INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2022

SRV GROUP PLC
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POSITIVE DEVELOPMENT IN OPERATIVE OPERATING PROFIT

SRV GROUP PLC
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January–September 2022 in brief:

- Revenue amounted to EUR 588.9 million (596.3 1–9/2021).
- Operative operating profit amounted to EUR 18.7 (9.9) million.
- Operating profit was EUR -70.1 (9.8) million. Write-downs of assets in Russia and the Fennovoima holding, the dissolution of profit margin eliminations, and the strengthening of the rouble had a total impact of EUR -91.2 million.
- The result before taxes was EUR -69.1 (-0.8) million. Write-downs and the strengthening of the rouble had an impact of EUR -127.9 million and the financial arrangements an impact of EUR 38.6 million.
- Cash flow from operating and investment activities totalled EUR -12.7 (14.0) million.
- The comprehensive restructuring of financing carried out during the second quarter significantly strengthened equity and reduced net interest-bearing debt. Equity ratio rose to 36.3 (27.0) per cent and gearing declined to 59.3 (147.5) per cent. Excluding the impact of IFRS 16, the equity ratio was 48.6 (34.0) per cent and gearing was -5.4 (75.5) per cent. The equity ratio in accordance with the loan covenant calculation was 48.6 per cent.
- At period-end, the order backlog stood at EUR 717.1 (1,038.2) million. New agreements valued at EUR 337.3 (427.9) million were signed in January–September. The sold share of the order backlog was 87.8 (92.1) per cent.
- Earnings per share were EUR -6.51 (-0.20). The share issues carried out during the review period, the effect of the subscription price of the new shares and the 40:1 reverse share split in July have been taken into consideration in the calculation of the key figure.

July–September 2022 in brief:

- Revenue amounted to EUR 186.8 million (191.1 7–9/2021).
- Operative operating profit amounted to EUR 3.9 (-0.6) million.
- Operating profit was EUR 5.5 (-1.6) million.
- Cash flow from operating and investment activities totalled EUR 4.5 (10.2) million.
- New agreements valued at EUR 135.0 (166.6) million were entered into the order backlog.

Updated outlook for 2022:

- Consolidated revenue for 2022 is expected to amount to EUR 770–820 million (earlier outlook: EUR 800-860 million) (revenue in 2021: EUR 932.6 million).
- Operative operating profit for 2022 is expected to amount to EUR 17-23 million (earlier outlook: EUR 15–25 million) (operative operating profit in 2021: EUR 5.3 million)

Events after the end of the review period:

On 27 October 2022 SRV announced initiating change negotiations in accordance with the co-operation act. The aim of the negotiations is to adjust the company's cost structure and number of personnel to meet the demand on the current market situation.

The negotiations concern approximately 500 people. SRV currently employs approximately 870 people. The estimated need for permanent personnel reductions is 45 person-years at most. In addition to this, layoffs are evaluated as a means of adaptation in the negotiations, which ensure sufficient flexibility in case of changes in the market situation.

OVERALL REVIEW

Group key figures (IFRS, EUR million)	1-9/ 2022	1-9/ 2021	change	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Previous 12 mo.
Revenue	588,9	596,3	-7,4	-1,2	186,8	191,1	932,6	925,2
Construction	565,9	594,3	-28,4	-4,8	183,9	188	930,1	901,7
Investments	9,1	6,2	2,8	45,9	3,2	4,2	6,8	9,6
Other operations and eliminations	14	-4,2	18,2		-0,3	-1,1	-4,4	13,8
Operative operating profit [1]	18,7	9,9	8,8	88,9	3,9	-0,6	5,3	14,1
Construction	21	15,4	5,5	36	4,7	1,6	14,1	19,7
Investments	1,3	-2,8	4,1		0,4	-1,6	-4,6	-0,5
Other operations and eliminations	-3,6	-2,7	-0,9		-1,2	-0,6	-4,3	-5,1
Operative operating profit, %	3,2	1,7			2,1	-0,3	0,6	1,5
Operating profit	-70,1	9,8	-79,9		5,5	-1,6	-1,7	-81,6
Construction	21	15,4	5,5	36	4,7	1,6	14,1	19,7
Investments	-102,1	-2,9	-99,2		1,9	-2,6	-11,6	-110,7
Other operations and eliminations	11	-2,7	13,7		-1,2	-0,6	-4,3	9,4
Operating profit, %	-11,9	1,6			2,9	-0,8	-0,2	-8,8
Financial income and expenses, total	1,1	-10,6	11,7		0,3	-2,8	-18,6	-7
Profit before taxes	-69,1	-0,8	-68,3		5,8	-4,4	-20,3	-88,6
Net profit for the period	-76,7	-0,4	-76,3		5,3	-4	-19,9	-96,2
Net profit for the period, %	-13	-0,1			2,9	-2,1	-2,1	-10,4
Order backlog (unrecognised) [2]	717,1	1 038,20	-321,1	-30,9			872,3	
New agreements	337,3	427,9	-90,6	-21,2	135	166,6	588,6	498,1

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)	1-9/ 2022	1-9/ 2021	change,	change, %	1-12/ 2021
Equity ratio, %	36,3	27			27,4
Equity ratio, %, excl. IFRS 16 [1)]	48,6	34			32,8
Net interest-bearing debt	86,4	269	-182,6	-67,9	170
Net interest-bearing debt, excl. IFRS 16 [1)]	-8,2	142,1	-150,3	-105,8	81
Net gearing ratio, %	59,3	147,5			103
Net gearing ratio, %, excl. IFRS 16 [1)]	-5,4	75,5			47,5
Return on investment, %	-9,6	3,4			-0,6
Capital employed	273,9	502,4	-228,6	-45,5	403
Construction	203,1	389,6	-186,5	-47,9	195,8
Investments	14,1	177	-162,9	-92	167,3
Other operations and eliminations	56,6	-64,2	120,8		40
Capital employed, excl. IFRS 16 1)	185,4	381,5	-196,1	-51,4	319,4
Return on equity, %	-65,8	-0,3			-11,5
Earnings per share, EUR[2)]	-6,51	-0,2	-6,31	3155	-2,29
Share price at end of period[2)]	3,52	16,1	-12,58	-78,1	14,8
Weighted number of shares at end of period, millions [2)]	12,0	9,4			9,4

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

January–September 2022

The Group's revenue declined by 1.2 per cent to EUR 588.9 million (596.3 1–9/2021). Revenue included the positive effect of the dissolution of a profit margin elimination in construction operations amounting to EUR 14.5 million as a result of write-downs of assets in Russia and the Fennovoima holding. Revenue from housing construction increased thanks to growth in contracting carried out as development projects. Revenue from business premises contracting declined.

The Group's operative operating profit improved and amounted to EUR 18.7 (9.9) million. Operative operating profit totalled EUR 21.0 (15.4) million for the Construction segment and EUR 1.3 (-2.8) million for the Investments segment. The operative operating profit of the Construction segment improved thanks to both housing and business construction. The higher volume of housing contracting carried out as development projects contributed to growth in housing construction. The margin in business construction improved in spite of the decline in volume. In addition, the comparison period was burdened by the losses of the Tampere Arena project. The operative operating profit of the Investments segment was improved by capital gains from the sale of a commercial centre in Porvoo.

The Group's operating profit was EUR -70.1 (9.8) million. Operating profit was impacted by substantial write-downs of assets in Russia and the Fennovoima holding, the dissolution of profit margin eliminations and changes in the exchange rate of the rouble, which had a total impact of EUR -91.2 million. The change in the exchange rate of the rouble amounted to EUR 10.1 (1.3) 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 1.1 (-10.6) million. Net financial expenses included EUR -41.7 million in write-downs of shareholder loans used to finance Russian associated companies, and exchange rate differences amounting to EUR 5.0 (1.9) million arising from the conversion of subsidiary and associated company loans, which did not have an impact on cash flow. Financial income included proceeds of EUR 17.1 million from the difference between the price paid for repurchased notes and their carrying amount. The terms of the remaining notes were amended to convert them into hybrid bonds and the change in their fair value yielded financial income of EUR 22.9 million. Dividend and interest income amounted to EUR 0.9 (2.2) million, interest paid on derivatives and fair value changes amounted to EUR 7.4 (2.2) million, and interest expenses were EUR -5.4 (-9.1) million, of which EUR 0.9 (0.4) million was capitalised as of the beginning of the year. In addition, financial expenses included EUR -3.4 (-4.1) million in interest on lease agreement debts under IFRS 16 and EUR -1.8 (-3.7) million in other financial expenses. The financing arrangements caused expenses of EUR 4.8 million, of which EUR 3.5 million were recognised directly as a reduction in equity and EUR 1.3 million as financial expenses.

The Group's profit before taxes totalled EUR -69.1 (-0.8) million.

Cash flow from operating activities was EUR -10.9 (4.7) million and cash flow from investment activities was EUR -1.8 (9.4) million. EUR 15.6 million in repayments on the 2020 VAT payment arrangement had a negative impact on cash flow from operating activities. The taxes included in the payment arrangement were fully paid in the review period.

