FINANCIAL STATEMENT RELEASE

1 JANUARY – 31 DECEMBER 2022

SRV GROUP PLC
2 February 2023 at 8:30 am

OPERATIVE OPERATING PROFIT IMPROVED IN CHALLENGING MARKET SITUATION, ORDER BACKLOG STRENGTHENED TOWARDS THE END OF THE YEAR

SRV GROUP PLC
FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2022

January-December 2022 in brief:

- **Revenue** amounted to EUR 770.1 million (932.6 1–12/2021).
- **Operative operating profit** amounted to EUR 18.9 (5.3) million.
- **Operating profit** was EUR -76.4 (-1.7) million; write-downs of assets in Russia and the Fennovoima holding, the dissolution of profit margin eliminations, and the weakening of the rouble had a total impact of EUR -92.5 million.
- **The result before taxes** was EUR -79.1 (-20.3) million. Write-downs and the weakening of the rouble had an impact of EUR -132.7 million and the financial arrangements an impact of EUR 38.6 million.
- **Cash flow from operating and investment activities** totalled EUR -8.0 (76.2) million.
- The comprehensive restructuring of financing carried out during the second quarter significantly strengthened equity and reduced net interest-bearing debt. **Equity ratio** rose to 36.3 (27.4) per cent and **gearing** declined to 55.1 (103.0) per cent. Excluding the impact of IFRS 16, the equity ratio was 48.2 (32.8) per cent and gearing was -7.5 (47.5) per cent. The equity ratio in accordance with the loan covenant calculation was 48.2 per cent.
- At period-end, **the order backlog** stood at EUR 838.8 (872.3) million. New agreements valued at EUR 624.6 (588.6) million were signed in January–December. The sold share of the order backlog was 89.2 (91.5) per cent.
- **Earnings per share** were EUR -6.62 (2.29). The share issues carried out during the review period, the effect of the subscription price of the new shares and the 40:1 reverse share split in July have been taken into consideration in the calculation of the key figure.

October–December 2022 in brief:

- **Revenue** amounted to EUR 181.2 million (336.3 10–12/2021).
- **Operative operating profit** amounted to EUR 0.2 (-4.6) million.
- **Operating profit** was EUR -6.3 (-11.5) million.
- **Cash flow from operating and investment activities** totalled EUR 4.6 (62.1) million.
- **New agreements** valued at EUR 287.2 (160.7) million were **entered into the order backlog**.

Outlook for 2023:

During 2023, SRV's revenue and result will be affected by several factors in addition to general economic trends, such as: the timing and amount of income recognition for SRV's own projects, which are recognised as income upon delivery; the margin of the order backlog and its development; the start-up of new contracts and development projects; the war that Russia started against Ukraine, including its related direct and indirect effects, such as material costs and the availability of materials and labour; and changes in demand. Higher interest rates and inflation have a negative impact on demand for housing and business premises among consumers and investors, and thus pose uncertainty with respect to the estimated start-ups of new projects. Revenue in 2023 will mainly be generated by cooperative contracting as well as development projects sold to investors. At the beginning of the year, the order backlog will focus strongly on cooperative contracting, which involves fewer risks but lower margins, due to which the largest share of earnings in 2023 is expected to be generated in the latter part of the year. In 2023, the share of revenue accounted for by developer-contracted housing production will remain small.

- Consolidated **revenue** for 2023 is expected to decrease compared to 2022 (revenue in 2022: EUR 770.1 million).
- **Operative operating profit** is expected to be positive, but lower than the operative operating profit for 2022 (operative operating profit in 2022: EUR 18.9 million).

Events after the end of the review period:

- SRV announced on 2 February 2023 that the company will set new long-term financial objectives that it aims to achieve by the end of 2026:
  - Operative operating profit: 6%
  - Revenue: EUR 900 million
  - The objective is to distribute a dividend equalling 30-50 per cent of the annual result, while taking into account the outlook and capital needs of the company

- On 2 February 2023 SRV announced remuneration paid out from the one-off long-term incentive plan 2021-2022 and discontinuations of the President & CEO's share-based incentive plan 2019-2026 and the long-term incentive plan 2021-2025.

OVERALL REVIEW

Group key figures (IFRS, EUR million)	**1-12/ 2022**	1-12/ 2021	change	change, %	**10-12/ 2022**	10-12/ 2021
Revenue	**770.1**	932.6	-162.5	-17.4	**181.2**	336.3
Construction	746.3	930.1	-183.9	-19.8	180.4	335.8
Investments	9.9	6.8	3.1	46.1	0.9	0.6
Other operations and eliminations	13.8	-4.4	18.2		-0.1	-0.2
Operative operating profit 1)	**18.9**	5.3	13.6	256.9	**0.2**	-4.6
Construction	23.3	14.1	9.1	64.8	2.3	-1.3
Investments	0.5	-4.6	5.1		-0.8	-1.7
Other operations and eliminations	-4.9	-4.3	-0.6		-1.3	-1.5
Operative operating profit, %	**2.5**	0.6			**0.1**	-1.4
Operating profit	**-76.4**	-1.7	-74.7		**-6.3**	-11.5
Construction	23.3	14.1	9.1	64,8	2.3	-1.3

Investments	-109.3	-11.6	-97.8		-7.2	-8.6
Other operations and eliminations	9.7	-4.3	13.9		-1.3	-1.5
Operating profit, %	**-9.9**	-0.2			**-3.5**	-3.4
Financial income and expenses, total	**-2.7**	-18.6	16.0		**-3.8**	-8.1
Profit before taxes	**-79.1**	-20.3	-58.7		**-10.0**	-19.6
Net profit for the period	**-85.7**	-19.9	-65.8		**-8.9**	-19.5
Net profit for the period, %	**-11.1**	-2.1			**-4.9**	-5.8
Order backlog (unrecognised) [2)]	**838.8**	872.3	-33.5	-3.8		
New agreements	**624.6**	588.6	35.9	6.1	**287.2**	160.7

1) The reconciliation calculation for operative operating profit can be found underneath the “Key figures” table.
2) The Group’s order backlog consists of the Construction business.

Group key figures **(IFRS, EUR million)**	**1-12/ 2022**	1-12/ 2021	change,	change, %
Equity ratio, %	**36.3**	27.4		
Equity ratio, %, excl. IFRS 16 [1]	**48.2**	32.8		
Net interest-bearing debt	**80.5**	170.0	-89.5	-52.6
Net interest-bearing debt, excl. IFRS 16 [1]	**-11.5**	81.0	-92.4	-114.2
Net gearing ratio, %	**55.1**	103.0		
Net gearing ratio, %, excl. IFRS 16 [1]	**-7.5**	47.5		
Return on investment, %	**-7.8**	-0.6		
Capital employed	**272.0**	403.0	-131.0	-32.5
Construction	212.4	195.8	16.6	8.5
Investments	10.9	167.3	-156.4	-93.5
Other operations and eliminations	48.7	40.0	8.7	
Capital employed, excl. IFRS 16 [1]	**186.4**	319.4	-133.0	-41.6
Return on equity, %	**-50.0**	-11.5		
Earnings per share, EUR[2]	**-6.6**	-2.3	-3.7	-187.8
Share price at end of period[2]	**3.80**	14.8	-11.0	-74.3
Weighted number of shares at end of period, millions [2]	**13.2**	9.4		

1) The figure has been adjusted to remove the impacts of IFRS 16.
2) The key figure has been adjusted for the share issue and the reverse share split in July 2022.

January-December 2022

The Group’s **revenue** declined by 17.4 per cent to EUR 770.1 million (932.6 1–12/2021). Revenue included the positive effect of the dissolution of a profit margin elimination in construction operations amounting to EUR 14.5 million as a result of write-downs of assets in Russia and the Fennovoima holding. Revenue from both business and housing construction was down.

The Group’s **operative operating profit** improved and amounted to EUR 18.9 (5.3) million. Operative operating profit totalled EUR 23.3 (14.1) million for the Construction segment and EUR 0.5 (-4.6) million for the Investments segment. The operative operating profit of the Construction segment improved in both housing and business construction. The higher volume of housing contracting carried out as development projects contributed to growth in housing construction. The margin in business construction improved in spite of the decline in volume. The comparison period was burdened by the losses of the Tampere Arena project. The operative operating profit of the Investments segment was improved by capital gains from the sale of a commercial centre in Porvoo.

The Group’s **operating profit** was EUR -76.4 (-1.7) million. Operating profit was impacted by, for instance, substantial write-downs of assets in Russia and the Fennovoima holding, the dissolution of profit margin eliminations and changes in the exchange rate of the rouble, which had a total impact of EUR -92.5 million. The effects of write-downs and changes in exchange rates are reported in the Investments segment and the effects of the dissolution of profit margin eliminations in the other operations and eliminations unit.

Financial income and expenses amounted to EUR -2.7 (-18.6) million. Net financial expenses included EUR -41.7 million in write-downs of shareholder loans used to finance Russian associated companies, and exchange rate differences amounting to EUR 1.5 million arising from the conversion of subsidiary and associated company loans, which did not have an impact on cash flow. Financial income included proceeds of EUR 17.1 million from the difference between the price paid for repurchased notes and their carrying amount. The terms of the remaining notes were amended to convert them into hybrid bonds and the change in their fair value yielded financial income of EUR 22.9 million. Dividend and interest income amounted to EUR 1.4 (3.0) million, interest paid on derivatives and fair value changes amounted to EUR 8.2 (1.3) million, and interest expenses were EUR -5.7 (-11.0) million, of which EUR 0.1 (0.5) million was capitalised as of the beginning of the year. In addition, financial expenses included EUR -4.5 (-5.2) million in interest on lease agreement debts under IFRS 16. The financing arrangements caused expenses of EUR 4.4 million, of which EUR 3.5 million were recognised directly as a reduction in equity and EUR 0.9 million as financial expenses.

The Group's **profit before taxes** totalled EUR -79.1 (-20.3) million.

Cash flow from operating activities was EUR -10.1 (68.9) million and **cash flow from investment activities** was EUR 2.1 (7.2) million. EUR 15.7 million in repayments on the 2020 VAT payment arrangement had a negative impact on cash flow from operating activities. The taxes included in the payment arrangement were fully paid in the review period.

The **equity ratio** was 36.3 (27.4) per cent and **gearing** was 55.1 (103.0) per cent. Excluding the impact of IFRS 16, the equity ratio was 48.2 (32.8) per cent and gearing was -7.5 (47.5) per cent. The equity ratio in accordance with the loan covenant calculation was 48.2 (34.3) per cent. In the first quarter, equity ratio and gearing weakened steeply because the company wrote down the balance sheet values of practically all of its holdings in Russia and the Fennovoima holding. The financing arrangement carried out during the second quarter in turn improved the equity ratio and gearing to stronger levels than before Russia invaded Ukraine.

At period-end, the Group's **order backlog** stood at EUR 838.8 (872.3) million. New agreements valued at EUR 624.6 (588.6) million were signed in January–December. The most significant new projects were the new ward building at Jorvi Hospital, the fourth tower building comprising 240 residential units and daycare facilities in Kalasatama, Helsinki for PATRIZIA, the Wintteri education and wellness campus in Uusikaupunki, the Wood City II headquarters being built for WithSecure, the Oulu Central Police Station and Prison, and the Eastern Uusimaa Main Police Station and Prison. In addition, the developer-contracted housing project Kokardi was started up in Pasila, Helsinki during the review period. The sold share of the order backlog was 89.2 (91.5) per cent.

In addition, SRV has announced won projects valued at about EUR 1.2 billion that have not yet been entered into the order backlog. These include the Laakso Joint Hospital in Helsinki, the Sammontalo Building in Lappeenranta, the extension of the National Museum of Finland in Helsinki and housing projects for Kojamo. Most of the revenue from projects is generated by contracts carried out under project management or alliance models.

The Group's **earnings per share** were EUR -6.62 (-2.29). The share issues carried out during the review period, the effect of the subscription price of the new shares and the 40:1 reverse share split in July have been taken into consideration in the calculation of the key figure and its comparison data.

October-December 2022

The Group's **revenue** in October-December amounted to EUR 181.2 (336.2) million. Revenue was down in both housing and business construction. The decline in housing construction was affected particularly by the recognition of the Redi Loisto tower building as income in the comparison period.

The Group's **operative operating profit** amounted to EUR 0.2 (-4.6) million. Operative operating profit totalled EUR 2.3 (-1.3) million for the Construction segment and EUR -0.8 (-1.7) million for the Investments segment. The operative operating profit of the Construction business increased in spite of the decrease in volume and the low amount of developer-contracted housing production. The comparison period for business construction was burdened by the losses of the Tampere Arena project.

The Group's **operating profit** was EUR -6.3 (-11.5) million. The net effect of rouble exchange rate differences, other exchange rate differences and write-downs included in the associated company result amounted to EUR -2.8 (-1.0) million.

New agreements valued at EUR 287.2 (160.7) million were entered into the Group's **order backlog** in October–December.

CEO'S REVIEW

”2022 was a very exceptional year, as the market environment was hit by multiple dramatic upheavals. Russia’s war of aggression against Ukraine led us to write down our assets in Russia. Our most important achievement during the past year was the extensive financing arrangement we carried out in the second quarter, which substantially strengthened our balance sheet. Thanks to these changes, we are a practically net debt-free Finnish construction company.

In addition to our successful financing arrangement, we have managed to significantly improve the controllability of our projects, creating confidence in the future. All in all, we performed well in a tough inflationary environment and safeguarded our profitability – we can be reasonably satisfied with our result for 2022, especially considering the structure of the project portfolio. The long decline in our order backlog also came to an end during the last quarter when the Eastern Uusimaa Main Police Station and Prison as well as the new ward building at Jorvi Hospital were entered into the backlog. We expect that previously won contracts and projects under preliminary contracts will be recognised in our order backlog in the first months of the year, with a value of around EUR 1.2 billion. Furthermore, during the last quarter and after the end of the review period, we won new projects that have as yet not been entered into the order backlog.

The inflation accelerated by Russia’s invasion of Ukraine, the consequent rapid rise in interest rates, the further slump in consumer confidence and greater cautiousness among investors significantly slowed down demand and the development of the structure of our project portfolio. We have systematically developed our capabilities to restructure our portfolio and have projects that we can go ahead with quickly when demand recovers.

As we did not achieve the sought-after growth in developer-contracted housing construction in 2022, the number of unsold residential units that have been completed and under construction remains low. This is positive in view of prevailing demand. At the end of December, 23 completed residential units were unsold. We estimate that housing demand will be weak in all customer segments at the beginning of 2023.

Real estate investors are also cautious about business premises. At the same time, the public sector is making relatively large investments. In our view, investment demand in industry has also become more active; in this sector, too, the implementation of investments is shifting over to modern cooperative contract forms, in which we hold a strong market position.

As a result of lower demand, the decrease in revenue and the small share of our portfolio structure accounted for by developer-contracted and development projects will be evident in the current year as weakening profitability. On the other hand, our volume of project management and alliance contracting-focused business construction – involving fewer risks, but lower margins – will carry the company over 2023, which will be a difficult year.

Our outlays on the lifecycle wisdom of the projects we build is at the heart of our strategy. This is based on our environmentally friendly material choices, energy and resource efficiency, use of renewable energy, taking the environment into consideration through materials recycling, our biodiversity targets and the fact that all our construction sites have net-zero emissions. For instance, of the projects completed during the review period, the design and technical building systems of the Vantaan Pressi B building – business premises owned by Julius Tallberg Real Estate Corporation in Vantaankoski – emphasised energy-efficiency and lifecycle wisdom.

