H1/2023

Half-year Financial Report 1-6/2023

Caverion Corporation Half-year Financial Report 3 August 2023 at 8.00 a.m. EEST

Caverion Corporation's Half-year Financial Report for 1 January – 30 June 2023

Performance improvement continued

1 April – 30 June 2023

- **Revenue:** EUR 628.2 (577.0) million, up by 8.9 (5.9) percent. Organic growth was 8.6 (4.7) percent. Services business revenue increased by 5.0 (7.7) percent. Projects business revenue increased by 16.4 (2.5) percent.
- **Adjusted EBITA:** EUR 25.5 (22.9) million, or 4.1 (4.0) percent of revenue, up by 11.4 percent.
- **EBITA:** EUR 13.2 (21.4) million, or 2.1 (3.7) percent of revenue, impacted by the cost reimbursement of EUR 10.0 million to Bain Consortium
- **Operating profit:** EUR 8.9 (17.5) million, or 1.4 (3.0) percent of revenue, down by 49.1 percent.
- **Operating cash flow before financial and tax items:** EUR -12.7 (-9.3) million.
- **Earnings per share, undiluted:** EUR 0.03 (0.09) per share.

1 January – 30 June 2023

- **Order backlog:** EUR 2,004.8 (1,907.9) million, up by 5.1 (6.6) percent. Services backlog increased by 4.0 (4.3) percent. Projects backlog increased by 6.5 (9.8) percent.
- **Revenue:** EUR 1,243.0 (1,105.1) million, up by 12.5 (4.2) percent. Organic growth was 11.0 (3.6) percent. Services business revenue increased by 10.0 (6.1) percent. Projects business revenue increased by 17.4 (0.8) percent.
- **Adjusted EBITA:** EUR 50.0 (40.3) million, or 4.0 (3.6) percent of revenue, up by 24.0 percent.
- **EBITA:** EUR 35.6 (36.4) million, or 2.9 (3.3) percent of revenue, down by 2.1 percent, impacted by the cost reimbursement of EUR 10.0 million to Bain Consortium.
- **Operating profit:** EUR 27.2 (28.9) million, or 2.2 (2.6) percent of revenue, down by 5.8 percent.
- **Operating cash flow before financial and tax items:** EUR 39.4 (29.7) million, up by 32.6 percent.
- **Cash conversion (LTM):** 106.9 (81.3) percent.
- **Earnings per share, undiluted:** EUR 0.12 (0.13) per share.
- **Net debt/Adjusted EBITDA:** 1.7x (1.5x).
- **Acquisitions:** Caverion closed three acquisitions in January–June 2023, total annual revenue EUR 48.8 million.

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

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

KEY FIGURES

EUR million	4-6/23	4-6/22	Change	1-6/23	1-6/22	Change	1-12/22
Revenue	628.2	577.0	8.9%	1,243.0	1,105.1	12.5%	2,352.1
Organic growth, %	8.6	4.7		11.0	3.6		8.6
Adjusted EBITDA	40.2	37.3	7.9%	79.3	68.1	16.5%	163.0
Adjusted EBITDA margin, %	6.4	6.5		6.4	6.2		6.9
EBITDA	28.0	35.8	-21.9%	65.0	64.3	1.1%	143.4
EBITDA margin, %	4.5	6.2		5.2	5.8		6.1
Adjusted EBITA	25.5	22.9	11.4%	50.0	40.3	24.0%	105.8
Adjusted EBITA margin, %	4.1	4.0		4.0	3.6		4.5
EBITA	13.2	21.4	-38.2%	35.6	36.4	-2.1%	86.1
EBITA margin, %	2.1	3.7		2.9	3.3		3.7
Operating profit	8.9	17.5	-49.1%	27.2	28.9	-5.8%	69.9
Operating profit margin, %	1.4	3.0		2.2	2.6		3.0
Result for the period	4.1	12.1	-66.0%	16.6	18.5	-10.0%	46.2
Earnings per share, undiluted, EUR	0.03	0.09	-65.4%	0.12	0.13	-8.3%	0.32
Operating cash flow before financial and tax items	-12.7	-9.3	-36.3%	39.4	29.7	32.6%	144.3
Order backlog				2,004.8	1,907.9	5.1%	1,943.3
Cash conversion (LTM), %				106.9	81.3		100.6
Working capital				-111.5	-106.5	-4.6%	-141.4
Interest-bearing net debt				303.4	215.4	40.8%	200.9
Net debt/Adjusted EBITDA				1.7	1.5		1.2
Gearing, %				180.5	111.3		89.1
Equity ratio, %				14.7	18.6		19.8
Personnel, end of period				14,937	14,612	2.2%	14,490

Jacob Götzsche, President and CEO:

“We continued on our profitable growth path in the second quarter of 2023. Together with the strong first quarter, the financial result of H1/2023 is clearly ahead of the previous year. Despite the challenges posed by the higher interest rate environment to the building construction and building technology markets, our order backlog at the end of the second quarter of 2023 provides us with a solid basis to deliver on our guidance of increasing revenue and adjusted EBITA for the full year.

Our second quarter revenue increased by 8.9 percent to EUR 628.2 (577.0) million and organic growth was 8.6 percent. Currency devaluation in Sweden and Norway impacted our reported revenue by -4.6 percent. These two divisions together accounted for approximately one third of the group revenue in the second quarter. Acquisitions increased the revenue by 4.9 percent compared to Q2/2022.

Our adjusted EBITA improved by 11.4 percent to EUR 25.5 (22.9) million and was 4.1 (4.0) percent of revenue during the second quarter of 2023. The devaluation of the Swedish and Norwegian Krona impacted also our adjusted EBITA negatively. Even if the corona pandemic in large scale seems to be behind us, we are still experiencing a higher sickness rate than before the pandemic, which continues to have a negative impact on our activity level and thereby our profitability. Furthermore, an unexpected strike in Norway in April impacted negatively on our EBITA. Our operating cash flow before financial and tax items improved to EUR 39.4 (29.7) million in the first half of the year 2023.

Our order backlog amounted to EUR 2,004.8 (1,907.9) million at the end of June and was 5.1 percent higher compared to the previous year. We expect our solid order backlog to support revenue growth also going forward. Overall, our business so far has been quite resilient to the high inflation and interest rate environment. Whereas the increasing interest rates have as much as stalled certain segments of the building construction market, the impact on Caverion’s Projects business as a whole has been modest. Inflation still continues to have some impact on the building technology market, although we have already seen the material price inflation slowing down. On the other hand, we expect wage inflation to gradually increase during the rest of the year.

As part of the implementation of our Sustainable Growth strategy, we completed the acquisitions of TM Voima group's substation and power transmission line business in Finland and in Estonia, as well as the acquisition of CRC Clean Room Control AB in Sweden during the first half of 2023. We continue to screen high quality companies that complement our existing capabilities or geographical footprint.

I would like to thank our customers, partners, shareholders and our almost 15,000 employees for their great contribution and cooperation. I am proud that we together delivered great achievements and financial results for the first half of 2023. With our solid backlog, knowledgeable employees and successfully completed acquisitions we are well set to continue our sustainable growth path in the second half of 2023. As a company, we continue to focus on our customers as well as delivering excellent and sustainable solutions and customer service.”

Market outlook for 2023

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

In Projects, the economic uncertainty driven by the high inflation and increasing interest rates as well as the war in Ukraine is impacting the demand environment for new construction negatively. With its balanced Projects business portfolio, Caverion still expects the underlying business activity to remain stable in 2023.

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and they are believed to increase demand for Caverion's offerings going forward. The increased energy efficiency requirements, and the increasing digitalisation, automation and technology requirements in the built environment remain strong, together with the urbanisation megatrend. Increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting higher targets and actions for energy efficiency and carbon-neutrality. The continued focus on energy efficiency and CO2 reduction activities and projects continues to support activity and business volume in Caverion's operating environment.

Financial and sustainability targets

Caverion updated its financial targets in connection with publishing its updated strategy on 9 May 2022. Sustainability targets remained unchanged.

