Caverion
Building Performance

Q1/2021
Interim Report 1-3/2021

Caverion Corporation Interim Report 29 April 2021 at 8.00 a.m. EEST

Caverion Corporation's Interim Report for 1 January – 31 March 2021

Clear profitability improvement – positive start to 2021

1 January – 31 March 2021

- **Order backlog:** EUR 1,626.7 (1,768.3) million, down by 8.0 percent. Services backlog increased by 0.7 percent.
- **Revenue:** EUR 515.3 (541.6) million, down by 4.9 percent, 6.0 percent in local currencies. Organic growth was -5.4 percent. Services business revenue decreased by 1.8 percent, 3.1 percent in local currencies.
- **Adjusted EBITDA:** EUR 29.4 (26.3) million, or 5.7 (4.8) percent of revenue.
- **Adjusted EBITA:** EUR 16.4 (12.1) million, or 3.2 (2.2) percent of revenue, up by 35.1 percent.
- **EBITA:** EUR 15.1 (10.0) million, or 2.9 (1.8) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 40.6 (56.1) million.
- **Earnings per share, undiluted:** EUR 0.05 (0.01) per share.
- **Net debt/EBITDA*:** -0.5x (1.1x).

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

KEY FIGURES

EUR million	1-3/2021	1-3/2020	Change	1-12/2020
Order backlog	1,626.7	1,768.3	-8.0%	1,609.1
Revenue	515.3	541.6	-4.9%	2,154.9
Adjusted EBITDA	29.4	26.3	12.0%	116.5
Adjusted EBITDA margin, %	5.7	4.8		5.4
EBITDA	28.1	24.1	16.7%	99.4
EBITDA margin, %	5.5	4.4		4.6
Adjusted EBITA	16.4	12.1	35.1%	60.6
Adjusted EBITA margin, %	3.2	2.2		2.8
EBITA	15.1	10.0	51.3%	42.4
EBITA margin, %	2.9	1.8		2.0
Operating profit	11.0	6.5	69.6%	27.2
Operating profit margin, %	2.1	1.2		1.3
Result for the period	6.8	1.6	323.8%	8.6
Earnings per share, undiluted, EUR	0.05	0.01	534.0%	0.05
Operating cash flow before financial and tax items	40.6	56.1	-27.7%	157.6
Cash conversion (LTM), %	137.4	162.4		158.5
Working capital	-176.0	-127.3	-38.3%	-160.4
Interest-bearing net debt	98.0	142.8	-31.4%	118.6
Net debt/EBITDA*	-0.5	1.1		-0.2
Gearing, %	55.2	62.3		60.4
Equity ratio, %	17.2	22.0		18.9
Personnel, end of period	14,892	16,010	-7.0%	15,163

* Based on calculation principles confirmed with the lending parties.

Mats Paulsson, Interim President and CEO:

"The start of 2021 has been according to our expectations. We saw the rise of the third wave of the corona pandemic during the first quarter which continued to affect our operations similarly as in the previous few quarters. Most notably, the pandemic has had an effect on our revenue level. I am nevertheless pleased that we have learned to cope better and better in the difficult circumstances. Despite a revenue decline, helped by our efficiency and productivity improvements our profitability improved clearly year-on-year in the first quarter.

Our order backlog decreased by 8.0 percent to EUR 1,626.7 (1,768.3) million in the first quarter. Order backlog continued to increase in Services. In Projects there was a negative impact on the order backlog from the downturn and our more selective approach to project tendering. Our first quarter revenue was EUR 515.3 (541.6) million, down by 4.9 percent or 6.0 percent in local currencies. Measured in local currencies, the Services business revenue declined by 3.1 percent and the Projects business revenue by 11.1 percent in the first quarter. The business mix change seen in recent years continued; the Services business accounted for 65.4 (63.3) percent of Group revenue. There are early signs of increased investment activity among Caverion's service customers.

The performance improvement in the first quarter follows our plans. Our first quarter adjusted EBITA improved to EUR 16.4 (12.1) million, or 3.2 (2.2) percent of revenue. EBITA was EUR 15.1 (10.0) million, or 2.9 (1.8) percent of revenue. The restructurings completed in the fourth quarter of last year had a positive impact on our cost base and the full-scale impacts will be visible later in the year. Both business units and all divisions except Finland and Austria improved their profitability. I am particularly happy about the progress seen lately in divisions Industry, Germany, Norway and Sweden. In Services, the positive progress continued, while the demand environment remained stable and comparable to the previous quarter. We have started to see an increased interest towards those parts of our lifecycle offering that help customers make their operations more sustainable. I am proud of the performance in our Services business being overall on a strong level. In Projects, the pandemic continued to impact our productivity to a certain extent, while market demand remained on a lower level. On a positive note, there were no large-scale project write-downs during the period. We continued to deploy best practices in Projects and our risk exposure is smaller going forward due to various efforts we have made in project management, execution and financial steering.

Our cash flow was again strong. Our operating cash flow before financial and tax items was EUR 40.6 (56.1) million in the first quarter. Our liquidity position strengthened further and our leverage is at a record low level. At the end of the first quarter, our interest-bearing net debt amounted to EUR 98.0 (142.8) million, or EUR -27.4 (11.8) million excluding lease liabilities. The net debt/EBITDA ratio was -0.5x (1.1x). Our cash and cash equivalents were EUR 166.2 (113.2) million. This allows us to actively search for acquisitions during 2021.