During the review period, we continued to make progress towards our goal of exiting Russia and in November were able to sell our holding in the Okhta Mall shopping centre in St Petersburg. After its sale, we are still a co-owner in two Russian shopping centres through associated companies and also own a plot in the country. We are actively continuing to engage in negotiations in order to completely exit our business in Russia.

On the date of the publication of the interim report, we announced that we are updating our long-term financial objectives. The long-term financial objectives that we seek to achieve by the end of 2026 are operative operating profit of 6 per cent and revenue of EUR 900 million. The objective is to also distribute a dividend equalling 30-50 per cent of the annual result, while taking into account the outlook and capital needs of the company. We believe that it is possible for us to reach the six per cent objective set for operative operating profit. The achievement of the objective calls for strong growth, successful project development and changes to our portfolio in the years ahead. During the past few years, we have bolstered our project development throughout the organisation. The most recent step was the appointment of Hannu Lokka as Executive Vice President, Strategic Project Development and a member of the Corporate Executive Team in December. He stepped into his position on 16 January as the successor of Timo Nieminen.

In November-December, we carried out change negotiations under the Act on Co-operation within Undertakings with a view to adjusting our cost structure and number of personnel to current market demand. The personnel cuts and layoffs made as a result of the negotiations are part of adjustment measures – in combination with our other measures – with which we are seeking a total of EUR 6-8 million in cost savings in 2023.

We expect that the beginning of 2023 will be a challenging period in terms of demand. Thanks to our strong progress in our lifecycle-wise strategy, the improvement of the controllability of our projects, the relatively risk-free structure of our project portfolio and our stronger project development portfolio, we are well-poised to face market difficulties and build future profitable growth.

I would like to thank our shareholders, customers, partners and personnel for the past year!"

Saku Sipola, President & CEO

MARKETS

The Finnish economy saw brisk growth in early 2022 as the coronavirus pandemic loosened its grip. Russia's war against Ukraine weakened the outlook for the economy and the good growth of the Finnish economy slackened towards the end of the year. The Finnish economy grew by 1.9 per cent in 2022 and is forecast to contract by 0.5 per cent in 2023. However, the mild recession is expected to remain brief, with the economy recovering to growth of 1.1 per cent in 2024. (Source: Bank of Finland)

The energy crisis triggered by Russia's war of aggression and broad-based inflation caused consumer prices to soar in 2022. Year-on-year change in consumer prices was 9.1 per cent in December and average inflation in 2022 amounted to 7.1 per cent. Private consumption grew in 2022, but inflation and rising interest rates will cut into private consumption in the next few years. The labour market was in good shape in 2022. The weakening economy poses a challenge to the labour market and it is expected that the unemployment rate will rise temporarily. (Source: Bank of Finland)

Consumer confidence plummeted immediately when Russia invaded Ukraine. The balance figure for the consumer confidence indicator was -18.5 in December, while it was -1.7 in January 2022. The figure for December is the worst recorded in the 1995–2022 period. Consumers' views on the Finnish economy and their own finances are gloomy – they are especially worried about high inflation. (Source: Statistics Finland)

Urbanisation in Finland has maintained demand for both housing and business construction, especially in growth centres. The number of building permits began to decline at the end of 2021, and the outbreak of war in early spring 2022 further weakened the outlook for construction. The robust order backlog for 2021 maintained growth in construction in 2022. However, construction is expected to decline by 2–5 per cent in 2023. (Source: Confederation of Finnish Construction Industries RT and Forecon)

Russia's war of aggression and the consequent Russian sanctions and ending of Ukrainian material deliveries caused problems with the availability of certain materials and increases in the prices of materials in spring 2022. As the Russian supply of natural gas to Europe declined in the summer and finally ceased, the price of energy rose substantially in Finland and the rest of Europe, causing additional pressures on rising material prices. Towards the end of 2022, the rate of growth in material costs slowed down and the availability problems lessened.

In 2022, the intentions of households to buy a residential unit declined significantly due to reasons such as higher interest rates and weaker purchasing power. The pace of housing construction slowed down from its 2021 peak, and approximately 41,000 units were started up in 2022. It is expected that around 34-36,000 residential units will be started in 2023. Business construction continued to grow in 2022, driven by industrial and energy investments. However, uncertainty and high costs hamper tender operations, and business construction will begin to decline this year. (Source: Confederation of Finnish Construction Industries RT and Forecon)

2022 got off to a strong start in the Finnish real estate market, with a wide variety of trading in different sectors. Russia's war against Ukraine, accelerating inflation and rising interest rates muted sales of real estate and contributed to the growth in yield requirements in all segments. Trading volumes are expected to keep slackening in early 2023. Investors will most likely remain primarily interested in targets with strong cash flows, such as housing and public services premises. (Source: KTI)

SEGMENT REPORTING

The Construction segment covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. It is SRV's intention to develop, build and sell these plots to a faster schedule than those we report on in the Investments segment. Construction encompasses housing, business and infrastructure construction, project development, technical units, procurement, and internal services. Operationally, Construction is divided into four business units: 1) Regional Units, 2) Housing, Helsinki Metropolitan Area, 3) Business Premises, Helsinki Metropolitan Area and 4) construction within Operations in Russia and Estonia, in which construction projects are no longer ongoing or planned.

Investments encompasses both complete and incomplete sites in which the company is a long-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development and long-term ownership, are also reported on under Investments. The Investments segment focuses on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of properties. Previously, the bulk of the Investments segment's capital employed was committed in Russia. These investments were almost entirely written down in April 2022. In November 2022, SRV sold its holding in the Okhta Mall shopping centre in St Petersburg. Following this sale, SRV is a co-owner in two Russian shopping centres through associated companies. In addition, SRV owns one plot in Russia. The company is actively continuing to engage in negotiations aiming at the sale of its remaining Russian assets in order to completely exit its business there.

Other operations and eliminations includes the parent company's (SRV Group Plc) strategic project development, finance and financing, HR, legal affairs, communications and marketing, information management, business development, strategy and risk management. Group eliminations are also included in this unit.

CONSTRUCTION

SRV provides efficient, top-quality and end-to-end project management contracting and construction services for both its own and its customers' development projects. This segment focuses on housing, business and infrastructure construction in selected urban growth centres in Finland, as per the company's strategy. It is also responsible for sales of developer-contracted housing projects, services for residents, leasing of premises in business development projects, and maintenance of business properties completed as lifecycle projects. One of Construction's main objectives is to enhance the profitability of SRV's business, taking lifecycle-wise construction into consideration, and provide an excellent customer experience as a professional in project management and production implementation. Operations are built on the SRV Approach, which is based on in-depth understanding of customer needs and a transparent cooperative operating model. The SRV Approach also revolves around the efficient implementation of projects in collaboration with our extensive network of professional partners.

Construction (EUR million)	**1-12/ 2022**	1-12/ 2021	change	change, %	**10-12/ 2022**	10-12/ 2021
Revenue	**746.3**	930.1	-183.9	-19.8	**180.4**	335.8
business construction	427.3	581.4	-154.1	-26.5	**112.3**	184.8
housing construction	319.0	348.8	-29.7	-8.5	**68.1**	151.1
Operating profit	**23.3**	14.1	9.1	64.8	**2.3**	-1.3
Operating profit, %	**3.1**	1.5			**1.3**	-0.4
Capital employed	**212.4**	195.8	16.6	8.5	**212.4**	195.8
Return on investment, %	**11.5**	5.1	6.4	125.1		
Order backlog	**838.8**	872.3	-33.5	-3.8		
business construction	684.0	508.3	175.7	34.6		
housing construction	154.7	364.0	-209.2	-57.5		
Group, total	**838.8**	872.3	-33.5	-3.8		
sold order backlog	**747.8**	798.2	-50.5	-6.3		
unsold order backlog	91.0	74.0	17.0	22.9		
sold order backlog, %	89.2	91.5				
unsold order backlog, %	10.8	8.5				

January-December 2022

Construction's **revenue** declined to EUR 746.3 million (930.1 1-12/2021). Revenue declined in both housing and business construction. The decline in housing construction was affected particularly by the recognition of the Redi Loisto tower building as income in the comparison period. Revenue from business construction was down particularly in development projects, in which the revenue for the comparison period was increased by the construction of the Tampere Arena.

Construction's **operating profit** rose to EUR 23.3 (14.1) million. The Construction segment's operating profit improved in both housing and business construction. The higher volume of housing contracting carried out as development projects contributed to growth in housing construction. The margin in business construction improved in spite of the decline in volume. In addition, the comparison period was burdened by the losses of the Tampere Arena project.

Construction's **order backlog** stood at EUR 838.8 (872.3) million and 89.2 (91.5) per cent of the order backlog has been sold. New agreements valued at EUR 624.6 (588.6) million were recognised in the order backlog in January–December.

Construction's **capital employed** totalled EUR 212.4 million (195.8 12/2021).

October-December 2022

Revenue **from construction** totalled EUR 180.4 (335.8) million.

Operating profit was EUR 2.3 (-1.3) million. Construction's operating profit improved in spite of the decrease in volume and the low amount of developer-contracted housing production. The comparison period for business construction was burdened by the losses of the Tampere Arena project.

New agreements valued at EUR 287.2 (160.7) million were entered into the order backlog.

Housing construction

In accordance with SRV's strategy, the company's housing construction mainly consists of residential development projects and developer-contracted housing projects in Finland's strongest growth centres, and particularly in the Helsinki Metropolitan Area. In addition, SRV selectively carries out housing construction projects for external clients. A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as income when the project has been completed and as the units are sold. A residential development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as income according to the percentage of completion. Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as income on the basis of the percentage of completion or as set out in the agreement.

January-December 2022

Revenue from housing construction decreased to EUR 319.0 (348.8) million due to the lower volume of development projects. The volume of development projects has grown, while the volume of developer-contracted housing projects has declined due to the recognition of the Redi Loisto tower building as income in the comparison period. 210 (368) developer-contracted residential units were completed during the review period, and 196 (453) were recognised as income during the period. The order backlog for housing construction stood at EUR 154.7 (364.0) million.

October-December 2022

Revenue from housing construction declined to EUR 68.1 million **(**151.1 10-12/2021**)**. No new projects were entered in the order backlog during the quarter now ended.

Housing under construction

At the end of December, SRV had a total of 1,360 (2,085) residential units under construction in Finland, mostly in growth centres. There were 85 (210) developer-contracted residential units under construction. SRV began the construction of 85 new developer-contracted residential units in Pasila, Helsinki, and Aviapolis, Vantaa during the review period.

Developer-contracted residential units are only recognised as income on completion, and only to the extent that they have been sold, after an average construction period of about 18 months. At the end of December, a total of 1,170 (1,648) units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Tampere.

The eight tower buildings being built in Kalasatama, Helsinki comprise the largest construction project in SRV's history. The construction of the third residential tower, Lumo One (previously called Kompassi), began in April 2020 for Kojamo. It was completed in August 2022. The project was handed over to the client in phases in summer 2022 – floors 1–13 in June and floors 14–31 in August. In December 2021, SRV signed a EUR 101 million agreement with PATRIZIA to build Visio, the fourth tower building in Kalasatama. Construction was started and the project was entered in the order backlog in the first quarter of 2022. Visio reached its rooftop height in September 2022.

Housing construction projects under development

SRV focuses on residential project development in urban growth centres. SRV is currently developing housing construction projects in areas such as Kivenlahti, Espoonlahti, Kaitaa, Vermonniitty, Säterinkallio and Keilaniemi in Espoo and Lapinmäentie and Jätkäsaari in Helsinki.

Completed residential units, developer contracting

In January-December, 210 (368) residential units were completed in Pitäjänmäki and Pasila in Helsinki, Louhela in Vantaa, Kaleva in Tampere and the centre of Kaarina. At the end of December, 23 (9) completed apartments remained unsold. A total of 32 (409) developer-contracted residential units were sold during January–December.

Residential units recognised as income

In January-December, 196 (453) developer-contracted residential units were recognised as income, generating total revenue of EUR 48.4 (161.3) million.

Housing construction, Group units	**1-12/ 2022**	**1-12/ 2021**	**change, units**	**10-12/ 2022**	10-12/ **2021**
Housing sales	**272**	1,313	-1,041	**3**	190
developer contracting	**32**	409	-377	**3**	31
sold to investors	**240**	904	-664	**0**	159
Developer contracting					
start-ups	**85**	195	-110	**0**	0
completed	**210**	368	-158	**0**	260

recognised as income	**196**	453	-257	**3**	259
completed and unsold	**23**	9	14		
Under construction	**1.360**	2.085	-725		
contracts	**0**	0	0		
negotiated contracts	**105**	227	-122		
sold to investors	**1.170**	1.648	-478		
developer contracting	**85**	210	-125		
sold	2	166	-164		
unsold	83	44	39		
sold, %	2.4	79			
unsold, %	97.6	21			

Order backlog, housing construction (EUR million)	**1-12/ 2022**	**1-12/ 2021**	**change, EUR million**	**change, %**
Contracts and negotiated contracts	**74.6**	251.1	-176.5	-70.3%
Under construction, sold	**0.8**	38.8	-38.0	-98.0%
Under construction, unsold	**73.9**	71.2	2.7	3.8%
Completed and unsold developer contracting	**5.4**	2.8	2.6	91.1%
Housing construction, total	**154.7**	364.0	-209.2	-57.5%

The Group's largest developer-contracted housing projects under construction in Finland

Project name	**Location**	**Completion (estimate)**	**Units**	**Sold**	**For sale**
Kokardi	Helsinki	Q1/2024	62	2	60

The largest ongoing housing projects in Finland, investor projects and housing contracting

Project name	**Location**	**Developer**	**Completion level, %***	**Completion (estimate)**
Haltiantie 14	Vantaa	Kojamo	80	Q1/2023
Kalevan Klaffi	Tampere	Pro ry, PAM ry, JHL ry	89	Q1/2023
Kalevan Vitriini	Tampere	Pro ry, PAM ry, JHL ry	91	Q1/2023
Aleksinniitty	Kerava	DWS	82	Q1/2023

Höyrypilli & Vihellys	Helsinki	Kojamo	62	Q3/2023
Pohjantytär	Helsinki	DWS	69	Q3/2023
Haltiantien Pekko	Vantaa	Suomen Asuntoneuvoja	51	Q4/2023
Ainonkannel	Helsinki	Kojamo	70	Q4/2023
Visio	Helsinki	Patrizia	63	Q1/2024

* Situation at 31 December 2022

Business and infrastructure construction

In accordance with SRV's strategy, the company's business construction mainly consists of project management contracts and alliance projects for external clients, lifecycle projects, and SRV's own development projects. In addition to the basic profit margin, alliance projects offer the potential for extra earnings if the targets set for the project are achieved. Project management contracts are based either on a target price and guaranteed maximum price or a target budget. Like alliance projects, they offer the potential for extra earnings. In lifecycle projects, SRV is responsible for both the construction of the building and, for a separate service charge, also the property's maintenance for an agreed service period. A business development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the risks involved in both the construction and leasing of such projects.

January-December 2022

Revenue from business construction decreased to EUR 427.3 (581.4) million and the order backlog grew to EUR 684.0 (508.3) million. This was because large projects completed at the end of last year were removed from the order backlog.

October-December 2022

Revenue from business construction declined to EUR 112.3 (184.8) million, and projects valued at EUR 172.5 (112.4) million were entered into the order backlog, of which the most significant are the new ward building at the Jorvi Hospital, the Eastern Uusimaa Main Police Station and Prison, and the Ruutana school centre in Kangasala.