The equity ratio was 36.3 (27.0) per cent and gearing was 59.3 (147.5) per cent. Excluding the impact of IFRS 16, the equity ratio was 48.6 (34.0) per cent and gearing was -5.4 (75.5) per cent. The equity ratio in accordance with the loan covenant calculation was 48.6 (37.7) per cent. In the first quarter, equity ratio and gearing weakened steeply because the company wrote down the balance sheet values of practically all of its holdings in Russia and the Fennovoima holding. The financing arrangement carried out during the second quarter in turn improved the equity ratio and gearing to stronger levels than before Russia invaded Ukraine.

At period-end, the Group's order backlog stood at EUR 717.1 (1,038.2) million. New agreements valued at EUR 337.3 (427.9) million were signed in January–September. The most significant new projects were the fourth tower building comprising 240 residential units and daycare facilities in Kalasatama, Helsinki for PATRIZIA, the Wintteri education and wellness campus in Uusikaupunki, the Wood City II headquarters being built for WithSecure, the Oulu Central Police Station and Prison, and the Eastern Uusimaa Main Police Station and Prison, part of which was recognised in the order backlog during the review period, with the rest expected to be recognised during the last months of the year. In addition, the developer-contracted housing project Kokardi was started up in Pasila, Helsinki during the review period. The sold share of the order backlog was 87.8 (92.1) per cent.

In addition, SRV has announced won projects valued at about EUR 1.3 billion that have not yet been entered into the order backlog. These include the Laakso Joint Hospital in Helsinki, 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 -6.51 (-0.20). The share issues carried out during the review period, the effect of the subscription price of the new shares and the 40:1 reverse share split in July have been taken into consideration in the calculation of the key figure.

July–September 2022

The Group's revenue in July-September amounted to EUR 186.8 (191.1) million. The decrease in revenue was attributable to the lower volume in business premises contracting, which was partly compensated for by growth in housing construction.

The Group's operative operating profit amounted to EUR 3.9 (-0.6) million. The operative operating profit of the Construction segment was EUR 4.7 (1.6) million. The operative operating profit of the Construction segment improved thanks to both housing and business construction. The improvement in housing construction was largely thanks to the recognition of two developer-contracted housing projects as income. The comparison period for business construction was burdened by the losses of the Tampere Arena project.

The operative operating profit of the Investments segment was EUR 0.4 (-1.6) million.

The Group's operating profit was EUR 5.5 (-1.6) million. The net effect of rouble exchange rate differences, other exchange rate differences and write-downs included in the associated company result amounted to EUR -0.9 (-1,0) million.

New agreements valued at EUR 135.0 (166.6) million were entered into the Group's order backlog in July–September.

CEO'S REVIEW

Our most significant achievement during the past year was the extensive financing arrangement we carried out in the second quarter, thanks to which our balance sheet is healthy and we are virtually net debt-free. Now that our balance sheet is healthy again, we are in a stronger position to face the more challenging market and have been able to fully focus on the development of our operational business. In spite of the challenges in our operating environment, our operative operating profit developed positively. Our result is based on successfully keeping inflation under control, ensuring the availability of materials, and longer-term improvement in the controllability of projects.

Following the financing arrangement carried out in the spring, our balance sheet is strong, we are net debt-free and we no longer have Russia-related balance sheet risks. In addition, the number of unsold residential units that have been completed and are under construction remains low. At the end of September, 26 completed residential units were unsold. Our efforts to pursue growth in developer-contracted housing construction have stopped, as we have postponed the startup of certain developer-contracted housing projects due to inflation and weaker demand. In this business environment, our clear advantage is that our order backlog is on a healthy footing with relatively low risks.

Our order backlog still fell short of the comparison period and amounted to EUR 717.1 million. Projects won earlier valued at about EUR 131.2 million were recorded in the order backlog during the review period, comprising the Oulu Central Police Station and Prison as well as Kokardi, a developer-contracted housing project to be built in Pasila, Helsinki. The development phases of the projects we have won earlier and which have not as yet been entered in the order backlog have progressed well in the early autumn. We expect these projects to generate a growing inflow of orders in the fourth quarter and partly in early 2023. At the end of the review period such projects still amounted to about EUR 1.3 billion and they largely comprise relatively low-risk cooperative business premises contracts.

One of our successes in the review period was the completion of Lumo One in August. It is the third residential tower in Kalasatama, Helsinki. The project was handed over to the customer in phases during the summer and the last residents moved into the tower building in August. Phased handover was important to our customer. Our good and proactive cooperation with the Helsinki City Building Control Department contributed significantly to our success in this. Construction of the fourth Kalasatama tower building, Visio, is progressing on schedule; it reached its full height in September and will be completed at the end of 2023. In line with the original plans, Kalasatama is developing into an urban and appealing environment where services and smooth public transport comprise a natural and important part of working and living. We believe that the construction of the Kalasatama towers will continue, with all eight being completed by the end of 2027. We aim to start up the next buildings in the months ahead.

Our lifecycle-wise strategy has been evident in many of our operations during the past review period. Our most significant outlays in lifecycle-wise focus on the lifecycle wisdom of the projects we build. In addition, we have also developed our own construction operations, with our sites reaching net zero emissions as from the beginning of the year. Based on the feedback we received, this has succeeded in creating value for our customers as well. We cannot yet eliminate all emissions – we have achieved net zero emissions by compensating for the remaining emissions by planting trees to serve as carbon sinks. Thanks to our development efforts, SRV's emissions have decreased 85 per cent year-on-year. We have responded to the ongoing energy crisis by seeking to reduce our energy consumption, harnessing strongly renewable sources of energy like geothermal heat during construction, and scheduling electricity consumption for off-peak times, which impact both on our energy costs and the security of supply of society as a whole.

We expect that market conditions will become more difficult.We anticipate that inflation, growing interest rates and weakening consumer confidence will cut into demand at least during the winter ahead. However, we predict that contracts and projects under preliminary contracts that we have won earlier will be recorded in our order backlog during the next six months. In housing construction, our volume will decline going forward into the next year. Today we announced initiating change negotiations in accordance with the co-operation act. Our aim is to adjust our cost structure and number of personnel to meet the demand of the current market situation.

At a later date, we will reassess our long-term financial objectives and will consider restructuring our segments after our exit from Russia. We are actively continuing negotiations aimed at exiting.

I am satisfied and pleased that we have taken great strides forward in matters under our control and are heading in the right direction. I would like to thank our shareholders, customers and other partners and our personnel for the quarter now ended!"

Saku Sipola, President & CEO

MARKETS

After the strong early year, the growth outlook for the Finnish economy has weakened due to the energy crisis and accelerating inflation. It is forecast that the Finnish economy will grow by 2.2 per cent this year and contract by 0.3 per cent the next. Higher energy prices will slow down growth and fuel the momentum of inflation in the next few years, but the rise in consumer prices is expected to ease off next year. Alongside inflation, rising interest rates cut into consumers' purchasing power and consumer confidence is at a historical low. The employment rate has been good, but the challenges facing the economy foreshadow the ending of the favourable trend in employment. (Source: Bank of Finland)

Urbanisation in Finland has maintained demand for both housing and business construction, especially in growth centres. Russia's war against Ukraine has weakened the outlook for construction, but the strong order backlog for the previous year will maintain growth in construction this year. However, the number of building permits has begun to decline and the Confederation of Finnish Construction Industries RT predicts that construction will fall by 2 per cent in 2023. The rate of growth in material costs has slowed down and availability problems have decreased. (Source: Confederation of Finnish Construction Industries RT and RAKSU group).

After an extremely busy year in the housing market, the intentions of households to buy a residential unit have declined this year due to reasons such as higher interest rates and changes in purchasing power. The pace of housing construction is slowing down, and it is forecast that 41,000 units will be started up this year and about 36,000 units in 2023. Business construction will continue to grow this year, driven by industrial and energy investments. However, uncertainty and high costs hamper tender operations, and business construction will begin to decline next year. (Source: Confederation of Finnish Construction Industries RT)

2022 got off to a strong start in the Finnish real estate market, with a wide variety of trading in different sectors. Russia's war against Ukraine, accelerating inflation and rising interest rates cloud the outlook for development and contribute to the growth in yield requirements in all segments. Trading volumes are expected to slow down towards the end of 2022 and possibly also in early 2023. Investors will most likely remain primarily interested in targets with strong cash flows, such as housing and public services premises. (Newsec)

Russia's war against Ukraine has driven the country's economy into a weak state. The Bank of Finland forecasts that the Russian economy will contract by about 4 per cent this year and by 4 per cent in 2023. The uncertainty caused by the war reduces consumption and investments. Extensive economic and trade sanctions by other countries have isolated Russia from international financing, limited imports of technology and slashed foreign demand for Russian products, weakening growth prospects for the years ahead. (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 bulk 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, business development, strategy and risk management. Group eliminations are also included in this unit.