Looking forward into this year, our target remains to come out of the crisis as a stronger company than entering it. We saw clear improvements in the first quarter and I am confident in our ability to continue improving our performance going forward. When the growth starts after the crisis, we are well positioned to meet new customer demand, supported by our new offerings. We are still focusing on improving our operations. We search for profitable growth and constant productivity improvement while increasing our interaction with customers. Our mid-term financial targets launched in November 2019 remain valid."

OUTLOOK FOR 2021

Market outlook for Caverion's services and solutions

Caverion expects the economic environment in the first half of 2021 still to be challenging and to negatively impact general demand and pricing, while market demand is expected to gradually pick up as of the second half of the year. This base case scenario assumes a successful implementation of the ongoing corona vaccination programmes and no material unforeseen negative surprises in 2021.

Various economic scenarios exist on how deep and long the economic downturn will be and what the speed of the economic recovery will be. The business volume and the amount of new order intake are important determinants of Caverion's performance in 2021. A negative scenario whereby the corona pandemic continues longer than currently anticipated cannot be ruled out. Nevertheless, a large part of Caverion's services is vital in keeping critical services and infrastructure up-and-running. This includes ensuring the continued functioning of energy and transportation infrastructure, health facilities, pharmaceutical and food industries, retail and logistics as well as facilities and services used by public authorities. An important share of these services needs to be performed even during a downturn.

The monetary and fiscal policies currently in place are clearly supporting an economic recovery in 2021. As an example, the economic stimulus packages provided by national governments and the EU are expected to increase infrastructure, health care and different types of sustainable investments in Caverion's operating area. The main themes in the EU stimulus packages are green growth and digitalisation. The EU member states must prepare and present their own national plans during spring 2021. Caverion expects these national and EU programmes to increase demand also in Caverion's areas of operation as of the second half of 2021.

The digitalisation and sustainability megatrends are in many ways favourable to Caverion and believed to increase demand for Caverion's offerings going forward. The increase of technology in built environments, increased energy efficiency requirements, increasing digitalisation and automation as well as urbanisation remain strong and are expected to promote demand for Caverion's services and solutions over the coming years. Especially the sustainability trend is expected to continue strong. Increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting higher targets and actions for energy efficiency and carbon-neutrality. Caverion has put a large effort to develop its offering and solutions to meet this demand.

The Energy Performance of Buildings Directive (EPBD) passed by the EU requires all new buildings from 2021 to be nearly zero-energy buildings (NZEB). Furthermore, EU Member States shall lay down requirements to ensure that, where technically and economically feasible, non-residential buildings with an effective rated output for heating systems or systems for combined space heating and ventilation of over 290 kW are equipped with building automation and control systems by 2025. The building automation and control systems shall be capable of (a) continuously monitoring, logging, analysing and allowing for adjusting energy use; (b) benchmarking the building's energy efficiency, detecting losses in efficiency of technical building systems, and informing the person responsible for the facilities or technical building management about opportunities for energy efficiency improvement; and (c) allowing communication with connected technical building systems and other appliances inside the building.

The nearly zero or very low amount of energy required should be covered to a very significant extent from renewable sources. As concrete numeric thresholds or ranges are not defined in the EPBD, these requirements leave room for interpretation and thus allow EU Member States to define their nearly zero-energy buildings in a flexible way, taking into account their country-specific climate conditions, primary energy factors, ambition levels, calculation methodologies and building traditions. Several Caverion countries have already passed the national legislation based on the EPBD framework.

Services

While the corona crisis and the economic downturn have negatively impacted the demand environment in Services, especially in ad-hoc works and small service projects, an economic recovery is expected to turn the Services business back to growth. Caverion's Services business is overall by nature more stable and resilient through business cycles than the Projects business. Stimulus packages are also expected to positively impact general demand in the Services business.

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

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

Projects

The corona crisis and the economic downturn are in general impacting the demand environment negatively in Projects. In the short term, new builds are still expected to decrease while modernisations are expected to grow more modestly in larger cities. Commercial and office construction will still suffer from uncertainty. Due to the late-cyclical nature of the Projects business, even after the economic environment recovers, it typically takes some time before the Projects business turns back to growth. However, the stimulus packages are expected to positively impact the general demand also in the Projects business.

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

Guidance for 2021

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

ONLINE NEWS CONFERENCE AND CONFERENCE CALL

Caverion will hold an online news conference on its Interim Report on Thursday, 29 April 2021, at 10.00 a.m. Finnish time (EEST). The online news conference can be viewed live on Caverion's website at www.caverion.com/investors. It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)330 336 9105 at 9:55 a.m. (Finnish time, EEST) at the latest. The participant code for the conference call is "1505696 / Caverion". More practical information on the online news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2021

Half-yearly and Interim Reports will be published on 5 August and 4 November 2021. Financial reports and other investor information are available on Caverion's website www.caverion.com/investors. The materials may also be ordered by sending an e-mail to IR@caverion.com.

CAVERION CORPORATION

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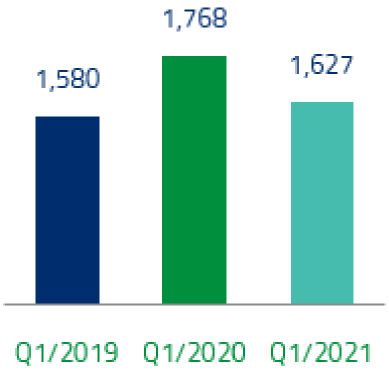
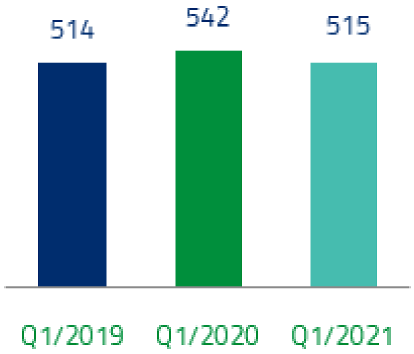
GROUP FINANCIAL DEVELOPMENT

