Caverion
Building Performance

Q3/2021
Interim Report
1-9/2021

Caverion Corporation Interim Report 4 November 2021 at 8.00 a.m. EET

Caverion Corporation's Interim Report for 1 January – 30 September 2021

Continued improvement in profitability and strong increase in order backlog

1 July – 30 September 2021

- **Revenue:** EUR 493.7 (515.5) million, down by 4.2 percent, 4.9 percent in local currencies. Organic growth was -4.6 percent. Services business revenue decreased by 0.1 percent, 0.8 percent in local currencies.
- **Adjusted EBITDA:** EUR 35.0 (34.8) million, or 7.1 (6.8) percent of revenue.
- **Adjusted EBITA:** EUR 21.5 (21.2) million, or 4.4 (4.1) percent of revenue.
- **EBITA:** EUR 17.7 (17.7) million, or 3.6 (3.4) percent of revenue.
- **Operating profit:** EUR 13.5 (13.9) million, or 2.7 (2.7) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR -10.1 (-28.0) million.
- **Earnings per share, undiluted:** EUR 0.05 (0.06) per share.

1 January – 30 September 2021

- **Order backlog:** EUR 1,889.7 (1,627.7) million, up by 16.1 percent. Services backlog increased by 15.2 percent.
- **Revenue:** EUR 1,554.1 (1,575.6) million, down by 1.4 percent, 2.8 percent in local currencies. Organic growth was -2.3 percent. Services business revenue increased by 2.6 percent, 1.0 percent in local currencies.
- **Adjusted EBITDA:** EUR 97.6 (79.6) million, or 6.3 (5.0) percent of revenue.
- **Adjusted EBITA:** EUR 57.6 (38.1) million, or 3.7 (2.4) percent of revenue, up by 51.1 percent.
- **EBITA:** EUR 50.8 (36.1) million, or 3.3 (2.3) percent of revenue.
- **Operating profit:** EUR 38.4 (25.3) million, or 2.5 (1.6) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 27.1 (76.3) million.
- **Cash conversion (LTM):** 96.4 (138.2) percent.
- **Earnings per share, undiluted:** EUR 0.16 (0.08) per share.
- **Net debt/EBITDA*:** 0.9x (0.8x).

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

* Based on calculation principles confirmed with the lending parties.

Guidance for 2021: In 2021, Caverion Group's adjusted EBITA (2020: EUR 60.6 million) will grow compared to 2020.

KEY FIGURES

EUR million	7-9/21	7-9/20	Change	1-9/21	1-9/20	Change	1-12/20
Order backlog	1,889.7	1,627.7	16.1%	1,889.7	1,627.7	16.1%	1,609.1
Revenue	493.7	515.5	-4.2%	1,554.1	1,575.6	-1.4%	2,154.9
Organic growth, %	-4.6	-6.0		-2.3	-3.5		-4.1
Adjusted EBITDA	35.0	34.8	0.4%	97.6	79.6	22.6%	116.5
Adjusted EBITDA margin, %	7.1	6.8		6.3	5.0		5.4
EBITDA	31.2	31.4	-0.8%	90.8	77.7	16.9%	99.4
EBITDA margin, %	6.3	6.1		5.8	4.9		4.6
Adjusted EBITA	21.5	21.2	1.5%	57.6	38.1	51.1%	60.6
Adjusted EBITA margin, %	4.4	4.1		3.7	2.4		2.8
EBITA	17.7	17.7	-0.4%	50.8	36.1	40.6%	42.4
EBITA margin, %	3.6	3.4		3.3	2.3		2.0
Operating profit	13.5	13.9	-2.5%	38.4	25.3	51.6%	27.2
Operating profit margin, %	2.7	2.7		2.5	1.6		1.3
Result for the period	7.8	8.5	-7.8%	23.5	12.2	92.8%	8.6
Earnings per share, undiluted, EUR	0.05	0.06	-8.4%	0.16	0.08	112.3%	0.05
Operating cash flow before financial and tax items	-10.1	-28.0	64.0%	27.1	76.3	-64.5%	157.6
Cash conversion (LTM), %				96.4	138.2		158.5
Working capital				-101.7	-94.5	-7.6%	-160.4
Interest-bearing net debt				185.0	187.5	-1.3%	118.6
Net debt/EBITDA*				0.9	0.8		-0.2
Gearing, %				96.2	93.8		60.4
Equity ratio, %				19.0	19.8		18.9
Personnel, end of period				14,773	15,649	-5.6%	15,163

* Based on calculation principles confirmed with the lending parties.

Jacob Götzsche, President and CEO:

"I am satisfied with our profitability improvement continuing according to plan in the third quarter of 2021. A highlight of the quarter was that our order backlog grew strongly both in Services and Projects compared to the previous year. This provides a solid foundation for profitable growth in the future. However, our revenue decreased seasonally in the third quarter as the new orders booked in the order backlog did not yet materialise in revenue. Our cash flow was also lower in the first nine months of the year. Our working capital was impacted by higher receivables, lower advance payments from new projects and our existing older projects being in a cash-consuming phase. Due to the different impacts of the corona pandemic on the third quarter this and last year, a revenue comparison between those quarters is less informative than in normal years. It is positive to see that most economies are now finally returning more back to business as usual.

In the third quarter, our order backlog increased by 16.1 percent to EUR 1,889.7 (1,627.7) million compared to a year earlier and by 5.6 percent compared to the end of the second quarter (EUR 1,789.0 million). The order backlog continued to increase in Services, up by 15.2 per cent. Now also the Projects order backlog was up by 17.2 per cent. It typically takes a few quarters before the growth in order backlog realises in revenue growth. Our third quarter revenue was EUR 493.7 (515.5) million, down by 4.2 percent or 4.9 percent in local currencies. Measured in local currencies, the Services business revenue declined by 0.8 percent and the Projects business revenue by 11.6 percent in the third quarter. The business mix change seen in recent years follows our plans; the Services business accounted for 65.1 (62.6) percent of Group revenue in January-September 2021.

