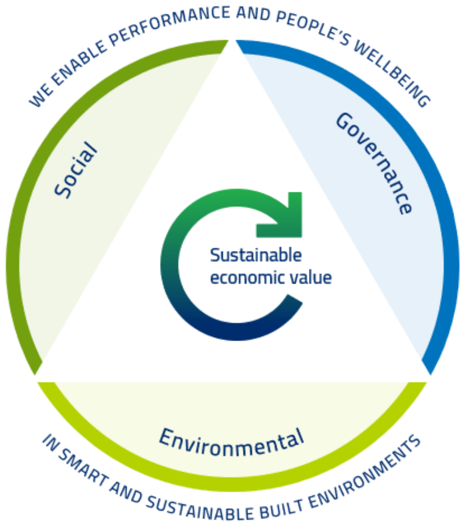
Read more about our sustainability targets in Board of Directors' report page 27.

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, 2021

Operating environment in 2021

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

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

More information on the operating environment of the business units has been presented in the financial statements release published on 10 February 2022.

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, Caverion is among the top-10 players in the market. Additionally, the Company 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 2021

Caverion's year 2021 was marked with profitability improvement that was visible throughout the year. The profitability improvement helped by the efficiency and productivity improvements came from both the Services and Projects sides of the business. The business mix change seen in recent years continued; the Services business accounted for 65.5 (63.3) percent of Group revenue in 2021. A highlight of the second half of the year was that the order backlog grew strongly both in Services and Projects compared to last year. This provides a solid foundation for profitable growth in 2022.

For the full year, Caverion's revenue decreased by 0.7 percent to EUR 2,139.5 (2,154.9) million. The corona pandemic still continued to impact operations to a certain extent. The Group's Services business revenue increased by 2.7 percent and amounted to EUR 1,402.4 (1,364.9) million. The Projects business revenue decreased by 6.7 percent to EUR 737.1 (790.0) million. During the year, Caverion also completed seven bolt-on acquisitions and continues to actively search for suitable acquisitions. Caverion also signed the divestment of its subsidiary in Russia and will no longer operate in the country after this transaction. More information about the acquisitions the divestment in Russia can be read under Group's 2021 financial statement note 4.1 "Acquisitions and disposals".

Caverion published its guidance for 2021 on 29 April 2021, according to which the Group's adjusted EBITA (2020: EUR 60.6 million) was estimated to grow in 2021 compared to 2020. The guidance remained valid up until the publication of the Financial Statement Release on 10 February 2022. The Group's adjusted EBITA amounted to EUR 87.7 (60.6) million, or 4.1 percent of revenue.

There were a few notable one-off items in 2021. The divestment of the non-core Russian subsidiary at the end of the year resulted in a capital loss of EUR 10.0 million. The largest part of the loss is explained by translation differences, which is a non-cash item and does not have an impact on equity. The transaction only had a limited cash flow effect. In addition to this, Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 9.1 million in 2021. Caverion also critically assessed its final remaining major risk project at the end of the year and made an additional provision of EUR 2.0 million in the fourth quarter, totalling EUR 4.0 million during 2021. The project is now handed over to the customer, however final discussions between the parties are still ongoing. Information on potential risk factors is given under "Short-term risks and uncertainties".

Caverion's cash flow was again strong. Operating cash flow before financial and tax items amounted to EUR 103.8 (157.6) million in 2021 and cash conversion (LTM) was 91.2 (158.5) percent. The Group's working capital at the end of 2021 was EUR -144.7 (-160.4) million. Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities at the end of the year. The Group's gearing was 69.8 (60.4) percent and the equity ratio 19.0 (18.9) percent at the end of

December. Net debt amounted to EUR 140.7 (118.6) million at the end of December and the net debt/EBITDA ratio was 1.1x (-0.2x).

Group strategy and financial targets

Caverion's Fit for Growth strategy and the financial targets launched on 4 November 2019 remained valid in 2021. Caverion builds on several sources of growth. A very strong customer base and long-term customer partnerships are the first foundation for growth. A second source is the accelerated need for digitalisation which can be seen across all of Caverion's customer segments and countries. 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 IoT solutions differentiate Caverion from its competitors already today and will also be a foundation for future growth. Caverion has also invested in building expertise in selected Smart Technologies such as Building Automation, Refrigeration and Security. Those solutions require regular maintenance which links to Caverion's core competence of supporting customers throughout the lifecycle of their built environments. This is delivered by our more than 14,000 highly skilled and dedicated employees. Caverion seeks growth both organically and inorganically through acquisitions.

In 2021, Caverion continued the work on its new strategy that will guide the company up until the year 2025 and expects to finalise this work during the first half of 2022. The new growth strategy is built around core future capabilities that will allow Caverion to differentiate and focus in a market full of opportunities. It will deliver on Caverion's purpose of enabling performance and people's wellbeing in smart and sustainable built environments. 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 and in high demand. This impacts the strategic choices of customers in all segments. Caverion is contributing to a carbon-neutral society through its energy-efficient and sustainable solutions and will continue developing them in accordance with customer demands. The Group's strategic themes continue to be the focus on people, customer experience, sustainability and digitalisation. Caverion expects market demand to pick up and all trends and regulations to drive demand for the solutions and expertise Caverion can deliver.

In 2022, Caverion will report for the first time its EU taxonomy eligibility levels for 2021, which, together with the sustainability targets, KPIs and actions, are described in more detail under "Disclosure regarding non-financial information". Over the longer term, Caverion's target by 2030 is to create sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its own carbon footprint (Scope 1-2).

Financial targets

Caverion continues to prioritise cash flow generation. Organic growth is supported by bolt-on acquisitions in selected growth areas and complementary capabilities. In the Services business, the target is to boost profitable growth. In the Projects business, the improving performance has gradually opened profitable growth opportunities.

Sustainably strong cash conversion, adjusted EBITA as well as organic revenue growth have been the Group's most important financial targets in the Fit for Growth strategy, supported by a moderate debt leverage level.

The following table presents the Group's financial targets and the progress in them during 2021.

Financial targets (mid-term)	Progress in 2021
Cash conversion = Operating cash flow before financial and tax items / EBITDA > 100%	- Cash conversion 91.2 (158.5)% in 2021 - Operating cash flow EUR 103.8 (157.6) million in 2021
Profitability: Adjusted EBITA* > 5.5% of revenue	- Adjusted EBITA margin amounted to 4.1 (2.8)% in 2021
Debt leverage: Net debt/EBITDA** < 2.5x	- At the level of 1.1x (-0.2x) as per 12/2021
Growth: - Organic revenue growth > 4% p.a. over the cycle. Supported by bolt-on acquisitions in selected growth areas and complementary capabilities. - Services revenue growth > market growth - Services revenue > 2/3 of Group revenue	- Organic revenue growth -2.0% in 2021 - Services business revenue growth 2.7% in 2021 - The share of Services continued to grow to 65.5 (63.3) percent of revenue in 2021
Dividend policy: distribute at least 50% of the result for the year after taxes, however, taking profitability and leverage level into account.	**Dividend distribution:** The Board of Directors proposes to the Annual General Meeting to be held on 28 March 2022 that a dividend of EUR 0.17 per share will be paid for the year 2021.

** EBITA is defined as Operating profit + amortization and impairment on intangible assets. Adjustments according to defined Items affecting comparability (IAC).*
***Based on calculation principles confirmed with the lending parties, containing certain agreed adjustments. The calculation principles take into account the impacts of the IFRS 16 standard as of Q4/2021, while prior to this period IFRS 16 standard impacts were not applicable.*

Group financial development 2021

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

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

Revenue

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

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

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

Distribution of revenue by Division and Business Unit

Revenue, EUR million	1-12/2021	%	1-12/2020	%	Change
Sweden	424.4	19.8	420.6	19.5	0.9%
Finland	403.9	18.9	416.0	19.3	-2.9%
Germany	374.1	17.5	368.8	17.1	1.5%
Norway	352.5	16.5	318.9	14.8	10.6%
Industry	256.8	12.0	275.9	12.8	-6.9%
Austria	188.7	8.8	191.4	8.9	-1.4%
Denmark	80.0	3.7	93.6	4.3	-14.5%
Other countries*	59.0	2.8	69.7	3.2	-15.5%
Group, total	**2,139.5**	**100.0**	**2,154.9**	**100.0**	**-0.7%**
Services	1,402.4	65.5	1,364.9	63.3	2.7%
Projects	737.1	34.5	790.0	36.7	-6.7%

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

Organic growth

Revenue change	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	2.7%	1.0%	1.4%	1.7%	-0.3%
Projects	-6.7%	-7.7%	-7.7%	1.0%	0.0%
Group, total	**-0.7%**	**-2.2%**	**-2.0%**	**1.5%**	**-0.2%**

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

Profitability

Adjusted EBITA, EBITA and operating profit

Adjusted EBITA for January–December amounted to EUR 87.7 (60.6) million, or 4.1 (2.8) percent of revenue and EBITA to EUR 59.4 (42.4) million, or 2.8 (2.0) percent of revenue.

The profitability improved during the period. Both Services and Projects improved their profitability. Particularly divisions Sweden, Germany, Norway, Industry and Austria progressed well. Division Finland continued its already strong performance. In Services, the performance continued overall on a strong level year-to-date. In Projects, market demand started to pick up following the stabilisation seen in the second quarter. In Projects, Caverion continued to improve its profitability. Caverion has so far coped well with the increase in material prices, affecting particularly the Projects business.

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

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

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

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

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

Adjusted EBITA and items affecting comparability (IAC)

EUR million	1–12/21	1–12/20
EBITA	59.4	42.4
EBITA margin, %	2.8	2.0
Items affecting comparability (IAC)		
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	10.7	-6.0
- Write-downs, expenses and income from major risk projects*	4.0	12.8
- Restructuring costs	2.9	10.7
- Other items**	10.6	0.6
Adjusted EBITA	87.7	60.6
Adjusted EBITA margin, %	4.1	2.8

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

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

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

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

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

Capital expenditure, acquisitions and disposals

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

Information on acquisitions and disposals during 2021 is presented in the Group's 2021 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 4.9 (3.6) million in 2021, representing 0.2 (0.2) percent of revenue. Of the total amount EUR 2.5 (1.8) million was recognised as an expense in the income statement and EUR 2.4 (1.8) million of the development expenses was capitalised.

Investments in research and development amounted to EUR 3.1 million in 2019, representing 0.1 percent of revenue. Of the total amount EUR 1.8 million was recognised as an expense in the income statement and EUR 1.3 million of the development expenses was capitalised in 2019.

Cash flow, working capital and financing

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

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

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

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

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

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

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

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

Board of Directors, Auditors, President and CEO

Board of Directors

The Annual General Meeting was held on 24 May 2021. 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 2022. The same members served in the Board of Directors also from the beginning of 2021 until the closing of the Annual General Meeting 2021.

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 2021. 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 was Ari Lehtoranta from 1 January 2017 until 28 February 2021. Mats Paulsson was appointed the Interim President and CEO on 28 February 2021 and continued in this position until 8 August 2021.

Caverion announced on 19 May 2021 that the Board of Directors of Caverion Corporation had appointed Jacob Götzsche (b. 1967), M.Sc. (Econ.), as the new President and CEO of Caverion Corporation. He started in his position on 9 August 2021.

Personnel

Personnel by division, end of period	12/21	12/20	Change
Finland	2,819	2,876	-2%
Sweden	2,528	2,601	-3%
Norway	2,331	2,366	-1%
Industry	2,243	2,464	-9%
Germany	2,177	2,260	-4%
Austria	903	852	6%
Other countries	609	1,050	-42%
Denmark	528	565	-7%
Group Services	160	129	24%
Group, total	**14,298**	**15,163**	**-6%**

Caverion Group employed 14,831 (15,773) people on average in January–December 2021. At the end of December, the Group employed 14,298 (15,163) people. Personnel expenses for January–December amounted to EUR 889.9 (902.6) million.

Employee safety continued to be a high focus area also in 2021. Due to the corona situation, many extra actions have been taken to protect the employees, to organise the work in a way that it is safe to complete and to establish different supportive trainings, tools and communication methods. The Group's accident frequency rate at the end of December was 4.0 (4.2).

Changes in Caverion's Group Management

Manfred Simmet was appointed as a transitional Head of Division Germany as of 19 January 2021. He will also continue in his current position as the Head of Division Austria.

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

The Board of Directors of Caverion appointed Jacob Götzsche as the President and CEO of Caverion Corporation in May 2021. He started in this position on 9 August 2021. Jacob Götzsche joined Caverion after a long career in ISS, where he held the position of CEO of Europe most recently.

Uno Lundberg was appointed Head of Division Sweden starting on 1 August 2021. He joined Caverion from Falck where his position was CEO for Falck Emergency in Scandinavia. Juha Mennander, who has been Head of Division Sweden since June 2018, has been supporting in the onboarding phase to ensure a smooth transition and will take on new challenges at Caverion after that.

Caverion announced on 9 November 2021 that CFO Martti Ala-Härkönen has resigned to accept a position in another company. The search for his successor has commenced. Martti Ala-Härkönen has been Caverion's CFO since September 2016.

Events after the review period

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

Short-term risks and uncertainties

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Interim Report Q3/2021. Those risks and uncertainties are still valid.

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 has made a large amount of project write-downs during the last few years. Systematic performance management continues to be part of the core project management processes in all divisions. In 2019 to, 2021, 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. 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 have been settled between the parties in the fourth quarter of 2021. 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 2021 Financial Statements under Note 5.5 "Financial risk management".

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

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

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

Authorisations

Repurchase and/or acceptance as pledge of own shares of the company

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

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

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

Share issues

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

The Board of Directors has used the current authorisation to decide on share issues during the period. The decisions on the directed share issues without payment described in the financial statements release published on 10 February 2022 under "Share capital and number of shares" were based partly on the current and partly 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, 2021 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, 2021 are presented in the notes to the financial statements.

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

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

More information on the incentive plans is presented in the Consolidated Financial Statements for 2021 under Note 6.2 "Share-based payments".

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

Trading in shares

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

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

Outlook for 2022

Guidance for 2022

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

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

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

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

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

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

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

Services

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

There is an increased interest for services supporting sustainability, such as energy management. Caverion has had a special focus for several years both in so-called Smart Technologies as well as in digital solutions development. These are believed to grow faster than more basic services on average and enable data-driven operations with recurring maintenance. In Cooling, as an example, there is a technical change ongoing from environmentally harmful F-gases into CO2-based refrigeration, providing increased need for upgrades and modernisations. The sustainability trend is also increasing the demand for building automation upgrades.

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

Projects

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

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

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

Disclosure regarding non-financial information

Driving sustainable impact

Our purpose is to drive change and enable performance and people's well-being in smart and sustainable built environments. To maximise positive sustainable impact, Caverion needs to offer solutions that help tackle the impacts of climate change and provide sustainable services for the current and future needs of customers and end-users/society. Caverion is committed to being a sustainable business. This means that Caverion adds value to society and to future business. To achieve this ambition, Caverion does business in a financially, environmentally and socially responsible way. This approach is integrated into the decision-making in strategies and actions, always keeping in mind the expectations of the key stakeholders of the company including shareholders, employees, partners, the communities in which Caverion is present and the global society Caverion is part of. Caverion aims for continuous development by decreasing its carbon footprint, increasing its carbon handprint, caring for its people and ensuring sustainable value chain operations.

This is what ESG – Environmental, Social and Governance – means to us.

Environmental aspects

As climate change continues to be the biggest threat planet is facing. Caverion is contributing to a carbon-neutral society by reducing its own emissions and by promoting its energy-efficient and sustainable solutions. Caverion is committed to work in achieving a positive carbon handprint five times greater than its Scope-1–2 carbon footprint, by 2025.

Footprint

Caverion's footprint and the carbon Scope-1–2 emissions – the direct impact Caverion has on the environment – are moderate, due to the business being focused on installation and services rather than physical product manufacturing. In 2021, in Caverion's own operations, the CO2 emissions of its service vehicle fleet was again more substantial than the emissions from its energy consumption.

In order to mitigate service fleet emissions, Caverion is focusing on increasing remote services, optimising routes and increasing the use of biofuels and electric vehicles. Caverion's service fleet in 2021 consisted of 4300 vehicles, of which over 100 were electric vehicles. The CO2 emissions of Caverion's service fleet remained on the same level as previous year, on the level of 15,000 tCO2. 95% of the fuel used by vehicle fleet is diesel, with an increasing number of biodiesels in use. Promoting ecological driving behaviour, efficient route planning and reduced pick-ups are also important to reducing Scope-1 emissions. Work in introducing a more environmentally friendly service vehicle fleet is on-going.