CONSTRUCTION

SRV provides efficient, top-quality and end-to-end project management contracting and construction services for both its own and its customers' development projects. This segment focuses on housing, business and infrastructure construction in selected urban growth centres, 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 considering lifecycle-wise. 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)	1-9/ 2022	1-9/ 2021	change	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Previous 12 mo.
Revenue	565,9	594,3	-28,4	-4,8	183,9	188	930,1	901,7
business construction	315	396,6	-81,7	-20,6	95,3	115,2	581,4	499,7
housing construction	250,9	197,7	53,2	26,9	88,6	72,8	348,8	402
Operating profit	21	15,4	5,5	36	4,7	1,6	14,1	19,7
Operating profit, %	3,7	2,6			2,6	0,8	1,5	2,2
Capital employed	203,1	389,6	-186,5	-47,9	203,1	389,6	195,8	
Return on investment, %	14,4	5,5	9	163,6			5,1	
Order backlog	717,1	1 038,20	-321,1	-30,9			872,3	
business construction	511,5	566,3	-54,9	-9,7			508,3	
housing construction	205,6	471,9	-266,3	-56,4			364	
Group, total	717,1	1 038,20	-321,1	-30,9			872,3	
sold order backlog	629,7	956,3	-326,6	-34,2			798,2	
unsold order backlog	87,4	81,9	5,5	6,7			74	
sold order backlog, %	87,8	92,1					91,5	
unsold order backlog, %	12,2	7,9					8,5	

January–September 2022

Construction's revenue declined to EUR 565.9 million (594.3 1-9/2021). Revenue from housing construction increased thanks to growth in contracting carried out as development projects. Revenue from business premises contracting declined.

Construction's operating profit rose to EUR 21.0 (15.4) million. The Construction segment's operating profit improved thanks to both housing and business construction. The higher volume of housing contracting carried out as development projects contributed to growth in housing construction. The margin recognised for business construction improved in spite of the decrease in volume. The comparison period was burdened by the losses of the Tampere Arena project.

Construction's order backlog stood at EUR 717.1 (1,038.2) million and 87.8 (92.1) per cent of the order backlog has been sold. New agreements valued at EUR 337.3 (427.9) million were recognised in the order backlog in January–September.

Construction's capital employed totalled EUR 203.1 million (195.8 12/2021).

July–September 2022

Revenue from construction totalled EUR 183.9 (188.0) million.

Operating profit was EUR 4.7 (1.6) million. The Construction segment's operating profit improved thanks to both housing and business construction. The improvement in housing construction was largely thanks to the recognition of two developer-contracted housing projects as income. The comparison period for business construction was burdened by the losses of the Tampere Arena project. New agreements valued at EUR 135.0 (166.6) million were entered into the order backlog.

Housing construction

In accordance with SRV's strategy, the company's housing construction mainly consists of residential development projects and developer-contracted housing projects in Finland's strongest growth centres, and particularly in the Helsinki Metropolitan Area. In addition, SRV selectively carries out housing construction projects for external clients.

A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as income when the project has been completed and as the units are sold. A residential development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as income according to the percentage of completion. Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as income on the basis of the percentage of completion or as set out in the agreement.

January–September 2022

Revenue from housing construction rose to EUR 250.9 (197.7) million thanks to the higher volume of development projects. 210 (108) developer-contracted residential units were completed during the review period, and 193 (194) were recognised as income during the period. The order backlog for housing construction stood at EUR 205.6 (471.9) million. The developer-contracted housing project Kokardi was started up in Pasila, Helsinki during the review period.

July–September 2022

Revenue from housing construction rose to EUR 88.6 million (72.8 7-9/2021). New projects valued at EUR 24.2 (79.6) million were entered in the order backlog during the quarter now ended.

Housing under construction

At the end of September, SRV had a total of 1,646 (2,464) housing units under construction in Finland, mostly in growth centres. There were 62 (470) developer-contracted residential units under construction. SRV began the construction of 62 (195) new developer-contracted housing units in Pasila, Helsinki during the review period. Developer-contracted residential units are only recognised as income on completion, and only to the extent that they have been sold, after an average construction period of about 18 months. At the end of September, a total of 1,479 (1,760) 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 was completed in August 2022. The project was handed over to the client in phases in summer 2022 – floors 1–13 in June and floors 14–31 in August. In December 2021, SRV signed a EUR 101 million agreement with PATRIZIA to build Visio, the fourth tower building in Kalasatama. Construction was started and the project was entered in the order backlog in the first quarter of 2022. Visio reached its rooftop height in September 2022.

Housing construction projects under development

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

Completed residential units, developer contracting

In January-September, 210 (108 1-9/2021) residential units were completed in Pitäjänmäki in Helsinki, Louhela in Vantaa, Kaleva in Tampere and the centre of Kaarina. At the end of September, 26 (8) completed apartments remained unsold. A total of 29 (378) developer-contracted housing units were sold during January–September.

Residential units recognised as income

In January-September, 193 (194) developer-contracted housing units were recognised as income, generating total revenue of EUR 47.1 (60.1) million.

Housing construction, Group units	1-9/ 2022	1-9/ 2021	change, units	7-9/ 2022	7-9/ 2021	1-12/ 2021	Previous 12 mo.
Housing sales	269	1 123	-854	6	328	1 313	459
developer contracting	29	378	-349	6	71	409	60
sold to investors	240	745	-505	0	257	904	399
Developer contracting							
start-ups	62	195	-133	62	0	195	62
completed	210	108	102	142	42	368	470
recognised as income	193	194	-1	124	48	453	452
completed and unsold	26	8	18			9	
Under construction	1646	2 464	-818			2 085	
contracts	0	0	0			0	
negotiated contracts	105	234	-129			227	
sold to investors	1479	1 760	-281			1 648	
developer contracting	62	470	-408			210	
sold	2	394	-392			166	
unsold	60	76	-16			44	
sold, %	3,2	84				79	
unsold, %	96,8	16				21	

Order backlog, housing construction (EUR million)	1-9/ 2022	1-9/ 2021	change, EUR million	change, %	1-12/ 2021
Contracts and negotiated contracts	129,1	258,9	-129,8	-50,10 %	251,1
Under construction, sold	0,8	131,1	-130,3	-99,40 %	38,8
Under construction, unsold	69,7	79	-9,3	-11,80 %	71,2
Completed and unsold developer contracting	6,1	2,9	3,2	108,60 %	2,8
Housing construction, total	205,6	471,9	-266,3	-56,40 %	364

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

Project name	Location	Completion date (estimated)	Residential units	Sold	For sale units
Kokardi	Helsinki	Q1/2024	62	2	60

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

Project name	Location	Developer	Completion level, %*	Completion date (estimated)
Kannen Opaali	Tampere	Tampere Towers	94	Q4/2022
Pyhtäänkorpi 15F (H-I)	Vantaa	Kojamo	77	Q4/2022
Saunakukka	Espoo	DWS	71	Q4/2022
Haltiantie 14	Vantaa	Kojamo	62	Q1/2023
Kalevan Klaffi	Tampere	Pro ry, PAM ry, JHL ry	78	Q1/2023
Kalevan Vitriini	Tampere	Pro ry, PAM ry, JHL ry	79	Q1/2023
Aleksinniitty	Kerava	DWS	67	Q1/2023
Höyrypilli & Vihellys	Helsinki	Kojamo	49	Q3/2023
Pohjantytär	Helsinki	DWS	56	Q3/2023
Haltiantien Pekko	Vantaa	Suomen Asuntoneuvoja	36	Q4/2023
Ainonkannel	Helsinki	Kojamo	47	Q4/2023
Vision	Helsinki	Patrizia	49	Q1/2024

Total value of projects approx. EUR 312 million
* Situation at 30 September 2022

Business and infrastructure construction

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

January–September 2022

Revenue from business construction decreased to EUR 315.0 million (396.6 1–9/2021) and the order backlog contracted to EUR 511.5 (566.3) million. This was because large projects completed at the end of last year were removed from the order backlog.

July–September 2022

Revenue from business construction declined to EUR 95.3 million (115.2 7-9/2021) and projects valued at EUR 110.8 (87.0) million – of which the most significant is the Oulu Central Police Station and Prison – were entered into the order backlog.

Business and infrastructure projects under construction

Major ongoing business and infrastructure construction projects include the Helsinki Airport's Terminal 2 expansion and alteration project, which is being implemented under an alliance model and has progressed to its final phase, the basic renovation of the Finnish National Theatre and the operating theatres at HUS Jorvi Hospital, and the Matinkylä upper secondary school in Espoo.

SRV is also currently carrying out the Culture Barracks basic renovation in Helsinki. In addition, SRV is currently building WithSecure's new headquarters in Helsinki, the Eastern Uusimaa Main Police Station and Prison, a fibre mill for Woodspin in Jyväskylä, the Pressi B Building for Julius Tallberg Real Estate Corporation in Vantaankoski, Vantaa, the Wintteri education and wellness campus in Uusikaupunki, the Lamminrahka school centre in Kangasala, the Helsinki Upper Secondary School of Natural Sciences, the Hovirinta school in Kaarina, business premises for Senate Properties, and a basic renovation project for Lahti City Hall. Of the projects under construction, the following celebrated their topping out during the review period: the Satama Areena event centre in Kotka, the multipurpose hall for Rauma Marine Constructions, and the Helsinki Upper Secondary School of Languages, which is carried out as a lifecycle project.