We continued to improve our profitability in the third quarter. Our third quarter adjusted EBITA improved to EUR 21.5 (21.2) million, or 4.4 (4.1) percent of revenue. EBITA was EUR 17.7 (17.7) million, or 3.6 (3.4) percent of revenue. I am particularly happy about the positive progress which has continued in our divisions Industry, Germany, Norway and Sweden. In Services, the performance continued overall on a strong level year-to-date. There was a minor negative impact from increased material prices in the third quarter. We continued to see an increased interest towards those parts of our lifecycle offerings that help customers make their operations more efficient and predictable as well as improving their sustainability. In Projects, market demand started to pick up following the stabilisation seen in the second quarter. The finalisation of the last remaining major risk project will take until the end of the year and we continued to improve our profitability in Projects. I trust that our professional employees together with our focus on sustainability and digitalisation will enable us to continue improving our performance going forward.

Our operating cash flow before financial and tax items was EUR 27.1 (76.3) million in January-September 2021 and the cash conversion (LTM) was 96.4 (138.2) percent. Following a lower cash flow in the third quarter, we expect a strong cash flow in the fourth quarter. Our liquidity position is strong and our leverage is at a low level. At the end of the third quarter, our interest-bearing net debt amounted to EUR 185.0 (187.5) million, or EUR 56.0 (55.3) million excluding lease liabilities. The net debt/EBITDA ratio was 0.9x (0.8x). Our cash and cash equivalents were EUR 81.5 (84.8) million. We completed three bolt-on acquisitions in the quarter and continue to actively search for suitable acquisitions going forward.

After starting as Caverion's CEO in early August, my first impression of the company is that our business has clear opportunities going forward. Our people have great skills and capabilities throughout our divisions. We are currently working on our future strategy up to 2025 and expect to finalise this work during the first half of 2022. We expect market demand to pick up in the next few years and we strongly believe in our purpose to enable building performance and people's wellbeing in smart and sustainable built environments."

Market outlook for Caverion's services and solutions in 2021

Caverion expects market demand to be overall positive in Services and to improve also in Projects during the end of 2021. This scenario assumes a successful outcome from the ongoing corona vaccination programmes and continued control of the corona pandemic with no significant unforeseen setbacks in 2021. Increased material prices and longer delivery times may still affect Caverion's business going forward.

The business volume and the amount of new order intake are important determinants of Caverion's performance in 2021. A negative scenario whereby the corona pandemic continues longer than currently anticipated, due to for example potential new corona variants, can still not be ruled out. Nevertheless, 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 as of the end of 2021.

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

Increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting higher targets and actions for energy efficiency and carbon-neutrality. This is furthermore supported by the society end-users' general request for 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 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 also post-2030 in order to reach EU-wide climate neutrality by 2050. Caverion has been putting an effort to develop its offering and solutions to meet this demand and is well positioned with its approximately 15,000 employees.

Services

Caverion expects market demand to be overall positive during the end of 2021. Caverion's Services business is overall by nature more stable and resilient through business cycles than the Projects business. Stimulus packages are also expected to positively impact general demand in the Services business.

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

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

Projects

According to Euroconstruct reports published in June 2021, the recovery of the European construction industry is more rapid than initially expected. According to the latest estimates by Euroconstruct, the total construction volume in Western Europe is expected to grow by 4.1 percent in 2021, following a drop of 5.2 percent in 2020. Non-residential construction, which was most strongly hit by the crisis, still shows a weaker recovery path in 2021 compared to residential construction according to Euroconstruct. 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 the end of 2021.

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

NEWS CONFERENCE, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on its Interim Report on Thursday, 4 November 2021, at 10.00 a.m. Finnish time (EET) at Hotel Kämp, Kluuvikatu 2, 2nd floor, Helsinki, Finland. The news conference can be viewed live on Caverion's website at www.caverion.com/investors. It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)330 336 9105 at 9:55 a.m. (Finnish time, EET) at the latest. The participant code for the conference call is "4793956 / Caverion". More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2022

Financial Statement Release for 2021 will be published on 10 February 2022 at 8:00 a.m. (EET). The Annual Review, including the financial statements for 2021, will be published on Caverion's website in English and Finnish by 4 March 2022 at the latest. Interim/Half-yearly Reports for 2022 will be published on 28 April, 4 August and 3 November 2022.

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

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

CAVERION CORPORATION

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Operating environment in the third quarter and during the first nine months of 2021

During the third quarter, the delta variant of the corona pandemic still impacted the business operations negatively, particularly in the first two months of the quarter. The operating environment started to improve at the end of the quarter due to the broad coverage of the corona vaccinations. Many governments also started to lift the various restrictions related to the corona virus in September, while at the same time finalising their plans to support the economic recovery.

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

Services

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

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

In the third quarter, there was still some negative impact from corona in a year-on-year comparison.

Projects

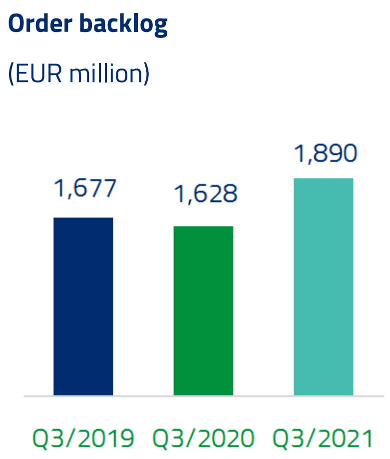
In Projects, market demand overall continued on a lower level in the first nine months of 2021, although there were clear signs of market stabilisation as of the end of the second quarter. In the third quarter, market demand started to gradually pick up also in Projects.

During the first nine months of the year, the market was impacted by increases in material prices.

Stimulus packages did not yet have a clear impact on general demand in the first nine months of 2021.

Order backlog

- Order backlog at the end of September increased by 16.1 percent to EUR 1,889.7 million from the end of September in the previous year (EUR 1,627.7 million).
- At comparable exchange rates the order backlog increased by 14.5 percent from the end of September in the previous year.
- Order backlog increased by 15.2 percent in Services and increased by 17.2 percent in Projects from the end of September in the previous year.