Business and infrastructure projects under construction

Major ongoing business and infrastructure construction projects include the Helsinki Airport's Terminal 2 extention and alteration project, which is being implemented under an alliance model and has progressed to its final phase, the basic renovation of the Finnish National Theatre and the operating theatres at HUS Jorvi Hospital, and the Matinkylä upper secondary school in Espoo. SRV is also currently carrying out the Culture Barracks basic renovation in Helsinki. In addition, SRV is currently building WithSecure's new headquarters in Helsinki, a fibre mill for Woodspin in Jyväskylä, the Wintteri education and wellness campus in Uusikaupunki, the Lamminrahka school centre in Kangasala, the Helsinki Upper Secondary School of Natural Sciences, the Hovirinta school in Kaarina, business premises for Senate Properties, the Oulu Central Police Station and Prison, a basic renovation project for Lahti City Hall, the Satama Arena event centre in Kotka, a multipurpose hall for Rauma Marine Constructions and the Helsinki Upper Secondary School of Languages, which is being implemented as a lifecycle project.

Business and infrastructure projects under development

SRV’s project development is developing a diverse range of business premises, such as offices, hotels, logistics centres and retail premises in Finland’s strongest urban centres. Examples of major projects currently under development in the Greater Helsinki area include the Horisontti office tower in Kalasatama, Tower A (aka Pohjola Building) on Lapinmäentie, the Pressi office and logistics area in Vantaankoski, the metro centre in Kivenlahti, and Bunkkeri in Jätkäsaari. Bunkkeri is being planned to be turned into a 13-storey landmark with versatile sports facilities, a swimming pool, and about 300 apartments.

Completed business and infrastructure projects

In January-December, SRV completed the basic renovation of Snellmania in Kruununhaka, Helsinki for Helsinki University Properties, the Pressi B Building for Julius Tallberg Real Estate Corporation in Vantaankoski, Vantaa, the Jousenkaari School in Espoo, new premises for the Radiation and Nuclear Safety Authority (STUK) in Vantaa, the Siuntio education and wellness campus, which was implemented as a lifecycle project, the Espoonlahti metro station, concrete structures for a fuel field at the bioheating plant in Vuosaari, the Kirkkonummi wellness centre, HUS Bridge Hospital in Helsinki, and the new Espoo Courthouse in Otaniemi.

The largest ongoing business construction projects

Project name	Location	Project type	Completion level, %*	Completion (estimate)
DEVELOPMENT PROJECTS				
Warasto Finland Lieto	Lieto	Retail	84	Q1/2023
Wood City Office II	Helsinki	Office	14	Q2/2024
BUSINESS PREMISES				
HUS Jorvi, basic renovation of operating theatres	Espoo	Public	98	Q1/2023
Basic renovation of the Finnish National Theatre	Helsinki	Public	79	Q2/2023
Lamminrahka school centre	Kangasala	Public	53	Q2/2023
Helsinki Upper Secondary School of Languages and Upper Secondary School for Adults	Helsinki	Public	70	Q3/2023
Kotka Event Centre	Kotka	Public	76	Q3/2023
Matinkylä upper secondary school	Espoo	Public	42	Q4/2023
Wintteri Uusikaupunki	Uusikaupunki	Public	23	Q1/2025
Oulu Central Police Station and Prison	Oulu	Public	4	Q4/2025
Vantaa Main Police Station and Prison	Vantaa	Public	2	Q3/2024
HUS Jorvi, new ward building	Espoo	Public	1	Q4/2025

* Situation at 31 December 2022
*The value of individual contracts has not been made public.

INVESTMENTS

SRV's investments focus on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of selected properties. Investments' key objectives are to increase SRV's financing capacity with the aid of joint financing structures; harness the value chains created by projects more extensively through longer-term ownership; diversify capital risk; and generate positive cash flow over the longer term. Previously, the bulk of the Investments segment's capital employed was committed in Russia. These investments were almost entirely written down in April 2022. In November 2022, SRV sold its holding in the Okhta Mall shopping centre in St Petersburg. Following this sale, SRV is a co-owner in two Russian shopping centres through associated companies. In addition, SRV owns one plot in Russia. The company is actively continuing to engage in negotiations aiming at the sale of its remaining Russian assets in order to completely exit its business there.

Investments (EUR million)	**1-12/ 2022**	1-12/ 2021	change, EUR million	change, %	**10-12/ 2022**	10-12/ 2021
Revenue	**9.9**	6.8	3.1	46.1	**0.9**	0.6
Operative operating profit	**0.5**	-4.6	5.1		**-0.8**	-1.7
Operating profit	**-109.3**	-11.6	-97.8		**-7.2**	-8.6
Capital employed	**10.9**	167.3	-156.4	-93,5	**10.9**	167.3
Return on investment, %	-118.3	-8.1	-110.2		-118.3	0,0

January-December 2022

Investments' **revenue** was EUR 9.9 (6.8) million.

Investments' **operative operating profit** amounted to EUR 0.5 (-4.6) million, affected by capital gains from the sale of a commercial centre in Porvoo.

Investments' **operating profit** was EUR -109.3 (-11.6) million. Operating profit was impacted by substantial write-downs of assets in Russia and the Fennovoima holding, which had a total impact of EUR -92.5 million. After the write-downs, the total value of SRV's holdings in Russia amounts to EUR 3.0 million. In addition, operating profit was affected by the net impact of the change in the exchange rate of the rouble, which was recognised prior to the asset write-downs and amounted to EUR 7.3 (1.5) million. The exchange rate impact, which largely had no effect on cash flow, was caused by the valuation of the euro-denominated loans of Russian associated companies in roubles, currency hedging expenses and changes in the market value of currency hedges. Operating profit was improved in July–September by the sale of a plot in Russia valued at EUR 1.8 million. The plot had been previously written down during the review period. In November 2022, SRV sold its holding in the Okhta Mall shopping centre in Russia for

EUR 4.3 million. Profits from the disposal of assets in Russia totalled EUR 6.3 million. The transaction had no impact on operative operating profit. In addition, impairment of EUR -2.3 million was recognised on the Tampere Central Deck and Arena investment in Q4.

Capital employed totalled EUR 10.9 million (167.3 12/2021). Capital employed decreased due to write-downs of Russia-related investments. The amount of capital employed remaining in Russia was EUR 3.0 million. The remainder of capital employed mainly comprises investments in the Tampere Central Deck and Arena project.

The return on investment was -118.3 (-8.1) per cent. Return on investment was impacted primarily by write-downs of assets in Russia.

Capital employed

Capital employed (EUR million)	**31 Dec. 2022**	31 Dec. 2021
Okhta Mall, shopping centre (sold 11/22)	**0.0**	69.3
Pearl Plaza, shopping centre	**0.0**	20.0
Other, Russia	**3.0**	52.1
Fennovoima	**0.0**	13.3
Tampere Central Deck and Arena	**7.9**	10.1
Plots and other holdings	**0.0**	2.4
Total	**10.9**	167.3

SRV has written down the balance sheet values of all of its Russian shopping centres and other investments, and most of its plots held in inventories. After the write-downs, capital employed largely consists of investments in Finnish subsidiaries, joint ventures and associated companies; loans issued; accrued income from associated companies; and their impairment and expense entries.

Holdings in Russia and Fennovoima

When Russia invaded Ukraine in February 2022, SRV decided to exit its businesses and holdings in Russia on an accelerated schedule. In November, SRV and its Finnish co-investors sold their holdings in Jupiter Realty 1 B.V., the company that owns the Okhta Mall shopping centre in St Petersburg, to the Cyprus-based property investor Geomare Investments Limited. After this divestment, SRV is a co-investor in two Russian shopping centre projects – Pearl Plaza and 4Daily – through its associated companies. In addition, SRV owns one plot in Russia. SRV is actively continuing to engage in negotiations aiming at the sale of its remaining Russian assets.

In April, due to the impairment of Russian business functions as a result of the country's invasion of Ukraine and the consequent economic sanctions, SRV wrote down the balance sheet values of practically all of its shopping centres and other holdings in Russia and its holding in Fennovoima. Impairments in the Investments segment totalled EUR -141.5 million, of which EUR -99.7 million impacted on operating profit and EUR -41.7 million on financial expenses. In addition, a change in the exchange rate of the rouble had a total impact of EUR 8.8 million on the Investments segment. After the write-downs and change in the exchange rate of the rouble, the total value of SRV's holdings in Russia is EUR 3.0 million. In addition to Investments, the other operations and eliminations unit was affected by both the dissolution of the profit margin elimination and tax-related write-downs with a net effect of EUR 11.6 million.

Shopping centres have been consolidated using the equity method. Their balance sheet value is compared to their cash flow statement value in order to test for potential impairment. SRV's investments in shopping centres consist of equity investments in associated companies and loans granted to them. Furthermore, the companies that own the shopping centres have preferred debt with local banks.

The calculation parameters are essential for the final result of the valuation calculation. The key parameters are inflation, growth in consumer demand, forecasts of the trend in rental income and the weighted average cost of capital, which correlates with the local risk-free interest level. The values of the calculation parameters have changed significantly after Russia invaded Ukraine. Expected inflation has risen significantly and the forecast for consumer demand has weakened considerably. The Central Bank of Russia has raised the key interest rate substantially, which in turn strongly increases the weighted average cost of capital. In the prevailing exceptional circumstances, the estimation of the used parameters involves extremely high uncertainty, and the situation is not expected to be rectified in the near future. Using the available sources of information, the company has sought to establish an overview of the parameters that is as accurate as possible. On the basis of the calculations, the discounted operational cash flows of the shopping centres, adjusted by the amount of working capital, do not exceed the value of the preferred debts of the centre in question and thus the asset items and their related loan receivables have been valued at zero. In the 2021 annual accounts, Pearl Plaza was valued at EUR 20.0 million and 4Daily was already valued at zero.

The valuation of plots owned in Russia has been based on SRV's strategy of developing and building on plots, and thus the need to recognise any impairments of these plots has been assessed through project calculations. In these changed circumstances, SRV no longer plans to develop and build on plots or leaseholds in Russia; instead, impairment testing will be performed by comparing the value of the plot or leasehold against its probable selling price. The assumed selling prices and sellability of plots have weakened substantially after the war began, and in the current exceptional situation the assessment of selling prices involves extremely high uncertainty. In accordance with the assessment that has been carried out, the plots have been valued at their assumed selling price of EUR 3.0 million, while in the 2021 annual accounts they were valued at EUR 47 million.

On 4 February 2022, SRV announced that it will sell its holding in Fennovoima to RAOS Voima Oy, subject to approval by the Ministry of Economic Affairs and Employment. The uncertainty surrounding the granting of the permit and the risk of the interruption of the nuclear power plant project have risen significantly due to Russia's war against Ukraine. Due to these reasons, SRV's holding in Fennovoima – valued at EUR 13.3 million in the annual financial statements dated 31 December 2021 – was written off in its entirety at the end of the first quarter. SRV still has an EUR 18.7 million investment commitment in the nuclear power plant project, which is subject to significant uncertainty after Fennovoima announced that it had terminated the plant delivery agreement with the RAOS Project on 2 May 2022 and cancelled its building permit application for the Hanhikivi 1 nuclear power plant on 24 May 2022. On 8 August 2022, SRV announced that the completion of the set of conditional agreements signed on 4 February 2022 between SRV and RAOS Voima Oy, which would have led to SRV's exit from its ownership in Fennovoima, will not be realised.

SRV's written-down shopping centre holdings in Russia on 31 December 2022

Project	Holding, %	Opened	Floor area (m²)	Occupancy rate 12/2022, %
Pearl Plaza, shopping centre, St Petersburg	SRV 50 Shanghai Industrial Investment Company 50	August 2013	Gross floor area 96,000 Leasable area 48,000	Lease agreements 98.6
4Daily, shopping centre, Moscow	Vicus 26 SRV 19 Blagosostoyanie 55	April 2017	Gross floor area 52,000 Leasable area 25,500	Lease agreements 83.8

In November 2022, SRV and its Finnish co-investors sold their holdings in Jupiter Realty 1 B.V., the company that owns the Okhta Mall shopping centre in St Petersburg.

Other holdings

SRV owns 5 per cent of Tampere Arena and has an 8.33 per cent holding in other Tampere Central Deck and Arena projects. The commercial property SRV owned at Ratsumestarinkatu 6 in Porvoo was sold during the second quarter.

Land reserves

Land reserves 31 Dec. 2022	Business construction	Housing construction	Investments	Total
Unbuilt land areas, land acquisition commitments and rented plots Building rights[1]), 1,000 m²	**105**	**174**	**173[2])**	**452**
Land development agreements Building rights[1]), 1,000 m²	**55**	**187**	**0**	**242**

1) Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV.
2) Consists of building rights on a plot in Russia. SRV does not plan to build on this plot.

FINANCING AND FINANCIAL POSITION

IFRS, (EUR million)	1-12/ 2022	1-12/ 2021	Change, %
Equity ratio, %	**36.3**	27.4	32.9
Equity ratio, %, excl. IFRS 16 [1])	**48.2**	32.8	47.0

Net gearing ratio, %	**55.1**	103.0	-46.5
Net gearing ratio, %, excl. IFRS 16 [1)]	**-7.5**	47.5	-115.8
Shareholders' equity	**146.2**	165.1	-11.4
Capital employed	**272.0**	403.0	-32.5
Net interest-bearing debt	**80.5**	170.0	-52.6
Net interest-bearing debt, excl. IFRS 16 [1)]	**-11.5**	81.0	-114.2
Interest-bearing debt	**125.8**	238.0	-47.1
of which short-term [2)]	12.4	22.5	-44.6
of which long-term	113.4	215.5	-47.4
Interest-bearing debt, excl. IFRS 16 [1)]	**33.8**	149.0	-77.3
Cash and cash equivalents	**45.3**	68.0	-33.4
Unused committed revolving credit facilities and overdraft facilities	**20.0**	30.0	33.3
Unused project loans that can be drawn immediately	**0.6**	2.1	-75.9

1) The figure has been adjusted to remove the impacts of IFRS 16.

SRV carried out the comprehensive restructuring of financing as planned in June during the first half of 2022 due to the impairments of assets in Russia and the holding in Fennovoima as a result of Russia's war against Ukraine and the related economic sanctions. These impairments had a substantial impact on SRV's shareholders' equity and equity ratio, and restructuring sought to counteract the effects of these impairments by substantially strengthening equity and reducing net interest-bearing debt.

The restructuring of financing in June consisted of the following measures:

(i) A rights issue of about EUR 34.8 million for the shareholders of the company. The issue was fully subscribed.

(ii) The company's EUR 100 million senior unsecured callable fixed-rate notes (of which EUR 21.1 million was outstanding on 31 Dec. 2022) and EUR 75 million senior unsecured callable fixed-rate notes (of which EUR 36.0 million was outstanding on 31 Dec. 2022) were converted into hybrid and convertible bonds by means of a written procedure. Conversion into convertible bonds was executed by amending the terms and conditions of the notes with the inclusion of a special right to convert the notes into shares pursuant to the Companies Act if the company does not redeem them before 30 June 2026. The notes were measured at fair value, which was 60 per cent of their nominal value when the terms and conditions were amended. EUR 34.3 million of the hybrid and convertible bonds with a nominal value of EUR 57.1 million were recognised in the balance sheet as equity instruments and the difference between their nominal value and carrying amount, EUR 22.8 million, was recognised as other financial income. During the written procedure on the amendment of the terms and conditions, the company made a voluntary tender offer to the noteholders at a price of 60 per cent of the nominal value. In the tender offer, notes with a total nominal value of EUR 42.7 million were purchased for EUR 25.6 million.

