Caverion
Building Performance

Annual Review 2023

CAVERION CORPORATION

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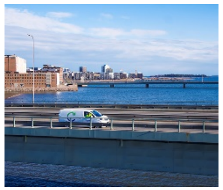

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We enable performance and people's wellbeing in smart and sustainable built environments

Caverion – Building Performance

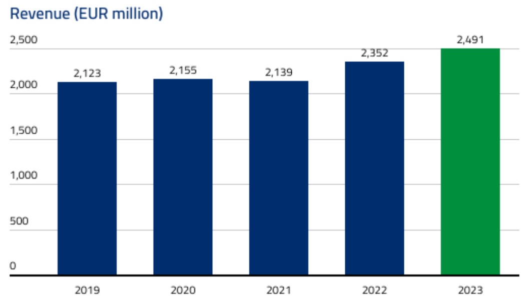
Caverion is an expert for smart and sustainable built environments, enabling performance and people's well-being. Customers can trust our expert guidance during the entire lifecycle of their buildings, infrastructure or industrial sites. Our offering covers the installation and maintenance of base and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

Our customers are supported by about 15,000 professionals in ten countries in Northern and Central Europe. Our revenue in 2023 was about EUR 2.5 billion. Caverion's head office is located in Vantaa, Finland.

Sustainable impact

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

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



Our business units: Services and Projects

Services

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

Projects

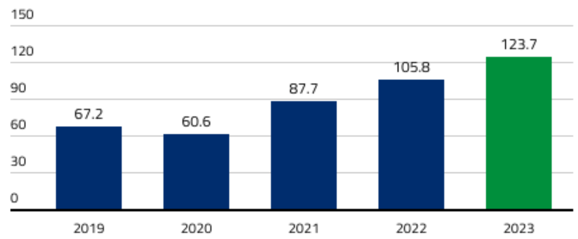
Caverion delivers building technology and infrastructure projects for new building investments and modernisations. As a lifecycle partner with design & build expertise, we install all building technologies. We enable our customers' building performance with smart and energy efficient solutions, always focusing on connectivity and human-centric design. Our customers count on us for future-proof installations and technical solutions that comply with regulations and the safety and sustainability requirements of the future. Our goal is to set the optimal foundation for a long-term customer relationship which we further grow with our service capabilities throughout the entire lifecycle.

For industrial customers

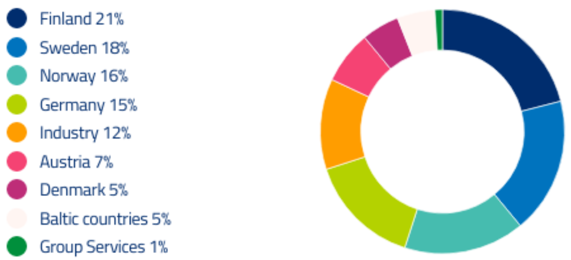
Caverion's intelligent solutions improve industrial production efficiency, reliability, and maintenance processes. As a major supplier, we support industry in safety, sustainability, and knowledge management. We carry out high-voltage substation and transmission line investments as well as industrial investment contracts. When industrial production, power generation, and high-voltage networks work as planned, we are successful as a responsible partner. Caverion offers industry solutions covering the entire investment lifecycle - from preliminary studies to construction phase and production uptime.

Revenue by division

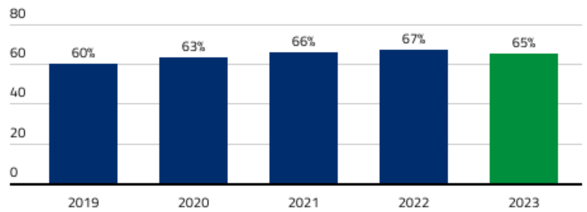
Adjusted EBITA (EUR million)



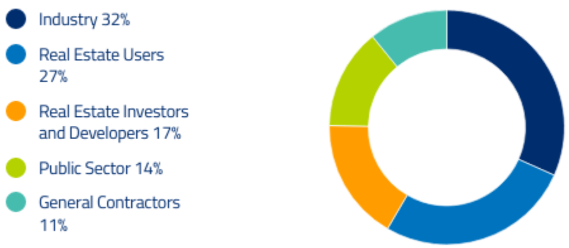
Personnel by division



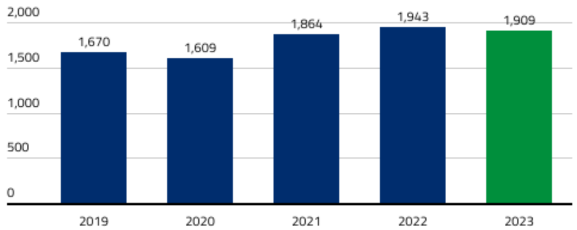
Services business share of revenue, %



Revenue by customer segment



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



From the CEO

Eventful year with all-time high results

"The year 2023 was another positive, and eventful, year for Caverion, marked by increased revenue and solid profitability. Both our revenue and adjusted EBITA reached record-high levels. Our revenue increased to EUR 2,490.9 (2,352.1) million and adjusted EBITA to EUR 123.7 (105.8) million, which represents a margin of 5.0%. I am very pleased with this achievement in these market conditions, characterised by high interest rates, low investment activity, increased geopolitical uncertainty and a turbulent construction market as a whole.

In 2023, organic revenue growth was 5.6% whereas acquisitions contributed by 4.1%. During the year, we also saw a significant currency impact due to the devaluation of the Swedish and Norwegian currencies. The negative revenue contribution of the currency impact was as much as EUR 87 million during the year. Measured in local currencies, revenue increased in 2023 in all divisions except Industry as well as in both Service and Project businesses. We have executed several sizable projects during the year, including substations and power lines for the main grid in Finland, a new airport terminal in Frankfurt, Germany, a university hospital in Northern Finland as well as a recycling plant for car batteries in Sweden. These types of projects are not dependent on the general market sentiment and demonstrate the advantage in having broad capabilities and know-how, as we have in Caverion.

Our adjusted EBITA for the full year increased by 16.9% compared to the previous year and by 21.9% when excluding the negative impact of the currency devaluation (about EUR 4.4 million). The main contributor to the improvement was the continued high performance in Services as well as the healthy project mix and profitable growth in the Projects business unit. While we have been quite resilient to the high inflation and high interest rates, we are of course not immune to the negative market sentiment. Even if the challenges in the residential construction market do not have a significant impact on our business directly, we also do experience the indirect impact through more competition and price pressure. Our operating cash flow during the year improved to EUR 165.9 (144.3) million.

Order backlog at the end the year was stable at EUR 1,908.7 (1,943.3) million. In these market conditions, this gives us confidence of continued good performance also in 2024. Despite the challenges of the current operating environment, global trends drive long-term demand in our business.

In 2023, we made good progress in the execution of our Sustainable Growth strategy. We strengthened our service capacity and expertise by completing five acquisitions in Finland, Norway and Sweden. As outlined in our strategy, we will continue screening complementing, high-quality companies also going forward. Overall, we are in a good position to meet the demands of our customers from both geographical and capability point of view.

Sustainability and energy efficiency in the built environment are major priorities for our customers and hence also strategic focus and growth drivers for us at Caverion. Our sustainability work focuses on four key targets: caring for our people, ensuring sustainable value chain, increasing our carbon handprint as well as decreasing our own carbon footprint. The year 2023 has been a year of preparation for the requirements of the upcoming EU legislation concerning sustainability reporting. During 2023, we defined, among other actions, a unified carbon handprint calculation model, calculated our total greenhouse gas Scope 1-3 emissions, and expect our Science Based Targets to be validated in 2024.

The year 2023 also marks, for now, the last full year for Caverion Corporation as a publicly listed company. We are pleased to see the long tender offer process, which started already back in 2022, now coming to an end. Furthermore, we are happy that with Triton we will have an owner who has vast experience in our sector and who will enable us to accelerate the execution of our strategy. The ownership change in itself has no impact in our daily business and at Caverion we continue to focus on serving our customers as before.

I wish to thank our customers, business partners, shareholders and the Caverion employees in particular for their contribution to a successful 2023 and look forward to continued good collaboration and success in 2024!"

"The year 2023 was yet another positive, and eventful, year for Caverion, marked by increased revenue and solid profitability.'

Sustainability highlights 2023

Installing Norway's first public charging station for heavy transport

Electrification of heavy transport is one of the most important Norwegian climate measures that can be introduced quickly. Norway's first public charging station for heavy transport recently opened at Oslo Harbour, the first in a future network of charging stations for heavier vehicles. Caverion did the installation work of the station, operated by Recharge.

Emission reduction targets sent for SBTi validation

In December 2023, we sent our emissions targets for official validation by the Science Based Targets initiative. In accordance with our targets, by 2030 we will reduce at least 42% of our total emissions (Scope 1, 2 and 3) compared to 2021. We expect the SBT committee to confirm our targets during 2024.

Collaborating with our ten major IT partners in climate work

Ten of our major IT partners such as Microsoft, TietoEvry and Foxway have committed to common sustainability goals. We have set six measures for our IT partners including reporting carbon footprint of the services and products delivered for Caverion, science-based emission reduction, diversity and supplier audit practices and frequency in their supply networks.

Building performance in HSEQ

Caverion Industry excelled in a client-oriented audit of HSEQ cluster in 2023, where the supplier's occupational health, safety, environmental and quality management are evaluated. We achieved 727 points out of 750 points, the average score of all companies evaluated at the same period was 383.

Energy Wisest School Competition inspired students around Finland

Finland's Energy Wisest School competition gave children and young people from primary and vocational schools new insights into the factors influencing the energy efficiency of buildings. The competition was the first of its kind, reportedly in the world. During the competition period of several weeks, pupils built energy-efficient designs of their schools in Minecraft Education, a version of the game designed for learning. The competition was organised by Caverion, Microsoft and the City of Oulu.

Our people are highly committed

We conduct an employee engagement survey for all our people every second year, through which we get important insight on employee engagement and identify development areas. Based on this year's survey, the overall engagement score reached the level of 74%.

One of the world's largest CO2 refrigeration systems

Caverion will implement a smart refrigeration system, including cooling and heat production, for a new energy centre being built in Finland by Oulun Energia. After completion, the energy centre will produce clean cooling energy for Nokia's new campus in Oulu and heating energy for the district heating network of Oulun Energia. The system is based on cooling and heating production in the same process, where intelligent controls ensure minimum waste of energy.

Our strategy

The year 2023 was the first full year with our Sustainable Growth strategy. The strategy builds on our purpose of enabling performance and people's wellbeing in smart and sustainable built environments.

During the current strategic period, launched in May 2022, we aim to increase the share of our solutions business and to grow both organically and through balanced acquisitions. Our ultimate strategic goal is to build a clear differentiation from the competition.

We focus on four strategic themes that guide all our actions:

- **People** are our most important asset; we want to retain, attract, and grow the right people and become the most attractive employer in our industry.
- **Digitalisation** has been at the core of our solution development over the past years and will remain and increase in importance regarding our offering and the way we work and serve our customers.
- **Sustainability** is increasingly the core driver for customer decisions and is and will be at the core of our work and development.
- **Customer experience** and the voice of our customers are guiding us in our strategy execution. We are focusing on a customer-centric operating model to deliver on our promise of "Building Performance" in every customer interaction.

Sustainable Growth strategy

Building clear differentiation

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

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

In 2023, we continued to focus a notable part of our development efforts on improving the digital tools our people use in the field. Acquisitions made during the year help to ensure we have the best experts in the right places, that we are close to our customers and have the right skills and competencies in each location. In developing our capabilities in segment expertise and commercial excellence, we introduced a sales and key account management academy to our customer-facing sales professionals. For our customer-centric solutions, we worked together with our customers to make sure that the solutions we offer are in line with their needs and expectations.

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

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

Together with our new main owner Triton, we plan to accelerate our transformation strategy. Triton shares the same values that drive us at Caverion: together we deliver on our promises, explore and learn on every opportunity for the benefit of our customers, employees, and stakeholders.

Caverion drives sustainable impact

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

- caring for our people
- ensuring sustainable value chain
- increasing our carbon handprint and
- decreasing our carbon footprint.

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

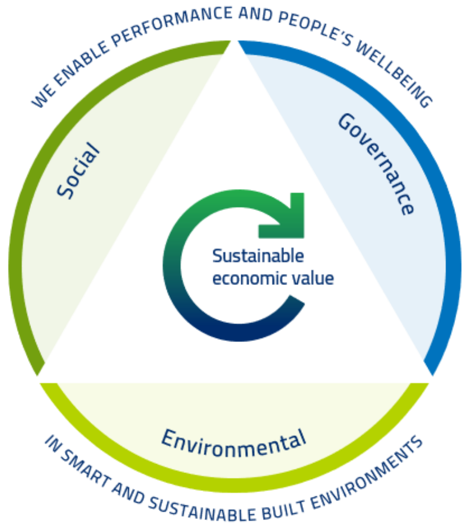
Read more about our sustainability targets in the Board of Directors' Report on page 21.

Caring for our people

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

Increasing our handprint

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

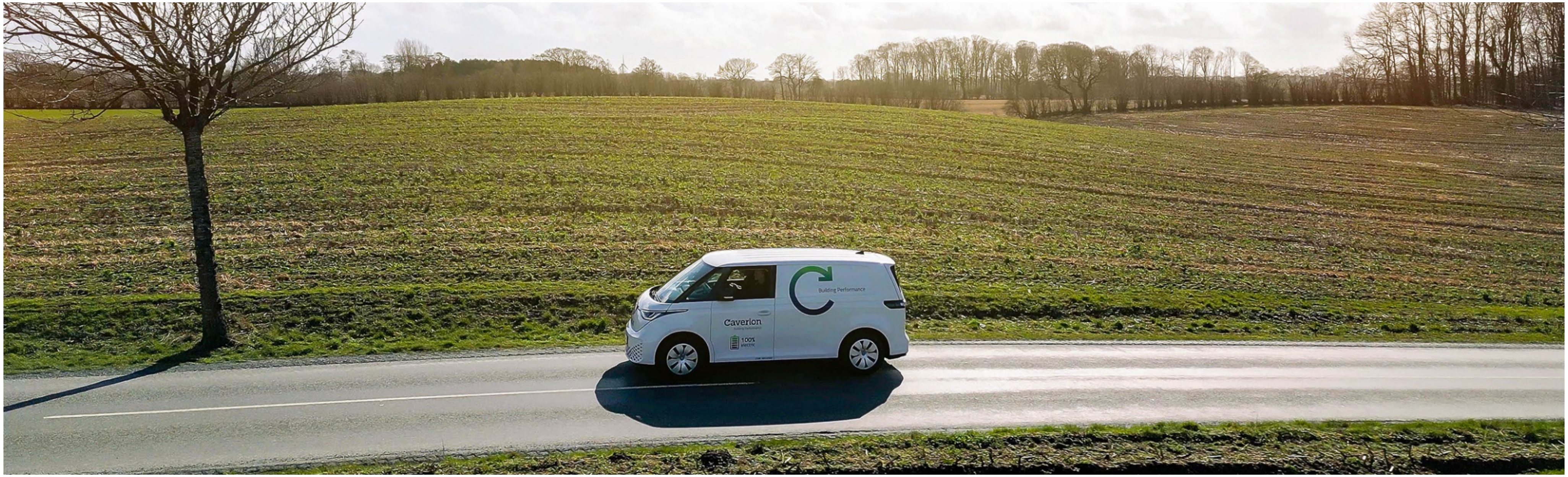


Ensuring sustainable value chain

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

Decreasing our footprint

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



Board of Directors' Report January 1 –December 31 2023

OPERATING ENVIRONMENT

The economic uncertainty due to the conflicts in Ukraine and recently in the Middle East, followed by the subsequent energy crisis, mounting inflation, rising interest rates and lowered economic growth prospects continued. Caverion has no operations in the Middle East, Russia, Ukraine or Belarus. Therefore, the impact of the conflicts on Caverion is currently indirect.

Core inflation, despite signs of easing, remained high during January–December 2023. The cost inflation related to material prices continued to impact also the building technology market. Caverion continues to manage any increases in material prices and delays in the supply chain on a daily basis without them having a significant impact on the financial performance during January–December 2023. On the other hand, wage inflation has gradually increased in all of Caverion's operating countries.

The economic sentiment indicators have continued to be volatile in the EU during January–December 2023, and the operating environment is still impacted by lower economic growth prospects and the recent interest rate hikes.

More information has been presented in the Financial Statements Release published on 8 February 2024.

Market position

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

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

GROUP STRATEGY AND FINANCIAL TARGETS

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

Caverion builds on several sources of growth, both organic and inorganic. The company aims to grow throughout its businesses and divisions with focus on evolving its business mix towards Solutions business at the higher end of the value chain, including advisory, engineering and digital solutions, managed services as well as installation and maintenance in smart disciplines. In base disciplines, Caverion aims to grow with focus on technical maintenance, while continuing its selectivity approach in technical installation projects. Potential acquisitions are mostly bolt-ons focused on complementary capabilities required to support customers better locally, and also platform acquisitions in existing geographical markets. Caverion is progressing well in focusing more on its core operations and building an optimal balance between local and centralised service delivery.

Supporting customers on their digitalisation journey while improving efficiency and long-term sustainable outcomes, provides great opportunities for Caverion. The company's digital solutions such as Caverion SmartView, remote services and building automation solutions differentiate Caverion from its competitors already today and will also be important elements in future growth. Caverion has also invested in building expertise in selected smart disciplines such as building automation and analytics, refrigeration and clean heat as well as security. These solutions require regular maintenance and provide further opportunities for value-adding services, which links to Caverion's core competence of supporting customers throughout the lifecycle of their built environments. This is delivered by Caverion's about 15,000 highly skilled employees.

Financial targets

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

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

The following table presents the updated financial targets and the progress in them in 2023.

Financial targets until the end of 2025		1-12/2023
Cash conversion (LTM)	Operating cash flow before financial and tax items / EBITDA > 100%	107.5%
Profitability	Adjusted EBITA > 5.5% of revenue	5.0%
Organic revenue growth	3–4% p.a. over the strategy period	5.6%
M&A revenue	2–3% p.a. over the strategy period	4.1%
Debt leverage	Net debt/LTM Adjusted EBITDA < 2.5x	1.3x
Dividend policy	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account	0%*

** Calculated as Dividend per earnings (%). The Board of Directors proposes to the Annual General Meeting to be held on 12 June 2024 that no dividend will be paid for the year 2023.*

Sustainability targets	2025	2023	2022
Decreasing our footprint			
Total carbon footprint defined and measured	100%	100%	100%
Increasing our handprint			
Carbon handprint over footprint (Scope 1–2)	5x	>3x	>3x
Our offering has a defined carbon handprint	100%	25%	25%
Caring for our people			
Lost Time Injury Frequency Rate (LTIFR)	<2	4.1	4.0
Share of female employees	15%	11%	11%
Our employees trained in sustainability	100%	97%	30%
Ensuring sustainable value chain			
Supplier Code of Conduct sign-off rate	>90%	80%	74%
Our tender requests include sustainability criteria	100%	-	-

GROUP FINANCIAL DEVELOPMENT 2023

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

ORDER BACKLOG

Order backlog at the end of December decreased by 1.8 percent to EUR 1,908.7 million from the end of December in the previous year (EUR 1,943.3 million).

At comparable exchange rates, order backlog was EUR 1,920.0 million.

Order backlog increased by 0.1 percent in Services and decreased by 4.3 percent in Projects from the end of December in the previous year.

REVENUE

January–December

Revenue was EUR 2,490.9 (2,352.1) million and increased by 5.9 percent compared to the previous year. At the previous year's exchange rates, revenue would have been EUR 2,578.3 million, an increase of 9.6 percent compared to the previous year. Organic growth was 5.6 percent.

Revenue was negatively impacted by fluctuations in currency exchange rates of EUR 87.4 million, equalling a decrease of 3.7 percent. Changes in Swedish krona had a negative effect of EUR 39.8 million and Norwegian krone had a negative effect of EUR 47.8 million. Acquisitions and divestments impacted revenue by 4.1 (2.2) percent.

Excluding the effects of exchange rates, revenue increased in Sweden, Finland, Germany, Norway, Austria and Denmark and decreased in Industry. Organic growth was strong especially in divisions Denmark and Sweden.

Revenue of the Services business unit increased and was EUR 1,620.6 (1,570.1) million in January–December, an increase of 3.2 percent, or 7.3 percent in local currencies. Revenue of the Projects business unit was EUR 870.5 (782.0) million, an increase of 11.3 percent, or 14.2 percent in local currencies. The Services business unit accounted for 65.1 (66.8) percent of Group revenue, and the Projects business unit for 34.9 (33.2) percent of Group revenue.

Distribution of revenue by Division and Business Unit

EUR million	1-12/23	1-12/22	Change	Currency impact	Change in comparable rates	Organic growth*	Acquisitions/ divestments impact
Sweden	499.4	455.0	9.8%	-8.7%	18.5%	17.9%	0.6%
Finland	444.6	431.9	2.9%		2.9%	0.6%	2.3%
Germany	437.6	406.0	7.8%		7.8%	7.8%	
Norway	364.6	368.5	-1.1%	-13.0%	11.9%	10.3%	1.6%
Industry	271.7	285.5	-4.8%	0.1%	-5.0%	-18.2%	13.2%
Austria	260.6	237.0	9.9%		9.9%	5.4%	4.6%
Denmark	165.2	122.1	35.2%	-0.2%	35.4%	19.2%	16.3%
Baltic countries	47.3	46.0	2.8%		4.0%	4.0%	
Group, total	**2,490.9**	**2,352.1**	**5.9%**	**-3.7%**	**9.6%**	**5.6%**	**4.1%**
Services	1,620.6	1,570.1	3.2%	-4.1%	7.3%	4.4%	3.0%
Projects	870.5	782.0	11.3%	-2.9%	14.2%	7.9%	6.3%

** 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*

PROFITABILITY

January–December

Transaction costs related to acquisitions totalled EUR 1.6 (5.4) million in January–December and restructuring costs amounted to EUR 5.6 (1.1) million. Other items totalled EUR 23.3 (9.2) million and included e.g. advisory and personnel costs related to the public tender offers in the amount of EUR 20.2 million. In the second quarter of 2023, a EUR 10.0 million cost was recognised in relation to the termination of the Combination Agreement with the Bain Consortium. The cost reimbursement was paid during the third 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 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.