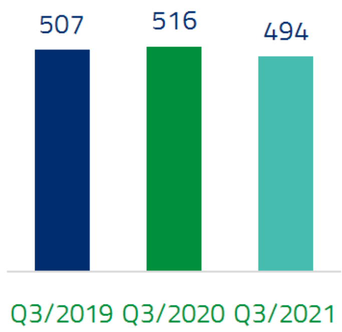
Revenue

July–September

- Revenue for July–September was EUR 493.7 (515.5) million. Revenue decreased by 4.2 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 490.5 million and decreased by 4.9 percent compared to the previous year. Organic growth was -4.6 percent.
- Revenue was positively impacted by fluctuations in currency exchange rates. Changes in Swedish krona and Norwegian krone had a positive effect of EUR 1.2 million and EUR 2.1 million respectively.
- Revenue increased in Sweden and Norway, while it decreased in other divisions.

Revenue

(EUR million)



EUR million	7-9/ 2021	7-9/ 2020	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	322.1	322.3	-0.1%	-0.8%	-0.4%	0.8%	-0.5%
Projects	171.6	193.2	-11.2%	-11.6%	-11.6%	0.3%	0.1%
Group total	493.7	515.5	-4.2%	-4.9%	-4.6%	0.6%	-0.2%

** Revenue change in local currencies*

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

The revenue of the Services business unit decreased and was EUR 322.1 (322.3) million in July–September, a decrease of 0.1 percent, or 0.8 percent in local currencies.

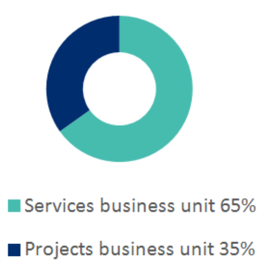
The revenue of the Projects business unit was EUR 171.6 (193.2) million in July–September, a decrease of 11.2 percent, or 11.6 percent in local currencies. Project business revenue was affected by the continuous selectivity approach and the postponed start of certain new projects from the order backlog.

January–September

- Revenue for January–September was EUR 1,554.1 (1,575.6) million. Revenue decreased by 1.4 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 1,531.7 million and decreased by 2.8 percent compared to the previous year. Organic growth was -2.3 percent.
- Revenue was impacted by fluctuations in currency exchange rates mainly in Swedish krona and Norwegian krone with a positive effect of EUR 11.7 million and EUR 11.8 million respectively.
- Revenue increased in Norway, remained flat in Sweden and Germany and decreased in other divisions.

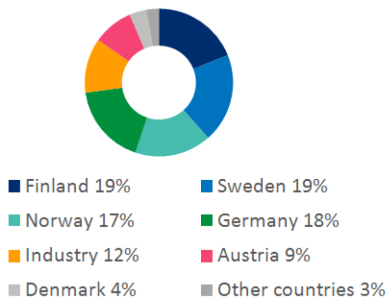
Revenue by business unit

% of revenue 1-9/2021



Revenue by division

% of revenue 1-9/2021



EUR million	1-9/ 2021	1-9/ 2020	Change	Change in comparable rates *	Organic growth **	Currency impact	Acquisitions and divestments impact
Services	1,012.3	986.4	2.6%	1.0%	1.7%	1.6%	-0.7%
Projects	541.8	589.3	-8.1%	-9.1%	-8.9%	1.1%	-0.3%
Group total	1,554.1	1,575.6	-1.4%	-2.8%	-2.3%	1.4%	-0.5%

** Revenue change in local currencies*

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

The revenue of the Services business unit increased and was EUR 1,012.3 (986.4) million in January–September, an increase of 2.6 percent, or 1.0 percent in local currencies. The revenue of the Projects business unit was EUR 541.8 (589.3) million in January–September, a decrease of 8.1 percent, or 9.1 percent in local currencies. Project business revenue was affected by the continuous selectivity approach.

The Services business unit accounted for 65.1 (62.6) percent of Group revenue, and the Projects business unit for 34.9 (37.4) percent of Group revenue in January–September.

Revenue by Division and Business Unit

Revenue, EUR million	7-9/21	%	7-9/20	%	Change	1-9/21	%	1-9/20	%	Change	1-12/20	%
Sweden	91.9	18.6	87.9	17.1	4.6%	302.7	19.5	303.3	19.2	-0.2%	420.6	19.5
Finland	92.7	18.8	98.6	19.1	-6.0%	294.8	19.0	301.7	19.1	-2.3%	416.0	19.3
Norway	74.3	15.1	70.3	13.6	5.7%	259.8	16.7	227.2	14.4	14.4%	318.9	14.8
Germany	93.1	18.9	94.8	18.4	-1.7%	274.5	17.7	275.1	17.5	-0.2%	368.8	17.1
Austria	51.3	10.4	52.3	10.2	-2.0%	136.9	8.8	143.0	9.1	-4.2%	191.4	8.9
Industry	59.0	12.0	67.1	13.0	-12.1%	185.6	11.9	201.8	12.8	-8.1%	275.9	12.8
Denmark	18.3	3.7	22.0	4.3	-16.9%	58.0	3.7	68.1	4.3	-14.9%	93.6	4.3
Other countries*	13.2	2.7	22.4	4.3	-41.2%	42.1	2.7	55.5	3.5	-24.1%	69.7	3.2
Group, total	493.7	100	515.5	100	-4.2%	1,554.1	100	1,575.6	100	-1.4%	2,154.9	100
Services	322.1	65.2	322.3	62.5	-0.1%	1,012.3	65.1	986.4	62.6	2.6%	1,364.9	63.3
Projects	171.6	34.8	193.2	37.5	-11.2%	541.8	34.9	589.3	37.4	-8.1%	790.0	36.7

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

Profitability

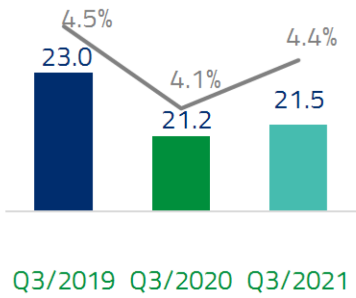
Adjusted EBITA, EBITA and operating profit

July–September

- Adjusted EBITA for July–September amounted to EUR 21.5 (21.2) million, or 4.4 (4.1) percent of revenue and EBITA to EUR 17.7 (17.7) million, or 3.6 (3.4) percent of revenue.
- The profitability improved during the period. The restructurings completed in the fourth quarter of last year had a positive impact on the cost base.
- Especially divisions Industry, Germany, Norway and Sweden progressed well.