(iii) The terms and conditions of the EUR 45.0 million hybrid bonds the company issued on 22 March 2016 (with an outstanding principal of EUR 11.8 million) and the EUR 58.4 million hybrid bonds the company issued on 23 May 2019 (with an outstanding principal of EUR 3.6 million) were amended in a written procedure such that 55 per cent of the principal of the notes was written down and the remainder was converted to shares in a directed share issue with a subscription price of EUR 0.10 per share. 98.3 per cent of the outstanding principal of the hybrid bonds issued on 22 March 2016 and 100 per cent of the outstanding principal of the hybrid bonds issued on 23 May 2019 were used to subscribe for shares in the directed issue. The unconverted nominal value of the hybrid bonds was written down entirely.

(iv) With the syndicate banks, the company agreed on the extension of its revolving credit facility and project financing facility by 12 months and certain other amendments to the agreement on the revolving credit facility and project financing facility.

Net interest-bearing debt totalled EUR 80.5 million (170.0 12/2021) at the end of the review period. Net interest-bearing debt saw a year-on-year decrease of EUR 89.5 million. Excluding the impact of IFRS 16, net interest-bearing debt totalled EUR -11.5 (81.0) million, representing a decrease of EUR 89.5 million on the comparison period. Housing corporation loans accounted for EUR 7.4 (18.1) million of the interest-bearing debt. The amount of net interest-bearing debt was significantly impacted by the rights issue in June and the partial repurchase of notes and their conversion into hybrid bonds.

At the end of the review period, the company's equity ratio (excluding the impact of IFRS 16) was 48.2 per cent (32.8 12/2021) and gearing (excluding the impact of IFRS 16) was -7.5 per cent (47.5 12/2021). The equity ratio calculated as per the covenants of financing agreements was 48.2 per cent, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. The aforementioned financing arrangements carried out in June had a significant impact on the equity ratio and gearing.

At the end of the review period, EUR 10 million of the company's EUR 30 million revolving credit facility was withdrawn and EUR 20 million was unused. EUR 35.8 million of the company's EUR 40.0 million committed project financing facility was unused at the end of the review period. In addition, the company's EUR 63.0 million non-committed project financing facility was entirely unused at the end of the review period. As part of the aforementioned restructuring of financing, the due date of the revolving credit facility and project financing facility was extended to April 2024.

At the end of the period, the Group's financing reserves totalled EUR 65.9 million (100.1 12/2021), consisting of unused project loans (EUR 0.6 million), an undrawn revolving credit facility (EUR 20.0 million) and cash and cash equivalents (EUR 45.3 million). Financing reserves were affected by EUR -8.03 (76.2) million in cash flow from operating activities and investments, EUR -15.3 (-105.4) million in cash flow from financing activities, and a decrease in undrawn project loans.

The financial covenants of SRV's financing agreements are equity ratio, gearing, minimum operating margin, minimum cash, and certain other restrictions. The covenant levels of these financing agreements are determined on the basis of the accounting principles in force when the loan agreements were signed. Recognition of income on the basis of percentage of completion in developer contracting projects and the inclusion of capital loans into equity are taken into consideration in the calculation of the equity ratio covenant. The loan agreements also contain some other deviations from traditional covenant calculation methods. The main covenants of the financing agreements are presented in note 29 to the 2022 Annual Review.

SRV's investment commitments totalled EUR 19.6 (21.1) million at the end of the review period, and consisted of investments in Fennovoima and the Tampere Central Deck and Arena project.

SRV is exposed to changes in the exchange rate of the rouble through its Russian subsidiaries, associated companies and joint ventures. The weakening rouble led to translation differences of EUR -4.3 million (1.8 1-12/2021), which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate gains with no cash flow impact amounting to EUR 1.5 (1.9) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 7.3 (1.6) million with no cash flow impact under the profit accounted for by associated companies, which are due primarily to the weaker rouble exchange rate. The total impact on equity before the recognition of impairment was EUR 8.8 million. As a result of write-downs of Russian holdings, the currency risk position has decreased considerably. The remaining position is presented in note 12 to this interim report.

Due to its holdings in Russia, the company has accumulated translation differences totalling EUR -14.9 million directly in equity through the comprehensive income statement. The negative translation difference accrued upon disposal of the holdings will later be recognised as an expense in the income statement with an impact on operating profit, but without an effect on the total amount of equity or operative operating profit.

RISKS AND UNCERTAINTIES

SRV's most significant risks and uncertainties are related to unfavourable changes in the operating environments of the company and its customers, SRV's major projects tying up capital, the availability of financing for SRV and its projects, the rise in construction costs, SRV's earnings trends, and key project implementation risks. Market risks are linked to weakened demand, the availability of materials and energy, cost inflation, and rising interest rates. These factors could make it more difficult for customers to obtain financing, prompt investors to require higher returns or otherwise stricter investment criteria, decrease housing prices, and slow down housing sales. If such market risks materialise, they could pose a major risk to the company's financial position and profitability. Russia's ongoing war of aggression and the potential for escalation further increase the likelihood and impact of numerous risks and uncertainties. The risks related to the coronavirus pandemic have waned as the problems and restrictions caused by the disease have eased up.

Russia's war against Ukraine that started in February 2022 and the sanctions that were consequently imposed had a substantial impact on SRV's ability to operate in Russia. The company recognised substantial impairments of its Russian operations and decided to exit its businesses and holdings in Russia. SRV wrote down its holdings in Russia and Fennovoima almost in their entirety. The company carried out an extensive financing arrangement to restructure its balance sheet to bolster equity. Thanks to the financing arrangement, SRV has virtually no net debt and almost no risks in Russia.

SRV's investments in Russian shopping centres are holdings in associated companies. Their sale has been agreed upon in the shareholder agreement of each investment. That is, the company cannot decide on the sale of projects or their date of sale on its own. In November 2022, SRV and its Finnish co-investors sold their holdings in Jupiter Realty 1 B.V., the company that owns the Okhta Mall shopping centre in St Petersburg, to the Cyprus-based property investor Geomare Investments Limited. Following the sale of Okhta Mall, SRV is a co-owner in two Russian shopping centres through associated companies. In addition, SRV owns one plot in Russia. On 31 December 2022, the total value of holdings in Russia in SRV's balance sheet was only EUR 3.0 million. Due to sanctions and the tightening economic situation, SRV's risks in Russia – in addition to the remaining balance sheet item – are posed by managing the operations of the two remaining co-owned shopping centres and their profitability as well as the fulfilment of the covenant terms of the loan agreements of the companies that own the shopping centres. The company is focusing on the careful management of these shopping centres and at the same time is continuing to actively engage in negotiations with a view to selling its remaining assets in Russia.

Many of the risk positions involved in the construction industry have increased significantly due to the impacts of the war and the general weakening of the economy, also in Finland. The war has significantly increased uncertainty about future development. This uncertainty is negatively reflected in the confidence of both companies and consumers, and thereby also on construction and housing sales. High inflation and rising interest rates increase the risks further. The weakening economy and abundant supply of housing are causing downward pressure on housing demand and prices in particular. Problems in the real-estate markets of neighbouring regions may also impact on demand in Finland. Concerns about the potential spread of Russia's war against Ukraine into neighbouring countries might also decrease interest in Finland as an attractive business area and investment. Furthermore, as the sanctions imposed by western countries and Russia tighten, the availability of certain raw materials and especially energy throughout Europe may pose problems in the operations of customers and hamper the production and availability of construction materials, which may further increase construction costs. The extensive reconstruction of Ukraine in the future might also have a substantial impact on the availability and costs of labour and materials. In addition, the materialisation of certain other geopolitical tensions would pose problems to global production chains. Cyberattacks and hacking of telecommunications, IT systems and the functionality of other infrastructure are on the rise, which might cause disruptions in the operations of SRV and its customers and implementation partners. Problems in the energy market might also grow significantly, which could lead to energy shortages and power outages, for instance.

Due to the significant weakening of the outlook for the construction industry, SRV had to carry out change negotiations for production and financial reasons at the end of 2022 under the Act on Co-operation within Undertakings, resulting in personnel cuts and layoffs. At the same time, some functions were reorganised.

Through its subsidiary SRV Voima Oy, SRV has a holding in Voimaosakeyhtiö SF, the main owner of Fennovoima, which had prepared the Hanhikivi 1 nuclear power plant project. SRV has also made an investment commitment to Voimaosakeyhtiö SF concerning the construction of the nuclear power plant. SRV has the same rights and obligations as other Voimaosakeyhtiö SF shareholders. In May 2022, Fennovoima announced that it had terminated the Hanhikivi 1 nuclear power plant delivery agreement made with Rosatom and cancelled the construction permit application for the plant project. Due to the higher project risk, SRV's holding in Fennovoima – valued at EUR 13.3 million in the 2021 annual accounts – was written down in its entirety in the second quarter of 2022. After this write-down, the investment commitment to Voimaosakeyhtiö SF amounts to a maximum of EUR 18.7 million. That said, the realisation of this investment commitment involves significant uncertainty due to the status of the Hanhikivi 1 project.

Uncertainty posed by the coronavirus pandemic has decreased as the number of those who have been vaccinated and have had the illness has risen. However, the future development of the pandemic still involves risks, especially with respect to new variants of the virus. In addition, potential problems caused by the coronavirus in China, for example, may still have negative impacts on global delivery chains and thereby on the availability of materials and construction costs.

In the first quarter of 2022, SRV suspended the construction of the Torihotelli contract in Oulu due to the payment difficulties of the client. On 27 June 2022, SRV filed an application to declare the client bankrupt. As a result, the District Court of Oulu declared the company developing the hotel, Kiinteistö Oy Oulun Torihotelli, bankrupt on 26 August 2022. The assets of the bankruptcy estate are being liquidated. Receivables in the Torihotelli contract involve credit loss risks. At the end of December, SRV had about EUR 16.0 million in receivables due from Kiinteistö Oy Oulun Torihotelli, secured by a mortgage on the property under construction and pledges on certain other assets. The company has also initiated steps to liquidate its non-property collateral.

More detailed information about the company's business risks and risk management has been provided in the 2022 Notes to the Financial Statements and Annual Review, which will be published on 1 March 2023 on the company's website: www.srv.fi/en/investors/releases-and-publications/annual-reviews-financial-statements/. SRV also publishes a Corporate Governance Statement, which includes a description of the main features of the company's risk management systems, as a separate report from the Annual Review. This statement will be published on 1 March 2023 and will be available on the company's website at: www.srv.fi/en/investors/cg/.

PERSONNEL

Personnel by segment at end of period	1-12/ 2022	1-12/ 2021	Percentage of Group personnel
Construction	**770**	801	88.1
Investments	**41**	83	4.7
Other operations and eliminations	**63**	60	7.2
Group, total	**874**	944	100.0

SRV employed 948 people (958 1–12/2021) on average in January–December 2022. On average, 816 (803) people worked in Construction and 71 (100) people worked in Investments. 61 (55) people worked in Group operations.

Changes in the Corporate Executive Team

In December, SRV announced that construction engineer Hannu Lokka, 59 years old, had been appointed as SRV Group Plc's Executive Vice President, Strategic Project Development and a member of the Corporate Executive Team as of 16 January 2023. Timo Nieminen, Executive Vice President, Strategic Project Development has retired in December.

SUSTAINABILITY

Occupational safety

SRV's long-term target is to reach a level of zero accidents. The short-term target is to reduce the accident frequency by 10 per cent every year. The accident frequency rate target for 2023 is 10.9 accidents per million hours worked. In 2022, the Group's rolling 12-month accident frequency rate for its own and subcontractors' personnel stood at 12.1 accidents per million hours worked.

TR and MVR measurements are proactive, weekly occupational safety assessment methods used at building construction (TR) and civil engineering (MVR) sites. The final result is indicated with the safety index figure, which is calculated by dividing the number of correct observations by the total number and multiplying it by a hundred. The Group's target for TR and MVR measurements is at least 96 per cent. At the end of 2022, the Group's 12-month rolling TR measurement was 96.1 per cent and the MVR measurement was 95.4 per cent.

Environment

Material efficiency and minimising the amount of waste are two of the main objectives of SRV's environmental activities. The Group's recycling rate for the past twelve months stood at 98.7 per cent at the end of the review period. The recycling rate target for 2022 is 92 per cent. The Group's sorting rate for the past twelve months stood at 65.6 per cent. Although the Group's sorting rate is monitored on a monthly basis, sorting rate targets are always set by project. The aim is to increase the sorting rate in all projects to over 70 per cent in line with the EU taxonomy.

In 2022, SRV's own energy procurement is carbon neutral.

Sustainability at SRV is presented in more detail in the 2022 Annual Review, which will be published on 1 March 2023 on the company's website: https://www.srv.fi/en/investors/releases-and-publications/annual-reviews-financial-statements/.

A lifecycle-wise building is an active part of the energy network and supports wellbeing

Flexible energy consumption is an increasingly important element of both the operation of a lifecycle-wise building and the reliability of the national energy network. At the end of 2022, the Siuntio wellness centre, an SRV lifecycle project, introduced flexible consumption under the control of SRV's energy services, which can shift energy consumption by the users away from the most expensive and emission-intensive hours without changes to user wellbeing or indoor conditions. This also yields clear cost benefits to the building owners.

Finns spend 90 per cent of their time indoors and for this reason wellbeing is a particularly important aspect of lifecycle-wise buildings. Indoor air quality is a key factor for comfort. The volatile organic compound (VOC) concentration in indoor air is one of the main indicators of air quality. SRV continuously monitors VOC concentrations at sites such as the Siuntio wellness centre to better ensure good indoor conditions to their users.

CORPORATE GOVERNANCE AND THE DECISIONS OF THE ANNUAL GENERAL MEETING

Annual General Meeting

SRV Group Plc's Annual General Meeting was held on 28 March 2022. SRV published stock exchange releases on the decisions of the Annual General Meeting and the organisation of the Board of Directors on 28 March 2022. The stock exchange releases, presentations of the members of the Board of Directors and the minutes and decisions of the Annual General Meeting, including details, are available on the company's Internet site at www.srv.fi/en/investors.

Extraordinary General Meeting

SRV Group Plc held an Extraordinary General Meeting on 30 May 2022. The minutes and decisions of the Extraordinary General Meeting, including details, are available on the company's website at www.srv.fi/en/investors/cg/annual-general-meeting/extraordinary-general-meeting-2022/.

Changes in auditing

SRV Group Plc's auditor PricewaterhouseCoopers Oy appointed Markku Katajisto, Authorised Public Accountant, as the company's principal auditor as from 1 October 2022.

SHARE-BASED INCENTIVE SCHEMES

At the end of the review period, SRV Group Plc had three share-based long-term incentive schemes for key personnel of the Group:

- Share-based incentive scheme 2019–2026 (President & CEO).
- Long-term share-based incentive scheme 2021–2025 (President & CEO, Corporate Executive Team and other key personnel).
  - Earnings periods that have started 2021-2023 and 2022-2024.
- One-off long-term share-based incentive scheme 2021–2022 (President & CEO, Corporate Executive Team and other key personnel).

Descriptions of the share-based incentive schemes are available on the company's website at https://www.srv.fi/en/investors/cg/remuneration.

