INTERIM REPORT, 1 JANUARY–31 MARCH 2022

SRV GROUP PLC

28 April 2022 at 8:30 am

SRV WRITES DOWN ITS ASSETS IN RUSSIA AND INITIATES SET OF MEASURES TO STRENGTHEN ITS BALANCE SHEET – OPERATIVE OPERATING PROFIT AT THE SAME LEVEL AS IN THE COMPARABLE PERIOD

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January-March 2022 in brief:

- **Assets in Russia and the Fennovoima holding** were substantially written down due to the market situation and the weakening of the rouble. Total asset values decreased by EUR 141.2 million and the value of assets remaining in Russia totalled EUR 2.6 million.
- **Revenue** rose by 1.9 per cent to EUR 190.7 million (187.1 1–3/2021).
- **Operative operating profit** amounted to EUR 4.9 (4.8) million.
- **Operating profit** was EUR -85.7 (5.2) million. The write-downs, the dissolution of profit margin eliminations and the weakening of the rouble had a total impact of EUR -90.6 million.
- **The result before taxes** was EUR -128.5 (1.1) million. Write-downs and the weakening of the rouble had an impact of EUR -133.6 million.
- **Cash flow from operating and investment activities** totalled EUR -25.8 (-23.3) million.
- The **equity ratio** was 6.4 (23.8) per cent and **gearing** was 748.4 (170.8) per cent. Excluding the impact of IFRS 16, the equity ratio was 9.7 (29.4) per cent and gearing was 343.2 (96.5) per cent. The equity ratio in accordance with the loan covenant calculation was 12.3 per cent.
- At period-end, **the order backlog** stood at EUR 858.0 (1,061.1) million. New agreements valued at EUR 130.1 (85.4) million were signed in January–March. The sold share of the order backlog was 91.9 (87.7) per cent.
- **Earnings per share** were EUR -0.51 (0.00).

Events after the period

- On 28 April 2022, SRV decided to initiate a set of measures in order to comprehensively restructure the company's financing due to the impairment of Russian business functions following Russia's invasion of Ukraine and the related economic sanctions. The weakening of asset values has a major impact on SRV's shareholders' equity and equity ratio. The restructuring of financing is intended to strengthen the company's equity. The objective is that after the arrangement, SRV will have very limited risks in Russia and virtually no net debt (IFRS 16-adjusted) and will engage in good, healthy construction operations in Finland. The effects of the write-downs made due to impairment, the measures related to the financing arrangement, and the related terms and conditions are described in more detail later in this interim report and in the stock exchange release on this matter published on 28 April 2022.

OVERALL REVIEW

Group key figures (IFRS, EUR million)	1-3/ 2022	1-3/ 2021	change	change, %	1-12/ 2021	Previous 12 mo.
Revenue	**190.7**	187.1	3.6	1.9	932.6	936.2
Construction	175.2	187.8	-12.6	-6.7	930.1	917.5
Investments	1.1	1.0	0.1	11.7	6.8	6.9
Other operations and eliminations	14.4	-1.7	16.1		-4.4	11.7
Operative operating profit [1)]	**4.9**	4.8	0.2	3.2	5.3	5.4
Construction	6.3	6.9	-0.5	-7.8	14.1	13.6
Investments	-0.2	-0.8	0.6		-4.6	-4.0
Other operations and eliminations	-1.2	-1.3	0.1		-4.3	-4.1
Operative operating profit, %	**2.6**	2.5			0.6	0.6
Operating profit	**-85.7**	5.2	-90.8		-1.7	-92.5
Construction	6.3	6.9	-0.5	-7.8	14.1	13.6
Investments	-105.4	-0.4	-105.0		-11.6	-116.5
Other operations and eliminations	13.4	-1.3	14.7		-4.3	10.4
Operating profit, %	**-44.9**	2.8			-0.2	-9.9
Financial income and expenses, total	**-42.8**	-4.1	-38.7		-18.6	-57.4
Profit before taxes	**-128.5**	1.1	-129.6		-20.3	-149.9
Net profit for the period	**-133.3**	1.6	-134.9		-19.9	-154.8
Net profit for the period, %	**-69.9**	0.8			-2.1	-16.5
Order backlog (unrecognised) [2)]	**858.0**	1,061.1	-203.1	-19.1	872.3	669.1
New agreements	**130.1**	85.4	44.8	52.4	588.6	633.4

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)	1-3/ 2022	1-3/ 2021	change,	change, %	1-12/ 2021
Equity ratio, %	**6.4**	23.8			27.4
Equity ratio, %, excl. IFRS 16 [1)]	**9.7**	29.4			32.8
Net interest-bearing debt	**197.7**	309.5	-111.7	-36.1	170.0
Net interest-bearing debt, excl. IFRS 16 [1)]	**110.1**	180.5	-70.4	-39.0	81.0
Net gearing ratio, %	**748.4**	170.8			103.0
Net gearing ratio, %, excl. IFRS 16 [1)]	**343.2**	96.5			47.5
Return on investment, %	**-103.9**	4.7			-0.6
Capital employed	**261.4**	553.8	-292.4	-52.8	403.0
Construction	190.9	375.1	-184.2	-49.1	195.8
Investments	17.0	173.4	-156.4	-90.2	167.3
Other operations and eliminations	53.5	5.2	48.2		40.0
Capital employed, excl. IFRS 16 1)	**179.4**	430.6	-251.2	-58.3	319.4
Return on equity, %	**-557.0**	3.5			-11.5
Earnings per share, EUR	**-0.51**	0.00	-0.51		-0.08
Share price at end of period	**0.41**	0.57	-0.16	-28.1	0.53
Weighted number of shares at end of period, millions [2)]	**261.8**	262.2			262.2

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

January–March 2022

The Group's **revenue** rose by 1.9 per cent to EUR 190.7 million (187.1 1–3/2021). Revenue included the positive effect of the dissolution of a profit margin elimination in the Construction segment amounting to EUR 14.5 million as a result of write-downs of holdings in Russia. Revenue from housing construction increased thanks to growth in contracting carried out as development projects. Revenue from business premises contracting declined due to the decrease in the order backlog.

The Group's **operative operating profit** amounted to EUR 4.9 (4.8) million. Operative operating profit totalled EUR 6.3 (6.9) million for the Construction segment and EUR -0.2 (-0.8) million for the Investments segment. One of the factors behind the decline in the operative operating profit of the Construction segment was the smaller volume of business premises contracting, which was partly compensated by the higher volume of housing contracting carried out as development projects. The decrease in the operative operating loss of the Investments segment was affected by the high sales figures of shopping centres in March.

The Group's **operating profit** was EUR -85.7 (5.2) million. Operating profit was impacted by substantial write-downs of assets in Russia and the investment in Fennovoima and the dissolution of profit margin eliminations, which had a total impact of EUR -87.9 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 -2.7 (0.5) 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 -42.8 (-4.1) million. Net financial expenses included EUR -41.7 (0.0) million in write-downs of shareholder loans used to finance Russian associated companies, and exchange rate differences amounting to EUR -1.2 (0.6) million arising from the conversion of subsidiary and associated company loans, which did not have an impact on cash flow. Dividend and interest income amounted to EUR 0.7 (0.8) million, interest paid on derivatives and fair value changes amounted to EUR 3.1 (0.4) million, and interest expenses were EUR -2.1 (-3.2) million, of which EUR 0.3 (0.1) million was capitalised as of the beginning of the year. In addition, financial expenses included EUR -1.1 (-1.4) million in interest on lease agreement debts under IFRS 16 and EUR -0.8 (-0.8) million in other financial expenses.

The Group's **profit before taxes** totalled EUR -128.5 (1.1) million.

Cash flow from operating activities was EUR -25.4 (-22.5) million and **cash flow from investment activities** was EUR -0.3 (-0.7) million. Cash flow was affected by the seasonal first-quarter negative trend in working capital. Cash flow was also negatively impacted by repayments under the VAT payment arrangement made in 2020 and the fact that sold receivables had been reduced to less than EUR 2 million. At the end of 2021, sold receivables amounted to about EUR 5 million.

The **equity ratio** was 6.4 (23.8) per cent and **gearing** was 748.4 (170.8) per cent. Excluding the impact of IFRS 16, the equity ratio was 9.7 (29.4) per cent and gearing was 343.2 (96.5) per cent. The equity ratio in accordance with the loan covenant calculation was 12.3 per cent. Equity ratio and gearing changed because the company wrote down the balance sheet values of almost all of its holdings in Russia and the Fennovoima holding. Impairment, including the impact of exchange rate changes, amounted to about EUR 141 million.

At period-end, the Group's **order backlog** stood at EUR 858.0 (1,061.1) million. New agreements valued at EUR 130.1 (85.4) million were signed in January–March. The most significant new projects were the fourth tower building comprising 240 residential units and daycare facilities in Kalasatama, Helsinki for PATRIZIA as well as the Wintteri education and wellness campus in Uusikaupunki. The sold share of the order backlog was 91.9 (87.7) per cent.

In addition, SRV has announced won projects valued at about EUR 1.4 billion that have not yet been entered into the order backlog. These include the Laakso Joint Hospital in Helsinki, the headquarters to be built for WithSecure in Woodcity II, the Oulu Central Police Station and Prison, a new ward building for the Jorvi Hospital, 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 -0.51 (0.0).

Impairments related to Russia and Fennovoima, dissolution of profit margin eliminations and exchange rate differences

(EUR million)	Impairments, Investments	Exchange difference, Investments	Profit margin eliminations, Other operations and eliminations	Total
Revenue	0.0	0.0	14.5	**14.5**
Change in inventories	-44.8	0.0	0.0	**-44.8**
Write down of shares in associated companies, joint ventures	-44.4	-2.7	0.0	**-47.1**
Fair value change of other shares	-13.3	0.0	0.0	**-13.3**
Financial expenses	-41.7	-1.2	0.0	**-43.0**
Change in taxes	-0.9	0.0	-2.9	**-3.8**
Items in the statement of comprehensive income, translation difference	0.0	-3.8	0.0	**-3.8**
Total	**-145.2**	**-7.7**	**11.6**	**-141.2**

CEO'S REVIEW

“We started the year in optimistic spirits – the implementation of our strategy was progressing well in all areas, our project backlog had recovered, our average profitability had improved and we had won several major new projects. In addition, our balance sheet was well on its way to health, we had reached our gearing target and in practice we did not have any unsold completed residential units. The war that Russia started against Ukraine changed everything dramatically – and we were forced to reassess the valuations of our holdings in Russia.

As a consequence of the war, we have decided to exit from our holdings in Russia on an accelerated schedule. SRV has conducted negotiations regarding the sale of its assets in Russia. Negotiations are still ongoing. Due to war and the followed market situation, we have written down the balance sheet values of practically all of our shopping centres and other holdings in Russia and our investments in Fennovoima, in a total amount of EUR 141.2 million. After the write-downs, the total value of SRV’s holdings in Russia amounts to EUR 2.6 million and there are no more unrecognised profit margin eliminations.

At the same time, we have initiated a financing arrangement seeking to increase our equity by around EUR 100 million as well as reduce our interest bearing net debt by the same amount. We have strong support for the financing arrangement from our major shareholders, bond and hybrid loan investors as well as the banks giving us confidence that the arrangement will be completed. Once the finance arrangement has been completed, we have virtually no net debt (IFRS 16-adjusted) and have very limited risk in Russia. The company has good, healthy construction operations in Finland.