Adjusted EBITA and margin

(EUR million)



In Services, there was some impact from corona negatively impacting demand in the quarter compared to the previous year which had a slightly negative impact on profitability. There was also a minor negative impact from raw material prices in the third quarter. 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 gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR 0.2 million in July–September. The write-downs from separately identified major risk projects amounted to EUR 1.0 million. The Group's restructuring costs amounted to EUR 0.1 million. Other items totalled EUR 2.5 million.

The operating profit (EBIT) for July–September was EUR 13.5 (13.9) million, or 2.7 (2.7) percent of revenue.

Costs related to materials and supplies decreased to EUR 124.0 (130.0) million and external services decreased to EUR 88.9 (102.5) million in July–September. Personnel expenses amounted to a total of EUR 196.6 (201.8) million for July–September. Other operating expenses amounted to EUR 54.1 (51.6) million. Other operating income decreased to EUR 1.1 (1.7) million.

Depreciation, amortisation and impairment amounted to EUR 17.7 (17.6) million in July–September. Of these EUR 13.5 (13.7) million were depreciations on tangible assets and EUR 4.2 (3.9) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 12.0 (12.5) million. The amortisations related to allocated intangibles on acquisitions and IT.

January–September

Adjusted EBITA for January–September amounted to EUR 57.6 (38.1) million, or 3.7 (2.4) percent of revenue and EBITA to EUR 50.8 (36.1) million, or 3.3 (2.3) percent of revenue.

The profitability improved during the period. Both Services and Projects improved their profitability. Especially divisions Industry, Germany, Norway and Sweden progressed well. 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 gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR 0.5

million in January–September. The write-downs from separately identified major risk projects amounted to EUR 2.0 million. The Group's restructuring costs amounted to EUR 1.5 million, the majority of which related to the parent company. Other items totalled EUR 2.7 million.

The operating profit (EBIT) for January–September was EUR 38.4 (25.3) million, or 2.5 (1.6) percent of revenue.

Costs related to materials and supplies decreased to EUR 369.6 (389.3) million and external services decreased to EUR 279.5 (293.5) million in January–September. Personnel expenses amounted to a total of EUR 666.1 (667.2) million for January–September. Other operating expenses decreased to EUR 150.1 (158.7) million, due to savings in several categories. Other operating income decreased to EUR 1.9 (10.8) million.

Depreciation, amortisation and impairment amounted to EUR 52.4 (52.3) million in January–September. Of these EUR 40.0 (41.5) million were depreciations on tangible assets and EUR 12.4 (10.8) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 35.6 (37.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	**7-9/2021**	**7-9/2020**	**1-9/2021**	**1-9/2020**	**1-12/2020**
EBITA	17.7	17.7	50.8	36.1	42.4
EBITA margin, %	3.6	3.4	3.3	2.3	2.0
Items affecting comparability (IAC)					
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.2	0.4	0.5	-6.5	-6.0
- Write-downs, expenses and income from major risk projects*	1.0	2.0	2.0	5.1	12.8
- Restructuring costs	0.1	0.9	1.5	3.0	10.7
- Other items**	2.5	0.1	2.7	0.3	0.6
Adjusted EBITA	21.5	21.2	57.6	38.1	60.6
Adjusted EBITA margin, %	4.4	4.1	3.7	2.4	2.8

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

*** In 2020 and 2021, provisions and legal and other costs related to the German anti-trust matter. In 2020, also including costs related to a subsidiary in Russia sold during the second quarter.*

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

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

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

Result before taxes amounted to EUR 32.3 (16.6) million, result for the period to EUR 23.5 (12.2) million, and earnings per share to EUR 0.16 (0.08) in January–September. Net financing expenses in January–September were EUR 6.1 (8.7) million. This includes an interest cost on lease liabilities amounting to EUR 2.8 (3.4) million. In January–September 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 27.3 (26.8) percent in January–September 2021.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets, including acquisitions, totalled EUR 20.8 (13.3) million in January–September, representing 1.3 (0.8) percent of revenue. Investments in information technology totalled EUR 5.6 (7.1) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms as well as datacenter consolidation. IT systems and mobile tools were also developed to improve the Group's internal processes and efficiency going forward. Other investments, including acquisitions, amounted to EUR 15.2 (6.2) million.

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

Caverion closed on 1 July 2021 an agreement to acquire the business of the Swedish company RPH Linc AB. RPH Linc is a system integrator in the area of electrical security focusing on high-end security solutions for enterprise and multisite customers and the public sector. In the financial year ending March 2020, the revenue of RPH Linc was about EUR 3 million. The parties agreed not to disclose the transaction price.

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

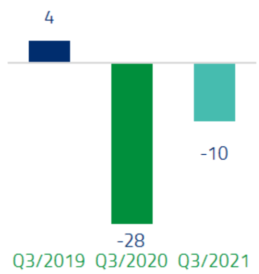
Caverion closed on 13 September 2021 an agreement to acquire Felcon GmbH ("Felcon") in Austria. Felcon Group is a small clean room specialist company based in Vienna, Austria. The company provides design, construction, installation, validation as well as technical services, among others. Through the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

Cash flow, working capital and financing

- The Group's operating cash flow before financial and tax items decreased to EUR 27.1 (76.3) million in January–September and cash conversion (LTM) was 96.4 (138.2) percent. Cash flow was lower in the first nine months of the year. Working capital was impacted by higher receivables, lower advance payments from new projects and our existing older projects being in a cash-consuming phase.
- The Group's free cash flow amounted to EUR 2.4 (60.5) million. Cash flow after investments was EUR -3.9 (53.6) million.
- The Group's working capital improved to EUR -101.7 (-94.5) million at the end of September. There were improvements in all divisions except for Norway, Finland and Germany compared to the previous year.

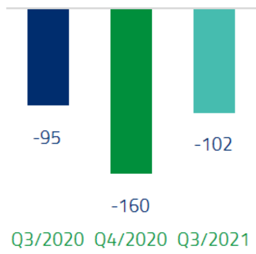
Operating cashflow before financial and tax items

(EUR million)



Working capital

(EUR million)



In July–September, the Group's operating cash flow before financial and tax items improved to EUR -10.1 (-28.0) million. The Group's free cash flow improved to EUR -19.2 (-30.5) million. Cash flow after investments was EUR -20.1 (-32.1) million.