Mid-term financial targets until the end of 2025		1-6/2023
Cash conversion (LTM)	Operating cash flow before financial and tax items / EBITDA > 100%	106.9%
Profitability	Adjusted EBITA > 5.5% of revenue	4.0%
Organic revenue growth	3–4% p.a. over the strategy period	11.0%
M&A revenue growth	2–3% p.a. over the strategy period	5.6%
Debt leverage	Net debt/LTM Adjusted EBITDA < 2.5x	1.7x
Dividend policy	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account	62%*

** Calculated as Dividend per earnings (%). The Annual General Meeting approved the proposal of the Board of Directors according to which a dividend of EUR 0.20 per share was paid from the distributable funds of the company for the financial year 2022. The dividend was paid on 5 April 2023.*

Sustainability targets until 2025	2025 target	2022	2021
Decreasing our footprint			
Total carbon footprint defined and measured	100%	90%	80%
Increasing our handprint			
Our offering has a defined carbon handprint	100%	25%	20%
Carbon handprint over footprint (Scope 1–2)	5x	>3x	>2x
Caring for our people			
Lost Time Injury Frequency Rate (LTIFR)	<2	4.0	4.0
Share of female employees	15%	11%	11%
Our employees trained in sustainability	100%	30%*	N/A**
Ensuring sustainable value chain			
Supplier Code of Conduct sign-off rate	>90%	74%	66%
Our tender requests include sustainability criteria	100%	-	-

** Sustainability eLearning available since Q4/2022. During the year two other ESG related eLearnings conducted with performance rates of 97% (InfoSec eLEarning) and 97% (Code of Conduct eLEarning).*
*** Sustainability eLearning not yet available. Two other ESG related eLearnings conducted with performance rates of 86% (Safety eLearning) and 92% (Code of Conduct eLearning).*

NEWS CONFERENCE, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on its Half-year Financial Report on Thursday, 3 August 2023, at 10.00 a.m. Finnish time (EEST) at the Company's premises, Torpantie 2, 01650 Vantaa, 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 registering beforehand on the following link: https://palvelu.flik.fi/teleconference/?id=1009622. Phone numbers and the conference ID to access the conference will be provided after the registration. To ask a question, press *5 on your telephone keypad to enter the queue. More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2023

Q3 Interim Report for 2023 will be published on 3 November 2023.

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

CAVERION CORPORATION

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Operating environment in the second quarter and during the first half of 2023

The economic uncertainty increased since February 2022 due to the Ukraine conflict, followed by subsequent energy crisis, mounting inflation, rising interest rates and lowered economic growth prospects. Caverion has no operations in Russia, Ukraine or Belarus. Therefore, the impact of the Ukraine war on Caverion is currently indirect.

Inflation has remained on an elevated level even during the first half of 2023. This can still be seen in the cost inflation related to material prices, which continued to impact also the building technology market. Caverion has continued to manage any increases in material prices and delays in the supply chain on a daily basis without them having a significant impact on financial performance during the second quarter and the first half of 2023. On the other hand, wage inflation has gradually increased.

The recent drop in sentiment indicators has stabilised in the EU during the first half of 2023, but the operating environment is still impacted by lower economic growth prospects and the recent interest rate hikes. Also the corona pandemic still continued to have some impact on the operating environment through higher sick leaves than pre-corona.

Services

In Services, the market demand and general investment activity remained positive. Caverion has continued to see a general increasing interest for services supporting sustainability, such as energy management and advisory services, driven by regulation and by the expected governmental and EU stimulus packages supporting investments in green growth. There has also been increasing interest towards long-term and large-scale service agreements. Growth has been limited by the availability of competent workforce and delays in the supply chain.

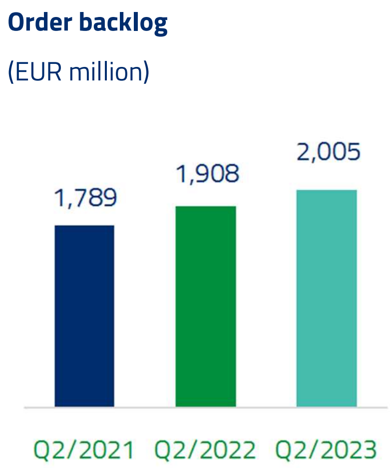
Projects

The increasing interest rates have as much as stalled certain segments of the building construction market. Caverion is not immune to this development. The residential construction market, however, does not have a significant role in Caverion's Projects business portfolio. On the other hand, the demand in certain other businesses, such as renewable energy related projects, has been strong. As such, for Caverion's Projects business as a whole, the market demand has remained mostly stable.

The Projects market was also impacted by increases in material prices, delays in decision-making and supply chain as well as uncertainty in the business environment, especially related to new construction.

Order backlog

- Order backlog at the end of June increased by 5.1 percent to EUR 2,004.8 million from the end of June in the previous year (EUR 1,907.9 million).
- At comparable exchange rates the order backlog increased by 7.6 percent from the end of June in the previous year.
- Order backlog increased by 4.0 (4.3) percent in Services and 6.5 (9.8) percent in Projects from the end of June in the previous year.



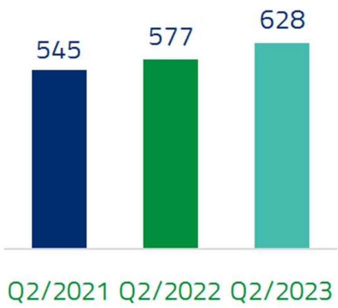
Revenue

April–June

- Revenue for April–June was EUR 628.2 (577.0) million. Revenue increased by 8.9 percent compared to the previous year. At the previous year's exchange rates, revenue would have been EUR 654.7 million, an increase of 13.5 percent compared to the previous year. Organic growth was 8.6 percent.
- Revenue increased by 4.9 (1.8) percent as a result of acquisitions and divestments.
- Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 26.5 million, equalling a decrease of 4.6 percent. Changes in Swedish krona had a negative effect of EUR 12.2 million and changes in Norwegian krone had a negative effect of EUR 14.3 million.
- Excluding the effects of exchange rates, revenue increased in all divisions but Industry where the termination of Metsä Fibre's outsourcing agreement at the end of 2022 had a negative impact on Q2/2023 revenue.
- Organic growth was strong especially in divisions Denmark, Sweden and Germany.

Revenue

(EUR million)



EUR million	4-6/23	4-6/22	Change	Currency impact	Change in comparable rates *	Organic growth **	Acquisitions and divestments impact
Sweden	130.0	116.2	11.9%	-10.5%	22.4%	21.7%	0.7%
Finland	113.9	109.5	4.0%		4.0%	1.4%	2.6%
Germany	112.1	94.9	18.1%		18.1%	18.1%	
Norway	85.2	89.4	-4.8%	-16.0%	11.2%	10.6%	0.6%
Austria	66.6	54.3	22.7%		22.7%	10.9%	11.8%
Industry	70.8	75.0	-5.6%	0.1%	-5.7%	-19.2%	13.5%
Denmark	38.0	26.7	42.4%	-0.2%	42.6%	25.9%	16.7%
Baltic countries	11.6	10.9	5.9%		5.9%	5.9%	
Group, total	**628.2**	**577.0**	**8.9%**	**-4.6%**	**13.5%**	**8.6%**	**4.9%**
Services	399.7	380.6	5.0%	-5.1%	10.1%	6.2%	3.9%
Projects	228.6	196.4	16.4%	-3.6%	20.0%	13.1%	6.9%

** Revenue change in local currencies*

*** Revenue change in local currencies, excluding the impact of acquisitions and divestments but including the change in the revenue of the acquired businesses post-acquisition*

The revenue of the Services business unit increased and was EUR 399.7 (380.6) million in April–June, an increase of 5.0 percent, or 10.1 percent in local currencies.

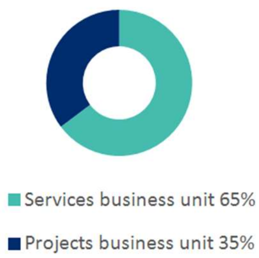
The revenue of the Projects business unit was EUR 228.6 (196.4) million in April–June, an increase of 16.4 percent, or 20.0 percent in local currencies.

January–June

- Revenue for January–June was EUR 1,243.0 (1,105.1) million. Revenue increased by 12.5 percent compared to the previous year. At the previous year's exchange rates, revenue would have been EUR 1,288.7 million, an increase of 16.6 percent compared to the previous year. Organic growth was 11.0 percent.
- Revenue increased by 5.6 (1.0) percent as a result of acquisitions and divestments.
- Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 45.7 million, equalling a decrease of 4.1 percent. Changes in Swedish krona had a negative effect of EUR 21.0 million and Norwegian krone had a negative effect of EUR 24.7 million.
- Revenue increased in all divisions but Industry, where the termination of Metsä Fibre's outsourcing agreement at the end of 2022 had a negative impact on H1/2023 revenue. Organic growth was strong especially in Divisions Denmark and Sweden. In addition to the increased underlying activity, organic growth was partially driven by the increased costs of materials and external services.

