Half-year Financial Report January–June 2023

Jacob Götzsche, President and CEO
Mikko Kettunen, CFO

3 August 2023

Agenda

1. Q2 2023 in brief
2. Financial performance
3. Guidance
4. Status of the public tender offers

Building Performance

1. Q2 2023 in brief

Q2 2023 highlights

Performance improvement continued

- 8.6% organic revenue growth, solid order backlog expected to support revenue growth also going forward.
- Adjusted EBITA improved by 11.4 percent.
- Acquisitions continued in line with strategy.
- Bain consortium decided not to complete its tender offer.

Revenue

628.2 EURm

(577.0)

Revenue growth

8.6% organic (4.7%)

8.9% total (5.9%)

Order backlog

2,004.8 EURm

(1,907.9), +5.1%

Adjusted EBITA

25.5 EURm (22.9)

4.1% margin (4.0%)

Operating cash flow

-12.7 EURm (-9.3)

before financial and tax items

Revenue distribution

Services 63.6% (66.0%)

Projects 36.4% (34.0%)

Operating environment Q2 2023

Economic uncertainty still impacted the market

Services 63.6% (66.0%) of Group Q2 2023 revenue

- The market demand and general investment activity remained positive.
- Caverion has continued to see a general increasing interest for services supporting sustainability.
- There has also been increasing interest towards long-term and large-scale service agreements.
- Growth has been limited by the availability of competent workforce and delays in the supply chain.

Projects 36.4% (34.0%) of Group Q2 2023 revenue

- The increasing interest rates have as much as stalled certain segments of the building construction market. 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.
- For Caverion’s Projects business as a whole, the market demand has remained mostly stable.

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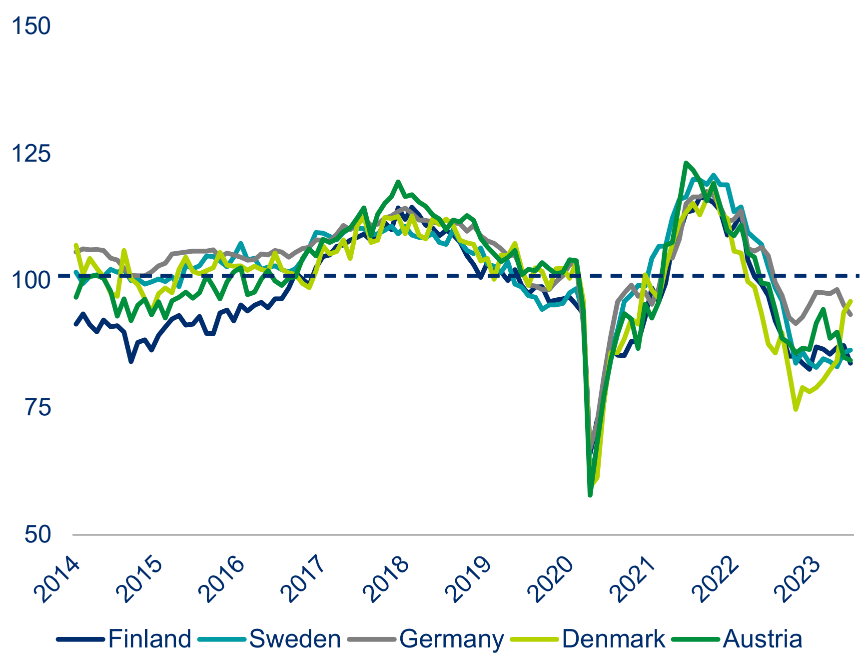
Operating environment Q2 2023

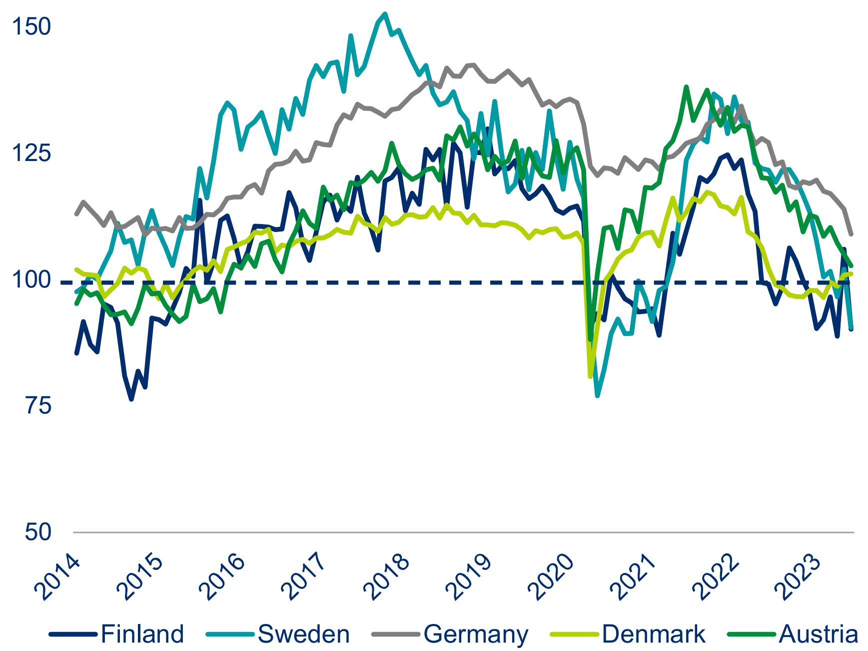
Drop in sentiment indicators stabilised but can still be seen as lower economic growth prospects