Once the financing arrangement is completed, our company’s balance sheet is expected to recover to its healthy level prior to the write-downs of Russian assets, which will enable the full-scale implementation of our strategy. SRV’s future will be built on good and revitalised construction operations in Finland. Our order backlog is on a healthy and relatively low-risk footing, which we have achieved with our focus on cooperative contracting. During the past year, we have announced many new projects that are expected to increase our order backlog and which are all based on our core strengths, that is, client-focused project development, cooperative contracting and lifecycle wisdom. In our business operations, we will focus on growth centres in Finland and seek to increase the share of our revenue accounted for by housing construction. We are one of the largest construction companies in Finland and have a strong track record in demanding and professionally attractive projects, such as the extension of the Terminal 2 at Helsinki Airport and Supercell’s headquarters at Wood City, Helsinki.

The market situation is currently uncertain and visibility is weak. The impacts of the war on investment demand, housing sales and interest rates remain unclear. At the same time, there is a great deal of uncertainty surrounding the availability of labour and materials, and the prices of materials. Under these circumstances, our first-quarter operative operating profit was satisfactory. We are now focusing on the development of our construction business in Finland and the successful completion of our financing arrangement. Our full-year financial guidance remains unchanged: consolidated revenue for 2022 is expected to amount to EUR 800–950 million and operative operating profit is expected to improve compared with 2021.

We will assess our long-term financial objectives at a later date this year, and will consider restructuring our segment reporting after our exit from Russia.

Putting together an extensive financing package in the middle of a crisis that has diverted resources from the development of operations has required a great deal of effort. The financing arrangement that we have launched has called for hard work from many different parties and has in many respects also meant disappointing the expectations of investors and financiers. I would like to thank all the parties for their contributions, and SRV’s personnel, customers and partners for their solid work during these tough times. We will be in good shape on a new foundation and are highly committed to meeting the expectations of all stakeholders.”

Saku Sipola, President & CEO

MARKET CONDITIONS

The Finnish economy rebounded rapidly from the recession caused by the worst phase of the coronavirus pandemic and it is estimated that Finland's economy grew by 3.3 per cent in 2021. Russia's invasion of Ukraine at the end of February ushered in significant economic uncertainty and weakened the growth prospects of the Finnish economy. The war has a variety of economic impacts on Finland – their extent will depend on the duration and scope of the war. The crisis accelerates inflation as the prices of energy and raw materials rise. Growing uncertainty, weaker consumer confidence and rising prices reduce consumption and investments. Growth in exports will tail off due to the termination of trade with Russia. Sanctions and counter-sanctions will worsen the bottlenecks in global production chains that were caused by the coronavirus pandemic. (Source: Bank of Finland & Ministry of Finance)

Urbanisation in Finland has maintained demand for both housing and business construction, especially in growth centres. Construction swung to growth in 2021, driven by the Finnish economy. The large number of start-ups in 2021 will maintain the backlog of work this year. Before the war began, it was expected that construction growth would accelerate to two per cent this year. The uncertainty ushered in by the war, its diverse economic impacts, the tough price trend in construction, and problems with the availability of materials put the brakes on construction.

Housing construction set a record-high pace in 2021, and it is estimated that 48,000 residential units were started up. It is forecast that the pace of housing construction will slacken this year due to uncertainty and the potential rise of interest rates. Business construction also returned to a growth track in 2021, driven by the construction of warehouses and industrial facilities. It has been forecast that growth will continue this year on the back of the construction of warehouses and industrial facilities as well as service-sector investments. However, there is a significant risk that development will fall short of the forecast. (Source: Confederation of Finnish Construction Industries RT & RAKSU group).

The volume of real estate transactions remained high in 2021. The Finnish property market got off to a strong start in 2022, but Russia's war against Ukraine creates uncertainty and casts a shadow on its outlook. Investors have been primarily interested in targets with strong cash flows, such as housing and logistics properties. Furthermore, interest in office properties has grown, while the appeal of commercial properties remains low. (Source: KTI & Newsec)

Russia's invasion of Ukraine has pushed the Russian economy into a recession. Due to the prevailing uncertainty and the extensive economic and trade sanctions imposed on Russia by other countries, and the counter-sanctions by Russia, Bofit estimates that Russia's GDP will contract by 10 per cent this year. Fixed investments and imports are falling sharply. Following the invasion, the rouble exchange rate has plummeted and inflation has accelerated to a record level. (Source: Bank of Finland, Bofit)

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 construction, business construction, infrastructure construction, project development, technical units and procurement, as well as internal services in Finland and Russia. 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 majority of the Investments segment's capital employed was committed in Russia. These investments have been almost entirely written down and the company seeks to exit from Russia on an accelerated schedule. Once it has successfully exited from Russia, SRV will consider changing its current reporting structure.

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, and business development. 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, as per the company's strategy. It is also responsible for housing sales, services for residents, and the lifecycle maintenance of commercial properties.

One of Construction's main objectives is to enhance the profitability of SRV's business and provide an excellent customer experience as a professional in project management and production implementation. It takes the SRV Approach, which is based on understanding customer needs and the effective implementation of projects in collaboration with our extensive network of professional partners.

Construction (EUR million)	**1-3/ 2022**	1-3/ 2021	change	change, %	1-12/ 2021	Previous 12 mo.
Revenue	**175.2**	187.8	-12.6	-6.7	930.1	917.5
business construction	98.7	140.5	-41.8	-29.7	581.4	539.6
housing construction	76.5	47.3	29.2	61.7	348.8	377.9
Operating profit	**6.3**	6.9	-0.5	-7.8	14.1	13.6
Operating profit, %	**3.6**	3.7			1.5	1.5
Capital employed	**190.9**	375.1	-184.2	-49.1	195.8	
Return on investment, %	**12.9**	7.5	5.4	72.7	5.1	
Order backlog [1)]	**858.0**	1,061.1	-203.1	-19.1	872.3	
business construction	505.9	606.5	-100,6	-16,6	508.3	
housing construction	352.1	454.6	-102,5	-22,5	364.0	
Group, total [1)]	**858.0**	1,061.1	-203.1	-19.1	872.3	
sold order backlog	**788.1**	930.6	-142.5	-15.3	798.2	
unsold order backlog	69.9	130.5	-60.7	-46.5	74.0	
sold order backlog, %	91.9	87.7			91.5	
unsold order backlog, %	8.1	12.3			8.5	

1) The Group's order backlog consists of the Construction business.

January–March 2022

Revenue from Construction declined to EUR 175.2 million (187.8 1–3/2021) in the January–March period. Revenue fell due to the smaller volume of business premises contracting. This was because large projects completed at the end of last year were removed from the order backlog. Revenue from housing construction increased, mainly due to the growth in the volume of contracting carried out as development projects.

Construction's **operating profit** declined to EUR 6.3 (6.9) million. Decreased volume in business premises contracting had a negative impact on operating profit. Operating profit from housing construction increased thanks to growth in contracting carried out as development projects.

Construction's **order backlog** stood at EUR 858.0 (1,061.1) million and 91.9 (87.7) per cent of the order backlog has been sold. New agreements valued at EUR 130.1 (85.4) million were signed in January–March.

Construction's **capital employed** totalled EUR 190.9 (195.8 12/2021) million.

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–March 2022

Revenue from housing construction in January–March rose to EUR 76.5 (47.3) million thanks to the higher volume of development and developer-contracted projects. No developer-contracted residential units were completed during the review period, and only 4 (44)were recognised as income. The **order backlog** for housing construction stood at EUR 352.1 (454.6) million. No new developer-contracted residential units were started up during the review period.

Housing under construction

At the end of March, SRV had a total of 2,397 (2,271) residential units under construction in Finland, mostly in growth centres. There were 210 (507) developer-contracted residential units under construction. No new developer-contracted residential units were started up during the review period (124). 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 March, a total of 1,960 (1,335) residential units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Tampere.

The Kalasatama towers being built in Kalasatama, Helsinki comprise the largest construction project in SRV's history. The second residential tower, Loisto, was completed on schedule at the end of September 2021. The construction of the third residential tower, Lumo One (previously called Kompassi), began in April 2020 for Kojamo. It will be completed in late summer 2022. 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.

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 Bunkkeri in the Jätkäsaari district of Helsinki.

Completed residential units, developer contracting

No developer-contracted residential units were completed during January–March (0 in 1-3/2021). At the end of March, 5 (46) completed units remained unsold. A total of 11 (170) developer-contracted residential units were sold during January–March.

Residential units recognised as income

In January–March, 4 (44) developer-contracted residential units were recognised as income, generating total revenue of EUR 1.4 million.

Housing construction, Group units	**1-3/ 2022**	**1-3/ 2021**	**change, units**	**1-12/ 2021**	**Previous 12 mo.**
Housing sales	**251**	348	-97	1,313	1,216
developer contracting	**11**	170	-159	409	250
sold to investors	**240**	178	62	904	966
Developer contracting					
start-ups	**0**	124	-124	195	71
completed	**0**	0	0	368	368
recognised as income	**4**	44	-40	453	413
completed and unsold	**5**	46	-41	9	
Under construction	**2397**	2,271	126	2,085	
contracts	**0**	0	0	0	
negotiated contracts	**227**	409	-182	227	
sold to investors	**1960**	1,355	605	1,648	
developer contracting	**210**	507	-297	210	
sold	173	334	-161	166	
unsold	37	173	-136	44	
sold, %	82,4	66		79	
unsold, %	17,6	34		21	

Order backlog, housing construction (EUR million)	**1-3/ 2022**	**1-3/ 2021**	**change, EUR million**	**change, %**	**1-12/ 2021**
Contracts and negotiated contracts	**253.5**	207.5	46.1	22.2 %	251.1
Under construction, sold	**40.4**	116.6	-76.3	-65.4 %	38.8
Under construction, unsold	**56.7**	114.0	-57.3	-50.3 %	71.2
Completed and unsold developer contracting	**1.5**	16.6	-15.1	-90.9 %	2.8
Housing construction, total	**352.1**	454.6	-102.5	-22.5 %	364.0

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

Project name	Location	SRV, contract value, EUR million	Completion (estimate)	Units	Sold*	For sale*
Ilmarisenpuisto	Helsinki	20	Q2/2022	68	60	8
Kalevan Divaani	Tampere	14	Q3/2022	71	71	0
Aarni	Vantaa	9	Q3/2022	42	19	23
Kartanonrinne	Kaarina	6	Q2/2022	29	23	6

Total value of projects approx. EUR 49 million
* Situation at 31 March 2022

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

Project name	Location	Developer	Completion level, %*	Completion date (estimate)
Tammelan Engel	Tampere	Taaleri	82	Q2/2022
Piispanristi	Espoo	Kojamo	84	Q3/2022
Lumo One	Helsinki	Kojamo	85	Q3/2022
Haltiantie 12	Vantaa	Kojamo	53	Q3/2022
Kannen Opaali	Tampere	Tampereen Tornit	75	Q4/2022
Kalevan Klaffi	Tampere	Pro ry, PAM ry, JHL ry	43	Q4/2022
Pyhtäänkorpi 15F (H-I)	Vantaa	Kojamo	47	Q4/2022
Saunakukka	Espoo	DWS	26	Q4/2022
Haltiantie 14	Vantaa	Kojamo	25	Q1/2023
Kalevan Vitriini	Tampere	Pro ry, PAM ry, JHL ry	39	Q1/2023
Helsingin Höyrypilli & Vihellys	Helsinki	Kojamo	22	Q3/2023
Pohjantytär	Helsinki	DWS	29	Q3/2023
Haltiantien Pekko	Vantaa	Suomen Asuntoneuvoja	12	Q4/2023
Ainonkannel	Helsinki	Kojamo	17	Q4/2023
Visio	Helsinki	Patrizia	26	Q1/2024

Total value of projects approx. EUR 330 million
* Situation at 31 March 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 premises 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–March 2022

Revenue from business construction decreased to EUR 98.7 million (140.5 1–3/2021) and **the order backlog** contracted to EUR 505.9 (606.5) million. This was because large projects completed at the end of last year were removed from the order backlog.