Key figures

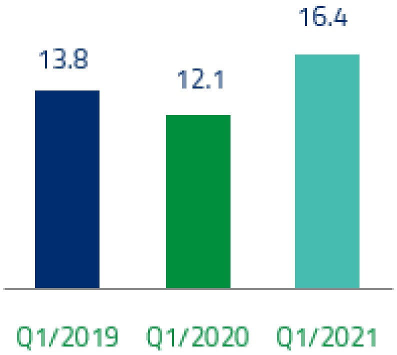
Order backlog
(EUR million)



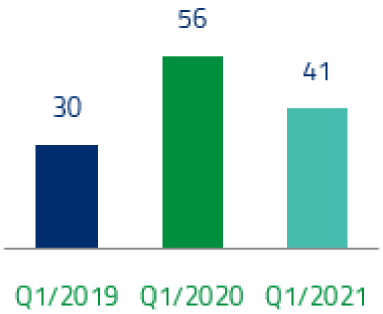
Revenue
(EUR million)



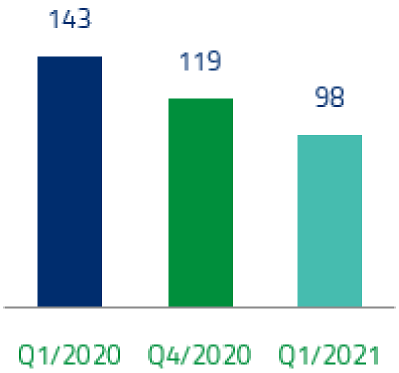
Adjusted EBITA
(EUR million)



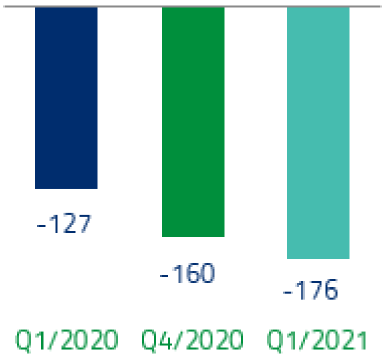
Operating cash flow before financial and tax items
(EUR million)



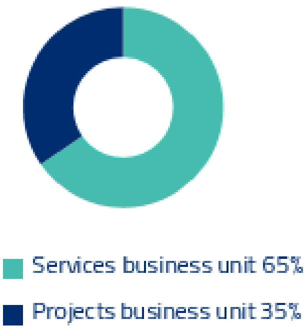
Net debt
(EUR million)



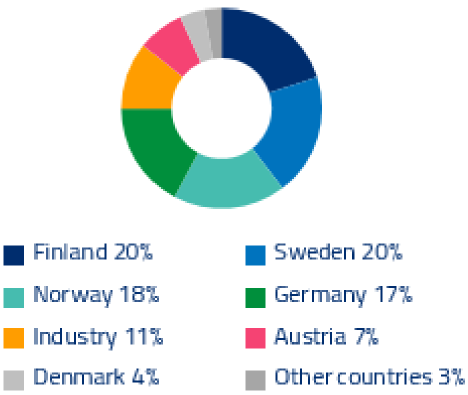
Working capital
(EUR million)



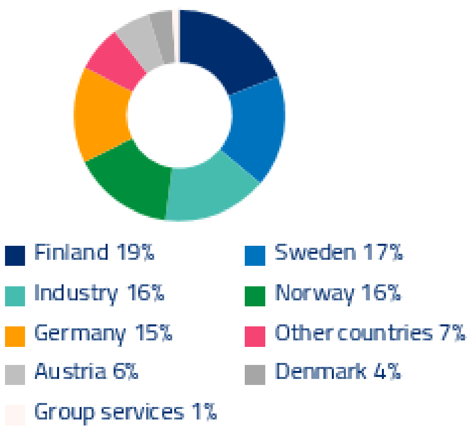
Revenue by business unit
% of revenue 1-3/2021



Revenue by division
% of revenue 1-3/2021



Personnel by division
at the end of March 2021



Operating environment in the first quarter in 2021

During the first quarter, the operating environment was affected by the rise of the third wave of the corona pandemic. The ongoing corona vaccination programmes provided a helping hand seen in the lower number of severe COVID-19 cases, although the speed of the vaccination programmes and the availability of vaccines are still raising concerns in Caverion's operating area. Many governments have also started formulating their exit plans for lifting the various restrictions in the post-COVID-19 era and for supporting the economic recovery.

The corona pandemic continued to affect Caverion's operations similarly as in the previous few quarters. This was visible particularly in the Projects business, whereas the Services business has remained more stable. On a positive note, Caverion did not experience any major constraints in the supply chain during the period.

The restructurings completed in the fourth quarter of 2020 had a positive impact on Caverion's cost base during the first quarter, while the full-scale impacts will be visible later in the year. These actions included personnel reductions, reorganisation and operating model development.

Services

In Services, the demand environment remained stable and comparable to the previous quarters despite the rise of the third wave of the corona pandemic. Overall there were early signs of increased investment activity among Caverion's customers. Certain annual industrial shutdowns in Finland postponed from last year will take place in the second quarter of 2021.

There was still a general increasing interest for services supporting sustainability, such as energy management and advisory services, driven by regulation and the expected governmental and EU stimulus packages supporting investments in green growth.

Projects

In Projects, the pandemic continued to impact Caverion's productivity to a certain extent, while market demand remained on a lower level. Due to the lower volumes, the pricing environment also remained tight during the quarter.