SHARES AND SHAREHOLDERS

On 4 July 2022, SRV Group Plc executed a reverse share split, including a directed share issue without consideration, redemption of shares and cancellation of shares. After these measures, the new number of shares in the company is 16,982,343. The new number of shares was registered with the Trade Register maintained by the Finnish Patent and Registration Office on 4 July 2022, and trading with the merged shares commenced on Tuesday, 5 July 2022 under the new ISIN code FI4000523675. SRV's trading code SRV1V remained the same. The reverse share split and related redemption of shares were executed such that each 40 shares of SRV were merged into one share. The purpose of merging the shares was to facilitate trade in the company's shares by increasing the value of an individual share and to contribute to the shares' efficient price formation.

In connection with the reverse share split on 4 July 2022, the maximum number of shares that can be subscribed for with special rights in accordance with the terms and conditions of the convertible hybrid bonds ISIN FI4000198122 (with an outstanding principal of EUR 21,061,512) and ISIN FI4000315395 (with an outstanding principal of EUR 36,047,145) was amended such that the maximum number of the shares that can be subscribed is 14,277,165. After the reverse share split, the subscription price of the shares that can be subscribed for with the convertible bonds is EUR 4.00 per share.

SRV Group Plc's share capital is EUR 3.1 million. The share has no nominal value and the number of shares outstanding is 16,982,343. The company has one class of shares.

The closing price at Nasdaq Helsinki on 31 December 2022 was EUR 3.80 (EUR 14.8 on 31 December 2021). The highest share price during the reporting period was EUR 16.12 and the lowest EUR 3.19. On 31 December 2022, SRV had a market capitalisation of EUR 64.4 million (139.1 31 Dec. 2021), excluding the Group's treasury shares. 25.0 million shares were traded during the review period with a trade volume of EUR 15.5 million.

At the end of December 2022, SRV Group Plc held 44,531 treasury shares (0.3 per cent of the total number of shares and combined number of votes).

FINANCIAL OBJECTIVES

The company's operations are guided by the following long-term financial objectives that it aims to achieve by the end of 2026:

- Operative operating profit: 6%
- Revenue: EUR 900 million
- The objective is to distribute a dividend equalling 30-50 per cent of the annual result, while taking into account the outlook and capital needs of the company

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds on 31 December 2022 are EUR 79,261,450.94, of which net profit for the financial year is EUR -223,599,660.31. The Board of Directors proposes to the General Meeting that no dividend be paid for the 2022 financial year.

Espoo, 2 February 2023

Board of Directors

All forward-looking statements in this review are based on management's current expectations and beliefs about future events. The company's actual results and financial position may differ materially from the expectations and beliefs such statements contain due to a number of factors that have been presented in this interim report.

About this financial statement release

This financial statement release has been prepared in accordance with IAS 34, and the disclosed information is unaudited. The figures in parentheses are the comparison figures for 2021.

Briefing, webcast and presentation materials

A briefing for analysts, fund managers, investors and media representatives will be held on 2 February 2023, starting at 11:00 EET as a webcast. The webcast can be followed live at www.srv.fi/en/investors. The recording will be available on the website after the presentation. The materials will also be made available on the website.

Next interim report

SRV Group Plc will publish its Q1 interim report for 2023 on 27 April 2023. During the silent period (26 March–27 April), the company will not comment on anything relating to market outlooks, business or earnings trends.

For further information, please contact:

Saku Sipola, President & CEO, tel. +358 (0)40 551 5953, saku.sipola@srv.fi
Jarkko Rantala, CFO, tel. +358 (0)40 674 1949, jarkko.rantala@srv.fi
Miia Eloranta, Senior Vice President, Communications and Marketing, tel. +358 (0)50 441 4221, miia.eloranta@srv.fi

2 February 2023 at 8:30 am

Key figures EUR million	1-12/ 2022	1-12/ 2021	10-12/ 2022	10-12/ 2021
Revenue	**770,1**	932,6	181,2	336,3
Operative operating profit [1)]	**18,9**	5,3	0,2	-4,6
Operative operating profit, % revenue [1)]	**2,5**	0,6	0,1	-1,4
Operating profit	**-76,4**	-1,7	-6,3	-11,5
Operating profit, % revenue	**-9,9**	-0,2	-3,5	-3,4
Operating profit, excl. IFRS16[2)]	**-79,6**	-6,9	-7,1	-13,2
Operating profit, % revenue excl. IFRS16[2)]	**-10,3**	-0,7	-3,9	-3,9
	-79,1	-20,3	-10,0	-19,5
Profit before taxes, % of revenue	**-10,3**	-2,2	-5,5	-5,8
Net profit attributable to equity holders of the parent company	**-85,7**	-19,9	-8,9	-19,3
Return on equity, %	**-55,1**	-11,5		
Return on investment, % 4)	**-10,1**	-0,6		
Return on investment % excl. IFRS16[2) 4)]	**-14,9**	-2,2		
Capital employed	**272,0**	403,0		
Capital employed excl. IFRS16 [2)]	**186,4**	319,4		
Equity ratio %	**36,3**	27,4		
Equity ratio excl. IFRS16, % [2)]	**48,2**	32,8		
Net interest-bearing debt	**80,5**	170,0		
Net interest-bearing debt excl. IFRS16[2)]	**-11,5**	81,0		
Net gearing ratio, %	**55,1**	103,0		
Net gearing ratio excl. IFRS16, %[2)]	**-7,5**	47,5		
Order backlog [3)]	**838,8**	872,3		
New agreements	**624,6**	588,6	287,2	160,7
Personnel on average	**948**	959		
Earnings per share [5)]	**-6,62**	-2,29	-0,82	-2,10
Earnings per share (diluted) [5)]	**-6,62**	-2,29	-0,82	-2,10
Equity per share	**8,63**	17,56		
Equity per share (without hybrid bond), euros	**6,65**	15,93		
Dividend per share, euros [5)]	**0,00**	0,00		
Dividend payout ratio, %	**0,0**	0,0		
Dividend yield, % [4)]	**0,0**	0,0		
Price per earnings ratio	**neg.**	neg.		
Share price development [5)]				
Share price at the end of the period, eur	**3,80**	14,80		
Average share price, eur	**9,17**	17,05		
Lowest share price, eur	**3,19**	12,64		
Highest share price, eur	**16,12**	22,60		
Market capitalisation at the end of the period	**64,4**	139,1		
Trading volume, 1 000 units	**25 033**	45 701		
Trading volume, %	**189,2**	17,4		
Weighted average number of shares outstanding during the period, 1 000 units [5)]	**13 231**	9 398		
Weighted average number of shares outstanding during the period (diluted) 1 000 units [5)]	**13 231**	9 398		
Number of shares outstanding at the end of the period,1 000 units [5)]	**16 938**	9 398		

[1)] The reconciliation calculation for operative operating profit can be found underneath this table

[2)] The effects of IFRS16 have been adjusted from the figure.

[3)] The Group's order backlog consists of the Construction business.

[4)] In calculation of the key ratios, only the profit for the review period has been annualised.

[5)] SRV executed reverse share split on 4 July 2022 to the effect that each forty shares of the company was merged into one share. Share-specific figures have been adjuted accordingly.

Alternative performance measures used in interim reporting

The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The company also publishes key figures excluding effect of IFRS 16. The formulas for these performance measures are provided in the next page. In the company's view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

SRV presents key figures for operative operating profit and operating profit margin in the interim report

The key figure for operative operating profit is considered to provide a better view of the Group's operations when comparing the reported period to earlier periods. The currency exchange rate gains and losses of associated companies as well as income and expenses from hedging and items affecting comparability are eliminated from operating profit. The currency exchange rate gains and losses of associated companies are included above operating profit on the line "share of profits of associated and joint venture companies". Income and expenses from currency hedging are included above operating profit on the line "Income and expenses on currency derivatives".

Operative operating profit's reconciliation table

SRV Group (EUR million)	**1-12/ 2022**	**1-12/ 2021**	**10-12/ 2022**	**10-12/ 2021**
Operative operating profit in accordance with the new definition	**18,9**	5,3	0,2	-4,6
+/- exhange rate gains and losses of associated companies and joint ventures and	**7,3**	1,6	-2,9	0,2
+/- income and expenses from currency hedging	**0,0**	-0,1	0,0	0,0
+/- Items affecting comparability				
+/- Impairments of assets and their reversal	**-108,9**	-6,0	-7,6	-4,2
+/- gains and losses from exceptional sales of assets	**6,3**	-2,5	4,0	-2,9
+/- income and expenses due to changes in the Group structure	**0,0**	0,0	0,0	0,0
+/- Items affecting comparability in total	**-102,5**	-8,5	-3,6	-7,1
Operating profit	**-76,4**	-1,7	-6,3	-11,5

SRV presents key figures excluding effect of IFRS 16 standard

The company publishes alternative key figures, that is, IFRS 16 key figures that have been adjusted to exclude the impact of the IFRS 16 Leases standard on the balance sheet and result.

Calculation of key figures

Return on equity, %	=	100 x	Net profit for the period / Total equity, average
Capital employed	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions
Capital employed, excl. IFRS16	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions – property, plant and equipment, right -of-use asset – inventories, right -of-use asset
Return on investment, %	=	100 x	Operating profit + interest and other financial income (incl. exchange rate gains and losses) + Financial receivables write-down and sales loss (interim periods annualized) / Invested capital, average
Return on investment, % excl. IFRS16	=	100 x	Operating profit excl. IFRS16 bookings + interest and other financial income (incl. exchange rate gains and losses) + Financial receivables write-down and sales loss (interim periods annualized) / Capital employed excl. IFRS16, average
Equity ratio, %	=	100 x	Total equity / Total assets – advances received
Equity ratio,% excl. IFRS16	=	100 x	Total equity – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement / Total assets – advances received – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement
Net interest-bearing debt	=		Interest-bearing debt – cash and cash equivalents
Net interest-bearing debt excl. IFRS16	=		Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents
Net gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Net gearing ratio,% excl. IFRS16	=	100 x	Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents / Total equity – IFRS16 depreciations, leases, interest and financial expenses recoqnized in income statement
Earnings per share attributable to equity holders of the parent company	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares (diluted)
Equity per share	=		Shareholders' equity attributable to equity holders of the parent company / Average number of shares at end of period Earnings per share
Equity per share (without hybrid bond)	=		Shareholders' equity attributable to equity holders of the parent company – hybrid bond / Average number of shares at end of period
Price per earnings ratio (P/E-ratio)	=		Share price at end of period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at end of period
Average share price	=		Number of shares traded in euros during the period / Number of shares traded during the period
Market capitalisation at the end of the period	=		Number of shares outstanding at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period and their percentage of the weighted average number of shares outstanding
Operative operating profit	=		Operating profit +/- currency exchange rate gains and losses +/- income and expenses from hedging +/- items affecting comparability

Group and Segment information by quarter

SRV Group EUR million	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Revenue	**181,2**	186,8	211,4	190,7	336,3	191,1	218,0	187,1
Operative operating profit	**0,2**	3,9	9,8	4,9	-4,6	-0,6	5,7	4,8
Operating profit	**-6,3**	5,5	10,1	-85,7	-11,5	-1,6	6,3	5,2
Financial income and expenses, total	**-3,8**	0,3	43,6	-42,8	-8,1	-2,8	-3,7	-4,1
Profit before taxes	**-10,0**	5,8	53,7	-128,5	-19,5	-4,4	2,6	1,1
Order backlog [1]	**838,8**	717,1	745,9	858,0	872,3	1 038,2	1 047,5	1 061,1
New agreements	**287,2**	135,0	72,3	130,1	160,7	166,6	176,0	85,4
Earnings per share, eur [3] [4]	**-0,82**	0,39	5,36	-14,25	-2,10	-0,47	0,16	0,11
Equity per share, eur [3] [4]	**6,65**	6,62	6,31	1,18	15,93	18,24	18,44	18,12
Share closing price, eur	**3,80**	3,52	5,20	11,40	14,80	16,10	18,40	15,80
Equity ratio, %	**36,3**	36,3	33,3	6,4	27,4	27,0	26,1	23,8
Equity ratio, % excl. IFRS16 [2]	**48,2**	48,6	43,9	9,7	32,8	34,0	32,5	29,4
Net interest-bearing liabilities	**80,5**	86,4	90,1	197,7	170,0	269,0	279,8	309,5
Net interest-bearing liabilities excl.	**-11,5**	-8,2	-4,6	110,1	81,0	142,1	152,5	180,5
Net gearing, %	**55,1**	59,3	64,2	748,4	103,0	147,5	151,9	170,8
Net gearing, % excl. IFRS16 [2]	**-7,5**	-5,4	-3,1	343,2	47,5	75,5	80,3	96,5

Revenue EUR million	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**180,4**	183,9	206,8	175,2	335,8	188,0	218,5	187,8
business construction	112,3	95,3	120,9	98,7	184,8	115,2	140,9	140,5
housing construction	68,1	88,6	85,9	76,5	151,1	72,8	77,6	47,3
Investments	**0,9**	3,2	4,8	1,1	0,6	4,2	1,0	1,0
Other operations and eliminations	**-0,1**	-0,3	-0,2	14,4	-0,2	-1,1	-1,5	-1,7
Group, total	**181,2**	**186,8**	**211,4**	**190,7**	**336,3**	**191,1**	**218,0**	**187,1**

Operative operating profit EUR million	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**2,3**	4,7	9,9	6,3	-1,3	1,6	7,0	6,9
Investments	**-0,8**	0,4	1,1	-0,2	-1,7	-1,6	-0,5	-0,8
Other operations and eliminations	**-1,3**	-1,2	-1,2	-1,2	-1,5	-0,6	-0,8	-1,3
Group, total	**0,2**	**3,9**	**9,8**	**4,9**	**-4,6**	**-0,6**	**5,7**	**4,8**

Operative operating profit (%)	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**1,3**	**2,6**	**4,8**	**3,6**	**-0,4**	**0,8**	**3,2**	**3,7**
Investments	**-**	**12,1**	**22,8**	**-**	**-**	**-**	**-**	**-**
Group	**0,1**	**2,1**	**4,6**	**2,6**	**-1,4**	**-0,3**	**2,6**	**2,5**

Operating profit EUR million	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**2,3**	4,7	9,9	6,3	-1,3	1,6	7,0	6,9
Investments	**-7,2**	1,9	1,4	-105,4	-8,6	-2,6	0,1	-0,4
Other operations and eliminations	**-1,3**	-1,2	-1,2	13,4	-1,5	-0,6	-0,8	-1,3
Group, total	**-6,3**	**5,5**	**10,1**	**-85,7**	**-11,5**	**-1,6**	**6,3**	**5,2**

Operating profit (%)	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**1,3**	2,6	4,8	3,6	-0,4	0,8	3,2	3,7
Investments	**-**	2,0	1,1	-	-	-	-	-
Group	**-3,5**	**2,9**	**4,8**	**-44,9**	**-3,4**	**-0,8**	**2,9**	**2,8**

[1] The Group's order backlog consists of the Construction business.
[2] The effects of IFRS16 have been adjusted from the figure.
[3] Figures are share issue adjusted.
[4] SRV executed reverse share split on 4 July 2022 to the effect that each forty shares of the company was merged into one share. Share-specific figures have been adjuted accordingly.

Order backlog EUR million	**31.12.2022**	**30.9.2022**	**30.6.2022**	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.2021**
- business construction	**684,0**	511,5	480,6	505,9	508,3	566,3	587,4	606,5
- housing construction	**154,7**	205,6	265,3	352,1	364,0	471,9	460,1	454,6
Group, total [1]	**838,8**	717,1	745,9	858,0	872,3	1 038,2	1 047,5	1 061,1
sold order backlog	747,8	629,7	679,4	788,1	798,2	956,3	942	930,6
unsold order backlog	91,0	87,4	66,5	69,9	74,0	81,9	105	130,5

[1]Group's order backlog consists only of construction segment.