Assests	Business	Value created and impacts
▪ More than 14,000 employees in 10 European countries ▪ Caverion brand ▪ Focus in providing smart and sustainable solutions ▪ 4,600 service vehicles ▪ Equity capital EUR 201.4 m ▪ Interest-bearing debt EUR 271.6m (incl. lease liabilities)	**Services and projects:** Expert guidance for the entire life cycle of buildings, infrastructure and industrial sites and processes. ▪ Revenue: EUR 2,139.5m ▪ Adjusted EBITA: EUR 87.7 ▪ Market capitalisation: EUR 871.7m on Dec. 31, 2021	▪ Positive impact in the field of ESG ▪ Caverion carbon handprint impact over twice larger than Caverion own Scope 1-2 emissions ▪ Own fleet fuel emissions 16,000 tCO2 ▪ Improved net promoter score (NPS) ▪ Improved score in employee engagement index (Spirit survey) ▪ Over 800 apprenticeships for young potentials ▪ Improved work safety – LTIFR 4.0 ▪ Personnel expenses EUR 889.9m ▪ Expenses for materials and services 922.3M€ ▪ Net financing expenses paid EUR 9.0m ▪ Taxes paid EUR 14.3m ▪ Dividends paid EUR 27.3m

Scope-2 emissions are mainly from Caverion´s leased office buildings. Caverion is committed to increasing the share of renewable energy use in its own buildings and to implementing everyday energy efficiency activities, which have already been deployed at company headquarters and multiple other locations. Some of the divisions are already shifting to 100% renewable energy use in 2022.

In 2021, Caverion conducted a comprehensive study and estimation of its Scope-3 emissions for the first time. Caverion screened all the Scope-3 emission categories and identified purchased goods and services and the use of sold products as the biggest emission sources. Caverion aims to be the front-runner in its industry in carbon footprint and handprint work, so Caverion is taking the challenging yet decisive route in calculating Scope-3 emissions. Caverion is aiming to improve the accuracy of carbon calculations and to be able to compare them year-on-year. Based on Caverion´s estimate, Scope 3 accounts for over 90% of its carbon emissions. The aim is to externally announce emissions for each Scope-3 category in the future. Caverion has drawn up Group-level Scope 3 emission reduction plans with key reduction areas such as efficient waste and material management and the procurement of products and services.

Caverion is working with its suppliers to ensure that the existing and new products Caverion installs are fit for circularity and Caverion aims to calculate the environmental footprint of all the major devices installed for customers. Caverion is also planning collaboration with key suppliers to reduce the emissions and waste generated by its products. Acknowledging the biggest Scope-3 emission sources, Caverion aims to further improve and mitigate the environmental impacts the products Caverion offer to customers and thus to expand its carbon handprint.

Handprint

The main parts of Caverion cabon handprint accumulate from, for example, smart building automation, smart heating and cooling, EV charging, solar panel installations, energy management and Energy Performance Contracting (EPC) and industrial solutions and advisory services. These solutions offer major CO2-saving capabilities for customers and society. Annual savings from EPC, energy management and EV charging stations CO2 savings is already providing savings well above twice of Caverion´s Scope-1–2 footprint. As Caverion exapands its carbon emission calculations and carries out more sales with a positive handprint impact, Caverion is very well positioned for sustainable growth and achieving the ambitious 5X target by 2025.

The proposed revision of the Energy Performance of Buildings Directive (EPBD) is one example of the coming EU directives that highlight the importance of the sustainability and energy performance of buildings. Additionally, EU taxonomy for sustainable activities combined with heightened customer ambitions related to climate and sustainability targets are driving sales of projects that results in a positive carbon handprint. Many of major customers have committed to these ambitious emission reduction targets, such as World Green Building Councils 's Net Zero Carbon Buildings Commitment.

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 2021, 33.0 percent 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 67.0 percent of Group revenue in 2021, consisting of technical building services not contributing to carbon emission reductions and industrial services outside the renewable energy sector. Caverion's capital expenditure and operating expenses resulting from services or products associated with economic activities considered eligible with EU taxonomy amounted to 13.8 percent and 3.1 percent of its 2021 denominators of Capital Expenditure KPI and Operating Expenditure KPI, respectively. Caverion's business model is asset-light and does not require large-scale investments to cope with the EU taxonomy. Most of Caverion's investments are M&A or IT investments. More information on the calculation principles related to Caverion's EU Taxonomy eligible figures can be found on Caverion's website.

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

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

Environmentally sustainable activities according to EU taxonomy

With these levels of eligibility, Caverion demonstrates its strong position in environment and climate protection. Caverion also reaffirms its sustainability target of having a positive carbon handprint five times greater than its carbon footprint by 2025. In the longer term, Caverion's target by 2030 is to create a sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its carbon footprint (Scope 1-2).

Buildings account for approximately 40% of EU final energy consumption and 36% of the greenhouse gas emissions, making them the single largest energy consumer in Europe (source: EU). Caverion's solutions help its customers to improve their energy efficiency and thereby reduce their carbon footprint. Caverion commits to making a difference in sustainability together with its customers in line with its strategy and purpose: enabling performance and people's wellbeing in smart and sustainable built environments.

Assessment of eligibility with EU taxonomy

Caverion has identified close to 30 EU taxonomy activities in seven sectors of economic activity. The most significant sectors for Caverion include Construction & Real Estate and Energy, together representing approximately 87% of the total EU taxonomy eligible revenue. The relevant sustainable activities relating to the objective of climate change mitigation for Caverion according to EU Taxonomy include the following seven activity categories, with company products, technologies and services listed below each category:

Activity number	Activity	Company products, technologies and services
Construction & real estate		
7.3	Installation, maintenance and repair of energy-efficiency equipment	Installations, maintenance and repair of HVAC equipment and LED lighting, life cycle projects and maintenance contracts
7.4	Installation, maintenance and repair of EV charging stations	Installations, maintenance and repair of EV charging stations
7.5	Installation, maintenance and repair of devices for measuring, regulating and controlling energy performance of buildings	Installations, maintenance and repair of building automation systems, refrigeration automation and remote monitoring services
7.6	Installation, maintenance and repair of renewable energy technologies	Installations, maintenance and repair of renewable energy technologies, including pumped hydropower stations and solar panels
Energy		
4.1	Electricity generation using solar photovoltaic technology	Installation and maintenance related to solar power plants
4.5	Electricity generation from hydropower	Preventive maintenance related to facilities and equipment for hydropower generation
4.7	Electricity generation from renewable non-fossil gaseous and liquid fuels	Installations and operation of thermal power stations
4.9	Transmission and distribution of electricity	Installations and maintenance related to transmission and distribution lines and substations
4.15	District heating/cooling distribution	Installations and maintenance of district heating and cooling networks and facilities
4.16	Installation and operation of electric heat pumps	Installations and maintenance of electric heat pumps
4.17	Cogeneration of heat/cooling and power from solar energy	Installation and maintenance of connections from solar power generation to energy networks
4.24	Production of heat/cooling from bioenergy	Installations and operation of pellet boilers and other bioenergy generation facilities
4.25	Production of heat/cooling using waste heat	Installations and maintenance of heat recovery systems for pulp mills and heat exchangers for buildings
Information & communication		
8.2	Data-driven solutions for carbon emissions reductions	Development of SaaS software and systems related to carbon emission reductions
Professional, scientific and technical activities		
9.3	Professional services related to the energy performance of buildings	Advisory services related to energy efficiency, SRI services, EPC/ESCO contracts
Transport		
6.14	Infrastructure for rail transport	Installations and maintenance related to infrastructure for railways and subways
6.15	Infrastructure enabling low-carbon road transport and public transport	Installations and maintenance related to road traffic telematics and public EV charging stations
6.16	Infrastructure enabling low-carbon water transport	Installations and maintenance of equipment providing shore power to marine vessels
6.17	Low-carbon airport infrastructure	Installations and maintenance related to airport infrastructure
Manufacturing		
3.5	Manufacture of energy-efficiency equipment for buildings	Manufacturing of cooling equipment and building automation systems
Water supply, sewerage, waste management		
5.1	Construction, extension, operation and renewal of water collection, treatment and supply systems	Installation and maintenance of water treatment systems
5.3	Construction, extension, operation and renewal of waste water collection and treatment	Renewal of wastewater collection/sewage and treatment systems
5.5	Collection and transport of non-hazardous waste in source segregated fractions	Installations and maintenance of pneumatic waste collection systems

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

In 2021, Caverion continued to build its capabilities in becoming a leading service company and selective master of projects as well as being a pioneer in smart technologies. In order to achieve these ambitious business targets, Caverion wants to become the most attractive employer, both for current employees and potential future employees.

According to a comprehensive 2021 customer survey, Caverions strengths were identified to be its service mindset and the ability to respond quickly to, and in an efficient manner solve, the challenges of its customers. Our people are the interface to our customers in everything we do. It is therefore crucial to offer a working environment where everyone can perform their best and thereby provide an excellent level of service to our customers. To ensure this, Caverion has defined key principles in management as well as clear guidance on safety, leadership and many other important people-based practices. In 2021, Caverion enhanced its common ways of working across divisions and has developed its reporting in many management areas. In 2021, Caverion furthermore finalised its new values and defined value-based behaviours that serve as the foundation for our way of leading and working together. These will be published as part of Caverion´s updated strategy in 2022.

The abrupt effects of the pandemic, combined with slower-paced changes brought about by the megatrends of digitalisation and sustainability, have impacted our people. Not only has the way we do our work had to change, but also the type of work we do has started to change. In order to be able to react to and capitalise on these changes, we have kept our people-related focus on previously identified areas: Top performance at every level, Inspiring leadership, Right people in right places and Professional growth.

Caverion's Service and Project business units have continued to enhance both their technical and management capabilities. The work on Project Management capability enhancement has started to show results, and Caverion currently has a much better foundation to build on. A new area given extra focus has been Sales Competence Development by building a common competence frame and assessing key sales positions at the end of 2021. The new digital learning platform Campus enables easy access to Caverion's learning offering and enhances Caverion's ability to manage learning paths on different topics.

Caverion is among the top performers in terms of safety in its industry. The accident frequency rate was record low in 2021 at 4.0 (4.2). Caverion continues to develop even safer ways of working, and a 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 – our safety mission is to guarantee a safe working environment and working methods, and to be a leader in the field of proactive safety work.

In recent years, Caverion´s work safety culture has taken major steps forward. As a result of our systematic approach, more and more attention in being drawn to issues that improve work safety. Caverion strives to understand, for example, the root cause of each accident and to spend more time on investigating it. Caverion then develops and implements relevant work-safety measures to prevent similar accidents from happening in the future.

Diversity, equity and inclusion are important for Caverion, and work to live by these values is an important part Caverion's target to build a Performance Culture. As a company Caverion is committed to the UN's Sustainable development goals. Caverion believes that offering a diverse and inclusive work environment is a prerequisite to attracting the best people in the industry. It is fundamentally important for Caverion that everyone feels included and valued at work. We are at the beginning of the journey, but Caverion is committed to making a difference regarding diversity and equity in our industry. Caverion's Board of Directors represents five different nationalities and 29% of the members of Caverion Board of Directors are female.

It is crucially important for all managers to commit to our common values and act as role models. Caverion employees think that 89% of managers demonstrate honest and ethical behaviour in their daily work, 87% of employees feel respected by their managers and 91% by their colleagues. But that is not enough – everyone needs to contribute. Therefore, Caverion will focus on creating awareness and interest by providing knowledge throughout the company.

In 2021, Caverion built a frame for the activities that will take as further on this journey. The divisions have worked on local activities and will continue doing so, and Caverion will also have common company-wide activities embedded into its Culture Journey.

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. Caverion's 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. In 2021, company-wide Code of Conduct eLearning was rolled out to all employees with an excellent completion rate of 92%. This training is also part of Caverion employee onboarding during the first week of employment.

Caverion utilises a separate Supplier Code of Conduct with its partners. Suppliers, subcontractors and other business partners shall:

- Respect human rights by following international conventions, in particular the United Nations' Universal Declaration of Human Rights;

> Comply with fundamental conventions as defined by the International Labour Organization;
> Ensure that their own suppliers comply with requirements that meet or exceed the requirements laid down in Caverion's Supplier Code of Conduct.

In 2021, the sign-off rate for the Supplier Code of Conduct by major Caverion suppliers was 66%

Caverion operates primarily in developed, transparent markets. Potential risks relate to the uncertainty or unawareness of how subcontractors conduct their daily business. The risks of breach in the area of human rights are predominantly located further away in Caverion's supply chain. Caverion has an ethical reporting channel through which its employees and suppliers can confidentially and anonymously report their observations of suspected misconduct. In addition, reports can be submitted via email.

Anti-corruption and bribery

Caverion has several standard control processes aimed at preventing corruption and bribery from happening. These processes are part of both the sales and delivery phases. They include checks and controls (for example, monitoring, the use of ethical reporting channels, reviews, due diligence measures and approvals) in tender preparation and procurement activities as well as in the delivery and execution of Caverion services and projects.

Caverion has a Compliance Programme that includes clear milestones in order 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 network headed by the Compliance Officer. The role of the compliance network is to enhance a culture of integrity and responsibility and build leadership capabilities by rolling out the Caverion Compliance Programme to local teams and their operations. This includes a focus on raising awareness through compliance 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 reported or otherwise identified compliance cases and other Group-level ethics and compliance matters.

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. The Code of Conduct clearly sets out Caverion's policy on corruption and bribery: Caverion applies a zero-tolerance approach to corruption, bribery, anti-competitive practices, discrimination, harassment or any unlawful act.

The following principles guide Caverion's relationship with its suppliers, subcontractors and other business partners:

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

Caverion supports open and fair competition in all its markets. In addition, Caverion 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.

Caverion sustainability performance and KPIs

For more information on Caverion sustainability KPIs and actions, please read the Sustainability Report 2021

Focus area	KPI	Actions	2020	2021	Target 2025	Linking SDG
Decreasing Caverion´s footprint	Total carbon footprint defined and measured	Continued Scope 1-2 measurement. Scope 3 categories defined and first rough measurements on total Scope 3 emissions.	66%	80%	100%	13 CLIMATE ACTION
Increasing Caverion´s handprint	Our offering has a defined carbon handprint	Collaboration with key suppliers and engaging customers to offering development and handprint measurements.	-	20%	100%	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Increasing Caverion´s handprint	Carbon handprint over footprint (Scope 1-2)	Expanded carbon emission calculations and increased sales with a positive handprint, with simultaneous own carbon footprint reductions (Scope 1-2).	> 1x	> 2x	5x	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Caring for our people	Lost Time Injury Frequency Rate (LTIFR)	Investing in systematic safety work and strong proactive measures in safety.	4.2	4.0	<2	3 GOOD HEALTH AND WELL-BEING
Caring for our people	Share of female employees	Created a plan for longer term activities, started building awareness and local specific actions.	11%	11%	15%	5 GENDER EQUALITY
Caring for our people	Our employees trained in sustainability	E- Sustainability eLearning (to be launched in 2022) S- Safety eLearning 86 % G- CoC eLearning 92 %	-	89%	100%	8 DECENT WORK AND ECONOMIC GROWTH
Ensuring sustainable value chain	Supplier Code of Conduct (SCoC) sign-off rate	Follow-up integrated in procurement reporting.	63%	66%	90%	8 DECENT WORK AND ECONOMIC GROWTH
Ensuring sustainable value chain	Our tender requests include sustainability criteria	Plan and roadmap created for tracking of tenders.	-	-	100%	8 DECENT WORK AND ECONOMIC GROWTH