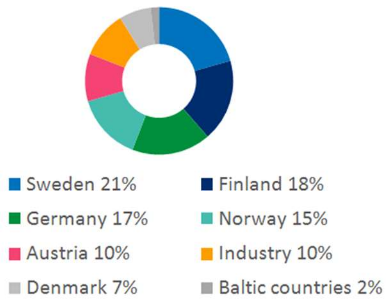
Revenue by business unit

% of revenue 1-6/2023



Revenue by division

% of revenue 1-6/2023



EUR million	1-6/23	1-6/22	Change	Currency impact	Change in comparable rates *	Organic growth **	Acquisitions and divestments impact
Sweden	256.1	220.8	16.0%	-9.5%	25.5%	24.7%	0.7%
Finland	223.9	208.4	7.4%		7.4%	4.6%	2.8%
Germany	214.4	186.0	15.3%		15.3%	15.3%	
Norway	182.7	180.5	1.3%	-13.7%	14.9%	14.3%	0.6%
Austria	128.8	102.7	25.4%		25.4%	12.7%	12.7%
Industry	127.8	135.9	-5.9%	0.0%	-5.9%	-19.2%	13.2%
Denmark	86.4	48.1	79.8%	-0.1%	80.0%	38.4%	41.6%
Baltic countries	22.8	22.7	0.7%		0.7%	0.7%	
Group, total	**1,243.0**	**1,105.1**	**12.5%**	**-4.1%**	**16.6%**	**11.0%**	**5.6%**
Services	805.0	732.1	10.0%	-4.6%	14.6%	9.2%	5.4%
Projects	438.0	373.1	17.4%	-3.2%	20.6%	14.4%	6.1%

** Revenue change in local currencies*
*** Revenue change in local currencies, excluding the impact of acquisitions and divestments but including the change in the revenue of the acquired businesses post-acquisition*

The revenue of the Services business unit increased and was EUR 805.0 (732.1) million in January–June, an increase of 10.0 percent, or 14.6 percent in local currencies. The revenue of the Projects business unit was EUR 438.0 (373.1) million in January–June, an increase of 17.4 percent, or 20.6 percent in local currencies.

The Services business unit accounted for 64.8 (66.2) percent of Group revenue, and the Projects business unit for 35.2 (33.8) percent of Group revenue in January–June.

Revenue, EUR million	4-6/23	%	4-6/22	%	Change	1-6/23	%	1-6/22	%	Change	1-12/22	%
Sweden	130.0	20.7	116.2	20.1	11.9%	256.1	20.6	220.8	20.0	16.0%	455.0	19.3
Finland	113.9	18.1	109.5	19.0	4.0%	223.9	18.0	208.4	18.9	7.4%	431.9	18.4
Germany	112.1	17.9	94.9	16.5	18.1%	214.4	17.3	186.0	16.8	15.3%	406.0	17.3
Norway	85.2	13.6	89.4	15.5	-4.8%	182.7	14.7	180.5	16.3	1.3%	368.5	15.7
Austria	66.6	10.6	54.3	9.4	22.7%	128.8	10.4	102.7	9.3	25.4%	237.0	10.1
Industry	70.8	11.3	75.0	13.0	-5.6%	127.8	10.3	135.9	12.3	-5.9%	285.5	12.1
Denmark	38.0	6.1	26.7	4.6	42.4%	86.4	7.0	48.1	4.3	79.8%	122.1	5.2
Baltic countries	11.6	1.8	10.9	1.9	5.9%	22.8	1.8	22.7	2.1	0.7%	46.0	2.0
Group, total	**628.2**	**100**	**577.0**	**100**	**8.9%**	**1,243.0**	**100**	**1,105.1**	**100**	**12.5%**	**2,352.1**	**100**
Services	399.7	63.6	380.6	66.0	5.0%	805.0	64.8	732.1	66.2	10.0%	1,570.1	66.8
Projects	228.6	36.4	196.4	34.0	16.4%	438.0	35.2	373.1	33.8	17.4%	782.0	33.2

Profitability

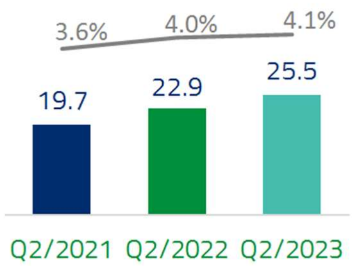
Adjusted EBITA, EBITA and operating profit

April–June

- Adjusted EBITA for April–June increased to EUR 25.5 (22.9) million, or 4.1 (4.0) percent of revenue and EBITA decreased to EUR 13.2 (21.4) million, or 2.1 (3.7) percent of revenue.
- Adjusted EBITA improved especially in divisions Denmark, Industry and Austria.
- The devaluation of the Swedish krona and the Norwegian krone, higher sickness rate and an unexpected strike in Norway in April had a negative impact on adjusted EBITA.
- EBITA was negatively impacted by the cost reimbursement of EUR 10.0 million to the Bain Consortium.

Adjusted EBITA and margin

(EUR million)



The operating profit (EBIT) for April–June was EUR 8.9 (17.5) million, or 1.4 (3.0) percent of revenue.

Costs related to materials and supplies increased to EUR 164.7 (150.8) million and external services increased to EUR 121.1 (106.0) million in April–June. Personnel expenses increased to a total of EUR 241.3 (235.9) million for April–June. Other operating expenses amounted to EUR 73.3 (49.1) million, including the cost reimbursement of EUR 10.0 million to the Bain Consortium. Other operating income amounted to EUR 0.2 (0.7) million.

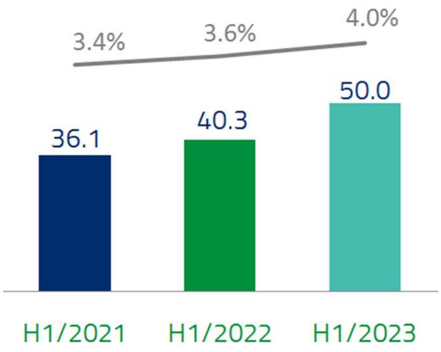
Depreciation, amortisation and impairment amounted to EUR 19.1 (18.3) million in April–June. Of these EUR 14.7 (14.4) million were depreciations on tangible assets and EUR 4.3 (3.9) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 13.1 (12.9) million and EUR 1.7 (1.5) million related to machinery and equipment and other tangible assets. The amortisations were related to allocated intangibles on acquisitions amounting to EUR 2.4 (1.4) million as well as IT and developed solutions amounting to EUR 1.9 (2.5) million.

January–June

- Adjusted EBITA for January–June increased to EUR 50.0 (40.3) million, or 4.0 (3.6) percent of revenue and EBITA decreased to EUR 35.6 (36.4) million, or 2.9 (3.3) percent of revenue.
- Adjusted EBITA improved during the period despite the devaluation of Swedish krona and the Norwegian krone, the cost inflation and higher sick leave levels. Increased costs of materials and external services were successfully covered in pricing.
- Adjusted EBITA improved both in Services and Projects. Especially divisions Denmark, Sweden, Finland and Austria progressed well.
- EBITA was negatively impacted by the cost reimbursement of EUR 10.0 million to the Bain Consortium booked in Q2/2023.

Adjusted EBITA and margin

(EUR million)



The operating profit (EBIT) for January–June was EUR 27.2 (28.9) million, or 2.2 (2.6) percent of revenue.

Costs related to materials and supplies increased to EUR 326.2 (278.2) million and external services increased to EUR 230.5 (201.3) million in January–June. Personnel expenses increased to a total of EUR 487.2 (464.5) million for January–June. Other operating expenses increased to EUR 134.8 (98.0) million. Other operating income amounted to EUR 0.7 (1.1) million.

Depreciation, amortisation and impairment amounted to EUR 37.8 (35.4) million in January–June. Of these EUR 29.4 (27.9) million were depreciations on tangible assets and EUR 8.4 (7.5) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 26.0 (25.0) million and EUR 3.3 (2.9) million related to machinery and equipment and other tangible assets. The amortisations were related to allocated intangibles on acquisitions amounting to EUR 4.7 (2.5) million as well as IT and developed solutions amounting to EUR 3.7 (5.0) million.

Adjusted EBITA and items affecting comparability (IAC)

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
EBITA	13.2	21.4	35.6	36.4	86.1
EBITA margin, %	2.1	3.7	2.9	3.3	3.7
Items affecting comparability (IAC)					
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.2	1.5	1.1	2.4	5.4
- Write-downs, expenses and income from major risk projects*					4.0
- Restructuring costs	1.0		1.0	1.1	1.1
- Other items	11.1	0.0	12.3	0.4	9.2
- Costs related to public tender offers**	11.1		12.3		2.5
- Costs related to other items***		0.0	0.0	0.4	6.7
Adjusted EBITA	25.5	22.9	50.0	40.3	105.8
Adjusted EBITA margin, %	4.1	4.0	4.0	3.6	4.5

** Major risk projects included only one old risk project in Germany during 2022.*
*** In 2022 and 2023, other items included advisory and personnel costs related to the submitted public tender offers. A EUR 10.0 million cost was recognised for the reimbursement of expenses to the Bain Consortium in relation to the termination of the Combination Agreement.*
**** In 2022 and 2023, other items also included provisions and legal and other costs for civil claims related to the German anti-trust matter.*

April–June

Transaction costs related to acquisitions totalled EUR 0.2 (1.5) million in April–June. Restructuring costs amounted to EUR 1.0 million.

Other items totalled EUR 11.1 (0.0) million and included advisory and personnel costs related to the submitted public tender offers in the amount of EUR 1.1 million. In the second quarter of 2023, a EUR 10.0 million cost was also recognised in relation to the termination of the Combination Agreement with the Bain Consortium. The cost reimbursement was paid during the third quarter.