The amount of trade and POC receivables increased to EUR 530.0 (517.1) million and other current receivables increased to EUR 30.2 (25.1) million. On the liabilities side, advances received increased to EUR 242.1 (236.9) million, other current liabilities increased to EUR 253.4 (238.2) million and trade and POC payables increased to EUR 183.1 (182.9) million.

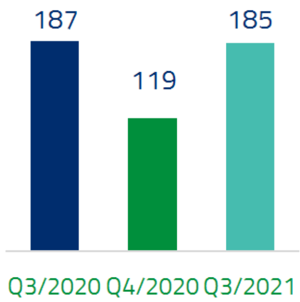
Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 30 September 2021. Caverion's cash and cash equivalents amounted to EUR 81.5 (84.8) million at the end of September. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 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 137.6 (140.2) million at the end of September, and the average interest rate was 2.6 (2.6) 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 129.0 (132.1) million at the end of September 2021, resulting to total gross interest-bearing liabilities of EUR 266.5 (272.3) million.

- The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 56.0 (55.3) million at the end of September and including lease liabilities to EUR 185.0 (187.5) million.
- At the end of September, the Group's gearing was 96.2 (93.8) percent and the equity ratio 19.0 (19.8) percent.
- Excluding the effect of IFRS 16, the equity ratio would have amounted to 21.7 (22.7) percent.

Interest-bearing net debt

(EUR million)



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

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 September, the Group’s Net debt to EBITDA was 0.9x according to the confirmed calculation principles. The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments.

Recent changes in financial reporting affecting comparability

Caverion signed an agreement to sell certain Finnish operations of Caverion Industria Ltd to Elcoline Oy in June 2020 based on the conditions imposed on the Maintpartner transaction by the Finnish Competition and Consumer Authority (the "FCCA"). The business transfer became effective on 30 September 2020. According to a stock exchange release published by Caverion on 22 November 2019, the FCCA approval on the Maintpartner transaction included certain conditions based on which Caverion was to divest approximately 6.5 percent of the post-transaction revenue (approximately EUR 300 million in 2018) of the Industry division in Finland. The Finnish Competition and Consumer Authority (the "FCCA") confirmed on 25 February 2021 that Caverion's divestment on 30 September 2020 did fulfil the conditions on the divestment size in Caverion's Maintpartner transaction.

PERSONNEL

- Caverion Group employed 14,905 (15,934) people on average in January–September 2021. At the end of September, the Group employed 14,773 (15,649) people. Personnel expenses for January–September amounted to EUR 666.1 (667.2) million.
- Employee safety continued to be a high focus area also in the first nine months of 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 September was 4.1 (4.2).

Personnel by division

at the end of September 2021

Personnel by division, end of period	9/2021	6/2021	Change	9/2021	9/2020	Change	12/2020
Sweden	2,521	2,523	0%	2,521	2,664	-5%	2,601
Finland	2,830	2,890	-2%	2,830	2,892	-2%	2,876
Norway	2,340	2,324	1%	2,340	2,386	-2%	2,366
Germany	2,171	2,164	0%	2,171	2,292	-5%	2,260
Industry	2,272	2,458	-8%	2,272	2,660	-15%	2,464
Other countries	1,035	1,032	0%	1,035	1,168	-11%	1,050
Austria	903	855	6%	903	864	5%	852
Denmark	537	548	-2%	537	599	-10%	565
Group Services	164	164	0%	164	124	32%	129
Group, total	14,773	14,958	-1%	14,773	15,649	-6%	15,163

Changes in Caverion's Group Management Board and organisation structure

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

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

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

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

Uno Lundberg (born 1962, B.Sc. (Econ. & Bus. Adm.)) was appointed Head of Caverion's Division Sweden starting on 1 August 2021. He joined Caverion from the emergency and rescue services company Falck where his position has been CEO for Falck Emergency in Scandinavia. Juha Mennander, who has been Caverion's Division Head for Sweden since June 2018 and Head of Group Market Operations prior to this, will take on new challenges at Caverion after supporting Uno in the onboarding phase to ensure a smooth transition.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Board of Director's Report presented in the Annual Review of 2020. Those risks and uncertainties are still valid. After this, the lack of availability of materials and supply and the increase in material prices have been identified as new short-term risks. In addition, there is a risk that the rising energy prices and possible problems with the availability of energy may impact the operating environment in the near future. Increased material prices and longer delivery times may still affect Caverion's business going forward.

The impacts of the corona pandemic and the actions taken by the company are summarised separately after this section and described earlier in the report in the "Market outlook for Caverion's services and solutions" and "Operating environment in the third quarter and during the first nine months of 2021".

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

IMPACT OF CORONA PANDEMIC ON CAVERION

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. Despite the positive developments, 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 in 2021. A negative scenario whereby the corona pandemic continues longer than currently anticipated, due to potential new corona variants, can still not be ruled out. Nevertheless, a large part of Caverion's services is vital in keeping also critical services and infrastructure up-and-running at all times.

Caverion expects market demand to be overall positive in Services and to improve also in Projects during the end of 2021. This scenario assumes a successful outcome from the ongoing corona vaccination programmes and continued control of the corona pandemic with no significant unforeseen setbacks in 2021.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

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

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

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

DIVIDENDS AND DIVIDEND POLICY

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

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

SHARES AND SHAREHOLDERS

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

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2021. Caverion held 2,807,991 treasury shares on 1 January 2021. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,472,401 treasury shares on 30 September 2021, representing 1.78 percent of the total number of shares and voting rights. The number of shares outstanding was 136,447,691 at the end of September 2021.

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

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

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

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

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

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

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

The Restricted Share Plan (RSP) is based on a rolling plan structure originally announced on 18 December 2015. The commencement of each new plan within the structure is conditional on a separate Board approval. Share allocations within the Restricted Share Plan will be made for individually selected key employees in specific situations. Each RSP plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues at the time of the delivery of the share reward. The potential share rewards based on the Restricted Share Plans for 2019–2021, 2020-2022 as well as 2021-2023 total a maximum of approximately 530,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 135,000 shares will be delivered in the spring of 2022, a maximum of 230,000 shares in the spring of 2023 and a maximum of 165,000 shares in the spring of 2024.

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

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

Authorisations of the Board of Directors

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

The Annual General Meeting of Caverion Corporation, held on 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 30 September 2021.