Key figures

Consolidated income statement, Jan 1 - Dec 31	2021	2020	2019	2018	2017
Revenue, EUR million	2,139.5	2,154.9	2,123.2	2,204.1	2,275.8
Organic growth, %	-2.0	-4.1	-	-	-
EBITDA, EUR million [1]	113.8	99.4	103.0	-8.8	3.8
EBITDA margin, % [1]	5.3	4.6	4.8	-0.4	0.2
Adjusted EBITDA, EUR million [1]	142.1	116.5	120.4	53.4	25.8
Adjusted EBITDA margin, % [1]	6.6	5.4	5.7	2.4	1.1
EBITA, EUR million [1]	59.4	42.4	49.8	-15.4	-
EBITA margin, % [1]	2.8	2.0	2.3	-0.7	-
Adjusted EBITA, EUR million [1]	87.7	60.6	67.2	46.8	-
Adjusted EBITA margin, % [1]	4.1	2.8	3.2	2.1	-
Operating profit, EUR million	43.5	27.2	35.3	-35.9	-26.6
Operating profit margin, %	2.0	1.3	1.7	-1.6	-1.2
Result before taxes, EUR million	34.9	16.0	27.0	-43.9	-32.3
% of revenue	1.6	0.7	1.3	-2.0	-1.4
Result for the period, EUR million	25.1	8.6	22.6	-48.1	-27.0
% of revenue	1.2	0.4	1.1	-2.2	-1.2

Consolidated statement of financial position, EUR million	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total assets	1,320.0	1,292.4	1,281.4	1,024.5	1,093.2
Working capital	-144.7	-160.4	-100.9	-54.6	-30.8
Interest-bearing net debt	140.7	118.6	168.4	6.9	64.0

Key ratios and other data	2021	2020	2019	2018	2017
Equity ratio, %	19.0	18.9	21.5	30.2	25.8
Gearing ratio, %	69.8	60.4	73.6	2.7	27.2
Return on equity, %	12.6	4.0	9.4	-19.7	-13.5
Operating cash flow before financial and tax items, EUR million	103.8	157.6	143.7	21.6	-8.7
Order backlog, EUR million	1,863.8	1,609.1	1,670.5	1,494.3	1,491.0
Personnel, average for the period	14,831	15,773	14,763	15,672	16,607
Personnel at the end of the period	14,298	15,163	16,273	14,950	16,216

Share-related key figures, Jan 1 - Dec 31	2021	2020	2019	2018	2017
Earnings per share, basic, EUR	0.17	0.05	0.14	-0.40	-0.24
Earnings per share, diluted, EUR	0.17	0.05	0.14	-0.40	-0.24
Equity per share, EUR	1.5	1.4	1.7	1.9	1.9
Dividend per share, EUR [2]	0.17	0.20	-	0.05	-
Dividend per earnings, %	100.2	430.5	-	-	-
Effective dividend yield, %	2.7	3.4	-	1.0	-
Price per earnings (P/E ratio)	37.7	125.1	50.2	-12.9	-24.7
Share price trend					
Share price on Dec 31, EUR	6.39	5.81	7.19	5.09	5.89
Low, EUR	5.06	3.79	4.85	4,74	5.76
High, EUR	7.94	8.25	7.64	7,54	8.28
Average, EUR	6.13	5.73	6.18	6.37	7.19
Share capitalisation on Dec 31, EUR million	871.7	790.8	978.3	690.5	736.7
Share turnover trend					
Share turnover, thousands	38,609	65,208	22,944	41,403	51,196
Share turnover, %	28.3	47.9	16.9	31.6	40.9
Number of shares outstanding at the end of period, thousands	136,418	136,112	136,071	135,656	125,084
Weighted average number of shares, thousands	136,298	136,105	135,866	131,087	125,084
Weighted average number of shares, dilution adjusted, thousands	136,298	136,105	135,866	131,087	125,084

[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 2021 dividend is the Board of Directors' proposal to the Annual General meeting.

Calculation of key figures

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)]
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Equity ratio (%) =	Equity + non-controlling interest x 100 / Total assets - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 / Shareholder's equity + non-controlling interest
Return on equity, % =	Result for the period x100 / Total equity (average of the figures for 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
Earnings / share, basic =	Result for the financial year (attributable for equity holders) – hybrid capital expenses and accrued unrecognised interests after tax / Weighted average number of shares outstanding during the period
Earnings / share, diluted =	Result for the financial year (attributable for equity holders) – hybrid capital expenses and accrued unrecognised interests after tax / Weighted average number of shares, dilution adjusted
Equity per share =	Shareholders' equity / Number of outstanding shares at the end of the period
Dividend per share =	Dividend per share for the period / Adjustment ratios of share issues during the period and afterwards
Dividend per earnings (%) =	Dividend per share x 100 / Earnings per share
Effective dividend yield (%) =	Dividend per share x 100 / Share price on December 31
Price/earnings ratio (P/E ratio) =	Share price on December 31 / Earnings per share
Average price =	Total EUR value of all shares traded / Average number of all shares traded during the accounting period
Market capitalisation =	(Number of shares – treasury shares) x share price on the closing date
Share turnover =	Number of shares traded during the accounting period
Share turnover (%) =	Number of shares traded x 100 / Average number of outstanding shares
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.

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.

Shareholders

At the end of December 2021, the number of registered shareholders in Caverion was 27,582 (2020: 26,747). At the end of December 2021, a total of 31.1 percent of the shares were owned by nominee-registered and non-Finnish investors (2020: 31.0%).

Updated lists of Caverion's largest shareholders, the holdings of public insiders and ownership structure by sector as per December 31, 2021, 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, 2021

Sector	Share-holders	% of owners	Shares	% of all shares
Nominee registered and non-Finnish holders	143	0.5	43,153,761	31.1
Households	26,075	94.5	25,276,452	18.2
General government	18	0.1	19,457,480	14.0
Financial and insurance corporations	50	0.2	12,730,346	9.2
Non-profit institutions	247	0.9	4,946,233	3.6
Non-financial corporations and housing corporations	1,049	3.8	33,355,820	24.0
Total	**27,582**	**100.0**	**138,920,092**	**100.0**

Largest shareholders on December 31, 2021

Shareholder	Shares, pcs	% of all shares
1. Funds held by Antti Herlin, including directly held shares	20,504,392	14.8
2. Fennogens Investments SA	14,169,850	10.2
3. Varma Mutual Pension Insurance Company	9,728,407	7.0
4. Mandatum companies	5,759,892	4.1
5. Säästöpankki funds	3,701,562	2.7
6. Ilmarinen Mutual Pension Insurance Company	3,602,955	2.6
7. Elo Mutual Pension Insurance Company	3,229,583	2.3
8. Caverion Oyj	2,502,467	1.8
9. The State Pension Fund	2,050,000	1.5
10. Nordea funds	1,994,614	1.4
11. Brotherus Ilkka	1,803,765	1.3
12. OP funds	1,510,055	1.1
13. Aktia funds	1,050,000	0.8
14. Kaleva Mutual Insurance Company	969,025	0.7
15. Sinituote Oy	772,400	0.6
16. S-Bank funds	607,315	0.4
17. Veritas Pension Insurance Company Ltd.	603,470	0.4
18. Hisra Consulting and Finance Oy	550,000	0.4
19. Fondita funds	490,000	0.4
20. Lehtoranta Ari	367,051	0.3
20 largest, total	75,966,803	54.7
Other shareholders	34,408,781	24.8
Nominee registered total	28,544,508	20.5
All shares	**138,920,092**	**100.0**

Public insider ownership of Caverion Group on December 31, 2021

Board of Directors		Direct holdings	Holdings of controlled companies	Total
Aho Jussi	Member	50,713	-	50,713
Ehrnrooth Markus	Vice Chairman of the Board	13,735	-	13,735
Hallengren Joachim	Member	16,713	11,000	27,713
Hinnerskov Thomas	Member	50,713	-	50,713
Jahn Kristina	Member	6,501	-	6,501
Paulsson Mats	Chairman of the Board	18,130	136,200	154,330
Soravia Jasmin	Member	6,501	-	6,501
Total		**163,006**	**147,200**	**310,206**

Group Management Board		Direct holdings	Holdings of controlled companies	Total
Ala-Härkönen Martti	Chief Financial Officer (CFO), Head of Finance, Strategy and IT	144,447	-	144,447
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
Hietto Thomas	Deputy DEO. Head of Business Unit Services, Sustainability & Smart City Solutions	159,422	-	159,422
Kaiser Michael	Head of Business Unit Projects	164,578	-	164,578
Lundberg Uno	Head of Division Sweden	10,000	-	10,000
Mennander Juha	Adviser to President and CEO (interim)	78,923	-	78,923
Schrey-Hyppänen Minna	Head of Human Resources	87,361	-	87,361
Simmet Manfred	Head of Division Austria	82,980	-	82,980
Sørensen Carsten	Head of Division Denmark	93,006	-	93,006
Sundbäck Kari	Head of Strategy, Marketing, Communications, Transformation and Supply Operations	94,224	-	94,224
Tamminen Ville	Head of Division Finland	101,833	-	101,833
Viitala Anne	Head of Legal & Compliance	80,100	-	80,100
Total		**1,262,841**	**-**	**1,262,841**

Subsidiaries

Company name	Domicile	Holding of Caverion Group, %	Holding of Caverion Corporation, %
Caverion Suomi Oy	Helsinki	100.00	100.00
Caverion GmbH	München	100.00	100.00
Caverion Industria Oy	Vantaa	100.00	100.00
Caverion Sverige AB	Solna	100.00	100.00
Caverion Norge AS	Oslo	100.00	100.00
Caverion Danmark A/S	Fredericia	100.00	100.00
Caverion Österreich GmbH	Wien	100.00	100.00
Caverion Emerging Markets Oy	Helsinki	100.00	100.00
Caverion Internal Services AB	Solna	100.00	100.00
Huurre Technologies Oy	Kuopio	100.00	100.00
Caverion Eesti AS	Tallinna	100.00	
Caverion Latvija SIA	Riika	100.00	
Caverion Lietuva UAB	Vilna	100.00	
Caverion Huber Invest Oy	Helsinki	100.00	
Caverion Deutschland GmbH	München	100.00	
Duatec GmbH	München	100.00	
MISAB Sprinkler & VVS AB	Solna	100.00	
Teollisuus Invest Oy	Helsinki	100.00	
GTS Automation GmbH	Bad Vöslau	100.00	
GTS Automation System SRL (RO)	Jilava	100.00	
Huurre Sweden Ab	Västerås	100.00	
Caverion Poland S.A.	Zabrze	100.00	
Maintpartner RO S.p.z.oo	Gdynia	100.00	
Oy Botnia Mill Service Ab [1)]	Kemi	49.83	
Kiinteistö Oy Leppävirran Teollisuustalotie 1	Leppävirta	60.00	

1) Oy Botnia Mill Service Ab is fully consolidated due to Caverion Group's controlling interest based on the shareholder's agreement. Caverion does not have subsidiaries with material non-controlling interests based on the Group's view.

Consolidated income statement

EUR million	Note	1.1.-31.12.2021	%	1.1.-31.12.2020	%
Revenue	2.1	**2,139.5**		**2,154.9**	
Other operating income	2.2	2.8		11.5	
Materials and supplies		-523.9		-529.0	
External services		-398.4		-410.1	
Employee benefit expenses	2.2	-889.9		-902.6	
Other operating expenses	2.2	-216.3		-225.3	
Share of results in associated companies	5.7	0.0		0.0	
Depreciation, amortisation and impairment	2.3	-70.3		-72.2	
Operating profit		**43.5**	2.0	**27.2**	1.3
Financial income		0.5		0.8	
Exchange rate differences (net)		0.3		-0.9	
Financial expenses		-9.4		-11.2	
Financial income and expenses	2.4	-8.6		-11.2	
Result before taxes		**34.9**	1.6	**16.0**	0.7
Income taxes	2.5	-9.8		-7.3	
Result for the financial year		**25.1**	1.2	**8.6**	0.4
Attributable to:					
Owners of the parent		25.0		8.6	
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	0.17		0.05	
Earnings per share, diluted, EUR		0.17		0.05	

Consolidated statement of comprehensive income

EUR million	Note	1.1.-31.12.2021	1.1.-31.12.2020
Result for the period		**25.1**	**8.6**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in the fair value of defined benefit pension		-0.1	-0.7
-Deferred tax		-0.5	0.5
Change in fair value of other investments	5.4	0.0	0.0
- Deferred tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		8.1	-9.3
Other comprehensive income, total		**7.5**	**-9.5**
Total comprehensive income		**32.5**	**-0.9**
Attributable to:			
Owners of the parent		32.5	-0.9
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, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4.3	17.6	18.9
Right-of-use assets	5.9	131.2	125.5
Goodwill	4.2	369.9	365.0
Other intangible assets	4.3	47.7	49.1
Investments in associated companies and joint ventures	5.7	1.5	1.7
Investments	5.4	1.3	1.3
Receivables	3.2	9.6	8.1
Deferred tax assets	3.5	16.8	19.6
Total non-current assets		**595.6**	**589.1**
Current assets			
Inventories	3.1	16.9	16.3
Trade receivables	3.2	346.0	316.5
POC receivables	3.2	195.6	190.0
Other receivables	3.2	34.4	31.0
Income tax receivables		0.6	0.2
Cash and cash equivalents		130.9	149.3
Total current assets		**724.4**	**703.3**
TOTAL ASSETS		**1,320.0**	**1,292.4**

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

EUR million	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	5.2		
Share capital		1.0	1.0
Treasury shares		-2.4	-2.8
Translation differences		-6.0	-14.1
Fair value reserve		-0.2	-0.1
Hybrid capital		35.0	35.0
Unrestricted equity reserve		66.0	66.0
Retained earnings		107.6	111.3
Total equity attributable of owners of the parent		**201.1**	**196.3**
Non-controlling interests		0.3	0.3
Total equity		**201.4**	**196.6**
Non-current liabilities			
Deferred tax liabilities	3.5	34.0	31.6
Pension obligations	5.8	50.6	51.4
Provisions	3.4	10.6	10.8
Lease liabilities	5.9	94.1	87.5
Other interest-bearing debts	5.4	132.9	135.7
Other liabilities	3.3	7.1	5.7
Total non-current liabilities		**329.2**	**322.7**
Current liabilities			
Trade payables	3.3	167.4	163.6
Advances received	3.3	261.3	252.2
Other payables	3.3	276.5	263.1
Income tax liabilities		5.5	12.3
Provisions	3.4	34.0	37.3
Lease liabilities	5.9	41.6	41.7
Other interest-bearing debts	5.4	3.1	3.0
Total current liabilities		**789.4**	**773.1**
Total liabilities		**1,118.6**	**1,095.8**
TOTAL EQUITY AND LIABILITIES		**1,320.0**	**1,292.4**

Consolidated statement of cash flows

EUR million	Note	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operating activities			
Result for the financial year		25.1	8.6
Adjustments for:			
Depreciation, amortisation and impairment		70.3	72.2
Reversal of accrual-based items		0.6	11.8
Financial income and expenses		8.6	11.2
Gains on the sale of tangible and intangible assets		10.4	-7.6
Taxes		9.8	7.3
Total adjustments		99.8	95.0
Change in working capital:			
Change in trade and other receivables		-40.4	15.7
Change in inventories		-0.5	2.3
Change in trade and other payables		19.9	35.9
Total change in working capital		**-21.0**	**54.0**
Operating cash flow before financial and tax items		**103.8**	**157.6**
Interest paid		-10.0	-10.6
Other financial items, net		0.5	0.3
Interest received		0.4	0.7
Dividends received		0.0	0.0
Taxes paid		-14.3	-8.5
Net cash generated from operating activities		**80.4**	**139.6**
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash	4.1	-9.7	-2.1
Disposals of subsidiaries and businesses, net of cash	4.1	-0.9	1.9
Purchases of property, plant and equipment	4.3	-4.8	-5.1
Purchases of intangible assets	4.3	-7.4	-9.1
Proceeds from sale of tangible and intangible assets		0.5	2.5
Proceeds from sale of investments		0.0	0.2
Net cash used in investing activities		**-22.3**	**-11.8**

EUR million	Note	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from financing activities			
Change in loan receivables		0.0	0.3
Proceeds from borrowings	5.3	50.3	15.0
Repayments of borrowings	5.3	-53.2	-1.5
Repayments of lease liabilities	5.4	-46.9	-48.2
Change in current liabilities, net	5.3	0.0	0.0
Hybrid capital repayment	5.2		-66.1
Proceeds from hybrid capital	5.2		35.0
Hybrid capital expenses and interests		-2.4	-3.0
Dividends paid		-27.3	0.0
Other distribution of equity			-0.1
Net cash used in financing activities		**-79.5**	**-68.5**
Net change in cash and cash equivalents		**-21.3**	**59.2**
Cash and cash equivalents at the beginning of the financial year		149.3	93.6
Foreign exchange rate effect on cash and cash equivalents		2.9	-3.5
Cash and cash equivalents at the end of the financial year		**130.9**	**149.3**

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

Consolidated statement of changes in equity

		Attributable to owners of the parent									
EUR million	**Note**	**Share capital**	**Retained earnings**	**Translation differences**	**Fair value reserve**	**Treasury shares**	**Unrestricted equity reserve**	**Hybrid capital**	**Total**	**Non-controlling interests**	**Total equity**
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 other 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**

		Attributable to owners of the parent									
EUR million	Note	Share capital	Retained earnings	Translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interests	Total equity
Equity January 1, 2020		**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income 1-12/2020											
Result for the period			8.6						8.6	0.0	8.6
Other comprehensive income:											
Change in fair value of defined benefit pension			-0.7						-0.7		-0.7
- 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				-9.3					-9.3		-9.3
Comprehensive income 1-12/2020, total			**8.4**	**-9.3**	**0.0**				**-0.9**	**0.0**	**-0.9**
Dividend distribution	5.2									0.0	0.0
Share-based payments	6.2		2.4						2.4		2.4
Transfer of own shares	5.2		-0.3			0.3					
Hybrid capital repayment	5.2							-66.1	-66.1		-66.1
Hybrid capital issue	5.2							35.0	35.0		35.0
Hybrid capital interests and costs after taxes	5.2		-2.4						-2.4		-2.4
Other distribution of equity										-0.1	-0.1
Other change			-0.2						-0.2		-0.2
Equity on December 31, 2020		**1.0**	**111.3**	**-14.1**	**-0.1**	**-2.8**	**66.0**	**35.0**	**196.3**	**0.3**	**196.6**

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 9 February 2022 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, 2021. 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 2021 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
- 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:

	Income statement January-December 2021	Income statement January-December 2020	Statement of financial position Dec 31, 2021	Statement of financial position Dec 31, 2020
1 EUR = DKK	7.4371	7.4543	7.4364	7.4409
NOK	10.1635	10.7261	9.9888	10.4703
PLN	4.5647	4.4436	4.5969	4.5597
RUB	87.2208	82.6883	85.3004	91.4671
SEK	10.1452	10.4875	10.2503	10.0343

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, 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.