Business and infrastructure projects under construction

The most significant business and infrastructure projects currently under construction include the HUS Bridge Hospital in Helsinki and the Espoonlahti metro station. These will be implemented as project management contracts. The Terminal 2 expansion and alteration project at Helsinki Airport, which is implemented under an alliance model, has progressed to its final phase.

In addition, SRV is currently carrying out the renovation of the Culture Barracks in Helsinki, and building the Satama Arena event centre in Kotka, the Woodspin fibre mill in Jyväskylä, a multipurpose hall for Rauma Marine Constructions, the Pressi B building for the Julius Tallberg Real Estate Corporation in the Vantaankoski district of Vantaa, the Lamminrahka school centre in Kangasala, the Matinkylä upper secondary school in Espoo, the Helsinki School of Natural Sciences, the Helsinki Upper Secondary School of Languages, the Jousenkaari School in Espoo, the Hovirinta School in Kaarina, business premises for Sponda and Senate Properties, the Siuntio education and wellness campus (as a lifecycle project), and the basic renovations of the National Theatre and the operating theatres at HUS Jorvi hospital.

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 Wood City quarter, the Pressi office and logistics area in Vantaankoski, the metro centre in Kivenlahti, and Bunkkeri in Jätkäsaari. Bunkkeri is 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-March, the Jousenkaari School in Espoo and new premises for the Radiation and Nuclear Safety Authority (STUK) in Vantaa were completed.

The largest ongoing business construction projects

Project	Location	SRV total contract value, EUR million	Project type	Completion level, %	Completion (estimate)
DEVELOPMENT PROJECTS					
Warasto Finland Lieto	Lieto	*	Retail	19	Q1/2023
BUSINESS PREMISES					
Espoonlahti Metro Station	Espoo	52	Public	99	Q2/2022
Kirkkonummi Wellbeing Centre	Kirkkonummi	32	Public	76	Q2/2022
Siuntio education and wellness campus	Siuntio	37	Public	71	Q2/2022
Open Innovation House	Espoo	25	Public	73	Q2/2022
HUS Bridge Hospital	Helsinki	254	Public	94	Q2/2022
HUS Jorvi, basic renovation of operating theatres	Espoo	39	Public	58	Q1/2023
Basic renovation of the Finnish National Theatre	Helsinki	40	Public	41	Q2/2023
Lamminrahka school centre	Kangasala	27	Public	9	Q2/2023
Helsinki Upper Secondary School of Languages and Upper Secondary School for Adults	Helsinki	38	Public	34	Q3/2023
Kotka Event Centre	Kotka	28	Public	27	Q3/2023
Matinkylä upper secondary school	Espoo	38	Public	9	Q4/2023
Wintteri	Uusikaupunki	60	Public	6	Q4/2023

*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 majority of the Investments segment’s capital employed was committed in Russia. These investments have been almost entirely written down and the company seeks to exit from Russia on an accelerated schedule.

Investments (EUR million)	**1-3/ 2022**	1-3/ 2021	change, EUR million	change, %	Previous 12 mo.
Revenue	**1.1**	1.0	0.1	11.7	6.9
Percentage of associated companies' profits	**-2.8**	0.3	-3.0		-2.5
Hedging expenses	**0.0**	-0.1	0.1		0.0
Operative operating profit	**-0.2**	-0.8	0.6		-4.0
Operating profit	**-105.4**	-0.4	-105.0		-116.5
Capital employed	**17.0**	173.4	-156.4	-90.2	
Return on investment, %	-459.6	1.8	-461.4		

January–March 2022

Investments’ **revenue** totalled EUR 1.1 (1.0) million in the January–March period. It mainly consists of revenue from shopping centre management.

The **operative operating profit** totalled EUR -0.2 (-0.8) million. The decrease in the operative operating loss of the Investments segment was affected by the exceptionally high sales figures at shopping centres in March. In addition to SRV’s Group companies, the result contains shares of the results of the associated companies that own the Okhta Mall and Pearl Plaza shopping centres, including not only their operating margin, but also depreciation, financial expenses and taxes.

Investments’ **operating profit** was EUR -105.4 (-0.4) million. Operating profit was impacted by substantial write-downs of assets in Russia and the Fennovoima holding, which had a total impact of EUR -102.5 million. After the write-downs, the total value of SRV’s holdings in Russia amounts to EUR 2.6 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 -2.7 (0.5) million. The exchange rate impact, which largely had no effect on cash flow, was caused by the valuation of the euro-denominated loans of associated companies in roubles, currency hedging expenses and changes in the market value of currency hedges.

Capital employed totalled EUR 17.0 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 2.6 million. The remainder of capital employed mainly comprises investments in the Tampere Central Deck and Arena project.

The return on investment % was -459.6 (1.8) per cent. When calculating the return on investment, the income from interest on loans granted to associated companies and changes in the value of loans are also taken into consideration.

Capital employed

Capital employed (EUR million)	31 Mar. 2022	31 Dec. 2021
Okhta Mall, shopping centre	**0.0**	69.3
Pearl Plaza, shopping centre	**0.0**	20.0
Plots in Russia	**2.6**	47.0
Fennovoima	**0.0**	13.3
Tampere Central Deck and Arena	**10.1**	10.1
Other holdings	**4.3**	7.5
Total	**17.0**	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

SRV has decided to exit its businesses and holdings in Russia due to Russia's war against Ukraine. The company is a co-investor in three Russian shopping centre projects through its associated companies. In addition, SRV owns plots in Russia. As communicated on March 4, 2022, SRV is exploring opportunities to accelerate detaching from Russia. SRV has conducted negotiations regarding the sale of its assets in Russia. So far the negotiations have not resulted in an agreement.

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 -144.2 million, of which EUR -102.5 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 -7.7 million, of which EUR -3.9 million was recognised in the income statement and EUR -3.8 million through translation differences in the balance sheet. After the write-downs and change in the exchange rate of the rouble, the total value of SRV's holdings in Russia is EUR 2.6 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 interim accounts. In the 2021 annual accounts, Okhta Mall was valued at EUR 69.3 million and Pearl Plaza at EUR 20.0 million. 4Daily had already been valued at zero earlier.

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 2.6 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, EUR 13.3 million, has been written off in the Financial Statement on 31 Dec. 2021. SRV still has an EUR 18.7 million investment commitment in the nuclear power plant project, which is subject to significant uncertainty.

Impairments of other holdings in Russia amounted to EUR 2.0 million.

SRV wrote down its shopping centre holdings in Russia on 31 March 2022.

Project	Holding, %	Opened	Floor area (m^2)	Occupancy rate 3/2022, %
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 100
Okhta Mall, shopping centre, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 Leasable area 78,000	Lease agreements 95.1
4Daily, shopping centre, Moscow	Vicus 26 SRV 19 Blagosostoyanie 55	April 2017	Gross floor area 52,000 Leasable area 25,500	Lease agreements 92.7

*Russia Invest's shareholders are Finnish institutional investors. Ilmarinen owns a 40 per cent stake in Russia Invest, Sponda and SRV have 27 per cent holdings, and Conficap owns six per cent.

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. In Finland, SRV also owns the commercial property Ratsumestarinkatu 6 in Porvoo.

Land reserves

Land reserves 31 Mar. 2022	Business construction	Housing construction	Investments	Total
Unbuilt land areas, land acquisition commitments and rented plots				
Building rights[1]), 1,000 m²	106	214	183	502
Land development agreements				
Building rights[1]), 1,000 m²	61	194	0	255

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.

FINANCING AND FINANCIAL POSITION

IFRS, (EUR million)	1-3/ 2022	1-3/ 2021	Change, %	1-12/ 2021
Equity ratio, %	**6.4**	23.8	-73.2	27.4
Equity ratio, %, excl. IFRS 16 1)	**9.7**	29.4	-67.0	32.8
Net gearing ratio, %	**748.4**	170.8	338.2	103.0
Net gearing ratio, %, excl. IFRS 16 1)	**343.2**	96.5	255.5	47.5
Shareholders' equity	**26.4**	181.2	-85.4	165.1
Capital employed	**261.4**	553.8	-52.8	403.0
Net interest-bearing debt	**197.7**	309.5	-36.1	170.0
Net interest-bearing debt, excl. IFRS 16 1)	**110.1**	180.5	-39.0	81.0
Interest-bearing debt	**234.9**	372.6	-36.9	238.0
- *of which short-term*	111.8	117.7	5.1	22.5
- *of which long-term*	123.2	254.8	-51,7	215.5
Interest-bearing debt, excl. IFRS 16 1)	**147.3**	243.6	-39.5	149.0
Cash and cash equivalents	**37.2**	63.1	-41.0	68.0
Unused committed revolving credit facilities and overdraft facilities	**20.0**	0.0		30.0
Unused project loans that can be drawn immediately	**1.0**	27.3	-96.4	2.1

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

Net interest-bearing debt totalled EUR 197.7 million (170.0 12/2021) at the end of the review period. Net interest-bearing debt saw year-on-year growth of EUR 27.7 million. Excluding the impact of IFRS 16, net interest-bearing debt totalled EUR 110.1 million (81.0 12/2021), representing a rise of EUR 29.1 million on the comparison period. Housing corporation loans account for EUR 21.2 million (18.1 12/2021) of the interest-bearing debt.

At the end of the review period, the company's equity ratio (excluding the impact of IFRS 16) was 9.7 per cent (32.8 12/2021) and gearing (excluding the impact of IFRS 16) was 343.2 per cent (47.5 12/2021). The equity ratio calculated as per the covenants of financing agreements was 12.3 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 equity ratio and gearing levels were significantly impacted by the impairment of Russian business functions due to Russia's invasion of Ukraine and the related economic sanctions. Due to these impairments, two outstanding bonds with a total principal of about EUR 100 million no longer fulfil their equity ratio covenants. In addition, the equity ratio and gearing covenants of the company's revolving credit facility and project financing facility are no longer met.

The company and the lenders of its revolving credit facility and project financing facility have agreed on a standstill period lasting until 30 June 2022 during which the lenders have 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. 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. During the standstill period, the unused portion of the company's revolving credit facility, EUR 20 million, can be used as a source of liquidity with certain limitations. EUR 30.5 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.

At the end of the period, the Group's financing reserves totalled EUR 58.2 million (100.1 12/2021), consisting of unused project loans (EUR 1.0 million), an undrawn revolving credit facility (EUR 20 million) and cash and cash equivalents (EUR 37.2 million). Financing reserves were affected by EUR -25.8 million (-23.3 3/2021) in cash flow from operating activities and investments, EUR -4.5 (-10.7) million in cash flow from financing activities, and a decrease in undrawn project loans. In March 2022, the company made partial repayments of bonds as planned to a total nominal value of EUR 5.1 million.

In April 2022, the company decided to pursue the comprehensive restructuring of its financing as a result of the impairment of Russian business functions due to Russia's invasion of Ukraine and the related economic sanctions. These impairments have a substantial impact on SRV's shareholders' equity and equity ratio, and restructuring is intended to counteract the effects of these impairments by strengthening equity.