ECONOMIC SENTIMENT INDICATOR (2014 – 6/2023)



Sources: European Commission, June 2023

CONSTRUCTION CONFIDENCE INDICATOR (2014 – 6/2023)



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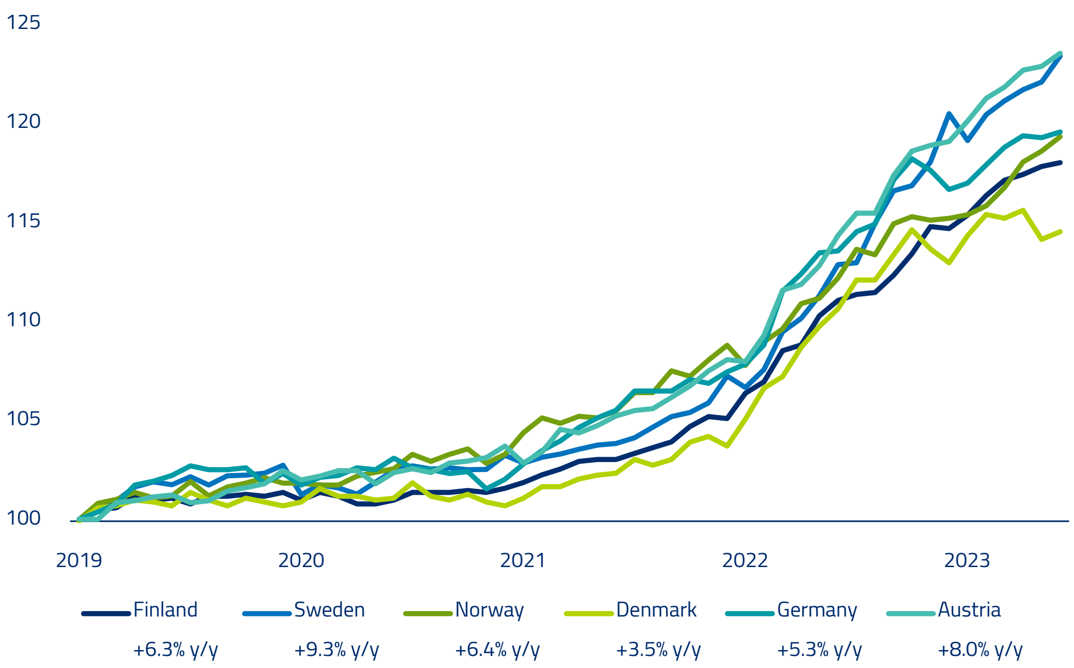
Operating environment Q2 2023

Inflation has remained on an elevated level

CONSUMER PRICE INDEX (2019=100) (2019 – 6/2023)



Sources: Countries Statistical centers, June 2023

- The cost inflation related to material prices continued to impact the building technology market.
- Caverion has proactively taken various measures to optimise the supply chain and to manage pricing.
- Wage inflation has gradually increased.

Continuing focusing on customers

Examples of some new customer orders from April-June 2023

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Clean energy with CO2 technology | Oulun Energia

Arkkitehtitoimisto ALA

- One of the world's largest refrigeration systems using clean, non-toxic and climate neutral CO2
- Delivery includes the energy system automation, remote management, and technical maintenance during the warranty period
- Intelligent controls ensure minimum waste of energy

#energywise

Smart & Digital solutions

Sustainability

Continuing operation and maintenance partnership | Fortum

- Responsibility for the local operation and maintenance in 13 hydropower plants in Finland
- Participation in planning, implementation and commissioning assignments related to renewal and maintenance projects at the plants
- Improve safety, processes and operations at the plants

Smart & Digital solutions

#energywise

Sustainability

Preventive maintenance and repairs of the building systems | Finnair

- Continuing partnership in technical maintenance of the properties at Helsinki Airport
- Finnair has access to the Caverion SmartView platform, which enables smooth operational processes
- Smart maintenance solutions enable predictable and safe maintenance and operation of the building