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

The Annual General Meeting of Caverion Corporation, held on 24 March 2021, authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The number of shares to be issued under the authorization 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 authorization 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 authorization 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 authorization cancels the authorization given by the general meeting on 25 May 2020 to decide on the issuance of shares. The authorization is valid until the end of the next Annual General Meeting, however no later than 31 March 2022.

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

Trading in shares

The opening price of Caverion's share was EUR 5.81 at the beginning of 2021. The closing rate on the last trading day of the review period on 30 September was EUR 6.74. The share price increased by 16 percent during January–September. The highest price of the share during the review period January–September was EUR 7.94, the lowest was EUR 5.06 and the average price was EUR 6.06. Share turnover on Nasdaq Helsinki in January–September amounted to 32.6 million shares. The value of share turnover was EUR 197.5 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 919.7 million. Market capitalisation has been calculated excluding the 2,472,401 shares held by the company as per 30 September 2021.

Number of shareholders and flagging notifications

At the end of September 2021, the number of registered shareholders in Caverion was 26,261 (6/2021: 26,382). At the end of September 2021, a total of 31.7 percent of the shares were owned by nominee-registered and non-Finnish investors (6/2021: 31.6%).

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 30 September 2021, are available on Caverion's website at www.caverion.com/investors.

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2021: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Revenue	**493.7**	**515.5**	**1,554.1**	**1,575.6**	**2,154.9**
Other operating income	1.1	1.7	1.9	10.8	11.5
Materials and supplies	-124.0	-130.0	-369.6	-389.3	-529.0
External services	-88.9	-102.5	-279.5	-293.5	-410.1
Employee benefit expenses	-196.6	-201.8	-666.1	-667.2	-902.6
Other operating expenses	-54.1	-51.6	-150.1	-158.7	-225.3
Share of results of associated companies			0.0	0.0	0.0
Depreciation, amortisation and impairment	-17.7	-17.6	-52.4	-52.3	-72.2
Operating result	**13.5**	**13.9**	**38.4**	**25.3**	**27.2**
% of revenue	2.7	2.7	2.5	1.6	1.3
Financial income and expense, net	-1.9	-2.2	-6.1	-8.7	-11.2
Result before taxes	**11.6**	**11.7**	**32.3**	**16.6**	**16.0**
% of revenue	2.3	2.3	2.1	1.1	0.7
Income taxes	-3.7	-3.2	-8.8	-4.5	-7.3
Result for the period	**7.8**	**8.5**	**23.5**	**12.2**	**8.6**
% of revenue	1.6	1.6	1.5	0.8	0.4
Attributable to					
Equity holders of the parent company	7.8	8.5	23.5	12.1	8.6
Non-controlling interests		0.0	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company					
Earnings per share, undiluted, EUR	0.05	0.06	0.16	0.08	0.05
Diluted earnings per share, EUR	0.05	0.06	0.16	0.08	0.05

Consolidated statement of comprehensive income

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Result for the review period	**7.8**	**8.5**	**23.5**	**12.2**	**8.6**
Other comprehensive income					
Items that will not be reclassified to profit/loss					
- Change in fair value of defined benefit pension plans	0.0	0.4	-0.7	2.7	-0.7
-- Deferred tax					0.5
- Change in fair value of other investments	0.0	0.0	0.0	0.0	0.0
-- Deferred tax					
Items that may be reclassified subsequently to profit/loss					
- Translation differences	0.2	-1.2	1.8	-12.1	-9.3
Other comprehensive income, total	**0.1**	**-0.8**	**1.1**	**-9.4**	**-9.5**
Total comprehensive result	**8.0**	**7.7**	**24.5**	**2.8**	**-0.9**
Attributable to					
Equity holders of the parent company	8.0	7.7	24.5	2.7	-0.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	18.0	19.4	18.9
Right-of-use assets	125.1	129.3	125.5
Goodwill	369.2	365.0	365.0
Other intangible assets	50.1	50.7	49.1
Shares in associated companies and joint ventures	1.7	1.7	1.7
Other investments	1.3	1.3	1.3
Other receivables	8.1	6.7	8.1
Deferred tax assets	19.0	21.6	19.6
Total non-current assets	**592.6**	**595.6**	**589.1**
Current assets			
Inventories	16.6	21.2	16.3
Trade receivables	288.9	269.8	316.5
POC receivables	241.1	247.4	190.0
Other receivables	30.5	25.6	31.0
Income tax receivables	2.9	3.3	0.2
Cash and cash equivalents	81.5	84.8	149.3
Total current assets	**661.6**	**652.1**	**703.3**
Total assets	**1,254.2**	**1,247.7**	**1,292.4**
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	1.0	1.0	1.0
Hybrid capital	35.0	35.0	35.0
Other equity	156.1	163.5	160.3
Non-controlling interest	0.3	0.4	0.3
Equity	**192.4**	**199.9**	**196.6**
Non-current liabilities			
Deferred tax liabilities	38.0	32.1	31.6
Pension liabilities	51.0	48.1	51.4
Provisions	9.6	11.5	10.8
Lease liabilities	89.3	90.8	87.5
Other interest-bearing debts	134.3	137.2	135.7
Other liabilities	7.1	5.7	5.7
Total non-current liabilities	**329.4**	**325.4**	**322.7**
Current liabilities			
Advances received	242.1	236.9	252.2
Trade payables	155.4	162.0	163.6
Other payables	248.4	232.7	263.1
Income tax liabilities	9.1	18.2	12.3
Provisions	34.5	28.2	37.3
Lease liabilities	39.6	41.3	41.7
Other interest-bearing debts	3.2	3.0	3.0
Total current liabilities	**732.4**	**722.4**	**773.1**
Total equity and liabilities	**1,254.2**	**1,247.7**	**1,292.4**