Business and infrastructure projects under development

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

Completed business and infrastructure projects

In January-September, SRV completed the Jousenkaari School in Espoo, new premises for the Radiation and Nuclear Safety Authority (STUK) in Vantaa, the Siuntio education and wellness campus, which was implemented as a lifecycle project, the Espoonlahti metro station, concrete structures for a fuel field at the bioheating plant in Vuosaari, the Kirkkonummi wellness centre, HUS Bridge Hospital and the new Espoo Courthouse in Otaniemi.

The largest ongoing business construction projects

Project name	Location	SRV total contract value, EUR million	Project type	Completion level, %*	Completion date (estimated)
DEVELOPMENT PROJECTS					
Warasto Finland Lieto	Lieto	*	Retail	5	Q1/2023
Wood City Office II	Helsinki	53	Office	8	Q2/2024
BUSINESS PREMISES					
HUS Jorvi, basic renovation of operating theatres	Espoo	43	Public	88	Q1/2023
Basic renovation of the Finnish National Theatre	Helsinki	45	Public	65	Q2/2023
Lamminrahka school centre	Kangasala	27	Public	38	Q2/2023
Helsinki Upper Secondary School of Languages and Upper Secondary School for Adults	Helsinki	38	Public	55	Q3/2023
Kotka Event Centre	Kotka	28	Public	58	Q3/2023
Matinkylä upper secondary school	Espoo	38	Public	28	Q4/2023
Wintteri Uusikaupunki	Uusikaupunki	60	Public	15	Q1/2025
Oulu Central Police Station and Prison	Oulu	107	Public	1	Q4/2025

Situation at 30 September 2022

*The value of individual contracts has not been made public.

INVESTMENTS

SRV's investments focus on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of selected properties. Investments' key objectives are to increase SRV's financing capacity with the aid of joint financing structures; harness the value chains created by projects more extensively through longer-term ownership; diversify capital risk; and generate positive cash flow over the longer term. Previously, the bulk of the Investments segment's capital employed was committed in Russia. These investments were almost entirely written down in April 2022 and the company seeks to exit from Russia.

Investments (EUR million)	1-9/ 2022	1-9/ 2021	change, EUR million	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Previous 12 mo.
Revenue	9,1	6,2	2,8	45,9	3,2	4,2	6,8	9,6
Operative operating profit	1,3	-2,8	4,1		0,4	-1,6	-4,6	-0,5
Operating profit	-102,1	-2,9	-99,2		1,9	-2,6	-11,6	-110,7
Capital employed	14,1	177	-162,9	-92	14,1	177	167,3	
Return on investment, %	-139,7	0,8	-140,5		-139,7	0	-16,4	

January–September 2022

Investments' revenue was EUR 9.1 (6.2) million.

Investments' operative operating profit amounted to EUR 1.3 (-2.8) million, affected by capital gains from the sale of a commercial centre in Porvoo.

Investments' operating profit was EUR -102.1 (-2.9) million. Operating profit was impacted by substantial write-downs of assets in Russia and the Fennovoima holding, which had a total impact of EUR -115.8 million. After the write-downs, the total value of SRV's holdings in Russia amounts to EUR 4.0 million. In addition, operating profit was affected by the net impact of the change in the exchange rate of the rouble, which was recognised prior to the asset write-downs and amounted to EUR 10.1 (1.3) 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. Operating profit was improved in July–September by the sale of a plot in Russia valued at EUR 1.8 million. The plot had been previously written down during the review period.

Capital employed totalled EUR 14.1 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 4.0 million. The remainder of capital employed mainly comprises investments in the Tampere Central Deck and Arena project.

The return on investment was -139.7 (0.8) per cent. Return on investment was impacted primarily by write-downs of assets in Russia.

Capital employed

Capital employed (EUR million)	30 Sept. 2022	31 Dec. 2021
Okhta Mall, shopping centre	0	69,3
Pearl Plaza, shopping centre	0	20
Other, Russia	4	52,1
Fennovoima	0	13,3
Tampere Central Deck and Arena	10,1	10,1
Plots and other holdings	0	2,4
Total	14,2	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 on an accelerated schedule 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. SRV has worked towards this goal by means such as negotiating on the sale of assets in Russia. These negotiations have not led to results so far.

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 -159.2 million, of which EUR -115.8 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 9.1 million, of which EUR 15.1 million was recognised in the income statement and EUR -6.0 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 4.0 million. In addition to Investments, the other operations and eliminations unit was affected by both the dissolution of the profit margin elimination and tax-related write-downs with a net effect of EUR 11.6 million.

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

The calculation parameters are essential for the final result of the valuation calculation. The key parameters are inflation, growth in consumer demand, forecasts of the trend in rental income and the weighted average cost of capital, which correlates with the local risk-free interest level. The values of the calculation parameters have changed significantly after Russia invaded Ukraine. Expected inflation has risen significantly and the forecast for consumer demand has weakened considerably. The Central Bank of Russia has raised the key interest rate substantially, which in turn strongly increases the weighted average cost of capital. In the prevailing exceptional circumstances, the estimation of the used parameters involves extremely high uncertainty, and the situation is not expected to be rectified in the near future. Using the available sources of information, the company has sought to establish an overview of the parameters that is as accurate as possible. On the basis of the calculations, the discounted operational cash flows of the shopping centres, adjusted by the amount of working capital, do not exceed the value of the preferred debts of the centre in question and thus the asset items and their related loan receivables have been valued at zero. In the 2021 annual accounts, 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 4.0 million, while in the 2021 annual accounts they were valued at EUR 47 million.

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

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

SRV's written-down shopping centre holdings in Russia on 30 September 2022

Project	Holding, %	Opened	Floor area (m^2)	Occupancy rate 9/2022, %
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 95.9
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 83.4

*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. The commercial property SRV owned at Ratsumestarinkatu 6 in Porvoo was sold during the second quarter.

Land reserves

Land reserves 30.9.2022	Business construction	Housing construction	Investments	Total
Unbuilt land areas, land acquisition commitments and rented plots Building rights1), 1,000 m²	105	186	173[2)]	464
Land development agreements Building rights1), 1,000 m²	55	168	0	223

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

FINANCING AND FINANCIAL POSITION

IFRS, (EUR million)	1-9/ 2022	1-9/ 2021	Change, %	1-12/ 2021
Equity ratio, %	36,3	27	34,4	27,4
Equity ratio, %, excl. IFRS 16 [1)]	48,6	34	42,9	32,8
Net gearing ratio, %	59,3	147,5	-59,8	103
Net gearing ratio, %, excl. IFRS 16 [1)]	-5,4	75,5	-107,2	47,5
Shareholders' equity	145,7	182,4	-20,1	165,1
Capital employed	273,9	502,4	-45,5	403
Net interest-bearing debt	86,4	269	-67,9	170
Net interest-bearing debt, excl. IFRS 16 [1)]	-8,2	142,1	-105,8	81
Interest-bearing debt	128,2	320	-59,9	238
of which short-term [2)]	12,4	32,7	-62	22,5
of which long-term	115,8	287,4	-59,7	215,5
Interest-bearing debt, excl. IFRS 16 [1)]	33,6	193,2	-82,6	149
Cash and cash equivalents	41,8	51,1	-18,2	68
Unused committed revolving credit facilities and overdraft facilities	20	20		30
Unused project loans that can be drawn immediately	0	3,5	-72,9	2,1

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

SRV carried out the comprehensive restructuring of financing as planned in June during the first half of 2022 due to the impairments of assets in Russia and the holding in Fennovoima as a result of Russia's war against Ukraine and the related economic sanctions. The reorganisation of financing has been described in more detail in SRV's half-year report for January–June 2022.

Net interest-bearing debt totalled EUR 86.4 million (170.0 12/2021) at the end of the review period. Net interest-bearing debt saw a year-on-year decrease of EUR 83.6 million. Excluding the impact of IFRS 16, net interest-bearing debt totalled EUR -8.2 million (81.0 12/2021), representing a decrease of EUR 89.2 million on the comparison period. Housing corporation loans accounted for EUR 7.1 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 48.6 per cent (32.8 12/2021) and gearing (excluding the impact of IFRS 16) was -5.4 per cent (47.5 12/2021). The equity ratio calculated as per the covenants of financing agreements was 48.6 per cent, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. At the end of the review period, EUR 10 million of the company's EUR 30 million revolving credit facility was withdrawn and EUR 20 million was unused. EUR 35.8 million of the company's EUR 40.0 million committed project financing facility was unused at the end of the review period. In addition, the company's EUR 63.0 million non-committed project financing facility was entirely unused at the end of the review period. As part of the aforementioned restructuring of financing, the due date of the revolving credit facility and project financing facility was extended to April 2024.

At the end of the period, the Group's financing reserves totalled EUR 61.8 million (100.1 12/2021), consisting of the unused revolving credit facility (EUR 20.0 million) and cash and cash equivalents (EUR 41.8 million). Financing reserves were affected by EUR -12.7 million (14.0 9/2021) in cash flow from operating activities and investments, EUR -15.0 (-60.2) million in cash flow from financing activities, and a decrease in undrawn project loans.