Well-being for people

Smart & Digital solutions

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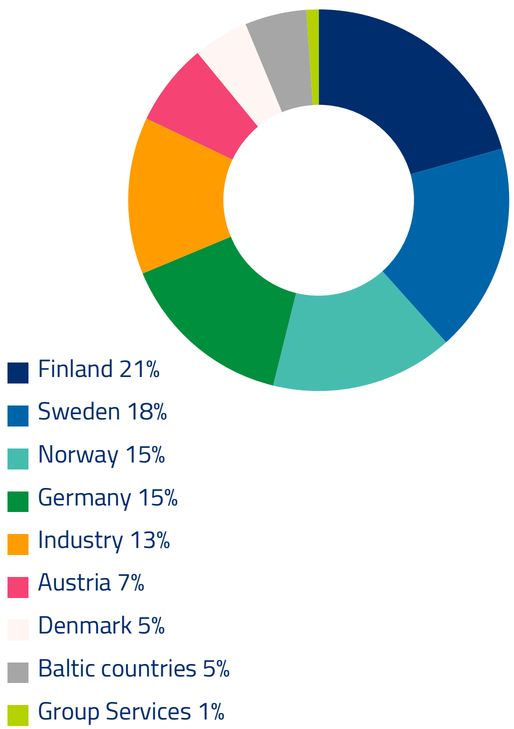
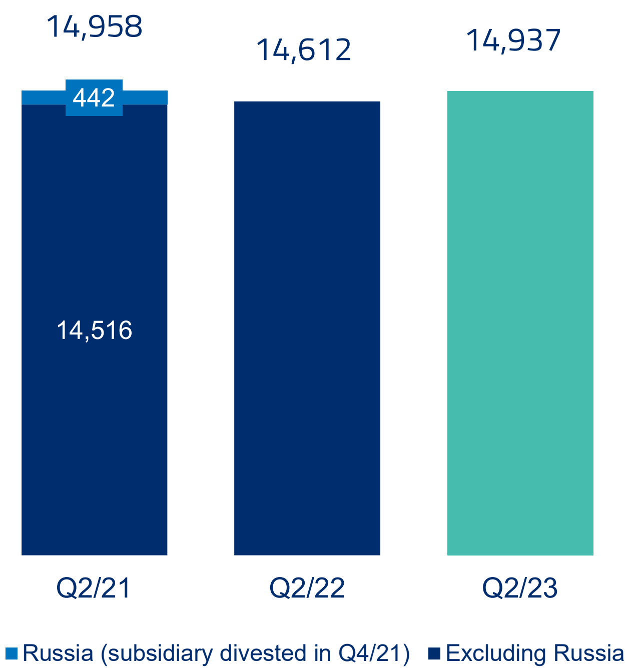
The effects of the corona pandemic still impacting us

Employees by division Q2/2023



Number of employees (end of period)



- Accident frequency rate* was 3.8 (4.5) at the end of June.
- The sick leave levels are lower than during the corona pandemic but not yet down to the same level as before corona.
- Caverion cares for the safety, health and wellbeing of its employees and will continue to a have high ambition and strong focus on improving them.

*Occupational safety is measured using a common indicator (number of accidents per one million working hours). Last 12 months.

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We continue to invest in capabilities and core competencies

TM Voima group's substation and power transmission line business

- Acquisition of TM Voima group's substation and power transmission line business in Finland and in Estonia
- The acquisition strengthened Caverion’s presence in the energy sector and enables growth especially in the substation business.
- Closed on 1 February 2023

TM Voima group's substation and power transmission line business

Finland and Estonia

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.
- Closed on 1 June 2023

Sweden

	TM Voima group's substation and power transmission line business	CRC Clean Room Control AB
Revenue:	**EUR 47.7m**	**EUR 1.1m**
Employees:	74	5

2. Financial performance

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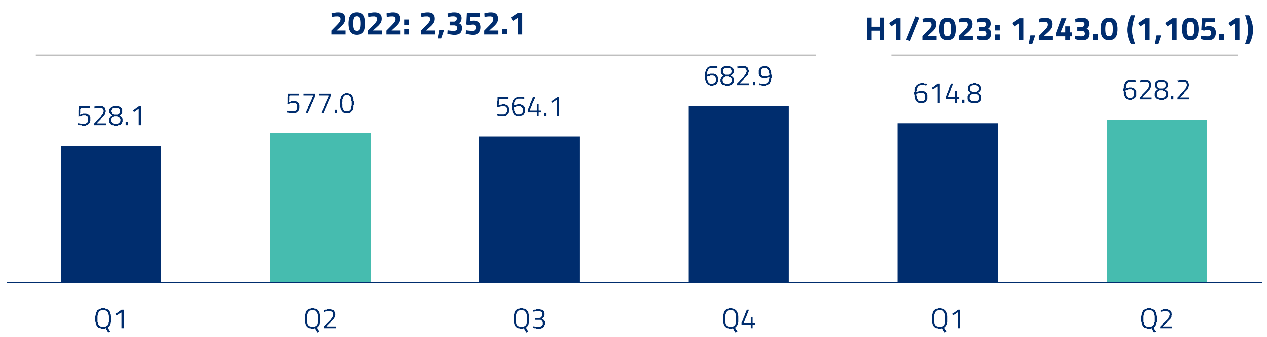
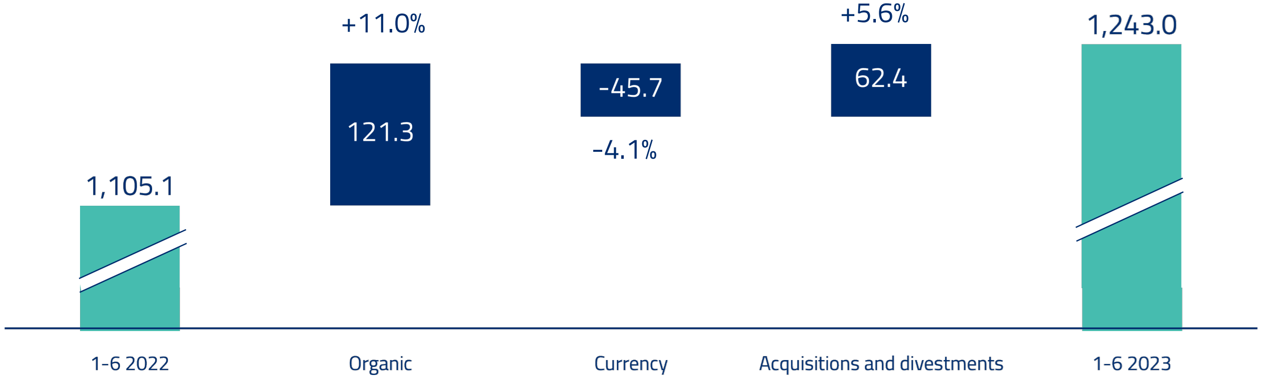
Revenue