Working capital

EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Inventories	16.6	21.2	16.3
Trade and POC receivables	530.0	517.1	506.5
Other current receivables	30.2	25.1	30.2
Trade and POC payables	-183.1	-182.9	-188.0
Other current liabilities	-253.4	-238.2	-273.3
Advances received	-242.1	-236.9	-252.2
Working capital	**-101.7**	**-94.5**	**-160.4**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2021	**1.0**	**111.3**	**-14.1**	**-0.1**	**-2.8**	**66.0**	**35.0**	**196.3**	**0.3**	**196.6**
Comprehensive income										
Result for the period		23.5						23.5	0.0	23.5
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-0.7						-0.7		-0.7
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			1.8					1.8		1.8
Comprehensive income, total		**22.7**	**1.8**	**0.0**				**24.5**	**0.0**	**24.5**
Dividend distribution		-27.3						-27.3	0.0	-27.3
Share-based payments		0.4						0.4		0.4
Transfer of own shares		-0.4			0.4					
Hybrid capital interests and costs after taxes		-1.9						-1.9		-1.9
Equity on September 30, 2021	**1.0**	**104.9**	**-12.2**	**-0.2**	**-2.4**	**66.0**	**35.0**	**192.1**	**0.3**	**192.4**

EUR million	Equity attributable to owners of the parent									
	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2020	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income										
Result for the period		12.1						12.1	0.0	12.1
Other comprehensive income:										
Change in fair value of defined benefit pension plans		2.7						2.7		2.7
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			-12.1					-12.1		-12.1
Comprehensive income, total		**14.8**	**-12.1**	**0.0**				**2.7**	**0.0**	**2.8**
Dividend distribution									0.0	0.0
Share-based payments		1.9						1.9		1.9
Transfer of own shares		-0.3			0.3					
Hybrid capital repayment							-66.1	-66.1		-66.1
Hybrid capital issue							35.0	35.0		35.0
Hybrid capital interests and costs after taxes		-2.4						-2.4		-2.4
Other change		-0.2						-0.2		-0.2
Equity on September 30, 2020	**1.0**	**117.3**	**-16.9**	**-0.1**	**-2.8**	**66.0**	**35.0**	**199.6**	**0.4**	**199.9**

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

Condensed consolidated statement of cash flows

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Cash flows from operating activities					
Result for the period	7.8	8.5	23.5	12.2	8.6
Adjustments to result	24.9	24.0	64.8	59.1	95.0
Change in working capital	-42.8	-60.5	-61.1	5.0	54.0
Operating cash flow before financial and tax items	**-10.1**	**-28.0**	**27.1**	**76.3**	**157.6**
Financial items, net	-0.9	-1.6	-6.2	-6.9	-9.5
Taxes paid	-0.6	-1.6	-9.5	-5.0	-8.5
Net cash from operating activities	**-11.6**	**-31.3**	**11.3**	**64.4**	**139.6**
Cash flows from investing activities					
Acquisition of subsidiaries and businesses, net of cash	-5.9	0.0	-6.6	-2.1	-2.1
Disposal of subsidiaries and businesses, net of cash		1.9		1.9	1.9
Capital expenditure and other investments, net	-2.6	-2.7	-8.6	-10.6	-11.6
Net cash used in investing activities	**-8.5**	**-0.9**	**-15.2**	**-10.8**	**-11.8**
Cash flow after investing activities	**-20.1**	**-32.1**	**-3.9**	**53.6**	**127.8**
Cash flow from financing activities					
Change in loan receivables, net		0.1		0.3	0.3
Change in current liabilities, net	0.0		0.0		
Proceeds from borrowings			0.1	15.0	15.0
Repayments of borrowings	0.0		-1.5		-1.5
Repayments of lease liabilities	-11.9	-12.2	-34.7	-35.1	-48.2
Hybrid capital issue				35.0	35.0
Hybrid capital repayment				-66.1	-66.1
Hybrid capital costs and interests			-2.4	-3.0	-3.0
Dividends paid and other distribution of assets			-27.3	0.0	-0.1
Net cash used in financing activities	**-11.9**	**-12.1**	**-65.8**	**-53.8**	**-68.5**
Change in cash and cash equivalents	**-32.0**	**-44.2**	**-69.6**	**-0.2**	**59.2**
Cash and cash equivalents at the beginning of the period	113.7	130.2	149.3	93.6	93.6
Change in the foreign exchange rates	-0.2	-1.2	1.9	-8.5	-3.5
Cash and cash equivalents at the end of the period	**81.5**	**84.8**	**81.5**	**84.8**	**149.3**

Free cash flow

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Operating cash flow before financial and tax items	-10.1	-28.0	27.1	76.3	157.6
Taxes paid	-0.6	-1.6	-9.5	-5.0	-8.5
Net cash used in investing activities	-8.5	-0.9	-15.2	-10.8	-11.8
Free cash flow	**-19.2**	**-30.5**	**2.4**	**60.5**	**137.3**

NOTES TO THE INTERIM REPORT

1 Accounting principles

Caverion Corporation's Interim Report for 1 January – 30 September, 2021 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2020.
The information presented in this Interim Report has not been audited.

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

In April 2021, the IFRS Interpretations Committee issued its final agenda decision on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Interpretations Committee examined whether, applying IAS 38, the configuration and customisation of software shall be recognised as an intangible asset and, if an intangible asset is not recognised, how these configuration and customisation costs are to be recognised. IFRIC agenda decisions do not have an effective date; it is expected that they are applied as soon as possible. As Caverion has cloud computing arrangements in place, it has started to analyse whether this agenda decision has an impact on the accounting principles applied to the implementation costs in cloud computing arrangements. Caverion expects to finalise the analysis during Q4/2021.

2 Key figures

	9/2021	9/2020	12/2020
Revenue, EUR million	1,554.1	1,575.6	2,154.9
EBITDA, EUR million	90.8	77.7	99.4
EBITDA margin, %	5.8	4.9	4.6
Adjusted EBITDA, EUR million	97.6	79.6	116.5
Adjusted EBITDA margin, %	6.3	5.0	5.4
EBITA, EUR million	50.8	36.1	42.4
EBITA margin, %	3.3	2.3	2.0
Adjusted EBITA, EUR million	57.6	38.1	60.6
Adjusted EBITA margin, %	3.7	2.4	2.8
Operating profit, EUR million	38.4	25.3	27.2
Operating profit margin, %	2.5	1.6	1.3
Result before taxes, EUR million	32.3	16.6	16.0
% of revenue	2.1	1.1	0.7
Result for the review period, EUR million	23.5	12.2	8.6
% of revenue	1.5	0.8	0.4
Earnings per share, undiluted, EUR	0.16	0.08	0.05
Earnings per share, diluted, EUR	0.16	0.08	0.05
Equity per share, EUR	1.4	1.5	1.4
Equity ratio, %	19.0	19.8	18.9
Interest-bearing net debt, EUR million	185.0	187.5	118.6
Gearing ratio, %	96.2	93.8	60.4
Total assets, EUR million	1,254.2	1,247.7	1,292.4
Operating cash flow before financial and tax items, EUR million	27.1	76.3	157.6
Cash conversion (LTM), %	96.4	138.2	158.5
Working capital, EUR million	-101.7	-94.5	-160.4
Gross capital expenditures, EUR million	20.8	13.3	16.7
% of revenue	1.3	0.8	0.8
Order backlog, EUR million	1,889.7	1,627.7	1,609.1
Personnel, average for the period	14,905	15,934	15,773
Number of outstanding shares at the end of the period (thousands)	136,448	136,112	136,112
Average number of shares (thousands)	136,253	136,102	136,105