January–June

Transaction costs related to acquisitions totalled EUR 1.1 (2.4) million in January–June and restructuring costs amounted to EUR 1.0 (1.1) million. Other items totalled EUR 12.3 (0.4) million and included advisory and personnel costs related to the submitted public tender offers in the amount of 2.3 million as well as the EUR 10.0 million cost for the reimbursement of expenses to the Bain Consortium.

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 2023 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 2022, major risk projects included only one old risk project in Germany reported under category (2). In 2022 and 2023, provisions and legal and other costs for civil claims related to the German anti-trust matter were reported under category (4). Category (4) included also costs related to the submitted public tender offers in 2022 and 2023.

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 21.6 (24.2) million, result for the period to EUR 16.6 (18.5) million, and earnings per share to EUR 0.12 (0.13) in January–June. Net financing expenses in January–June were EUR 5.6 (4.7) million. This includes an interest cost on lease liabilities amounting to EUR 2.6 (1.8) million. In January-June 2022, net finance expenses included one-off exchange settlement cost related to bond refinancing amounting to EUR 1.2 million.

The Group's effective tax rate was 23.0 (23.5) percent in January–June 2023. Income taxes in the income statement amounted to EUR 5.0 (5.7) million.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets (excluding capital expenditure on leased assets), including acquisitions, totalled EUR 35.3 (38.0) million in January–June, representing 2.8 (3.4) percent of revenue. Investments in information technology totalled EUR 2.7 (4.6) million representing 0.2 (0.4) percent of revenue. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms, with migration to the cloud. Caverion SmartView and mobile tools were also further developed. Investments in acquisitions amounted to EUR 29.6 (30.5) million and other investments to EUR 3.0 (2.9) million.

On 1 February 2023, Caverion closed an agreement to acquire TM Voima Group’s substation and power transmission line business in Finland and Estonia by acquiring the shares of TMV Service Oy, TMV Line Oy and TMV Power OÜ. The acquisition strengthened Caverion’s presence in the energy sector and enables growth especially in the substation business. In 2022, the revenue of TM Voima Group’s substation and transmission line business amounted to EUR 47.7 million and the number of employees at the time of the acquisition was 74. The purchase price was not disclosed.

In March 2023, Caverion signed a small asset purchase agreement to acquire St1 Lähienergia's geothermal heating installation and project management unit in Finland. The acquisition was closed on 3 April 2023 and transferred the unit's nine employees, their working tools and material stock to Caverion. The acquisition is a part of a cooperation agreement between Caverion and St1 in the area of geothermal projects for large-scale buildings. The purchase price was not disclosed.

On 1 June 2023, Caverion closed an agreement to acquire the shares of the Swedish CRC Clean Room Control AB. CRC provides specialised measurement services for clean rooms. The acquisition strengthened Caverion's measurement and validation expertise especially for advanced clean rooms within the pharmaceutical industry. The company had 5 employees at the time of the acquisition and its revenue amounted to EUR 1.1 million in 2022. The purchase price was not disclosed.

After the reporting period, on 1 July 2023, Caverion closed an agreement to acquire the shares of the Norwegian VVS Teknikk Møre AS. VVS Teknikk specialises in ventilation, piping and building automation related services and projects and the company had approx. 35 employees at the time of the acquisition. The company’s revenue for the year 2022 amounted to EUR 7.8 million. The acquisition strengthened Caverion's service capacity and expertise in Norway's Sunnmøre region. The purchase price was not disclosed.

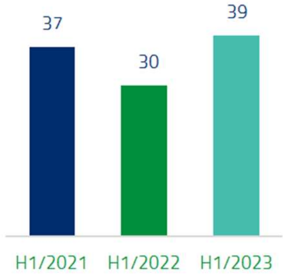
On 29 June 2023, Caverion signed an agreement to acquire Kiwa Inspecta's building services and consultancy unit in Finland. The transaction will be closed on 1 September 2023. Kiwa's building services and consultancy provides services related to building condition surveys, consisting of field services and assessments to buildings, structures, and HVAC systems. The acquisition supports Caverion's sustainable growth strategy and expands Caverion's expertise in advisory services in Finland. The acquired unit employs 50 experts and its revenue for the year 2022 amounted to EUR 3.8 million. The purchase price was not disclosed.

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

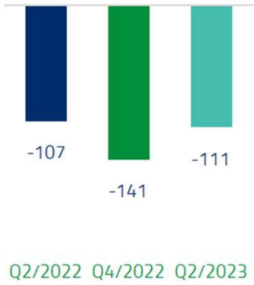
Cash flow, working capital and financing

- The Group's operating cash flow before financial and tax items improved to EUR 39.4 (29.7) million in January–June and cash conversion (LTM) was 106.9 (81.3) percent. The period's cash flow was negatively impacted by a payment of EUR 5.5 million for civil claims relating to the German anti-trust matter. The respective cost was recognised in 2022 and reported in items affecting comparability in the same year. A similar payment of EUR 8.8 million negatively affected the cash flow in January-June 2022.
- The Group's free cash flow improved to EUR -0.6 (-13.0) million. Cash flow after investments was EUR -7.4 (-20.3) million.
- The Group's working capital improved to EUR -111.5 (-106.5) million at the end of June.

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



Working capital
(EUR million)



In April–June, the Group's operating cash flow before financial and tax items decreased to EUR -12.7 (-9.3) million. The Group's free cash flow improved to EUR -18.4 (-42.2) million. Cash flow after investments was EUR -22.2 (-44.1) million.

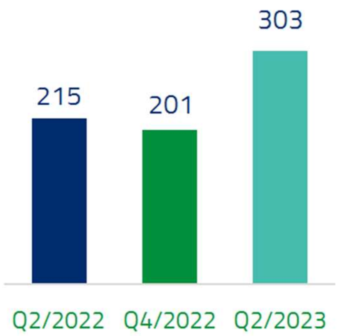
At the end of June, the Group's working capital was affected by the following items: The amount of trade and POC receivables increased to EUR 624.6 (560.1) million, other current receivables increased to EUR 31.3 (29.4) million and inventories increased to EUR 21.3 (18.0) million. On the liabilities side, advances received increased to EUR 269.1 (248.4) million, other current liabilities increased to EUR 286.1 (262.5) million and trade and POC payables increased to EUR 233.5 (203.1) million.

Caverion's cash and cash equivalents amounted to EUR 36.1 (58.7) million at the end of June. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 206.5 (136.2) million at the end of June, and the average effective interest rate was 3.8 (2.5) percent. Approximately 27 percent of the loans have been raised from banks and other financial institutions and approximately 73 percent from capital markets. Caverion has issued commercial papers to support sufficient liquidity. At the end of June, the outstanding commercial papers amounted to EUR 76.9 million. Lease liabilities amounted to EUR 133.0 (137.9) million at the end of June 2023, resulting to total gross interest-bearing liabilities of EUR 339.5 (274.1) million.

- The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 170.4 (77.5) million at the end of June and including lease liabilities to EUR 303.4 (215.4) million. Net debt was impacted by investments in acquisitions with a negative cash flow effect of EUR 27.6 million in January-June 2023 and EUR 56.9 million in July-December 2022 as well as the EUR 35 million redemption of the Hybrid bond in May 2023.
- At the end of June, the Group's gearing was 180.5 (111.3) percent and the equity ratio 14.7 (18.6) percent. Equity ratio was also negatively impacted by the full repayment of the EUR 35 million hybrid bond.

Interest-bearing net debt
(EUR million)



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

In March, Caverion repaid the remaining part of the EUR 75 million senior unsecured bond according to its terms and conditions which totalled EUR 3.5 million following the tender offer in February 2022.

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 was 6.75 percent per annum until 15 May 2023. Caverion announced on 14 April 2023 that it will exercise its right to redeem its EUR 35 million hybrid bond. The hybrid bond was redeemed in full on 15 May 2023 in accordance with its terms and conditions.

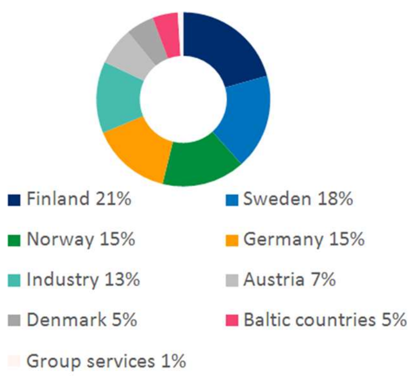
Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA according to the calculation principles confirmed with the lending parties. The financial covenant shall not exceed 3.5:1. Caverion is in compliance with the quarterly monitored financial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

PERSONNEL

- Caverion Group employed 14,664 (14,381) people on average in January–June 2023. At the end of June, the Group employed 14,937 (14,612) people. Personnel expenses for January–June increased to EUR 487.2 (464.5) million.
- The Group's accident frequency rate at the end of June was 3.8 (4.5). The sick leave levels are lower than during the corona pandemic but not yet down to the same level as before corona. Caverion cares for the safety, health and wellbeing of its employees and will continue to a have high ambition and strong focus on improving them.