Adjusted EBITA and items affecting comparability

EUR million	1-12/2023	1-12/2022
EBITA	93.2	86.1
EBITA margin, %	3.7	3.7
Items affecting comparability (IAC)		
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	1.6	5.4
- Write-downs, expenses and income from major risk projects*		4.0
- Restructuring costs	5.6	1.1
- Other items	23.3	9.2
- Costs related to public tender offers**	20.2	2.5
- Costs related to other items***	3.1	6.7
Adjusted EBITA	123.7	105.8
Adjusted EBITA margin, %	5.0	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.*

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

Result before taxes amounted to EUR 60.5 (60.9) million, result for the period to EUR 33.1 (46.2) million, and earnings per share to EUR 0.24 (0.32) in January–December. Net financing expenses in January–December were EUR 16.6 (9.0) million. This includes an interest cost on lease liabilities amounting to EUR 5.6 (4.1) million. In January-December 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 increased to 45.4 (24.1) percent in January–December 2023. The comparable effective tax rate, without the impact of change of control related (due to Triton take-over) tax asset revaluation, decreased to 14.4 percent. This was mainly due to profitability improvement in subsidiaries with carry-forward tax losses. Income taxes in the income statement amounted to EUR 27.5 (14.7) million.

CAPITAL EXPENDITURE, ACQUISITIONS AND DISPOSALS

Gross capital expenditure on non-current assets (excluding capital expenditure on leased assets), including acquisitions, totalled EUR 43.1 (112.8) million in January–December, representing 1.7 (4.8) percent of revenue. Investments in information technology totalled EUR 5.3 (8.5) million representing 0.2 (0.4) percent of revenue. IT investments continued to be focused on building and enhancement of common application and infrastructure platforms. Investments in acquisitions amounted to EUR 31.4 (98.8) million and other investments to EUR 6.4 (5.5) million.

Information on acquisitions and disposals during 2023 is presented in the Group's 2023 financial statement note 4.1 "Acquisitions and disposals".

RESEARCH AND DEVELOPMENT

The Group's expenditure related to research and development activities related to product and service development amounted to approximately EUR 5.3 (5.2) million in 2023, representing 0.2 (0.2) percent of revenue. Of the total amount EUR 2.2 (2.7) million was recognised as an expense in the income statement and EUR 3.0 (2.5) million of the development expenses was capitalised.

CASH FLOW, WORKING CAPITAL AND FINANCING

The Group's operating cash flow before financial and tax items improved to EUR 165.9 (144.3) million in January–December and cash conversion (LTM) was 107.5 (100.6) percent. The period's cash flow was negatively impacted by the tender offer related costs of EUR 17.2 million as well as by a payment of EUR 6.5 million for civil claims relating to the German anti-trust matter.

The Group's free cash flow improved to EUR 111.6 (32.9) million. Cash flow after investments was EUR 87.1 (23.4) million. The Group's working capital improved to EUR -170.8 (-141.4) million at the end of December.

At the end of December, the Group's **working capital** was affected by the following items: The amount of trade and POC receivables decreased to EUR 606.1 (611.2) million, other current receivables decreased to EUR 30.2 (31.6) million and inventories decreased to EUR 19.4 (22.3) million. On the liabilities side, advances received decreased to EUR 273.2 (286.2) million, other current liabilities increased to EUR 322.7 (293.3) million and trade and POC payables increased to EUR 230.7 (227.1) million.

Caverion's **cash and cash equivalents** amounted to EUR 41.5 (81.2) million at the end of December. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 48.7 million and undrawn overdraft facilities amounting to EUR 41.2 million.

The Group's gross **interest-bearing loans and borrowings excluding lease liabilities** amounted to EUR 132.0 (144.6) million at the end of December, and the average effective interest rate was 7.4 (3.0) percent. Approximately 39 percent of the loans have been raised from banks and other financial institutions and approximately 61 percent from capital markets. Caverion has issued commercial papers to support sufficient liquidity. At the end of December, the outstanding commercial papers amounted to EUR 9.9 million. Lease liabilities amounted to EUR 146.3 (137.5) million at the end of December 2023, resulting to total gross interest-bearing liabilities of EUR 278.3 (282.0) million.

The Group's interest-bearing net debt excluding lease liabilities amounted to EUR 90.4 (63.4) million at the end of December and including lease liabilities to EUR 236.8 (200.9) million. Net debt was impacted by investments in acquisitions with a negative cash flow effect of EUR 29.7 million in January–December 2023 as well as the EUR 35 million redemption of the Hybrid bond in May 2023.

At the end of December, the Group's gearing was 134.8 (89.1) percent and the equity ratio 15.6 (19.8) percent. Equity ratio was also negatively impacted by the full repayment of the EUR 35 million hybrid bond.

In March, Caverion repaid the remaining part of the EUR 75 million senior unsecured bond issued in 2019 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 has on 31 October 2023 become an additional borrower in Senior Facilities Agreement (SFA) executed between Crayfish BidCo Oy and a group of banks. The new facility consists of term loan facility of EUR 410 million, revolving credit facility of EUR 75 million and committed guarantee facility of EUR 65 million. The term loan facility has a termination date in three years following the acquisition closing date on 31 October 2023, whereas revolving credit facility and guarantee facility have termination dates in two years and nine months following the acquisitions closing date. The term loan facility has been allocated partly to purchase Caverion shares and partly to repay the existing debt outstanding on 31 October 2023. Caverion has converted EUR 26.2 million of the revolving credit facilities into committed bank overdrafts.

Following the change of control, Caverion has prepaid its EUR 50 million term loan and cancelled the unutilised EUR 100 million revolving credit facility with initial termination date on 15 January 2025 in the end of December. Caverion has refinanced the loan with a EUR 50 million withdrawal from the new term loan facility.

As for the EUR 75 million senior unsecured bond due 25 February 2027 ("Notes"), Caverion gave a notice of change of control event on 31 October 2023. As a result of the change of control event, each holder of the Notes had the right to request that all of its Notes be repurchased. By 28 November 2023, which was the due date for repurchase instructions in respect of the Notes, the noteholders submitted valid repurchase instructions for EUR 72.1 million in principal amount of the Notes. On 29 January 2024, Caverion repurchased the Notes in respect of which noteholders have given such valid repurchase instructions at a price per Note equal to 100 per cent of their nominal principal amount together with accrued but unpaid interest. After such repurchase, the remaining outstanding aggregate principal amount of the Notes is EUR 2.9 million.

Following the accession in the SFA, parent company Caverion Oyj has become also an additional guarantor. According to terms and conditions of the SFA, the members of Caverion Group i.e. the parent company Caverion Oyj and its subsidiaries are required to provide guarantees and securities to the lenders. Those guarantees and securities may be limited in scope and substance. Guarantees and securities from subsidiaries will be delivered within 120 days of the first utilisation of any facility. The first utilisation date was 29 December 2023. The agreed security principles contain two tests that need to be fulfilled. Firstly, there is material company requirement, which includes subsidiaries contributing 5% or more of the consolidated EBITDA of the Group. Secondly, guarantor entities must together equate to over 80% of the Group EBITDA. The above requirements only apply to entities incorporated in Finland, Sweden, Norway and Denmark. Agreed security principles require a security over the shares in a material company and over material intercompany loans with a certain threshold. The total book value of such shares to be included under the securities was EUR 221,3 million on 31 December 2023. There were no material intercompany loans that meet the agreed security principles. Until Crayfish BidCo Oy owns 100% of Caverion Group, guarantee granted by the Caverion Group shall be limited to the amount of the facilities actually utilised by members of Caverion Group only, excluding the obligations of Crayfish BidCo Oy. After 100% ownership is reached, the guarantees and securities of Caverion Group will cover also Crayfish BidCo Oy obligations, but may be limited if required to comply with relevant local regulations regarding financial assistance constraints.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA on Crayfish BidCo Oy level according to the calculation principles confirmed with the lending parties. The Group is in compliance with the financial covenant.

BOARD OF DIRECTORS, AUDITORS, PRESIDENT AND CEO

Board of Directors

The Annual General Meeting on 27 March 2023 elected a Chairman, Vice Chairman and five members to the Board of Directors. Mats Paulsson (Chairman), Markus Ehrnrooth (Vice Chairman), Jussi Aho, Joachim Hallengren, Thomas Hinnerskov, Kristina Jahn and Jasmin Soravia were all re-elected.

The EGM held on 15 November 2023 elected two members and one deputy member to the Board of Directors: Mikael Aro (member), Hans Petter Hjellestad (member), and

Gustav Behmer (deputy member). In its constitutive meeting following the Extraordinary General Meeting, the Board elected from among its members Mikael Aro as its Chairman.

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

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

Auditor

Ernst & Young Oy (EY) was re-elected as the Company's Auditor by the AGM 2023. Antti Suominen, Authorised Public Accountant, was re-appointed the Auditor in Charge.

President and CEO

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

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

PERSONNEL

Caverion Group employed 14,748 (14,570) people on average in January–December 2023. At the end of December, the Group employed 14,815 (14,490) people. Personnel expenses for January–December increased to EUR 964.0 (923.6) million. The increase was mainly due to acquisitions, salary inflation and higher number of employees.

The Group's accident frequency rate at the end of December was 4.1 (4.0). 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 end of period	12/2023	12/2022	Change
Finland	3,048	2,894	5%
Sweden	2,665	2,559	4%
Norway	2,364	2,344	1%
Germany	2,277	2,225	2%
Industry	1,813	1,850	-2%
Austria	1,040	1,023	2%
Denmark	789	759	4%
Baltic countries	669	666	0%
Group Services	150	170	-12%
Group, total	14,815	14,490	2%

Information on the effect of acquisitions on Group personnel can be found on page 58.

CHANGES IN CAVERION'S GROUP MANAGEMENT BOARD AND ORGANISATION STRUCTURE

Kari Sundbäck, Executive Vice President, Services, Solutions, Digital and Sustainability, and Michael Kaiser, Executive Vice President, Projects, stepped down from their positions as members of the Group Management Board as of 24 May 2023 and 18 December 2023, respectively.

Jaakko Wacklin 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 reports to Jacob Götzsche, President and CEO. 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.

Caverion 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. Elina Kaura was appointed as Group Head of Legal & Compliance, Group General Counsel and a member of the Group Management Board of Caverion Corporation as of 9 February 2023. Elina Kaura replaced Anne Viitala, who subsequently continued as Senior Advisor reporting to President & CEO Jacob Götzsche until her retirement on 30 November 2023.

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 Financial Statement Release 2023. Those risks and uncertainties are still valid.

Operating environment

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

Operational risks and uncertainties

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

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

Caverion made a large amount of project write-downs during the past strategy period. Systematic performance management continues to be part of the core project management processes in all divisions. From 2019 to 2022, Caverion reported only one old major risk project from Germany in adjusted EBITA, the completion of which was delayed to the end of 2021. The project has been handed over to the customer in the end of 2021. In 2022, there were EUR 4.0 million write-downs from this last separately identified major risk project. In 2023, there were no further write-downs. The company no longer expects to report items in this category under items affecting comparability going forward. It is possible that further risks may emerge in regard to this old project or other projects.

Receivables

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

Disputes

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

Compliance

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

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

Caverion has made significant efforts to promote compliance in order to avoid any infringements in the future. As part of the compliance programme all employees must complete an annual e-learning module and further training is given across the organisation. All new employees shall familiarise themselves with Caverion's Code of Conduct and complete the related e-learning. All employees are required to comply with Caverion's Code of Conduct, which includes a policy of zero tolerance on anti-competitive practices, corruption, bribery or any unlawful action. A mandatory eLearning on competition law has been rolled out for all such employees who work in positions in which knowledge of this topic is especially important, such as in management, sales and procurement.

Financing

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

Financial guarantees

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

Information security

Reliability of the key IT services and partnerships is essential for Caverion's continuous operations. Prolonged disruption in the key systems could limit Caverion's ability to conduct operations in a profitable and efficient manner. In addition, increasing sophistication of and frequency of unauthorised access attempts and cyber threats pose a risk to Caverion's information assets and customer data. Data privacy related breaches may have a negative impact on Caverion's reputation. Over time Caverion has made significant investments in its information security management services, processes and partnerships, and will continue to continuously improve Caverion information security capabilities to secure business continuity.

Goodwill

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

Financial risks have been described in more detail in the Financial Statements 2023 under Note 5.5 "Financial risk management".

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

Caverion's risk management principles and the description of Caverion's key risks are available on the Company's website.

MARKET OUTLOOK FOR 2024

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and they are believed to support demand for the company's offering in 2024 and 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 targets and projects continues to support activity and business volume in Caverion's operating environment.

Caverion will no longer publish result guidance due to the previously announced intention of a controlling shareholder, Crayfish BidCo Oy, to cause Caverion's shares to be delisted from Nasdaq Helsinki Ltd as soon as reasonably practicable.

DISCLOSURE REGARDING NON-FINANCIAL INFORMATION

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

Caverion's business model and strategy are described on pages 9-11 of the Annual Review 2023. More information on Caverion's approach to sustainability can be found in the Sustainability Report 2023 available at www.caverion.com.

Caverion drives sustainable impact

We target a positive carbon handprint five times greater than our carbon footprint (Scope 1-2) by 2025 and 10 times greater by 2030. We reduce our operational carbon footprint by electrifying our car fleet, optimising the number of our service cars, increasing the utilisation rate of our properties, as well as improving the energy efficiency of and switching to renewable energy for our properties. At the same time, we strive to increase our carbon handprint by helping our customers to find new ways to minimise emissions. Caverion is committed to Science Based Targets initiative (SBTi) and reaching science based emissions reduction targets in line with the Paris Agreement on climate change and reducing global warming to 1.5 degrees. In 2023, we submitted our targets for SBTi's validation, stating that by 2030 we will reduce at least 42% of our total emissions (Scopes 1-3) compared to 2021.

In addition to the climate target, our sustainability targets are guided by four focus areas:

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

For each of these focus areas we have set group-wide targets and action plans, related to our carbon footprint, carbon handprint, diversity, safety, sustainability training, and supply chain management.

Leading sustainability

Caverion is committed to leading responsible business practices in all of its operating countries. Our sustainability agenda is supervised and monitored by our CEO together with the Group Management Board, and the Board of Directors. Our sustainability activities are guided by the Group Sustainability Committee, validating the approach, strategy, policy, and process. Operational activities in sustainability are coordinated by the Group Sustainability function and managed through various Sustainability Networks across the organisation. All Caverion's work is guided by our Code of Conduct and other company policies and guidelines.

Caverion is committed to the United Nations (UN) Global Compact and its universal ten principles regarding human rights, labour, the environment, and anti-corruption since 2021. These principles are part of our strategy, company culture, policies, and practices, such as Code of Conduct, Diversity Policy, Safety Guidelines, and Supplier Code of Conduct, as well as in the related processes. We follow the precautionary principle, especially in areas involving human safety and environmental risks.

We have identified the following Sustainable Development Goals (SDGs), which particularly link with our sustainability focus areas and KPIs:

- Good health and wellbeing
- Gender equality
- Clean water and sanitation
- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation, and infrastructure
- Sustainable cities and communities
- Responsible consumption and production
- Climate action

Our management and line managers work to ensure that our employees are familiar with and comply with the legislation, regulations, and internal operating guidelines. In addition, they see to our services and solutions being in full compliance with all applicable codes and standards. The assessment and analysis of Caverion's most significant risks also cover material non-financial risks. In line with the requirements of the Finnish Accounting Act, Caverion has identified the most significant non-financial risks and opportunities.

Sustainability reporting practices in 2023

Caverion Corporation reports in accordance with the GRI (Global Reporting Initiative) Standards for the period 1 January 2023 – 31 December 2023, which corresponds to Caverion's financial year. A table detailing how Caverion's Sustainability Report complies with the GRI guidelines is presented at the end of this report. The Sustainability Report is based on the material sustainability topics identified in a materiality assessment conducted in 2018. These economically, socially, and environmentally material topics have guided our sustainability target setting and roadmap. The Sustainability Report has not been externally assured.

In addition to the annual sustainability report, we report our progress in line with the UN Communication of Progress (COP) defined by the UN Global Compact. Our progress is also evaluated annually through several international sustainability ratings such as EcoVadis, CDP, Sustainalytics, and ISS ESG Corporate Rating.

Environmental management

Our environmental focus areas include decreasing the carbon footprint from our own operations, on the one hand, and increasing our handprint through our service offering, on the other. We are committed to achieving a positive carbon handprint, which is five times greater than our Scope 1–2 carbon footprint by 2025. To achieve this, our objective is to define and measure our total carbon footprint and have a defined carbon handprint for our offering.

Material environmental topics 2023

- **Climate change**
- **Biodiversity and ecosystems**
- **Resource use and circular economy**

Environmental risk management

Environmental risks and impacts of our own direct operations are moderate due to the nature of our business. We do not manufacture products but operate as an expert in services and projects. Thus, the main climate and environmental risks originate from our supply chain. The products installed and maintained by us can potentially have a negative impact on the environment, for example through components, raw materials and chemicals used in the manufacturing of the products. In 2023, we strengthened our supplier assessment capabilities by investing in the EcoVadis Sustainability Intelligence Suite. Supported by EcoVadis, we can evaluate the environment, labour, and human rights, ethical and sustainable procurement risks of our supply chain, and take steps to avoid them. In addition, we engaged in an active supplier dialogue to reduce the environmental impact of our value chain and to strengthen co-operation with suppliers whose operations have a low ESG risk level.

Our policies and practices

We lead our climate work and good business practices through the environmental policy, which is part of the Caverion Code of Conduct. In addition, our business practices are supported by environmental management practices certified according to the international standard ISO 14001. These certifications covered 93% of our business in 2023.

Carbon footprint

We have detailed targets and plans to reduce our emissions and our carbon footprint. At the same time, we work with our suppliers and customers to reduce emissions throughout our value chain.

In 2023, we targeted our development on defining Science Based Targets (Scope 1-3) for our operations and sent our GHG emission data to the SBTi committee for validation in December. Our goal is to get our near-term emission targets approved by the SBTi committee in 2024. According to our transition plan, we will be in line with the Paris agreement 1.5°C goal by 2030 and reduce emissions by at least 42% compared to our 2021 GHG emission level.

In 2023, Scope 1 emissions were 0.6% of our total emissions. Service cars accounted for 19,177 tCO_2 (i.e., 97% of Scope 1 emissions). In 2023, we continued to electrify our vehicle fleet in all our operating countries. Particularly good development was achieved in the electrification of business vehicles. By 2025, our aim is that more than half of our service van fleet is electric.

Our operations are not energy intensive. In 2023, Scope 2 emissions derived mainly from our leased office buildings, amounting to 13,291 tCO_2 or 0.4% of our total emissions. In 2023, the most significant GHG emission reduction action in all divisions was switching to carbon dioxide-free electricity (including renewable energy sources and nuclear power).

Additional Scope 3 GHG emissions categories relevant to our business are category 3: fuel and energy related activities (0.1% of our total emissions), category 4: upstream transportation and distribution (0.1%), category 5: waste generated in operations (0.0%), category 6: business travel (0.3%), category 7: employee commuting (0.7%), and category 12: end-of-life treatment of sold products (0.1%). These categories, which consist of numerous different business activities, account for 1.2% of Caverion's total emissions. Consequently, our transition plan has only been created for our main categories 1 and 11, which we believe is where we have the greatest opportunity to reduce our Scope 3 emissions.

By working with our suppliers, we ensure that products installed by us are fit for circularity. Collaboration with key suppliers is planned to reduce emissions and waste. By identifying the biggest Scope 3 emission sources, we aim to further improve and mitigate the environmental impacts in the solutions we offer. Examples of such solutions are heat pumps, refrigeration and cooling systems.

Carbon handprint

We maximise our positive handprint with a directed effort on identifying and developing smart and sustainable solutions to advise our customers. Our most significant contribution comes from our ability to offer new solutions to avoid emissions, to deliver traditional technical maintenance activities in a new way or by designing and building even more functional new projects. This way we improve the resource, energy and production efficiency of our customer's operations. Such services include, for example, moving to predictive, prescriptive, and remotely controlled maintenance, while reducing the need for on-site maintenance. In addition, our advisory services provide guidance throughout the life cycle of buildings, infrastructure and industrial areas and processes, bringing people, technology, and data together.

In 2023, we focused on unifying and validating our carbon handprint calculation methods. We have systematically evaluated different calculation methods and chosen the method that best meet the needs of our business and take into account the future requirements of the EU Green Claims directive. In addition, we validated the method with the EV charging station installation service. Before publishing unified calculation methods, the method will be tested and piloted. We actively co-operate with universities, research institutes, regulators, and non-governmental organisations such as Aalto University, Climate Leadership Coalitions (CLC) and Green Building Council Finland (FIGBC) to develop our carbon handprint calculations.

EU Taxonomy

As an expert for smart and sustainable built environments, Caverion is part of the solution for a green, low-carbon transition. In 2023, 32.3% of Caverion's Group revenue was considered eligible with EU Taxonomy (2021: 33.0%, 2022: 30.5%). Caverion's taxonomy eligible revenue consists mainly of building technology and energy generation-related projects and services, which have a positive impact through carbon emissions reductions. Activities not considered eligible with EU Taxonomy accounted for 67.7% of Group revenue in 2023, consisting of technical building services not contributing to carbon emission reductions and industrial services outside the renewable energy sector. Caverion's capital expenditures and operating expenses resulting from services or products associated with economic activities considered eligible with EU taxonomy amounted to 48.4 percent and 13.3 percent of its 2023 denominators of Capital Expenditure KPI and Operating Expenditure KPI, respectively. Caverion's business model is asset-light and does not require large-scale investments to cope with the EU taxonomy. Most of Caverion's investments are M&A or IT investments. With these eligibility levels, Caverion nevertheless demonstrates its strong position and high potential to develop more in environment and climate protection.

Assessment of eligibility with EU taxonomy

Caverion has identified over 31 EU taxonomy activities in eight sectors. The most significant sectors for Caverion include Construction & Real Estate and Energy, together representing over 25% of the total revenue and approximately 78% of the total EU Taxonomy eligible revenue. Eligibility assessment was done on divisional level and information was consolidated at group level. Revenue figures are based on purchasing data, including work. Capital expenditure and operating expenditure were determined and allocated from acquisitions, vehicles, IT services and buildings and structures.

Assessment of alignment with EU taxonomy

With taxonomy-aligned activities, Caverion focuses on activities 4.16, 7.3, 7.4, 7.5, 7.6 and 9.3. For these activities, Caverion has carried out the process of meeting alignment requirements. All alignment testing was made on Caverion Group level. Minimum safeguards requirements are met through due diligence and human rights assessment processes. Environmental impacts assessment was carried out to meet Do-No-Significant-Harm (DNSH) testing criteria.