Revenue up in Q2/2023 supported by organic growth

Group revenue, EUR million



Revenue development in H1/2023, EUR million, %



- Q2/23 revenue: EUR 628.2 (577.0) million, up by +8.9% (+13.5% in locals)
- H1/23 revenue: EUR 1,243.0 (1,105.1) million, up by +12.5% (+16.6% in locals)
- H1/23 currency devaluation in Sweden and Norway impacted reported revenue by -4.1 percent.
- H1/23 organic growth: +11.0%, driven by increased underlying activity and partially by the increased costs of materials and external services

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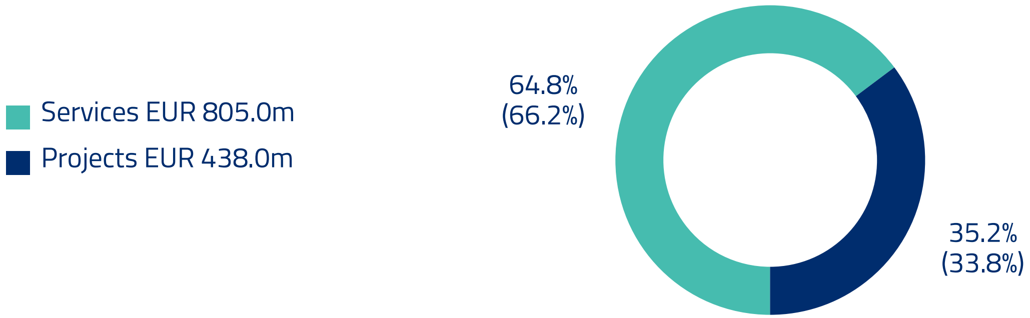
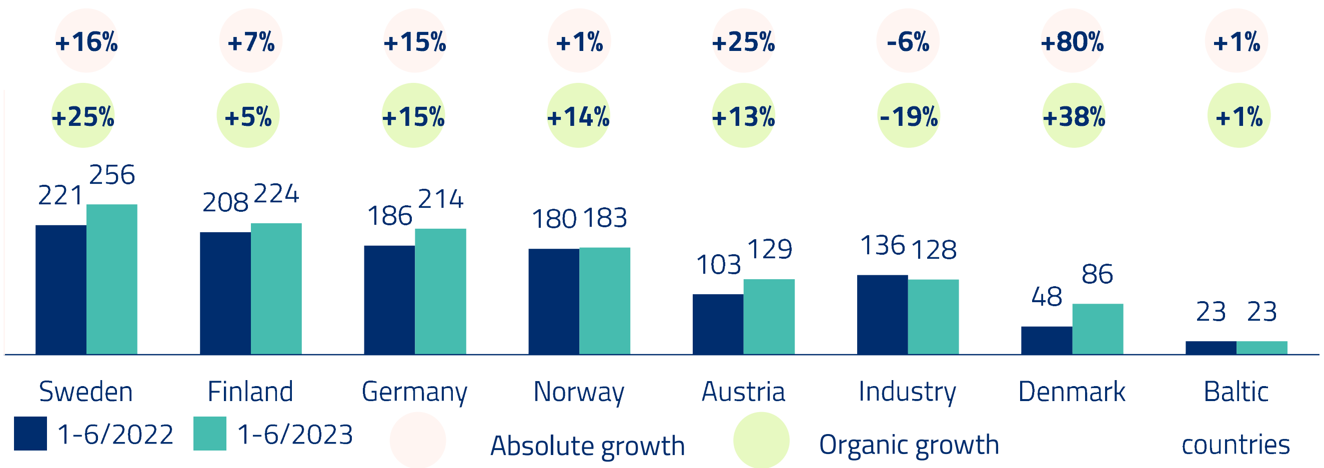
Revenue

Growth in all divisions but Industry in H1/2023

Revenue breakdown by business unit in H1/2023, EUR million



Revenue breakdown by division in H1/2023, EUR million



- Business unit revenues Q2/23:
  - Services +5.0% (+10.1% locals; +6.2% organic)
  - Projects +16.4% (+20.0% locals; +13.1% organic)
- Growth in all divisions but Industry in H1/23, where the ending of Metsä Fibre's outsourcing agreement in Q4/22 impacted revenue negatively
- Organic growth was strong especially in Divisions Denmark and Sweden in H1/23.