Personnel by division

at the end of June 2023



Personnel by division, end of period	6/2023	3/2023	Change	6/2023	6/2022	Change	12/2022
Finland	3,082	2,939	5%	3,082	2,877	7%	2,894
Sweden	2,648	2,580	3%	2,648	2,562	3%	2,559
Norway	2,312	2,312	0%	2,312	2,274	2%	2,344
Germany	2,225	2,228	0%	2,225	2,151	3%	2,225
Industry	1,987	1,938	3%	1,987	2,358	-16%	1,850
Austria	1,046	1,036	1%	1,046	904	16%	1,023
Denmark	783	779	1%	783	684	14%	759
Baltic countries	701	685	2%	701	637	10%	666
Group Services	153	144	6%	153	165	-7%	170
Group, total	14,937	14,641	2%	14,937	14,612	2%	14,490

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

Changes in Caverion's Group Management Board and organisation structure

Caverion has appointed Liisa Vasben as Interim Head of Group Human Resources and Safety as of 24 May 2023 after the resignation of Minna Schrey-Hyppänen, Executive Vice President, Human Resources and Safety. Liisa Vasben will also continue to hold the position of Group Head of People Management and Rewards. She will report to Jacob Götzsche but will not be a Group Management Board member.

Jaakko Wacklin (born 1983, M.Sc. Eng.) was appointed as Executive Vice President, Operational Performance and Excellence and a member of the Group Management Board of Caverion Corporation as of 24 May 2023. He will report to Jacob Götzsche, President and CEO. Jaakko Wacklin has worked at Caverion and its predecessor companies for over 15 years, having most recently held the position of Group Head of Services Business. Jaakko Wacklin will continue to lead the Services business and also lead Caverion's operational performance improvement activities. Caverion agreed mutually with Kari Sundbäck, Executive Vice President, Services, Solutions, Digital and Sustainability, that he left his position at the company as of 24 May 2023.

Elina Kaura was appointed as the Group Head of Legal & Compliance, Group General Counsel and a member of the Group Management Board of Caverion Corporation as of 9 February 2023. Ms. Kaura joined Caverion on 1 August 2022 as the Deputy to Group General Counsel Anne Viitala, who stepped down from this position and from the Group Management Board. Ms. Viitala continues as a Senior Advisor reporting to President & CEO Jacob Götzsche until her expected retirement later this year.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties reported in the Board of Director's Report presented in the Annual Review of 2022. Those risks and uncertainties are still valid. The most significant factor creating uncertainty is the war in Ukraine and its potential implications on the operating environment of Caverion. The impacts of the war on Caverion's business have been described earlier in the report in "Operating environment in the second quarter and during the first half of 2023". Further escalation or prolongation of the conflict or regional unrest in neighbouring areas could negatively affect Caverion's operating environment.

The prolonged public tender offer process may also have certain adverse impacts for Caverion's operations.

The short-term risks related to the lack of availability of materials and supply as well as the increase in material prices are still valid. The same applies to the risk of rising energy and fuel prices. Possible problems with the availability and cost of materials, labour, energy and fuel may impact the operating environment in the near future. These risks have already partly materialised. Also wage inflation has gradually increased. The key measures how Caverion is managing the situation include price increase clauses in tenders and agreements covering these costs.

The elevated inflation in the EU countries poses several risks and may lead to a recession within the EU and also wider. The situation may have an impact on the market demand going forward due to a weakening economic sentiment. The potential risk is balanced by the growing need for energy efficiency in the built environment where Caverion is able to support its customers.

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

The impacts of the corona pandemic are described earlier in the report in the section "Operating environment in the second quarter and during the first half of 2023".

Financial risks have been described in more detail in the financial tables of this report under Note 7 "Financial risk management".

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

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

Caverion Corporation's Annual General Meeting, which was held on 27 March 2023 in Helsinki, adopted the Financial Statements and the consolidated Financial Statements for the year 2022 and discharged the members of the Board of Directors and the President and CEOs from liability. In addition, the Annual General Meeting resolved on the use of the profit shown on the balance sheet and the payment of dividend, the approval of the presented Remuneration Report for Governing Bodies, on the composition of members of the Board of Directors and their remuneration, also including a one-off retroactive additional fee to be paid to the Chairman and the members of the ad hoc Tender Offer Committee, 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 also decided to amend the Company's Articles of Association to enable holding a General Meeting in Espoo or Vantaa in addition to the Company's registered domicile or completely without a meeting venue as a so-called remote meeting.

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 2024. 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 27 March 2023. 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.

The Vice Chairman of the Board and Chairman of the Audit Committee, Markus Ehrnrooth is closely associated with two of the members of the Bain Consortium which made the initial Tender Offer for Caverion announced on 3 November 2022. To avoid any actual or perceived conflicts of interests, Markus Ehrnrooth has continued not to participate in and has refrained from all the work of the Board and its committees after the Assembly meeting of the newly elected Board held on 27 March 2023 until the end of May 2023 after the expiry of the Bain Consortium's offer on 17 May 2023. At this date Markus Ehrnrooth continues not to participate in and refrains from all the work of the Board and its committees in regard to the Triton offer (made by Crayfish BidCo Oy).

DIVIDENDS AND DIVIDEND POLICY

The Annual General Meeting, held on 27 March 2023, approved the proposal of the Board of Directors according to which a dividend of EUR 0.20 per share was paid from the distributable funds of the company for the financial year 2022. The dividend was paid to shareholders who on the record date of the dividend payment 29 March 2023 were recorded in the shareholders' register held by Euroclear Finland Oy. The dividend was paid on 5 April 2023.

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

SHARES AND SHAREHOLDERS

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

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2023. Caverion held 2,447,447 treasury shares on 1 January 2023. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 1,873,825 treasury shares on 30 June 2023, representing 1.35 percent of the total number of shares and voting rights. The number of shares outstanding was 137,046,267 at the end of June 2023.

The Board of Directors of Caverion Corporation decided on a directed share issue without payment for the fourth and final installment of the company's Matching Share Plan 2018–2022 reward payments, as described in stock exchange release published on 27 April 2023. 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 March 27, 2023. In the directed share issue without payment, 164,658 Company shares held by the company were on April 27, 2023 conveyed to 13 key employees in accordance with the terms and conditions of the plan. No new shares were issued in connection with the plan. Prior to the directed share issue, the Company held a total of 2,038,483 treasury shares, of which 1,873,825 treasury shares remained with the company after the conveyance.

The Board of Directors of Caverion Corporation decided on a directed share issue without payment for Caverion's Performance Share Plan 2020-2022 and Restricted Share Plan 2020-2022 reward payment, as described in stock exchange release published on 17 March 2023. In the directed share issue without payment, 408,964 Caverion Corporation shares held by the company were on 28 March 2023 conveyed to 92 key employees according to the terms and conditions of the plans. No new shares were issued in connection with the plans and therefore the plans 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 28 March 2022. Prior to the directed share issue, Caverion held a total of 2,447,447 treasury shares, of which 2,038,483 treasury shares remained with the company after the conveyance.

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. If all targets will be achieved, the share rewards subject to Board approval will comprise in total a maximum of approximately 3.2 million Caverion shares (gross before the deduction of applicable taxes) for PSP 2021–2023 and PSP 2022–2024.

The Restricted Share Plan (RSP) is based on a rolling plan structure originally announced on 18 December 2015. The commencement of each new plan within the structure is conditional on a separate Board approval. Share allocations within the Restricted Share Plan will be made for individually selected key employees in specific situations. Each RSP plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues at the time of the delivery of the share reward. The potential share rewards based on the Restricted Share Plans for 2021–2023 and 2022–2024 total a maximum of approximately 250,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of 165,000 shares will be delivered in the spring of 2024, and a maximum of 85,000 shares in the spring of 2025.

The public tender offer made for Caverion's shares can have an effect on the payments made under Caverion's outstanding share incentive plans. Additional information on the possible effects can be found in Crayfish BidCo Oy's tender offer document published on 7 March 2023 including later supplements. The accounting treatment of Caverion's share-based incentives remained unchanged in the second quarter of 2023.

More information on the share-based incentive plans has been published in stock exchange releases.

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

Authorisations of the Board of Directors

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

The Annual General Meeting of Caverion Corporation, held on 27 March 2023, 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 will be repurchased and/or accepted as pledge. Repurchase of own shares may be made using, inter alia, derivatives. The repurchase and/or acceptance as pledge of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed repurchase or acceptance as pledge).

The authorisation cancelled the authorisation given by the Annual General Meeting on 28 March 2022 to decide on the repurchase and/or acceptance as pledge of the Company's own shares. The authorisation is valid until 27 September 2024. 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 170,630 Caverion Corporation shares as a pledge at the end of the reporting period on 30 June 2023.

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

The Annual General Meeting of Caverion Corporation, held on 27 March 2023, 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 authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorisation can be used, e.g. in order to develop the Company's capital structure, to broaden the Company's ownership base, to be used as payment in corporate acquisitions or when the Company acquires assets relating to its business and as part of the Company's incentive programs.