While some categories have the potential for taxonomy alignment, the primary challenges revolve around data availability needed to fulfil the requirements for substantial contribution and DNSH. Caverion's taxonomy alignment percentage increased substantially from 0.9% in 2022 to 5.7% in 2023. This improvement is attributed to the successful alignment testing of four additional categories (4.16, 7.5, 7.6 and 9.3) compared to the previous year.

Do No Significant Harm (DNSH) and Minimum Safeguards

The primary physical climate risks are associated with employees, given the nature of a business primarily reliant on installations. Climate risk assessments were conducted on climate risk hazards that could potentially impact employees. Climate-related hazards were assessed across Northern and Central Europe, utilizing the Representative Concentration Pathway (RCP) scenario 8.5, projecting climate changes over a span of 10 to 30 years. Data from multiple sources, including The European Environment Agency (EEA) and the Interactive IPCC-Atlas were utilized for the analysis.

The assessed pumps and air handling units within the category 7.3. were screened to make sure that no chemical listed in the Appendix C in Climate Delegated Act (2021/2139) were involved. Among the identified hazards, temperature-related chronic and acute risks emerged as the most substantial environmental concerns for Caverion's business. Furthermore, a notable increase in flooding was observed, particularly impacting EV charging stations. Finally, adapting solutions were assessed aimed at adapting to and mitigating identified climate risks.

Management of social aspects

We provide our people a safe and sustainable workplace with diversity, equity, and inclusion, supported by training and processes. Social sustainability and people aspects are at the heart of Caverion. One of our targets defined in our Sustainable Growth strategy is to be the most attractive employer in the industry. We empower our Building Performance culture through our values: we deliver what we promise, we do it together, and we explore and improve.

At the end of 2023, we employed 14,815 (2022: 14,490) people in 10 countries. A total of five acquisitions were closed during the year, resulting in over 150 new professionals joining us from the acquired companies.

Material social topics 2023
- **Health, safety and wellbeing**
- **Decent work and fair rewarding**
- **Employee engagement**
- **Competence development**
- **Diversity, equity and inclusion (DEI)**

Social risk management
The key risks related to social and people aspects are linked to occupational safety and to the availability of qualified personnel. The occupational safety risks are mitigated by continuously ensuring a proactive focus on the topic on all management levels and by conducting various safety initiatives such as trainings, and campaigns. The availability of key talent is essential for our ability to conduct our operations. We therefore pay particular attention to recruitment, onboarding, training and enhancing our digital capabilities as well as to the development of our employer brand and company culture.

We primarily operate in developed, transparent markets. Potential human rights risks relate to the uncertainty or unawareness of how subcontractors conduct their daily business. For this reason, in 2023 we focused on human rights risk management in our supply chain and due diligence process by investing in the EcoVadis Supply Chain Supplier Assessment solutions. In addition, our internal and external stakeholders can confidentially and anonymously report their observations of suspected misconduct through our ethical reporting channel or via e-mail.

Human rights

In accordance with our Code of Conduct, we do not allow any kind of discrimination related to age, gender, nationality, social status, religion, physical or mental disability, political or other opinions, sexual orientation, or any other factor. The Code of Conduct also provides guidance towards improved equality and promotes gender equality and diversity. Human rights safeguarded by international conventions are respected. We apply a zero-tolerance approach to discrimination, harassment or any unlawful act and do not permit any kind of bullying in the workplace.

We comply with labour laws and regulations in our operating countries. Employees have freedom of association and, in 2023, 94% of the employees were covered by collective bargaining agreements. Aspects related to human rights are included in the company-wide Code of Conduct eLearning. In 2023, the eLearning was rolled out to all employees with a completion rate 97%.

According to our Supplier Code of Conduct, suppliers, subcontractors, and other business partners shall respect human rights by following international conventions, in particular the United Nations' Universal Declaration of Human Rights. They shall also comply with fundamental conventions as defined by the International Labour Organisation (ILO) and ensure that their own suppliers comply with requirements that meet or exceed the requirements laid out in our Supplier Code of Conduct.

Health, safety and well-being

At Caverion we believe that personal health and wellbeing are fundamental for a balanced life in and outside of work. This includes providing high standards of safety and engaging with employees to enable a flexible, supportive working environment in which all can thrive. We have a strong focus on continuous improvement - also in terms of our safety performance.

Our LTIFR for 2023 was 4.1, which is better than the industry average. We strive for a zero accident culture and proactive safety work will continue to be our focus in the future.

The culture has a key role in health and safety. In 2023, we launched a safety and wellbeing culture improvement initiative to be executed during the next years. The first phase included a safety and wellbeing culture workshop for division management teams to map the current status and agree on a local road map.

Responsible business conduct

We provide our people a safe workplace with diversity, equity, and inclusion. We comply with legal requirements and Caverion policies supported by meaningful reporting and supplier engagement. The foundation of our business is responsible operations and sustainable policies, practices and processes.

Material governance topics 2023
- **Corporate culture and business ethics**
- **Anti-corruption and bribery**
- **Sustainable procurement**
- **Information security and data protection**

Governance risk management
Our governance risks are moderate. They are related to possible disruptions in the IT environment, subcontracting and other supplier relationships, failure to comply with applicable regulations or unethical conduct in breach of the Code of Conduct, preventing business stability.

We are constantly developing our IT environment and information security processes to respond to the continuous changes in our business environment. We have implemented a group-wide framework and processes to ensure the protection of personal data. Regarding our supply chain, we are in continuous dialogue with our strategic partners to ensure high-quality products and services, and to meet the changing needs of our customers. We use supplier risk assessment and audit processes to analyse risks related to the environment, labour, and human rights, ethics, and sustainable procurement.

To manage risks relating to breaches of Code of Conduct, such as corruption and bribery related risks, we have made significant efforts to promote compliance to avoid any infringements. As part of the compliance programme, all employees must complete an annual eLearning and further training is given across the organisation. All new employees must familiarise themselves with our Code of Conduct and pass the mandatory eLearning. All employees are required to comply with our Code of Conduct, which has a policy of zero tolerance on anti-competitive practices, corruption, bribery, or any unlawful action.

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

Our policies and practices

Our responsible business culture is guided by the Code of Conduct, including also anti-corruption and anti-bribery policies, practices and processes, whistleblower protection guidance, procurement processes and a separate Supplier Code of Conduct.

Further, we have continued to enhance our way of managing misconduct. We have introduced a practical Managing misconduct handbook to help our employees and managers to understand what is expected from everyone, recognise situations of ethical misconduct, understand how to report and how concerns are addressed at Caverion. In addition, we have implemented a separate Speak-up guidelines to ensure that our governance systems related to whistleblowing reports operate at a high quality and that the various interest groups trust us.

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

Anti-corruption and bribery

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

We have a compliance programme to ensure that all our business is conducted legally, ethically and in a compliant manner. We also have a Group-level Compliance unit and a network headed by the Group General Counsel. The compliance network aims to enhance a culture of integrity and responsibility across the organisation. It builds leadership capabilities by rolling out the compliance programme locally, for example through training. We have a company-wide annual Code of Conduct eLearning. In 2023, the eLearning programme was rolled out to all employees with a completion rate of 97%.

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

Regarding our relationships with our suppliers, we do everything in our power to reject bribery, corruption, and white-collar crimes. We do not tolerate any form of bribery or other illegal payments.

Caverion sustainability performance and KPIs

For more information on Caverion sustainability KPIs and actions, please refer to our Sustainability Report 2023.

Sustainability targets

Focus area	KPI	Actions in 2023	2021	2022	2023	Target 2025
Decreasing Caverion´s footprint	Total carbon footprint defined and measured	We defined, measured, and validated our total emissions (Scope 1, 2 and 3). We sent our GHG emission data to the SBT committee for validation.	80%	100%	100%	100%
Increasing Caverion´s handprint	Five times carbon handprint over footprint (Scope 1-2)	We defined a unified carbon handprint method and calculation model. We did an internal audit of Scope 1-2 calculation models, unified the data collection process, and decreased our own carbon footprint.	>2x	>3x	>3x	5X
	Our offering has a defined carbon handprint	We defined a unified carbon handprint method and calculation model.	20%	25%	25%	100%
Caring for our people	Lost Time Injury Frequency Rate (LTIFR)*	We invested in systematic safety work, safety culture and strong proactive measures in safety.	4.0	4.0	4.1	<2
	Share of female employees	We focused on raising awareness in diversity, equity, and inclusion by launching a DEI program for top management and hiring managers.	11%	11%	11%	15%
	All employees trained in sustainability**	We continued the implementation of sustainability eLearning.	-	30%	97%	100%
Ensuring sustainable value chain operations	Supplier Code of Conduct (SCoC) sign-off rate***	We continued to follow-up each Caverion division to increase the Supplier Code of Conduct sign-off rate.	66%	74%	80%	>90%
	All tender requests include sustainability criteria	We continued sustainability discussions with selected key suppliers and piloted criteria in selected tender requests.	-	-	-	100%

* LTIFR refers to the amount or number of lost time injuries per 1,000,000 hours worked.
** Number of employees (excl. temporary, inactive, etc. employees) who have conducted Sustainability eLearning.
*** Share of purchase volume of suppliers who have approved Caverion SCoC or who have a CoC/SCoC which Caverion has approved.

2023 proportion of turnover from products or services associated with Taxonomy-aligned economic activities (1/2)

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proposition of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Installation and operation of electric heat pumps	4.16	5.13	0.2%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	n/a
Installation, maintenance and repair of energy efficiency equipment	7.3	5.16	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	Y	n/a	n/a	Y	0.2%	E	n/a
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	33.63	1.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.7%	E	n/a
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	78.66	3.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Installation, maintenance and repair of renewable energy technologies	7.6	3.16	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Professional services related to energy performance of buildings	9.3	16.16	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**141.89**	**5.7%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**n/a**	**Y**	**n/a**	**n/a**	**Y**	**0.9%**	**E**	**n/a**
Of which Enabling		**136.76**	**5.5%**	**96%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**n/a**	**Y**	**n/a**	**n/a**	**Y**	**0.9%**	**E**	**n/a**
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment for the production and use of hydrogen	3.2	5.57	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of energy efficiency equipment for buildings	3.5	11.84	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	3.20	52.96	2.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation using solar photovoltaic technology	4.1	2.93	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Electricity generation from wind power	4.3	8.78	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from hydropower	4.5	25.65	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from renewable non-fossil gaseous and liquid fuels	4.7	0.14	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	4.9	27.22	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.7%		
District heating/cooling distribution	4.15	4.73	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Production of heat/cool from bioenergy	4.16	5.13	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9%		

2023 proportion of turnover from products or services associated with Taxonomy-aligned economic activities (2/2)

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proposition of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Production of heat/cool from bioenergy	4.24	1.18	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	4.27	2.03	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	10.78	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	5.1	2.94	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Renewal of water collection, treatment and supply systems	5.2	2.97	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of waste water collection and treatment	5.3	0.66	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Renewal of waste water collection and treatment	5.4	16.48	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5	2.05	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Retrofitting of sea and coastal freight and passenger water transport	6.12	16.16	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Infrastructure for rail transport	6.14	32.47	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6%		
Infrastructure enabling low-carbon road transport and public transport	6.15	4.13	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Infrastructure enabling low carbon water transport	6.16	2.86	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Low carbon airport infrastructure	6.17	1.03	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of energy efficiency equipment	7.3	414.72	16.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.0%		
Data-driven solutions for GHG emissions reductions	8.2	1.64	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Programming and broadcasting activities	8.3	7.19	0.3%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Emergency Services	14.1	2.56	0.1%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**661.65**	**26.6%**	**98.5%**	**1.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**23.7%**		
Total (A.1 + A.2)		**803.54**	**32.3%**	**98.8%**	**1.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**24.6%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		**1,687.38**	**67.7%**
Total (A + B)		**2,490.92**	**100.0%**

2023 proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proposition of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Production of heat/cool from bioenergy	4.16	0.17	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	n/a
Installation, maintenance and repair of energy efficiency equipment	7.3	0.17	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	Y	n/a	n/a	Y	0.0%	E	n/a
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1.11	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	2.60	2.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Installation, maintenance and repair of renewable energy technologies	7.6	0.70	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
Professional services related to energy performance of buildings	9.3	0.81	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	E	n/a
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5.56**	**4.9%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**n/a**	**Y**	**n/a**	**n/a**	**Y**	**0.0%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment for the production and use of hydrogen	3.2	1.75	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from hydropower	4.5	0.85	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9.9%		
Transmission and distribution of electricity	4.9	28.52	25.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.1%		
Renewal of waste water collection and treatment	5.4	0.55	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.3%		
Infrastructure for rail transport	6.14	1.07	0.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
	7.3	16.85	14.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.9%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**49.60**	**43.5%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**26.2%**		
Total (A.1 + A.2)		**55.16**	**48.4%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**26.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**58.71**	**51.6%**																
Total (A + B)		**113.87**	**100.0%**																

2023 proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proposition of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Production of heat/cool from bioenergy	4.16	0.16	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	E
Installation, maintenance and repair of energy efficiency equipment	7.3	0.16	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	Y	n/a	n/a	Y	0.0%	n/a	E
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1.05	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	2.46	3.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	E
Installation, maintenance and repair of renewable energy technologies	7.6	0.10	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	E
Professional services related to energy performance of buildings	9.3	0.50	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Y	n/a	n/a	n/a	n/a	Y	0.0%	n/a	E
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4.43**	**5.7%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**n/a**	**Y**	**n/a**	**n/a**	**Y**	**0.0%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment for the production and use of hydrogen	3.2	0.55	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from hydropower	4.5	0.27	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	4.9	0.28	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Renewal of waste water collection and treatment	5.4	0.17	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Infrastructure for rail transport	6.14	0.34	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of energy efficiency equipment	7.3	4.33	5.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5.95**	**7.6%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
Total (A.1 + A.2)		**10.38**	**13.3%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**67.46**	**86.7%**																
Total (A + B)		**77.84**	**100.0%**																

Key figures

Consolidated income statement, Jan 1 - Dec 31	2023	2022	2021	2020	2019
Revenue, EUR million	2,490.9	2,352.1	2,139.5	2,154.9	2,123.2
Organic growth, %	5.6	8.6	-2.0	-4.1	-
EBITDA, EUR million [1]	154.3	143.4	113.8	99.4	103.0
EBITDA margin, % [1]	6.2	6.1	5.3	4.6	4.8
Adjusted EBITDA, EUR million [1]	184.7	163.0	142.1	116.5	120.4
Adjusted EBITDA margin, % [1]	7.4	6.9	6.6	5.4	5.7
EBITA, EUR million [1]	93.2	86.1	59.4	42.4	49.8
EBITA margin, % [1]	3.7	3.7	2.8	2.0	2.3
Adjusted EBITA, EUR million [1]	123.7	105.8	87.7	60.6	67.2
Adjusted EBITA margin, % [1]	5.0	4.5	4.1	2.8	3.2
Operating profit, EUR million	77.2	69.9	43.5	27.2	35.3
Operating profit margin, %	3.1	3.0	2.0	1.3	1.7
Result before taxes, EUR million	60.5	60.9	34.9	16.0	27.0
% of revenue	2.4	2.6	1.6	0.7	1.3
Result for the period, EUR million	33.1	46.2	25.1	8.6	22.6
% of revenue	1.3	2.0	1.2	0.4	1.1

Consolidated statement of financial position, EUR million	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Total assets	1,397.7	1,424.7	1,320.0	1,292.4	1,281.4
Working capital	-170.8	-141.4	-144.7	-160.4	-100.9
Interest-bearing net debt	236.8	200.9	140.7	118.6	168.4

Key ratios and other data	2023	2022	2021	2020	2019
Equity ratio, %	15.6	19.8	19.0	18.9	21.5
Gearing ratio, %	134.8	89.1	69.8	60.4	73.6
Return on equity, %	16.5	21.7	12.6	4.0	9.4
Operating cash flow before financial and tax items, EUR million	165.9	144.3	103.8	157.6	143.7
Cash conversion (LTM), %	107.5	100.6	91.2	158.5	139.5
Order backlog, EUR million	1,908.7	1,943.3	1,863.8	1,609.1	1,670.5
Personnel, average for the period	14,748	14,570	14,831	15,773	14,763
Personnel at the end of the period	14,815	14,490	14,298	15,163	16,273

Share-related key figures, Jan 1 - Dec 31	2023	2022	2021	2020	2019
Earnings per share, basic, EUR [2]	0.24	0.32	0.17	0.05	0.14
Earnings per share, diluted, EUR [2]	0.24	0.32	0.17	0.05	0.14
Equity per share, EUR	1.3	1.6	1.5	1.4	1.7
Dividend per share, EUR [3]	-	0.20	0.17	0.20	-
Dividend per earnings, %	-	61.6	100.2	430.5	-
Effective dividend yield, %	-	2.9	2.7	3.4	-
Price per earnings (P/E ratio)	36.2	21.3	37.7	125.1	50.2
Share price trend					
Share price on Dec 31, EUR	8.60	6.93	6.39	5.81	7.19
Low, EUR	6.93	4.09	5.06	3.79	4.85
High, EUR	9.07	6.98	7.94	8.25	7.64
Average, EUR	8.58	5.68	6.13	5.73	6.18
Share capitalisation on Dec 31, EUR million	1,178.6	945.8	871.7	790.8	978.3
Share turnover trend					
Share turnover, thousands	127,263	33,448	38,609	65,208	22,944
Share turnover, %	92.9	24.5	28.3	47.9	16.9
Number of shares outstanding at the end of period, thousands	137,046	136,473	136,418	136,112	136,071
Weighted average number of shares, thousands	136,947	136,465	136,298	136,105	135,866
Weighted average number of shares, dilution adjusted, thousands	136,947	136,465	136,298	136,105	135,866

1) Alternative performance measure (APM). Caverion presents APMs to improve the analysis of business and financial performance and to enhance the comparability between reporting periods. APMs presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS. Calculation of key figures is presented on the following page.
2) Earnings per share adjusted with items related to the tender offer process was EUR 0.52 (0.34) per share.
3) The Board of Directors proposes to the Annual General Meeting to be held on 12 June 2024 that no dividend will be paid for the year 2023.

Calculation of key figures

IFRS key figures

Earnings / share, undiluted =

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

Earnings /share, diluted =

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

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) [1)]

EBITA = Operating profit (EBIT) + amortisation and impairment

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

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

[1)] 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.

Equity ratio, % =	(Equity + non-controlling interest) × 100	Total assets - advances received
Gearing ratio, % =	(Interest bearing liabilities - cash and cash equivalents) × 100	Shareholders' equity + non-controlling interest
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents	
Net debt/ Adjusted EBITDA =	Interest-bearing net debt	Adjusted EBITDA (LTM)
Dividend/earnings, % =	Dividend per share x 100	Earnings per share
Return on equity, % =	Result for the period x100	Total equity (average of the figures for the accounting period)
Average price =	Total EUR value of all shares traded	Average number of all shares traded during the accounting period
Share turnover =	Number of shares traded during the accounting period	
Share turnover, % =	Number of shares traded x 100	Average number of outstanding shares
Average number of employees =	The average number of employees at the end of previous financial year and of each calendar month during the accounting period	

Equity/share =	Shareholders' equity	Number of outstanding shares at the end of the period
Cash conversion, % =	Operating cash flow before financial and tax items (LTM) × 100	EBITDA (LTM)
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities	
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions	
Effective dividend yield, % =	Dividend per share x 100	Share price on December 31
Dividend/share =	Dividend per share for the period	Adjustment ratios of share issues during the period and afterwards
Market capitalisation =	(Number of shares – treasury shares) x share price on the closing date	
Price/earnings ratio (P/E ratio) =	Share price on December 31	Earnings per share

Shareholders

At the end of December 2023, the number of registered shareholders in Caverion was 11,511 (2022: 26,409). At the end of December 2023, a total of 1.4 percent of the shares were owned by nominee-registered and non-Finnish investors (2022: 36.4%).

Caverion has a controlling shareholder, Crayfish BidCo Oy, whose holding at the end of 2023 was approximately 93% of all shares and votes in the company (excluding treasury shares). The settlement of the public tender offer made by Crayfish BidCo Oy for all shares in the company took place on 27 November 2023. Crayfish BidCo Oy has on 28 November 2023 initiated compulsory redemption proceedings in accordance with the Finnish Limited Liability Companies Act to acquire all remaining shares in the company, and thereafter intends to cause the company's shares to be delisted from Nasdaq Helsinki Ltd as soon as reasonably practicable.