The financial covenants of SRV's financing agreements are equity ratio, gearing, minimum operating margin, minimum cash, and certain other restrictions. The covenant levels of these financing agreements are determined on the basis of the accounting principles in force when the loan agreements were signed. Recognition of income on the basis of percentage of completion in developer contracting projects and the inclusion of capital loans into equity are taken into consideration in the calculation of the equity ratio covenant. The loan agreements also contain some other deviations from traditional covenant calculation methods. The main covenants of the financing agreements are presented in note 11 to the interim report.

SRV's investment commitments totalled EUR 19.7 million (19.7 12/2021) at the end of September, 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 -6.0 million (4.4 1–9/2021), 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 5.0 (1.9) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 10.1 (1.3) 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 equity before the recognition of impairment was EUR 9.1 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.

Due to its holdings in Russia, the company has accumulated translation differences totalling EUR -24.2 million directly in equity through the comprehensive income statement. The negative translation difference accrued upon disposal of the holdings will later be recognised as an expense in the income statement with an impact on operating profit, but without an effect on the total amount of equity or operative operating profit.

RISKS AND UNCERTAINTIES

SRV's most significant risks and uncertainties concern negative changes in the company's and its customers' operating environment, capital employed in SRV's major projects, the availability of financing for SRV and its projects, the rise in construction costs and SRV's earnings trend, key project implementation risks, and currently especially the consequences of Russia's war against Ukraine, the availability and rising prices of energy, and the impacts of the general weakening of the economic situation. It is difficult to estimate how long the Russian invasion of Ukraine will last, but the further prolongation and potential expansion of the war would further increase the likelihood and impact of numerous risks. The risks posed by the coronavirus pandemic have decreased as the situation has eased off.

The Russian Federation's invasion of Ukraine on 24 February 2022 and the related sanctions, countersanctions and weakening of the market situation caused substantial impairments to the company's operations in Russia in the first quarter. After write-downs, the total value of holdings in Russia in the company's balance sheet as at 30 September 2022 was only EUR 4.0 million. As a result of the impairments, the company executed a comprehensive restructuring of financing during the second quarter of 2022, which strengthened the company's equity ratio and reduced its net interest-bearing debt substantially.

Due to sanctions and the tightening economic situation, SRV's risks in Russia – in addition to the remaining balance sheet item – are posed by the profitability of managing the operations of shopping centres if the company or personnel are subjected to harassment or Russian sanctions, and by the fulfilment of the covenant terms of the loan agreements of the companies that own the shopping centres. SRV has decided to exit its Russian operations and holdings.

Many of the risk positions involved in the construction industry have increased significantly due to the impacts of the war and the general weakening of the economy, also in Finland. Although the economy has been recovering from the consequences of the coronavirus pandemic, uncertainty about future development has increased substantially due to the war. Many forecasting institutions have downgraded their estimates for near-term economic growth that they have issued during the year. Economic uncertainty is negatively reflected in the confidence of both companies and consumers, and thereby also on construction and housing sales. High inflation and rising interest rates increase the risks further. Concerns about the potential spread of the crisis into Russia's neighbouring countries might also decrease interest in Finland as an attractive business area and investment. Furthermore, the availability of certain raw materials, labour and especially energy throughout Europe may hamper the production and availability of construction materials following the tightening of the sanctions imposed by western countries and Russia as well as the extensive reconstruction of Ukraine, thereby further increasing construction costs. Cyberattacks and hacking of telecommunications, IT systems and the functionality of other infrastructure might also increase, causing disruptions in the operations of SRV and its customers and implementation partners.

On 4 February 2022, SRV announced that it will exit its holding in Fennovoima and sell it to RAOS Voima Oy. The completion of the contractual arrangement was subject to approval by the Ministry of Economic Affairs and Employment. However, the preconditions for the granting of approval and the implementation of the contracts were not fulfilled due to reasons such as the decision taken by Government on 9 June 2022 whereby the processing of the building permit application for the Hanhikivi 1 nuclear power plant lapsed as well as other significant changes in the Hanhikivi 1 project. On 8 August 2022, SRV announced that the completion of the set of conditional agreements signed on 4 February 2022 between SRV and RAOS Voima Oy, which would have led to SRV's exit from its ownership in Fennovoima, will not be realised. The company has written down its holding in Fennovoima.

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

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

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: 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: www.srv.fi/en/investors/cg/.

PERSONNEL

Personnel by segment at end of period	1-9/ 2022	1-9/ 2021	Percentage of Group personnel	1-12/ 2021
Construction	801	803	85,7	801
Investments	69	87	7,4	83
Other operations and eliminations	64	58	6,8	60
Group, total	934	948	100	944

SRV employed 894 people (859 1–12/2021) on average in January-September. On average, 828 (798) people worked in Construction and 4 (4) people worked in Investments. 62 (57) people worked in Group operations.

Changes in Management Team

SRV announced in September that Timo Nieminen, Executive Vice President, Strategic Project Development, Deputy to CEO at SRV Group Plc, will retire by the end of January 2023.

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 September 2022, the Group's rolling 12-month accident frequency rate for its own and subcontractors' personnel stood at 12.5 accidents per million hours worked.

TR and MVR measurements are proactive, weekly occupational safety assessment methods used at building construction (TR) and civil engineering (MVR) sites. The final result is indicated with the safety index figure, which is calculated by dividing the number of correct observations by the total number and multiplying it by a hundred. The Group's target for TR and MVR measurements is at least 96 per cent. In September 2022, the Group's 12-month rolling TR measurement was 96.1 per cent and the MVR measurement was 95.7 per cent.

Environment

Material efficiency and minimising the amount of waste are two of the main objectives of SRV's environmental activities. The Group's recycling rate for the past twelve months stood at 98 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 construction waste in the previous 12 months was 62 per cent and including demolition waste it was 82 per cent at the end of the review period. Although the Group's sorting rate is monitored on a monthly basis, sorting rate targets are always set by project. The aim is to increase the sorting rate in all projects to over 70 per cent in line with the EU taxonomy.

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

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

The next step in lifecycle wisdom: SRV to be carbon neutral by 2030

SRV's emissions have declined by 85 per cent compared with the corresponding period of the previous year. The most significant emission reductions have been achieved by improving the energy-efficiency of construction sites and using emission-free sources of energy. SRV seeks to be carbon neutral by 2030. Until the company has achieved full carbon neutrality, it will offset the remaining emissions by planting an equivalent number of trees to serve as a carbon sink. SRV's construction sites have operated with net zero emissions since the beginning of 2022 and SRV's operations as a whole achieved net zero emissions in autumn 2022.

The carbon neutrality roadmap steers SRV's operations towards carbon neutrality over the years ahead. The carbon neutrality target applies to SRV's own emissions. In addition, the concepts of SRV's lifecycle-wise buildings are being developed towards carbon neutrality. One good example is WithSecure's headquarters, under construction in Wood City – the building will have net zero emissions over its entire lifecycle. The lifecycle emissions of the building have been minimised with both low-carbon structural solutions and energy choices. The small amount of remaining emissions is compensated for by planting trees.

More information on SRV's emissions reductions: www.srv.fi/en/releases/srvs-operations-to-be-completely-emission-free-by-2030-carbon-neutrality-roadmap-steers-business/.

CORPORATE GOVERNANCE AND THE DECISIONS OF THE ANNUAL GENERAL MEETING

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

Extraordinary General Meeting

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

Changes in auditing

PricewaterhouseCoopers Oy, the firm of authorised public accountants acting as the auditor of SRV Group Plc, appointed APA Markku Katajisto as the responsible auditor when APA Enel Sintonen transfered to another employer. The change entered into force on 1 October 2022.

SHARE-BASED INCENTIVE SCHEMES

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

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

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

SHARES AND SHAREHOLDERS

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

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

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

The closing price at Nasdaq Helsinki on 30 September 2022 was EUR 3.52 (EUR 13.2 on 31 December 2021). The highest share price during the reporting period was EUR 16.12 and the lowest EUR 3.19. On 30 September 2022, SRV had a market capitalisation of EUR 59.8 million (138.9 31 Dec. 2021), excluding the Group's treasury shares. 23.5 million shares were traded during the review period with a trade volume of EUR 9.7 million.

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.

UPDATED 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; the war that Russia started against Ukraine, including its related direct and indirect effects, such as material costs and the availability of materials and labour; and changes in demand. 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 remain relatively small.

- Consolidated revenue for 2022 is expected to amount to EUR 770–820 million (earlier outlook: EUR 800-860 million) (revenue in 2021: EUR 932.6 million).
- Operative operating profit for 2022 is expected to amount to EUR 17-23 million (earlier outlook: EUR 15–25 million) (operative operating profit in 2021: EUR 5.3 million)

Espoo, 27 October 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 27 October 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 financial statement release for 2022 on 2 February 2023. During the silent period (3 January–2 February), the company will not comment on anything relating to market outlooks, business or earnings trends.