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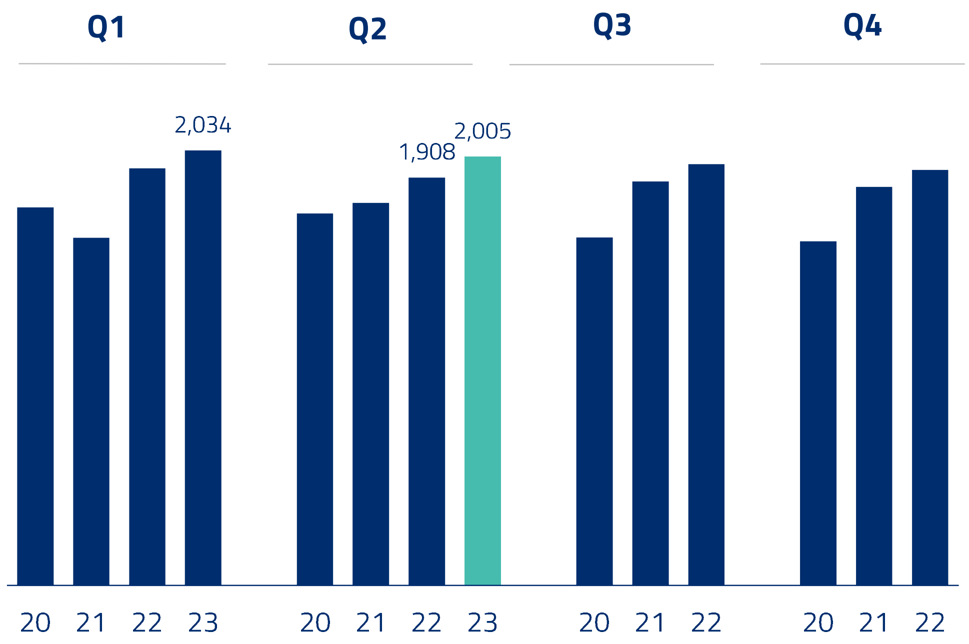
Order backlog

Order backlog continued to increase, +5.1% year-on-year at the end of Q2/2023

- Order backlog increased by 5.1% year-on-year to EUR 2,004.8 (1,907.9) million at the end of June.
- At comparable exchange rates the order backlog increased by 7.6% from the end of June 2022.
- Order backlog increased by 4.0% in Services and by 6.5% in Projects from the end of June 2022.

Order backlog, EUR million



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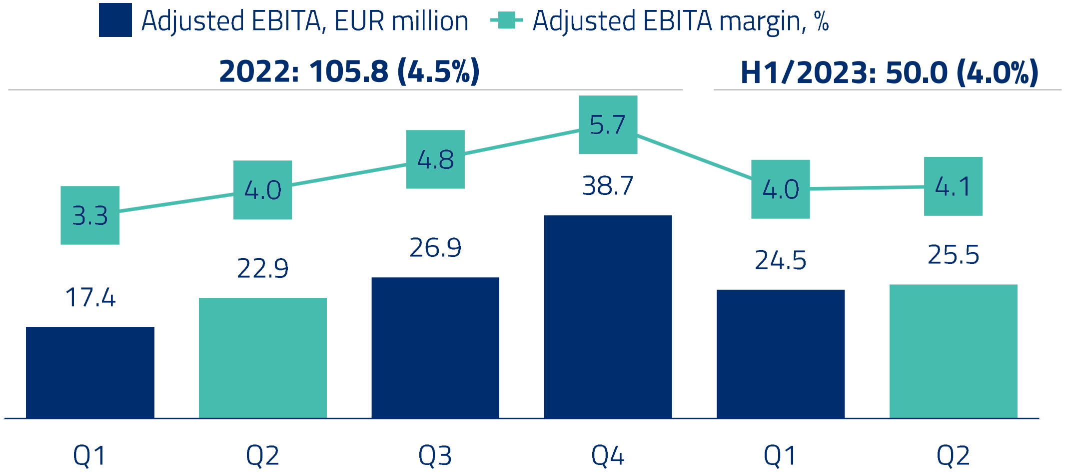
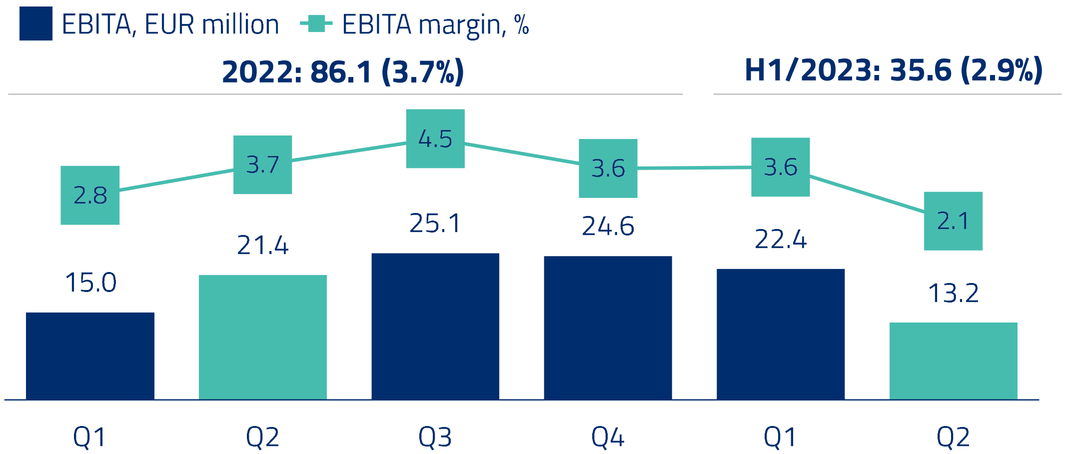
Profitability