Ownership structure by sector on December 31, 2023

Sector	Share-holders	% of owners	Shares	% of all shares
Nominee registered and non-Finnish holders	74	0.6	1,975,838	1.4
Households	11,055	96.0	4,252,494	3.1
General government	5	0.0	37,215	0.0
Financial and insurance corporations	12	0.1	208,378	0.1
Non-profit institutions	71	0.6	483,704	0.3
Non-financial corporations and housing corporations	294	2.6	131,962,463	95.0
Total	**11,511**	**100.0**	**138,920,092**	**100.0**

Largest shareholders on December 31, 2023

Shareholder	Shares, pcs	% of all shares
1. Crayfish Bidco Oy	129,361,829	93.1
2. Caverion Oyj	1,873,825	1.3
3. Maa- Ja Vesitekniikan Tuki R.Y.	175,000	0.1
4. Tukinvest Oy	145,000	0.1
5. Evli Oyj	105,685	0.1
6. Eero Katajavuori Oy	100,000	0.1
7. Victoriastiftelsen Sr	98,350	0.1
8. Pakarinen Janne Heikki Petteri	96,170	0.1
9. Mandatum Henkivakuutusosakeyhtiö	47,247	0.0
10. Qrt-Invest Oy	47,000	0.0
11. Ahtiala Pekka	37,400	0.0
12. Supersorsa Investment Oy	35,825	0.0
13. Oy Teknocalor Ab	35,000	0.0
14. Satakunnan Ammattikorkeakoulu Oy	33,750	0.0
15. Koskela Jarmo Juhani	28,723	0.0
16. Karjalaisen Kulttuurin Edistämissäätiö Sr	25,992	0.0
17. Paulon Säätiö Sr	25,000	0.0
18. Schildts & Söderströms Ab	24,200	0.0
19. Jaakkola Antti Juhani	24,000	0.0
20. Helsingin Kauppakorkeakoulun Tukisäätiö	23,000	0.0
20 largest, total	132,342,996	95.3
Other shareholders	4,651,388	3.3
Nominee registered total	1,925,708	1.4
All shares	**138,920,092**	**100.0**

Board and management ownership of Caverion Group on December 31, 2023

Board of Directors		Direct holdings	Holdings of controlled companies	Total
Aro Mikael	Chairman of the Board	-	-	-
Hjellestad Hans Petter	Member	-	-	-
Total		**-**	**-**	**-**

Group Management Board		Direct holdings	Holdings of controlled companies	Total
Engman Elina	Head of Division Industry	-	-	-
Gaaserud Knut	Head of Division Norway	-	-	-
Götzsche Jacob	President and CEO	-	-	-
Kaura Elina	Head of Legal & Compliance	-	-	-
Kettunen Mikko	Chief Financial Officer (CFO)	-	-	-
Lundberg Uno	Head of Division Sweden	-	-	-
Poglitsch Reinhard	Head of International customers and commercial development	-	-	-
Simmet Manfred	Head of Divisions Germany and Austria	-	-	-
Sørensen Carsten	Head of Division Denmark	-	-	-
Tamminen Ville	Head of Division Finland & Baltics	-	-	-
Wacklin Jaakko	Head of Operational Performance and Excellence	-	-	-
Total		-	-	-

Consolidated income statement

EUR million	Note	1.1.-31.12.2023	%	1.1.-31.12.2022	%
Revenue	2.1	**2,490.9**		**2,352.1**	
Other operating income	2.2	2.3		2.3	
Materials and supplies		-639.5		-615.4	
External services		-483.1		-446.0	
Employee benefit expenses	2.2	-964.0		-923.6	
Other operating expenses	2.2	-252.4		-226.1	
Share of results in associated companies	5.7	0.0		0.0	
Depreciation, amortisation and impairment	2.3	-77.1		-73.5	
Operating profit		**77.2**	3.1	**69.9**	3.0
Financial income		1.6		0.8	
Exchange rate differences (net)		0.3		1.0	
Financial expenses		-18.5		-10.7	
Financial income and expenses	2.4	-16.6		-9.0	
Result before taxes		**60.5**	2.4	**60.9**	2.6
Income taxes	2.5	-27.5		-14.7	
Result for the financial year		**33.1**	1.3	**46.2**	2.0
Attributable to:					
Owners of the parent		33.1		46.2	
Non-controlling interests		0.0		0.0	
Earnings per share for profit attributable to owners of the parent:					
Earnings per share, basic, EUR	2.6	0.24		0.32	
Earnings per share, diluted, EUR		0.24		0.32	

Consolidated statement of comprehensive income

EUR million	Note	1.1.-31.12.2023	1.1.-31.12.2022
Result for the period		**33.1**	**46.2**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in the fair value of defined benefit pension		0.5	6.6
-Deferred tax		-0.2	-2.1
Change in fair value of other investments	5.4		-0.1
- Deferred tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		-2.1	-3.7
Other comprehensive income, total		**-1.8**	**0.7**
Total comprehensive income		**31.3**	**46.9**
Attributable to:			
Owners of the parent		31.2	46.9
Non-controlling interests		0.0	0.0

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

Consolidated statement of financial position

EUR million	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4.3	19.9	19.1
Right-of-use assets	5.9	141.1	132.6
Goodwill	4.2	465.3	442.5
Other intangible assets	4.3	50.3	56.4
Investments in associated companies and joint ventures	5.7	0.1	0.1
Investments	5.4	1.1	1.1
Receivables	3.2	4.5	8.4
Deferred tax assets	3.5	11.2	15.0
Total non-current assets		**693.5**	**675.3**
Current assets			
Inventories	3.1	19.4	22.3
Trade receivables	3.2	369.7	379.6
POC receivables	3.2	236.3	231.3
Other receivables	3.2	33.4	32.1
Income tax receivables		3.9	2.9
Cash and cash equivalents		41.5	81.2
Total current assets		**704.2**	**749.4**
TOTAL ASSETS		**1,397.7**	**1,424.7**

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

EUR million	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	5.2		
Share capital		1.0	1.0
Treasury shares		-2.0	-2.0
Translation differences		-11.7	-9.6
Fair value reserve		-0.3	-0.3
Hybrid capital			35.0
Unrestricted equity reserve		66.0	66.0
Retained earnings		122.4	135.1
Total equity attributable of owners of the parent		**175.4**	**225.2**
Non-controlling interests		0.2	0.2
Total equity		**175.7**	**225.4**
Non-current liabilities			
Deferred tax liabilities	3.5	48.0	38.5
Pension obligations	5.8	39.7	41.9
Provisions	3.4	7.8	8.7
Lease liabilities	5.9	98.6	93.5
Other interest-bearing debts	5.4	46.9	127.8
Other liabilities	3.3	14.1	12.7
Total non-current liabilities		**255.0**	**323.1**
Current liabilities			
Trade payables	3.3	201.9	198.5
Advances received	3.3	273.2	286.2
Other payables	3.3	323.9	294.7
Income tax liabilities		5.5	6.8
Provisions	3.4	29.7	29.4
Lease liabilities	5.9	47.7	43.9
Other interest-bearing debts	5.4	85.1	16.8
Total current liabilities		**967.1**	**876.2**
Total liabilities		**1,222.1**	**1,199.3**
TOTAL EQUITY AND LIABILITIES		**1,397.7**	**1,424.7**

Consolidated statement of cash flows

EUR million	Note	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from operating activities			
Result for the financial year		33.1	46.2
Adjustments for:			
Depreciation, amortisation and impairment		77.1	73.5
Reversal of accrual-based items		-2.3	-8.3
Financial income and expenses		16.6	9.0
Gains on the sale of tangible and intangible assets		-0.1	-0.2
Taxes		27.5	14.7
Total adjustments		118.8	88.7
Change in working capital:			
Change in trade and other receivables		15.8	-57.7
Change in inventories		4.3	-2.9
Change in trade and other payables		-6.0	70.0
Total change in working capital		**14.0**	**9.4**
Operating cash flow before financial and tax items		**165.9**	**144.3**
Interest paid		-15.1	-11.4
Other financial items, net		-11.2	1.2
Interest received		1.8	0.7
Dividends received		0.0	0.0
Taxes paid		-13.3	-14.3
Net cash generated from operating activities		**128.0**	**120.5**

EUR million	Note	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash	4.1	-29.7	-85.3
Disposals of subsidiaries and businesses, net of cash	4.1	0.3	0.4
Dividends from equity accounted investments	5.7		1.3
Purchases of property, plant and equipment	4.3	-6.9	-5.8
Purchases of intangible assets	4.3	-4.9	-8.5
Proceeds from sale of tangible and intangible assets		0.2	0.7
Proceeds from sale of investments		0.0	0.1
Net cash used in investing activities		**-41.0**	**-97.1**
Cash flow from financing activities			
Change in loan receivables		3.5	0.8
Proceeds from borrowings	5.3	50.0	74.7
Repayments of borrowings	5.3	-56.7	-75.4
Repayments of lease liabilities	5.4	-52.9	-49.8
Change in current liabilities, net	5.3	-0.4	9.9
Hybrid capital repayment	5.2	-35.0	
Hybrid capital expenses and interests		-2.2	-2.4
Dividends paid		-27.4	-23.2
Net cash used in financing activities		**-121.1**	**-65.4**
Net change in cash and cash equivalents		**-34.0**	**-42.0**
Cash and cash equivalents at the beginning of the financial year		81.2	130.9
Foreign exchange rate effect on cash and cash equivalents		-5.6	-7.7
Cash and cash equivalents at the end of the financial year		**41.5**	**81.2**

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

Consolidated statement of changes in equity

		Attributable to owners of the parent									
EUR million	**Note**	**Share capital**	**Retained earnings**	**Translation differences**	**Fair value reserve**	**Treasury shares**	**Unrestricted equity reserve**	**Hybrid capital**	**Total**	**Non-controlling interests**	**Total equity**
Equity January 1, 2023		**1.0**	**135.1**	**-9.6**	**-0.3**	**-2.0**	**66.0**	**35.0**	**225.2**	**0.2**	**225.4**
Comprehensive income 1-12/2023											
Result for the period			33.1						33.1	0.0	33.1
Other comprehensive income:											
Change in fair value of defined benefit pension			0.5						0.5		0.5
- Deferred tax			-0.2						-0.2		-0.2
Translation differences				-2.1					-2.1		-2.1
Comprehensive income 1-12/2023, total			**33.3**	**-2.1**					**31.2**	**0.0**	**31.3**
Dividend distribution	5.2		-27.4						-27.4	0.0	-27.4
Share-based payments	6.2		-16.9						-16.9		-16.9
Hybrid capital repayment	5.2							-35.0	-35.0		-35.0
Hybrid capital interests and costs after taxes	5.2		-1.7						-1.7		-1.7
Equity on December 31, 2023		**1.0**	**122.4**	**-11.7**	**-0.3**	**-2.0**	**66.0**		**175.4**	**0.2**	**175.7**

Consolidated statement of changes in equity

		Attributable to owners of the parent									
EUR million	**Note**	**Share capital**	**Retained earnings**	**Translation differences**	**Fair value reserve**	**Treasury shares**	**Unrestricted equity reserve**	**Hybrid capital**	**Total**	**Non-controlling interests**	**Total equity**
Equity January 1, 2022		**1.0**	**107.6**	**-6.0**	**-0.2**	**-2.4**	**66.0**	**35.0**	**201.1**	**0.3**	**201.4**
Comprehensive income 1-12/2022											
Result for the period			46.2						46.2	0.0	46.2
Other comprehensive income:											
Change in fair value of defined benefit pension			6.6						6.6		6.6
- Deferred tax			-2.1						-2.1		-2.1
Change in fair value of investments	5.4				-0.1				-0.1		-0.1
- Deferred tax											
Translation differences				-3.7					-3.7		-3.7
Comprehensive income 1-12/2022, total			**50.7**	**-3.7**	**-0.1**				**46.9**	**0.0**	**46.9**
Dividend distribution	5.2		-23.2						-23.2	0.0	-23.2
Share-based payments	6.2		2.2						2.2		2.2
Transfer of own shares	5.2		-0.4			0.4					
Hybrid capital interests and costs after taxes	5.2		-1.9						-1.9		-1.9
Equity on December 31, 2022		**1.0**	**135.1**	**-9.6**	**-0.3**	**-2.0**	**66.0**	**35.0**	**225.2**	**0.2**	**225.4**

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

1 Basis of preparation

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

Accounting principles

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

General Information

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

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

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

These consolidated financial statements were authorised for issue by the Board of Directors in their meeting on 7 February 2024 after which, in accordance with Finnish Company Law, the financial statements are either approved, amended or rejected in the Annual General Meeting.

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

The consolidated financial statements of Caverion Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union observing the standards and interpretations effective on December 31, 2023. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and corporate legislation complementing the IFRS regulation.

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

Caverion Group's consolidated financial statements for the financial year ended 2023 have been prepared under the historical cost convention, except for investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value.

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

Consolidation

Subsidiaries

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

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

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

Disposal of subsidiaries

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

Transactions with non-controlling interests

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

Critical accounting estimates and judgements

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

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

Foreign currency translation and transactions

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

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income and expenses". All other foreign exchange gains and losses are presented in the income statement above operating profit. Non-monetary items are mainly measured at the exchange rates prevailing on the date of the transaction date.

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

	Income statement January-December 2023	Income statement January-December 2022	Statement of financial position Dec 31, 2023	Statement of financial position Dec 31, 2022
DKK	7.4510	7.4396	7.4529	7.4365
NOK	11.4260	10.1019	11.2405	10.5138
PLN	4.5406	4.6856	4.3395	4.6808
RUB	-	112.4265	-	117.2010
SEK	11.4739	10.6278	11.0960	11.1218

Operating segments

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

New standards and amendments adopted

Evaluation of the future impact of new standards and interpretations

Caverion has adopted the new standards and interpretations that were effective during the accounting period and are relevant to its operations. These amendments had no impact on the consolidated financial statements of Caverion. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these consolidated financial statements. The Group is not expecting a significant impact of those to the consolidated financial statements.

2 Financial performance

Revenue, EUR million **2,490.9**

EBITDA, EUR million **154.3**

EBITA, EUR million **93.2**

In this section

This section comprises the following notes describing Caverion's financial performance in 2023:

2.1 Revenue from contracts with customers

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

Disaggregated revenue information

EUR million	2023	%	2022	%
Business units				
Services	1,620.6	65%	1,570.1	67%
Projects	870.5	35%	782.0	33%
Total revenue from contracts with customers	**2,490.9**	**100%**	**2,352.1**	**100%**
Revenue by division				
Sweden	499.4	20%	455.0	19%
Finland	444.6	18%	431.9	18%
Germany	437.6	18%	406.0	17%
Norway	364.6	15%	368.5	16%
Industry	271.7	11%	285.5	12%
Austria	260.6	10%	237.0	10%
Denmark	165.2	7%	122.1	5%
Baltic countries	47.3	2%	46.0	2%
Total revenue from contracts with customers	**2,490.9**	**100%**	**2,352.1**	**100%**

Revenue from contracts with customers is recognised mainly over time.

Revenue increased in both Business units, Services business revenue increased by 3.2 percent and Projects business unit revenue by 11.3 percent. Revenue increased in all divisions except Norway and Industry. Caverion has managed in all material aspects to cover material cost increases in pricing. In Services, the market demand and general investment activity remained positive. Caverion has continued to see an increasing interest towards long-term and large-scale service agreements, driven by the demand for technical competencies and self-delivery capability. In 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, however, with regional differences.

Caverion carried out five acquisitions during the year and revenue increased by 4.1 (2.2) percent as a result of acquisitions and divestments.

Contract balances

EUR million	12/31/2023	12/31/2022
Contract assets		
POC receivables	236.3	231.3
Work in progress	4.1	7.5
Contract liabilities		
Advances received [1)]	273.2	286.2
Accrued expenses from long-term contracts	28.8	28.7

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

Amounts included in the contract liabilities at the beginning of the year are mainly recognised as revenue during the financial year. Revenue recognised from performance obligations satisfied in the previous years was not material in 2023 or 2022.

Performance obligations

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

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

In most of the contracts that Caverion has with its customers only one performance obligation is identified. Many contracts include different building systems (e.g. heating, sanitation, ventilation, air conditioning and electricity) that the customer has ordered from Caverion. All the different building systems (i.e. disciplines) could be distinct, because the customer could benefit from those on their own or together with other resources that are readily available. However, those are not concluded to be distinct in the context of the contract while based on the management's view, the customer has wanted to get all the building systems as a whole and the customer has requested for all technical solutions / services as one package. In addition, Caverion provides also project management services and is responsible for managing the project. This integrates the different goods and services as one total deliverable / combined output to the customer, which has been agreed in the contract and from the commercial point there are no separable risks related to the different parts of the project, as the project has one total price for the full delivery and possible sanctions are defined at the contract level.

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

Remaining performance obligations

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

EUR million	2023	2022
Within one year	1,114.6	1,228.7
More than one year	794.1	714.6
Total (order backlog)	**1,908.7**	**1,943.3**

Accounting principles

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

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

Contracts under percentage of completion method are recognised as revenue on the stage of completion basis when the outcome of the project can be estimated reliably. The stage of completion of these contracts are measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for the contract or evaluated based on physical stage of completion. Invoicing which exceeds the revenue recognised based on the stage of completion is recognised in advances received. Invoicing which is less than the revenue recognised on the percentage of completion basis is deferred and presented as related accrued income. Costs in excess of the stage of completion are capitalised as work in progress and costs below the stage of completion are recorded as accrued expenses from long-term contracts.

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

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

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

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

2.2 Costs and expenses

Employee benefit expenses

EUR million	2023	2022
Wages and salaries [1)]	776.1	740.5
Pension costs	71.5	68.1
Share-based compensations	1.1	2.6
Other indirect employee costs	115.3	112.4
Total	**964.0**	**923.6**
Average number of personnel	**14,748**	**14,570**

1) In 2022, Division Sweden received a grant from the government relating to the corona pandemic for short-term layoffs and sick-leave compensation amounting to about EUR 1.4 million. This has been presented in income statement as a reduction of personnel expenses. Usually government grants are recognised as other operating income unless they compensate a specific cost item in the income statement.

Caverion's Board of Directors approved the establishment of a cash-based long-term incentive plan ("LTI cash plan") that was effective from January 1, 2023. This plan functions as a performance and cash-based long-term incentive scheme for selected members of the management and selected key employees of Caverion Group. The performance period (earning period) is one year and outcome (reward amount) is confirmed to the participants in second year after the financial statements have been confirmed. The performance period is followed by a two-year retention period, extending until the end of the third calendar year of the plan. In 2023, the Board of Directors decided that all costs of the plan (in total EUR 5.7 million) were booked for 2023 and that the exact payment date will be decided later. These costs are reported as part of wages and salaries in the above table.

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

Other operating income and expenses

EUR million	2023	2022
Loss on disposal of tangible and intangible assets	0.0	0.1
Expenses for office facilities	4.5	4.2
Other expenses for leases	31.7	29.7
Voluntary indirect personnel expenses	14.1	12.3
Other variable expenses	51.7	42.8
Travel expenses	45.0	38.5
IT expenses	41.3	40.6
Premises expenses	10.6	10.3
Other fixed expenses [1)]	53.6	47.6
Total of other operating expenses	**252.4**	**226.1**
Other operating income [2)]	2.3	2.3
Total of other operating items	**250.1**	**223.8**

1) Other fixed expenses include consulting, legal, administrative, marketing and other fixed costs. In 2022, Caverion settled certain civil claims related to its old cartel case in Germany, totalling EUR 6.7 million.
2) Other operating income includes e.g. gains on the sale of tangible and intangible assets and rental income.

The Group's expenditure related to research and development activities related to product and service development amounted to approximately EUR 5.3 (5.2) million in 2023, representing 0.2 (0.2) percent of revenue. Of the total amount EUR 2.2 (2.7) million was recognised as an expense in the income statement and EUR 3.0 (2.5) million of the development expenses was capitalised.

Audit fee

The Annual General Meeting, held on 27 March 2023, re-elected Authorised Public Accountants Ernst & Young Oy as the company's auditor until the end of the next Annual General Meeting. The auditor's remuneration will be paid according to invoice approved by Caverion.

EUR million	2023	2022
Ernst & Young		
Audit fee	0.9	0.8
Statement	0.0	0.0
Tax services	0.1	0.0
Other services	0.0	0.1
Others	0.0	0.0
Total	**1.0**	**0.9**

Restructuring costs

EUR million	2023	2022
Personnel related costs	4.4	1.0
Rents	0.1	0.1
Other restructuring costs	1.1	0.0
Total	**5.6**	**1.1**

In 2023, the Group's restructuring costs were related to changes in the Group Management Board, to the closing of a unit in Finland, and to other personnel related costs in Finland, Sweden and Lithuania. In 2022, these costs were related to changes in the Group Management Board and to the closing of a project unit in Division Norway.

2.3 Depreciation, amortisation and impairment

EUR million	2023	2022
Depreciation and amortisation by asset category		
Intangible assets		
Allocations from business combinations	9.5	5.9
Other intangible assets	6.6	10.3
Tangible assets [1)]	61.0	57.2
Total	**77.1**	**73.5**

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

Accounting principles

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

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

2.4 Financial income and expenses

EUR million	2023	2022
Financial income		
Dividend income on investments	0.0	0.0
Interest income on loans and other receivables	1.5	0.7
Realised gains on available for sale investments	0.0	0.0
Other financial income on loans and other receivables	0.0	0.0
Financial income, total	**1.6**	**0.8**
Financial expenses		
Interest expenses on liabilities at amortised cost	-11.3	-4.6
Other financial expenses on liabilities at amortised cost	-1.5	-1.9
Interest expenses on leases	-5.6	-4.1
Changes in fair values on financial instruments at fair value through profit and loss account	0.0	-0.1
Financial expenses, total	**-18.5**	**-10.7**
Exchange rate gains	40.0	32.2
Exchange rate losses	-39.8	-31.2
Exchange rate differences, net	**0.3**	**1.0**
Financial expenses, net	**-16.6**	**-9.0**

Accounting principles

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

2.5 Income taxes

Income taxes in the income statement

EUR million	2023	2022
Tax expense for current year	10.6	11.8
Tax expense for previous years	0.1	0.3
Change in deferred tax assets and liabilities	16.8	2.6
Total income taxes	**27.5**	**14.7**

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

EUR million	2023	2022
Result before taxes	**60.5**	**60.9**
Income taxes at the tax rate in Finland (20.0%)	12.1	12.2
Effect of different tax rates outside Finland	1.3	-0.3
Tax exempt income and non-deductible expenses	1.0	0.1
Impact of the changes in the tax rates on deferred taxes	-0.1	0.0
Impact of losses for which deferred taxes is not recognised	0.5	2.6
Reassessment of deferred taxes	12.5	-0.2
Taxes for previous years	0.1	0.3
Income taxes in the income statement	**27.5**	**14.7**

The Group's effective tax rate increased to 45.4 (24.1) percent in January–December 2023. The comparable effective tax rate, without the impact of change of control related (due to Triton take-over) tax asset revaluation, decreased to 14.4 percent. Comparably low tax rate was mainly due to profitability improvement in subsidiaries with carry-forward tax losses.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will affect the Group's financial reporting period starting 1 January 2024. Currently Caverion is assessing the potential exposure arising from Pillar Two legislation.

Based on the assessment carried out so far, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15 percent or the safe harbour relief is met. However, there are limited number of jurisdictions where the transitional safe harbour relief might not apply, and the Pillar Two effective tax rate is close to 15 percent.

Caverion does not expect material Pillar Two income "top-up" taxes although there might be potential exposures for operating subsidiaries in certain jurisdictions. The Group continues to progress on the assessment and expects to complete the assessment in 2024.

Accounting principles

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

2.6 Earnings per share

	2023	2022
Result for the financial year, EUR million	33.1	46.2
Hybrid capital expenses and accrued interest after tax, EUR million	-0.5	-1.9
Adjusted result for the financial year, EUR million	**32.5**	**44.3**
Weighted average number of shares (1,000 shares)	136,947	136,465
Earnings per share, basic, EUR	**0.24**	**0.32**

Earnings per share adjusted with items related to the tender offer process was EUR 0.52 (0.34) per share.

Accounting principles

Earnings per share is calculated by dividing the result for the financial year attributable to the owners of the parent company (adjusted with the paid hybrid capital expenses and interests and accrued unrecognised interest after tax) by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of shares to assume conversion of all diluting potential shares. There were no diluting effects in 2023 and 2022.