The contemplated reorganisation of the company's financing is comprised of the following measures:

(i) a rights issue for approximately EUR 35 million that is issued to the company's current shareholders (the "**Rights Issue**");

(ii) the conversion of the company's EUR 100 million unsecured fixed-interest bond which becomes due and payable on 23 March 2025 (with an outstanding unpaid principal of EUR 34.9 million) and another EUR 75 million unsecured fixed-interest bond which becomes due and payable on 27 March 2025 (with an outstanding unpaid principal of EUR 64.9 million) (the "**Bonds**") into hybrid convertible bonds in written procedure ("**Hybrid Conversion**"). The conversion into a convertible bond will be executed by amending the terms of the Bonds by including in the terms a special right under the Companies Act to convert the Bonds into shares. In addition, the holders of the Bonds will be given the opportunity to tender their Bonds for full or partial redemption at a price that corresponds to 60% of the nominal value of the Bonds ("**Tender**");

(iii) using the EUR 45 million hybrid bond issued on 22 March 2016 (with an outstanding unpaid principal of EUR 11.8 million) and the EUR 58.4 million hybrid bond issued on 23 May 2019 (with an outstanding unpaid principal of EUR 3.6 million) (the "**Hybrid Bonds**") to subscribe the company's shares for 45% of the Bonds' principal as part of a directed share issue of a maximum of EUR 6.9 million, which will be directed to the holders of the Hybrid Bonds (the "**Directed Share Issue**"). Altogether 55% of the principal of the Hybrid Bonds and any unpaid interest that has accumulated for the Hybrid Bonds as of the moment of conversion will be cut entirely as part of the arrangement; and

(iv) the extension of the liquidity and project financing facility granted to SRV (the "**Credit Facility**") by 12 months and the implementation of necessary amendments to the agreement governing the Credit Facility in order to account for the new equity structure and the impact of the company’s Russian business operation in those terms and conditions the fulfilment of which may be affected by the changed circumstances.

The subscription price in the Rights Issue, when exercising the right to convert the Bonds into shares and in the Directed Share Issue, is EUR 0.10 per share.

The implementation of the measures requires for (i) the company’s general meeting to decide on the authorisation of the Rights Issue with a simple majority and on the authorisation of the granting of special rights in connection with the Hybrid Conversion and the Directed Share Issue with a qualified majority of two thirds of all given votes and shares represented at the meeting as set out in Chapter 5 Section 27 of the Finnish Limited Liability Companies Act; (ii) those holders of the Bonds that represent 75% of the unpaid principal of the relevant Bond represented during written procedures to vote in favour of the Hybrid Conversion during written procedures; and (iii) those holders of the Hybrid Bonds that represent 75% of the total combined nominal value of the relevant Hybrid Bond represented during written procedures to vote in favour of the amendments that will enable the conversion and write-down of the Hybrid Bonds. Written procedures for Bonds and Hybrid Bonds begin on 28 April 2022. The company aims to complete the written procedures during the second quarter of 2022.

Shareholders that represent 73.5% of all shares in the company have warranted to the company that they will vote in favour of the authorisations that will be granted for the Rights Issue, the Directed Share Issue and the granting of special rights in connection with the Hybrid Conversion at the extraordinary general meeting. In addition, the company’s creditors that represent (i) 60.8% of the principal of the Bond that becomes due and payable on 23 March 2025; (ii) 51.5% of the principal of the Bond that becomes due and payable on 27 March 2025; (iii) 28.8% of the principal of the Hybrid Bond that was issued on 22 March 2016; and (iv) 56.2% of the principal of the Hybrid Bond that was issued on 23 May 2019 have issued a written undertaking to the company where they state that they will vote in favour of the required amendments during the written procedures. In addition, the company and its key lenders have agreed upon a standstill period that will last until 30 June 2022, during which the lenders have waived, among other things, their cancellation and termination rights of the Credit Facility that will result from the write-down of the assets located in Russia on the condition that the aforementioned reorganisation of the company’s financing will be executed and implemented. The company and its key lenders have also signed a term sheet document that sets out the new main terms and conditions that apply to the Credit Facility. SRV is confident that the final agreement regarding the amendments to the Credit Facility will be signed by the end of June 2022.

In the event that the aforementioned contemplated measures will be implemented, the company’s equity will increase approximately by EUR 100 million and the company’s interest-bearing debt will be reduced approximately by EUR 100 million compared to situation on 31 March 2022 and the company’s equity ratio (IFRS 16 adjusted), as per 31 March 2022, would rise from 9.7% to approximately over 35%.

The financial covenants of SRV’s financing agreements are equity ratio, gearing, minimum operating margin, minimum cash, the interest coverage ratio and certain other restrictions. The interest coverage ratio is the ratio of the Group’s operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing sources of financing. The interest cover ratio covenant of the bonds limits the company from taking on additional debt if the covenant is not met and the amount of SRV’s drawn down loans, such as the commercial paper programme, revolving credit facility, overdraft facilities, pension insurance (TyEl) re-lending, and hybrid loans or some other loans would exceed EUR 100 million after taking new debt. At the end of March, the drawn amounts for the items referred to above amounted to EUR 25.4 million in total. 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 11 to the interim report. In connection with the financing arrangements, the covenant levels and calculation methods will be renegotiated.

SRV's investment commitments totalled EUR 19.7 million (19.7 12/2021) at the end of March, 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 strengthening rouble led to translation differences of EUR -3.8 million (1.3 1–3/2021), 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 -1.2 (0.6) million in financial income and expenses, the Group also entered similarly derived currency exchange rate losses of EUR -2.7 (0.5) million with no cash flow impact under the profit accounted for by associated companies, which are due primarily to the conversion of currency-denominated loans to roubles and the stronger rouble exchange rate. The total impact on shareholders' equity was EUR 7.7 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 the interim report.

The weakening of the ruble, with respect to SRV's holdings in Russia, has had a cumulative direct effect on the amount of equity as a conversion difference totalling EUR -21.9 million through the statement of comprehensive income. In connection with the divestment of the assets, the accumulated negative conversion difference will be recorded as an expense in the income statement at a later date but it has no effect on total equity or operating profit.

RISKS AND UNCERTAINTIES

SRV's most significant risks and uncertainties concern negative changes in the company's and its customers' operating environment, capital employed in major projects, the availability of financing for SRV and its projects, the rise in construction costs and SRV's earnings trend, the coronavirus pandemic, key project implementation risks, and currently especially the consequences of Russia's war against Ukraine.

Many of the risk positions involved in the construction industry have increased significantly due to the war. 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.

Russia's war in Ukraine also contributes to the tightening economic situation in Russia. The prices of imported goods in particular have risen fast and the purchasing power of consumers is weakening. In addition, many foreign players are exiting the country, which significantly hinders the operations of the shopping centres partly owned by SRV. That said, SRV's balance sheet assets in Russia have been almost fully written down, which has eliminated risks posed by their balance sheet value and changes in the rouble exchange rate.

On 4 February 2022, SRV announced that it will exit its holding in Fennovoima and sell it to RAOS Voima Oy. In the company's view, it is unlikely that this contractual arrangement will come into force in the prevailing political atmosphere, as it is subject to approval by the Ministry of Economic Affairs and Employment. In addition, the risk that the project will be interrupted has grown significantly. The company has written down its holding in Fennovoima.

SRV has initiated a set of measures in order to comprehensively restructure the company's financing due to the impairment of Russian business functions following Russia's invasion of Ukraine and the related economic sanctions. The weakening of asset values has a major impact on SRV's shareholders' equity and equity ratio. The equity ratio calculated as per the covenants of financing agreements was 12.3 per cent, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion.

Due to these impairments, two outstanding bonds with a total principal of about EUR 100 million no longer fulfil their equity ratio covenants. In addition, the equity ratio and gearing covenants of the company's revolving credit facility and project financing facility are no longer met. Being unable to meet the covenant provisions triggers the termination and call-in right thus the bonds are reclassified as short-term interest-bearing liability. The company and the lenders of its revolving credit facility and project financing facility have agreed on a standstill period lasting until 30 June 2022 during which the lenders have 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. SRV has initiated a set of measures in order to comprehensively restructure the company's financing. Success of the financial restructuring has not been confirmed at the end of the reporting period, thus there is material uncertainty related to going concern. On the basis of the advance commitments received, the company estimates that the probability of successful restructuring is high.

Uncertainty posed by the coronavirus pandemic has decreased as the number of those who have had the illness and been vaccinated has risen. Restrictions have for the most part been lifted and this is forecast to contribute to the easing of the situation in the general economy and construction. However, infection rates remain high and the future development of the pandemic still involves risks, especially with respect to new variants of the virus. Coronavirus shutdowns in China may have significant negative impacts on global delivery chains and thereby on the availability of materials.

One business premises project under construction in Finland involves credit loss risks related to trade receivables. Due to the payment difficulties of the client, the payment of about EUR 15.7 million in trade receivables to SRV was overdue at the end of March. These receivables are secured by a mortgage on the property under construction and pledges on certain other assets. In March, the company filed a lawsuit in the district court to realise the mortgaged property.

More detailed information about the company's business risks and risk management has been provided in the 2021 Notes to the Financial Statements and Annual Review, which have been published on the company's website: https://www.srv.fi/en/investors/releases-and-publications/annual-reviews-financial-statements/. In addition, SRV has published a separate Corporate Governance Statement, which includes a general description of the company's risk management as part of its report on operations. It is available on the company's website at: https://www.srv.fi/en/investors/cg/.

PERSONNEL

Personnel by segment at end of period	1-3/ 2022	1-3/ 2021	Percentage of Group personnel	1-12/ 2021
Construction	**796**	767	85,0	801
Investments	**77**	107	8,3	83
Other operations and eliminations	**63**	53	6,7	60
Group, total	**936**	927	100,0	944

SRV employed an average of 940 (959 1–12/2021) people in January–March. On average, 799 (803) people worked in Construction and 80 (100) people worked in Investments. 61 (55) people worked in Group operations.

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 2022 is 11.0 accidents per million hours worked. In March 2022, the Group's rolling 12-month accident frequency rate for its own and subcontractors' personnel stood at 12.0 accidents per million hours worked.

TR measurement is a proactive method of making weekly occupational safety observations on building construction sites, thereby enabling sites to prevent accidents. MVR measurement is a method of assessing the safety of civil engineering sites and hydraulic engineering sites. The TR and MVR indexes are both expressed as percentages. That is, the number of correct observations as a percentage of the total number of observations made. The larger the proportion of correct observations, the better the index and the higher the safety level. The Group's target for TR and MVR measurements is 96 per cent. In March 2022, the Group's 12-month rolling TR measurement was 96.3 per cent and the MVR measurement was 96.6 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 96 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 62.0 per cent at the end of the review period. The Group's sorting rate is monitored on a monthly basis. The sorting rate target for 2022 is 70 per cent in accordance with the EU taxonomy.

Sustainability at SRV is presented in more detail in the 2021 Annual Review, available online at:
https://www.srv.fi/en/investors/releases-and-publications/annual-reviews-financial-statements/

CORPORATE GOVERNANCE AND THE DECISIONS OF THE ANNUAL GENERAL MEETING

SRV Group Plc's Annual General Meeting (AGM) was held on Monday 28 March 2022.

The AGM was held remotely on the basis of temporary legislation. Company shareholders could attend the meeting and exercise their shareholders' rights only by voting in advance and submitting any counterproposals and questions in advance.

The Annual General Meeting approved all the proposals made by the Board of Directors to the General Meeting. The Annual General Meeting adopted SRV Group Plc's financial statements, including the consolidated financial statements, and discharged the Board of Directors and the President & CEO from liability for the financial period 1 January–31 December 2021 and approved the 2021 Remuneration Report on the company's governing bodies. The AGM decided that no dividend would be paid for the financial year 2021.