The devaluation of SEK and NOK, higher sickness rate and an unexpected strike in Norway in April had a negative impact on adjusted EBITA in Q2/2023

- Q2/2023: Adjusted EBITA improved by 11.4% to EUR 25.5 (22.9) million, adjusted EBITA margin 4.1% (4.0%)
- Q2/2023 EBITA: EUR 13.2 (21.4) million
- Q2/2023 EBITA margin: 2.1% (3.7%). Impacted by one-offs:
  - Transaction costs related to M&A (EUR -0.2m)
  - Restructuring costs (EUR -1.0m)
  - Advisory and personnel costs related to the submitted public tender offers (EUR -1.1m), and reimbursement of costs to the Bain Consortium (EUR -10.0m) paid in Q3/2023
- H1/2023 Adjusted EBITA: EUR 50.0 (40.3) million, up by 24.0%, adjusted EBITA margin 4.0% (3.6%)
- H1/2023 EBITA: EUR 35.6 (36.4) million, down by 2.1%, EBITA margin 2.9% (3.3%)

Adjusted EBITA = EBITA before items affecting comparability (IAC)





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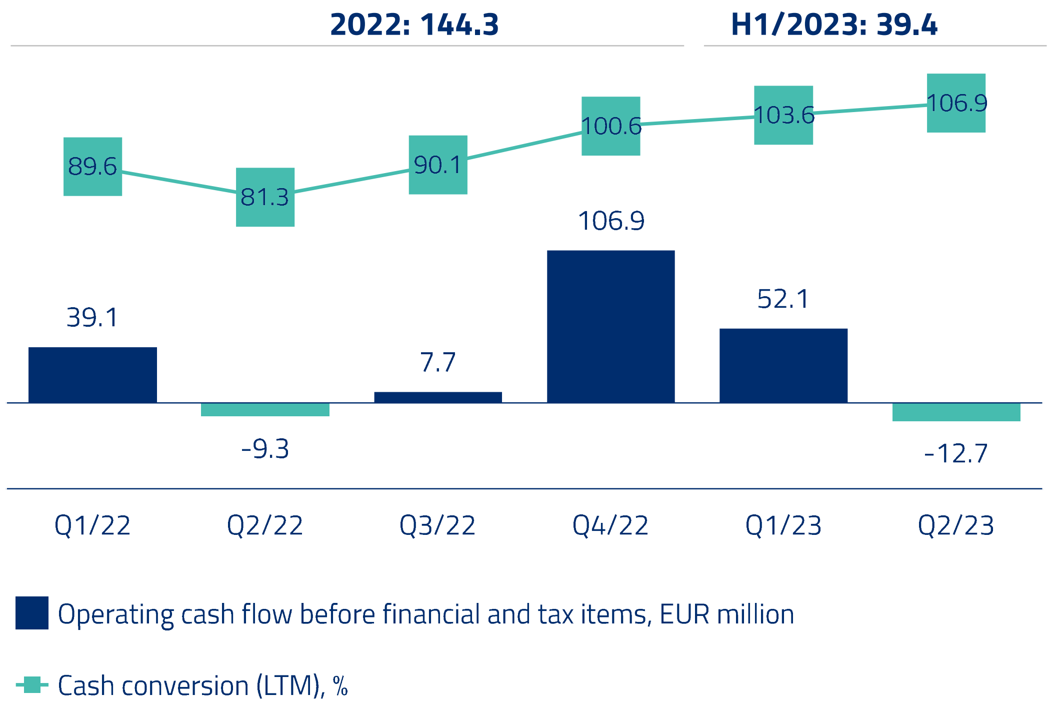
Cash flow

Operating cash flow improved in H1/2023

- Operating cash flow before financial and tax items improved to EUR 39.4 (29.7) million in H1/2023.
  - Cash conversion (LTM) 106.9% (81.3%)
  - Change in working capital of EUR -27.4m (-28.0m)
- Free cash flow H1/2023: EUR -0.6 (-13.0) million
  - Cash flow impact of acquisitions of EUR -27.6m (-28.4m)
- Capex H1/2023: EUR 35.3 (38.0) million, representing 2.8% (3.4%) of revenue
  - Acquisitions EUR 29.6m (30.5m)
  - IT investments EUR 2.7m (4.6m)
  - Other investments EUR 3.0m (2.9m)

Operating cash flow before financial and tax items, EUR million



Free cash flow = Operating cash flow before financial and tax items – Taxes paid – Net cash used in investing activities (net, including acquisitions and disposals).