Accounting for cloud computing arrangements

In April 2021, the IFRS Interpretations Committee issued its final agenda decision on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Interpretations Committee examined whether, applying IAS 38, the configuration and customisation of software shall be recognised as an intangible asset and, if an intangible asset is not recognised, how these configuration and customisation costs are to be recognised. Caverion's accounting principles have been updated to comply with this agenda decision. If implementation includes only costs incurred to prepare the supplier's application software in a Software as a Service arrangement for its indented use and Caverion do not control the software being configured, then the costs are not capitalised. Due to this change, EUR 1.4 million capitalised implementation expenses were booked as operative expenses.

2 Financial performance

Revenue, EUR million	**2,139.5**
EBITDA, EUR million	**113.8**
EBITA, EUR million	**59.4**

In this section

This section comprises the following notes describing Caverions's financial performance in 2021:

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	2021	%	2020	%
Business units				
Services	1,402.4	66%	1,364.9	63%
Projects	737.1	34%	790.0	37%
Total revenue from contracts with customers	**2,139.5**	**100%**	**2,154.9**	**100%**
Revenue by division				
Sweden	424.4	20%	420.6	20%
Finland	403.9	19%	416.0	19%
Germany	374.1	17%	368.8	17%
Norway	352.5	16%	318.9	15%
Industry	256.8	12%	275.9	13%
Austria	188.7	9%	191.4	9%
Denmark	80.0	4%	93.6	4%
Other countries	59.0	3%	69.7	3%
Total revenue from contracts with customers	**2,139.5**	**100%**	**2,154.9**	**100%**

Revenue from contracts with customers is recognised mainly over time.

The corona pandemic continued to negatively impact on Group's revenue in 2021. In Services, Caverion experienced increased investment activity among several customer segments as of the second quarter. As an example, certain annual industrial shutdowns in Finland postponed from 2020 took place in the second quarter of 2021. In Projects, market demand continued on a lower level in the beginning of the year, after which there were clear signs of market stabilisation as of the end of the second quarter. In the third quarter, market demand started to gradually pick up also in Projects and the trend continued until the end of the year. Stimulus packages did not yet have a clear impact on general demand in 2021.

Contract balances

EUR million	12/31/2021	12/31/2020
Contract assets		
POC receivables	195.6	190.0
Work in progress	3.2	1.9
Contract liabilities		
Advances received [1]	261.3	252.2
Accrued expenses from long-term contracts	30.2	24.4

[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 2021 or 2020.

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.

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	2021	2020
Within one year	937.5	842.1
More than one year	926.3	767.0

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	2021	2020
Wages and salaries [1)]	715.2	726.6
Pension costs [2)]	61.5	66.5
Share-based compensations	4.0	2.8
Other indirect employee costs	109.3	106.8
Total	**889.9**	**902.6**
Average number of personnel	**14,831**	**15,773**

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 1.5 (3.6) 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	2021	2020
Loss on disposal of tangible and intangible assets [1)]	10.7	-0.1
Expenses for office facilities	5.0	4.2
Other expenses for leases	24.6	23.1
Voluntary indirect personnel expenses	10.3	10.1
Other variable expenses	40.4	66.4
Travel expenses	33.6	34.8
IT expenses	40.8	40.3
Premises expenses	9.7	10.1
Other fixed expenses [2)]	41.2	36.3
Total of other operating expenses	**216.3**	**225.3**
Other operating income [3)]	2.8	11.5
Total of other operating items	**213.4**	**213.8**

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 2021, Caverion settled certain civil claims related to its old cartel case in Germany, totalling 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 research and development expenses amounted to EUR 4.9 (3.6) million in 2021. Research expenditure is expensed in the income statement as incurred.

Audit fee

The Annual General Meeting, held on 24 March 2021, 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	2021	2020
Ernst & Young		
Audit fee	0.8	0.9
Statement	0.0	0.0
Tax services	0.1	0.0
Other services	0.3	0.0
Others	0.0	0.1
Total	**1.1**	**1.0**

Expenses for non-audit services Ernst & Young Oy has provided to Caverion Group entities in Finland amounted to EUR 0.2 (0.0) million during the financial year 2021. The services included tax services (EUR 0.2 million) and other services (EUR 0.1 million).

Restructuring costs

EUR million	2021	2020
Personnel related costs	3.0	9.0
Rents	-0.1	1.5
Other restructuring costs	0.0	0.2
Total	**2.9**	**10.7**

Due to the lengthened corona crisis and the resulting downturn, Caverion announced in November 2020 that it plans to proactively streamline and adjust its operations. Planned actions included personnel reductions, reorganisation and operating model development. The actions impacted all Caverion countries with a minor impact on the best-performing countries Finland and Austria.

2.3 Depreciation, amortisation and impairment

EUR million	2021	2020
Depreciation and amortisation by asset category		
Intangible assets		
Allocations from business combinations	-3.9	-3.8
Other intangible assets	-12.1	-11.4
Tangible assets [1)]	-54.3	-57.0
Total	**-70.3**	**-72.2**

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	2021	2020
Financial income		
Dividend income on investments	0.0	0.0
Interest income on loans and other receivables	0.4	0.7
Other financial income on loans and other receivables	0.1	0.1
Financial income, total	**0.5**	**0.8**
Financial expenses		
Interest expenses on liabilities at amortised cost	-4.2	-4.9
Other financial expenses on liabilities at amortised cost	-1.5	-1.8
Interest expenses on leases	-3.8	-4.5
Changes in fair values on financial instruments at fair value through profit and loss account	0.0	0.0
Financial expenses, total	**-9.4**	**-11.2**
Exchange rate gains	19.0	26.7
Exchange rate losses [1)]	-18.6	-27.6
Exchange rate differences, net	**0.3**	**-0.9**
Financial expenses, net	**-8.6**	**-11.3**

1) In connection with the process of closing an old project company in Russia, translation loss of EUR 1.0 million was booked in 2020. The booking had no cash flow effect.

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	2021	2020
Tax expense for current year	6.7	9.0
Tax expense for previous years	-0.3	-1.3
Change in deferred tax assets and liabilities	3.4	-0.3
Total income taxes	**9.8**	**7.3**

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	2021	2020
Result before taxes	**34.9**	**16.0**
Income taxes at the tax rate in Finland (20.0%)	7.0	3.2
Effect of different tax rates outside Finland	-1.0	-1.6
Tax exempt income and non-deductible expenses	1.4	-1.0
Impact of the changes in the tax rates on deferred taxes [1)]	0.0	0.1
Impact of losses for which deferred taxes is not recognised	3.3	7.2
Unrecognized losses from previous years	0.0	0.0
Reassessment of deferred taxes	-0.6	0.8
Taxes for previous years	-0.3	-1.3
Income taxes in the income statement	**9.8**	**7.3**

1) In 2020, the effect of the change of tax rate mainly in Sweden from 21.4% to 20.6% in 2021.

Group's effective tax rate was 28.2 (46.0) percent in January-December 2021. Due to the prudence principle applied, the deferred tax asset on losses was not fully recorded for two divisions. The economic uncertainties caused by the corona pandemic were also considered in this valuation assessment.

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

	2021	2020
Result for the financial year, EUR million	25.0	8.6
Hybrid capital expenses and accrued interest after tax, EUR million	-1.9	-2.3
Adjusted result for the financial year, EUR million	**23.1**	**6.3**
Weighted average number of shares (1,000 shares)	136,298	136,105
Earnings per share, basic, EUR	**0.17**	**0.05**

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 2021 and 2020.

3 Working capital and deferred taxes

Working capital, EUR million

-144.7

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

In this section

This section comprises the following notes describing Caverion's working capital and deferred taxes for 2021:

3.1 Inventories

EUR million	2021	2020
Raw materials and consumables	13.7	13.3
Work in progress	3.2	1.9
Advance payments	0.0	1.0
Total	**16.9**	**16.3**

The Group did not make any material write-downs in inventories in 2021 or 2020.

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

	2021	2020
EUR million	**Carrying value**	**Carrying value**
Trade receivables	346.0	316.5
POC-receivables	195.6	190.0
Prepayments and other accrued income	20.5	18.2
Other receivables	13.9	12.7
Non-current receivables [1)]	9.6	8.1
Total	**585.6**	**545.6**

1) EUR 4.4 (4.3) million were loan receivables, EUR 3.3 (2.4) million defined benefit pension plan assets and EUR 1.9 (1.4) million other receivables.

The average amount of trade receivables was EUR 287.9 (272.6) million in 2021.

Aging profile of trade receivables

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**

Age analysis of trade receivables December 31, 2020

EUR million	Carrying amount	Impaired	Gross
Not past due [1)]	255.3	-0.9	256.2
1 to 90 days	25.4	-0.2	25.6
91 to 180 days	2.9	-0.4	3.3
181 to 360 days	5.3	-1.1	6.3
Over 360 days	27.6	-5.3	32.9
Total	**316.5**	**-7.9**	**324.4**

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 exists separate legal opinions justifying the validity of the receivables. Due to the continuing corona pandemic in 2021, the Group continued to place special attention to evaluating customer credit risks related to its receivables. The growth in the overdue category 91 to 180 days compared to the previous year relates mainly to one project in one Division, where revenue has been recognized for only a small part of the receivable and where legal opinions validate the receivable at risk. Caverion Group did not experience any major unexpected credit losses in 2021. 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 +1.6 (-3.0) million due to settlements of certain old receivables. There were no material credit losses due to the corona pandemic. The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2021) is the carrying amount of the financial assets. There are EUR 30.7 (32.9) million overdue receivables that are more than 180 days old. The majority of these receivables are related to disputed contracts and for many receivables revenue has been recognized for only a small part of the receivable. 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	2021 Carrying value	2020 Carrying value
Non-current liabilities		
Liabilities of derivative instruments	0.0	0.0
Other liabilities	7.1	5.7
Total non-current payables	**7.1**	**5.7**
Current liabilities		
Trade payables	167.4	163.6
Accrued expenses	144.1	144.1
Accrued expenses from long-term contracts	30.2	24.4
Advances received [1]	261.3	252.2
Other payables	102.1	94.6
Total current payables	**705.2**	**678.9**

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, 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**

EUR million	Warranty provision	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2020	**21.9**	**8.5**	**2.9**	**4.5**	**4.7**	**42.6**
Translation differences	0.0	-0.1	0.1	0.0	0.0	-0.1
Provision additions	4.7	6.2	6.1	0.8	3.5	21.4
Released during the period	-2.3	-6.9	-3.8	-1.0	-0.1	-14.2
Reversals of unused provisions	-0.1	0.0	-0.1	-0.6	-0.9	-1.6
Acquisitions through business combinations						
Business disposals						
December 31, 2020	**24.1**	**7.8**	**5.2**	**3.7**	**7.2**	**48.0**
Non-current provisions	8.5		0.6		1.6	10.8
Current provisions	15.7	7.8	4.6	3.7	5.5	37.3
Total	**24.2**	**7.8**	**5.2**	**3.7**	**7.2**	**48.0**

The recognition of provisions involves estimates concerning probability, time of realization and quantity. As of December 31, 2021 the provisions amounted to EUR 44.6 (48.0) 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	2021	2020
Deferred tax asset	16.8	19.6
Deferred tax liability	-34.0	-31.6
Deferred tax liability, net	**-17.1**	**-12.0**
Changes in deferred tax assets and liabilities:		
Deferred tax liability, net January 1	-12.0	-13.4
Translation difference	-0.4	0.5
Changes recognised in income statement	-3.5	0.3
Changes recognised in comprehensive income	-0.5	0.5
Changes recognised in equity	0.5	0.6
Acquisitions and allocations	-0.9	-0.5
Disposals	-0.4	
Deferred tax liability, net December 31	**-17.1**	**-12.0**

Changes in deferred tax assets and liabilities before the offset

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**

2020

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	4.8	0.0	1.7					6.5
Tax losses carried forward	26.2	0.1	-3.3					23.1
Pension obligations	9.1	-0.1	0.2	0.6				9.7
Percentage of completion method	0.5	0.0	0.3					0.7
Right-of-use assets (IFRS 16)	0.5		0.4					0.9
Other items	2.7	-0.1	1.1		0.1			3.8
Total deferred tax assets	**43.9**	**-0.1**	**0.4**	**0.6**	**0.1**			**44.8**
Deferred tax liabilities:								
Allocation of intangible assets [1)]	39.2	-0.7	-0.1	0.0		0.4		38.7
Accumulated depreciation differences	2.5	0.0	-0.2					2.4
Pension obligations	0.5		0.3	0.1				0.8
Percentage of completion method	14.0	0.1	-0.4					13.6
Other items	1.1	0.0	0.5		-0.5	0.1		1.3
Total deferred tax liabilities	**57.3**	**-0.6**	**0.1**	**0.1**	**-0.5**	**0.5**		**56.8**

[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 45.0 million, for which corresponding deferred tax assets of EUR 12.8 million have not been recorded as of 31 December 2021 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 2021, Caverion completed seven bolt-on acquisitions and sold its Russian operations.

In this section

This section comprises the following notes, which describe Caverion's business combinations and capital expenditure in 2021:

4.1 Acquisitions and disposals

Acquisitions

Acquisitions completed in 2021

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees	Prior fiscal year annual sales, EUR million
Electro Berchtold	Austria	Services	Technical maintenance	Business	January	13	2.5
RPH Linc	Sweden	Services	Security and safety	Business	July	9	2.5
GTS Immobilien GmbH	Austria	Projects	Building automation	Shares	July	40	5.8
Felcon GmbH	Austria	Services	Ventilation and air conditioning	Shares	September	13	2.4
Bott Kälte- und Klimatechnik	Germany	Services	Cooling	Business	October	8	0.7
Rørlegger'n Innlandet	Norway	Services	Heating and sanitation	Business	December	7	0.7
Merius	Industry	Services	Industrial design and advisory	Business	December	20	1.4

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

EUR million	2021	2020
Intangible assets	8.7	
Right-of-use assets	0.7	0.5
Tangible assets	0.4	2.7
Inventories	0.4	0.1
Investments	0.1	
Trade and other receivables	2.6	0.1
Deferred tax assets	0.3	
Cash and cash equivalents	0.9	0.2
Total assets	**14.1**	**3.6**
Interest-bearing debt	0.2	
Trade payables	0.4	0.0
Advances received	0.1	
Pension liabilities	0.1	
Provisions	0.2	
Lease liabilities	0.7	0.5
Deferred tax liabilities	1.1	0.5
Other liabilities	1.1	0.3
Total liabilities	**3.9**	**1.4**
Net assets	**10.2**	**2.2**
Acquisition cost paid in cash during the fiscal period	**10.6**	**2.1**
Contingent consideration, to be paid during future fiscal periods	**4.5**	**0.3**
Goodwill	**4.9**	**0.2**

Year 2021

In 2021, Caverion acquired the shares of GTS Immobilien GmbH and Felcon GmbH in Austria as well as the businesses of Austrian Electro Berchtold GmbH, Swedish RPH Linc AB, German Bott Kälte- und Klimatechnik, Norwegian Rørlegger'n Innlandet AS and Finnish Merius Oy.