3 Working capital and deferred taxes

EUR million	2023	2022
Inventories	19.4	22.3
Trade and POC receivables	606.1	611.2
Other current receivables	30.2	31.6
Trade and POC payables	-230.7	-227.1
Other current liabilities	-322.7	-293.3
Advances received	-273.2	-286.2
Working capital	**-170.8**	**-141.4**

In this section

This section comprises the following notes describing Caverion's working capital and deferred taxes for 2023:

3.1 Inventories

EUR million	2023	2022
Raw materials and consumables	15.2	14.7
Work in progress	4.1	7.5
Advance payments	0.2	0.1
Total	**19.4**	**22.3**

The Group did not make any material write-downs in inventories in 2023 or 2022.

Accounting principles

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

3.2 Trade and other receivables

EUR million	2023 Carrying value	2022 Carrying value
Trade receivables	369.7	379.6
POC-receivables	236.3	231.3
Prepayments and other accrued income	16.8	17.1
Other receivables	16.6	15.0
Non-current receivables [1]	4.5	8.4
Total	**643.8**	**651.4**

1) EUR 4.0 (4.0) million defined benefit pension plan assets, EUR 0.5 (0.7) million other receivables and EUR 0.0 (3.7) million were loan receivables.

The average amount of trade receivables was EUR 319.4 (303.9) million in 2023.

Aging profile of trade receivables

Age analysis of trade receivables December 31, 2023

EUR million	Carrying amount	Impaired	Gross
Not past due [1]	292.9	-1.1	294.0
1 to 90 days	55.6	-0.5	56.1
91 to 180 days	2.9	0.0	3.0
181 to 360 days	4.2	-1.0	5.2
Over 360 days	14.0	-2.2	16.2
Total	**369.7**	**-4.8**	**374.5**

Age analysis of trade receivables December 31, 2022

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

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

Operational credit risk of receivables

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

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

The Group's largest overdue trade receivables relate to legal cases of old projects, for which there exist separate legal opinions justifying the validity of the receivables. Caverion Group did not experience any major unexpected credit losses in 2023. Group management also critically assessed the level of the expected credit loss accrual in accordance with IFRS 9 at year-end closing and it was assessed to be sufficient. Overall, Group management assessed the Group's credit risk position to be at about previous year's level.

Credit losses and impairment of receivables amounted to EUR -2.0 (-0.3) million. The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2023) is the carrying amount of the financial assets. There are EUR 18.2 (24.9) million overdue receivables that are more than 180 days old. Receivables and the related risk are monitored on a regular basis and risk assessments are updated always when there are changes in circumstances. The receivable is impaired if payment is considered unlikely.

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

Accounting principles

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

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

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

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

3.3 Trade and other payables

EUR million	2023 Carrying value	2022 Carrying value
Non-current liabilities		
Other liabilities	14.1	12.7
Total non-current payables	**14.1**	**12.7**
Current liabilities		
Trade payables	201.9	198.5
Accrued expenses	181.0	153.2
Accrued expenses from long-term contracts	28.8	28.7
Advances received [1)]	273.2	286.2
Other payables	114.2	112.9
Total current payables	**799.1**	**779.3**

[1)] *Advances received consist of advances received and invoiced advances.*

Accounting principles

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

3.4 Provisions

EUR million	Warranty provision	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2023	**22.7**	**4.8**	**0.5**	**4.8**	**5.3**	**38.1**
Translation differences	-0.2	0.0	0.0		0.0	-0.3
Provision additions	4.6	2.3	2.2	0.1	3.4	12.6
Released during the period	-6.2	-3.9	-0.6	-1.9	-0.9	-13.5
Reversals of unused provisions	-0.3		0.0	-0.9	-0.1	-1.3
Acquisitions through business combinations	0.7	1.3		0.0	-0.3	1.7
Business disposals	0.0			0.0	0.0	0.0
December 31, 2023	**21.3**	**4.4**	**2.1**	**2.3**	**7.4**	**37.4**
Non-current provisions	6.1		0.2	0.1	1.4	7.8
Current provisions	15.2	4.4	1.9	2.2	6.0	29.7
Total	**21.3**	**4.4**	**2.1**	**2.3**	**7.4**	**37.4**

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

The recognition of provisions involves estimates concerning probability, time of realization and quantity. As of December 31, 2023 the provisions amounted to EUR 37.4 (38.1) million.

Accounting principles

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a past event, the realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditure required to settle the obligation. If reimbursement for some or all of the obligations can be received from a third party, the reimbursement is recorded as a separate asset, but only when it is practically certain that said reimbursement will be received. Provisions are recognised for onerous contracts when the unavoidable costs required to meet obligations exceed the benefits expected to be received under the contract. The amount of the warranty provision is set on the basis of experience of the realisation of these commitments.

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

3.5 Deferred tax assets and liabilities

EUR million	2023	2022
Deferred tax asset	11.2	15.0
Deferred tax liability	-48.0	-38.5
Deferred tax liability, net	**-36.8**	**-23.4**
Changes in deferred tax assets and liabilities:		
Deferred tax liability, net January 1	-23.4	-17.1
Translation difference	0.6	0.4
Changes recognised in income statement	-16.8	-2.6
Changes recognised in comprehensive income	-0.2	-2.1
Changes recognised in equity	3.2	0.5
Acquisitions and allocations	-0.2	-2.2
Disposals		-0.2
Deferred tax liability, net December 31	**-36.8**	**-23.4**

Changes in deferred tax assets and liabilities before the offset

2023

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Recognised in equity	Acquisitions and allocations	Disposals	December 31
Deferred tax assets:								
Provisions	6.3	-0.1	-0.6			0.8		6.3
Tax losses carried forward	23.2	0.0	-14.8					8.4
Pension obligations	6.8	-0.1	-0.3	-0.2				6.2
Percentage of completion method	1.5		-0.5					1.1
Right-of-use assets (IFRS 16)	1.2	0.0	0.1					1.3
Other items	6.5	0.0	2.4		2.8			11.6
Total deferred tax assets	**45.6**	**-0.3**	**-13.6**	**-0.2**	**2.8**	**0.8**		**35.0**
Deferred tax liabilities:								
Allocation of intangible assets [1)]	43.0	-0.8	-1.0			1.0		42.2
Accumulated depreciation differences	1.9	0.0	-0.1					1.9
Pension obligations	1.0		-0.1	0.0				0.9
Percentage of completion method	21.9	-0.1	1.0					22.7
Other items	1.2		3.3		-0.4			4.1
Total deferred tax liabilities	**69.0**	**-0.9**	**3.1**	**0.0**	**-0.4**	**1.0**		**71.8**

2022

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

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

Accounting principles

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

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

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

4 Business combinations and capital expenditure

In 2023, Caverion completed 5 acquisitions.

In this section

This section comprises the following notes, which describe Caverion's business combinations and capital expenditure in 2023:

4.1 Acquisitions and disposals

Acquisitions

Acquisitions completed in 2023

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees	Annual sales for fiscal year prior to acquisition, EUR million [1]	EBITDA for fiscal year prior to acquisition, EUR million [1]
TM Voima Group	Industria	Projects	Industrial project installations	Shares	February	74	47.7	5.2
St1 Lähienergia's geothermal heating installation and project management unit	Finland	Services	Heating	Business	April	9	– [2]	– [2]
CRC Clean Room Control AB	Sweden	Services	Ventilation and air conditioning	Shares	June	5	1.1	0.4
VVS Teknikk Møre AS	Norway	Services and Projects	Ventilation, piping and automation	Shares	July	35	7.8	0.3
Kiwa Inspecta's building services and consultancy unit	Finland	Services	Advisory services	Business	September	50	3.8	-

Acquisitions completed in 2022

Acquired unit	Division	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees	Annual sales for fiscal year prior to acquisition, EUR million [1]	EBITDA for fiscal year prior to acquisition, EUR million [1]
Frödéns Ventilation	Sweden	Services	Ventilation and air conditioning	Business	January	12	2.7	0.1
DI-Teknik A/S	Denmark	Services	Automation	Shares	April	185	27.8	2.3
Kaldt og Varmt	Norway	Services	Cooling and heating	Business	May	5	1.8	0.1
Wind Controller Group	Industry	Services	Energy utilities operation and maintenance	Shares	May	40	5.1	0.3
WT-Service Oy	Industry	Services	Industrial maintenance	Shares	May	17	1.7	0.3
Visi Oy	Finland	Services	Security and safety	Shares	July	22	4.6	1.0
PORREAL GmbH [3]	Austria	Services	Technical maintenance	Shares	August	120 [3]	23.3 [3]	2.4 [3]
Elicentra AB	Sweden	Services	Electricity	Shares	August	18	2.4	0.3
CS electric A/S	Denmark	Services	Industrial engineering and automation	Shares	September	70	13.4	1.6
Simex Klima & Kulde AS	Norway	Services	Cooling and heating	Shares	October	25	4.2	0.3
LukkoPro Oy	Finland	Services	Security and safety	Shares	November	35	5.6	0.7
Carrier's food retail refrigeration business	Finland	Services	Refrigeration	Business	December	17	1.7 [4]	– [4]

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

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

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

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

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

EUR million	2023	2022
Property, plant and equipment	1.6	3.7
Right-of-use assets	0.5	7.2
Intangible assets	5.2	17.0
Investments		0.1
Deferred tax assets	0.0	0.1
Inventories	1.5	3.1
Trade and other receivables	16.4	25.9
Cash and cash equivalents	2.8	6.7
Total assets	**28.1**	**63.6**
Deferred tax liabilities	0.6	2.3
Pension obligations		0.0
Trade payables	2.3	6.4
Advances received	8.3	6.5
Other liabilities	4.3	11.2
Provisions	2.1	3.9
Lease liabilities	0.5	7.2
Interest-bearing debt	0.2	0.5
Total liabilities	**18.3**	**38.1**
Net assets	**9.8**	**25.6**
Acquisition cost paid in cash during the fiscal period	**28.2**	**88.5**
Contingent consideration, recognised as liability	**3.2**	**10.2**
Goodwill	**21.7**	**73.2**

Year 2023

In 2023, Caverion completed five acquisitions, the largest of which was the acquisition of TM Voima Group in February. In the fair value measurement of the 2023 acquisitions, customer relationships and order backlog were identified as intangible assets. A total fair value of EUR 0.4 million was allocated to customer relationships and EUR 4.7 million to order backlog. The acquisition prices contained EUR 0.1 million of payments which were conditional to continuing employment and therefore treated as personnel benefit expenses during the period to which they relate.

The goodwill arising from the 2023 acquisitions amounted to EUR 21.7 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage. From the generated goodwill, EUR 1.1 million was considered tax deductible. The nominal and fair values of the acquired trade and other receivables did not differ materially. The transaction costs from the acquisitions completed during 2023 amounted to EUR 0.8 million and were expensed during the fiscal year as a part of other operating expenses.

TM Voima Group

In October 2022, Caverion signed an agreement to acquire TM Voima group's substation and transmission line business in Finland and Estonia and the transaction was closed on 1 February 2023. The acquisition covered 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. The number of employees at the time of the acquisition was 74. The consolidated 2023 revenue of the TM Voima companies amounted to EUR 49.3 million and EBITDA to EUR 5.6 million according to the company's local accounting standards. The 11-month IFRS revenue after the acquisition date for the year 2023 amounted to EUR 46.5 million and EBITDA excluding IFRS 16 adjustments to EUR 5.5 million. The transaction price was not disclosed.

Other acquisitions

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. The acquisition is a part of a cooperation agreement between Caverion and St1 in the area of geothermal projects for large-scale buildings.

On 1 June 2023 Caverion closed on an agreement to acquire the shares of 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.

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. The acquisition strengthened Caverion's service capacity and expertise in Norway's Sunnmøre region.

On 29 June 2023, Caverion signed an agreement to acquire Kiwa Inspecta's building services and consultancy unit in Finland. The transaction was 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.

Year 2022

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

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

DI-Teknik

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

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

PORREAL

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

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

CS electric

On 1 September 2022, Caverion closed on an agreement to acquire the shares of the Danish CS electric A/S. CS electric is a leading player in Denmark in technical engineering, electrification and automation services. The acquisition supported Caverion's sustainable growth strategy and expanded its footprint especially in the marine, energy and industrial customer segments. The company employed approximately 70 people at the time of the acquisition. The 2022 revenue of CS electric amounted to EUR 26.6 million and EBITDA to EUR 3.9 million according to the company's local accounting standards. The four-month IFRS revenue after the acquisition date for the year 2022 amounted to EUR 13.7 million and EBITDA excluding IFRS 16 adjustments to EUR 2.2 million. The transaction price was not disclosed.

Other acquisitions

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

On 1 May 2022, Caverion closed on an agreement to acquire the business of Kaldt og Varmt AS in Norway. Kaldt og Varmt is a heating and cooling specialist based in Askim, Norway and the acquisition complements Caverion's regional service offering in relation to cooling and heat pumps.

On 2 May 2022, Caverion closed on an agreement to acquire the shares of the Finnish Wind Controller JV Oy ("WiCo"). The transaction included WiCo's subsidiaries WiCo Inspections Oy and WiCo Safety Oy. WiCo is the leading technical consultant and service provider for the Finnish wind power industry. Its customer base includes turbine suppliers and wind farm owners, operators and developers. By entering the wind power segment, Caverion widened its offering in the energy sector. The transaction also complemented Caverion's strong expertise in the energy industry and supported its growth strategy.

On 11 May 2022, Caverion closed on an agreement to acquire the shares of the Finnish WT-Service Oy. WT-Service provides industrial maintenance, installation and project services in the Vaasa region in Finland. The acquisition strengthened Caverion's regional footprint with new experts and a solid customer base.

On 1 July 2022, Caverion closed on an agreement to acquire the shares of the Finnish Visi Oy. Visi is an industrial security service specialist providing industrial video and access control services as well as work and safety communication services. The acquisition supported Caverion's sustainable growth strategy and strengthened the Group's capabilities in technical security services.

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

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

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

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

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

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

Accounting principles

Caverion applies the acquisition method to account for business combinations. The total consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred and the possible equity interests issued by Caverion Group. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The measurement of the fair values requires management judgement and is based partly on management's estimates.

The consolidation of the acquired businesses in accordance with IFRS 3 is still provisional as of 31 December 2023. Therefore, the fair value measurement of the assets and liabilities acquired during 2023 is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalized.

Disposals

Assets and liabilities of the disposed businesses

EUR million	2023	2022
Property, plant and equipment	0.3	0.8
Right-of-use assets		
Goodwill		0.5
Deferred tax assets		0.2
Inventories	1.7	
Trade and other receivables	0.1	1.2
Cash and cash equivalents		0.2
Total assets	**2.0**	**2.9**
Trade payables		0.5
Advances received		
Other liabilities	0.1	1.4
Provisions		0.3
Lease liabilities		
Total liabilities	**0.1**	**2.1**
Net assets	**1.9**	**0.8**
Consideration to be received in cash (including contingent consideration)	**1.9**	**0.8**
Translation differences		
Other items affecting gain/loss on sales		
Gain/loss on sales [1)]	**0.0**	**0.0**

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

Year 2023

On 16 December 2023, Caverion sold the CalVan business in Sweden to C. Persson Hyrmaskiner AB. CalVan is Sweden's largest renter and retailer of tools and machines for industrial projects, plumbing contracts and service work. The sale of business did not have a material effect on Caverion's profitability. The transaction price was not disclosed.

Year 2022

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

4.2 Goodwill

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

EUR million	2023	2022
Finland	97.6	96.4
Germany	77.7	77.7
Norway	73.2	72.3
Industry	90.1	71.6
Sweden	50.2	49.1
Austria	42.9	42.8
Denmark	33.7	32.7
Total goodwill	**465.3**	**442.5**

In 2023, Caverion completed five acquisitions, the largest of which was the acquisition of TM Voima Group. In 2023 Goodwill increased by EUR 22.8 million and the goodwill arising from the 2023 acquisitions amounted to EUR 21.7 million and was mainly attributable to personnel know-how, expected synergies and geographical coverage.

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

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

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

Estimating the future cash flows of CGUs has been challenging in 2023 due to the war in Ukraine and there-related uncertainty in the economic environment. As part of the goodwill impairment testing, management cautiously assessed the future cash flows of the CGUs while taking into account the current economic environment. Management considered the fact that the Group's cash flows have been strong in the past few years and also profitability of most of the CGUs was on an improving track in 2023.

Assumptions used in goodwill impairment testing 2023	CGU 1 = Finland	CGU 2 = Sweden	CGU 3 = Norway	CGU 4 = Denmark	CGU 5 = Industry	CGU 6 = Germany	CGU 7 = Austria
Pre-tax WACC	10.30%	9.85%	11.67%	9.56%	10.28%	10.23%	10.65%
Recoverable amount exceeds balance sheet value	>50%	>50%	>50%	>50%	20-50%	>50%	>50%
Recoverable amount in different sensitivity analysis scenarios in relation to balance sheet value							
Revenue -10% and operating profit -1%	>50%	>50%	>50%	20-50%	Impairment	Impairment	20-50%
WACC +2%-points	>50%	>50%	>50%	>50%	0-20%	0-20%	>50%
Long-term growth rate -0,5%-points	>50%	>50%	>50%	>50%	20-50%	20-50%	>50%
All the above	>50%	>50%	>50%	Impairment	Impairment	Impairment	0-20%

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

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

As a result of the impairment tests performed, no impairment loss has been recognised in 2023 or in 2022. In the 2023 testing the recoverable amount exceeded the balance sheet value in Industry clearly and in other CGUs substantially. In the 2022 testing the recoverable amount exceeded the balance sheet value in Germany, Denmark and Industry clearly and in other CGUs substantially. Management has assessed that in Germany (CGU 6) a reasonably possible change in key assumptions might lead into impairment. Management has prepared sensitivity analysis for that CGU:

Values for sensitivity analysis in separate scenarios (1, 2, 3), with which recoverable amount = balance sheet value, Germany	Basic assumption	Change in value resulting in break even
Revenue in the forecast period (scenario 1)	2.8% average growth (CAGR)	-10.8% p.p.
Average EBITDA percentage in the forecast period (scenario 1)	6.3%	-1.2% p.p.
Pre-tax WACC (scenario 2)	10.23%	+4.5% p.p.
Terminal growth assumption (scenario 3)	1.75%	-3.2% p.p.

Accounting principles

Goodwill

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

Impairment testing

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

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

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

4.3 Tangible and intangible assets

Property, plant and equipment

2023 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1]	Advance payments	Total
Historical cost on Jan 1, 2023	**0.6**	**6.9**	**47.9**	**24.4**	**0.1**	**79.9**
Translation differences	0.0	0.0	-0.3	-0.2	0.0	-0.5
Increases		0.1	4.9	1.5	0.3	6.8
Acquisitions			2.7			2,7
Decreases		-0.1	-0.3	-2.3	-0.0	-2.7
Business disposals			-3.0			-3,0
Reclassifications between classes		-0.1	-0.1	0.2	-0.3	-0.3
Historical cost on Dec 31, 2023	**0.6**	**6.9**	**51.7**	**23.5**	**0.1**	**82.9**
Accumulated depreciation and impairment on Jan 1, 2023		**-4.9**	**-36.1**	**-19.8**		**-60.8**
Translation differences		0.0	0.2	0.1		0.3
Depreciation		-0.3	-4.8	-1.8		-6.9
Accumulated depreciation of increases and acquisitions			-1.1			-1.1
Accumulated depreciation of decreases and business disposals		0.1	2.9	2.3		5.2
Reclassification between classes		0.0	0.3	0.0		0.3
Accumulated depreciation and impairment on Dec 31, 2023		**-5.1**	**-38.6**	**-19.3**		**-63.0**
Carrying value on January 1, 2023	0.6	2.0	11.8	4.6	0.1	19.1
Carrying value on Dec 31, 2023	0.6	1.8	13.1	4.3	0.1	19.9

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

[1] *Other tangible assets include, among other things, capitalised leasehold improvement costs.*

Accounting principles

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

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

Intangible assets

2023

EUR million	Goodwill	Allocations from business combinations	Other intangible assets 1)	Total other intangible assets
Historical cost on January 1, 2023	**442.5**	**101.4**	**124.9**	**226.3**
Increases			4.9	4.9
Acquisitions	23.0	5.1	0.1	5.3
Decreases			-8.0	-8.0
Business disposals				
Reclassifications between classes			0.0	0.0
Translation differences	-0.2	0.0	-0.8	-0.8
Historical cost on December 31, 2023	**465.3**	**106.6**	**121.1**	**227.7**
Accumulated amortisation and impairment on January 1, 2023		**-63.3**	**-106.6**	**-170.0**
Amortisation and impairment		-9.5	-6.6	-16.1
Translation differences		-0.0	0.7	0.6
Accumulated amortisation of increases and acquisitions			0.0	0.0
Accumulated amortisation of decreases and reclassifications			8.0	8.0
Accumulated amortisation of business disposals				
Accumulated amortisation and impairment on December 31, 2023		**-72.9**	**-104.5**	**-177.4**
Carrying value on January 1, 2023	442.5	38.1	18.3	56.4
Carrying value on December 31, 2023	465.3	33.7	16.6	50.3

2022

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

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

Allocations from business combinations carrying value split:

EUR million	2023	2022
Customer relations and contract bases	21.9	26.8
Unpatented technology	4.2	5.2
Trademarks	1.6	1.9
Patents	0.6	0.7
Order backlog	5.4	3.4
Total	**33.7**	**38.1**

Accounting principles

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

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

Impairment of tangible and intangible assets

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

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

5 Capital structure

Net debt, EUR million	236.8
Equity ratio, %	15.6
Net debt/Adjusted EBITDA	1.3x

In this section

This section comprises the following notes describing Caverion's capital structure for 2023:

5.1 Capital management

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

In March, Caverion repaid the remaining part of the EUR 75 million senior unsecured bond issued in 2019 according to its terms and conditions which totalled EUR 3.5 million following the tender offer in February 2022. Also, Caverion announced on 14 April 2023 that it will exercise its right to redeem its 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 was redeemed in full on 15 May 2023 in accordance with its terms and conditions.