The demand for new construction projects was negatively impacted by the corona pandemic, however less for renovation construction. Stimulus packages did not yet impact general demand during the quarter.

Order backlog

Order backlog at the end of March decreased by 8.0 percent to EUR 1,626.7 million from the end of March in the previous year (EUR 1,768.3 million). At comparable exchange rates the order backlog decreased by 10.2 percent.

Order backlog increased by 0.7 percent in Services compared to the previous year, while it decreased by 17.4 percent in Projects.

Revenue

January-March

EUR million	1-3/ 2021	1-3/ 2020	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services	336.8	343.0	-1.8%	-3.1%	-2.3%	1.3%	-0.8%
Projects	178.5	198.7	-10.2%	-11.1%	-10.7%	1.0%	-0.5%
Group total	515.3	541.6	-4.9%	-6.0%	-5.4%	1.2%	-0.6%

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

Revenue for January–March was EUR 515.3 (541.6) million. Revenue decreased by 4.9 percent compared to the previous year. At the previous year's exchange rates, revenue was EUR 509.0 million and decreased by 6.0 percent compared to the previous year. Changes in Swedish crona and Norwegian krone had a positive effect of EUR 5.2 million and EUR 1.8 million and changes in Russian rouble a negative effect of EUR 0.6 million, respectively.

Organic growth was -5.4 percent, impacted by the corona crisis and the downturn. Revenue was also impacted by fluctuations in currency exchange rates.

Revenue increased in Finland and Norway, while it decreased in other divisions.

The revenue of the Services business unit decreased and was EUR 336.8 (343.0) million in January–March, a decrease of 1.8 percent, or 3.1 percent in local currencies. The revenue of the Projects business unit was EUR 178.5 (198.7) million in January–March, a decrease of 10.2 percent, or 11.1 percent in local currencies. Project business revenue was affected by the continuous selectivity approach in projects and the closure of the large projects business in Denmark.

The Services business unit accounted for 65.4 (63.3) percent of Group revenue, and the Projects business unit for 34.6 (36.7) percent of Group revenue in January–March.

Distribution of revenue by Division and Business Unit

Revenue, EUR million	1–3/ 2021	%	1–3/ 2020	%	Change	1–12/ 2020	%
Sweden	101.3	19.7	111.0	20.5	-8.7%	420.6	19.5
Finland	102.7	19.9	99.3	18.3	3.5%	416.0	19.3
Norway	93.8	18.2	85.9	15.9	9.1%	318.9	14.8
Germany	88.3	17.1	88.9	16.4	-0.6%	368.8	17.1
Austria	38.5	7.5	48.0	8.9	-19.8%	191.4	8.9
Industry	55.8	10.8	68.2	12.6	-18.2%	275.9	12.8
Denmark	20.6	4.0	25.3	4.7	-18.6%	93.6	4.3
Other countries*	14.3	2.8	15.0	2.8	-4.8%	69.7	3.2
Group, total	515.3	100	541.6	100	-4.9%	2,154.9	100
Services	336.8	65.4	343.0	63.3	-1.8%	1,364.9	63.3
Projects	178.5	34.6	198.7	36.7	-10.2%	790.0	36.7

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

Profitability

EBITA and operating profit

January-March

Adjusted EBITA for January-March amounted to EUR 16.4 (12.1) million, or 3.2 (2.2) percent of revenue and EBITA to EUR 15.1 (10.0) million, or 2.9 (1.8) percent of revenue.

The profitability improved clearly year-on-year in the first quarter, helped by the recent efficiency and productivity improvements. The restructurings completed in the fourth quarter of 2020 had a positive impact on the cost base. Both business units and all divisions except Finland and Austria improved their profitability. Especially divisions Industry, Germany, Norway and Sweden progressed well. In Services, the positive progress continued, while the demand environment remained stable and comparable to the previous quarter. In Projects, the pandemic continued to impact productivity to a certain extent, while market demand remained on a lower level. On a positive note, there were no large-scale project write-downs during the period.

In the adjusted EBITA calculation, the capital gains from divestments and the transaction costs related to divestments and acquisitions totalled EUR 0.1 million in January-March. The Group's restructuring costs amounted to EUR 1.1 million, the majority of which related to the parent company. Other items totalled EUR 0.1 million.

The operating profit (EBIT) for January-March was EUR 11.0 (6.5) million, or 2.1 (1.2) percent of revenue.

Costs related to materials and supplies decreased to EUR 118.0 (128.3) million and external services to EUR 90.0 (94.5) million in January-March. Personnel expenses amounted to a total of EUR 233.4 (240.6) million for January-March, impacted by the streamlining measures taken in 2020. Other operating expenses decreased to EUR 46.1 (54.7) million, due to savings in several categories. Other operating income decreased to EUR 0.4 (0.5) million.

Depreciation, amortisation and impairment amounted to EUR 17.1 (17.6) million in January-March. Of these EUR 13.0 (14.1) million were depreciations on tangible assets and EUR 4.1 (3.5) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 11.6 (12.3) million. The amortisations related to allocated intangibles on acquisitions and IT.