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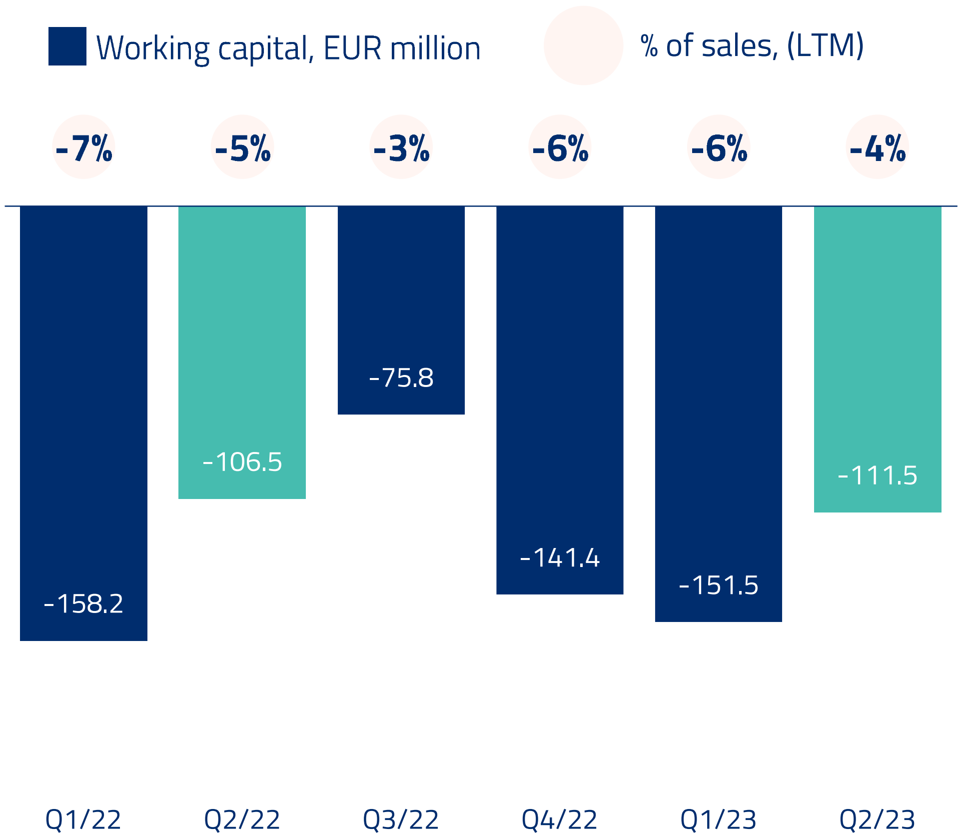
Working capital

Working capital was at a level of -4% of sales (LTM)

- The Group's working capital improved to EUR -111.5 (-106.5) million at the end of June.
- Trade and POC receivables increased to EUR 624.6 (560.1) million and other current receivables increased to EUR 31.3 (29.4) million. Inventories increased to EUR 21.3 (18.0) million.
- Advances received increased to EUR 269.1 (248.4) million. Other current liabilities increased to EUR 286.1 (262.5) million and trade and POC payables increased to EUR 233.5 (203.1) million.



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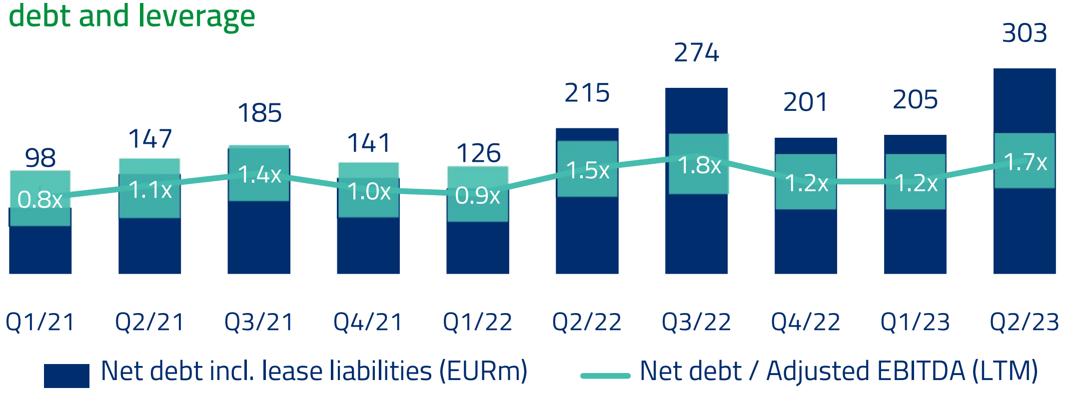
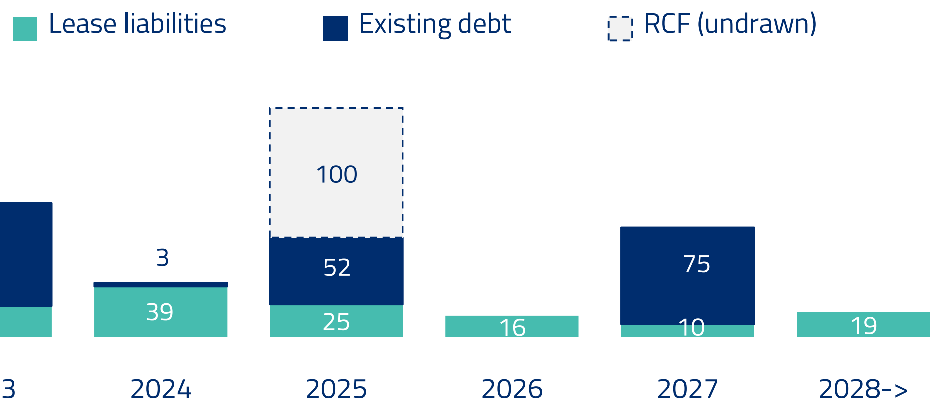
Leverage