Caverion has on 31 October 2023 become an additional borrower in Senior Facilities Agreement executed between Crayfish Bidco Oy and a group of banks. The new facility consists of term loan facility of EUR 410 million, revolving credit facility of EUR 75 million and committed guarantee facility of EUR 65 million. The term loan facility has a termination date in three years following the acquisition closing date on 31 October 2023, whereas revolving credit facility and guarantee facility have termination dates in two years and nine months following the acquisitions closing date. The new facilities secure Caverion's long term financing needs, seasonal working capital financing as well as certain bank guarantee facilities crucial to the project business. The term loan facility has been allocated partly to purchase Caverion shares and partly to repay the existing debt outstanding on 31 October 2023.

In the end of December Caverion prepaid its EUR 50 million term loan and cancelled the unutilized EUR 100 million revolving credit facility with initial termination date on 15 January 2025. Caverion has refinanced the loan with a EUR 50 million withdrawal from the new term loan facility.

The change of control event on 31 October 2023 also triggered an option for the holders of EUR 75 million senior unsecured bond due 25 February 2027 to request a repurchase. The noteholders submitted valid repurchase instructions for EUR 72.1 million in principal amount of the notes, which Caverion repurchased on 29 January 2024. Similarly, the refinancing happened with a withdrawal from the long term loan facility.

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

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

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

Capital

EUR million	2023	2022
Share capital	1.0	1.0
Hybrid capital		35.0
Unrestricted equity reserve	66.0	66.0
Other equity	108.4	123.2
Equity attributable to owners of the parent company	**175.4**	**225.2**
Non-controlling interest	0.2	0.2
Total equity	**175.7**	**225.4**
Non-current borrowings	145.5	221.3
Current borrowings	132.9	60.7
Total interest-bearing debt	**278.3**	**282.0**
Total capital	**454.0**	**507.4**
Total interest-bearing debt	278.3	282.0
Cash and cash equivalents	41.5	81.2
Net debt	**236.8**	**200.9**
Net debt/Adjusted EBITDA	1.3	1.2
Gearing ratio, %	134.8	89.1
Equity ratio, %	15.6	19.8

5.2 Shareholders' equity

Share capital and treasury shares

	Number of outstanding shares	Share capital EUR million	Treasury shares EUR million
Jan 1, 2023	**136,472,645**	**1.0**	**-2.0**
Transfer of treasury shares	573,622		
Dec 31, 2023	**137,046,267**	**1.0**	**-2.0**
Jan 1, 2022	**136,417,625**	**1.0**	**-2.4**
Transfer of treasury shares	55,020		0.4
Dec 31, 2022	**136,472,645**	**1.0**	**-2.0**

The total number of Caverion Corporation's shares was 138,920,092 (138,920,092) and the share capital amounted to EUR 1.0 (1.0) million on December 31, 2023.

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

Treasury shares

Caverion held 1,873,825 (2,447,447) treasury shares on December 31, 2023. The consideration paid for the treasury shares amounted to EUR 2.0 million on December 31, 2023 and is disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of Caverion Corporation. Caverion Corporation holds the own shares as treasury shares and has the right to return them to the market in the future.

Translation differences

Translation differences include the exchange rate differences recognised in Group consolidation. In addition, the portion of the gains and losses of effective hedges on the net investment in foreign subsidiaries, which are hedged with currency forwards, is recognised in equity. There were no hedges of a net investment in a foreign operation in 2023 or 2022.

Fair value reserve

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

Hybrid capital

On 15 May 2020 Caverion issued a EUR 35 million hybrid bond, an instrument subordinated to the company's other debt obligations and treated as equity in the IFRS financial statements. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. The coupon of the hybrid bond 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.

Unrestricted equity reserve

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

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

Dividends

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

The Board of Directors proposes to the Annual General Meeting to be held on 12 June 2024 that no dividend will be paid for the year 2023.

5.3 Change in net debt

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

	Liabilities from financing activities				
EUR million	Non-current borrowings including repayments	Lease liabilities	Current loans	Cash and cash equivalents	Net debt
Net debt as at 1 January 2023	**128.0**	**137.5**	**16.6**	**81.2**	**200.9**
Change in net debt, cash:					
Proceeds from non-current borrowings	42.5				
Repayment of non-current borrowings	-53.1	-53.6			
Change in current liabilities			68.6		
Change in non-current liabilities	-70.4				
Change in cash and cash equivalents				-34.0	
Change in net debt, non-cash:					
Additions		70.6			
Acquisitions		0.4			
Disposals and business divestitures		-6.7			
Foreign exchange adjustments [1]		-1.9		-5.6	
Other non-cash changes					
Net debt as at 31 December 2023	**46.9**	**146.3**	**85.1**	**41.5**	**236.8**

	Liabilities from financing activities				
EUR million	Non-current borrowings including repayments	Lease liabilities	Current loans	Cash and cash equivalents	Net debt
Net debt as at 1 January 2022	**132.9**	**135.7**	**3.0**	**130.9**	**140.7**
Change in net debt, cash:					
Proceeds from non-current borrowings	74.8				
Repayment of non-current borrowings	-75.4	-50.6			
Change in current liabilities			13.6		
Change in non-current liabilities	-3.5				
Change in cash and cash equivalents				-42.0	
Change in net debt, non-cash:					
Additions		50.5			
Acquisitions		7.2			
Disposals and business divestitures		-2.3			
Foreign exchange adjustments [1]		-3.1		-7.7	
Other non-cash changes	-0.9				
Net debt as at 31 December 2022	**128.0**	**137.5**	**16.6**	**81.2**	**200.9**

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

5.4 Financial assets and liabilities by category

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

2023

EUR million Valuation	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying value
Non-current financial assets				
Investments	0.5	0.7		1.1
Trade receivables and other receivables			0.5	0.5
Current financial assets				
Trade receivables and other receivables			622.6	622.6
Derivatives (hedge accounting not applied)	0.0			
Cash and cash equivalents			41.5	41.5
Total	**0.5**	**0.7**	**664.6**	**665.7**
Non-current financial liabilities				
Loans from financial institutions			42.5	42.5
Bonds			2.9	2.9
Pension loans			1.5	1.5
Other loans			0.0	0.0
Lease liabilities			98.6	98.6
Total non-current interest-bearing liabilities			**145.5**	**145.5**
Trade payables and other liabilities			7.9	7.9
Current financial liabilities				
Loans from financial institutions			0.1	0.1
Bonds			72.1	72.1
Pension loans			3.0	3.0
Other loans			0.0	0.0
Commercial papers			9.9	9.9
Lease liabilities			47.7	47.7
Total current interest-bearing liabilities			**132.8**	**132.8**
Trade payables and other liabilities			589.3	589.3
Derivatives (hedge accounting not applied)	0.2			
Total	**0.2**		**875.5**	**875.7**

2022

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

The carrying amount of financial assets and liabilities except for non-current loans approximate their fair value. The fair value of non-current loans amounted to EUR 141.4 (140.1) million at the end of 2023. The fair values of non-current loans are based on discounted cash flows and are categorised within level 2 of the fair value hierarchy. Discount rate is defined to be the rate that the Group was to pay for an equivalent external loan at year end. It consists of a risk-free market rate and a company and maturity related risk premium.

Investments consist of as follows:

	2023	2022
Quoted shares (level 1 in fair value hierarchy)	0.5	0.4
Unquoted shares (level 3 in fair value hierarchy)	0.7	0.7
Total	**1.1**	**1.1**

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

Accounting principles

Financial assets

Classification and measurement

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

Financial assets at fair value through profit and loss

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

Amortised cost

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

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

Financial assets at fair value through other comprehensive income

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

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

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

Recognition and derecognition

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

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

Offsetting financial instruments

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

Impairment of financial assets

Assets carried at amortised costs

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

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

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

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

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

Financial liabilities

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

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

5.5 Financial risk management

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

At the end of December 2023, 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 movements are hard to predict. Continuing high volatility on foreign exchange rates is also expected. Caverion monitors the risks closely and, at the moment, does not see any need for changes in the risk management principles. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange and interest rate related risks are in control. Caverion monitors the risks closely and at the moment does not see any need for changes in the risk management principles. The risks related to the availability of financing, the availability of guarantee facilities as well as foreign exchange and interest rate related risks are in control.

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

Interest rate risk

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

Caverion's exposure to cash flow interest rate risk arises mainly from current and non-current loans. Borrowing issued at floating interest rates expose Caverion to cash flow interest rate risk. To manage the interest rate risk, the Board of Directors of Caverion Group has defined an average interest rate fixing term target for the Group's net debt (excluding cash). At the reporting date the average interest rate fixing term of net debt (excluding cash) was 14.0 (28.1) months. At the end of December 2023 Caverion has not used interest rate derivatives to hedge interest rate risk.

The weighted average effective interest rate of the whole loan portfolio excluding IFRS 16 effects was 7.4% (3.0%) at the end of December 2023. Fixed-rate loans accounted for approximately 57 (59) percent of the Group's borrowings.

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

Interest rate risk sensitivity

	Result before taxes	
EUR million	**2023**	**2022**
Interest rate of net debt 1 percentage point higher	0.2	0.2

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

Financial counterparty risk

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

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

As a result of the partial demerger of YIT Corporation registered on 30 June 2013, a secondary liability has been generated to Caverion Corporation, a new company established in the partial demerger, for those liabilities that have been generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees that remain with YIT Corporation after the demerger, if YIT Corporation falls into default. These Group guarantees amounted to EUR 21.5 (20.4) million at the end of December 2023.

Refinancing and liquidity risk

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

Caverion has on 31 October 2023 become an additional borrower in Senior Facilities Agreement executed between Crayfish Bidco Oy and a group of banks. The new facility consists of term loan facility of EUR 410 million, revolving credit facility of EUR 75 million and committed guarantee facility of EUR 65 million. The term loan facility has a termination date in three years following the acquisition closing date on 31 October 2023, whereas revolving credit facility and guarantee facility have termination dates in two years and nine months following the acquisitions closing date. The new facilities secure Caverion's long term financing needs, seasonal working capital financing as well as certain bank guarantee facilities crucial to the project business. The term loan facility has been allocated partly to purchase Caverion shares and partly to repay the existing debt outstanding on 31 October 2023.

During the year 2023, Caverion has repaid the EUR 75 million senior unsecured bond issued in 2019 according to its terms and conditions which totalled EUR 3.5 million following the tender offer in February 2022. Also, Caverion redeemed its EUR 35 million hybrid bond in full on May 15 2023 in accordance with its terms and conditions. In December Caverion refinanced its EUR 50 million term loan from the new long term loan facility and cancelled the unutilized EUR 100 million revolving credit facility with initial termination date on 15 January 2025 in the end of December. The change of control event on 31 October 2023 also triggered an option for the holders of EUR 75 million senior unsecured bond due 25 February 2027 to request a repurchase. The noteholders submitted valid repurchase instructions for EUR 72.1 million in principal amount of the notes, which Caverion repurchased on 29 January 2024. Similarly, the refinancing happened with a withdrawal from the long term loan facility.

Caverion Group's interest-bearing loans and borrowings amounted to 132.0 (144.6) million at the end of December. Approximately 39 percent of the loans have been raised from financial institutions and 61 percent from investors. The Group's net debt amounted to EUR 90.4 (63.4) million at the end of December excluding IFRS 16 effects and EUR 236.8 (200.9) including IFRS 16 effects. At the end of December, the Group's gearing was 134.8 (89.1) percent and its equity ratio 15.6 (19.8) percent including IFRS 16 effects.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA on Crayfish BidCo Oy level according to the calculation principles confirmed with the lending parties. The Group is in compliance with the financial covenant. To manage liquidity risk, Caverion uses cash and cash equivalents, Group accounts with overdraft facilities, credit facilities and commercial papers. Caverion's cash and cash equivalents amounted to EUR 41.5 (81.2) million at the end of December 2023. In addition, Caverion has undrawn overdraft facilities amounting to EUR 41.2 (19.7) million and undrawn committed revolving credit facilities amounting to EUR 48.7 (100) million. EUR 26.2 million of the overdraft facilities are carved out of the EUR 75 million committed revolving credit facilities. The committed revolving credit facilities are valid until July 2026.

The following table describes the contractual maturities of financial liabilities. The amounts are undiscounted. Interest cash flows of floating rate loans and derivative instruments are based on the interest rates prevailing on December 31, 2023 (December 31, 2022). Cash flows of foreign currency denominated loans are translated into euro at the reporting date. Cash flows of foreign currency forward contracts are translated into euro at forward rates.

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2023

EUR million	2024	2025	2026	2027	2028	2029-	Total
Loans from financial institutions	14.5	4.4	53.7				**72.6**
Senior bond	74.0	0.1	0.1	3.0			**77.2**
Pension loans	3.0	1.5					**4.5**
Lease liabilities	47.6	34.5	23.5	14.9	10.9	14.9	**146.3**
Other financial liabilities							
Trade and other payables	589.3						**589.3**
Foreign currency derivatives	0.2						**0.2**

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

EUR million	2023	2024	2025	2026	2027	2028-	Total
Loans from financial institutions	11.5	1.3	50.1				**62.9**
Senior bond	5.8	2.1	2.1	2.1	77.1		**89.2**
Pension loans	3.1	3.0	1.5				**7.6**
Lease liabilities	47.8	35.7	22.1	14.8	8.8	20.5	**149.8**
Other financial liabilities							
Trade and other payables	597.5						**597.5**
Foreign currency derivatives	0.1						**0.1**

Foreign exchange risk

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

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

Foreign currency denominated net investments at the balance sheet date

EUR million	2023 Net investment	2023 EUR strengthens by 10%, effect on equity	2023 EUR weakens by 10%, effect on equity	2022 Net investment	2022 EUR strengthens by 10%, effect on equity	2022 EUR weakens by 10%, effect on equity
SEK	48.0	-4.4	5.3	34.1	-3.1	3.8
NOK	31.1	-2.8	3.5	32.5	-3.0	3.6
DKK	14.7	-1.3	1.6	-3.9	0.4	-0.4
Other currencies	0.6	-0.1	0.1	0.7	-0.1	0.1

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

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

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

5.6 Derivative instruments

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

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

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

Nominal values

EUR million	2023	2022
Foreign exchange forward contracts, hedge accounting not applied	138.0	121.1

Fair values

EUR million	2023 Positive fair value (carrying value)	2023 Negative fair value (carrying value)	2023 Net value	2022 Positive fair value (carrying value)	2022 Negative fair value (carrying value)	2022 Net value
Foreign exchange forward contracts						
Hedge accounting not applied	0.0	-0.3	-0.2	0.0	-0.1	-0.1
Total	**0.0**	**-0.3**	**-0.2**	**0.0**	**-0.1**	**-0.1**
Netting fair values of derivative financial instruments subject to netting agreements	0.0	0.0		0.0	0.0	
Net total	**0.0**	**-0.3**	**-0.2**	**0.0**	**-0.1**	**-0.1**

Accounting principles

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

Derivative instruments used in hedge accounting which meet the hedge accounting criteria under IFRS 9 are entered in the balance sheet at fair value on the day that Caverion Group becomes counterpart to the agreement. The Group has applied hedge accounting to hedge the benchmark rate of floating rate loans (cash flow hedging). The Group documents at inception of the transaction the relationship between the hedged item and the hedging instruments and assesses both at hedge inception and on an ongoing basis, of whether the derivatives are effective in offsetting changes in cash flows of hedged items. The effectiveness is assessed at each balance sheet date at minimum. The effective portion of changes in the fair value of derivative instruments that qualify for cash flow hedges is recognised in other comprehensive income and accumulate in the fair value reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within financial income and expenses. Gains and losses accumulated in shareholders' equity are reclassified to income statement within financial income or expenses in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction occurs. Nevertheless, if the hedged forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within financial income or expense.

5.7 Investments in associated companies and joint ventures

	2023			2022		
EUR million	**Associated companies**	**Joint ventures**	**Total**	**Associated companies**	**Joint ventures**	**Total**
Carrying value on Jan 1	0.1	0.0	0.1	0.1	1.4	1.5
Share of the profit	0.0	0.0	0.0	0.0	0.0	0.0
Decreases					-0.1	-0.1
Dividends received					-1.3	-1.3
Carrying value on Dec 31	**0.1**	**0.0**	**0.1**	**0.1**	**0.0**	**0.1**

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

2023

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/ loss	Ownership
Joint ventures						
CG FH St. Pölten GmbH	Wien	0.0	0.0	0.0	0.0	50%
Associated companies						
Arandur Oy	Vantaa	5.7	5.4	5.3	0.0	33%
Total		**5.8**	**5.4**	**5.3**	**0.0**	**-**

2022

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

Joint Venture CG FH St. Pölten GmbH relates to life-cycle project for the University of Applied Sciences in St. Pölten in Austria, together with the construction company Granit. Project phase was completed in 2022 and Caverion has taken over the Managed Services and Technical Maintenance of the property for 25 years.

Sales of goods and services sold to associated companies and joint ventures amounted to EUR 1.9 (1.3) million in 2023.

Accounting principles

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

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

5.8 Employee benefit obligations

Obligations in the statement of financial position:

EUR million	2023	2022
Defined benefit plans	39.7	41.9
Liability in the statement of financial position	39.7	41.9
Pension asset in the statement of financial position	-4.0	-4.0
Net liability	**35.6**	**37.8**

Income statement charge:

EUR million	2023	2022
Defined benefit plans	-0.6	-0.1
Included in financial expenses	-1.1	-0.5
Income statement charge, total (income (+) / expense (-))	**-1.6**	**-0.6**

Remeasurements, included in other comprehensive income:

EUR million	2023	2022
Defined benefit plans	0.5	6.6
Change in foreign exchange rates	0.0	0.0
Included in other comprehensive income. total	**0.5**	**6.6**

Defined benefit pension plans

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

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

EUR million	2023	2022
Present value of funded obligations	4.0	4.0
Fair value of plan assets	-8.1	-8.0
Net deficit of funded plans	**-4.0**	**-4.0**
Present value of unfunded obligations	39.7	41.9
Total net deficit of defined benefit pension plans	**35.6**	**37.8**
Liability in the statement of financial position	39.7	41.9
Receivable in the statement of financial position	**-4.0**	**-4.0**

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

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2023	**45.9**	**-8.1**	**37.8**
Current service cost	0.6		0.6
Interest expense	1.3	-0.3	1.0
Past service costs			
Gains on settlements			
Remeasurements:			
Return on plan assets. excluding interest expense		-0.2	-0.2
Gain (-) / loss (+) from change in demographic assumptions			
Gain (-) / loss (+) from change in financial assumptions	-1.8		-1.8
Experience gains (-) / losses (+)	1.6		1.6
Exchange difference	-0.6		-0.6
Employers' contributions	-0.4	0.0	-0.4
Acquired pension liability			
Benefit payments from plans	-2.7	0.4	-2.3
At December 31, 2023	**43.8**	**-8.2**	**35.6**

EUR million	Present value of obligation	Fair value of plan assets	Total net obligation
At January 1, 2022	**56.3**	**-9.1**	**47.3**
Current service cost	0.1	0.0	0.1
Interest expense	0.5	-0.1	0.5
Past service costs			
Gains on settlements			
Remeasurements:			
Return on plan assets. excluding interest expense		0.8	0.8
Gain (-) / loss (+) from change in demographic assumptions			
Gain (-) / loss (+) from change in financial assumptions	-8.3		-8.3
Experience gains (-) / losses (+)	0.3		0.3
Exchange difference	-0,5		-0,5
Employers' contributions	-0.3	-0.0	-0.4
Acquired pension liability			
Benefit payments from plans	-2.1	0.3	-1.9
At December 31, 2022	**45.9**	**-8.1**	**37.8**

The weighted average duration of the defined benefit plan obligation in Caverion Group is 12 (13) years.

The significant actuarial assumptions were as follows:

2023	Discount rate	Salary growth rate	Pension growth rate
Finland	3.40%	2.30%	2.60%
Norway	3.70%	3.75%	3.50%
Germany	3.50%	3.25%	2.30%
Austria	4.00%	-	4.00%

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

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

2023	Impact on defined benefit obligation [1]		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease 5.3%	increase 5.8%
Salary growth rate	0.50%	increase 0.1%	decrease 0.1%
Pension growth rate	0.50%	increase 4.1%	decrease 3.9%

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

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

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

Plan assets are comprised as follows:

EUR million	2023	%	2022	%
Equity instruments	3.4	42	3.9	49
Debt instruments	3.1	38	2.5	31
Property	1.4	18	1.4	18
Investment funds				
Cash and cash equivalents	0.1	2	0.1	1
Other investments	0.1	1	0.2	2
Total plan assets	**8.1**	**100**	**8.0**	**100**

Expected employer contribution is expected to be zero in year 2024.

Multi-employer plan in Sweden

In Sweden, Caverion participates in a multi-employer defined benefit plan in Alecta insurance company. 932 employees of Caverion Sverige AB are insured through this pension plan in 2023. This multi-employer plan has not been able to deliver sufficient information for defined benefit accounting purposes, thus Caverion has accounted for this pension plan as a contribution plan.

Alecta's possible surplus may be credited to the employer company or to employee. The expected contributions to the plan for the next annual reporting period are EUR 6.4 million.

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

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

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

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

Accounting principles

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

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

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

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

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

5.9 Lease agreements

Group as lessee

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

	Right-of-use assets			
EUR million	**Buildings and structures**	**Cars**	**Other assets**	**Total**
1 January 2023	**84.1**	**48.4**	**0.0**	**132.6**
Translation differences	-1.3	-0.5	0.0	-1.8
Acquisitions	0.1	0.2	0.1	0.4
Additions	28.8	41.9		70.6
Disposals and business divestitures	-4.9	-1,7		-6.6
Depreciation and impairment	-25.9	-28.2	-0.1	-54.1
31 December 2023	**80.9**	**60.1**	**0.0**	**141.1**

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

In 2023, the depreciation and impairment of right-of-use assets included EUR 0.1 million (0.1 million) of impairment relating to the restructuring of premises.

Lease liabilities

EUR million	**2023**	**2022**
1 January	**137.5**	**135.7**
Translation differences	-1.9	-3.1
Acquisitions	0.4	7.2
Additions	70.6	50.5
Disposals and business divestitures	-6.7	-2.3
Interest expenses	5.6	4.1
Payments	-59.2	-54.7
31 December	**146.3**	**137.5**

The Group recognised rent expenses from short-term lease contracts in the amount of EUR 2.5 million (EUR 2.7 million) and from leases of low-value assets in the amount of EUR 3.0 million (EUR 3.4 million) in 2023. The nominal amount of leasing commitments of low-value and short-term leases amounted to EUR 9.9 million at the end of 2023 (EUR 5.4 million). The present value of lease liability of leases not yet commenced to which Caverion is committed amounted to EUR 2.2 million at the end of 2023 (EUR 1.1 million).