The authorisation cancelled the authorisation given by the Annual General Meeting on 28 March 2022 to decide on the issuance of shares. The authorization is valid until the end of the next Annual General Meeting, however no later than 30 June 2024.

The Board of Directors has used the current authorisation to decide on share issues during the period. The decision on the directed share issue without payment published on 27 April 2023 described under "Share capital and number of shares" was based on the current authorisation, while the decision on the directed share issue without payment published on 17 March 2023 was based on the previous authorisation.

Trading in shares

The closing price of Caverion's share was EUR 6.93 at the end of the year 2022. The closing rate on the last trading day of the review period on 30 June 2023 was EUR 8.53. The share price increased by 23 percent during January–June. The highest price of the share during the review period January–June was EUR 9.07, the lowest was EUR 6.93 and the average price was EUR 8.45. Share turnover on Nasdaq Helsinki in January–June amounted to 68.8 million shares. The value of share turnover was EUR 581.1 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other marketplaces, such as Cboe and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 1,169.0 million. Market capitalisation has been calculated excluding the 1,873,825 shares held by the company as per 30 June 2023.

Public tender offers for the shares in Caverion Corporation

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

Crayfish BidCo Oy, a Finnish company controlled by Triton Fund V, announced on 10 January 2023 a competing public cash tender offer for all the shares in Caverion Corporation. More information can be found in the stock exchange releases published by Caverion as well as in the tender offer document published on 7 March 2023 with supplements.

The Board of Directors of Caverion Corporation (the "Board") announced on 5 April 2023 that the Bain Consortium's right to match period expired on 4 April 2023 without any improvements announced in the terms of the Bain Consortium Offer. Consequently, the Board decided to withdraw its recommendation for the Bain Consortium Offer and instead unanimously recommend the Triton Offer. Caverion entered on 5 April 2023 into a co-operation agreement with Triton, in which Caverion and Triton undertake to, among other things, assist and cooperate with each other in relation to consummation of the Triton Offer. Furthermore, Caverion also terminated the combination agreement signed on 3 November 2022 with the Bain Consortium (as amended on 24 January 2023, the "Combination Agreement"). According to the Combination Agreement, if the Combination Agreement is terminated by either party as a result of the Board withdrawing, modifying, cancelling or amending its recommendation for the Bain Consortium Offer, Caverion shall reimburse to the Bain Consortium any and all of its documented out-of-pocket expenses and costs incurred in connection with the Combination Agreement and the Bain Consortium Offer, up to the maximum amount of EUR 10,000,000 in the aggregate. The cost coverage does not have an impact on the Triton Offer. Additional information has been presented in Caverion's stock exchange releases on 5 April 2023. As a result, EUR 10.0 million cost for the reimbursement of expenses related to the termination was booked in the second quarter of 2023 and paid during the third quarter of 2023.

North Holdings 3 Oy confirmed on 24 May 2023 that it will not complete its tender offer. North Holdings 3 Oy further stated that no decisions have been taken to either make or refrain from making a new tender offer at a later point in time. Additional information has been presented in Caverion's stock exchange release on 24 May 2023.

On 24 July 2023, Crayfish BidCo Oy provided updated information on the merger control clearance processes and also extended the offer period under the tender offer for all shares in Caverion Corporation until 2 October 2023. Caverion's Board of Directors said in its stock exchange release on 24 July 2023 that it continues to assist and cooperate with Triton to obtain the necessary merger clearances. As expressed in Caverion's stock exchange release on 23 March 2023, the Board of Directors of Caverion expects, based on an assessment by its legal advisor, that the Tender Offer could likely be completed between October 2023 and February 2024. However, the Board of Directors of Caverion noted that the length of the merger control clearance process is not within the Offeror's nor Caverion's control, and that there can be no assurances that clearances would be obtained within the estimated timeframe or at all. More information related to this has been presented under the section "Events after the review period".

Number of shareholders and flagging notifications

At the end of June 2023, the number of registered shareholders in Caverion was 19,552 (3/2023: 20,735). At the end of June 2023, a total of 29.3 percent of the shares were owned by nominee-registered and non-Finnish investors (3/2023: 38.9%).

Caverion Corporation received on 14 June 2023 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Crayfish BidCo Oy ("Crayfish BidCo", a company ultimately owned by Triton V LuxCo 87 SARL based in Luxembourg) had exceeded the threshold of 25 per cent. According to the announcement, the holding exceeded the threshold on 13 June 2023. According to the announcement, the direct holding of Crayfish BidCo Oy in Caverion had increased to 40,941,792 shares, corresponding to 29.47 per cent of Caverion's shares and voting rights. The indirect holding of Triton V LuxCo 87 SARL in Caverion had increased to 40,941,792 shares, corresponding to 29.47 per cent of Caverion's shares and voting rights.

Caverion Corporation received on 12 April 2023 an announcement under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which the holding of Crayfish BidCo Oy ("Crayfish BidCo", a company ultimately owned by Triton V LuxCo 87 SARL based in Luxembourg) had exceeded the threshold of 20 per cent. According to the announcement, the holding exceeded the threshold on 11 April 2023. According to the announcement, the direct holding of Crayfish BidCo Oy in Caverion had increased to 33,304,907 shares, corresponding to 23.97 per cent of Caverion's shares and voting rights. The indirect holding of Triton V LuxCo 87 SARL in Caverion had increased to 33,304,907 shares, corresponding to 23.97 per cent of Caverion's shares and voting rights.

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

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 30 June 2023, are available on Caverion's website at www.caverion.com/investors.

HALF-YEAR FINANCIAL REPORT 1 JANUARY – 30 JUNE 2023: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Revenue	**628.2**	**577.0**	**1,243.0**	**1,105.1**	**2,352.1**
Other operating income	0.2	0.7	0.7	1.1	2.3
Materials and supplies	-164.7	-150.8	-326.2	-278.2	-615.4
External services	-121.1	-106.0	-230.5	-201.3	-446.0
Employee benefit expenses	-241.3	-235.9	-487.2	-464.5	-923.6
Other operating expenses	-73.3	-49.1	-134.8	-98.0	-226.1
Share of results of associated companies	0.0		0.0	0.0	0.0
Depreciation, amortisation and impairment	-19.1	-18.3	-37.8	-35.4	-73.5
Operating result	**8.9**	**17.5**	**27.2**	**28.9**	**69.9**
% of revenue	1.4	3.0	2.2	2.6	3.0
Financial income and expense, net	-3.2	-1.6	-5.6	-4.7	-9.0
Result before taxes	**5.7**	**15.9**	**21.6**	**24.2**	**60.9**
% of revenue	0.9	2.8	1.7	2.2	2.6
Income taxes	-1.6	-3.8	-5.0	-5.7	-14.7
Result for the period	**4.1**	**12.1**	**16.6**	**18.5**	**46.2**
% of revenue	0.7	2.1	1.3	1.7	2.0
Attributable to					
Equity holders of the parent company	4.1	12.1	16.6	18.5	46.2
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company					
Earnings per share, undiluted, EUR	0.03	0.09	0.12	0.13	0.32
Diluted earnings per share, EUR	0.03	0.09	0.12	0.13	0.32

Consolidated statement of comprehensive income

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Result for the review period	**4.1**	**12.1**	**16.6**	**18.5**	**46.2**
Other comprehensive income					
Items that will not be reclassified to profit/loss:					
- Change in fair value of defined benefit pension plans		1.6		0.9	6.6
-- Deferred tax					-2.1
- Change in fair value of other investments				-0.1	-0.1
-- Deferred tax					
Items that may be reclassified subsequently to profit/loss:					
- Translation differences	-2.6	-4.5	-5.9	-2.9	-3.7
Other comprehensive income, total	**-2.6**	**-2.8**	**-5.9**	**-2.1**	**0.7**
Total comprehensive result	**1.6**	**9.3**	**10.8**	**16.4**	**46.9**
Attributable to					
Equity holders of the parent company	1.6	9.3	10.8	16.4	46.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	19.8	18.7	19.1
Right-of-use assets	128.2	133.3	132.6
Goodwill	462.2	391.3	442.5
Other intangible assets	55.3	49.7	56.4
Shares in associated companies and joint ventures	0.1	1.5	0.1
Other investments	1.1	1.3	1.1
Other receivables	4.8	8.9	8.4
Deferred tax assets	18.6	17.5	15.0
Total non-current assets	**690.1**	**622.3**	**675.3**
Current assets			
Inventories	21.3	18.0	22.3
Trade receivables	335.3	302.0	379.6
POC receivables	289.1	257.7	231.3
Other receivables	33.4	30.0	32.1
Income tax receivables	3.8	0.8	2.9
Cash and cash equivalents	36.1	58.7	81.2
Total current assets	**719.0**	**667.3**	**749.4**
Total assets	**1,409.0**	**1,289.5**	**1,424.7**
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
Other equity	166.9	157.3	189.2
Non-controlling interest	0.2	0.3	0.2
Equity	**168.1**	**193.6**	**225.4**
Non-current liabilities			
Deferred tax liabilities	38.7	37.0	38.5
Pension liabilities	40.9	50.0	41.9
Provisions	8.1	8.2	8.7
Lease liabilities	88.2	94.2	93.5
Other interest-bearing debts	126.4	133.1	127.8
Other liabilities	15.2	8.2	12.7
Total non-current liabilities	**317.5**	**330.6**	**323.1**
Current liabilities			
Advances received	269.1	248.4	286.2
Trade payables	201.6	174.0	198.5
Other payables	289.0	262.7	294.7
Income tax liabilities	8.5	3.5	6.8
Provisions	30.3	29.9	29.4
Lease liabilities	44.7	43.7	43.9
Other interest-bearing debts	80.0	3.1	16.8
Total current liabilities	**923.4**	**765.3**	**876.2**
Total equity and liabilities	**1,409.0**	**1,289.5**	**1,424.7**