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Key figures EUR million	1-9/ 2022	1-9/ 2021	7-9/ 2022	7-9/ 2021	1-12/ 2021	Last 12 Months
Revenue	**588,9**	596,3	186,8	191,1	932,6	925,2
Operative operating profit [1]	**18,7**	9,9	3,9	-0,6	5,3	14,1
Operative operating profit, % revenue [1]	**3,2**	1,7	2,1	-0,3	0,6	
Operating profit	**-70,1**	9,8	5,5	-1,6	-1,7	-81,6
Operating profit, % revenue	**-11,9**	1,6	2,9	-0,8	-0,2	
Operating profit, excl. IFRS16[2]	**-72,5**	6,3	4,6	-2,6	-6,9	-85,7
Operating profit, % revenue excl. IFRS16[2]	**-12,3**	1,1	2,5	-1,3	-0,7	
	-69,1	-0,8	5,8	-4,4	-20,3	-88,6
Profit before taxes, % of revenue	**-11,7**	-0,1	3,1	-2,3	-2,2	
Net profit attributable to equity holders of the parent company	**-76,7**	-0,6	5,3	-4,0	-19,9	-96,0
Return on equity, %	**-65,8**	-0,3			-11,5	
Return on investment, % 4)	**-9,6**	3,4			-0,6	
Return on investment % excl. IFRS16[2] [4]	**-14,4**	3,4			-2,1	
Capital employed	**273,9**	502,4			403,0	
Capital employed excl. IFRS16 [2]	**185,4**	381,5			319,4	
Equity ratio %	**36,3**	27,0			27,4	
Equity ratio excl. IFRS16, % [2]	**48,6**	34,0			32,8	
Net interest-bearing debt	**86,4**	269,0			170,0	
Net interest-bearing debt excl. IFRS16[2]	**-8,2**	142,1			81,0	
Net gearing ratio, %	**59,3**	147,5			103,0	
Net gearing ratio excl. IFRS16, %[2]	**-5,4**	75,5			47,5	
Order backlog [3]	**717,1**	1 038,2			872,3	
New agreements	**337,3**	427,9	135,0	166,6	588,6	
Personnel on average	**963**	965			959	
Earnings per share [5]	**-6,51**	-0,20	0,39	-0,47	-2,29	-8,60
Earnings per share (diluted) [5]	**-6,51**	-0,20	0,39	-0,47	-2,29	-8,60
Equity per share	**8,60**	19,88			17,56	
Equity per share (without hybrid bond), euros	**6,62**	18,24			15,93	
Dividend per share, euros [5]	**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.**	neg.			neg.	
Share price development:						
Share price at the end of the period, eur	**3,52**	0,58			0,53	
Average share price, eur	**9,51**	0,63			0,61	
Lowest share price, eur	**3,19**	0,55			0,45	
Highest share price, eur	**16,12**	0,81			0,81	
Market capitalisation at the end of the period	**59,6**	152,0			138,9	
Trading volume, 1 000 units	**23 518**	35 902			45 701	
Trading volume, %	**196,3**	13,7			17,4	
Weighted average number of shares outstanding during the period, 1 000 units [5]	**11 982**	9 398			9 398	
Weighted average number of shares outstanding during the period (diluted) 1 000 units [5]	**11 982**	9 398			9 398	
Number of shares outstanding at the end of the period,1 000 units [5]	**16 938**	9 398			9 398	

[1] The reconciliation calculation for operative operating profit can be found underneath this table
[2] The effects of IFRS16 have been adjusted from the figure.
[3] The Group's order backlog consists of the Construction business.
[4] In calculation of the key ratios, only the profit for the review period has been annualised.
[5] SRV executed reverse share split on 4 July 2022 to the effect that each forty shares of the company was merged into one share. Share-specific figures have been adjuted accordingly.

Alternative performance measures used in interim reporting

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

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

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

Operative operating profit's reconciliation table

SRV Group (EUR million)	1-9/ 2022	1-9/ 2021	7-9/ 2022	7-9/ 2021	1-12/ 2021
Operative operating profit in accordance with the new definition	**18,7**	9,9	3,9	-0,6	5,3
+/- exhange rate gains and losses of associated companies and joint ventures and	**10,1**	1,4	-0,5	0,4	1,6
+/- income and expenses from currency hedging	**0,0**	-0,1	0,0	0,0	-0,1
+/- Items affecting comparability					
+/- Impairments of assets and their reversal	**-101,3**	-1,8	-0,3	-1,4	-6,0
+/- gains and losses from exceptional sales of assets	**2,4**	0,4	2,4	0,0	-2,5
+/- income and expenses due to changes in the Group structure	**0,0**	0,0	0,0	0,0	0,0
+/- Items affecting comparability in total	**-98,9**	-1,4	2,1	-1,4	-8,5
Operating profit	**-70,1**	9,8	5,5	-1,6	-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	**7-9/ 2022**	**4-6/ 2022**	**1-3/ 2022**	**10-12/ 2021**	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**
Revenue	**186,8**	211,4	190,7	336,3	191,1	218,0	187,1
Operative operating profit	**3,9**	9,8	4,9	-4,6	-0,6	5,7	4,8
Operating profit	**5,5**	10,1	-85,7	-11,5	-1,6	6,3	5,2
Financial income and expenses, total	**0,3**	43,6	-42,8	-8,1	-2,8	-3,7	-4,1
Profit before taxes	**5,8**	53,7	-128,5	-19,5	-4,4	2,6	1,1
Order backlog [1]	**717,1**	745,9	858,0	872,3	1 038,2	1 047,5	1 061,1
New agreements	**135,0**	72,3	130,1	160,7	166,6	176,0	85,4
Earnings per share, eur [3] [4]	**0,39**	5,36	-14,25	-2,10	-0,47	0,16	0,11
Equity per share, eur [3] [4]	**6,62**	6,31	1,18	15,93	18,24	18,44	18,12
Share closing price, eur	**3,52**	5,20	11,40	14,80	16,10	18,40	15,80
Equity ratio, %	**36,3**	33,3	6,4	27,4	27,0	26,1	23,8
Equity ratio, % excl. IFRS16 [2]	**48,6**	43,9	9,7	32,8	34,0	32,5	29,4
Net interest-bearing liabilities	**86,4**	90,1	197,7	170,0	269,0	279,8	309,5
Net interest-bearing liabilities excl. IFRS16 [2]	**-8,2**	-4,6	110,1	81,0	142,1	152,5	180,5
Net gearing, %	**59,3**	64,2	748,4	103,0	147,5	151,9	170,8
Net gearing, % excl. IFRS16 [2]	**-5,4**	-3,1	343,2	47,5	75,5	80,3	96,5

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

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

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

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

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

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

Order backlog EUR million	**30.9.2022**	**30.6.2022**	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.2021**
- business construction	**511,5**	480,6	505,9	508,3	566,3	587,4	606,5
- housing construction	**205,6**	265,3	352,1	364,0	471,9	460,1	454,6
Group, total [1)]	**717,1**	745,9	858,0	872,3	1 038,2	1 047,5	1 061,1
sold order backlog	629,7	679,4	788,1	798,2	956,3	942,3	931
unsold order backlog	87,4	66,5	69,9	74,0	81,9	105,2	131

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

Order backlog, housing construction in Group EUR million	**30.9.2022**	**30.6.2022**	**31.3.2022**	**31.12.2021**	**30.9.2021**	**30.6.2021**	**31.3.2021**
Negotiation and construction contracts	**129**	186	254	251	259	231	207
Under construction, sold	**1**	24	40	39	131	124	117
Under construction, unsold	**70**	53	57	71	79	99	114
Completed and unsold	**6**	2	2	3	3	6	17
Housing construction, total	**206**	265	352	364	472	460	455

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

Q3

27 October 2022 at 8:30 am

SRV GROUP PLC THE INTERIM REPORT, 1 January – 30 September 2022: TABLES

1) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	**Note**	**1-9/ 2022**	**1-9/ 2021**	**change MEUR**	**change %**	**7-9/ 2022**	**7-9/ 2021**	**change %**	**1-12/ 2021**
Revenue	8	**588,9**	596,3	-7,4	-1,2	**186,8**	191,1	-2,3	932,6
Other operating income		**0,6**	1,9	-1,4	-70,8	**0,1**	0,3	-58,0	3,5
Change in inventories of finished goods and work in progress		**-90,3**	-24,9	-65,3	261,8	**-12,5**	-9,7	28,0	-116,9
Use of materials and services		**-441,2**	-500,7	59,5	-11,9	**-148,3**	-164,7	-9,9	-733,4
Employee benefit expenses		**-55,4**	-52,7	-2,7	5,2	**-16,3**	-15,6	4,9	-71,6
Share of profits of associated and joint venture companies		**10,9**	1,5	9,4		**-0,2**	0,9	-120,9	1,2
Depreciation		**-3,9**	-4,4	0,5	-11,9	**-1,3**	-1,4	-10,1	-5,8
Impairments of investments		**-71,1**	0,0	-71,1	0,0	**0,2**	0,0		-0,5
Other operating expenses		**-8,7**	-7,1	-1,6	23,0	**-3,1**	-2,6	20,0	-10,7
Income and expenses on currency derivatives		**0,0**	-0,1	0,1		**0,0**	0,0		-0,1
Operating profit		**-70,1**	9,8	-79,9		**5,5**	-1,6	-436,3	-1,7
Financial income	13	**45,7**	4,1	41,6	1 007,4	**-0,3**	1,2	-128,1	5,0
Financial expenses		**-2,9**	-14,7	11,8	-80,1	**0,7**	-4,0	-116,4	-17,6
Impairments of financial assets		**-41,7**	0,0	-41,7					-6,1
Financial income and expenses, total		**1,1**	-10,6	11,7	-110,1	**0,3**	-2,8		-18,6
Profit before taxes		**-69,1**	-0,8	-68,3		**5,8**	-4,4	-230,6	-20,3
Income taxes		**-7,7**	0,4	-8,1		**-0,4**	0,4	-202,3	0,5
Net profit for the period		**-76,7**	-0,4	-76,3		**5,3**	-4,0	-233,5	-19,9
Attributable to									
Equity holders of the parent company		**-76,7**	-0,6			**5,3**	-4,0		-19,9
Non-Controlling interests		**0,0**	0,2			**0,0**	0,0		0,0
Earnings per share attributable to equity holders of the parent company [1) 2)]		**-6,51**	-0,20			**0,39**	-0,47		-2,29
Earnings per share attributable to equity holders of the parent company (diluted) [1) 2)]		**-6,51**	-0,20			**0,39**	-0,47		-2,29

[1)] Figures are share issue adjusted.