The Group has subleased some of its leased premises. The income recognised by the Group for these premises during the year 2023 was EUR 0.7 million (EUR 0.8 million).

Group as lessor

As a lessor, the Group has finance lease contracts for which the net investment in the balance sheet amounted to EUR 0.2 million at the end of the year 2023 (EUR 0.3 million). The income statement effect of these finance lease contracts amounted to EUR 0.0 million in 2023 (EUR 0.1 million) comprising the selling profit of the contract and interest income.

Accounting principles

Group as lessee

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

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

Caverion does not recognise an IFRS 16 lease liability for leases for which the underlying asset is not material. The assessment of whether the underlying asset is material and is within the scope or excluded from the recognition requirements of IFRS 16 is based on the concept of materiality in the Conceptual Framework and IAS 1. Caverion recognises lease payments associated with such leases as an expense on a straight-line basis.

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

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

Group as lessor

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

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

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

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

5.10 Commitments and contingent liabilities

EUR million	2023	2022
Other commitments		
Other contingent liabilities		
Accrued unrecognised interest on hybrid bond		1.5

The Group's parent company has guaranteed obligations of its subsidiaries. On December 31, 2023 the total amount of these guarantees was EUR 500.3 (493.1) million. These consist of counter guarantees for external guarantees and parent company guarantees given according to general contracting practices.

Parent company Caverion Oyj has on 31 October 2023 become an additional borrower and additional guarantor in Senior Facilities Agreement (SFA) executed between Crayfish Bidco Oy and a group of banks. According to terms and conditions of the SFA, the members of Caverion Group i.e. the parent company Caverion Oyj and its subsidiaries are required to provide guarantees and securities to the lenders. Those guarantees and securities may be limited in scope and substance. Guarantees and securities from subsidiaries will be delivered within 120 days of the first utilisation of any loan facility. The first utilisation date was 29 December 2023. The agreed security principles contain two tests that need to be fulfilled. Firstly, there is material company requirement, which includes subsidiaries contributing 5% or more of the consolidated EBITDA of the Group. Secondly, guarantor entities must together equate to over 80% of the Group EBITDA. The above requirements only apply to entities incorporated in Finland, Sweden, Norway and Denmark. Agreed security principles require a security over the shares in a material company and over material intercompany loans with a certain threshold. The total book value of such shares to be included under the securities was EUR 221,3 million on 31 December 2023. There were no material intercompany loans that meet the agreed security principles. Until Crayfish BidCo Oy owns 100% of Caverion Group, guarantee granted by the Caverion Group shall be limited to the amount of the facilities actually borrowed by members of Caverion Group only, excluding the obligations of Crayfish BidCo Oy. This concerns the obligations under the EUR 410 million term loan facility, EUR 75 million revolving credit facility and EUR 65 million committed guarantee facility. After 100% ownership is reached, the guarantees and securities of Caverion Group will cover also Crayfish BidCo Oy obligations, but may be limited if required to comply with relevant local regulations regarding financial assistance constraints.

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

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

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

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Creditors of YIT Corporation's major financial liabilities have waived their right to claim for settlement from Caverion Corporation on the basis of the secondary liability. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 21.5 (20.4) million at the end of December 2023.

6 Others

In this section

This section comprises the following notes:

6.1 Key management compensation

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

Compensation paid to key management

EUR thousand	2023	2022
Salaries and other short-term employee benefits	7,188	5,439
Post-employment benefits [1)]	130	124
Termination benefits [2)]	246	802
Share-based payments [3)]	2,692	280
Total	**10,256**	**6,646**

1) The post-employment benefits above include separate supplementary executive pension schemes but exclude statutory pension payments and country specific group pension arrangements to which key management maybe be party.
2) In 2022, EUR 440,000 was paid as severance compensation to former Caverion President and CEO Ari Lehtoranta.
3) Comprises the total value of transferred shares, portion paid in cash and transfer tax.

Persons belonging to key management on 31 Dec 2023 will be paid EUR 3.9 million on outstanding share plans in 2024. These rewards will be paid in cash due to the public tender offer. Additional information on share-based payments is presented in note 6.2 Share-based payments.

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

EUR thousand	2023	2022
President and CEO [1)]		
Jacob Götzsche	1,462	774
Total	**1,462**	**774**
Members of the Board of Directors		
Mikael Aro, Chairman of the Board, as from 15 November 2023	8	-
Hans Petter Hjellestad, as from 15 November 2023	-	-
Jussi Aho, until 15 November 2023	62	74
Markus Ehrnrooth, until 15 November 2023	48	70
Joachim Hallengren, until 15 November 2023	120	99
Thomas Hinnerskov, until 15 November 2023	110	97
Kristina Jahn, until 15 November 2023	63	74
Mats Paulsson, Chairman of the Board, until 15 November 2023	190	133
Jasmin Soravia, until 15 November 2023	58	72
Total	**659**	**619**

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

For the board membership period starting in March 2023, board membership fees were paid in cash following the decision by the Annual General Meeting (60% as cash and 40% as Caverion shares for the board membership period starting in March 2022).

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

Remuneration of the President and CEO

Jacob Götzsche joined Caverion Corporation as President and CEO in August 2021. Mr. Götzsche's fixed annual base salary is EUR 651,000 in addition to which he is entitled to customary fringe benefits. In 2023, the actual base salary and fringe benefits paid to Mr. Götzsche amounted to EUR 681,975 (EUR 649,976 in 2022). Caverion does not provide pension coverage for Jacob Götzsche, but to compensate for this he is paid an additional 20% cash allowance calculated from his fixed annual base salary to obtain a pension coverage by himself. No specific retirement age has been agreed upon.

In 2023, Jacob Götzsche was paid a EUR 443,226 short-term incentive based on the results of the financial year 2022. The President and CEO reached the goals of the short-term incentive plan in 2023. The related incentive amounted to 136% of the annual salary, with a corresponding value of EUR 887,980, payable in February 2024.

Jacob Götzsche participated in the Performance Share Plan 2022–2024 which resulted in a cash payment EUR 572,775, payable in February 2024. The President and CEO participated in the LTI cash Plan 2023–2025, which as a result of the completed tender offer will become payable in 2024, amounting to EUR 1,012,403.

In March 2023, Jacob Götzsche was paid a one-time cash bonus corresponding to four months of base salary, with a corresponding value of EUR 206,667, as a reward for the extraordinary contribution in connection with the public tender offer.

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

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

EUR thousand	Fixed base salary	Fringe benefits	Short-term Incentive	Share-based payments	Other financial benefits	Total 2023
Group Management Board members excluding President and CEO [1)]	3,130	367	1,346	2,692	355	**7,889**

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

In 2023, a total of 208,904 Caverion Corporation shares were transferred to the Group Management Board (excluding President and CEO) as a reward from the Matching Share Plan 2018–2022 (4th instalment) as well from the Restricted Share Plan 2020–2022 and Performance Share Plan 2020–2022.

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

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

Also, a total of EUR 246 thousand of compensation related to the termination of the Group Management Board members' employment was paid during financial year 2023 (EUR 362 thousand in 2022).

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

6.2 Share-based payments

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

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

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

Matching Share Plan 2018-2022

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

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

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

In the spring 2023, 164,658 Caverion Corporation shares were conveyed as a reward from the matching period 1 March 2018 – 31 December 2022.

Share-based long-term incentive plan 2019-2021

In December 2018, Caverion's Board of Director's approved the commencement PSP 2019-2021 and RSP 2019-2021. PSP 2019-2021 could include a maximum of approximately 75 key employees of Caverion Group. The performance target KPI's were the relative total shareholder return of the Company's share and earnings per share. The targets for PSP 2019-2021 were not met and, therefore, no rewards were paid. Within RSP 2019-2021, share allocations were made for individually selected key employees in special situations. On 24 February 2022, 55,020 Caverion Corporation shares were conveyed in a share issue without consideration to 22 key employees participating in RSP 2019-2021.

Share-based long-term incentive plan 2020-2022

In December 2019, Caverion's Board of Director's approved the commencement PSP 2020-2022 and RSP 2020-2022. However, on 30 April 2020, the Board decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 until the beginning of the year 2021. The performance targets for the plan were the relative total shareholder return of the Company's share and earnings per share. The targets for PSP 2020-2022 were partially met and, in a directed share issue without consideration, 324,582 Caverion Corporation shares were conveyed to 70 key employees during 2023. Within RSP 2020-2022, share allocations were made for individually selected key employees in special situations. On 28 March 2023, 84,382 Caverion Corporation shares were conveyed in a directed share issue without consideration to 29 key employees participating in RSP 2020-2022.

Public tender offer and change in accounting treatment of outstanding share-based incentive plans

Following the completion of the public tender offer in late 2023, Caverion's outstanding equity-settled share-based incentive plans (PSP 2021-2023, RSP 2021-2023, PSP 2022-2024 and RSP 2022-2024) were agreed to be settled in cash in early 2024 based on the agreement between Caverion and Crayfish BidCo Oy. As a result, the accounting treatment of Caverion's outstanding equity-settled share-based incentives was changed in the third quarter of 2023 and a modification from equity-settled to cash-settled classification in accounting under IFRS 2 Share-based Payment was made for all remaining share-based incentive plans.

Share-based long-term incentive plan 2021-2023

Caverion's Board of Directors approved in December 2020 the commencement of PSP 2021-2023 and RSP 2021-2023. The performance targets for the plan were the relative total shareholder return of the Company's share and earnings per share. The targets for PSP 2021-2023 were partially met and reward will be paid in cash to key employees in early 2024.

Within RSP 2021-2023, share allocations are made for individually selected key employees in special situations. The reward will be paid in cash to key employees in early 2024.

Share-based long-term incentive plan 2022-2024

Caverion's Board of Directors approved in December 2021 the commencement of PSP 2022-2024 and RSP 2022-2024. The performance targets for the plan were the relative total shareholder return of the Company's share and earnings per share. The targets for PSP 2022-2024 were partially met and reward will be paid in cash to key employees in early 2024. The shortening of earning period by one year due to public tender offer will be taken into account in reward payment on pro rata basis.

Within RSP 2022-2024, share allocations are made for individually selected key employees in special situations. The reward will be paid in cash to key employees in early 2024.

The effect of the share-based incentive plans on consolidated financial statements

The consolidated financial statements include costs from share plans amounting to EUR 1.1 (2.6) million (excluding social costs). EUR 0.8 (1.0) million of the total cost recognised is related to the Group Management Board.

As a result of the modification made, the consolidated financial statements include current liability amounting to EUR 16.0 million relating to share plans. Of this, EUR 13.5 million decreased the Group's equity and EUR 2.5 million increased deferred tax assets. In addition, bookings relating to share based payments, made before the modification, affect equity.

Plan	Performance share plan			Restricted share plan			Matching share plan
Instrument	**PSP 2022–2024**	**PSP 2021–2023**	**PSP 2020–2022**	**RSP 2022-2024**	**RSP 2021-2023**	**RSP 2020-2022**	**MSP 2018-2022**
Maximum number of shares	1,600,000	1,600,000	1,600,000	85,000	165,000	230,000	2,520,000
Dividend adjustment	No	No	No	No	No	No	Yes
Grant date	Jun 9, 2022	May 5, 2021	Jan 25, 2021	Apr 12, 2022	Feb 17, 2021	May 18, 2020	Mar 1, 2018
Beginning of earning period	Jan 1, 2022	Jan 1, 2021	Jan 1, 2020	Jan 1, 2022	Jan 1, 2021	Jan 1, 2020	Mar 1, 2018
End of earning period	Dec 31, 2023	Dec 31, 2023	Dec 31, 2022	Dec 31,2023	Dec 31,2023	Dec 31, 2022	Dec 31, 2022
End of restriction period	Dec 31, 2023	Dec 31, 2023	Apr 30, 2023	Dec 31, 2023	Dec 31, 2023	Feb 28, 2023	Jul 1, 2022
Vesting conditions [1)]	TSR [2)] and EPS [3)]	TSR [2)] and EPS [3]	TSR [2)] and EPS [3]			Division EBITA for selected participants	Minimum yield of the share
Maximum contractual life, years	2.0	3.0	3.3	2.0	3.0	3.2	4.8
Remaining contractual life, years	-	-	-	-	-	-	-
Number of persons at the end of the reporting year	76	72	-	7	30	-	-
Payment method	Cash	Cash	Cash and shares	Cash	Cash	Cash and shares	Cash and shares
Changes in plan during the period							
Outstanding at the beginning of the reporting period, 1 January 2023	1,260,167	1,199,250	1,086,250	52,000	105,000	184,000	343,947
Changes during the period							
Granted							
Forfeited	58,000	25,000	52,500		5,000	2,000	
Earned (gross)			682,537			182,000	343,947
Expired							
Outstanding at the end of the period, 31 December 2023 [4)]	**1,202,167**	**1,174,250**	**-**	**52,000**	**100,000**	**-**	**-**
Delivered during the period (net)			324,582	-	-	84,382	164,658

1) *Continued employment with Caverion until the delivery of the share reward is included as a vesting condition in all share incentive plans.*
2) *Relative total shareholder return (TSR)*
3) *Earnings per share (EPS)*
4) *The Board of Directors of Caverion has decided to pay outstanding PSP and RSP Plans (2021-2023 and 2022-2024) in cash in early 2024.*

Accounting principles

Caverion's share-based incentive plans, which include a net settlement feature, were in principle accounted for as fully equity settled plans until Q3/2023 even though Caverion pays the withholding taxes in cash on behalf of the participants. The share-based incentive plans are valued at their fair value on grant date and are recognised as an employee benefit expense over the vesting period with corresponding entry in equity. The difference realised upon the settlement date is also accounted for against equity.

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

The accounting treatment of Caverion's outstanding equity-settled share-based incentives was changed in the third quarter of 2023 and a modification from equity-settled to cash-settled classification in accounting under IFRS 2 Share-based Payment was made for all remaining share-based incentive plans. In the modification, outstanding plans were measured at fair value and the difference to previous valuation was booked decreasing equity.

6.3 Related party transactions

Related parties of the Company are parties that has the ability to control the other party or to exercise significant influence or joint control over the other party when making financial and operational decisions. Caverion Oyj's related parties include several parent companies whose ultimate parent company is Triton's fund registered in Luxembourg, whose owners have significant influence over Crayfish HoldCo Oy, the members of Caverion Oyj's Board of Directors, Directors and the company's Management Team as well as their close family members and entities in which they have control or joint control. The Group's investments in associated companies are included in related parties.

Related parties include the parent companies Crayfish BidCo Oy and Crayfish HoldCo Oy, all of which belong to the same group as Caverion Oyj. The Group's ultimate parent company is Luxembourg-based fund Triton Fund V.

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. The loans have been repaid in full by the end of 2023. In the end of 2022 the total outstanding amount of these loans amounted approximately to EUR 3.7 million. Company shares were pledged as a security for the loans.

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

Crayfish BidCo Oy acquired majority of the shares of Caverion Corporation on 31 October 2023. As of that date Crayfish BidCo Oy has carried out management services to Caverion Corporation including consultancy services relating to management, legal, operational, strategic and structural matters. The cost related to these services amounted to EUR 0.6 million for November-December 2023.

Transactions with key management and entities controlled by key management

EUR million	2023	2022
Sale of goods and services	0.2	0.0
Purchase of goods and services	0.6	0.1
Receivables	0.0	3.7
Liabilities	0.7	0.0

Caverion had a fixed term contract until 31 December 2022 with a member of the Board concerning consulting services. The value of the contract was not material.

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

6.4 Subsidiaries

Company name	Domicile	Holding of Caverion Group, %	Holding of Caverion Corporation, %
Caverion Danmark A/S	Fredericia	100.00	100.00
Caverion Emerging Markets Oy	Helsinki	100.00	100.00
Caverion GmbH	Munich	100.00	100.00
Caverion Industria Oy	Helsinki	100.00	100.00
Caverion Internal Services AB	Stockholm	100.00	100.00
Caverion Norge AS	Oslo	100.00	100.00
Caverion Suomi Oy	Helsinki	100.00	100.00
Caverion Sverige AB	Stockholm	100.00	100.00
Caverion Österreich GmbH	Vienna	100.00	100.00
Huurre Technologies Oy	Kuopio	100.00	100.00
Caverion Deutschland GmbH	Munich	100.00	
Caverion Eesti AS	Tallinn	100.00	
Caverion Power OU	Tallinn	100.00	
Caverion Huber Invest Oy	Helsinki	100.00	
Caverion Latvija SIA	Riga	100.00	
Caverion Lietuva UAB	Vilnius	100.00	
Caverion Poland S.A.	Zabrze	100.00	
Duatec GmbH	Munich	100.00	
GTS Automation System SRL (RO)	Jilava	100.00	
Huurre Sweden Ab	Västerås	100.00	
MISAB Sprinkler & VVS AB	Stockholm	100.00	
Teollisuus Invest Oy	Helsinki	100.00	
DI-Teknik A/S	Køge	80.00	
Kiinteistö Oy Leppävirran Teollisuustalotie 1	Leppävirta	60.00	
CG FH St. Pölten GmbH	Vienna	50.00	

6.5 Events after the reporting date

On 25 January 2024, Caverion announced that the Redemption Board of the Finland Chamber of Commerce has appointed an arbitral tribunal consisting of three members for the arbitral proceedings concerning the redemption of the minority shares in Caverion. The arbitral tribunal consists of Independent Arbitrator Mika Savola (chair), attorney-at-law Heidi Merikalla-Teir and Independent Arbitrator Marko Wainio.

On 1 February 2024, Caverion completed a small business acquisition in Denmark by acquiring the shares of Industrial Level. Industrial Level offers automation and cyber security consulting. The transaction price was not disclosed and the acquisition has no material effect on the Group's figures.

For more information, please refer to published stock exchange releases available on Caverion's website at www.caverion.com/investors.

Income statement, Parent company, FAS

EUR	Note	1.1.-31.12.2023	1.1.-31.12.2022
Other operating income	1	60,627,548.39	58,815,501.43
Personnel expenses	2	-22,395,780.10	-15,915,905.16
Depreciation, amortisation and impairments	3	-627,065.56	-628,912.64
Other operating expenses	4	-66,566,085.38	-49,753,006.01
Operating profit / loss		**-28,961,382.65**	**-7,482,322.38**
Financial income and expenses	5	2,226,751.32	7,131,797.80
Result before appropriations and taxes		**-26,734,631.33**	**-350,524.58**
Appropriations	6	31,461,000.00	13,800,000.00
Income taxes	7		-7,809.65
Result for the period		**4,681,368.67**	**13,441,665.77**

Balance sheet, Parent company, FAS

EUR	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Intangible assets	8	4,431,897.43	5,059,115.95
Tangible assets	8	320,435.85	345,795.70
Investments	9	563,321,933.29	535,898,113.55
Total non-current assets		**568,074,266.57**	**541,303,025.20**
Current assets			
Non-current receivables	10	44,239,311.25	98,684,944.50
Current receivables	11	53,079,245.56	27,967,962.75
Cash and cash equivalents		30,434,086.31	54,520,323.61
Total current assets		**127,752,643.12**	**181,173,230.86**
Total assets		**695,826,909.69**	**722,476,256.06**
Equity and liabilities			
Equity	12		
Share capital		1,000,000.00	1.000.000.00
Unrestricted equity reserve		66,676,176.49	66.676.176.49
Retained earnings		26,328,931.02	40 263 587,05
Result for the period		4,681,368.67	13,441,665.77
Total equity		**98,686,476.18**	**121,381,429.31**
Liabilities			
Non-current liabilities	15	54,400,000.00	164,137,537.05
Current liabilities	16	542,740,433.51	436,957,289.70
Total liabilities		**597,140,433.51**	**601,094,826.75**
Total equity and liabilities		**695,826,909.69**	**722,476,256.06**

Cash flow statement, Parent company, FAS

EUR	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from operating activities		
Result before appropriations and taxes	-26,734,631.33	-350,524.58
Adjustments for:		
Depreciation, amortisation and impairments	627,065.56	628,912.64
Other adjustments		194,204.53
Financial income and expenses	-2,226,751.32	-7,131,797.80
Cash flow before change in working capital	**-28,334,317.09**	**-6,659,205.21**
Change in working capital		
Change in trade and other current receivables	938,499.31	6,501,083.87
Change in trade and other current payables	-11,716,850.08	-14,471,047.73
Cash flow before financial items and taxes	**-39,112,667.86**	**-14,629,169.07**
Cash flow from operating activities		
Interest paid and other financial expenses	-63,743,152.18	-42,766,550.18
Dividends received	16,722,091.95	13,374,796.79
Interest received and other financial income	39,655,876.63	36,235,702.00
Income taxes paid	-32,718.83	-113,041.96
Cash flow from operating activities	**-46,510,570.29**	**-7,898,262.42**

EUR	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from investing activities		
Purchases of tangible and intangible assets	-4,558,900.48	-7,980,545.45
Proceeds from the sales of tangible and intangible assets	4,584,413.30	8,198,311.67
Investments in subsidiaries	-15,423,819.74	-11,430,108.25
Cash flow from investing activities	**-15,398,306.92**	**-11,212,342.03**
Cash flow from financing activities		
Group contributions received	13,800,000.00	9,000,000.00
Repayment of non-current borrowings	-124,737,537.06	-74,457,000.00
Change in non-current loan receivables	54,445,633.25	-77,155,583.92
Proceeds from non-current borrowings	50,000,000.00	74,637,537.06
Change in short-term financing	71,688,354.29	61,982,359.68
Dividends paid	-27,373,810.57	-23,200,294.74
Cash flow from financing activities	**37,822,639.91**	**-29,192,981.92**
Net change in cash and cash equivalents	**-24,086,237.30**	**-48,303,586.37**
Cash and cash equivalents at the beginning of the financial year	54,520,323.61	102,823,909.98
Cash and cash equivalents at the end of the financial year	30,434,086.31	54,520,323.61

Notes to the financial statements, Parent company

Caverion Corporation accounting principles

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

Foreign currency transactions

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

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

Valuation of assets

Intangible and tangible assets are recognised in the balance sheet at original acquisition cost less planned depreciation and amortisation and possible impairment.
Planned depreciation and amortisation are calculated using the straight-line method over the estimated useful lives of the assets.
The estimated useful lives of assets are the following:

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

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

Income recognition

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

Future expenses and losses

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

Accrual of pension costs

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

Loans and other receivables

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

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

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

Financial liabilities and other liabilities

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

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

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

Derivative instruments

Derivative contracts that are used to hedge currency and interest rate risks are valued at fair value. The fair values of foreign exchange derivatives are presented in Note 18 Derivative instruments. At the end of December 2023 Caverion has not used interest rate derivatives to hedge interest rate risk.