3 Financial development by quarter

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

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

4 Calculation of key figures

Key figures on financial performance

EBITDA = Operating profit (EBIT) + depreciation, amortisation and impairment

Adjusted EBITDA = EBITDA before items affecting comparability (IAC) *

EBITA = Operating profit (EBIT) + amortisation and impairment

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

Equity ratio (%) =

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

Gearing ratio (%) =

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

Interest-bearing net debt = Interest-bearing liabilities - cash and cash equivalents

Working capital = Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions

Free cash flow = Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities

Cash conversion (%) =

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

Organic growth = Defined as the change in revenue in local currencies excluding the impacts of (i) currencies; and (ii) acquisitions and divestments. The currency impact shows the impact of changes in exchange rates of subsidiaries with a currency other than the euro (Group's reporting currency). The acquisitions and divestments impact shows how acquisitions and divestments completed during the current or previous year affect the revenue reported.

Share related key figures

Earnings / share, undiluted =

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

Earnings /share, diluted =

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

Equity / share =

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

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

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

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

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

5 Acquisitions

In January–September 2021, Caverion has completed four acquisitions. Caverion has acquired the shares of GTS Immobilien GmbH and Felcon GmbH in Austria as well as the businesses of Austrian Electro Berchtold GmbH and Swedish RPH Linc AB.

In the next table, the assets and liabilities of the acquired businesses are reported in aggregate. The consolidation of the acquired businesses is still provisional as of 30 September 2021. Therefore, the fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalized.

Assets and liabilities of the acquired businesses (including fair value adjustments)	
EUR million	**Sep 30, 2021**
Intangible assets	8.2
Right-of-use assets	0.6
Tangible assets	0.2
Inventories	0.2
Investments	0.1
Trade and other receivables	2.6
Cash and cash equivalents	0.9
Total assets	**12.7**
Interest-bearing debt	0.2
Trade payables	0.4
Advances received	0.1
Provisions	0.1
Lease liabilities	0.6
Deferred tax liabilities	1.1
Other liabilities	1.1
Total liabilities	**3.4**
Net assets	**9.2**
Acquisition cost paid in cash	**7.5**
Contingent consideration	**5.9**
Goodwill	**4.3**

6 Related party transactions

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

Purchases from members of the Board

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

Caverion entered into a new fixed term contract until 31 March 2022 with a member of the Board concerning consulting services in August 2021. The value of the contract is not material.

7 Financial risk management

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

At the end of the third quarter the effects of the corona pandemic were easing off. 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. The base scenario assumes a successful outcome from the ongoing corona vaccination programmes and no material unforeseen negative surprises in 2021. However, a negative scenario whereby the corona pandemic continues longer than currently anticipated, due to potential new corona variants, can still not be ruled out. Therefore, Caverion remains cautious with the financial risk management.

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

The capital structure is modified primarily by directing investments and working capital employed.

No significant changes have been made to the Group's financial risk management principles in the reporting period. Further information is presented in Group's 2020 financial statement in note 5.5 Financial risk management.

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

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

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

EUR million	2021	2022	2023	2024	2025	2026->	Total
Interest-bearing borrowings	1.5	3.0	128.0	3.0	1.5	0.5	137.5
Lease liabilities	7.1	37.9	28.3	18.7	10.7	26.2	129.0
Total	**8.6**	**40.9**	**156.3**	**21.7**	**12.2**	**26.7**	**266.5**

8 Financial liabilities and interest-bearing net debt

EUR million	Sep 30, 2021 Carrying amount	Sep 30, 2020 Carrying amount	Dec 31, 2020 Carrying amount
Non-current liabilities			
Senior bonds	74.8	74.7	74.7
Loans from financial institutions	50.0	49.9	49.9
Other financial loans	0.5	0.5	0.5
Pension loans	9.0	12.0	10.5
Lease liabilities	89.3	90.8	87.5
Total non-current interest-bearing liabilities	**223.6**	**228.0**	**223.2**
Current liabilities			
Loans from financial institutions	0.0	0.0	0.0
Pension loans	3.0	3.0	3.0
Other financial loans	0.2	0.0	0.0
Lease liabilities	39.6	41.3	41.7
Total current interest-bearing liabilities	**42.9**	**44.3**	**44.7**
Total interest-bearing liabilities	**266.5**	**272.3**	**267.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**137.6**	**140.2**	**138.7**
Cash and cash equivalents	81.5	84.8	149.3
Interest-bearing net debt	**185.0**	**187.5**	**118.6**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**56.0**	**55.3**	**-10.6**

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

Derivative instruments

Nominal amounts EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Foreign exchange forwards	59.3	65.9	70.2

Fair values EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Foreign exchange forwards			
positive fair value	0.2	0.4	0.6
negative fair value	-0.5	-0.1	-0.2

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

9 Commitments and contingent liabilities

EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Guarantees given on behalf of associated companies and joint ventures	33.1	0.0	22.4
Parent company's guarantees on behalf of its subsidiaries	458.9	470.0	454.9
Other commitments			
- Other contingent liabilities	0.2	0.2	0.2
Accrued unrecognised interest on hybrid bond	0.9	0.9	1.5

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 19.6 million at the end of September 2021.

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

Caverion's Financial Information in 2022

Financial Statements Release for 2021: 10 February 2022

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

Interim Report for January – March 2022: 28 April 2022

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

Interim Report for January – September 2022: 3 November 2022

Building Performance

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