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

Adjusted EBITA and items affecting comparability (IAC)

EUR million	1–3/2021	1–3/2020	1–12/2020
EBITA	15.1	10.0	42.4
EBITA margin, %	2.9	1.8	2.0
Items affecting comparability (IAC)			
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.1	0.3	-6.0
- Write-downs, expenses and income from major risk projects*		0.1	12.8
- Restructuring costs	1.1	1.3	10.7
- Other items**	0.1	0.5	0.6
Adjusted EBITA	16.4	12.1	60.6
Adjusted EBITA margin, %	3.2	2.2	2.8

** Major risk projects include only one risk project in Germany in 2020 and 2021.*
*** In 2020 and 2021, including legal and other costs related to the German anti-trust fine. In 2020, also including costs related to a subsidiary in Russia sold during the second quarter.*

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

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

Result before taxes amounted to EUR 8.9 (2.2) million, result for the period to EUR 6.8 (1.6) million, and earnings per share to EUR 0.05 (0.01) in January–March. Net financing expenses in January–March were EUR 2.1 (4.3) million. This includes an interest cost on lease liabilities amounting to EUR 1.0 (1.2) million. In January–March 2020, net financing expenses included an exchange rate loss from an internal loan denominated in euros in Russia amounting to EUR 1.8 million.

The Group's effective tax rate was 23.7 (28.2) percent in January-March 2021.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets totalled EUR 4.3 (8.3) million in January–March, representing 0.8 (1.5) percent of revenue. Investments in information technology totalled EUR 2.2 (2.8) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms as well as datacenter consolidation. IT systems and mobile tools were also developed to improve the Group's internal processes and efficiency going forward. Other investments, including acquisitions, amounted to EUR 2.0 (5.5) million.

Caverion signed an agreement to acquire the business of Electro Berchtold GmbH in Austria in December 2020. Electro Berchtold is a provider of maintenance services for ski lift and snow systems and has 13 employees. The transaction was closed in the beginning of 2021.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items decreased to EUR 40.6 (56.1) million in January-March and cash conversion (LTM) was 137.4 (162.4) percent. The Group's free cash flow amounted to EUR 28.9 (46.0) million. Cash flow after investments was EUR 24.5 (42.7) million.

The Group's working capital improved to EUR -176.0 (-127.3) million at the end of March. There were improvements in all divisions except for Industry and Germany compared to the previous year. The amount of trade and POC receivables decreased to EUR 482.9 (492.8) million and other current receivables to EUR 28.4 (29.6) million. On the liabilities side, advances received increased to EUR 248.2 (219.4) million and other current liabilities to EUR 275.9 (269.2) million, while trade and POC payables amounted to EUR 179.1 (179.5) million.

Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 31 March 2021. Caverion's cash and cash equivalents amounted to EUR 166.2 (113.2) million at the end of March. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 138.8 (125.1) million at the end of March, and the average interest rate was 2.6 (2.8) percent. Approximately 46 percent of the loans have been raised from banks and other financial institutions and approximately 54 percent from capital markets. Lease liabilities amounted to EUR 125.4 (131.0) million at the end of March 2021, resulting to total gross interest-bearing liabilities of EUR 264.2 (256.0) million.

The Group's interest-bearing net debt excluding lease liabilities amounted to EUR -27.4 (11.8) million at the end of March and including lease liabilities to EUR 98.0 (142.8) million. At the end of March, the Group's gearing was 55.2 (62.3) percent and the equity ratio 17.2 (22.0) percent. Excluding the effect of IFRS 16, the equity ratio would have amounted to 19.5 (25.1) percent.

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

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The financial covenant shall not exceed 3.5:1. At the end of March, the Group's Net debt to EBITDA was -0.5x according to the confirmed calculation principles. The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments.

Recent changes in financial reporting affecting comparability

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

PERSONNEL

Personnel by division, end of period	3/2021	3/2020	Change	12/2020
Sweden	2,551	2,865	-11%	2,601
Finland	2,827	2,811	1%	2,876
Norway	2,322	2,399	-3%	2,366
Germany	2,190	2,256	-3%	2,260
Industry	2,386	2,815	-15%	2,464
Other countries	1,058	1,238	-15%	1,050
Austria	849	834	2%	852
Denmark	545	669	-19%	565
Group Services	164	123	33%	129
Group, total	14,892	16,010	-7%	15,163

Caverion Group employed 15,005 (16,098) people on average in January–March 2021. At the end of March, the Group employed 14,892 (16,010) people. Personnel expenses for January–March amounted to EUR 233.4 (240.6) million.

Employee safety continued to be a high focus area also in the first quarter of 2021. Due to the corona situation, many extra actions have been taken to protect the employees, to organise the work in a way that it is safe to complete and to establish different supportive trainings, tools and communication methods. The Group's accident frequency rate at the end of March was 4.1 (4.6).

Changes in Caverion's Group Management Board and organisation structure

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

The Board of Directors of Caverion Corporation and President and CEO, Ari Lehtoranta, mutually agreed on 28 February 2021 that Ari Lehtoranta leaves his position as President and CEO of Caverion Corporation.

The Board of Directors of Caverion Corporation appointed the Chairman of the Board of Directors, Mats Paulsson, as interim President and CEO effective as from 28 February 2021. Mats Paulsson continues in his position as the Chairman of the Board of Directors. The recruitment process to appoint a new President and CEO has started.

Ari Lehtoranta held the position of President and CEO of Caverion Corporation since January 2017 and he will be available for the Board of Directors until the end of August 2021 to secure an orderly transition to his successor.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

There have been no material changes in Caverion's significant short-term risks and uncertainties compared to those reported in the Board of Director's Report presented in the Annual Review of 2020. Those risks and uncertainties are still valid.

The impacts of the corona pandemic and the consequent economic downturn on Caverion, and the actions taken by the company are summarised separately after this section and described earlier in the report in the "Market outlook for Caverion's services and solutions" and "Operating environment in the first quarter in 2021" sections.