The number of members of the Board of Directors was confirmed as five (5). Timo Kokkila, M.Sc. (Eng.), Tomi Yli-Kyyny, M.Sc. (Eng.), Hannu Leinonen, M.Sc. (Eng.), Heikki Leppänen, Lic.Sc. (Tech.), and Heli Iisakka, M.Sc. (Econ.) were re-elected to the Board of Directors. Tomi Yli-Kyyny was elected as the Chair of the Board of Directors. The Annual General Meeting confirmed that the following annual fees would be paid to the members of the Board: Board Chair EUR 72,000, Vice Chair EUR 48,000, Board member EUR 36,000, and Chair of the Audit Committee EUR 48,000, if he/she does not simultaneously act as Chair or Vice Chair of the Board of Directors. In addition, a EUR 700 fee will be paid to each member per Board and committee meeting. Travel expenses arising from performing the duties of a member of the Board of Directors will also be reimbursed according to company's travel policy. The aforementioned annual fees will be paid in SRV Group Plc's shares and in cash, with approximately 40 per cent of the remuneration paid in shares. After the transfer of shares, the remaining amount is to be paid in cash. The company will acquire the shares in the name and on behalf of the Board members. The company is responsible for the costs arising from the acquisition of the shares. The shares are to be acquired for Board members within two weeks from the publishing of the interim report for the first quarter of 2022, or as soon as it is possible in accordance with applicable legislation.

In its meeting after the AGM, the Board of Directors elected a Vice Chair, Tomi Kokkila, from among its members. Heli Iisakka was elected as Chair of the Audit Committee, and Hannu Leinonen and Timo Kokkila as members. Tomi Yli-Kyyny was elected as Chair of the HR and Nomination Committee, and Hannu Leinonen and Heikki Leppänen as members.

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares. The Board of Directors was authorised to acquire a maximum of 26,000,000 shares in the company so that the number of shares acquired on the basis of the authorisation, when combined with the shares already owned by the company and its subsidiaries, does not at any given time exceed a total of 10 per cent of all shares in the company.

The Annual General Meeting also authorised the Board of Directors to decide on the issuance of new shares and/or granting of other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act, either for consideration or free of consideration, and in one or several instalments. Under the authorisation, the number of shares to be issued or the number of reissued shares held by the company, including the shares issued on the basis of the special rights, shall not exceed 26,000,000 shares. The authorisation may be used, for example, when issuing new shares or conveying shares as consideration in corporate acquisitions, when the company acquires assets relating to its business, in order to strengthen the company's capital structure and for implementing incentive schemes. The Board of Directors was authorised to resolve on all other terms and conditions of the share issue. The authorisations of the Board of Directors shall be in force until 30 June 2023.

The firm of public accountants PricewaterhouseCoopers Oy was elected as the company's auditor. Enel Sintonen, authorised public accountant, is the principal auditor. The auditors' remuneration was confirmed as payable on the basis of an approved invoice.

The decisions of the Annual General Meeting are presented on the company's website at https://www.srv.fi/en/investors/cg/annual-general-meeting/annual-general-meeting-2022/, where the minutes of the meeting are also available.

SHARE-BASED INCENTIVE SCHEMES

SRV Group Plc has 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. The reward from each earnings period will be equivalent to a maximum value of about 4,400,000 SRV Group Plc shares (gross amount, from which withholding taxes will be deducted). Any reward will be paid in 2024 and 2025 as shares in the company (net amount).

- 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

SRV Group Plc's share capital is EUR 3.1 million. The share has no nominal value and the number of shares outstanding is 263,017,341. The company has one class of shares.

The closing price at Nasdaq Helsinki on 31 March 2022 was EUR 0.41 (EUR 0.53 on 31 December 2021). The highest share price during the reporting period was EUR 0.58 and the lowest EUR 0.38. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 0.04. On 31 March 2022, SRV had a market capitalisation of EUR 107.0 million, excluding the Group's treasury shares. 9.2 million shares were traded during the review period with a trade volume of EUR 4.3 million.

At the end of March, SRV Group Plc held 1,975,041 treasury shares (0.8 per cent of the total number of shares and combined number of votes).

FINANCIAL OBJECTIVES

SRV's strategy and all of its operations are guided by the 2021–2024 strategic financial objectives that were approved in February 2021:

- Operative operating profit: 6 per cent by the end of the period.
- Gearing excluding the impact of IFRS 16: 40-60 per cent by the end of the period.
- As the company gradually reduces its indebtedness, SRV expects that it will pay dividends in accordance with its dividend policy no earlier than for the 1 January–31 December 2023 financial year. The longer-term objective is to distribute dividend of 30-50 per cent of the annual result, taking into account the capital needs of business operations.

OUTLOOK FOR 2022

During 2022, 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; and 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. The impacts of the coronavirus pandemic have been moderate on the whole, but its effects on the construction market remain unclear and cause uncertainty regarding the outlook for the future. Revenue in 2022 will mainly be generated by cooperative contracting and development projects sold to investors. In 2022, the share of revenue accounted for by developer-contracted housing production will still remain relatively small.

- Consolidated revenue for 2022 is expected to amount to EUR 800–950 million (revenue in 2021: EUR 932.6 million).

- Operative operating profit is expected to improve compared with 2021 (operative operating profit in 2021: EUR 5.3 million).

Espoo, 28 April 2022

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 interim report

This interim report 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 28 April 2022, 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 half-year report for January-June 2022 on 21 July 2022. During the silent period (22 June–21 July), the company will not comment on anything relating to market outlooks, business or earnings trends.

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Key figures EUR million	1-3/ 2022	1-3/ 2021	1-12/ 2021	Last 12 Months
Revenue	**190.7**	187.1	932.6	936.2
Operative operating profit [1]	**4.9**	4.8	5.3	5.4
Operative operating profit, % revenue [1]	**2.6**	2.5	0.6	
Operating profit	**-85.7**	5.2	-1.7	-92.5
Operating profit, % revenue	**-44.9**	2.8	-0.2	
Operating profit, excl. IFRS16[2]	**-86.4**	4.3	-6.9	-97.6
Operating profit, % revenue excl. IFRS16[2]	**-45.3**	2.3	-0.7	
Profit before taxes	**-128.5**	1.1	-20.3	-149.9
Profit before taxes, % of revenue	**-67.4**	0.6	-2.2	
Net profit attributable to equity holders of the parent company	**-133.3**	1.5	-19.9	-154.7
Return on equity, %	**-557.0**	3.5	-11.5	
Return on investment, % 4)	**-103.9**	4.7	-0.6	
Return on investment % excl. IFRS16[2] [4]	**-141.6**	5.3	-2.1	
Capital employed	**261.4**	553.8	403.0	
Capital employed excl. IFRS16 [2]	**179.4**	430.6	319.4	
Equity ratio %	**6.4**	23.8	27.4	
Equity ratio excl. IFRS16, % [2]	**9.7**	29.4	32.8	
Net interest-bearing debt	**197.7**	309.5	170.0	
Net interest-bearing debt excl. IFRS16[2]	**110.1**	180.5	81.0	
Net gearing ratio, %	**748.4**	170.8	103.0	
Net gearing ratio excl. IFRS16, %[2]	**343.2**	96.5	47.5	
Order backlog [3]	**858.0**	1,061.1	872.3	
New agreements	**130.1**	85.4	588.6	
Personnel on average	**940**	930	959	
Earnings per share	**-0.51**	0.00	-0.08	-0.60
Earnings per share (diluted)	**-0.51**	0.00	-0.08	-0.60
Equity per share	**0.10**	0.71	0.63	
Equity per share (without hybrid bond), euros	**0.04**	0.65	0.57	
Dividend per share, euros	**0.00**	0.00	0.00	
Dividend payout ratio, %	**0.0**	0.0	0.0	
Dividend yield, % [4]	**0.0**	0.0	0.0	
Price per earnings ratio	**neg.**	138.6	neg.	
Share price development:				
Share price at the end of the period, eur	**0.41**	0.57	0.53	
Average share price, eur	**0.47**	0.57	0.61	
Lowest share price, eur	**0.38**	0.55	0.45	
Highest share price, eur	**0.58**	0.61	0.81	
Market capitalisation at the end of the period	**107.0**	149.4	138.9	
Trading volume, 1 000 units	**9,151**	12,360	45,701	
Trading volume, %	**3.5**	4.7	17.4	
Weighted average number of shares outstanding during the period, 1 000 units	**261,838**	262,170	262,158	
Weighted average number of shares outstanding during the period (diluted) 1 000 units	**261,838**	262,170	262,158	
Number of shares outstanding at the end of the period,1 000 units	**261,042**	262,175	262,155	

[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.

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)	1-3/ 2022	1-3/ 2021	1-12/ 2021
Operative operating profit in accordance with the new definition	**4.9**	4.8	5.3
+/- exhange rate gains and losses of associated companies and joint ventures and	**-2.7**	0.5	1.6
+/- income and expenses from currency hedging	**0.0**	-0.1	-0.1
+/- Items affecting comparability			
+/- Impairments of assets and their reversal	**-87.9**	-0.4	-6.0
+/- gains and losses from exceptional sales of assets	**0.0**	0.4	-2.5
+/- income and expenses due to changes in the Group structure	**0.0**	0.0	0.0
+/- Items affecting comparability in total	**-87.9**	0.0	-8.5
Operating profit	**-85.7**	5.2	-1.7

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	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Revenue	**190.7**	336.3	191.1	218.0	187.1
Operative operating profit	**4.9**	-4.6	-0.6	5.7	4.8
Operating profit	**-85.7**	-11.5	-1.6	6.3	5.2
Financial income and expenses, total	**-42.8**	-8.1	-2.8	-3.7	-4.1
Profit before taxes	**-128.5**	-19.5	-4.4	2.6	1.1
Order backlog [1]	**858.0**	872.3	1,038.2	1,047.5	1,061.1
New agreements	**130.1**	160.7	166.6	176.0	85.4
Earnings per share, eur	**-0.51**	-0.08	-0.02	0.01	0.00
Equity per share, eur	**0.04**	0.57	0.65	0.66	0.65
Share closing price, eur	**0.41**	0.53	0.58	0.66	0.57
Equity ratio, %	**6.4**	27.4	27.0	26.1	23.8
Equity ratio, % excl. IFRS16 [2]	**9.7**	32.8	34.0	32.5	29.4
Net interest-bearing liabilities	**197.7**	170.0	269.0	279.8	309.5
Net interest-bearing liabilities excl. IFRS16 [2]	**110.1**	81.0	142.1	152.5	180.5
Net gearing, %	**748.4**	103.0	147.5	151.9	170.8
Net gearing, % excl. IFRS16 [2]	**343.2**	47.5	75.5	80.3	96.5

Revenue EUR million	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**175.2**	335.8	188.0	218.5	187.8
business construction	98.7	184.8	115.2	140.9	140.5
housing construction	76.5	151.1	72.8	77.6	47.3
Investments	**1.1**	0.6	4.2	1.0	1.0
Other operations and eliminations	**14.4**	-0.2	-1.1	-1.5	-1.7
Group, total	**190.7**	**336.3**	**191.1**	**218.0**	**187.1**

Operative operating profit EUR million	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**6.3**	-1.3	1.6	7.0	6.9
Investments	**-0.2**	-1.7	-1.6	-0.5	-0.8
Other operations and eliminations	**-1.2**	-1.5	-0.6	-0.8	-1.3
Group, total	**4.9**	**-4.6**	**-0.6**	**5.7**	**4.8**

Operative operating profit (%)	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**3.6**	**-0.4**	**0.8**	**3.2**	**3.7**
Investments	**-**	-	-	-	-
Group	**2.6**	**-1.4**	**-0.3**	**2.6**	**2.5**

Operating profit EUR million	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**6.3**	-1.3	1.6	7.0	6.9
Investments	**-105.4**	-8.6	-2.6	0.1	-0.4
Other operations and eliminations	**13.4**	-1.5	-0.6	-0.8	-1.3
Group, total	**-85.7**	**-11.5**	**-1.6**	**6.3**	**5.2**

Operating profit (%)	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Construction	**3.6**	-0.4	0.8	3.2	3.7
Investments	**-**	-	-	-	-
Group	**-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.