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

Consolidated statement of comprehensive income EUR million	**1-9/ 2022**	**1-9/ 2021**	**7-9/ 2022**	**7-9/ 2021**	**1-12/ 2021**
Net profit for the period	**-76,7**	-0,4	5,3	-4,0	-19,9
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	**-2,5**	0,8	-2,2	0,3	-1,1
Share of other comprehensive income of associated and joint ventures companies	**-3,5**	3,6	0,0	1,7	2,9
Other comprehensive income for the period, net of tax	**-6,0**	4,4	-2,2	2,0	1,8
The share of comprehensive income attributable to equity holders of the parent company	**-6,0**	4,4	-2,2	2,0	1,8
Non-controlling interests in comprehensive income	**0,0**	0,0	0,0	0,0	0,0
Total comprehensive income for the period	**-82,8**	4,0	3,1	-2,0	-18,1
Attributable to					
Equity holders of the parent company	**-82,8**	3,8	3,1	-2,1	-18,1
Non-Controlling interests	**0,0**	0,2	0,0	0,0	0,0

2) Consolidated balance sheet

Consolidated balance sheet EUR million	Note	30.9.2022	30.9.2021	change,%	31.12.2021
ASSETS					
Non-current assets					
Property, plant and equipment		**4,2**	2,8	49,6	3,6
Property, plant and equipment, right -of-use asset		**9,1**	9,7	-6,5	9,5
Goodwill		**1,7**	1,7	0,0	1,7
Other intangible assets		**0,7**	0,9	-25,3	0,9
Shares in associated companies and joint ventures		**3,4**	52,8	-93,5	51,9
Other financial assets		**10,1**	23,3	-56,8	24,7
Receivables		**13,0**	10,4	24,7	9,7
Loan receivables from associated companies and joint ventures		**0,0**	46,2	-100,0	40,5
Deferred tax assets		**36,2**	43,1	-16,0	42,2
Non-current assets, total		**78,5**	191,1	-58,9	184,8
Current assets					
Inventories	10	**155,8**	316,4	-50,8	227,3
Inventories, right -of-use asset	10	**77,9**	109,7	-29,1	72,7
Trade and other receivables		**107,2**	132,2	-18,9	133,4
Current tax receivables (based on profit for the review period)		**0,0**	0,2	-104,1	0,0
Cash and cash equivalents		**41,8**	51,1	-18,2	68,0
Current assets, total		**382,6**	609,7	-37,2	501,5
ASSETS, TOTAL		**461,1**	800,8	-42,4	686,3

Consolidated balance sheet EUR million		30.9.2022	30.9.2021	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		**303,6**	264,7	14,7	264,7
Translation differences		**-24,2**	-15,5	55,8	-18,2
Hybrid bond		**33,5**	15,4	118,3	15,4
Retained earnings		**-170,3**	-80,8	110,8	-99,9
Equity attributable to equity holders of the parent company, total		**145,7**	186,8	-22,0	165,1
Non-controlling interests		**0,0**	-4,4	-100,0	0,0
Total equity	4	**145,7**	182,4	-20,1	165,1
Non-current liabilities					
Deferred tax liabilities		**1,3**	2,3	-45,6	1,0
Provisions		**11,6**	11,8	-1,8	13,0
Interest-bearing liabilities excl. lease liabilities		**23,6**	163,0	-85,5	128,8
Interest-bearing lease liabilities		**92,2**	124,4	-25,9	86,7
Other liabilities		**8,8**	15,7	-43,6	14,8
Non-current liabilities, total		**137,5**	317,2	-56,7	244,3
Current liabilities					
Trade and other payables		**158,5**	258,5	-38,7	243,2
Current tax payables (based on profit for the review period)		**0,0**	0,0	-79,8	0,0
Provisions		**7,0**	10,0	-29,7	11,3
Interest-bearing liabilities excl. lease liabilities		**10,0**	30,2	-66,9	20,2
Interest-bearing lease liabilities		**2,4**	2,5	-1,7	2,3
Current liabilities, total		**178,0**	301,2	-40,9	276,9
Liabilities, total		**315,4**	618,4	-49,0	521,3
EQUITY AND LIABILITIES, total		**461,1**	800,8	-42,4	686,3

3) Consolidated cash flow statement EUR million	**1-9/ 2022**	**1-9/ 2021**	**1-12/ 2021**	**Last 12 Months**
Cash flows from operating activities				
Cash receipts from customers	608,1	593,9	927,2	941,4
Cash receipts from other operating income	0,6	1,7	3,1	2,0
Cash paid to suppliers and employees	-607,8	-573,9	-842,6	-876,6
Net cash before interests and taxes	**0,9**	**21,8**	**87,7**	**66,8**
Interests received and other financial income	0,3	1,8	1,8	0,3
Interests paid and other expenses from financial costs	-11,8	-18,4	-20,5	-13,9
Income taxes paid or received	-0,3	-0,5	-0,1	0,1
Cash flows from operating activities	**-10,9**	**4,7**	**68,9**	**53,4**
Cash flow from investing activities				
Purchase of tangible and intangible assets	-2,2	-0,4	-1,3	-3,1
Sale of tangible and intangible assets	0,5	0,7	0,8	0,5
Purchase of investments	-0,1	-1,6	-3,0	-1,5
Subsidiary shares bought	0,0	-0,4	-0,4	0,0
Loans granted	0,0	-0,8	-0,8	0,0
Proceeds from repayments of loans	0,0	11,8	12,0	0,2
Net cash used in investing activities	**-1,8**	**9,4**	**7,2**	**-4,0**
Cash flows from operating and investing activities in total	**-12,7**	**14,0**	**76,2**	**49,4**
Cash flow from financing activities				
Gross cash from share issue	34,8	0,0	0,0	34,8
Share issue costs	-2,7	0,0	0,0	-2,7
Proceeds from loans	1,0	0,0	0,0	1,0
Repayment of loans	-31,7	-67,0	-77,0	-41,7
Hybrid bond costs	-0,7	0,0	0,0	-0,7
Hybrid bond intrests	-2,0	-3,2	-3,2	-2,0
Change in housing corporation loans	-11,0	11,9	-22,6	-45,5
Purchase of own shares	-0,7	0,0	0,0	-0,7
Repayment of lease liabilities	-1,8	-1,9	-2,7	-2,5
Net cash flow from financing activities	**-15,0**	**-60,2**	**-105,4**	**-60,2**
Net change in cash and cash equivalents	**-27,6**	**-46,1**	**-29,3**	**-10,8**
Cash and cash equivalents at the beginning of period	**68,0**	**96,7**	**96,7**	**51,1**
Effect of exchange rate changes in cash and cash equivalents	1,4	0,5	0,5	1,5
Cash and cash equivalents at the end of period	**41,8**	**51,1**	**68,0**	**41,8**

4) Statement of changes in Group equity

1 January- 30 September 2022 (EUR million)	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation differences	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	-76,7	**-76,7**	0,0	**-76,7**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0,0	0,0	0,0	-6,0	0,0	0,0	**-6,0**	0,0	**-6,0**
Comprehensive income for the financial year	**0,0**	**0,0**	**0,0**	**-6,0**	**0,0**	**-76,7**	**-82,8**	0,0	**-82,8**
Purchase of own shares	0,0	0,0	0,0	0,0	0,0	-0,7	**-0,7**	0,0	**-0,7**
Share-based incentive plan	0,0	0,0	0,0	0,0	0,0	0,6	**0,6**	0,0	**0,6**
Directed issue and write-down of hybrid loan	0,0	6,8	-15,4	0,0	0,0	8,5	**0,0**	0,0	**0,0**
Right issue	0,0	34,8	0,0	0,0	0,0	0,0	**34,8**	0,0	**34,8**
Cost related to share issues excl. taxes	0,0	-2,7	0,0	0,0	0,0	0,0	**-2,7**	0,0	**-2,7**
Conversion of notes	0,0	0,0	34,2	0,0	0,0	0,0	**34,2**	0,0	**34,2**
Costs related to notes' conversion	0,0	0,0	-0,7	0,0	0,0	0,0	**-0,7**	0,0	**-0,7**
Hybrid bond interests	0,0	0,0	0,0	0,0	0,0	-2,0	**-2,0**	0,0	**-2,0**
Equity on 30 September 2022	**3,1**	**303,6**	**33,5**	**-24,2**	**0,0**	**-170,3**	**145,7**	**0,0**	**145,7**