Net debt impacted by redemption of the hybrid bond and investments in acquisitions

Net debt and leverage



Debt maturity structure on 30 June 2023, EUR million



- Interest-bearing net debt incl. lease liabilities at the end of June: EUR 303.4m (215.4m), excl. lease liabilities: EUR 170.4m (77.5m)
  - Caverion has issued commercial papers to support sufficient liquidity. At the end of June outstanding amount was EUR 76.9m.
- Cash and cash equivalents of EUR 36.1m (58.7m) at the end of June.
- Net debt/Adjusted EBITDA according to group's financial targets in Q2/2023: 1.7x (1.5x). Group's target limit is less than 2.5x.
- EUR 35m hybrid bond was fully redeemed in May.
- Caverion has a balanced debt maturity profile, where most of the long-term debt matures in 2025 and in 2027.

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3. Guidance

Guidance

Guidance for 2023

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

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4. Status of the public tender offers

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Status of the Triton tender offer as of Q2/2023

Bain Consortium/North Holdings decided not to complete its tender offer on 24 May 2023

Tender offer – Timeline

Triton/Crayfish Bidco*

5 Apr	17 May	24 July	2 October
Cooperation agreement and recommended tender offer	Offer period extended until 31 July	Offer period extended until 2 October	Extended offer period ends

Triton/Crayfish BidCo offer is still recommended Caverion's Board of Directors

- **Share price offered: EUR 8.75** in cash consideration for each share
- The Board of Directors of Caverion expects that the tender offer could likely be completed between **October 2023 and February 2024**. However, the length of the merger control clearance processes is not within the Offeror's nor Caverion's control.

**Crayfish BidCo Oy:s holding was approximately 29.9 percent of all outstanding shares (excluding treasury shares) after the flagging on 13 June 2023.*

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Key figures

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

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Financial targets

Mid-term financial targets until the end of 2025		Actual 1-6/2023	Actual 2022
Cash conversion (LTM)	Operating cash flow before financial and tax items / EBITDA > 100%	106.9%	100.6%
Profitability	Adjusted EBITA > 5.5% of revenue	4.0%	4.5%
Organic revenue growth	3–4% p.a. over the strategy period	11.0%	8.6%
M&A revenue growth	2–3% p.a. over the strategy period	5.6%	2.2%
Debt leverage	Net debt/LTM Adjusted EBITDA < 2.5x	1.7x	1.2x
Dividend policy	Distribute at least 50% of the result for the year after taxes, however, taking leverage level into account		62% *

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

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Directly registered shareholders on 30 June 2023

Largest shareholders	Shares, pcs	% of shares	Change after 3/2022, pcs
1 Crayfish Bidco Oy	40,941,792	29.5	27,294,529
2 Herlin Antti	21,054,392	15.2	0
3 Fennogens Investments SA (Ehrnrooth family)	14,169,850	10.2	0
4 Varma Mutual Pension Insurance Company	9,035,780	6.5	0
5 Ilmarinen Mutual Pension Insurance Company	4,162,955	3.0	0
6 Caverion Oyj	1,873,825	1.3	-164,658
7 Elo Mutual Pension Insurance Company	1,765,640	1.3	-800,000
8 Corbis	1,739,412	1.3	0
9 Brotherus Ilkka	1,448,765	1.0	-355,000
10 Aktia funds	1,250,000	0.9	0
11 The State Pension Fund	1,050,000	0.8	0
12 Veritas Pension Insurance Company Ltd.	755,000	0.5	0
13 Samfundet folkhälsan i Svenska Finland rf	374,400	0.3	0
14 Wihuri funds	290,400	0.2	0
15 Maa- ja Vesitekniikan Tuki ry.	175,000	0.1	0
16 Laakkonen Mikko Kalervo	161,800	0.1	0
17 Tukinvest Oy	145,000	0.1	0
18 Naas Konsult Ab	136,200	0.1	0
19 Tocklin Klas	121,905	0.1	15,310
20 Valio Pension Fund	121,800	0.1	0
20 largest, total	**100,773,916**	**72.5**	
All shares	**138,920,092**	**100.0**	

Source: Investis, as presented on Caverion website, Caverion.

Sector distribution (6/2023)

- Nominee reg. and non-Finnish 29.3% (31 Mar.: 38.9%)
- Households 9.0% (10.8%)
- General government 12.2% (12.8%)
- Financial and insurance corporations 15.8% (21.1%)
- Non-profit institutions 1.3% (1.5%)
- Non-financial corporations and housing corporations 32.3% (14.9%)