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Order backlog EUR million	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.2021**
- business construction	**505.9**	508.3	566.3	587.4	606.5
- housing construction	**352.1**	364.0	471.9	460.1	454.6
Group, total [1)]	**858.0**	872.3	1,038.2	1,047.5	1,061.1
sold order backlog	788.1	798.2	956.3	942.3	930.6
unsold order backlog	69.9	74.0	81.9	105.2	130.5

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

Order backlog, housing construction in Group

EUR million	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.2021**
Negotiation and construction contracts	**254**	251	259	231	207
Under construction, sold	**40**	39	131	124	117
Under construction, unsold	**57**	71	79	99	114
Completed and unsold	**2**	3	3	6	17
Housing construction, total	**352**	364	472	460	455

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

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

1) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	**1-3/ 2022**	**1-3/ 2021**	**change MEUR**	**change %**	**1-12/ 2021**	**Last 12 Months**
Revenue	**190.7**	187.1	3.6	1.9	932.6	936.2
Other operating income	**0.2**	1.0	-0.8	-77.1	3.5	2.7
Change in inventories of finished goods and work in progress	**-62.8**	4.3	-67.1	-1,572.8	-116.9	-184.0
Use of materials and services	**-130.8**	-165.4	34.6	-20.9	-733.4	-698.8
Employee benefit expenses	**-18.2**	-18.1	-0.1	0.5	-71.6	-71.7
Share of profits of associated and joint venture companies	**-2.8**	0.2	-3.0		1.2	-1.7
Depreciation	**-1.3**	-1.5	0.2	-15.5	-5.8	-5.6
Impairments of investments	**-57.7**	0.0	-57.7	0.0	-0.5	-58.2
Other operating expenses	**-2.9**	-2.2	-0.7	33.6	-10.7	-11.5
Income and expenses on currency derivatives	**0.0**	-0.1	0.1		-0.1	0.0
Operating profit	**-85.7**	5.2	-90.8		-1.7	-92.5
Financial income	**0.6**	1.5	-0.9	-57.6	5.0	4.2
Financial expenses	**-1.7**	-5.6	3.9	-69.1	-17.6	-13.7
Impairments of financial assets	**-41.7**	0.0	-41.7	0.0	-6.1	-47.8
Financial income and expenses, total	**-42.8**	-4.1	-38.7	943.7	-18.6	-57.4
Profit before taxes	**-128.5**	1.1	-129.6	0.0	-20.3	-149.9
Income taxes	**-4.8**	0.5	-5.3	0.0	0.5	-4.9
Net profit for the period	**-133.3**	1.6	-134.9	0.0	-19.9	-154.8
Attributable to						
Equity holders of the parent company	**-133.3**	1.5			-19.9	-154.7
Non-Controlling interests	**0.0**	0.1			0.0	0.0
Earnings per share attributable to equity holders of the parent company	**-0.51**	0.00			-0.08	-0.60
Earnings per share attributable to equity holders of the parent company (diluted)	**-0.51**	0.00			-0.08	-0.60

Consolidated statement of comprehensive income EUR million	**1-3/ 2022**	**1-3/ 2021**	**1-12/ 2021**	**Last 12 Months**
Net profit for the period	**-133.3**	1.6	-19.9	-154.8
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	**-0.3**	2.5	-1.1	-3.9
Share of other comprehensive income of associated and joint ventures companies	**-3.5**	-0.9	2.9	0.3
Other comprehensive income for the period, net of tax	**-3.8**	1.5	1.8	-3.5
The share of comprehensive income attributable to equity holders of the parent company	**-3.8**	1.3	1.8	
Non-controlling interests in comprehensive income	**0.0**	0.2	0.0	
Total comprehensive income for the period	**-137.1**	3.1	-18.1	-158.3
Attributable to				
Equity holders of the parent company	**-137.1**	2.8	-18.1	-158.0
Non-Controlling interests	**0.0**	0.3	0.0	-0.3

2) Consolidated balance sheet

Consolidated balance sheet EUR million	31.3.2022	31.3.2021	change,%	31.12.2021
ASSETS				
Non-current assets				
Property, plant and equipment	**3.5**	3.3	4.3	3.6
Property, plant and equipment, right -of-use asset	**9.4**	10.4	-9.0	9.5
Goodwill	**1.7**	1.7	0.0	1.7
Other intangible assets	**0.8**	1.1	-27.9	0.9
Shares in associated companies and joint ventures	**3.1**	49.1	-93.7	51.9
Other financial assets	**10.0**	22.9	-56.3	24.7
Receivables	**8.8**	9.6	-9.0	9.7
Loan receivables from associated companies and joint ventures	**0.0**	45.0	-100.0	40.5
Deferred tax assets	**37.7**	42.8	-12.0	42.2
Non-current assets, total	**75.0**	185.9	-59.7	184.8
Current assets				
Inventories	**168.9**	357.9	-52.8	227.3
Inventories, right -of-use asset	**71.2**	111.4	-36.1	72.7
Trade and other receivables	**136.0**	141.2	-3.7	133.4
Loan receivables from associated companies and joint ventures	**0.0**	0.0		0.0
Current tax receivables (based on profit for the review period)	**0.0**	0.0	-94.7	0.0
Cash and cash equivalents	**37.2**	63.1	-41.0	68.0
Assets classified as held for sale	**0.0**	0.0		0.0
Current assets, total	**413.3**	673.6	-38.6	501.5
ASSETS, TOTAL	**488.3**	859.5	-43.2	686.3

Consolidated balance sheet EUR million	31.3.2022	31.3.2021	change,%	31.12.2021
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	**3.1**	3.1	0.0	3.1
Invested free equity fund	**264.7**	264.7	0.0	264.7
Translation differences	**-21.9**	-18.7	17.5	-18.2
Hybrid bond	**15.4**	15.4	0.0	15.4
Retained earnings	**-234.7**	-78.8	198.1	-99.9
Equity attributable to equity holders of the parent company, total	**26.4**	185.7	-85.8	165.1
Non-controlling interests	**0.0**	-4.5	-100.0	0.0
Total equity	**26.4**	181.2	-85.4	165.1
Non-current liabilities				
Deferred tax liabilities	**1.0**	2.4	-59.3	1.0
Provisions	**13.1**	12.6	3.9	13.0
Interest-bearing liabilities excl. lease liabilities	**37.9**	128.4	-70.5	128.8
Interest-bearing lease liabilities	**85.3**	126.5	-32.6	86.7
Other liabilities	**11.5**	17.7	-35.2	14.8
Non-current liabilities, total	**148.7**	287.5	-48.3	244.3
Current liabilities				
Trade and other payables	**189.9**	262.1	-27.5	243.2
Current tax payables (based on profit for the review period)	**0.0**	0.2	-89.3	0.0
Provisions	**11.5**	10.7	6.9	11.3
Interest-bearing liabilities excl. lease liabilities	**109.4**	115.2	-5.0	20.2
Interest-bearing lease liabilities	**2.3**	2.5	-6.0	2.3
Current liabilities, total	**313.2**	390.8	-19.9	276.9
Liabilities, total	**461.9**	678.3	-31.9	521.3
EQUITY AND LIABILITIES, total	**488.3**	859.5	-43.2	686.3

3) Consolidated cash flow statement EUR million	**1-3/ 2022**	**1-3/ 2021**	**1-12/ 2021**	**Last 12 Months**
Cash flows from operating activities				
Cash receipts from customers	172.9	192.3	927.2	907.9
Cash receipts from other operating income	0.3	0.9	3.1	2.5
Cash paid to suppliers and employees	-193.6	-207.9	-842.6	-828.4
Net cash before interests and taxes	**-20.5**	**-14.7**	**87.7**	**81.9**
Interests received and other financial income	0.1	0.1	1.8	1.9
Interests paid and other expenses from financial costs	-5.1	-7.8	-20.5	-17.8
Income taxes paid or received	-0.1	-0.1	-0.1	0.0
Cash flows from operating activities	**-25.4**	**-22.5**	**68.9**	**66.0**
Cash flow from investing activities				
Purchase of tangible and intangible assets	-0.5	0.0	-1.3	-1.9
Sale of tangible and intangible assets	0.2	0.3	0.8	0.7
Purchase of investments	0.0	-0.8	-3.0	-2.2
Subsidiary shares bought	0.0	0.0	-0.4	-0.4
Loans granted	0.0	-0.2	-0.8	-0.6
Proceeds from repayments of loans	0.0	0.0	12.0	12.0
Net cash used in investing activities	**-0.3**	**-0.7**	**7.2**	**7.6**
Cash flows from operating and investing activities in total	**-25.8**	**-23.3**	**76.2**	**73.7**
Cash flow from financing activities				
Repayment of loans	-5.1	-1.7	-77.0	-80.4
Hybrid bond intrests	-1.6	-2.8	-3.2	-2.0
Change in housing corporation loans	3.3	-5.5	-22.6	-13.8
Purchase of own shares	-0.5	0.0	0.0	-0.5
Repayment of lease liabilities	-0.6	-0.7	-2.7	-2.6
Net cash flow from financing activities	**-4.5**	**-10.7**	**-105.4**	**-99.2**
Net change in cash and cash equivalents	**-30.2**	**-33.9**	**-29.3**	**-25.6**
Cash and cash equivalents at the beginning of period	**68.0**	**96.7**	**96.7**	**63.1**
Effect of exchange rate changes in cash and cash equivalents	-0.6	0.3	0.5	-0.3
Cash and cash equivalents at the end of period	**37.2**	**63.1**	**68.0**	**37.2**

4) Statement of changes in Group equity

1 January- 31 March 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	-133.3	**-133.3**	0.0	**-133.3**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0.0	0.0	0.0	-3.8	0.0	0.0	**-3.8**	0.0	**-3.8**
Comprehensive income for the financial year	**0.0**	**0.0**	**0.0**	**-3.8**	**0.0**	**-133.3**	**-137.1**	0.0	**-137.1**
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	-0.5	**-0.5**	0.0	**-0.5**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.2	**0.2**	0.0	**0.2**
Hybrid bond interests	0.0	0.0	0.0	0.0	0.0	-1.3	**-1.3**	0.0	**-1.3**
Equity on 31 March 2022	3.1	264.7	15.4	-21.9	0.0	-234.7	**26.4**	0.0	**26.4**

1 January- 31 March 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	1.5	**1.5**	0.1	**1.6**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0.0	0.0	0.0	1.3	0.0	0.0	**1.3**	-0.1	**1.5**
Comprehensive income for the financial year	**0.0**	**0.0**	**0.0**	**1.3**	**0.0**	**1.5**	**2.8**	0.3	**3.1**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**	0.0	**0.1**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-2.2	**-2.2**	0.0	**-2.2**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	-0.8	**-0.8**
Equity on 31 March 2021	3.1	264.7	15.4	-18.7	0.0	-78.8	**185.7**	-4.5	**181.2**

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. 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.