Foreign exchange derivatives are used to hedge against changes in forecasted foreign currency denominated cash flows and changes in value of receivables and liabilities in foreign currency. Foreign exchange derivatives are valued employing the market forward exchange rates quoted on the balance sheet date. Foreign exchange gains and losses related to business operations are included in operating profit. Foreign exchange gains and losses associated with financing are reported in financial income and expenses. Foreign exchange derivatives mature within 2024. Hedge accounting is not applied to foreign exchange derivatives.

Income taxes

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

Notes to the income statement, Parent company

1. Other operating income

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Service income	60,627.5	58,815.5
Total	**60,627.5**	**58,815.5**

2. Information concerning personnel and key management

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Personnel expenses		
Wages and salaries	16,160.7	13,434.7
Pension expenses	2,322.0	2,083.2
Other indirect personnel costs	3,913.1	398.0
Total	**22,395.8**	**15,915.9**
Average number of personnel during the financial period	91.0	97.0
Salaries and fees to the management		
President and CEO	1,462.4	774.0
Members of the Board of Directors	659.0	619.3
Total	**2,121.3**	**1,393.2**

3. Depreciation, amortisation and impairments

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Amortisation of intangible assets	387.5	384.9
Depreciation of buildings and structures	8.0	16.1
Depreciation of machinery and equipment	231.5	227.9
Total	**627.1**	**628.9**

4. Other operating expenses

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Fees paid to the Auditor of the company		
Audit fee	314.9	283.0
Tax services	17.5	41.0
Other services	0.0	34.0
Total	**332.4**	**358.0**

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

5. Financial income and expenses

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Dividend income		
From Group companies	16,722.1	13,374.8
Interest and financial income		
From Group companies	6,848.4	4,078.3
From others	813.7	324.0
Total	**7,662.2**	**4,402.3**
Impairment on investment assets		
Subsidiary shares	0.0	0.0
Total	**0.0**	**0.0**
Other interest and financial expenses		
Interest expenses to Group companies	-12,183.6	-2,540.2
Interest expenses to others	-7,886.3	-5,641.3
Other expenses to others	-2,375.1	-3,477.7
Total	**-22,445.0**	**-11,659.3**
Exchange rate gains	40,276.6	32,214.5
Change in the fair value of derivatives	-156.3	-117.4
Exchange rate losses	-39,832.8	-31,083.1
Total	**287.5**	**1,013.9**
Total financial income and expenses	**2,226.8**	**7,131.8**

6. Appropriations

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Change in the difference between planned and taxation depreciation	0,0	0.0
Group contributions received	31,416.0	13,800.0

7. Income taxes

1,000 EUR	1.1.-31.12.2023	1.1.-31.12.2022
Income taxes on operating activities, current year	0.0	-7.8
Total	**0.0**	**-7.8**

Notes to the balance sheet, Parent company

8. Changes in fixed assets

1,000 EUR	31.12.2023	31.12.2022
Intangible assets		
Intangible rights		
Acquisition cost on Jan 1	14,518.0	14,518.0
Additions	78.7	
Acquisition cost on Dec 31	14,596.6	14,518.0
Accumulated amortisation and impairments on Jan 1	-11,944.1	-11,592.2
Amortisation for the period	-353.7	-351.8
Accumulated amortisation and impairments on Dec 31	-12,297.7	-11,944.1
Book value on December 31	**2,298.9**	**2,573.9**
Renovations		
Acquisition cost on Jan 1	314.7	314.7
Additions	64.3	0.0
Book value on December 31	**379.0**	**314.7**
Accumulated amortisation and impairments on Jan 1	-101.0	-67.9
Amortisation for the period	-33.9	-33.1
Accumulated amortisation and impairments on Dec 31	-134.8	-101.0
Book value on December 31	**244.2**	**213.8**
Advance payments and construction in progress		
Acquisition cost on Jan 1	2,271.4	2,489.2
Additions	4,201.8	7,980.5
Disposals	-4,584.4	-8,198.3
Acquisition cost on Dec 31	1,888.8	2,271.4
Book value on December 31	**1,888.8**	**2.271.4**
Total intangible assets	**4,431.9**	**5,059.1**

1,000 EUR	31.12.2023	31.12.2022
Tangible assets		
Land and water areas		
Acquisition cost on Jan 1	109.8	109.8
Acquisition cost on Dec 31	109.8	109.8
Book value on December 31	**109.8**	**109.8**
Buildings and structures		
Acquisition cost on Jan 1	160.9	160.9
Acquisition cost on Dec 31	160.9	160.9
Accumulated depreciation and impairments on Jan 1	-152.8	-136.8
Depreciation for the period	-8.0	-16.1
Accumulated depreciation and impairments on Dec 31	-160.9	-152.8
Book value on December 31	**0.0**	**8.0**
Machinery and equipment		
Acquisition cost on Jan 1	1,918.8	1,918.8
Additions	214.2	
Acquisition cost on Dec 31	2,133.0	1,918.8
Accumulated depreciation and impairments on Jan 1	-1,690.9	-1,463.0
Depreciation for the period	-231.5	-227.9
Accumulated depreciation and impairments on Dec 31	-1,922.4	-1,690.9
Book value on December 31	**210.6**	**227.9**
Total tangible assets	**320.4**	**345.8**

9. Investments

1,000 EUR	31.12.2023	31.12.2022
Shares in Group companies		
Acquisition cost on Jan 1	535,898.1	503,426.4
Additions	27,423.8	32,471.7
Impairments	0.0	0.0
Acquisition cost on Dec 31	563,321.9	535,898.1
Total investments	**563,321.9**	**535,898.1**

10. Non-current receivables

1,000 EUR	31.12.2023	31.12.2022
Receivables from Group companies		
Loan receivables	44,239.3	95,019.3
Receivables from associated personnel		
Loan receivables		3,665.6
Total non-current receivables	**44,239.3**	**98,684.9**

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

11. Current receivables

1,000 EUR	31.12.2023	31.12.2022
Receivables from group companies		
Trade receivables	5,914.7	7,856.5
Loan receivables	515.0	350.0
Other receivables	32,007.0	14,969.1
Receivables, external		
Trade receivables		20.5
Other receivables	346.3	22.6
Accrued income	14,296.3	4,749.3
Total	**53,079.2**	**27,968.0**
Accrued income consists of:		
Accrued financial expenses	9,383.5	649.3
Tax receivables	110.7	78.0
Other receivables	4,802.1	4,022.1
Total	**14,296.3**	**4,749.3**

12. Equity

1,000 EUR	31.12.2023	31.12.2022
Share capital on Jan 1	1,000.0	1,000.0
Share capital on Dec 31	1,000.0	1,000.0
Unrestricted equity reserve on Jan 1	66,676.2	66,676.2
Unrestricted equity reserve on Dec 31	66,676.2	66,676.2
Retained earnings on Jan 1	53,705.3	63,269.7
Share-based incentive plans	0.0	-164.4
Dividend distribution	-27,376.3	-23,200.3
Distribution of own shares	0.0	358.6
Retained earnings on Dec 31	26,328.9	40,263.6
Result for the period	4,681.4	13,441.7
Total equity	**98,686.5**	**121,381.4**
Distributable funds on Dec 31		
Retained earnings	26,328.9	40,263.6
Net result for the financial period	4,681.4	13,441.7
Unrestricted equity reserve	66,676.2	66,676.2
Distributable funds from shareholders' equity	**97,686.5**	**120,381.4**

Treasury shares of Caverion Corporation

December 31, 2023 parent company had treasury shares as follows:

Number of treasury shares	Total number of shares	% of total share capital and voting rights
1,873,825	138,920,092	1,35%

13. Appropriations

1,000 EUR	31.12.2023	31.12.2022
Accumulated depreciation difference on Jan 1	0.0	0.0
Increase / decrease	0.0	0.0
Accumulated depreciation difference on Dec 31	**0.0**	**0.0**

14. Deferred taxes and liabilities

1,000 EUR	31.12.2023	31.12.2022
Deferred tax assets		
Accumulated depreciation difference	83.5	41.5
Total	**83.5**	**41.5**

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

15. Non-current liabilities

1,000 EUR	31.12.2023	31.12.2022
Liabilities to Group companies		
Other loans	1,500.0	4,500.0
Liabilities, external		
Loans from credit institutions	50,000.0	50,000.0
Hybrid bond		35,000.0
Senior bond	2,900.0	74,637.5
Total	**54,400.0**	**164,137.5**

16. Current liabilities

1,000 EUR	31.12.2023	31.12.2022
Liabilities to Group companies		
Trade payables	1,506.0	1168.7
Accrued expenses	14,510.9	21,184.0
Other liabilities	421,366.0	382,989.5
Liabilities, external		
Trade payables	6,390.2	4,708.7
Loans from credit institutions	72,100.0	3,543.0
Commercial papers	9,884.3	9,964.5
Other currect liabilities	820.8	840.4
Accrued expenses	16,163.7	12,558.7
Total	**542,742.0**	**436,957.5**
Accrued expenses consist of:		
Personnel expenses	11,607.8	6,332.3
Interest expenses	1,890.8	3,383.4
Accrued expenses to group companies	14,510.9	21,184.0
Other expenses	2,665.2	2,843.1
Total	**30,674.7**	**33,742.7**

17. Commitments and contingent liabilities

1,000 EUR	31.12.2023	31.12.2022
Leasing commitments		
Payable during the next fiscal year	2,939.0	2,832.9
Payable during subsequent years	17,289.3	18,049.6
Total	**20,228.3**	**20,882.5**
Guarantees		
On behalf of Group companies		
Contractual work guarantees	468,508.5	466,897.3
Loan guarantee	4,500.0	7,500.0
Leasing commitment guarantees	23,896.1	17,340.0
Factoring related guarantees	3,423.4	1,349.3

18. Derivate instruments

1,000 EUR	31.12.2023	31.12.2022
External foreign currency forward contracts		
Fair value	-249.9	-101.4
Value of underlying instruments	138,023.3	121,110.6
Internal foreign currency forward contracts		
Fair value	0.4	8.9
Value of underlying instruments	1,143.5	1,050.3

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

19. Salaries and fees to the management

Decision-making procedure regarding remuneration

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

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

Remuneration of the Board of Directors

1 January - 27 March 2023

According to the decision of Caverion Corporation's Annual General Meeting held on 28 March 2022 the following annual remuneration was paid to the members of the Board of Directors:

> Chairman of the Board of Directors: EUR 79,200
> Vice Chairman of the Board of Directors: EUR 60,000
> Members of the Board of Directors: EUR 46,800

Approximately 40% of the annual remuneration was paid in Caverion Corporation's shares in 2022. The sale and transfer restriction the shares were subject ceased on 15 November 2023 at the termination of the Board memberships.

A meeting fee of EUR 900 was paid for each Board and Committee meeting held. Possible travel expenses were reimbursed in accordance with the principles related to remuneration of tax-exempt travel expenses approved by the Finnish Tax Administration. No other financial benefits were paid in relation to the Board membership.

The remuneration paid to the members of the Board of Directors followed the decisions of the Annual General Meeting 2022 and totalled EUR 21,600 for the period 1 January – 27 March 2023.

27 March – 15 November 2023

Caverion Corporation's Annual General Meeting held on 27 March 2023 decided on the following annual remuneration to be paid to the members of the Board of Directors:

> Chairman of the Board of Directors: EUR 87,120
> Vice Chairman of the Board of Directors: EUR 66,000
> Members of the Board of Directors: EUR 51,480

The remuneration to the Board members, whose term of office ended on 15 November 2023, was paid in cash only and in proportion to the length of their respective terms of office.

The Chairmen of each of the permanent Committees of the Board of Directors were paid an additional fee of EUR 1,072.50 per month (EUR 12,870 per year), except when the same person was the Chairman or the Vice Chairman of the Board of Directors. In addition to the monthly fees, a meeting fee of EUR 1,200 per meeting was paid for the participation in the meetings of the Board of Directors and its Committees. Possible travel expenses were reimbursed in accordance with the principles related to remuneration of tax-exempt travel expenses approved by the Finnish Tax Administration. No other financial benefits were paid in relation to the Board membership.

The remuneration paid to the members of the Board of Directors followed the decisions of the Annual General Meeting 2023 and totalled EUR 629,889 for the period 27 March – 15 November 2023.

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

15 November – 31 December 2023

Caverion Corporation's Extraordinary General Meeting held on 15 November 2023 decided on the following annual remuneration to be paid to the members of the Board of Directors:

> Chairman of the Board of Directors: EUR 60,000 (paid out in equal monthly instalments for the duration of the term of office)
> Members of the Board of Directors: EUR 0
> Deputy members of the Board of Directors: EUR 0

The remuneration paid to the members of the Board of Directors followed the decisions of the Extraordinary General Meeting 2023 and totalled EUR 7,500 for the period 15 November – 31 December 2023.

Fees paid to the Board of Directors

EUR	Board membership annual fee*	Permanent committee meeting fee	Ad hoc committee meeting fee	Board meeting fee	Total 2023	Total 2022
Jussi Aho		3,000		59,208	62,208	73,650
Markus Ehrnrooth**		1,200		47,246	48,446	70,100
Joachim Hallengren		12,777	23,000	83,808	119,585	99,200
Thomas Hinnerskov		3,000	23,000	83,808	109,808	97,400
Kristina Jahn		4,500		58,908	63,408	74,000
Mats Paulsson		3,000	80,000	106,728	189,728	133,050
Jasmin Soravia		3,300		55,008	58,308	71,850
Mikael Aro	7,500				7,500	
Hans Petter Hjellestad						
Total	**7,500**	**30,777**	**126,000**	**494,712**	**658,989**	**619,250**

** Board membership fees were paid as cash 100% according to the decision by the Annual General Meeting.*
*** The Vice Chairman of the Board, Markus Ehrnrooth did not participate in and refrained from the work of the Board of Directors and its committees during the pendency of the discussions pertaining to the public tender offers for all the shares in the company as described in more detail in the Board of Directors' Report January 1-December 31, 2022.*

Management remuneration

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

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

Short term incentive schemes

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

The amount of the possible incentive payment is based on the achievement of the pre-set financial performance targets, such as the Group's and/or division's and / or unit's financial result, strategic targets and/or development objectives set separately. Individual target and maximum incentive opportunity are defined on the role based responsibilities. Possible incentive payments can vary from zero payment to the pre-defined maximum incentive payment based on the achievement of set targets.

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

The maximum short-term incentive paid to the President and CEO may be at maximum level 150% of the annual fixed base salary. The maximum short-term incentive paid to the members of the Group Management Board may equal at maximum level to 70-90% of the annual fixed base salary.

Long-term incentive schemes

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

Matching Share Plan 2018–2022

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

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

In the directed share issue without consideration, 120,199 Caverion Corporation shares held by the company have on 30 April 2021 been 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 have joined the plan at a later stage, also as a reward from the matching period 1 March 2018— 28 February 2019.

In the directed share issue without consideration, 168,650 Caverion Corporation shares held by the company have on 25 August 2021 been conveyed to key employees included in the MSP. The shares were delivered as a reward from the matching period 1 March 2018—28 February 2021.

From the 2021 share issues, a total of 16,911 own shares were returned to Caverion on 14 September 2021 and 30,066 own shares on 16 November 2021. No rewards were paid during 2022 under the MSP. The Board of Directors has in December 2022 decided to supplement the terms of the MSP. Notwithstanding the Grace Period for the fourth instalment terminating on 31 December 2022, the Board maintained full discretion to resolve on any partial or full payout under the fourth instalment under certain conditions.

164,658 Caverion Corporation shares held by the company have on 16 May 2023 been conveyed to key employees included in the MSP as the 4th installment.

Share-based long-term incentive plan 2020-2022

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

The Performance Share Plan 2020-2022 consists of a three-year operative financial performance period (2020-2022). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). On 30 April 2020, Caverion's Board of Directors decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 until the beginning of the year 2021. The Board of Directors evaluated the target achievements and share rewards were delivered to the participants in spring 2023.

324,582 number of shared were delivered to the participants of the PSP 2020-2023 and 84,382 number of shared were delivered to the participants of the RSP 2020-2022 in May 2023.

Share-based long-term incentive plan 2021-2023

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

The Performance Share Plan 2021-2023 consists of a three-year operative financial performance period (2021-2023). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). The Board of Directors decided in November 2023 that the share reward will be considered as a cash payment due to the Tender offer and planned to be paid as cash in early 2024.

Share-based long-term incentive plan 2022-2024

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

The Performance Share Plan 2022-2024 consists of a three-year operative financial performance period (2022-2024). The potential reward is based on the targets set for Total Shareholder Return and Earnings per share (EPS). The Board of Directors decided in November 2023 that the share reward will be considered as a cash payment due to the Tender offer and planned to be paid as cash in early 2024.

Remuneration of the President and CEO

The Board of Directors decides on the remuneration, benefits and other terms of the Managing Director agreement of the President and CEO. The remuneration paid to the President and CEO consists of fixed base salary, fringe benefits, annual short-term incentive plan, long-term incentive plan and other possible benefits such as defined contribution pension scheme. The President and CEO's annual short-term incentive can be up to 150% of the annual fixed base salary and the measures are based in Caverion's strategic targets set by the Board.

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

Jacob Götzsche joined Caverion Corporation's as the President and CEO on 9 August 2021. In case of termination, his notice period is six months for both parties. Jacob Götzsche is entitled to a severance pay amounting to 12 months' base salary if the company terminates the agreement. The company will not provide a pension coverage for Jacob Götzsche, but to compensate for this he is paid an additional 20 percent cash allowance calculated from his fixed annual base salary to obtain a pension coverage by himself. No specific retirement age has been agreed.

Remuneration paid to the President and CEO in 2023

Jacob Götzsche's base salary and fringe benefits as the President and CEO in 2023 were in total EUR 812,463 and short-term incentive was EUR 443,226. Jacob Götzsche was not paid long-term incentives during 2023. Jacob Götzsche was paid an additional financial benefit of EUR 206,667.

EUR	Fixed base salary	Fringe benefits	Short-term incentive payment	Long-term incentive payment	Supplementary pension scheme	Total 2023
Jacob Götzsche*	651,000	30,975	443,226		130,488	1,462,356

President and CEO's pension costs		Total 2023
Jacob Götzsche	Statutory pension scheme	305
	Supplementary defined contribution pension scheme *	130,183

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

Loans to associated parties

The President and CEO and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2023.

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. The loans were repaid in full on 31 December 2023, at the latest.

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

Board of Directors' proposal for the distribution of distributable equity

The distributable equity of the parent company Caverion Corporation on December 31, 2023 is (EUR):

Retained earnings	26,328,931.02
Result for the period	4,681,368,67
Retained earnings, total	**31,010,299,69**
Unrestricted equity reserve	66,676,176.49
Distributable equity, total	**97,686,476.18**

The Board of Directors proposes to the Annual General Meeting to be held on 12 June 2024 that no dividend will be paid for the year 2023.

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

Helsinki, 7 February 2024

Caverion Corporation
Board of Directors

Mikael Aro
Chairman

Hans Petter Hjellestad

Jacob Götzsche
President and CEO

The Auditor's note

Our auditor's report has been issued today
Helsinki, 7 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Caverion Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Caverion Oyj (business identity code 2534127-4) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance, and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

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

Basis for Opinion

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the Key Audit Matter

Revenue recognition
The accounting principles and disclosures concerning revenue recognition are disclosed in Note 2.1.
In accordance with its accounting principles Caverion applies the percentage-of-completion method for recognizing significant portion of its revenues.
The recognition of revenue by applying percentage-of-completion method and the estimation of the outcome of projects require significant management judgment in estimating the cost-to-complete as well as total revenues. From the financial statement perspective, significant judgment is required especially when the project execution and the associated revenues extend over two or more financials years.
The areas where significant judgment is required are more prone to the risk that the assumptions may be deliberately misappropriated. Based on above, revenue recognition was a key audit matter. This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).
	Our audit procedures to address the risk of material misstatement included:
	> Assessing of the Group's accounting policies over revenue recognition of projects.
	> Examination of the project documentation such as contracts, legal opinions and other written communication.
	> Analytical procedures and review of financial KPI's as well as development of projects by
	  > reviewing the changes in estimated total revenues, cost-to-complete and changes in reserves, and
	  > discussing with the different levels of the organization including project, division and group management.
	> Analyzing key elements in management's estimates such as the estimated future costs-to-complete and the estimated time necessary to complete the project.
	> Evaluating the appropriateness of the Group's disclosures in respect of revenue recognition.

Key audit matter	How our audit addressed the Key Audit Matter
Valuation of goodwill associated with German business operations *The accounting principles and disclosures concerning goodwill are disclosed in Note 4.2.* The valuation of goodwill associated with German business operations was a key audit matter > because the assessment process is judgmental, it is based on assumptions relating to market or economic conditions extending to the future, > because of the significance of the goodwill 77,7 million euro to the financial statements, and > as the management views that a reasonably possible change in key assumption may result in an impairment. German business operations form a one cash generating unit. The valuation of goodwill is based on the management's estimate about the value-in-use calculations of the cash generating unit. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows. Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.	Our audit procedures regarding the valuation of goodwill in German business operation included involving EY valuation specialists to assist us in evaluating testing methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations associated with German business operations. The key assumptions applied by the management were compared to > approved budgets and forecasts, > information available in external sources, as well as > our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. We also assessed the sufficiency of the disclosures associated with the German business operations.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

> Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

> Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

> Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 26 March 2018, and our appointment represents a total period of uninterrupted engagement of 6 years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 7 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Independent Auditor's Report on Caverion Oyj's ESEF-Consolidated Financial Statements (Translation of the Finnish original)

To the Board of Directors of Caverion Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 7437007ECQWVPCJIS695-2023-12-31-fi.zip of Caverion Oyj (business identity code: 2534127-4) for the financial year 1.1.-31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF- financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Management

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

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 7437007ECQWVPCJIS695-2023-12-31-fi.zip of Caverion Oyj for the year ended 1.1.-31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Caverion Oyj for the year ended 1.1.-31.12.2023 is included in our Independent Auditor's Report dated 7.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki, 28 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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Our Annual Reporting for 2023 consists of Annual Review (including Financial Statements and Board of Directors' Report), Sustainability Report, Corporate Governance Statement and Remuneration Report. Reports are available at caverion.com.