Order backlog, housing construction in Group

EUR million	**31.12.2022**	**30.9.2022**	**30.6.2022**	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.21**
Negotiation and construction contracts	**75**	129	186	254	251	259	231	207
Under construction, sold	**1**	1	24	40	39	131	124	117
Under construction, unsold	**74**	70	53	57	71	79	99	114
Completed and unsold	**5**	6	2	2	3	3	6	17
Housing construction, total	**155**	206	265	352	364	472	460	455

Housing production in Group (units)	**10-12/ 2022**	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Housing sales, total	**3**	6	12	251	190	328	447	348
sales, developer contracting	3	6	12	11	31	71	137	170
sales, negotiation contracts	0	0	0	240	159	257	310	178
Developer contracting								
- start-ups	**23**	62	0	0	0	0	71	124
- completed	**0**	142	68	0	260	42	66	0
-recognized in revenue	**3**	124	65	4	259	48	102	44
- completed and unsold	**23**	26	8	5	9	8	14	46
Under construction, total	**1 360**	1 646	2 118	2 397	2 085	2 464	2 392	2 271
construction contracts	0	0	0	0	0	0	0	0
negotiation contracts	105	105	162	227	227	234	215	409
negotiated contracts	1 170	1 479	1 814	1 960	1 648	1 760	1 665	1 355
developer contracting	85	62	142	210	210	470	512	507
- of which sold	2	2	120	173	166	394	371	334
- of which unsold	83	60	22	37	44	76	141	173

Q4

2 February 2023 at 8:30 am

SRV GROUP PLC THE INTERIM REPORT, 1 JANUARY–31 December 2022: TABLES

1) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	**Note**	**1-12/ 2022**	**1-12/ 2021**	**change MEUR**	**change %**	**10-12/ 2022**	**10-12/ 2021**	**change %**
Revenue	8	**770,1**	932,6	-162,5	-17,4	**181,2**	336,3	-46,1
Other operating income		**0,6**	3,5	-2,9	-83,2	**0,0**	1,6	-98,5
Change in inventories of finished goods and work in progress		**-88,4**	-116,9	28,5	-24,3	**1,8**	-92,0	-102,0
Use of materials and services		**-600,6**	-733,4	132,8	-18,1	**-159,3**	-232,6	-31,5
Employee benefit expenses		**-74,3**	-71,6	-2,8	3,9	**-19,0**	-18,9	0,3
Share of profits of associated and joint venture companies		**-1,3**	1,2	-2,5		**-12,1**	-0,3	3 878,5
Depreciation		**-5,1**	-5,8	0,7	-11,5	**-1,3**	-1,4	-10,5
Impairments of investments		**-65,0**	-0,5	-64,5	0,0	**6,0**	-0,5	
Other operating expenses		**-12,3**	-10,7	-1,5	14,5	**-3,6**	-3,7	-2,0
Income and expenses on currency derivatives		**0,0**	-0,1	0,1		**0,0**	0,0	
Operating profit		**-76,4**	-1,7	-74,7		**-6,3**	-11,5	-45,6
Financial income	13	**42,8**	5,0	37,8	753,0	**-3,0**	0,9	-436,6
Financial expenses		**-3,7**	-17,6	13,8	-78,8	**-0,8**	-8,9	-91,1
Impairments of financial assets		**-41,7**	-6,1	-35,6				
Financial income and expenses, total		**-2,7**	-18,6	16,0	-85,6	**-3,8**	-8,1	
Profit before taxes		**-79,1**	-20,3	-58,7		**-10,0**	-19,6	-48,8
Income taxes		**-6,6**	0,5	-7,0		**1,1**	0,1	1 904,6
Net profit for the period		**-85,7**	-19,9	-65,8		**-8,9**	-19,5	-54,2
Attributable to								
Equity holders of the parent company		**-85,7**	-19,9			**-8,9**	-19,3	
Non-Controlling interests		**0,0**	0,0			**0,0**	-0,2	
Earnings per share attributable to equity holders of the parent company [1) 2)]		**-6,62**	-2,29			**-0,82**	-2,10	
Earnings per share attributable to equity holders of the parent company (diluted) [1) 2)]		**-6,62**	-2,29			**-0,82**	-2,10	

[1)] Figures are share issue adjusted.

[2)] SRV executed reverse share split on 4 July 2022 to the effect that each forty shares of the company was merged into one share. Share-specific figures have been adjuted accordingly.

Consolidated statement of comprehensive income EUR million	**1-12/ 2022**	**1-12/ 2021**	**10-12/ 2022**	**10-12/ 2021**
Net profit for the period	**-85,7**	-19,9	-8,9	-19,5
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gains and losses arising from translating the financial statements of a foreign operation	**-4,0**	-1,1	-1,5	-2,2
Share of other comprehensive income of associated and joint ventures companies	**7,2**	2,9	10,7	1,7
Other comprehensive income for the period, net of tax	**3,2**	1,8	9,2	-0,5
The share of comprehensive income attributable to equity holders of the parent company	**3,2**	1,8	9,3	-0,5
Non-controlling interests in comprehensive income	**0,0**	0,0	0,0	0,0
Total comprehensive income for the period	**-82,5**	-18,1	0,3	-20,0
Attributable to				
Equity holders of the parent company	**-82,5**	-18,1	0,3	-19,8
Non-Controlling interests	**0,0**	0,0	0,0	-0,2

2) Consolidated balance sheet

Consolidated balance sheet EUR million	Note	31.12.2022	31.12.2021	change,%
ASSETS				
Non-current assets				
Property, plant and equipment		**4,1**	3,6	14,6
Property, plant and equipment, right -of-use asset		**8,8**	9,5	-7,3
Goodwill		**1,7**	1,7	0,0
Other intangible assets		**0,7**	0,9	-19,4
Shares in associated companies and joint ventures		**2,1**	51,9	-95,9
Other financial assets		**7,8**	24,7	-68,7
Receivables		**14,2**	9,7	47,4
Loan receivables from associated companies and joint ventures		**0,0**	40,5	-100,0
Deferred tax assets		**37,5**	42,2	-11,3
Non-current assets, total		**77,0**	184,8	-58,4
Current assets				
Inventories	10	**162,8**	227,3	-28,4
Inventories, right -of-use asset	10	**75,1**	72,7	3,3
Trade and other receivables		**88,3**	133,4	-33,9
Current tax receivables (based on profit for the review period)		**0,0**	0,0	-72,1
Cash and cash equivalents		**45,3**	68,0	-33,4
Current assets, total		**371,5**	501,5	-25,9
ASSETS, TOTAL		**448,5**	686,3	-34,7

Consolidated balance sheet EUR million		31.12.2022	31.12.2021	change,%
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital		**3,1**	3,1	0,0
Invested free equity fund		**303,6**	264,7	14,7
Translation differences		**-14,9**	-18,2	-17,7
Hybrid bond		**33,5**	15,4	118,3
Retained earnings		**-179,0**	-99,9	79,2
Equity attributable to equity holders of the parent company, total		**146,2**	165,1	-11,4
Non-controlling interests		**0,0**	0,0	
Total equity	4	**146,2**	165,1	-11,4
Non-current liabilities				
Deferred tax liabilities		**1,1**	1,0	13,2
Provisions		**12,2**	13,0	-6,5
Interest-bearing liabilities excl. lease liabilities		**23,8**	128,8	-81,5
Interest-bearing lease liabilities		**89,5**	86,7	3,2
Other liabilities		**6,3**	14,8	-57,6
Non-current liabilities, total		**133,0**	244,3	-45,6
Current liabilities				
Trade and other payables		**148,0**	243,2	-39,1
Current tax payables (based on profit for the review period)		**1,0**	0,0	9 385,2
Provisions		**7,9**	11,3	-29,6
Interest-bearing liabilities excl. lease liabilities		**10,0**	20,2	-50,5
Interest-bearing lease liabilities		**2,4**	2,3	7,5
Current liabilities, total		**169,4**	276,9	-38,8
Liabilities, total		**302,3**	521,3	-42,0
EQUITY AND LIABILITIES, total		**448,5**	686,3	-34,7

3) Consolidated cash flow statement EUR million	1-12/ 2022	1-12/ 2021
Cash flows from operating activities		
Cash receipts from customers	805,4	927,2
Cash receipts from other operating income	0,6	3,1
Cash paid to suppliers and employees	-802,5	-842,6
Net cash before interests and taxes	**3,5**	**87,7**
Interests received and other financial income	0,4	1,8
Interests paid and other expenses from financial costs	-13,7	-20,5
Income taxes paid or received	-0,3	-0,1
Cash flows from operating activities	**-10,1**	**68,9**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-2,5	-1,3
Sale of tangible and intangible assets	0,5	0,8
Purchase of investments	-0,1	-3,0
Subsidiary shares bought	0,0	-0,4
Associated companies and joint ventures sold	4,2	0,0
Loans granted	0,0	-0,8
Proceeds from repayments of loans	0,0	12,0
Net cash used in investing activities	**2,1**	**7,2**
Cash flows from operating and investing activities in total	**-8,0**	**76,2**
Cash flow from financing activities		
Gross cash from share issue	34,8	0,0
Share issue costs	-2,7	0,0
Proceeds from loans	1,0	0,0
Repayment of loans	-31,7	-77,0
Hybrid bond costs	-0,7	0,0
Hybrid bond intrests	-2,0	-3,2
Change in housing corporation loans	-10,7	-22,6
Purchase of own shares	-0,7	0,0
Repayment of lease liabilities	-2,4	-2,7
Net cash flow from financing activities	**-15,3**	**-105,4**
Net change in cash and cash equivalents	**-23,3**	**-29,3**
Cash and cash equivalents at the beginning of period	**68,0**	**96,7**
Effect of exchange rate changes in cash and cash equivalents	0,6	0,5
Cash and cash equivalents at the end of period	**45,3**	**68,0**

4) Statement of changes in Group equity

1 January- 31 December 2022 (EUR million)	Equity attributable to the equity holders of the parent company Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
Equity 1 January 2022	3,1	264,7	15,4	-18,2	0,0	-99,9	**165,1**	0,0	**165,1**
Net profit for the financial year	0,0	0,0	0,0	0,0	0,0	-85,7	**-85,7**	0,0	**-85,7**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0,0	0,0	0,0	3,2	0,0	0,0	**3,2**	0,0	**3,2**
Comprehensive income for the financial year	**0,0**	**0,0**	**0,0**	**3,2**	**0,0**	**-85,7**	**-82,5**	0,0	**-82,5**
Purchase of own shares	0,0	0,0	0,0	0,0	0,0	-0,7	**-0,7**	0,0	**-0,7**
Share-based incentive plan	0,0	0,0	0,0	0,0	0,0	0,8	**0,8**	0,0	**0,8**
Directed issue and write-down of hybrid loan	0,0	6,8	-15,4	0,0	0,0	8,5	**0,0**	0,0	**0,0**
Right issue	0,0	34,8	0,0	0,0	0,0	0,0	**34,8**	0,0	**34,8**
Cost related to share issues excl. taxes	0,0	-2,7	0,0	0,0	0,0	0,0	**-2,7**	0,0	**-2,7**
Conversion of notes	0,0	0,0	34,2	0,0	0,0	0,0	**34,2**	0,0	**34,2**
Costs related to notes' conversion	0,0	0,0	-0,7	0,0	0,0	0,0	**-0,7**	0,0	**-0,7**
Hybrid bond interests	0,0	0,0	0,0	0,0	0,0	-2,0	**-2,0**	0,0	**-2,0**
Equity on 31 December 2022	**3,1**	**303,6**	**33,5**	**-14,9**	**0,0**	**-179,0**	**146,2**	**0,0**	**146,2**

1 January- 31 December 2021 (EUR million)	Equity attributable to the equity holders of the parent company Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
Equity 1 January 2021	3,1	264,7	15,4	-20,0	0,0	-78,2	**185,0**	-4,0	**181,0**
Net profit for the financial year	0,0	0,0	0,0	0,0	0,0	-19,9	**-19,9**	0,0	**-19,9**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0,0	0,0	0,0	1,8	0,0	0,0	**1,8**	0,0	**1,8**
Comprehensive income for the financial year	**0,0**	**0,0**	**0,0**	**1,8**	**0,0**	**-19,9**	**-18,1**	0,0	**-18,1**
Share-based incentive plan	0,0	0,0	0,0	0,0	0,0	0,7	**0,7**	0,0	**0,7**
Hybrid bond interests	0,0	0,0	0,0	0,0	0,0	-2,6	**-2,6**	0,0	**-2,6**
Dissolution of non-controlling interest	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	4,0	**4,0**
Equity on 31 December 2021	**3,1**	**264,7**	**15,4**	**-18,2**	**0,0**	**-99,9**	165,1	**0,0**	165,1

5) Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparing this Interim Report release, SRV has applied the same accounting policies as in its annual financial statements for 2021, however so that the Group has introduced as of 1 January 2022 the new or revised IFRS standards and IFRIC interpretations published by the IASB mentioned in the accounting policies of the annual financial statements for 2021. These do not have a material impact on the Interim Report. In connection with the financial transaction described below, SRV has written down financial liabilities with equity instruments. SRV initially measures the equity instruments issued to the creditor to write down financial liabilities at their fair value on the date when the liabilities are extinguished. The difference between the carrying amount of the extinguished financial liabilities and the paid amount is recognised in profit or loss. The direct transaction costs of the issued equity instruments are recognised directly as an adjustment to equity. The information disclosed in this Interim report is unaudited. The figures in this Interim report have been rounded up to millions of euros, so the sum total of individual figures may deviate from the sum total presented.

Rights issue

SRV executed rights issue during the financial period resulting 348,056,400 new shares. The company earned a total of EUR 34.8 million gross equity, which was recorded in the company's Invested Free Equity Fund. The Offer Shares was registered with the Trade Register maintained by the Finnish Patent and Registration Office on 28 June 2022.The direct transaction costs of the rights issue are recognised directly as an adjustment to equity. SRV executed reverse share split on 4 July 2022 to the effect that each forty shares of the company was merged into one share. Share-specific figures have been adjusted accordingly.

Directed share issue for holders of hybrid bonds

On 31 May 2022, based on an authorisation granted by the Extraordinary General Meeting, SRV Group Plc's Board of Directors passed a resolution on a directed share issue in which SRV would offer, in deviation from the pre-emptive right of shareholders, up to 69,120,000 new shares to the holders of SRV's hybrid bonds. The subscription period for the directed issue commenced on 7 June 2022 and a total of 68,220,000 new shares were registered with the Trade Register on 28 June 2022. The subscription price was to be paid by way of setting off the hybrid bonds. The amount to be used for the payment was a maximum of 45 per cent of the nominal value of the hybrid bonds. The remaining 55 per cent of the nominal value of the hybrid bonds was written down entirely as part of the arrangement. If a holder of a hybrid bond did not use 45 per cent of the nominal value of their hybrid bonds to subscribe for all, part or any of the offer shares allocated to them, the entire remaining nominal value of such hybrid bond was written down at the same time as the remaining 55 per cent of the nominal value of the hybrid bonds used for subscription and any unpaid interest was written down in accordance with the amended and approved terms and conditions of the written procedures ended 23 May 2022 concerning the hybrid bonds. The written-down value is recognised in the company's equity as a change in retained earnings. The direct transaction costs of the share issue are recognised directly as an adjustment to equity.