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.

Impacts of the coronavirus on SRV's financial reporting

SRV uses certain stimulus measures introduced in 2020 in response to the coronavirus epidemic. The company still uses payment arrangements for VAT liabilities. At the end of the review period, other liabilities included EUR 13.0 million in tax liabilities for which the tax authorities had granted payment arrangements by the end of the period. In accordance with these payment arrangements, the company must repay the tax liabilities in even instalments such that they have been repaid in full in June 2022. Interest of 2.5 per cent is paid on the liabilities covered by the payment arrangement.

Uncertainty posed by the coronavirus pandemic has decreased as the number of those who have had the illness and been vaccinated has risen. Restrictions have for the most part been lifted and this is forecast to contribute to the easing of the situation in the general economy and construction. However, infection rates remain high and the future development of the pandemic still involves risks, especially with respect to new variants of the virus. Coronavirus shutdowns in China may have significant negative impacts on global delivery chains and thereby on the availability of materials.

Going concern

This Interim Report has been prepared on a going concern basis. SRV has initiated a set of measures in order to comprehensively restructure the company's financing due to the impairment of Russian business functions following Russia's invasion of Ukraine and the related economic sanctions. The weakening of asset values has a major impact on SRV's shareholders' equity and equity ratio. The equity ratio calculated as per the covenants of financing agreements was 12.3 per cent, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. Due to these impairments, two outstanding bonds with a total principal of about EUR 100 million no longer fulfil their equity ratio covenants. In addition, the equity ratio and gearing covenants of the company's revolving credit facility and project financing facility are no longer met. Being unable to meet the covenant provisions triggers the termination and call-in right thus the bonds are reclassified as short-term interest-bearing liability. The company and the lenders of its revolving credit facility and project financing facility have agreed on a standstill period lasting until 30 June 2022 during which the lenders have 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. SRV has initiated a set of measures in order to comprehensively restructure the company's financing. Success of the financial restructuring has not been confirmed at the end of the reporting period, thus there is material uncertainty related to going concern. On the basis of the advance commitments received, the company estimates that the probability of successful restructuring is high.

The contemplated reorganisation of the company's financing is comprised of the following measures:

(i) a rights issue for approximately EUR 35 million that is issued to the company's current shareholders (the "**Rights Issue**");

(ii) the conversion of the company's EUR 100 million unsecured fixed-interest bond which becomes due and payable on 23 March 2025 (with an outstanding unpaid principal of EUR 34.9 million) and another EUR 75 million unsecured fixed-interest bond which becomes due and payable on 27 March 2025 (with an outstanding unpaid principal of EUR 64.9 million) (the "**Bonds**") into hybrid convertible bonds in written procedure ("**Hybrid Conversion**"). The conversion into a convertible bond will be executed by amending the terms of the Bonds by including in the terms a special right under the Companies Act to convert the Bonds into shares. In addition, the holders of the Bonds will be given the opportunity to tender their Bonds for full or partial redemption at a price that corresponds to 60% of the nominal value of the Bonds ("**Tender**");

(iii) using the EUR 45 million hybrid bond issued on 22 March 2016 (with an outstanding unpaid principal of EUR 11.8 million) and the EUR 58.4 million hybrid bond issued on 23 May 2019 (with an outstanding unpaid principal of EUR 3.6 million) (the "**Hybrid Bonds**") to subscribe the company's shares for 45% of the Bonds' principal as part of a directed share issue of a maximum of EUR 6.9 million, which will be directed to the holders of the Hybrid Bonds (the "**Directed Share Issue**"). Altogether 55% of the principal of the Hybrid Bonds and any unpaid interest that has accumulated for the Hybrid Bonds as of the moment of conversion will be cut entirely as part of the arrangement; and

(iv) the extension of the liquidity and project financing facility granted to SRV (the "**Credit Facility**") by 12 months and the implementation of necessary amendments to the agreement governing the Credit Facility in order to account for the new equity structure and the impact of the company's Russian business operation in those terms and conditions the fulfilment of which may be affected by the changed circumstances.

The subscription price in the Rights Issue, when exercising the right to convert the Bonds into shares and in the Directed Share Issue, is EUR 0.10 per share.

The implementation of the measures requires for (i) the company's general meeting to decide on the authorisation of the Rights Issue with a simple majority and on the authorisation of the granting of special rights in connection with the Hybrid Conversion and the Directed Share Issue with a qualified majority of two thirds of all given votes and shares represented at the meeting as set out in Chapter 5 Section 27 of the Finnish Limited Liability Companies Act; (ii) those holders of the Bonds that represent 75% of the unpaid principal of the relevant Bond represented during written procedures to vote in favour of the Hybrid Conversion during written procedures; and (iii) those holders of the Hybrid Bonds that represent 75% of the total combined nominal value of the relevant Hybrid Bond represented during written procedures to vote in favour of the amendments that will enable the conversion and write-down of the Hybrid Bonds. Written procedures for Bonds and Hybrid Bonds begin on 28 April 2022. The company aims to complete the written procedures during the second quarter of 2022.

Shareholders that represent 73.5% of all shares in the company have warranted to the company that they will vote in favour of the authorisations that will be granted for the Rights Issue, the Directed Share Issue and the granting of special rights in connection with the Hybrid Conversion at the extraordinary general meeting. In addition, the company's creditors that represent (i) 60.8% of the principal of the Bond that becomes due and payable on 23 March 2025; (ii) 51.5% of the principal of the Bond that becomes due and payable on 27 March 2025; (iii) 28.8% of the principal of the Hybrid Bond that was issued on 22 March 2016; and (iv) 56.2% of the principal of the Hybrid Bond that was issued on 23 May 2019 have issued a written undertaking to the company where they state that they will vote in favour of the required amendments during the written procedures. In addition, the company and its key lenders have agreed upon a standstill period that will last until 30 June 2022, during which the lenders have waived, among other things, their cancellation and termination rights of the Credit Facility that will result from the write-down of the assets located in Russia on the condition that the aforementioned reorganisation of the company's financing will be executed and implemented. The company and its key lenders have also signed a term sheet document that sets out the new main terms and conditions that apply to the Credit Facility. SRV is confident that the final agreement regarding the amendments to the Credit Facility will be signed by the end of June 2022.

In the event that the aforementioned contemplated measures will be implemented, the company's equity will increase approximately by EUR 100 million and the company's interest-bearing debt will be reduced approximately by EUR 100 million compared to situation on 31 March 2022 and the company's equity ratio (IFRS 16 adjusted), as per 31 March 2022, would rise from 9.7% to approximately over 35%.

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.

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 interim accounts. In the 2021 annual accounts, Okhta Mall was valued at EUR 69.3 million of which consisted EUR 28.8 million associated company shares and EUR 40.5 million loan receivables and Pearl Plaza associated company shares of EUR 20.0 million. 4Daily had already been valued at zero earlier.

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 2.6 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 (31 Dec. 2021: EUR 13.3 million) has been written off. SRV still has an EUR 18.7 million investment commitment in the nuclear power plant project, which is subject to significant uncertainty.

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 negotiations have not yielded any results. 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)	31.3.2022	31.3.2021	change, %	31.12.2021
Collateral given for own liabilities				
Real estate mortgages given [1)]	**23.3**	39.2	-40.4	20.0
Other commitments				
Investment commitments given	**19.7**	25.4	-22.6	19.7
Plots purchase commitments	**28.9**	33.4	-13.2	28.9

[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

31.3.2022 (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	8.8	**8.8**	**8.8**
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**
Other financial assets	10.0	0.0	**10.0**	**10.0**
Current financial assets				
Accounts receivables [1)]	0.0	61.1	**61.1**	**61.1**
Other interest bearing receivables	0.0	0.1	**0.1**	**0.1**
Cash and cash equivalents	0.0	37.2	**37.2**	**37.2**
Total	**10.0**	**107.1**	**117.1**	**117.1**

One business premises project under construction in Finland involves credit loss risks related to trade receivables. Due to the payment difficulties of the client, the payment of about EUR 15.7 million in trade receivables to SRV was overdue at the end of March. These receivables are secured by a mortgage on the property under construction and pledges on certain other assets. In March, the company filed a lawsuit in the district court to realise the mortgaged property.

Non-current financial liabilities				
Interest bearing liabilities	0.0	37.9	**37.9**	**37.9**
Derivative instruments	2.6	0.0	**2.6**	**2.6**
Other non-current liabilities	0.0	8.8	**8.8**	**8.8**
Current financial liabilities				
Interest bearing liabilities [1)]	0.0	109.4	**109.4**	**89.5**
Accounts payables	0.0	51.3	**51.3**	**51.3**
Total	**2.6**	**207.5**	**210.1**	**190.2**

1) Carrying amounts do not differ substantially from Fair value, excluding bonds. The fair values of the bonds are based on 31.12.2021 market prices.

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)	**3/2022** Fair value		**3/2021** Fair value		**12/2021** Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Currency options [1)]	**0.0**	**0.0**	0.0	0.0	0.0	0.0
Interest rate swaps	**0.0**	**2.6**	0.0	8.4	0.0	5.9

[1)] The currency options were short-term in maturity and have been exercised before the publication of the interim report.

	3/2022	**3/2021**	**12/2021**
Nominal values of derivative instruments			
Currency option	**0.0**	10.0	0.0
Interest rate swaps	**100.0**	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**
31.3.2022				
Derivative financial assets	0.0	0.0	0.0	**0.0**
Derivative financial liabilities	0.0	2.6	0.0	**2.6**
31.3.2021				
Derivative financial assets	0.0	0.0	0.0	**0.0**
Derivative financial liabilities	0.0	8.4	0.0	**8.4**
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)	**31.3.22**	31.3.21	31.12.21
Other financial assets	**24.7**	22.7	22.7
Inreases	**0.0**	0.8	3.1
Reclassification of assets as classified held for sale	**-**	-	-
Changes in fair values	**-14.7**	-	-0.5
Decreases	**0.0**	-0.1	-0.6
Total	**10.0**	23.4	24.7
Non-current	**10.0**	23.4	24.7
Current	**-**	-	-

Other financial assets at fair value through profit or loss

(EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**
31.3.2022				
Unlisted shares	-	0.6	9.4	10.0
Long-term receivables	-	- -		-
31.3.2021				
Unlisted shares	-	0.6	22.3	22.9
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. Assets recognised in level 3 consist mainly of Tampere Central Deck and Arena (3 2022 EUR 9.2 million).