Working capital

EUR million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Inventories	21.3	18.0	22.3
Trade and POC receivables	624.6	560.1	611.2
Other current receivables	31.3	29.4	31.6
Trade and POC payables	-233.5	-203.1	-227.1
Other current liabilities	-286.1	-262.5	-293.3
Advances received	-269.1	-248.4	-286.2
Working capital	**-111.5**	**-106.5**	**-141.4**

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, 2023	**1.0**	**135.1**	**-9.6**	**-0.3**	**-2.0**	**66.0**	**35.0**	**225.2**	**0.2**	**225.4**
Comprehensive income										
Result for the period		16.6						16.6	0.0	16.6
Other comprehensive income:										
Translation differences			-5.9					-5.9		-5.9
Comprehensive income, total		**16.6**	**-5.9**					**10.8**	**0.0**	**10.8**
Dividend distribution		-27.4						-27.4		-27.4
Share-based payments		-4.0						-4.0		-4.0
Hybrid capital repayment							-35.0	-35.0		-35.0
Hybrid capital interests and costs after taxes		-1.7						-1.7		-1.7
Equity on June 30, 2023	**1.0**	**118.6**	**-15.5**	**-0.3**	**-2.0**	**66.0**		**167.9**	**0.2**	**168.1**

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

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, 2022	**1.0**	**107.6**	**-6.0**	**-0.2**	**-2.4**	**66.0**	**35.0**	**201.1**	**0.3**	**201.4**
Comprehensive income										
Result for the period		46.2						46.2	0.0	46.2
Other comprehensive income:										
Change in fair value of defined benefit pension plans		6.6						6.6		6.6
-Deferred tax		-2.1						-2.1		-2.1
Change in fair value of other investments				-0.1				-0.1		-0.1
-Deferred tax										
Translation differences			-3.7					-3.7		-3.7
Comprehensive income, total		**50.7**	**-3.7**	**-0.1**				**46.9**	**0.0**	**46.9**
Dividend distribution		-23.2						-23.2	0.0	-23.2
Share-based payments		2.2						2.2		2.2
Transfer of own shares		-0.4			0.4					
Hybrid capital interests and costs after taxes		-1.9						-1.9		-1.9
Equity on December 31, 2022	**1.0**	**135.1**	**-9.6**	**-0.3**	**-2.0**	**66.0**	**35.0**	**225.2**	**0.2**	**225.4**

Condensed consolidated statement of cash flows

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Cash flows from operating activities					
Result for the period	4.1	12.1	16.6	18.5	46.2
Adjustments to result	21.1	20.6	50.1	39.2	88.7
Change in working capital	-37.9	-42.1	-27.4	-28.0	9.4
Operating cash flow before financial and tax items	**-12.7**	**-9.3**	**39.4**	**29.7**	**144.3**
Financial items, net	-3.9	-1.9	-6.8	-7.3	-9.5
Taxes paid	-1.9	-1.5	-6.7	-6.5	-14.3
Net cash from operating activities	**-18.5**	**-12.8**	**25.9**	**16.0**	**120.5**
Cash flows from investing activities					
Acquisition of subsidiaries and businesses, net of cash	-1.0	-27.2	-27.6	-28.4	-85.3
Disposal of subsidiaries and businesses, net of cash		0.0	0.1	-0.1	0.4
Dividends from equity accounted investments					1.3
Capital expenditure and other investments, net	-2.7	-4.1	-5.8	-7.8	-13.5
Net cash used in investing activities	**-3.7**	**-31.3**	**-33.3**	**-36.3**	**-97.1**
Cash flow after investing activities	**-22.2**	**-44.1**	**-7.4**	**-20.3**	**23.4**
Cash flow from financing activities					
Change in loan receivables, net	1.6	0.5	2.4	0.8	0.8
Change in current liabilities, net	76.9		66.8		9.9
Proceeds from borrowings				74.6	74.7
Repayments of borrowings	-1.5	-1.5	-5.1	-73.0	-75.4
Repayments of lease liabilities	-13.0	-12.9	-25.3	-24.2	-49.8
Hybrid capital repayment	-35.0		-35.0		
Hybrid capital costs and interests	-2.2	-2.4	-2.2	-2.4	-2.4
Dividends paid and other distribution of assets	-27.4	-23.2	-27.4	-23.2	-23.2
Net cash used in financing activities	**-0.6**	**-39.5**	**-25.7**	**-47.4**	**-65.4**
Change in cash and cash equivalents	**-22.8**	**-83.6**	**-33.1**	**-67.7**	**-42.0**
Cash and cash equivalents at the beginning of the period	62.5	149.2	81.2	130.9	130.9
Change in the foreign exchange rates	-3.6	-6.9	-12.0	-4.5	-7.7
Cash and cash equivalents at the end of the period	**36.1**	**58.7**	**36.1**	**58.7**	**81.2**

Free cash flow

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Operating cash flow before financial and tax items	-12.7	-9.3	39.4	29.7	144.3
Taxes paid	-1.9	-1.5	-6.7	-6.5	-14.3
Net cash used in investing activities	-3.7	-31.3	-33.3	-36.3	-97.1
Free cash flow	**-18.4**	**-42.2**	**-0.6**	**-13.0**	**32.9**

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1. Accounting principles

Caverion Corporation's Half-year Financial Report for 1 January – 30 June, 2023 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Half-year Financial Report as in its Financial Statements for 2022.

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

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

2. Key figures

	6/2023	6/2022	12/2022
Revenue, EUR million	1,243.0	1,105.1	2,352.1
Organic growth, %	11.0	3.6	8.6
EBITDA, EUR million	65.0	64.3	143.4
EBITDA margin, %	5.2	5.8	6.1
Adjusted EBITDA, EUR million	79.3	68.1	163.0
Adjusted EBITDA margin, %	6.4	6.2	6.9
EBITA, EUR million	35.6	36.4	86.1
EBITA margin, %	2.9	3.3	3.7
Adjusted EBITA, EUR million	50.0	40.3	105.8
Adjusted EBITA margin, %	4.0	3.6	4.5
Operating profit, EUR million	27.2	28.9	69.9
Operating profit margin, %	2.2	2.6	3.0
Result before taxes, EUR million	21.6	24.2	60.9
% of revenue	1.7	2.2	2.6
Result for the review period, EUR million	16.6	18.5	46.2
% of revenue	1.3	1.7	2.0
Earnings per share, undiluted, EUR	0.12	0.13	0.32
Earnings per share, diluted, EUR	0.12	0.13	0.32
Equity per share, EUR	1.2	1.4	1.6
Equity ratio, %	14.7	18.6	19.8
Interest-bearing net debt, EUR million	303.4	215.4	200.9
Gearing ratio, %	180.5	111.3	89.1
Total assets, EUR million	1,409.0	1,289.5	1,424.7
Operating cash flow before financial and tax items, EUR million	39.4	29.7	144.3
Cash conversion (LTM), %	106.9	81.3	100.6
Working capital, EUR million	-111.5	-106.5	-141.4
Gross capital expenditures, EUR million	35.3	38.0	112.8
% of revenue	2.8	3.4	4.8
Order backlog, EUR million	2,004.8	1,907.9	1,943.3
Personnel, average for the period	14,664	14,381	14,570
Number of outstanding shares at the end of the period (thousands)	137,046	136,473	136,473
Average number of shares (thousands)	136,746	136,456	136,465

3. Financial development by quarter

EUR million	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Revenue	628.2	614.8	682.9	564.1	577.0	528.1
Organic growth, %	8.6	13.5	14.9	11.8	4.7	2.4
EBITDA	28.0	37.0	39.8	39.3	35.8	28.5
EBITDA margin, %	4.5	6.0	5.8	7.0	6.2	5.4
Adjusted EBITDA	40.2	39.1	53.8	41.1	37.3	30.8
Adjusted EBITDA margin, %	6.4	6.4	7.9	7.3	6.5	5.8
EBITA	13.2	22.4	24.6	25.1	21.4	15.0
EBITA margin, %	2.1	3.6	3.6	4.5	3.7	2.8
Adjusted EBITA	25.5	24.5	38.7	26.9	22.9	17.4
Adjusted EBITA margin, %	4.1	4.0	5.7	4.8	4.0	3.3
Operating profit	8.9	18.3	20.0	21.1	17.5	11.4
Operating profit margin, %	1.4	3.0	2.9	3.7	3.0	2.2