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 of the 2021 acquisitions 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.

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 amounted to EUR 3.2 million and EBITDA excluding IFRS 16 adjustments to EUR 0.3 million. The goodwill arising from the acquisition was mainly attributable to workforce and expected synergies. The goodwill was not tax deductible. 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 and had 13 employees at the time of the acquisition. The acquired business's IFRS revenue totaled EUR 1.8 million and EBITDA EUR 0.1 million for the whole of 2021. No goodwill arose as a result of the acquisition and the transaction price was not disclosed.

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 and included the transfer of 9 employees into Caverion's service. For the fiscal year ending in April 2021, the acquired business's revenue amounted to EUR 2.5 million and EBITDA to EUR 0.6 million in accordance with the company's local accounting standards. The IFRS revenue after the acquisition date amounted to EUR 1.2 million and EBITDA to EUR 0.2 million for fiscal year 2021. The goodwill arising from the acquisition was mainly attributable to personnel know-how and expected synergies. EUR 0.9 million of the IFRS goodwill was considered tax deductible. The transaction price was not disclosed.

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. Felcon had 13 employees at the time of the acquisition and the year 2020 revenue of the acquired company amounted to EUR 2.4 million and EBITDA to EUR 0.2 million according to the company's local accounting standards. No goodwill arose as a result of the acquisition and the transaction price was not disclosed.

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. 8 employees transferred into Caverion's service in the acquisition. For the fiscal year ending in December 2020, the acquired business's revenue amounted to EUR 0.7 million and EBITDA to EUR 0.2 million in accordance with the company's local accounting standards. No goodwill arose as a result of the acquisition and the transaction price was not disclosed.

On 1 December 2021, Caverion closed on an agreement to acquire the business of a small Norwegian company Rørlegger'n Innlandet AS. Rørlegger'n Innlandet is based in Raufoss, Norway and provides services in the area of plumbing, heating and sanitation. 7 employees transferred into Caverion's service in the acquisition. For the fiscal year 2020, the acquired business's revenue amounted to EUR 0.7 million in accordance with the company's local accounting standards. The acquisition did not have a material effect on the Group's profitability. The goodwill arising from the acquisition was mainly attributable to personnel know-how, expected synergies and geographical coverage. EUR 0.1 million of the IFRS goodwill was considered tax deductible. The transaction price was not disclosed.

On 15 December 2021, Caverion closed on an agreement to acquire the industrial design and advisory business of the Finnish company Merius Oy. Merius provides surveying, design and consulting services for industrial investments by using 3D digitisation, virtual and visualisation technologies. The software business of the company was excluded from the transaction and continued to operate under the name Merius Oy. The acquisition complemented the design and advisory services of Caverion Industry to provide added value in industrial plant investments and to utilise digital design technologies. As a result of the transaction, 20 experts from Kokkola, Jyväskylä, Oulu and Kuusamo joined Caverion. For the fiscal year 2020, the acquired business's revenue amounted to EUR 1.4 million and EBITDA to EUR 0.1 million in accordance with the company's local accounting standards. Due to the December acquisition date, the acquisition did not have a material effect on Caverion's 2021 revenue or profitability. The goodwill arising from the acquisition was mainly attributable to workforce and expected synergies. EUR 0.6 million of the IFRS goodwill was considered tax deductible. The transaction price was not disclosed.

In December 2021, Caverion also signed an agreement to acquire the business of Frödéns Ventilation AB in Sweden. Frödéns offers service and maintenance, inspections, energy optimisations and smaller projects in the area of ventilation and mainly operates in the Jönköping area. Frödéns has 12 employees and the revenue of the acquired business amounted to EUR 2.7 million for fiscal year 2020 in accordance with the company's local accounting standards. The acquisition was a bolt-on acquisition for Caverion in the ventilation business in Sweden. The transaction was completed in the beginning of 2022 and did not have an effect on Caverion Group's 2021 figures. The transaction price was not disclosed.

Year 2020

Caverion acquired the share capital of the Danish Gunderlund A/S on 6 March 2020. Gunderlund specializes in power grid expansions and renovations and employed approx. 10 people at the time of the acquisition. The full 12-month revenue of the acquired company amounted to EUR 3.2 million and EBITDA to EUR 0.3 million during the fiscal year ending in September 2019 according to the company's local accounting standards. Gunderlund A/S was merged into Caverion Danmark A/S in March 2020.

The goodwill arising from the acquisition was mainly attributable to personnel know-how and expected synergies. The goodwill is not tax deductible. A value of EUR 1.8 million was allocated to tangible assets identified in the fair value measurement of the acquisition. The transaction costs amounted to EUR 0.1 million and were expensed during the financial year 2020.

Accounting principles

The consolidation of the acquired business in accordance with IFRS 3 is still provisional as of 31 December 2021. Therefore, the fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalized.

Disposals

Assets and liabilities of the disposed businesses

EUR million	2021	2020
Goodwill		1.9
Right-of-use assets	0.3	0.4
Other intangible assets		0.9
Tangible assets	0.1	0.0
Inventories	0.3	0.1
Trade and other receivables	5.8	
Deferred tax assets	0.4	
Cash and cash equivalents	0.9	0.0
Total assets	**7.8**	**3.4**
Trade payables	0.7	
Advances received	0.3	
Lease liabilities	0.3	0.4
Other liabilities	2.1	1.3
Total liabilities	**3.4**	**1.7**
Net assets	**4.4**	**1.7**
Consideration to be paid in cash (including contingent consideration)	**0.3**	**1.8**
Translation differences	**-5.6**	**7.3**
Other items affecting gain/loss on sales	**-0.4**	
Gain/loss on sales	**-10.0**	**7.3**

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. The transaction costs were expensed during the financial year 2021 and were not material in value.

Year 2020

During the year 2020, Caverion sold parts of its Industry operations in Finland, its Russian subsidiary LLC Duatec Rus and a small project business unit in Norway.

Sale of parts of the Industry operations to Elcoline Oy

In June 2020, Caverion signed an agreement to sell certain Finnish operations of Caverion Industria Oy to Elcoline Oy based on the conditions imposed on the 2019 Maintpartner transaction by the Finnish Competition and Consumer Authority (the "FCCA"). The transaction became effective on 30 September 2020. The buyer was a Finnish, internationally operating provider of industrial maintenance services that had approximately 300 employees before the transaction. As a part of the sale, approx. 200 employees were transferred to Elcoline.

According to a stock exchange release published by Caverion on 22 November 2019, the approval of the FCCA on the Maintpartner transaction included certain conditions based on which Caverion was to divest approximately 6.5 percent of the post-transaction revenue of the Industry division in Finland. The business transfer covered total outsourcing agreements in industrial services mainly with customers in the chemical and energy industries. Furthermore, the sale included Caverion's marine industry unit and industrial maintenance service centers acquired as part of the Maintpartner transaction in Turku, Pori, Rauma and Oulu in Finland.

The full year 2019 IFRS revenue of the disposed business amounted to EUR 18.6 million while EBITDA excluding IFRS 16 adjustments amounted to EUR 1.0 million. January-September 2020 revenue predating the sale amounted to EUR 13.0 million while EBITDA excluding IFRS 16 adjustments amounted to EUR 0.4 million. The transaction price was not disclosed. The transaction costs amounted to EUR 0.7 million and were expensed during the financial year 2020.

Other disposals

Caverion sold its Russian subsidiary LLC Duatec Rus in June 2020. The company did not engage in operating activities during financial year 2020. The capital gain from the divestment amounted to EUR 7.3 million and was reported under other operating income, consisting mainly of cumulative translation differences. The transaction did not have any cash flow impact. The transaction costs were expensed during the financial year 2020 and were not material in value.

In the beginning of November 2020, Caverion also sold a small project unit in Norway. The sale did not have a material effect of the Group's revenue or profitability for year 2020.

4.2 Goodwill

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

EUR million	2021	2020
Finland	80.8	80.8
Germany	77.7	77.7
Norway	69.8	69.7
Industry	64.6	64.0
Sweden	47.7	46.8
Austria	21.6	18.3
Denmark	7.8	7.8
Total goodwill	**369.9**	**365.0**

In 2021, Caverion acquired the shares of GTS Immobilien GmbH and Felcon GmbH in Austria as well as the businesses of Austrian Electro Berchtold GmbH, Swedish RPH Linc AB, German Bott Kälte- und Klimatechnik, Norwegian Rørlegger'n Innlandet and Finnish Merius Oy. In 2021 Goodwill increased by EUR 4.9 million. This was due to following acquisitions: GTS Immobilien GmbH EUR 3.3 million, RPH Linc business EUR 0.9 million, Rørlegger'n Innlandet business EUR 0.1 million and Merius business EUR 0.6 million.

In 2020, Caverion acquired Gunderlund A/S, a Danish company specialising in power grid expansions and renovations. Goodwill related to Gunderlund A/S acquisition amounted to EUR 0.2 million. Goodwill allocated to the sold Finnish operations of Industry division in 2020 amounted to EUR 1.9 million. In addition, the acquisition cost of the businesses acquired during 2019 increased by EUR 0.2 million during 2020 which led to a similar increase in the goodwill generated by the acquisitions.

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. There is there after a critical assessment of the cash flows related to the goodwill impairment testing. Cash flow projections cover four 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.

The corona pandemic continued to have an impact on the operating environment in 2021. The emerging of the new variants of the corona virus affected the business operations negatively primarily due to restrictions re-imposed by governments and slow-down of investments. In between the new waves of the corona virus, governmental restrictions were lifted and the operating environment improved. However, the year closed in uncertainty with soaring numbers of omicron variant infections and governmental restrictions being re-imposed. Estimating the future cash flows of CGUs has been challenging in 2021 due to the corona pandemic 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 two years and also profitability of most of the CGUs was on an improving track in 2021. Taking all this into account, the potential effects of COVID-19 were still assessed.

Assumptions used in goodwill impairment testing 2021	CGU 1 = Finland	CGU 2 = Sweden	CGU 3 = Norway	CGU 4 = Denmark	CGU 5 = Industry	CGU 6 = Germany	CGU 7 = Austria
Pre-tax WACC	9.38%	9.37%	9.46%	9.24%	9.39%	10.15%	9.69%
Recoverable amount exceeds balance sheet value	>50%	>50%	>50%	>50%	>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	>50%
WACC +2%-points	>50%	>50%	>50%	>50%	0-20%	Impairment	>50%
Long-term growth rate -0,5%-points	>50%	>50%	>50%	>50%	20-50%	0-20%	>50%
All the above	>50%	>50%	>50%	Impairment	Impairment	Impairment	>50%

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 2021 or in 2020. In the 2021 testing the recoverable amount exceeded the balance sheet value in Germany clearly and in other CGUs substantially. In the 2020 testing the recoverable amount exceeded the balance sheet value in Germany slightly and in other CGUs substantially.

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)	4.7% average growth (CAGR)	-3.5% p.p.
Average EBITDA percentage in the forecast period (scenario 1)	5.6%	-0.7% p.p.
Pre-tax WACC (scenario 2)	10.15%	+2.6% p.p.
Terminal growth assumption (scenario 3)	1.75%	-2.2% 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

2021 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1]	Advance payments	Total
Historical cost on Jan 1, 2021	**0.6**	**6.1**	**50.4**	**21.2**	**0.2**	**78.5**
Translation differences	0.0	0.0	0.1	0.1		0.2
Increases		0.1	2.9	1.4	0.4	4.7
Acquisitions			0.4			0.4
Decreases		-0.4	-8.4	-1.1		-9.8
Business disposals			-2.0			-2.0
Reclassifications between classes		0.0	0.2	0.0	-0.4	-0.2
Historical cost on Dec 31, 2021	**0.6**	**5.8**	**43.6**	**21.6**	**0.2**	**71.8**
Accumulated depreciation and impairment on Jan 1, 2021		**-3.6**	**-39.9**	**-16.1**		**-59.6**
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		**-3.7**	**-33.9**	**-16.7**		**-54.3**
Carrying value on January 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	17.4

2020 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1]	Advance payments	Total
Historical cost on Jan 1, 2020	**0.6**	**6.2**	**44.4**	**21.9**	**0.1**	**73.3**
Translation differences	0.0	0.0	-0.4	-0.1		-0.6
Increases		0.0	2.6	1.8	0.8	5.2
Acquisitions			7.4			7.4
Decreases		-0.1	-3.7	-2.9		-6.7
Business disposals			-0.1	0.0		-0.1
Reclassifications between classes		0.0	0.1	0.5	-0.7	-0.1
Historical cost on Dec 31, 2020	**0.6**	**6.1**	**50.4**	**21.2**	**0.2**	**78.5**
Accumulated depreciation and impairment on Jan 1, 2020		**-3.4**	**-35.1**	**-15.5**		**-54.0**
Translation differences		0.0	0.4	0.1		0.5
Depreciation		-0.3	-4.1	-1.6		-6.0
Accumulated depreciation of increases and acquisitions			-4.7			-4.7
Accumulated depreciation of decreases and business disposals		0.1	3.6	1.0		4.7
Reclassification between classes			-0.1	0.0		-0.1
Accumulated depreciation and impairment on Dec 31, 2020		**-3.6**	**-39.9**	**-16.1**		**-59.6**
Carrying value on Jan 1, 2020	0.6	2.8	9.3	6.5	0.1	19.3
Carrying value on Dec 31, 2020	0.6	2.5	10.4	5.1	0.2	18.9

[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.

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

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		**-56.5**	**-97.1**	**-153.6**
Amortisation and impairment		-4.1	-12.5	-16.6
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

2020

EUR million	Goodwill	Allocations from business combinations	Other intangible assets [1]	Total other intangible assets
Historical cost on January 1, 2020	**366.5**	**78.5**	**114.8**	**193.3**
Increases			9.1	9.1
Acquisitions	0.4			0.0
Decreases			-1.1	-1.1
Business disposals	-1.9		0.0	0.0
Reclassifications between classes			0.3	0.3
Translation differences		0.8	0.2	1.0
Historical cost on December 31, 2020	**365.0**	**79.3**	**123.3**	**202.6**
Accumulated amortisation and impairment on January 1, 2020		**-50.9**	**-86.5**	**-137.4**
Amortisation and impairment		-4.8	-11.4	-16.1
Translation differences		-0.8	-0.2	-1.1
Accumulated amortisation of increases and acquisitions				0.0
Accumulated amortisation of decreases and reclassifications			1.0	1.0
Accumulated amortisation of business disposals			0.0	0.0
Accumulated amortisation and impairment on December 31, 2020		**-56.5**	**-97.1**	**-153.6**
Carrying value on January 1, 2020	366.5	27.6	28.3	56.0
Carrying value on December 31, 2020	365.0	22.9	26.2	49.1

[1] *Other intangible assets consist mainly of IT infrastructure, systems and solutions.*

Allocations from business combinations:

EUR million	2021	2020
Customer relations and contract bases	21.7	19.3
Unpatented technology	3.7	1.4
Trademarks	1.1	1.2
Patents	0.9	0.9
Order backlog	0.4	0.1
Total	**27.7**	**22.9**

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	**140.7**
Equity ratio, %	**19.0**
Net debt/EBITDA ratio	**1.1x**

In this section

This section comprises the following notes describing Caverion's capital structure for 2021:

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 December 2021 Caverion agreed with its lending parties on refinancing of its bank loans and revolving credit facility. The new facility agreement consists of a EUR 100 million revolving credit facility and a EUR 50 million term loan with a bullet maturity of 3 years and the possibility to extend the maturity by two additional years. With this arrangement Caverion prolonged its loan maturity and strengthened it long-term liquidity.