Written procedures regarding unsecured notes

On 28 April 2022, SRV Group Plc disclosed its intention to commence written procedures regarding potential amendments to the terms and conditions of SRV's EUR 100,000,000 unsecured fixed-rate notes due on 23 March 2025 (of which EUR 34.9 million is outstanding) ("EUR 100 million Notes") and EUR 75,000,000 unsecured fixed-rate notes due on 27 March 2025 (of which EUR 64.9 million is outstanding) ("EUR 75 million Notes" and together with the EUR 100 million Notes "Notes") as well as to invite all holders of the Notes to tender their Notes for redemption for cash consideration at a price that corresponds to 60 per cent of the nominal amount of each Note. Holders of the Notes offered their Notes for purchase at a total nominal value of EUR 42.7 million. Sixty per cent was paid to holders of the Notes; the remaining 40 per cent, including the unamortised transaction costs of the issue of Notes, was written down from the balance sheet and is disclosed as financial income, less the direct costs of the buyback of Notes. Unredeemed Notes were converted into hybrid and convertible bonds. Conversion into convertible bonds was executed by amending the terms of the Notes with the inclusion of a special right to convert the Notes into shares pursuant to the Companies Act. Conversion into hybrid bonds was implemented such that, following the amendment of the terms and conditions, the notes have no repayment date and do not commit the issuer to the payment of interest. The hybrid bond of EUR 57.1 million was measured at 60 per cent of the nominal value at the time of conversion based on the results of the tender offer for notes as well as market information on buy and sell offer levels for the current hybrid bond (level 3). The remaining 40 per cent is recognised as a change in fair value under the company's financial income. The hybrid bond is recognised in equity less the direct transaction costs of its issue.

Possible effects of war in Ukraine to SRV's business

Many of the risk positions involved in the construction industry have increased significantly due to the war in Ukraine. Although the general economy has been recovering from the economic consequences of the coronavirus pandemic in Finland as well, uncertainty about the outlook for the future has grown substantially due to the war. Many forecasting institutions have downgraded their estimates for near-term economic growth that they issued at the beginning of the year. Economic uncertainty might be negatively reflected in the confidence of both companies and consumers, and thereby also on construction and housing sales. This risk is increased by accelerating inflation and the now rising interest rates. Furthermore, the availability of certain raw and construction materials and energy in particular may be hampered by the sanctions imposed by western countries and Russia, thereby further increasing construction costs. Cyberattacks and hacking of telecommunications and IT systems might increase, causing disruptions in the operations of SRV and its customers and partners.

Going concern

Due to the impairment of Russian business operations as a result of Russia's war against Ukraine and the related economic sanctions, the company's equity decreased substantially; this had a significant impact on equity ratio and gearing in the company's interim report for the period ending 31 March 2022. The equity ratio calculated as per the covenants of financing agreements was 12.3 per cent at 31 March 2022, taking into account the recognition of income from developer-contracted projects on the basis of percentage of completion. The equity ratio covenant for bonds with total capital of about EUR 100 million was no longer met. In addition, the equity ratio and gearing covenants of the company's Financing Facility were no longer met. As the covenants were no longer met, the termination and early repayment rights of the lenders came into effect and thus the loans were recorded in current interest-bearing liabilities on 31 March 2022. For this reason, the company and the lenders of its Financing Facility agreed on a standstill period lasting until 30 June 2022 during which the lenders waived their rights to demand early repayment and termination as a result of the write-downs of assets in Russia, subject to the continuation of said restructuring of financing. As the successful restructuring of financing had not been confirmed when the interim report for the period ending 31 March 2022 was published, the operations of the company were subject to material uncertainty. After the publication of the interim report for the period ending 31 March 2022, the company completed written procedures regarding its Notes and Hybrid Bonds as well as organised a rights issue that increased the company's equity by a total amount of EUR 32.3 million. The company estimates that the successful execution of these measures has eliminated the uncertainties related to the going concern.

Use of estimates

The preparation of the Interim report in accordance with IFRS requires Group management to make estimates and assumptions that affect both the values of assets and liabilities on the balance sheet date, and income and expenditure for the financial period. Judgements also have to be made in applying the accounting principles. As these estimates and assumptions are based on current perceptions of the situation on the balance sheet date, they involve risks and uncertainties. Actual results may therefore differ from the estimates and assumptions. The key accounting estimates and judgement-based solutions are presented in greater detail in the accounting principles of the consolidated financial statements for 2021. Changes in estimates, increased uncertainty and management considerations influenced by war in Ukraine has been described below.

Deferred tax assets recognised in SRV's balance sheet at the end of review period amounted to EUR 37.5 million. Most of SRV's deferred tax assets are related to confirmed tax losses. The tax losses arose from the divestment of the holding in the REDI shopping centre as well as the loss-making contracts for the REDI shopping centre, REDI Majakka and Tampere Arena. The deferred tax assets will be recognised only up to the amount for which the company has sufficient taxable temporary differences or other credible evidence of the ability to use tax losses. At the end of review period SRV stated that it is probable that the deferred tax assets will be used. These losses arose due to individual identifiable reasons that are not expected to reoccur. On the basis of the company's forecasts for taxable income in future years, the losses can be utilised in full by 2028. The assumptions on which the amount of taxable income is based include the management's estimate of future cash flow, including future revenue, operating expenses and financial expenses. The SRV Group's ability to generate taxable income also depends on the general state of the national economy and factors related to financing, competitiveness and regulation that are beyond the SRV Group's control. If a Group company has posted a loss in the recent past, deferred tax assets are recognised on the tax losses only up to the amount for which the company has sufficient taxable temporary differences or other credible evidence of the ability to use tax losses. The deferred tax assets recognised in the balance sheet at the end of reporting period are also based on the fact that losses are confirmed in taxation such that they can be generally utilised for SRV's future taxable income.

The hybrid bond has been measured at fair value based on the results of the tender offer for notes as well as market information on buy and sell offer levels for the current hybrid bond (level 3). The difference between fair value and nominal value has been recognised in the income statement as a change in fair value. The hybrid bond has been recognised in equity less transaction costs directly related to its issue.

The calculation parameters are essential for the final result of the valuation calculation. The key parameters are inflation, growth in consumer demand, forecasts of the trend in rental income and the weighted average cost of capital, which correlates with the local risk-free interest level. The values of the calculation parameters have changed significantly after Russia invaded Ukraine. Expected inflation has risen significantly and the forecast for consumer demand has weakened considerably. The Central Bank of Russia has raised the key interest rate substantially, which in turn strongly increases the weighted average cost of capital. In the prevailing exceptional circumstances, the estimation of the used parameters involves extremely high uncertainty, and the situation is not expected to be rectified in the near future. Using the available sources of information, the company has sought to establish an overview of the parameters that is as accurate as possible. On the basis of the calculations, the discounted operational cash flows of the shopping centres, adjusted by the amount of working capital, do not exceed the value of the preferred debts of the centre in question and thus the asset items and their related loan receivables have been valued at zero in the interim accounts.

The valuation of plots owned in Russia has been based on SRV's strategy of developing and building on plots, and thus the need to recognise any impairments of these plots has been assessed through project calculations. In these changed circumstances, SRV no longer plans to develop and build on plots or leaseholds in Russia; instead, impairment testing will be performed by comparing the value of the plot or leasehold against its probable selling price. The assumed selling prices and sellability of plots have weakened substantially after the war began, and in the current exceptional situation the assessment of selling prices involves extremely high uncertainty. In accordance with the assessment that has been carried out, the plots have been valued at their assumed selling price of EUR 4.0 million, while in the 2021 annual accounts they were valued at EUR 47 million.

On 4 February 2022, SRV announced that it will sell its holding in Fennovoima to RAOS Voima Oy, subject to approval by the Ministry of Economic Affairs and Employment. The uncertainty surrounding the granting of the permit and the risk of the interruption of the nuclear power plant project have risen significantly due to Russia's war against Ukraine. Due to these reasons, SRV's holding in Fennovoima – valued at EUR 13.3 million in the annual financial statements dated 31 December 2021 – was written off in its entirety at the end of the first quarter. SRV still has an EUR 18.7 million investment commitment in the nuclear power plant project, which is subject to significant uncertainty after Fennovoima announced that it had terminated the plant delivery agreement with the RAOS Project on 2 May 2022 and cancelled its building permit application for the Hanhikivi 1 nuclear power plant on 24 May 2022. On 8 August 2022, SRV announced that the completion of the set of conditional agreements signed on 4 February 2022 between SRV and RAOS Voima Oy, which would have led to SRV's exit from its ownership in Fennovoima, will not be realised.

SRV suspended the construction of the Torihotelli contract in Oulu due to the payment difficulties of the client. Trade receivables in the contract involve credit loss risks. At the end of December, SRV had about EUR 16.0 million receivables due from this contract, secured by a mortgage on the property under construction and pledges on certain other assets. In March, the company initiated legal proceedings to realise the collateral. In order toaccelerate the realisation of the mortgaged property, SRV filed an application on 27 June 2022 to declare the client company bankrupt. As a result, the District Court of Oulu declared the company developing the hotel, Kiinteistö Oy Oulun Torihotelli, bankrupt on 26 August 2022.

SRV has no assets held for sale according to IFRS 5 during the review period. On 4th March 2022 SRV published statement regarding possibilities of accelerated detaching from Russia. After the statement the company has actively made efforts towards this by negotiating the sale of its Russian assets. The uncertainty in the market is exceptionally high meaning the schedule and probability of detaching from Russia is hard to estimate.

6) Group commitments and contingent liabilities

(EUR million)	31.12.2022	31.12.2021	change, %
Collateral given for own liabilities			
Real estate mortgages given [1)]	**9,2**	20,0	-53,8
Other commitments			
Investment commitments given	**19,6**	19,7	-0,4
Plots purchase commitments	**8,0**	28,9	-72,5

[1)] Real estate mortgages include the total amount of mortgages given as collateral for developer contracting housing production against the housing corporation loans of uncompleted and unsold completed projects.

7) Financial assets and liabilities by measurement categories

31.12.2022 (EUR million)	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value
Non-current financial asset				
Long-term interest bearing receivables	0,0	14,2	**14,2**	**14,2**
Long-term receivables	0,0	0,0	**0,0**	**0,0**
Loan receivables from associated companies and joint ventures	0,0	0,0	**0,0**	**0,0**
Derivative instruments	4,1	0,0	**4,1**	**4,1**
Other financial assets	7,8	0,0	**7,8**	**7,8**
Current financial assets				
Accounts receivables	0,0	28,7	**28,7**	**28,7**
Other interest bearing receivables	0,0	0,0	**0,0**	**0,0**
Cash and cash equivalents	0,0	45,3	**45,3**	**45,3**
Total	**11,8**	**88,2**	**100,1**	**100,1**
Non-current financial liabilities				
Interest bearing liabilities	0,0	23,8	**23,8**	**23,8**
Derivative instruments	0,0	0,0	**0,0**	**0,0**
Other non-current liabilities	0,0	6,3	**6,3**	**6,3**
Current financial liabilities				
Interest bearing liabilities	0,0	10,0	**10,0**	**10,0**
Accounts payables	0,0	43,0	**43,0**	**43,0**
Total	**0,0**	**83,1**	**83,1**	**83,1**

31.12.2021 (EUR million)	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value
Non-current financial asset				
Long-term interest bearing receivables	0,0	9,7	9,7	9,7
Long-term receivables	0,0	0,0	0,0	0,0
Loan receivables from associated companies and joint ventures	0,0	40,5	40,5	40,5
Other financial assets	24,7	0,0	24,7	24,7
Current financial assets				
Accounts receivables	0,0	57,9	57,9	57,9
Other interest bearing receivables	0,0	0,1	0,1	0,1
Cash and cash equivalents	0,0	68,0	68,0	68,0
Total	**24,7**	**176,2**	**201,0**	**201,0**
Non-current financial liabilities				
Interest bearing liabilities	0,0	128,8	128,8	111,1
Derivative instruments	5,9	0,0	5,9	5,9
Other non-current liabilities	0,0	8,9	8,9	8,9
Current financial liabilities				
Interest bearing liabilities	0,0	20,2	20,2	20,2
Accounts payables	0,0	59,7	59,7	59,7
Total	5,9	217,5	223,4	205,7

Liability of derivative instruments (EUR million)	**12/2022** Fair value		**12/2021** Fair value	
	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied				
Currency options	**0,0**	**0,0**	0,0	0,0
Interest rate swaps	**4,1**	**0,0**	0,0	5,9

	12/2022	**12/2021**
Nominal values of derivative instruments		
Currency option	**0,0**	0,0
Interest rate swaps	**100,0**	100,0

Fair value hierarchy of financial assets and liabilities

Financial assets at fair value through profit or loss
The company had foreign exchange option contracts and interest rate swaps recognised at fair value through profit or loss.

Derivative financial instruments at fair value through profit or loss

(EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**
31.12.2022				
Derivative financial assets	0,0	4,1	0,0	**4,1**
Derivative financial liabilities	0,0	0,0	0,0	**0,0**
31.12.2021				
Derivative financial assets	0,0	0,0	0,0	**0,0**
Derivative financial liabilities	0,0	5,9	0,0	**5,9**
31.12.2021				
Derivative financial assets	0,0	0,0	0,0	**0,0**
Derivative financial liabilities	0,0	5,9	0,0	**5,9**

Other financial assets at fair value through profit or loss

(EUR million)	**31.12.22**	31.12.21
Other financial assets	**24,7**	22,7
Inreases	**0,1**	3,1
Reclassification of assets as classified held for sale	**-**	-
Changes in fair values	**-17,0**	-0,5
Decreases	**0,0**	-0,6
Total	**7,8**	24,7
Non-current	**7,8**	24,7
Current	**-**	-

Other financial assets at fair value through profit or loss

(EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**
31.12.2022				
Unlisted shares	-	0,6	4,9	5,5
Long-term receivables	-	2,2	-	2,2
30.9.2021				
Unlisted shares	-	0,6	22,7	23,3
Long-term receivables	-	-	0,5	0,5
31.12.2021				
Unlisted shares	-	0,6	24,1	24,7
Long-term receivables	-	-	-	-

Level 1 instruments are traded in active markets and their fair values are directly based on the market price
The fair values of level 2 instruments are derived from market data.
The fair values of level 3 instruments are not based on observable market data, but may also be based quatations provided by brokers, external market valuation reports or cash flow-based forecast. Valuation may also be based on acquisition cost if this the best estimate of fair value.

Unlisted shares and investments consist mainly of shares purchased for leisure facilities used by SRV's employees (level 2) and real estate funds and projects (level 3). SRV wrote off it's Fennovoima investment and Russia related real estate funds and projects during Q1 2022 total of EUR -14.7 million. Assets recognised in level 3 consist mainly of Tampere Central Deck and Arena (12 2022 EUR 7.0 million).

8) Breakdown of revenue

Revenue (EUR million)	1-12/ 2022	1-12/ 2021	change MEUR	change, %	10-12/ 2022	10-12/ 2021
Revenue recognition at a point in time	50,1	165,0	-114,9	-69,6	1,4	101,5
Revenue recognition over time	694,2	754,7	-60,5	-8,0	177,0	232,6
Other revenue	25,7	12,8	12,9	100,5	2,8	2,1
Total	**770,1**	**932,6**	**-162,5**	**-17,4**	**181,2**	**336,3**

9) Group and Segment Information

SRV Group's segments are Construction, Investments and Other operations and elimination.