8) Breakdown of revenue

Revenue (EUR million)	**1-3/ 2022**	**1-3/ 2021**	**change MEUR**	**change, %**	**1-12/ 2021**	**Last 12 Months**
Revenue recognition at a point in time	1.4	11.6	-10.2	-88.0	165.0	154.8
Revenue recognition over time	172.1	175.1	-3.0	-1.7	754.7	751.7
Other revenue	17.2	0.3	16.9	5,073.8	12.8	29.7
Total	**190.7**	**187.1**	**3.6**	**1.9**	**932.6**	936.2

9) Group and Segment Information

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

Revenue EUR million	**1-3/ 2022**	**1-3/ 2021**	**change MEUR**	**change, %**	**1-12/ 2021**	**Last 12 Months**
Revenue recognition at a point in time	**1.4**	**11.6**	-10.2	-88.0	**165.0**	**154.8**
Construction	1.4	11.6	-10.2	-88.0	161.8	151.6
Investments	0.0	**0.0**	0.0		**3.2**	**3.2**
Revenue recognition over time	**172.1**	**175.1**	-3.0	-1.7	**754.7**	**751.7**
Construction	171.5	174.6	-3.1	-1.8	752.1	749.1
Investments	0.7	0.6	0.1	12.9	2.6	2.7
Other revenue	**17.2**	**0.3**	16.9	5,073.8	**12.8**	**29.7**
Construction	2.3	1.6	0.7	40.9	16.2	16.8
Investments	0.4	0.4	0.0	9.9	1.1	1.1
Other operations and eliminations	14.4	-1.7	16.1		-4.4	11.7
Group, total	**190.7**	**187.1**	3.6	1.9	**932.6**	**936.2**
Construction revenue	**175.2**	**187.8**	-12.6	-6.7	**930.1**	**917.5**
Construction, external	175.1	186.6	-11.5	-6.2	926.2	914.7
Construction, internal	0.1	1.2	-1.1	-92.1	4.0	2.8
Investments revenue	**1.1**	**1.0**	0.1	11.7	**6.8**	**6.9**
Investments, external	1.1	0.9	0.1	13.1	6.7	6.8
Investments, internal	0.0	0.0	0.0	-49.5	0.1	0.1
Other operations and eliminations revenue	**14.4**	**-1.7**	16.1		**-4.4**	**11.7**
Other operations and eliminations, external	14.5	-0.4	15.0		-0.3	14.6
Other operations and eliminations, internal	-0.1	-1.3	1.2		-4.0	-2.9
Total	**190.7**	**187.1**	3.6	1.9	**932.6**	**936.2**

Operation profit EUR million	**1-3/ 2022**	**1-3/ 2021**	**change MEUR**	**change, %**	**1-12/ 2021**	**Last 12 Months**
Construction	**6.3**	6.9	-0.5	-7.8	14.1	13.6
Investments	**-105.4**	-0.4	-105.0	27,736.7	-11.6	-116.5
Other operations and eliminations	**13.4**	-1.3	14.7		-4.3	10.4
Group, total	**-85.7**	5.2	-90.8		-1.7	-92.5

Operating profit, %	**1-3/ 2022**	**1-3/ 2021**	**1-12/ 2021**	**Last 12 Months**
Construction	**3.6**	3.7	1.5	1.5
Investments	**-**	-	-	-
Group, total	**-44.9**	2.8	-0.2	-9.9

Assets EUR million	**31.3.2022**	**31.3.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**412.9**	651.4	-238.5	-36.6	454.3
Investments	**21.8**	180.6	-158.8	-87.9	171.2
Other operations and eliminations	**53.7**	27.5	26.1		60.8
Group, total	**488.3**	859.5	-371.2	-43.2	686.3

Non-interest-bearing liabilities EUR million	**31.3.2022**	31.3.2021	**change MEUR**	**change, %**	**31.12.2021**
Construction	**222.0**	276.3	-54.3	-19.7	258.5
Investments	**4.8**	7.1	-2.4	-33.3	3.9
Other operations and eliminations	**0.2**	22.3	-22.1	-99.2	20.8
Group, total	**227.0**	305.8	-78.8	-25.8	283.3

Capital Employed EUR million	**31.3.2022**	**31.3.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**190.9**	375.1	-184.2	-49.1	195.8
Investments	**17.0**	173.4	-156.4	-90.2	167.3
Other operations and eliminations	**53.5**	5.2	48.2		40.0
Group, total	**261.4**	553.8	-292.4	-52.8	403.0

Return on investment EUR million	**31.3.2022**	**31.3.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**6.3**	7.1	-0.9	-12.4	14.9
Investments	**-106.0**	0.8	-106.7		-13.7
Group	**-86.4**	6.6	-93.0	-1,413.0	-2.9

Return on investment %	**31.3.2022**	**31.3.2021**	**31.12.2021**
Construction	**12.9**	7.5	5.1
Investment	**-459.6**	1.8	-8.1
Group	**-103.9**	4.7	-0.6

10) Inventories

EUR million	**31.3.2022**	**31.3.2021**	**change MEUR**	**31.12.2021**
Land areas and plot-owning companies	**67.0**	143.1	-76.0	113.7
Construction	64.5	87.3	-22.8	65.6
Investments	2.6	55.8	-53.2	48.2
Work in progress	**94.3**	194.4	-100.1	104.1
Construction	94.3	194.4	-100.0	104.1
Investments	0.0	0.0	0.0	0.0
Shares in completed housing corporations and real estate companies	**4.1**	16.3	-12.2	5.1
Construction	1.7	13.8	-12.2	2.6
Investments	2.4	2.4	0.0	2.4
Other inventories	**74.7**	115.6	-40.9	77.2
Construction	3.5	4.5	-1.0	4.5
Investments	0.0	0.0	0.0	0.0
Right -of-use asset, total	71.2	111.4	-40.2	72.7
Inventories, total	**240.1**	469.3	-229.2	300.1

11) Changes in financial position

Financial liabilities, excluding lease liabilities

31.3.2022

EUR million	Carrying amount	Contractual liability [1]	Maturity 2022	2023	2024	2025	later
Bonds	**99.4**	**99.9**	99.9	0.0	0.0	0.0	0.0
Loans from financial institutions	**11.9**	**13.4**	11.1	2.2	0.0	0.0	0.0
Housing loans[2]	**21.4**	**26.0**	0.3	0.3	0.7	1.1	23.6
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	3.6	0.0
Derivative liabilities	**2.6**	**6.9**	1.6	1.8	1.8	1.6	0.0
Accounts payables	**51.3**	**51.3**	51.3	0.0	0.0	0.0	0.0
Total	**212.8**	**223.5**	**166.8**	**9.8**	**2.5**	**6.3**	**38.1**

Financial liabilities, lease liabilities

31.3.2022

EUR million	Carrying amount	Contractual liability	Maturity 2022	2023	2024	2025	later
Lease liabilities	**87.6**	**211.6**	6.8	6.6	5.9	5.8	186.5

Financial liabilities, excluding lease liabilities

31.12.2021

EUR million	Carrying amount	Contractual liability [1]	Maturity 2021	2022	2023	2024	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 2021	2022	2023	2024	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.

In April 2022, the company decided to pursue the comprehensive restructuring of its financing as a result of the impairment of Russian business functions due to Russia's invasion of Ukraine and the related economic sanctions. These impairments have a substantial impact on SRV's shareholders' equity and equity ratio, and restructuring is intended to counteract the effects of these impairments by strengthening equity. Due to these impairments, two outstanding bonds with a total principal of about EUR 100 million no longer fulfil their equity ratio covenants, thus these bonds are reclassified as short-term interest-bearing liability.

The company and the lenders of its revolving credit facility and project financing facility have agreed on a standstill period lasting until 30 June 2022 during which the lenders have 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. 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. During the standstill period, the unused portion of the company's revolving credit facility, EUR 20 million, can be used as a source of liquidity with certain limitations. EUR 30.5 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.

In March 2022, the company made partial repayments of bonds as planned to a total nominal value of EUR 5.1 million.

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.

At the beginning of December, the company agreed on a temporary change to the calculation of the minimum EBITDA covenant of the revolving credit facility with the syndicate banks that granted the facility, effective until 30 June 2022. This change eliminates the impact of the Tampere Arena project and losses from the sale of foreign assets in the covenant calculation. As a result of the agreed change in calculation method, the minimum EBITDA covenant was met on 31 March 2022.

The equity ratio and gearing levels were significantly impacted by the impairment of Russian business functions due to Russia's invasion of Ukraine and the related economic sanctions. Due to these impairments, two outstanding bonds with a total principal of about EUR 100 million no longer fulfil their equity ratio covenants, thus these bonds are reclassified as short-term interest-bearing liability. In addition, the equity ratio and gearing covenants of the company's revolving credit facility and project financing facility are no longer met. The company and the lenders of its revolving credit facility and project financing facility have agreed on a standstill period lasting until 30 June 2022 during which the lenders have 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.

The table below presents the covenants and covenant levels of the RCF in place at 31.03.2022:

Financial covenants of the RCF		Covenant value
Equity ratio (overtime revenue recognition)		>28 per cent
Net gearing (excluding IFRS 16 impact)		≤140 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)		Varies between EUR 16 million to EUR 25 million depending on the testing date

The financial covenants of SRV's EUR 100.0 million unsecured bond due 23 March 2025 with an outstanding principal of EUR 37,4 million and a fixed annual interest rate of 6.875 per cent, as well as the EUR 75 million unsecured bond with an outstanding principal of EUR 67,4 million maturing on 27 September 2025 with a fixed annual interest rate of 4.875 per cent are cross acceleration, negative pledge, restriction on mergers, restriction on asset disposal, equity ratio >26 adjusted and calculated in accordance with bond terms and interest coverage ratio.

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 90,7589. 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	**31.3.2022**	**31.12.2021**
Translation risk position		
Group Companies equity	2.6	13.8
Joint ventures and associated companies equity	0.0	59.4
Total	**2.6**	**73.2**
Transcation risk position		
Group Companies euro loan receivable/debt	0.0	8.1
Joint ventures and associated companies euro loan receivables/debt	0.0	30.1
Total	**0.0**	**38.2**
Ruble exchange risk position total	**2.6**	**111.4**
Short-term foreign exchange option- and forward contracts capital	**0.0**	0.0

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

(milj. euroa)	**Write down, Investments**	**Exchange difference, Investments**	**Margin eliminations, Other operations and eliminations**	**Total**
Revenue	0.0	0.0	14.5	14.5
Change in inventory	-44.8	0.0	0.0	-44.8
Impairment of shares in associated companies and joint ventures	-44.4	-2.7	0.0	-47.1
Fair value change of other shares	-13.3	0.0	0.0	-13.3
Financial expenses	-41.7	-1.2	0.0	-43.0
Change in taxes	-0.9	0.0	-2.9	-3.8
Comprehensive income, translation difference	0.0	-3.8	0.0	-3.8
Yhteensä	**-145.2**	**-7.7**	**11.6**	**-141.2**

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 -144.2 million, of which EUR -102.5 million impacted on operating profit and EUR -41.7 million on financial expenses. Items in operating profit included EUR -44.8 million write down of plots held in inventories, EUR -44.4 million impairment of shares in associated companies and EUR -13.3 change in fair value of Fennovoima investment. Financial expenses included EUR -41,7 million impairment of loan receivables from associated companies. In addition, the Investments segment was affected by changes in the rouble exchange rate to a total amount of EUR -7.7 million, of which EUR -3.9 million was recognised in the income statement and EUR -3.8 million through translation differences in the balance sheet. After the write-downs and change in the exchange rate of the rouble, the total value of SRV’s holdings in Russia is EUR 2.6 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.

14) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables [1)]	Liabilities
31.3.2022						
Management and the Board of Directors	0.7	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.2	0.0	0.0	0.4	0.0
Associated companies	0.0	0.3	0.0	0.5	56.5	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.7**	**0.5**	**0.0**	**0.5**	**56.9**	**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).

31.3.2021	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	0.7	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.2	0.0	0.0	0.2	0.0
Associated companies	0.0	2.9	0.0	0.8	48.4	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.7**	**3.1**	**0.0**	**0.8**	**48.6**	**0.0**

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**

15) Events after reporting period

On 28 April 2022, SRV decided to initiate a set of measures in order to comprehensively restructure the company's financing due to the impairment of Russian business functions following Russia's invasion of Ukraine and the related economic sanctions. The weakening of asset values has a major impact on SRV's shareholders' equity and equity ratio. The restructuring of financing is intended to strengthen the company's equity. The objective is that after the arrangement, SRV will have no risks in Russia and virtually no net debt (IFRS 16-adjusted) and will engage in good, healthy construction operations in Finland.