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

IMPACT OF CORONA PANDEMIC AND CONSEQUENT ECONOMIC DOWNTURN ON CAVERION

During the first quarter, the operating environment was affected by the rise of the third wave of the corona pandemic. The ongoing corona vaccination programmes provided a helping hand seen in the lower number of severe COVID-19 cases, although the speed of the vaccination programmes and the availability of vaccines are still raising concerns in Caverion's operating area. Many governments have also started formulating their exit plans for lifting the various restrictions in the post-COVID-19 era and for supporting the economic recovery.

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

Apart from its immediate effects, the corona pandemic has also led to a global economic downturn, which in many areas can negatively impact the general demand and the pricing environment also for Caverion. However, a material part of Caverion's offering is of such nature that customers will need these services also during a downturn. At the end of the first quarter, there were indications of growth gradually starting.

It is still unclear how long the corona pandemic will last, how deep and long the consequent downturn will be and what will be the speed of the economic recovery. The business volume and the amount of new order intake are important determinants to Caverion's performance in 2021. Large-scale vaccination against the corona virus is expected to improve the overall risk situation going forward. Caverion estimates that the first half of 2021 will still be negatively impacted by the corona pandemic, after which the operating environment is expected to improve.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

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

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

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

DIVIDENDS AND DIVIDEND POLICY

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

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

SHARES AND SHAREHOLDERS

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

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2021. Caverion held 2,807,991 treasury shares on 1 January 2021. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,744,339 treasury shares on 31 March 2021, representing 1.98 percent of the total number of shares and voting rights. The number of shares outstanding was 136,175,753 at the end of March 2021.

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

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

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

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

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

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

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

Authorisations of the Board of Directors

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

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

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

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

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

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

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

Trading in shares

The opening price of Caverion's share was EUR 5.81 at the beginning of 2021. The closing rate on the last trading day of the review period on 31 March was EUR 5.17. The share price decreased by 11 percent during January–March. The highest price of the share during the review period January–March was EUR 6.21, the lowest was EUR 5.06 and the average price was EUR 5.50. Share turnover on Nasdaq Helsinki in January–March amounted to 16.6 million shares. The value of share turnover was EUR 91.0 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other marketplaces, such as Aquis, Cboe and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 704.0 million. Market capitalisation has been calculated excluding the 2,744,339 shares held by the company as per 31 March 2021.

Number of shareholders and flagging notifications

At the end of March 2021, the number of registered shareholders in Caverion was 27,643 (12/2020: 26,747). At the end of March 2021, a total of 29.9 percent of the shares were owned by nominee-registered and non-Finnish investors (12/2020: 31.0%).

Updated lists of Caverion's largest shareholders and ownership structure by sector as per 31 March 2021, are available on Caverion's website at www.caverion.com/investors.

INTERIM REPORT 1 JANUARY – 31 MARCH 2021: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	1-3/2021	1-3/2020	1-12/2020
Revenue	**515.3**	**541.6**	**2,154.9**
Other operating income	0.4	0.5	11.5
Materials and supplies	-118.0	-128.3	-529.0
External services	-90.0	-94.5	-410.1
Employee benefit expenses	-233.4	-240.6	-902.6
Other operating expenses	-46.1	-54.7	-225.3
Share of results of associated companies	0.0	0.0	0.0
Depreciation, amortisation and impairment	-17.1	-17.6	-72.2
Operating result	**11.0**	**6.5**	**27.2**
% of revenue	2.1	1.2	1.3
Financial income and expense, net	-2.1	-4.3	-11.2
Result before taxes	**8.9**	**2.2**	**16.0**
% of revenue	1.7	0.4	0.7
Income taxes	-2.1	-0.6	-7.3
Result for the period	**6.8**	**1.6**	**8.6**
% of revenue	1.3	0.3	0.4
Attributable to			
Equity holders of the parent company	6.8	1.6	8.6
Non-controlling interests	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, basic, EUR	0.05	0.01	0.05
Diluted earnings per share, EUR	0.05	0.01	0.05

Consolidated statement of comprehensive income

EUR million	1-3/2021	1-3/2020	1-12/2020
Result for the review period	**6.8**	**1.6**	**8.6**
Other comprehensive income			
Items that will not be reclassified to profit/loss			
- Change in fair value of defined benefit pension plans	-1.1	3.4	-0.7
-- Deferred tax			0.5
- Change in fair value of other investments	0.0	0.0	0.0
-- Deferred tax			
Items that may be reclassified subsequently to profit/loss			
- Translation differences	2.3	-5.5	-9.3
Other comprehensive income, total	**1.1**	**-2.0**	**-9.5**
Total comprehensive result	**7.9**	**-0.4**	**-0.9**
Attributable to			
Equity holders of the parent company	7.9	-0.4	-0.9
Non-controlling interests	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	18.5	22.9	18.9
Right-of-use assets	121.7	129.0	125.5
Goodwill	365.0	366.9	365.0
Other intangible assets	48.1	54.7	49.1
Shares in associated companies and joint ventures	1.7	1.7	1.7
Other investments	1.3	1.3	1.3
Other receivables	8.2	6.8	8.1
Deferred tax assets	19.7	19.9	19.6
Total non-current assets	**584.2**	**603.3**	**589.1**
Current assets			
Inventories	16.1	18.4	16.3
Trade receivables	270.7	272.3	316.5
POC receivables	212.2	220.5	190.0
Other receivables	29.1	30.5	31.0
Income tax receivables	2.5	2.8	0.2
Cash and cash equivalents	166.2	113.2	149.3
Total current assets	**696.7**	**657.8**	**703.3**
Total assets	**1,280.9**	**1,261.1**	**1,292.4**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	1.0	1.0	1.0
Hybrid capital	35.0	66.1	35.0
Other equity	141.3	161.8	160.3
Non-controlling interest	0.3	0.3	0.3
Equity	**177.6**	**229.2**	**196.6**
Non-current liabilities			
Deferred tax liabilities	31.5	32.1	31.6
Pension liabilities	51.7	48.0	51.4
Provisions	10.0	9.5	10.8
Lease liabilities	84.6	89.9	87.5
Other interest-bearing debts	135.8	125.1	135.7
Other liabilities	5.8	4.0	5.7
Total non-current liabilities	**319.4**	**308.5**	**322.7**
Current liabilities			
Advances received	248.2	219.4	252.2
Trade payables	154.0	159.2	163.6
Other payables	294.5	260.9	263.1
Income tax liabilities	9.3	13.8	12.3
Provisions	34.0	29.0	37.3
Lease liabilities	40.8	41.1	41.7
Other interest-bearing debts	3.0		3.0
Total current liabilities	**784.0**	**723.4**	**773.1**
Total equity and liabilities	**1,280.9**	**1,261.1**	**1,292.4**