	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Earnings per share, undiluted, EUR	0.03	0.09	0.09	0.10	0.09	0.04
Earnings per share, diluted, EUR	0.03	0.09	0.09	0.10	0.09	0.04
Equity per share, EUR	1.2	1.5	1.6	1.5	1.4	1.4
Equity ratio, %	14.7	18.1	19.8	19.0	18.6	17.3
Interest-bearing net debt, EUR million	303.4	204.6	200.9	274.0	215.4	125.6
Gearing ratio, %	180.5	100.2	89.1	131.8	111.3	67.7
Total assets, EUR million	1,409.0	1,416.2	1,424.7	1,360.5	1,289.5	1,313.9
Operating cash flow before financial and tax items, EUR million	-12.7	52.1	106.9	7.7	-9.3	39.1
Cash conversion (LTM), %	106.9	103.6	100.6	90.1	81.3	89.6
Working capital, EUR million	-111.5	-151.5	-141.4	-75.8	-106.5	-158.2
Gross capital expenditures, EUR million	4.6	30.8	20.0	54.8	33.3	4.7
% of revenue	0.7	5.0	2.9	9.7	5.8	0.9
Order backlog, EUR million	2,004.8	2,034.3	1,943.3	1,971.0	1,907.9	1,951.6
Personnel at the end of the period	14,937	14,641	14,490	15,037	14,612	14,272
Number of outstanding shares at end of period (thousands)	137,046	136,882	136,473	136,473	136,473	136,473
Average number of shares (thousands)	136,999	136,491	136,473	136,473	136,473	136,440

4. Calculation of key figures

IFRS key figures

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

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

Alternative performance measures

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

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC) *
EBITA =	Operating profit (EBIT) + amortisation and impairment
Adjusted EBITA =	EBITA before items affecting comparability (IAC) *
Equity ratio (%) =	$\dfrac{\text{(Equity + non-controlling interest)} \times 100}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\dfrac{\text{(Interest-bearing liabilities - cash and cash equivalents)} \times 100}{\text{Shareholders' equity + non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities
Cash conversion (%) =	$\dfrac{\text{Operating cash flow before financial and tax items (LTM)} \times 100}{\text{EBITDA (LTM)}}$
Equity / share =	$\dfrac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$
Dividend / earnings (%) =	$\dfrac{\text{Dividend per share x 100}}{\text{Earnings per share}}$

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

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

*Items affecting comparability (IAC) in 2023 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 2022, major risk projects only included one old risk project in Germany reported under category (2). In 2022 and 2023, provisions and legal and other costs for civil claims related to the German anti-trust matter were reported under category (4). Category (4) included also costs related to the submitted public tender offers in 2022 and 2023.

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

5. Acquisitions 2023

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Employees	Prior financial year annual sales, EUR million
TM Voima Group	Industry	Projects	Industrial project installations	Shares	Feb	74	47.7
St1 Lähienergia's geothermal heating installation and project management unit	Finland	Services	Heating	Business	Apr	9	- *
CRC Clean Room Control AB	Sweden	Services	Ventilation and air conditioning	Shares	Jun	5	1.1
VVS Teknikk Møre AS	Norway	Services and Projects	Ventilation, piping and automation	Shares	Jul	35	7.8
Kiwa Inspecta's building services and consultancy unit	Finland	Services	Advisory services	Business	Sep	50	3.8

** The acquisition of St1 Lähienergia's geothermal heating installation and project management unit only comprised the unit's personnel, working tools and material stock.*

6. Related party transactions

Caverion announced on 7 February 2018 in a stock exchange release the establishment of a new share-based incentive plan directed for the key employees of the Group ("Matching Share Plan 2018–2022"). The company provided the participants a possibility to finance the acquisition of the company's shares through an interest-bearing loan from the company, which some of the participants utilised. In the end of June 2023, the total outstanding amount of these loans amounted approximately to EUR 1.1 (3.7) million. The loans will be repaid in full on 29 December 2023, at the latest. Company shares have been pledged as a security for the loans.

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.

In the end of the year's second quarter, despite the slight signs of easing, the core inflation is still high with uncertainty around its future direction. With limited central bank guidance, the amount and size of the next interest hikes are hard to predict. Caverion remains in the outlook of higher interest rates increasing the interest cost of funding also during the second half of 2023. Also continuing high volatility on foreign exchange rates is expected. Caverion monitors the risks closely and, at the moment, does not see any need for changes in the risk management principles. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange and interest rate related risks are in control. The sharpened focus on cash flow and working capital management continues during the second half of 2023.

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 2022 financial statement in note 5.5 Financial risk management.

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

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

EUR million	2023	2024	2025	2026	2027	2028->	Total
Interest-bearing borrowings	79.6	3.1	51.5		75.0		209.2
Lease liabilities	23.8	38.8	25.0	16.4	9.6	19.3	133.0
Total	**103.4**	**41.9**	**76.5**	**16.4**	**84.6**	**19.3**	**342.2**

8. Financial liabilities and interest-bearing net debt

EUR million	Jun 30, 2023 Carrying amount	Jun 30, 2022 Carrying amount	Dec 31, 2022 Carrying amount
Non-current liabilities			
Senior bonds	73.5	76.6	73.3
Loans from financial institutions	50.0	50.0	50.0
Other financial loans		0.5	0.0
Pension loans	3.0	6.0	4.5
Lease liabilities	88.2	94.2	93.5
Total non-current interest-bearing liabilities	**214.7**	**227.3**	**221.3**
Current liabilities			
Senior bonds			3.5
Loans from financial institutions	0.1	0.1	0.1
Pension loans	3.0	3.0	3.0
Other financial loans			0.1
Commercial papers	76.9		10.0
Lease liabilities	44.7	43.7	43.9
Total current interest-bearing liabilities	**124.8**	**46.8**	**60.7**
Total interest-bearing liabilities	**339.5**	**274.1**	**282.0**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**206.5**	**136.2**	**144.6**
Cash and cash equivalents	36.1	58.7	81.2
Interest-bearing net debt	**303.4**	**215.4**	**200.9**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**170.4**	**77.5**	**63.4**

The fair value of senior bond amounted to EUR 69.4 million at the end of June 2023. The carrying amounts of all other financial assets and liabilities are reasonably close to their fair values.

Derivative instruments

Nominal amounts EUR million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Foreign exchange forwards	128.2	98.4	121.1

Fair values EUR million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Foreign exchange forwards			
positive fair value	0.8	0.2	0.0
negative fair value	-0.2	-0.4	-0.1

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

9. Commitments and contingent liabilities

EUR million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Parent company's guarantees on behalf of its subsidiaries	468.8	457.4	493.1
Other commitments			
- Other contingent liabilities		0.2	
Accrued unrecognised interest on hybrid bond		0.3	1.5

The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 6.7 million at the end of June (EUR 6.3 million). The present value of lease liability of leases not yet commenced to which Caverion is committed amounted to EUR 0.0 million at the end of June (EUR 0.1 million).

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 20.9 million at the end of June 2023.

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

10. Events after the reporting period

On 24 July 2023, Crayfish BidCo Oy issued a stock exchange release and provided updated information on the merger control clearance processes. The Offeror estimated that it will be able to obtain merger control clearance in Finland and from the European Commission by the first half of September 2023, if not earlier. Crayfish BidCo Oy also extended the offer period under the tender offer for all shares in Caverion Corporation until 2 October 2023.

Caverion's Board of Directors said in its stock exchange release on 24 July 2023 that it continues to assist and cooperate with Triton to obtain the necessary merger clearances allowing for completion of the Tender Offer. As expressed in Caverion's stock exchange release on 23 March 2023, the Board of Directors of Caverion expects, based on an assessment by its legal advisor, that the Tender Offer could likely be completed between October 2023 and February 2024. However, the Board of Directors of Caverion noted that the length of the merger control clearance process is not within the Offeror's nor Caverion's control, and that there can be no assurances that clearances would be obtained within the estimated timeframe or at all.

According to the above summarised releases, the shareholders who have already tendered their shares in Caverion in the Tender Offer do not have to re-tender their shares or take any other action as a result of the extension of the Offer Period. The unanimous recommendation by the Board of Directors of Caverion that the holders of shares in Caverion accept the Tender Offer, as issued on 5 April 2023, remains in force unchanged.

On 27 July 2023, Crayfish BidCo Oy and Caverion both issued a stock exchange release with the seventh supplement to the Tender Offer Document approved by the Finnish Financial Supervisory Authority.

Caverion's Financial Information in 2023

Interim report for January–September: 3 November 2023

Building Performance

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