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 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	2021	2020
Share capital	1.0	1.0
Hybrid capital	35.0	35.0
Unrestricted equity reserve	66.0	66.0
Other equity	99.1	94.3
Equity attributable to owners of the parent company	**201.1**	**196.3**
Non-controlling interest	0.3	0.3
Total equity	**201.4**	**196.6**
Non-current borrowings	226.9	223.2
Current borrowings	44.7	44.7
Total interest-bearing debt	**271.6**	**267.9**
Total capital	**473.0**	**464.5**
Total interest-bearing debt	271.6	267.9
Cash and cash equivalents	130.9	149.3
Net debt	**140.7**	**118.6**
Net debt to EBITDA [1)]	1.1	-0.2
Gearing ratio, %	69.8	60.4
Equity ratio, %	19.0	18.9

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

5.2 Shareholders' equity

Share capital and treasury shares

	Number of outstanding shares	Share capital EUR million	Treasury shares EUR million
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**
Jan 1, 2020	**136,070,732**	**1.0**	**-3.1**
Transfer of treasury shares	45,800		0.3
Return of treasury shares	4,431		0.0
Dec 31, 2020	**136,112,101**	**1.0**	**-2.8**

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, 2021.

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

Treasury shares

Caverion held 2,502,467 (2,807,991) treasury shares on December 31, 2021.

The consideration paid for the treasury shares amounted to EUR 2.4 million on December 31, 2021 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 2021 or 2020.

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 2021.

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 2021, 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 24 March 2021 decided that a dividend of EUR 0.10 per share and an extraordinary dividend of EUR 0.10 per share, in total EUR 0.20 per share will be paid for the year 2020.

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

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: Non-current borrowings including repayments	Lease liabilities	Current loans	Cash and cash equivalents	Net debt
Net debt as at 1 January 2021	**135.7**	**129.2**	**3.0**	**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			0.1		
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	**132.9**	**135.7**	**3.1**	**130.9**	**140.7**

EUR million	Liabilities from financing activities: Non-current borrowings including repayments	Lease liabilities	Current loans	Cash and cash equivalents	Net debt
Net debt as at 1 January 2020	**125.0**	**136.9**	**0.0**	**93.6**	**168.4**
Change in net debt, cash:					
Proceeds from non-current borrowings	10.5				
Repayment of non-current borrowings		-48.7			
Change in current liabilities			3.0		
Change in cash and cash equivalents				59.2	
Change in net debt, non-cash:					
Additions		46.6			
Acquisitions		0.7			
Disposals and business divestitures		-4.6			
Foreign exchange adjustments [1)]		-1.6		-3.5	
Other non-cash changes	0.2				
Net debt as at 31 December 2020	**135.7**	**129.2**	**3.0**	**149.3**	**118.6**

[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.

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
Derivatives (hedge accounting not applied)				
Current financial liabilities				
Loans from financial institutions			0.1	0.1
Pension loans			3.0	3.0
Other loans				
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**

2020

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			5.7	5.7
Current financial assets				
Trade receivables and other receivables			518.5	518.5
Derivatives (hedge accounting not applied)	0.6			0.6
Cash and cash equivalents			149.3	149.3
Total	**1,2**	**0,7**	**673,5**	**675,4**
Non-current financial liabilities				
Loans from financial institutions			49.9	49.9
Bonds			74.7	74.7
Pension loans			10.5	10.5
Other loans			0.5	0.5
Lease liabilities			87.5	87.5
Total non-current interest-bearing liabilities			**223.2**	**223.2**
Trade payables and other liabilities			0.5	0.5
Derivatives (hedge accounting not applied)				
Current financial liabilities				
Loans from financial institutions				
Pension loans			3.0	3.0
Other loans				
Lease liabilities			41.7	41.7
Total current interest-bearing liabilities			**44.7**	**44.7**
Trade payables and other liabilities			510.4	510.4
Derivatives (hedge accounting not applied)	0.2			0.2
Total	**0.2**		**778.8**	**779.0**

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 136.8 (141.4) million at the end of 2021. 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 1.00% - 2.00% p.a (2.00% - 3.00% in 2020).

Investments consist of as follows:

	2021	2020
Quoted shares (level 1 in fair value hierarchy)	0.6	0.6
Unquoted shares (level 3 in fair value hierarchy)	0.7	0.7
Total	**1.3**	**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 outbreak of the corona pandemic in 2020 increased the general risk level, but during 2021 the impact was easing off in the financial markets. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks are gradually returning to the pre-pandemic levels. However, the year closed in uncertainty with soaring numbers of omicron variant infections and governmental restrictions being re-imposed. Therefore, Caverion remains cautious with the financial risk management.

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 13.6 (22.1) months. At the end of December 2021 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 2.6% (2.7%) at the end of December 2021. Fixed-rate loans accounted for approximately 66 (64) 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 2021	2020
Interest rate of net debt 1 percentage point higher	1.0	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 conterparties 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 18.6 (19.7) million at the end of December 2021.

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 2021 Caverion took actions to prolong its loan maturity and strengthen long-term liquidity. Caverion agreed with its lending parties in December on refinancing of its bank loans and revolving credit facility. The new facility agreement consists of a EUR 100 million revolving credit facility and a EUR 50 million term loan with a termination date on 15 January 2025 and the possibility to extend the maturity by two additional years. Caverion mitigated corona pandemic related liquidity risks by maintaining higher liquidity buffer throughout the year.

Caverion Group's interest-bearing loans and borrowings amounted to 135.9 (138.7) million at the end of December. Approximately 45 percent of the loans have been raised from financial institutions and 55 percent from bond investors. The Group's net debt amounted to EUR 5.0 (-10.6) million at the end of December excluding IFRS 16 effects and EUR 140.7 including IFRS 16 effects. At the end of December, the Group's gearing was 69.8 (60.4) percent and its equity ratio 19.0 (18.9) 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 1.1x according to the confirmed calculation principles. The confirmed calculation principles include the effects of the IFRS 16 standard as of Q4/2021. Before, the effects of the IFRS 16 standard were not taken into account in 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 130.9 (149.3) million at the end of December 2021. In addition, Caverion has undrawn overdraft facilities amounting to EUR 19 (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, 2021 (December 31, 2020). 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, 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**

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2020

EUR million	2021	2022	2023	2024	2025	2026-	Total
Loans from financial institutions	3.3	3.2	127.6				**134.1**
Pension loans	3.3	3.2	3.2	3.1	1.5		**14.3**
Lease liabilities	43.4	33.2	22.3	13.6	7.0	19.1	**138.6**
Other financial liabilities						0.5	**0.5**
Trade and other payables	510.4						**510.4**
Foreign currency derivatives	0.2						**0.2**

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

Milj. e	2021 Net investment	2021 EUR stregthens by 10%, effect on equity	2021 EUR weakens by 10%, effect on equity	2020 Net investment	2020 EUR stregthens by 10%, effect on equity	2020 EUR weakens by 10%, effect on equity
SEK	6.5	-0.6	0.6	-7.0	0.7	-0.7
NOK	18.6	-1.9	1.9	7.2	-0.7	0.7
DKK	7.3	-0.7	0.7	3.1	-0.3	0.3
Other currencies	0.0	0.0	0.0	3.7	-0.4	0.4

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 derivate 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 2022. There were no outstanding interest rate swaps in December 2021.

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	2021	2020
Foreign exchange forward contracts, hedge accounting not applied	65.2	70.2

Fair values

EUR million	2021 Positive fair value (carrying value)	2021 Negative fair value (carrying value)	2021 Net value	2020 Positive fair value (carrying value)	2020 Negative fair value (carrying value)	2020 Net value
Foreign exchange forward contracts						
Hedge accounting not applied	0.1	-0.1	0.0	0.6	-0.2	0.4
Total	**0.1**	**-0.1**	**0.0**	**0.6**	**-0.2**	**0.4**
Netting fair values of derivative financial instruments subject to netting agreements	0.0	0.0		-0.1	0.1	
Net total	**0.1**	**-0.1**	**0.0**	**0.5**	**-0.1**	**0.4**

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	2021 Associated companies	2021 Joint ventures	2021 Total	2020 Associated companies	2020 Joint ventures	2020 Total
Historical costs on Jan 1	0.1	1.6	1.7	0.1	1.6	1.7
Share of the profit	0.0	0.0	0.0	0.0	0.0	0.0
Decreases		-0.3	-0.3			
Historical costs on Dec 31	**0.1**	**1.4**	**1.5**	**0.1**	**1.6**	**1.7**

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

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**	

2020

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/ loss	Ownership
Joint ventures						
CG FH St. Pölten GmbH	Wien	25.6	22.4	0.0	0.0	50%
Associated companies						
Arandur Oy	Vantaa	4.8	4.4	4.6	0.1	33%
Total		**30.4**	**26.9**	**4.6**	**0.1**	

Sales of goods and services sold to associated companies and joint ventures amounted to EUR 1.4 (1.4) million in 2021.

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. 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	2021	2020
Defined benefit plans	50.6	51.4
Liability in the statement of financial position	50.6	51.4
Pension asset in the statement of financial position	-3.3	-2.4
Net liability	**47.2**	**49.0**

Income statement charge:

EUR million	2021	2020
Defined benefit plans	-0.8	-0.8
Included in financial expenses	-0.3	-0.5
Income statement charge, total (income (+) / expense (-))	**-1.1**	**-1.3**

Remeasurements, included in other comprehensive income:

EUR million	2021	2020
Defined benefit plans	1.1	-2.1
Change in foreign exchange rates	-1.2	1.4
Included in other comprehensive income. total	**-0.1**	**-0.7**

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	2021	2020
Present value of funded obligations	5.8	5.8
Fair value of plan assets	-9.1	-8.2
Net deficit of funded plans	**-3.3**	**-2.4**
Present value of unfunded obligations	50.6	51.4
Total net deficit of defined benefit pension plans	**47.2**	**49.0**
Liability in the statement of financial position	50.6	51.4
Receivable in the statement of financial position	**-3.3**	**-2.4**

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, 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**

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2020[1)]	**56.3**	**-7.9**	**48.3**
Current service cost	0.8		0.8
Interest expense	0.4	0.0	0.3
Past service costs			
Gains on settlements			
Remeasurements:			
Return on plan assets. excluding interest expense		-0.5	-0.5
Gain (-) / loss (+) from change in demographic assumptions			
Gain (-) / loss (+) from change in financial assumptions	2.4		2.4
Experience gains (-) / losses (+)	0.2		0.2
Exchange difference	-0.4		-0.4
Employers' contributions	-0.6		-0.6
Acquired pension liability			
Benefit payments from plans	-1.9	0.2	-1.7
At December 31, 2020	**57.1**	**-8.3**	**48.9**

1) Previously unrecognised benefit obligation from an acquisition carried out in 2019 has been taken into account in 2020 opening balance.

The weighted average duration of the defined benefit plan obligation in Caverion Group is 14 (15) years.

The significant actuarial assumptions were as follows:

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%

2020	Discount rate	Salary growth rate	Pension growth rate
Finland	0.20%	1.20%	1.50%
Norway	1.50%	2.00%	1.75% / 3.68%
Germany	0.50%	3.00%	2.00%
Austria	0.40%	-	2.25%

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

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%

2020	Impact on defined benefit obligation [1]		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease 7.2%	increase 8.1%
Salary growth rate	0.50%	increase 0.2%	decrease 0.2%
Pension growth rate	0.50%	increase 5.7%	decrease 5.4%

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 obligation 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	2021	%	2020	%
Equity instruments	4.8	52	4.6	56
Debt instruments	2.7	29	0.4	5
Property	1.3	14		
Investment funds			3.0	37
Cash and cash equivalents	0.2	2	0.2	2
Other investments	0.2	2		
Total plan assets	**9.1**	**100**	**8.2**	**100**

Employer contributions are expected to be zero in 2022.

Multi-employer plan in Sweden

In Sweden, Caverion participates in a multi-employer defined benefit plan in Alecta insurance company. 824 employees of Caverion Sverige AB are insured through this pension plan in the end of 2021. 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 the 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.

	Right-of-use assets			
EUR million	**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**

	Right-of-use assets			
EUR million	**Buildings and structures**	**Cars**	**Other assets**	**Total**
1 January 2020	**81.6**	**51.6**	**1.8**	**135.0**
Translation differences	-1.1	-0.6	0.0	-1.7
Acquisitions	0.5	0.2		0.7
Additions	26.3	19.9	0.4	46.6
Disposals and business divestitures	-2.8	-1.2	0.0	-4.0
Depreciation and impairment	-25.0	-25.1	-0.9	-51.0
31 December 2020	**79.5**	**44.6**	**1.3**	**125.5**

In 2021, the depreciation and impairment of right-of-use assets did not include any material impairments relating to the restructuring of premises (EUR 1.1 million in 2020).

Lease liabilities

EUR million	**2021**	**2020**
1 January	**129.2**	**136.9**
Translation differences	1.1	-1.6
Acquisitions	0.7	0.7
Additions	54.7	46.6
Disposals and business divestitures	-2.3	-4.6
Interest expenses	3.8	4.5
Payments	-51.5	-53.2
31 December	**135.7**	**129.2**

The Group recognised rent expenses from short-term lease liabilities in the amount of EUR 2.9 million (EUR 3.4 million) and from leases of low-value assets in the amount of EUR 3.4 million (EUR 2.7 million) in 2021. The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 8.8 million at the end of 2021 (EUR 10.2 million). The present value of lease liability of leases not yet commenced to which Caverion is committed amounted to EUR 0.1 million at the end of 2021 (EUR 0.1 million).

The Group has subleased some of its leased premises. The income recognised by the Group for these premises during the year was EUR 0.9 million (EUR 0.9 million in 2020).

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 2021. The income statement effect of these finance lease contracts amounted to EUR 0.0 million in 2021 comprising the selling profit of the contract and interest income. The Group did not have any finance lease contracts during 2020.

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 in 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 and leasing agreements with non-fixed terms. If the termination of the short-term contract is practically realistic within the time of the notice (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 in 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	2021	2020
Other commitments		
Other contingent liabilities	0.2	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, 2021 the total amount of these guarantees was EUR 467.9 (454.9) 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 2021, totalling EUR 9.1 million in 2021.

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 18.6 (19.7) million at the end of December 2021.

6 Others

In this section

This section comprises the following notes:

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 million	2021	2020
Salaries and other short-term employee benefits	4.7	5.2
Post-employment benefits [1)]	0.2	0.1
Termination benefits	0.9	0.2
Share-based payments [2)]	3.4	0.6
Total	**9.2**	**6.1**

1) Post-employment benefits 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) The total value of transferred shares, cash bonus and transfer tax.

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

EUR million	2021	2020
President and CEO [1)]		
Ari Lehtoranta, until 28 February 2021 [2)]	0.2	1.1
Mats Paulsson, 28 February - 8 August 2021	0.2	
Jacob Götzsche, as from 9 August 2021	0.3	
Total	**0.7**	**1.1**
Members of the Board of Directors		
Jussi Aho	0.1	0.1
Markus Ehrnrooth	0.1	0.1
Joachim Hallengren	0.1	0.1
Antti Herlin, member of the Board until 25 May 2020		0.0
Thomas Hinnerskov	0.1	0.1
Anna Hyvönen, member of the Board until 25 May 2020		0.0
Kristina Jahn, member of the Board as from 25 May 2020	0.1	0.0
Mats Paulsson, Chairman of the Board	0.1	0.1
Jasmin Soravia, member of the Board as from 25 May 2020	0.1	0.0
Total	**0.5**	**0.4**

1) 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) The compensation paid to Ari Lehtoranta contains only the remuneration paid from his period as Caverion's President and CEO. Ari Lehtoranta's notice period compensation and the following severance payments have been disclosed in the section "Remuneration of the President and CEO".

Board membership fees are paid as annual fees, 50% of which are paid as cash and 50% as Caverion shares according to the decision by the Annual General Meeting.

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

Remuneration of the President and CEO

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 would leave his position as President and CEO. Mr. Lehtoranta's base salary and fringe benefits as the President and CEO during 1 January - 28 February 2021 were in total EUR 176,000 (EUR 588,764 in 2020). Mr. Lehtoranta did not receive any short-term incentive payments or share payments in 2021 (short-term incentive payments amounted to EUR 389,730 in 2020). After 28 February 2021, Mr. Lehtoranta was paid the contractual 6 months' notice period salary of EUR 330,000 (including fringe benefits). He was also entitled to a severance payment amounting to 12 months' base salary as monthly payments after the termination date. The severance paid in 2021 amounted to EUR 220,000. The last monthly severance payment will be paid in August 2022, the total severance payment being EUR 660,000. The whole severance payment amount has been recognised as an expense in Caverion's 2021 result. Ari Lehtoranta also had a supplementary defined contribution pension plan, annual contribution being 20 percent of the base salary (including the 6 months' notice period). Additionally, he was eligible for the Finnish statutory pension.