Revenue EUR million	1-12/ 2022	1-12/ 2021	change MEUR	change, %	10-12/ 2022	10-12/ 2021
Revenue recognition at a point in time	**50,1**	**165,0**	-114,9	-69,6	**1,4**	**101,5**
Construction	48,4	161,8	-113,5	-70,1	1,4	101,5
Investments	1,7	**3,2**	-1,4		0,0	0,0
Revenue recognition over time	**694,2**	**754,7**	-60,5	-8,0	**177,0**	**232,6**
Construction	691,7	752,1	-60,4	-8,0	176,7	231,9
Investments	2,5	2,6	-0,1	-3,0	0,3	0,7
Other revenue	**25,7**	**12,8**	12,9	100,5	**2,8**	**2,1**
Construction	6,2	16,2	-10,0	-61,7	2,4	2,4
Investments	5,6	1,1	4,6	430,7	0,5	-0,1
Other operations and eliminations	13,9	-4,4	18,3		-0,1	-0,2
Group, total	**770,1**	**932,6**	-162,5	-17,4	**181,2**	**336,3**
Construction revenue	**746,3**	**930,1**	-183,9	-19,8	**180,4**	**335,8**
Construction, external	745,7	926,2	-180,5	-19,5	180,4	335,7
Construction, internal	0,6	4,0	-3,4	-84,8	0,1	0,1
Investments revenue	**9,9**	**6,8**	3,1	46,1	**0,9**	**0,6**
Investments, external	9,8	6,7	3,1	46,4	0,8	0,6
Investments, internal	0,1	0,1	0,0	23,7	0,1	0,0
Other operations and eliminations revenue	**13,8**	**-4,4**	18,2		**-0,1**	**-0,2**
Other operations and eliminations, external	14,6	-0,3	14,9		0,0	0,0
Other operations and eliminations, internal	-0,7	-4,0	3,3		-0,1	-0,2
Total	**770,1**	**932,6**	-162,5	-17,4	**181,2**	**336,3**

Operation profit EUR million	1-12/ 2022	1-12/ 2021	change MEUR	change, %	10-12/ 2022	10-12/ 2021
Construction	**23,3**	14,1	9,1	64,8	**2,3**	-1,3
Investments	**-109,3**	-11,6	-97,8	846,3	**-7,2**	-8,6
Other operations and eliminations	**9,7**	-4,3	13,9		**-1,3**	-1,5
Group, total	**-76,4**	-1,7	-74,7		**-6,3**	-11,5

Operating profit, %	1-12/ 2022	1-12/ 2021	10-12/ 2022	10-12/ 2021
Construction	**3,1**	1,5	**1,3**	-0,4
Investments	**-**	-	**-**	-
Group, total	**-9,9**	-0,2	**-3,5**	-3,4

Assets EUR million	31.12.2022	31.12.2021	change MEUR	change, %
Construction	**387,1**	454,3	-67,2	-14,8
Investments	**13,5**	171,2	-157,7	-92,1
Other operations and eliminations	**48,0**	60,8	-12,8	
Group, total	**448,5**	686,3	-237,8	-34,7

Non-interest-bearing liabilities EUR million	31.12.2022	31.12.2021	change MEUR	change, %
Construction	**194,5**	258,5	-64,1	-24,8
Investments	**2,6**	3,9	-1,4	-34,4
Other operations and eliminations	**-20,5**	20,8	-41,4	-198,7
Group, total	**176,5**	283,3	-106,8	-37,7

Capital Employed EUR million	31.12.2022	31.12.2021	change MEUR	change, %
Construction	**212,4**	195,8	16,6	8,5
Investments	**10,9**	167,3	-156,4	-93,5
Other operations and eliminations	**48,7**	40,0	8,7	
Group, total	**272,0**	403,0	-131,0	-32,5

Return on investment EUR million	31.12.2022	31.12.2021	change MEUR	change, %
Construction	**23,6**	14,9	8,6	57,7
Investments	**-105,3**	-13,7	-91,6	
Group	**-34,0**	-2,9	-31,1	

Return on investment %	31.12.2022	31.12.2021
Construction	**11,5**	5,1
Investment	**-118,3**	-16,8
Group	**-10,1**	-0,6

10) Inventories

EUR million	31.12.2022	31.12.2021	change MEUR
Land areas and plot-owning companies	**75,4**	113,7	-38,3
Construction	72,3	65,6	6,8
Investments	3,1	48,2	-45,1
Work in progress	**79,6**	104,1	-24,5
Construction	79,6	104,1	-24,5
Investments	0,0	0,0	0,0
Shares in completed housing corporations and real estate companies	**4,8**	5,1	-0,3
Construction	4,8	2,6	2,2
Investments	0,0	2,4	-2,4
Other inventories	**78,2**	77,2	1,0
Construction	3,0	4,5	-2,1
Investments	0,0	0,0	0,0
Right -of-use asset, total	75,1	72,7	2,4
Inventories, total	**238,0**	300,1	-62,1

11) Changes in financial position

Financial liabilities, excluding lease liabilities

31.12.2022

EUR million	Carrying amount	Contractual liability [1]	Maturity 2023	2024	2025	2026	later
Bonds	**0,0**	**0,0**	0,0	0,0	0,0	0,0	0,0
Loans from financial institutions	**11,8**	**13,7**	11,4	2,3	0,0	0,0	0,0
Housing loans[2]	**7,4**	**12,0**	0,3	0,3	0,4	0,4	10,6
Other liabilities	**14,6**	**14,6**	0,0	0,0	0,0	0,0	14,6
Other liabilities non- interest bearing	**9,8**	**9,8**	3,5	2,5	3,1	0,0	0,7
Derivative liabilities	**0,0**	**0,0**	0,0	0,0	0,0	0,0	0,0
Accounts payables	**43,0**	**43,0**	43,0	0,0	0,0	0,0	0,0
Total	**86,6**	**93,0**	**58,2**	**5,1**	**3,5**	**0,4**	**25,9**

Financial liabilities, lease liabilities

31.12.2022

EUR million	Carrying amount	Contractual liability	Maturity 2023	2024	2025	2026	later
Lease liabilities	**92,0**	**220,8**	7,0	6,8	6,1	6,0	194,9

Financial liabilities, excluding lease liabilities

31.12.2021

EUR million	Carrying amount	Contractual liability [1]	Maturity 2023	2024	2025	2026	later
Bonds	104,3	124,1	16,1	15,5	14,9	77,6	0,0
Loans from financial institutions	11,9	13,5	11,1	2,4	0,0	0,0	0,0
Housing loans[2]	18,1	23,0	0,3	0,3	0,5	1,0	20,9
Other liabilities	14,6	14,6	0,0	0,0	0,0	0,0	14,6
Other liabilities non- interest bearing	11,5	11,5	2,6	5,4	0,0	2,8	0,8
Derivative liabilities	5,9	7,4	1,9	1,9	1,9	1,7	0,0
Accounts payables	59,7	59,7	59,7	0,0	0,0	0,0	0,0
Total	**226,1**	**253,8**	**91,7**	**25,4**	**17,3**	**83,1**	**36,3**

Financial liabilities, lease liabilities

31.12.2021

EUR million	Carrying amount	Contractual liability	Maturity 2023	2024	2025	2026	later
Lease liabilities	89,0	215,9	6,8	6,6	6,0	5,9	190,6

[1] Includes all contractual payments, e.g. interest and commitment fees.

[2] At the time of handing over the apartment, the responsibility for repaying the principal and interest on the housing loans passes to the buyer of the apartment. Irrespective of whether the apartment is unfinished or completed, but not handed over to the buyer, SRV's debt capital and interest are presented in full up to the maturity of the loan. Only when control of the apartment is transferred will interest and principal be removed from the table.

During the financial period, the company's EUR 100 million unsecured fixed-rate notes (with an outstanding principal of EUR 21.1 million after the reconciliation of the notes purchased in the tender offer on 30 June 2022) and EUR 75 million unsecured fixed-rate notes (with an outstanding principal of EUR 36.0 million after the reconciliation of the notes purchased in the tender offer on 30 June 2022) were converted into hybrid and convertible bonds in written procedures. Conversion into convertible bonds was executed by amending the terms and conditions of the notes with the inclusion of a special right to convert the notes into shares pursuant to the Companies Act if the company does not redeem them before 30 June 2026. Conversion into hybrid bonds was implemented such that, following the amendment of the terms and conditions, the notes have no repayment date and do not commit the issuer to the payment of interest. The notes were measured at fair value, which was 60 per cent of their nominal value when the terms and conditions were amended. EUR 34.3 million of the hybrid and convertible bonds with a nominal value of EUR 57.1 million were recognised in the balance sheet as equity instruments and the difference between their nominal value and carrying amount, EUR 22.8 million, was recognised as other financial income. During the written procedure on the amendment of the terms and conditions, the company made a voluntary tender offer to the noteholders at a price of 60 per cent of the nominal value. In the tender offer, notes with a total nominal value of EUR 42.7 million were purchased for EUR 25.6 million. Due to the change of terms to hybrid, they are no longer presented as interest-bearing liabilities but as an item of equity.

With the syndicate banks, the company agreed on the extension of its revolving credit facility and project financing facility by 12 months and certain other amendments to the agreement on the revolving credit facility and project financing facility. At the end of the review period, EUR 10 million of the company's EUR 30 million revolving credit facility was withdrawn and EUR 20 million was unused. EUR 35.8 million of the company's EUR 40 million committed project financing facility was unused at the end of the review period. In addition, the company's EUR 63 million non-committed project financing facility was entirely unused at the end of the review period.

Breakdown of cash and non-cash changes of group's financial position

	1.1.2022	Non-cash changes	Cash changes	31.12.2022
Bonds	104,3	-72,6	-31,7	**0,0**
Loans from financial institutions	11,9	0,0	0,0	**11,8**
Housing loans	18,1	0,0	-10,7	**7,4**
Other liabilities	14,6	0,0	0,0	**14,6**
Other liabilities non- interest bearing	11,5	0,0	-1,7	**9,8**
Derivative liabilities	5,9	-5,9	0,0	**0,0**
Accounts payables	59,7	0,0	-16,7	**43,0**
Lease liabilities	89,0	5,3	-2,4	**92,0**
Total	**315,1**	**-73,2**	**-63,3**	**178,6**

Covenants

SRV's financing agreements contains standard covenants that relate to, among other, certain key financial indicators and ratios, and the guarantees given by SRV. The covenants of the revolving credit facility (RCF) are based on FAS or IFRS figures, adjusted and calculated in accordance with the methods defined inthe terms and conditions of the RCF agreement. The covenants are percentage of completion equity ratio, net gearing excluding IFRS 16 impact, Last 12 months minimum EBITDA excluding the share of associated companies' income and the impact of transaction costs and impairments, minimum cash and certain other limitations. Of the aforementioned covenants equity ratio, net gearing and minimum EBITDA are tested quarterly. Minimum cash is tested monthly.

The company and the lenders of its revolving credit facility and project financing facility agreed on minimum EBITDA and calculation method and net gearing level as part of Q2 restructuring of financing.

The table below presents the covenants and covenant levels of the RCF in place at the end of the reporting period:

Financial covenants of the RCF		Covenant value
Equity ratio (overtime revenue recognition)		>28 per cent
Net gearing (excluding IFRS 16 impact)		≤100 per cent
Minimum cash		>EUR 15 million at the period end, >EUR 7,5 million on other occasions
Minimum EBITDA (excluding the share of associated company results and before transaction costs and impairments)		>EUR 15 million

During the reporting period, the company's EUR 100 million unsecured fixed-rate notes (with an outstanding principal of EUR 21.1 million after the reconciliation of the notes purchased in the tender offer on 30 June 2022) and EUR 75 million unsecured fixed-rate notes (with an outstanding principal of EUR 36.0 million after the reconciliation of the notes purchased in the tender offer on 30 June 2022) were converted into hybrid and convertible bonds in written procedures. There are no financial convenants in new hybrid instruments.

12) Currency Risks

SRV is exposed to changes in the exchange rate of the ruble through its Russian subsidiaries, associated companies and joint ventures. Balance sheet items denominated in rubles are translated into euros using balance sheet date's exchange rate 77,9167. Currency risks are divided into transaction risk and translation risk. Transaction risk relates to foreign currency-denominated business (sales and purchases) and financing (loans) cash flows. Translation risk relates to investments in foreign subsidiaries, associated companies and project companies in which the functional currency is not the euro, and whose imputed effects are reflected in translation differences in the Group's consolidated equity.

Ruble exchange risk position

EUR million	**31.12.2022**	**31.12.2021**
Translation risk position		
Group Companies equity	3,0	13,8
Joint ventures and associated companies equity	0,0	59,4
Total	**3,0**	**73,2**
Transcation risk position		
Group Companies euro loan receivable/debt	2,6	8,1
Joint ventures and associated companies euro loan receivables/debt	0,0	30,1
Total	**2,6**	**38,2**
Ruble exchange risk position total	**5,6**	**111,4**
Short-term foreign exchange option- and forward contracts capital	**0,0**	0,0

13) Financial income

	1-12/ 2022	1-12/ 2021	10-12/ 2022	10-12/ 2021
Dividend and interest income	1,4	3,0	0,4	0,9
Exchange rate gains	1,5	1,9	-3,5	0,0
Muut rahoitustuotot	39,9	0,0	0,1	0,0
Partial write down of notes	17,1	0,0	0,0	0,0
Fair-value change of hybrid loan	22,9	0,0	0,0	0,0
Financial income, total	**42,7**	**4,9**	**-3,0**	**0,9**

14) Russia and Fennovoima related impairments, dissolution of margin eliminations and exchange differences

SRV has written down the balance sheet values of practically all of its shopping centres and other holdings in Russia and its holding in Fennovoima. Impairments in the Investments segment amounted to EUR -141.5 million, of which EUR -99.7 million impacted on operating profit and EUR -41.7 million on financial expenses. In addition, the Investments segment was affected by changes in the rouble exchange rate to a total amount of EUR 8.8 million, of which EUR 7.3 million impacted on operating profit and EUR 1.5 million on financial expenses. After the write-downs and change in the exchange rate of the rouble, the total value of SRV's holdings in Russia is EUR 3.0 million. In addition to Investments, the other operations and eliminations unit was affected by both the dissolution of the profit margin elimination and tax-related write-downs with a net effect of EUR 11.6 million. In addition, impairment of EUR -2.3 million was recognised on the Tampere Central Deck and Arena investment in Q4.

15) Related party transactions

EUR million 31.12.2022	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables [1)]	Liabilities
Management and the Board of Directors	3,4	0,0	0,0	0,0	0,0	0,0
Joint ventures	0,0	1,4	0,0	0,0	0,0	0,0
Associated companies	0,0	1,5	0,0	0,0	0,0	0,0
Other related parties	0,0	0,0	0,0	0,0	0,0	0,0
Total	**3,4**	**2,8**	**0,0**	**0,0**	**0,0**	**0,0**

1) On 31 March 2022 SRV has written down it's loan receivables from associated companies classified as related party transactions. At balance sheet date the value of loan receivables from associated companies was EUR 0.0 million (12/2021 EUR 40.5 million).

31.12.2021	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	3,0	0,0	0,0	0,0	0,0	0,0
Joint ventures	0,0	1,0	0,0	0,0	0,2	0,0
Associated companies	0,0	4,2	0,0	2,3	56,3	0,0
Other related parties	0,0	0,1	0,0	0,0	0,0	0,0
Total	**3,0**	**5,3**	**0,0**	**2,3**	**56,5**	**0,0**

16) Events after reporting period

There were no events after the end of the financial period.