Working capital

EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Inventories	16.1	18.4	16.3
Trade and POC receivables	482.9	492.8	506.5
Other current receivables	28.4	29.6	30.2
Trade and POC payables	-179.1	-179.5	-188.0
Other current liabilities	-275.9	-269.2	-273.3
Advances received	-248.2	-219.4	-252.2
Working capital	**-176.0**	**-127.3**	**-160.4**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2021	**1.0**	**111.3**	**-14.1**	**-0.1**	**-2.8**	**66.0**	**35.0**	**196.3**	**0.3**	**196.6**
Comprehensive income										
Result for the period		6.8						6.8	0.0	6.8
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-1.1						-1.1		-1.1
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			2.3					2.3		2.3
Comprehensive income, total		**5.6**	**2.3**	**0.0**				**7.9**	**0.0**	**7.9**
Dividend distribution		-27.3						-27.3	0.0	-27.3
Share-based payments		0.4						0.4		0.4
Transfer of own shares		-0.4			0.4					
Equity on March 31, 2021	**1.0**	**89.6**	**-11.8**	**-0.2**	**-2.4**	**66.0**	**35.0**	**177.3**	**0.3**	**177.6**

	Equity attributable to owners of the parent									
EUR million	**Share capital**	**Retained earnings**	**Cumulative translation differences**	**Fair value reserve**	**Treasury shares**	**Unrestricted equity reserve**	**Hybrid capital**	**Total**	**Non-controlling interest**	**Total equity**
Equity on January 1, 2020	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income										
Result for the period		1.6						1.6	0.0	1.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		3.4						3.4		3.4
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			-5.5					-5.5		-5.5
Comprehensive income, total		**5.0**	**-5.5**	**0.0**				**-0.4**	**0.0**	**-0.4**
Dividend distribution									0.0	0.0
Share-based payments		0.5						0.5		0.5
Transfer of own shares		-0.3			0.3					
Other change		0.4						0.4		0.4
Equity on March 31, 2020	**1.0**	**109.0**	**-10.2**	**-0.1**	**-2.8**	**66.0**	**66.1**	**228.9**	**0.4**	**229.2**

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

Condensed consolidated statement of cash flows

EUR million	1-3/2021	1-3/2020	1-12/2020
Cash flows from operating activities			
Result for the period	6.8	1.6	8.6
Adjustments to result	18.4	20.3	95.0
Change in working capital	15.3	34.2	54.0
Operating cash flow before financial and tax items	**40.6**	**56.1**	**157.6**
Financial items, net	-4.3	-3.3	-9.5
Taxes paid	-8.1	-4.0	-8.5
Net cash from operating activities	**28.2**	**48.8**	**139.6**
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash	-0.7	-2.1	-2.1
Disposal of subsidiaries and businesses, net of cash		0.0	1.9
Capital expenditure and other investments, net	-2.9	-4.1	-11.6
Net cash used in investing activities	**-3.6**	**-6.1**	**-11.8**
Cash flow after investing activities	**24.5**	**42.7**	**127.8**
Cash flow from financing activities			
Change in loan receivables, net		0.2	0.3
Change in current liabilities, net	0.0		
Proceeds from borrowings	0.1		15.0
Repayments of borrowings			-1.5
Repayments of lease liabilities	-10.8	-11.2	-48.2
Hybrid capital issue			35.0
Hybrid capital repayment			-66.1
Hybrid capital costs and interests			-3.0
Dividends paid and other distribution of assets	0.0	0.0	-0.1
Net cash used in financing activities	**-10.7**	**-11.1**	**-68.5**
Change in cash and cash equivalents	**13.8**	**31.6**	**59.2**
Cash and cash equivalents at the beginning of the	149.3	93.6	93.6
Change in the foreign exchange rates	3.1	-11.9	-3.5
Cash and cash equivalents at the end of the period	**166.2**	**113.2**	**149.3**

Free cash flow

EUR million	1-3/2021	1-3/2020	1-12/2020
Operating cash flow before financial and tax items	40.6	56.1	157.6
Taxes paid	-8.1	-4.0	-8.5
Net cash used in investing activities	-3.6	-6.1	-11.8
Free cash flow	**28.9**	**46.0**	**137.3**

NOTES TO THE INTERIM REPORT

1 Accounting principles

Caverion Corporation's Interim Report for 1 January – 31 March, 2021 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2020.

The information presented in this Interim Report has not been audited.