Mats Paulsson, the Chairman of Caverion's Board of Directors, held the position of Interim President and CEO from 28 February to 8 August 2021. His base salary and fringe benefits during this period amounted to EUR 202,837. Mats Paulsson's 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.

Jacob Götzsche joined Caverion Corporation as President and CEO on 9 August 2021. Mr. Götzsche's base salary and fringe benefits amounted to EUR 253,036 in 2021. 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. The company will not provide 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. Mr. Götzsche was not a participant in Caverion's short-term incentive plan in 2021 nor did he receive any share payments during the year.

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

EUR million	Fixed base salary	Fringe benefits	Short-term Incentive	Share-based payments	Total 2021
Group Management Board members excluding President and CEO [1)]	3.1	0.1	0.6	3.2	**7.0**

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

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

In 2020, a total of 18,615 shares were transferred to the Group Management Board (excluding President and CEO) as a reward from the Restricted Share Plans 2016-2018 and 2017-2019.

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 (excluding President and CEO) do not, however, have any supplementary executive pension schemes and the statutory retirement age applies.

Also, a total of EUR 0.4 million of compensation related to the termination of the Group Management Board members' (excluding President and CEO) employment was paid during financial year 2021 (EUR 0.2 million in 2020).

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 employees 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 employees 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, supported by a Restricted Share Plan (RSP) as a complementary 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. The performance share plans which commenced during the years 2016-2018 are based on the rolling incentive plan approved in December 2015. Also all restricted share plans commencing during years 2016-2021 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 2019-2021 are based on the rolling incentive structure approved in December 2018.

Performance and Restricted Share Plan 2016-2018

In its December 2015 meeting, Caverion's Board of Directors approved the commencement of Performance Share Plan 2016-2018 and Restricted Share Plan 2016-2018. The targets for PSP 2016-2018 were not met and, therefore, no rewards were paid. In 2019, 23,622 Caverion Corporation shares were conveyed in a share issue without consideration to a key person participating in RSP 2016-2018 and 6,673 shares were conveyed in 2020.

Performance and Restricted Share Plan 2017-2019

In its December 2016 meeting, Caverion's Board of Directors approved the commencement of Performance Share Plan 2017-2019 and Restricted Share Plan 2017-2019. The targets for PSP 2017-2019 were not met and, therefore, no rewards were paid. In 2020, 39,127 Caverion Corporation shares were conveyed in a share issue without consideration to 16 key employees participating in RSP 2017-2019.

Performance and Restricted Share 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. PSP 2018-2020 could include a maximum of approximately 120 members of senior management and key employees of Caverion Group. The three-year plan period consisted of a one-year operative financial performance period, followed by a two-year share price performance period. The share reward was based on the targets set for the year 2018 for earnings per share and operating cash flow before financial and tax items. If all targets had been met, the share rewards based on PSP 2018-2020 would have comprised a maximum of 850,000 Caverion shares (gross before the deduction of applicable taxes). The targets for PSP 2018-2020 were partially met and, in a share issue without consideration, 28,169 Caverion Corporation shares were on 23 February 2021 conveyed to 77 employees participating in the plan.

Within RSP 2018-2020, share allocations were made for individually selected key employees in special situations. The maximum number of shares that could have been allocated and delivered totaled 85,000 shares (gross before the deduction of applicable taxes). In a directed share issue without consideration, 35,483 Caverion Corporation shares held by the company were on 23 February 2021 conveyed to 16 key employees participating in RSP 2018-2020.

Matching Share Plan 2018-2022

On 7 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 shall acquire company shares up to the number and in the manner determined by the Board of Directors. The plan participant may not participate in PSP 2018-2020 or PSP 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 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, 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 people, 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 proportion 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 this issue were returned to Caverion during 2020. On 30 April 2021, 120,199 Caverion Corporation shares were conveyed to key employees participating in MSP 2018-2020 in a directed share issue without consideration. The shares were delivered 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. In addition, on 25 August 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 16,911 own shares were returned to Caverion on 14 September 2021 and 30,066 own shares on 16 November 2021.

Performance and Restricted Share Plan 2019-2021

Caverion's Board of Directors approved the establishment of a new share-based long-term incentive plan for key employees of the Group in December 2018. The new plan is based on a performance share plan (PSP) structure. At the same time, the Board approved the commencement of a new plan period, RSP 2019–2021, in the Restricted Share Plan structure. The first plan, PSP 2019-2021, within the new PSP structure can include a maximum of approximately 75 key employees of Caverion Group. The performance target KPI's 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 2019–2021 will comprise a maximum of approximately 1.3 million Caverion shares (gross before the deduction of applicable taxes). The targets set for PSP 2019–2021 will be evaluated in March 2022 and the potential share rewards will be delivered by the end of 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 will be delivered to the participants in spring 2022 provided that their employment with Caverion continues until the delivery of the share reward.

Performance and Restricted Share 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) delivered in the spring of 2023.

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.

Performance and Restricted Share 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, based on which the potential share rewards under PSP 2021–2023 will be paid, 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.

Plan	**Performance share plan, December 2018**			**Performance share plan, December 2015**	**Restricted share plan**				**Matching share plan**
Instrument	**PSP 2021–2023**	**PSP 2020–2022**	**PSP 2019–2021**	**PSP 2018-2020**	**RSP 2021-2023**	**RSP 2020-2022**	**RSP 2019-2021**	**RSP 2018-2020**	**MSP 2018-2022**
Issuing date	Dec 17, 2018	Dec 17, 2018	Dec 17, 2018	Dec 17, 2015	Dec 17, 2015	Dec 17, 2015	Dec 17, 2015	Dec 17, 2015	Feb 6, 2018
Maximum number of shares	1,600,000	1,600,000	1,301,250	850,000	165,000	230,000	135,000	85,000	2,520,000
Dividend adjustment	No	No	No	Yes	No	No	No	No	Yes
Grant date	May 5, 2021	Jan 25, 2021	Apr 3, 2019	Feb 28, 2018	Feb 17, 2021	May 18, 2020	Apr 12, 2019	Jun 12, 2018	Mar 1, 2018
Beginning of earning period	Jan 1, 2021	Jan 1, 2020	Jan 1, 2019	Jan 1, 2018	Jan 1, 2021	Jan 1, 2020	Jan 1, 2019	Jan 1, 2018	Mar 1, 2018
End of earning period	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2018	Dec 31,2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2022
End of restriction period	Apr 30, 2024	Apr 30, 2023	Apr 30, 2022	Feb 28, 2021	Feb 28, 2024	Feb 28, 2023	Feb 28, 2022	Feb 28, 2021	Jul 1, 2022
Vesting conditions	Relative total shareholder return (TSR), earnings per share (EPS), continued employment	Relative total shareholder return (TSR), earnings per share (EPS), continued employment	Relative total shareholder return (TSR), earnings per share (EPS), continued employment	Earnings per share (EPS), operating cash flow before financial and tax items, continued employment	continued employment	Division EBITA for selected participants, continued employment	continued employment	continued employment	Minimum yield of the share, continued employment
Maximum contractual life, years	3.3	3.3	3.3	3.2	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	-	1.0
Number of persons at the end of the reporting year	82	80	56	-	24	34	25	-	15
Payment method	Cash and shares	Cash and shares	Cash and shares	Cash and shares	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 2021	-	-	880,000	64,179	-	115,000	104,000	79,500	1,432,511
Changes during the period									
Granted	1,456,500	1,540,500			61,000	93,500	31,000		
Forfeited	108,250	268,000	157,500	11,850	2,000	13,500	9,500	4,000	496,201
Earned (gross)				52,329				75,500	502,363
Outstanding at the end of the period, 31 December 2021	**1,348,250**	**1,272,500**	**722,500**	**-**	**59,000**	**195,000**	**125,500**	**-**	**433,947**
Delivered during the period (net)				28,169				35,483	241,872

Costs recognised for the share-based incentive plans

The consolidated financial statements include costs from share plans amounting to EUR 4.0 (2.8) million. EUR 1.5 (1.9) million of the cost recognised is related to the Group Management Board.

Performance and Restricted Share Plan 2022-2024

In December 2021, Caverion's Board of Directors approved the commencement of a new plan period, PSP 2022–2024, in the performance share plan structure first approved in December 2018. At the same time, the Board approved the commencement of a new plan period, RSP 2022-2024, in the restricted share plan structure, which is a complementary share-based incentive structure for specific situations first approved in December 2015. Any potential share rewards based on PSP 2022–2024 and RSP 2022–2024 will be delivered in the spring 2025. PSP 2022–2024 may include a maximum of approximately 90 key employees of Caverion Group. The performance targets, based on which the potential share rewards under PSP 2022–2024 will be paid, 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) and the share rewards based on RSP 2022-2024 a maximum of approximately 85,000 Caverion shares (gross before the deduction of applicable taxes).

Accounting principles

Caverion has share-based incentive plans for its management and key employees.

The Performance Share Plan (PSP) structure contains a maximum value for the share reward payable to an individual participant. If the value of the share reward would at the time of payment exceed a maximum value set by the Board, the exceeding portion of the reward will not be paid. A person participating in the plan has the possibility to earn a share reward only if his/her employment continues until the payment of the reward.

Share allocations within the Restricted Share Plan (RSP) will be made for individually selected key employees in special situations. Under the complementary RSP structure, each individual plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues until the delivery of the share reward.

The prerequisite for participating in the Matching Share Plan (MSP) is that a key employee acquires company shares up to the number and in the manner determined by the Board of Directors. The plan participant may not participate in PSP 2018-2020 or PSP 2019-2021 simultaneously with participating in the MSP. Receiving of the reward is tied to the continuance of the participant's employment or service upon reward payment. A participant is entitled to choose whether he or she wants to receive the potential reward partly in the company shares and partly in cash or fully in shares. The shares paid as reward may be transferred after a reward instalment specific restriction period of up to two years. Should the reward payment be deferred, such deferral will not lengthen the relevant restriction period.

The equity-settled and cash-settled share-based payments are valued based on the market price of Caverion share as of the grant date and are recognised as an employee benefit expense over the vesting period with corresponding entry in equity.

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 2021 the total outstanding amount of these loans amounted to approximately EUR 4.4 (4.3) million. The loans will be repaid in full on 31 December 2023, at the latest. Company shares have been pledged as a security for the loans. As a result, Caverion had 689,056 Caverion Corporation shares as a pledge at the end of the reporting period on 31 December 2021.

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	2021	2020
Sale of goods and services	0.0	0.1
Purchase of goods and services	0.1	0.9
Receivables	4.4	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 is 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.

Income statement, Parent company, FAS

EUR	Note	1.1.-31.12.2021	1.1.-31.12.2020
Other operating income	1	55,478,581.90	53,115,385.74
Personnel expenses	2	-14,651,322.59	-10,993,100.54
Depreciation, amortisation and impairments	3	-871,219.88	-1,055,069.79
Other operating expenses	4	-45, 894,744.45	-44,644,172.63
Operating profit / loss		**-5,938,705.02**	**-3,576,957.22**
Financial income and expenses	5	-6 ,504, 496.75	-20,627,683.05
Result before appropriations and taxes		**-12,443,201.77**	**-24,204,640.27**
Appropriations	6	9 ,067, 160.67	18,186,674.91
Income taxes	7	-112, 381.62	-2 124,172.21
Result for the period		**-3,488,422.72**	**-8,142,137.57**

Balance sheet, Parent company, FAS

EUR	Note	31.12.2021	31.12.2020
Assets			
Non-current assets			
Intangible assets	8	5,661,797.26	5,502,240.57
Tangible assets	8	589,793.25	1,038,487.72
Investments	9	503,426,384.15	474,895,943.00
Total non-current assets		**509,677,974.66**	**481,436,671.29**
Current assets			
Non-current receivables	10	21,529,360.58	21,284,953.81
Current receivables	11	29,107,838.94	60,943,024.39
Cash and cash equivalents		102,823,909.98	115,773,623.33
Total current assets		**153,461,109.50**	**198,001,601.53**
Total assets		**663,139,084.16**	**679,438,272.82**
Equity and liabilities			
Equity	12		
Share capital		1,000,000.00	1,000,000.00
Unrestricted equity reserve		66,676,176.49	66,676,176.49
Retained earnings		69,116,233.71	104,602,802.88
Result for the period		-3,488,422.72	-8,142,137.57
Treasury shares		-2,358,078.82	-2,775,128.82
Total equity		**130,945,908.66**	**161,361,712.98**
Appropriations	13		**67,160.67**
Liabilities			
Non-current liabilities	15	167,499,999.99	170,499,999.99
Current liabilities	16	364,693,175.51	347,509,399.18
Total liabilities		**532,193,175.50**	**518,009,399.17**
Total equity and liabilities		**663,139,084.16**	**679,438,272.82**

Cash flow statement, Parent company, FAS

EUR	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operating activities		
Result before appropriations and taxes	-12,443,201.77	-24,204,640.27
Adjustments for:		
Depreciation, amortisation and impairments	871,219.88	1,055,069.79
Other adjustments	307,769.00	220,764.86
Financial income and expenses	6,504,496.75	20,627,683.05
Cash flow before change in working capital	**-4,759,716.14**	**-2,301,122.57**
Change in working capital		
Change in trade and other current receivables	678,793.24	6,898,198.59
Change in trade and other current payables	1,911,905.37	-1,612,841.98
Cash flow before financial items and taxes	**-3,526,604.01**	**2,984,234.04**
Cash flow from operating activities		
Interest paid and other financial expenses	-25,988,015.78	-34,743,011.48
Dividends received		3,289,000.00
Interest received and other financial income	23,238,729.16	31,178,731.72
Income taxes paid	-2.127,832.34	-100,246.58
Cash flow from operating activities	**-8,403,722.97**	**2,608,707.70**

EUR	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from investing activities		
Purchases of tangible and intangible assets	-7,094,951.84	-11,720,024.28
Proceeds from the sales of tangible and intangible assets	6,512,869,74	9,220,281.11
Investments in subsidiaries	-14,119,545.49	-6,349,850.77
Cash flow from investing activities	**-14,701,627.59**	**-8,849,593.94**
Cash flow from financing activities		
Group contributions received	18,000,000.00	10,600,000.00
Repayment of non-current borrowings	-53,000,000.00	-32,560,000.00
Change in non-current loan receivables	-244,406.77	-270,839.30
Proceeds from non-current borrowings	50,000,000.00	10,500,000.00
Change in short-term financing	22,634,945.58	66,640,126.64
Dividends paid	-27,234,901.60	0.00
Cash flow from financing activities	**10,155,637.21**	**54,909,287.34**
Net change in cash and cash equivalents	**-12,949,713.35**	**48,668,401.10**
Cash and cash equivalents at the beginning of the financial year	115,773,623.33	67,105,223.23
Cash and cash equivalents at the end of the financial year	102,823,909.98	115,773,623.33

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 2021 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 2022. 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.-31.12.2021	1.1.-31.12.2020
Service income	55,478.6	53,115.4
Total	**55,478.6**	**53,115.4**

2. Information concerning personnel and key management

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Personnel expenses		
Wages and salaries	12,615.2	9,428.0
Pension expenses	1,930.6	1,550.6
Other indirect personnel costs	105.5	14.5
Total	**14,651.3**	**10,993.1**
Average number of personnel during the financial period	94,0	82,5
Salaries and fees to the management		
President and CEO	735.0	1,110.5
Members of the Board of Directors	458.6	429.3
Total	**1,193.6**	**1,539.8**

3. Depreciation, amortisation and impairments

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Amortisation of intangible assets	422.5	606.4
Depreciation of buildings and structures	16.1	16.1
Depreciation of machinery and equipment	432.6	432.6
Total	**871.2**	**1,055.1**

4. Other operating expenses

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Fees paid to the Auditor of the company		
Audit fee	297.3	334.2
Tax services	36.2	2.0
Other services	62.1	2.6
Total	**395.7**	**338.8**