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

2 Key figures

	1-3/2021	1-3/2020	1-12/2020
Revenue, EUR million	515.3	541.6	2,154.9
EBITDA, EUR million	28.1	24.1	99.4
EBITDA margin, %	5.5	4.4	4.6
Adjusted EBITDA, EUR million	29.4	26.3	116.5
Adjusted EBITDA margin, %	5.7	4.8	5.4
EBITA, EUR million	15.1	10.0	42.4
EBITA margin, %	2.9	1.8	2.0
Adjusted EBITA, EUR million	16.4	12.1	60.6
Adjusted EBITA margin, %	3.2	2.2	2.8
Operating profit, EUR million	11.0	6.5	27.2
Operating profit margin, %	2.1	1.2	1.3
Result before taxes, EUR million	8.9	2.2	16.0
% of revenue	1.7	0.4	0.7
Result for the review period, EUR million	6.8	1.6	8.6
% of revenue	1.3	0.3	0.4
Earnings per share, basic, EUR	0.05	0.01	0.05
Earnings per share, diluted, EUR	0.05	0.01	0.05
Equity per share, EUR	1.3	1.7	1.4
Equity ratio, %	17.2	22.0	18.9
Interest-bearing net debt, EUR million	98.0	142.8	118.6
Gearing ratio, %	55.2	62.3	60.4
Total assets, EUR million	1,280.9	1,261.1	1,292.4
Operating cash flow before financial and tax items, EUR million	40.6	56.1	157.6
Cash conversion (LTM), %	137.4	162.4	158.5
Working capital, EUR million	-176.0	-127.3	-160.4
Gross capital expenditures, EUR million	4.3	8.3	16.7
% of revenue	0.8	1.5	0.8
Order backlog, EUR million	1,626.7	1,768.3	1,609.1
Personnel, average for the period	15,005	16,098	15,773
Number of outstanding shares at the end of the period (thousands)	136,176	136,110	136,112
Average number of shares (thousands)	136,138	136,085	136,105

3 Financial development by quarter

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

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

4 Calculation of key figures

Key figures on financial performance

EBITDA =	Operating profit (EBIT) + depreciation, amortisation and impairment
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC) *
EBITA =	Operating profit (EBIT) + amortisation and impairment
Adjusted EBITA =	EBITA before items affecting comparability (IAC) *
Equity ratio (%) =	$\frac{\text{(Equity + non-controlling interest)} \times 100}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\frac{\text{(Interest-bearing liabilities - cash and cash equivalents)} \times 100}{\text{Shareholders' equity + non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities
Cash conversion (%) =	$\frac{\text{Operating cash flow before financial and tax items (LTM)} \times 100}{\text{EBITDA (LTM)}}$
Organic growth =	Defined as the change in revenue in local currencies excluding the impacts of (i) currencies; and (ii) acquisitions and divestments. The currency impact shows the impact of changes in exchange rates of subsidiaries with a currency other than the euro (Group's reporting currency). The acquisitions and divestments impact shows how acquisitions and divestments completed during the current or previous year affect the revenue reported.

Share related key figures

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

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

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

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

5 Related party transactions

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

Purchases from members of the Board

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

6 Financial risk management

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

The outbreak of the corona pandemic has increased the general risk level related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks.

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

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

Caverion's liquidity position is strong. The outbreak of the corona pandemic has led to an even sharpened focus on optimising cash flow and working capital management. Ensuring adequate financing has also been prioritised.

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

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

EUR million	2021	2022	2023	2024	2025	2026->	Total
Interest-bearing borrowings	3.0	3.0	128.0	3.0	1.5	0.5	139.0
Lease liabilities	30.2	32.6	22.8	14.1	7.2	18.5	125.4
Total	**33.2**	**35.6**	**150.8**	**17.1**	**8.7**	**19.0**	**264.4**

7 Financial liabilities and interest-bearing net debt

EUR million	Mar 31, 2021 Carrying amount	Mar 31, 2020 Carrying amount	Dec 31, 2020 Carrying amount
Non-current liabilities			
Senior bonds	74.8	74.7	74.7
Loans from financial institutions	49.9	49.9	49.9
Other financial loans	0.5	0.5	0.5
Pension loans	10.5		10.5
Lease liabilities	84.6	89.9	87.5
Total non-current interest-bearing liabilities	**220.4**	**214.9**	**223.2**
Current liabilities			
Loans from financial institutions			
Pension loans	3.0		3.0
Other financial loans			
Lease liabilities	40.8	41.1	41.7
Total current interest-bearing liabilities	**43.8**	**41.1**	**44.7**
Total interest-bearing liabilities	**264.2**	**256.0**	**267.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**138.8**	**125.1**	**138.7**
Cash and cash equivalents	166.2	113.2	149.3
Interest-bearing net debt	**98.0**	**142.8**	**118.6**
Interest-bearing net debt excluding IFRS 16 lease liabilities	**-27.4**	**11.8**	**-10.6**

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

Derivative instruments

Nominal amounts EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Foreign exchange forwards	70.1	58.6	70.2

Fair values EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Foreign exchange forwards			
positive fair value	0.7	0.7	0.6
negative fair value	-0.1	-0.2	-0.2

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

8 Commitments and contingent liabilities

EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Guarantees given on behalf of associated companies and joint ventures	26.5	0.0	22.4
Parent company's guarantees on behalf of its subsidiaries	448.6	458.4	454.9
Other commitments			
- Other contingent liabilities	0.2	0.2	0.2
Accrued unrecognised interest on hybrid bond	2.1	2.4	1.5

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 19.4 million at the end of March 2021.

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

9 Events after the reporting period

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

Caverion's Financial Information for 2021

Half-year Financial Report for January – June 2021: 5 August 2021

Interim Report for January – September 2021: 4 November 2021

Building Performance

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