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

5. Financial income and expenses

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Dividend income		
From Group companies		3,289.0
Interest income from non-current investments		
From Group companies	684.1	545.2
From others	67.5	71.0
Total	**751.5**	**616.1**
Other interest and financial income		
From Group companies	3,232.6	3,100.7
From others	68.2	118.5
Total	**3,300.8**	**3,219.1**
Impairment on investment assets		
Subsidiary shares	-3,839.0	-20,000.0
Total	**-3,839.0**	**-20,000.0**
Other interest and financial expenses		
Interest expenses to Group companies	-296.3	-348.2
Interest expenses to others	-5,651.7	-6,340.3
Other expenses to others	-1,104.0	-1,337.7
Total	**-7,051.9**	**-8,026.1**
Exchange rate gains	19,490.6	27,135.8
Change in the fair value of derivatives	-323.4	-367.9
Exchange rate losses	-18,833.1	-26,493.8
Total	**334.1**	**274.2**
Total financial income and expenses	**-6,504.5**	**-20,627.7**

Notes to the balance sheet, Parent company

6. Appropriations

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Change in the difference between planned and taxation depreciation	67.2	186.7
Group contributions received	9,000.0	18,000.0

7. Income taxes

1,000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
Income taxes on operating activities, current year	-112,4	-2,124,2
Total	**-112.4**	**-2,124.2**

8. Changes in fixed assets

1,000 EUR	31.12.2021	31.12.2020
Intangible assets		
Intangible rights		
Acquisition cost on Jan 1	14,518.0	10,883.9
Additions		3,634.1
Acquisition cost on Dec 31	14,518.0	14,518.0
Accumulated amortisation and impairments on Jan 1	-11,199.5	-10,619.6
Amortisation for the period	-392.7	-579.9
Accumulated amortisation and impairments on Dec 31	-11,592.2	-11,199.5
Book value on December 31	**2,925.7**	**3,318.5**
Renovations		
Acquisition cost on Jan 1	251.8	251.8
Additions	62.9	0.0
Book value on December 31	314.7	251.8
Accumulated amortisation and impairments on Jan 1	-38.1	-11.6
Amortisation for the period	-29.8	-26.5
Accumulated amortisation and impairments on Dec 31	-67.9	-38.1
Book value on December 31	**246.9**	**213.8**
Advance payments and construction in progress		
Acquisition cost on Jan 1	1,970.0	3,131.5
Additions	7,032.1	8,058.8
Disposals	-6,512.9	-9,220.3
Acquisition cost on Dec 31	2,489.2	1,970.0
Book value on December 31	**2,489.2**	**1,970.0**
Total intangible assets	**5,661.8**	**5,502.2**

1,000 EUR	31.12.2021	31.12.2020
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	-120.7	-104.6
Depreciation for the period	-16.1	-16.1
Accumulated depreciation and impairments on Dec 31	-136.8	-120.7
Book value on December 31	**24.1**	**40.2**
Machinery and equipment		
Acquisition cost on Jan 1	1,918.8	1,891.6
Additions		27.2
Acquisition cost on Dec 31	1,918.8	1,918.8
Accumulated depreciation and impairments on Jan 1	-1,030.4	-597.7
Depreciation for the period	-432.6	-432.6
Accumulated depreciation and impairments on Dec 31	-1,463.0	-1,030.4
Book value on December 31	**455.8**	**888.4**
Total tangible assets	**589.8**	**1,038.5**

9. Investments

1,000 EUR	31.12.2021	31.12.2020
Shares in Group companies		
Acquisition cost on Jan 1	474,895.9	488,546.1
Additions	32,369.4	6,349.9
Impairments	-3,839.0	-20,000.0
Acquisition cost on Dec 31	503,426.4	474,895.9
Total investments	**503,426.4**	**474,895.9**

10. Non-current receivables

1,000 EUR	31.12.2021	31.12.2020
Receivables from Group companies		
Loan receivables	17,170.0	17,000.0
Receivables from associated personnel		
Loan receivables	4,359.4	4,285.0
Total non-current receivables	21,529.4	21,285.0

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

11. Current receivables

1,000 EUR	31.12.2021	31.12.2020
Receivables from group companies		
Trade receivables	11,334.8	12,238.5
Loan receivables		23,489.6
Other receivables	9,757.0	18,380.5
Receivables, external		
Trade receivables	20.2	7.8
Other receivables	640.1	931.5
Accrued income	7,355.8	5,895.1
Total	29,107.8	60,943.0
Accrued income consists of:		
Accrued financial expenses	767.8	553.5
Other receivables	6,587.9	5,341.6
Total	7,355.8	5,895.1

12. Equity

1,000 EUR	31.12.2021	31.12.2020
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	93,685.5	101,606.8
Share-based incentive plans	-109.3	-81.1
Dividend distribution	-27,235.2	0.0
Distribution of own shares	417.1	302.0
Retained earnings on Dec 31	66,758.2	101,827.7
Result for the period	-3,488.4	-8,142.1
Total equity	**130,945.9**	**161,361.7**
Distributable funds on Dec 31		
Retained earnings	66,758.2	101,827.7
Net result for the financial period	-3,488.4	-8,142.1
Unrestricted equity reserve	66,676.2	66,676.2
Distributable funds from shareholders' equity	**129,945.9**	**160,361.7**

Treasury shares of Caverion Corporation

December 31, 2021 parent company had treasury shares as follows:

Number	Total number of shares	% of total share capital and voting rights
2,502,467	138,920,092	1.80%

13. Appropriations

1,000 EUR	31.12.2021	31.12.2020
Accumulated depreciation difference on Jan 1	67.2	253.8
Increase / decrease	-67.2	-186.7
Accumulated depreciation difference on Dec 31		**67.2**

14. Deferred taxes and liabilities

1,000 EUR	31.12.2021	31.12.2020
Deferred tax assets		
Accumulated depreciation difference	27.9	
Total	**27.9**	
Deferred tax liabilities		
Accumulated depreciation difference		13.4
Total		**13.4**

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

15. Non-current liabilities

1,000 EUR	31.12.2021	31.12.2020
Liabilities to Group companies		
Other loans	7,500.0	10,500.0
Liabilities, external		
Loans from credit institutions	50,000.0	50,000.0
Hybrid bond	35,000.0	35,000.0
Senior bond	75,000.0	75,000.0
Total	**167,500.0**	**170,500.0**

16. Current liabilities

1,000 EUR	31.12.2021	31.12.2020
Liabilities to Group companies		
Trade payables	405.8	501.0
Accrued expenses	19,388.8	110.3
Other liabilities	330,834.3	331,551.9
Liabilities, external		
Trade payables	3,503.1	3,369.5
Other current liabilities	337.2	2,324.5
Accrued expenses	10,223.8	9,652.2
Total	**364,693.1**	**347,509.4**
Accrued expenses consist of:		
Personnel expenses	4,021.4	2,838.8
Interest expenses	3,369.9	3,471.3
Accrued expenses to group companies	19,388.8	110.3
Other expenses	2,832.4	3,342.1
Total	**29,612.6**	**9,762.5**

17. Commitments and contingent liabilities

1,000 EUR	31.12.2021	31.12.2020
Leasing commitments		
Payable during the next fiscal year	2,669.1	2,490.1
Payable during subsequent years	20,763.6	22,237.2
Total	**23,432.8**	**24,727.3**
Guarantees		
On behalf of Group companies		
Contractual work guarantees	467.947.9	454.880.0
Loan guarantee	10,500.0	13,500.0
Leasing commitment guarantees	17,254.9	17,101.9
Factoring related guarantees	1,989.9	1,316.9

18. Derivate instruments

1,000 EUR	31.12.2020	31.12.2020
External foreign currency forward contracts		
Fair value	3.9	414.4
Value of underlying instruments	65,177.0	70,165.6
Internal foreign currency forward contracts		
Fair value	21.2	-65.9
Value of underlying instruments	2,150.6	2,644.9

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 24 March 2021, 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 is 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 in addition to the associated travel costs. 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 for 1.1.-28.2.2021 and from 9.8.2021. The value of the contract is not material. 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* 25.3.2021-28.3.2022	Audit committee meetings	Human Resources committee meetings	Meeting fees	Total 2021	Total 2020
Jussi Aho	46,800		2,200	9,700	58,700	54,500
Markus Ehrnrooth	60,000	3,300		9,700	73,000	68,250
Joachim Hallengren	46,800	3,300		8,800	58,900	55,050
Antti Herlin					0	10,828
Thomas Hinnerskov	46,800	3,300		8,800	58,900	55,050
Anna Hyvönen						10,828
Kristina Jahn	46,800	3,300		9,700	59,800	44,222
Mats Paulsson	79,200		2,200	9,700	91,100	86,900
Jasmin Soravia	46,800		1,650	9,700	58,150	43,672
Total	**373,200**	**13,200**	**6,050**	**66,100**	**458,550**	**429,300**

** Board membership fees were paid as annual fees, 50% of which were paid as cash and 50% in Caverion shares according to the decision by the Annual General Meeting.*

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 the maximum level 100% 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.

Share-based long-term incentive plan 2018–2020

Caverion's Board of Directors approved a share-based long-term incentive plan in its December 2017 meeting. The plan consisted of a Performance Share Plan, complemented with a Restricted Share Plan for special 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 2018-2020 consisted of a one-year operative financial performance period (2018), followed by a two-year share price performance period based on the targets set for Cash Flow from Operations and Earnings per share (EPS) at the end of 2018. The targets set for the Performance Share Plan 2018-2020 were partially met and in a directed share issues without consideration, 28,169 Caverion Corporation shares held by the company were on 23 February 2021 conveyed to 77 participants. 35,483 Caverion Corporation shares held by the company were on 23 February 2021 conveyed to 16 key persons participating in the Restricted Share Plan 2018–2020 that is used for special situations.

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.

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 will be delivered to the participants in spring 2022 provided that their employment with Caverion continues until the delivery of the share reward.

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 the Relative 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. 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 the Relative Total Shareholder Return and Earnings per share (EPS). Potential share rewards will be delivered to the participants in spring 2024.

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 100% of the annual fixed base salary and the measures are based in Caverion's strategic targets set by the Board. Due to the CEO change and relatively short periods of service in 2021, no short-term incentive will be paid for any of the CEO's for the 2021 performance.

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

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 would leave his position as President and CEO. The contractual retirement age of the President and CEO Ari Lehtoranta was 63 years. He had a supplementary defined contribution pension plan as the President and CEO for the period 1.1.-28.2.2021. After the mutual agreement on 28 February 2021, Mr. Lehtoranta has been paid the contractual 6 months' notice period salary of 330,000 euros (including fringe benefits 40 euros) and supplementary pension of 66,000 euros. The cost of the Finnish statutory pension during the notice period was 51,645 euros. 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 2021 was 220,000 euros. The last monthly severance payment will be paid in August 2022, total severance payment being 660,000 euros. The whole severance payment amount has been recognised as an expense in the company's 2021 result.

Mats Paulsson, the Chairman of Caverion's Board of Directors, held the position of Interim President and CEO from 28 February to 8 August 2021. Mats Paulsson's notice period was one week for both parties with no entitlement to severance pay. Mats Paulsson was included in the Swedish statutory social security pension and the company paid a supplementary defined contribution pension to compensate for a difference between country specific pension practices.

Jacob Götzsche joined Caverion Corporation 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.

Remuneration paid to the President and CEO in 2021

Ari Lehtoranta's base salary and fringe benefits as the President and CEO during 1.1.-28.2.2021 were in total EUR 176,000. Ari Lehtoranta was not paid short or long-term incentives during 2021.

Mats Paulsson's base salary and fringe benefits as the President and CEO during 28.2.-8.8.2021 were in total EUR 202,837. Mats Paulsson was not paid short or long-term incentives during 2021.

Jacob Götzsche's base salary and fringe benefits as the President and CEO during 9.8.-31.12.2021 were in total EUR 253,036. Jacob Götzsche was not paid short or long-term incentives during 2021.

EUR	Fixed base salary	Fringe benefits	Short-term incentive payment	Long-term incentive payment	Supplementary pension scheme	Total 2021
Ari Lehtoranta 1.1-28.2.2021	175,960	40			22,000	198,000
Mats Paulsson 28.2.-8.8.2021	202,837				31,849	234,686
Jacob Götzsche 9.8.-31.12.2021	246,563	6,473			49,321	302,356
Total	**625,359**	**6,513**			**103,169**	**735,042**

President and CEO's pension costs		Total 2021
Ari Lehtoranta	Statutory pension scheme	27,538
1.1.-28.2.2021	Supplementary defined contribution pension scheme	22,000
Mats Paulsson	Statutory pension scheme	21,927
28.2.-8.8.2021	Supplementary defined contribution pension scheme *	31,849
Jacob Götzsche	Statutory pension scheme	127
9.8.-31.12.2021	Supplementary defined contribution pension scheme **	49,321

** Paid to Mats Paulsson to compensate for a difference between country specific pension practices.*

*** 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, 2021.

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 2021 the total outstanding amount of these loans amounted approximately to EUR 4.4 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, 2021 is (EUR):

Retained earnings	66,758,154.89
Result for the period	-3,488,422.72
Retained earnings, total	**63,269,732.17**
Unrestricted equity reserve	66,676,176.49
Distributable equity, total	**129,945,908.66**

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

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

Helsinki, 9 February 2022

Caverion Corporation
Board of Directors

Mats Paulsson
Chairman

Markus Ehrnrooth
Vice Chairman

Jussi Aho

Joachim Hallengren

Thomas Hinnerskov

Kristina Jahn

Jasmin Soravia

Jacob Götzsche
President and CEO

The Auditor's note

Our auditor's report has been issued today
Helsinki, 9 February 2022

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 2021. 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	How our audit addressed the 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).
	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	How our audit addressed the Key Audit Matter
Valuation of goodwill *The accounting principles and disclosures concerning goodwill are disclosed in Note 4.2.* The valuation of goodwill 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, and because of the significance of the goodwill to the financial statements. As of balance sheet date 31 December 2021, the value of goodwill amounted to 365 million euro representing 28 % of the total assets and 184 % of the total equity. The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. 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.	Our audit procedures regarding the valuation of goodwill included involving 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. The key assumptions applied by the management in impairment tests 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. In addition, we compared the sum of discounted cash flows in impairment tests to Caverion's market capitalization. We also assessed the sufficiency of the disclosures as well as whether the disclosures about the sensitivity of the impairment assessment are appropriate.

Key audit matter	How our audit addressed the Key Audit Matter
Valuation of trade receivables *The accounting principles and disclosures concerning trade receivables are disclosed in Note 3.2.* Valuation of trade receivables was a key audit matter because the valuation of overdue trade receivables requires management to make significant judgments. As of balance sheet date 31 December 2021, the carrying value of trade receivables amounted to 346 million euros, of which 56 million euros were trade receivables overdue for more than 90 days. The carrying value of trade receivables shown in the balance sheet as of 31 December 2021 is a result of gross receivables deducted by reserve for estimated credit losses which is based on management's judgment. Valuation of aged trade receivables requires management to evaluate probability of the recoverability of receivables and to record a reserve based on judgment for receivables for which payment is not likely.	On the group level we evaluated the valuation methods applied on trade receivables as well as performed quarterly analyses of overdue and undue gross receivable balance development and corresponding movement in bad debt reserve. In addition, we analyzed management's assessment of the recoverability of the most significant overdue receivables considering > the customer payment pattern, > legal opinions, and > recent negotiations with the counterparties. We have also discussed the valuation with the group's business and financial management as well as with the legal management. On subsidiary level our audit procedures regarding the valuation of trade receivables included analysis of the aging of receivables as well as evaluation the recoverability of individual aged receivable balances by sending balance confirmation requests or by testing of subsequent cash receipts.

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 3 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, 9 February 2022

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 "7437007ECQWVPCJIS695-2021-12-31_fi.zip" of Caverion Oyj for the financial year 1.1. – 31.12.2021 to ensure that the financial statements are tagged with iXBRL mark ups 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 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 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 statements of Caverion Oyj "7437007ECQWVPCJIS695-2021-12-31_fi.zip" for the year ended 31.12.2021 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 31.12.2021 is included in our Independent Auditor's Report dated 9.2.2022. In this report, we do not express an audit opinion or any other assurance on the consolidated financial statements.

Helsinki, 28 February 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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Our Annual Reporting for 2021 consists of Annual Review (including Financial Statements and Board of Directors' Report), Sustainability Report, Corporate Governance Statement and Remuneration Report. Reports are available at **www.caverion.com/annualreview**.