1 January- 30 September 2021 (EUR million)	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation differences	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	-0,6	**-0,6**	0,2	**-0,4**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0,0	0,0	0,0	4,4	0,0	0,0	**4,4**	0,0	**4,4**
Comprehensive income for the financial year	**0,0**	**0,0**	**0,0**	**4,4**	**0,0**	**-0,6**	**3,8**	0,2	**4,0**
Share-based incentive plan	0,0	0,0	0,0	0,0	0,0	0,6	**0,6**	0,0	**0,6**
Hybrid bond	0,0	0,0	0,0	0,0	0,0	-2,6	**-2,6**	0,0	**-2,6**
Other changes	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	-0,6	**-0,6**
Equity on 30 September 2021	**3,1**	**264,7**	**15,4**	**-15,5**	**0,0**	**-80,8**	**186,8**	**-4,4**	**182,4**

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 differences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
Equity 1 January 2021	3,1	264,7	15,4	-20,0	0,0	-78,2	**185,0**	-4,0	**181,0**
Net profit for the financial year	0,0	0,0	0,0	0,0	0,0	-19,9	**-19,9**	0,0	**-19,9**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0,0	0,0	0,0	1,8	0,0	0,0	**1,8**	0,0	**1,8**
Comprehensive income for the financial year	**0,0**	**0,0**	**0,0**	**1,8**	**0,0**	**-19,9**	**-18,1**	0,0	**-18,1**
Share-based incentive plan	0,0	0,0	0,0	0,0	0,0	0,7	**0,7**	0,0	**0,7**
Hybrid bond interests	0,0	0,0	0,0	0,0	0,0	-2,6	**-2,6**	0,0	**-2,6**
Dissolution of non-controlling interest	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	4,0	**4,0**
Equity on 31 December 2021	**3,1**	**264,7**	**15,4**	**-18,2**	**0,0**	**-99,9**	**165,1**	**0,0**	**165,1**

5) Accounting policies

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

Rights issue

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

Directed share issue for holders of hybrid bonds

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

Written procedures regarding unsecured notes

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

Possible effects of war in Ukraine to SRV's business

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

Impacts of the coronavirus on SRV's financial reporting

SRV used certain stimulus measures introduced in 2020 in response to the coronavirus epidemic. During the review period the company used payment arrangements for VAT liabilities. Last instalment for these arrangements was paid in August 2022.

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

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

Use of estimates

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

Deferred tax assets recognised in SRV's balance sheet at the end of review period amounted to EUR 36.2 million. Most of SRV's deferred tax assets are related to confirmed tax losses. The tax losses arose from the divestment of the holding in the REDI shopping centre as well as the loss-making contracts for the REDI shopping centre, REDI Majakka and Tampere Arena. The deferred tax assets will be recognised only up to the amount for which the company has sufficient taxable temporary differences or other credible evidence of the ability to use tax losses. At the end of review period SRV stated that it is probable that the deferred tax assets will be used. These losses arose due to individual identifiable reasons that are not expected to reoccur. On the basis of the company's forecasts for taxable income in future years, the losses can be utilised in full by 2028. The assumptions on which the amount of taxable income is based include the management's estimate of future cash flow, including future revenue, operating expenses and financial expenses. The SRV Group's ability to generate taxable income also depends on the general state of the national economy and factors related to financing, competitiveness and regulation that are beyond the SRV Group's control. If a Group company has posted a loss in the recent past, deferred tax assets are recognised on the tax losses only up to the amount for which the company has sufficient taxable temporary differences or other credible evidence of the ability to use tax losses. The deferred tax assets recognised in the balance sheet at the end of reporting period are also based on the fact that losses are confirmed in taxation such that they can be generally utilised for SRV's future taxable income.

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

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 4.0 million, while in the 2021 annual accounts they were valued at EUR 47 million.

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

SRV 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)	30.9.2022	30.9.2021	change, %	31.12.2021
Collateral given for own liabilities				
Real estate mortgages given [1)]	**9,0**	60,0	-85,0	20,0
Other commitments				
Investment commitments given	**19,7**	21,1	-6,6	19,7
Plots purchase commitments	**17,6**	28,9	-39,2	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

30.9.2022 (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	13,0	**13,0**	**13,0**
Long-term receivables	0,0	0,0	**0,0**	**0,0**
Loan receivables from associated companies and joint ventures	0,0	0,0	**0,0**	**0,0**
Derivative instruments	3,2	0,0	**3,2**	**3,2**
Other financial assets	10,1	0,0	**10,1**	**10,1**
Current financial assets				
Accounts receivables	0,0	48,2	**48,2**	**48,2**
Other interest bearing receivables	0,0	0,0	**0,0**	**0,0**
Cash and cash equivalents	0,0	41,8	**41,8**	**41,8**
Total	**13,3**	**103,0**	**116,4**	**116,4**
Non-current financial liabilities				
Interest bearing liabilities	0,0	23,6	**23,6**	**23,6**
Derivative instruments	0,0	0,0	**0,0**	**0,0**
Other non-current liabilities	0,0	8,8	**8,8**	**8,8**
Current financial liabilities				
Interest bearing liabilities	0,0	10,0	**10,0**	**10,0**
Accounts payables	0,0	58,1	**58,1**	**58,1**
Total	**0,0**	**100,5**	**100,5**	**100,5**

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)	**9/2022** Fair value		**9/2021** Fair value		**12/2021** Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Currency options	**0,0**	**0,0**	0,0	0,0	0,0	0,0
Interest rate swaps	**3,2**	**0,0**	0,0	6,8	0,0	5,9

	9/2022	**9/2021**	**12/2021**
Nominal values of derivative instruments			
Currency option	**0,0**	0,0	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**
30.9.2022				
Derivative financial assets	0,0	3,2	0,0	**3,2**
Derivative financial liabilities	0,0	0,0	0,0	**0,0**
30.9.2021				
Derivative financial assets	0,0	0,0	0,0	**0,0**
Derivative financial liabilities	0,0	6,8	0,0	**6,8**
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)	**30.9.22**	30.9.21	31.12.21
Other financial assets	**24,7**	22,7	22,7
Inreases	**0,1**	1,6	3,1
Reclassification of assets as classified held for sale	**-**	-	-
Changes in fair values	**-11,5**	-	-0,5
Decreases	**0,0**	-0,5	-0,6
Total	**13,3**	23,8	24,7
Non-current	**13,3**	23,8	24,7
Current	**-**	-	-

Other financial assets at fair value through profit or loss

(EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**
30.9.2022				
Unlisted shares	-	0,6	9,5	10,1
Long-term receivables	-	3,2 -		3,2
30.9.2021				
Unlisted shares	-	0,6	22,7	23,3
Long-term receivables	-	-	0,5	0,5
31.12.2021				
Unlisted shares	-	0,6	24,1	24,7
Long-term receivables	-	- -		-

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

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

8) Breakdown of revenue

Revenue (EUR million)	1-9/ 2022	1-9/ 2021	change MEUR	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Last 12 Months
Revenue recognition at a point in time	48,8	63,5	-14,7	-23,2	27,4	19,5	165,0	150,3
Revenue recognition over time	517,2	522,1	-4,9	-0,9	158,4	167,8	754,7	749,9
Other revenue	22,9	10,7	12,2	114,3	1,0	3,9	12,8	25,0
Total	**588,9**	**596,3**	**-7,4**	**-1,2**	**186,8**	**191,1**	**932,6**	925,2

9) Group and Segment Information

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

Revenue EUR million	1-9/ 2022	1-9/ 2021	change MEUR	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Last 12 Months
Revenue recognition at a point in time	**48,8**	**63,5**	-14,7	-23,2	**27,4**	**19,5**	**165,0**	**150,3**
Construction	47,0	60,3	-13,3	-22,1	25,7	16,3	161,8	148,5
Investments	1,7	**3,2**	-1,4		1,7	3,2	**3,2**	**1,7**
Revenue recognition over time	**517,2**	**522,1**	-4,9	-0,9	**158,4**	**167,8**	**754,7**	**749,9**
Construction	515,0	520,2	-5,2	-1,0	157,6	167,1	752,1	746,9
Investments	2,2	1,9	0,3	17,4	0,8	0,7	2,6	2,9
Other revenue	**22,9**	**10,7**	12,2	114,3	**1,0**	**3,9**	**12,8**	**25,0**
Construction	3,8	13,7	-9,9	-72,2	0,6	4,6	16,2	6,2
Investments	5,1	1,2	3,9	330,5	0,6	0,4	1,1	5,0
Other operations and eliminations	14,0	-4,2	18,2		-0,3	-1,1	-4,4	13,8
Group, total	**588,9**	**596,3**	-7,4	-1,2	**186,8**	**191,1**	**932,6**	**925,2**
Construction revenue	**565,9**	**594,3**	-28,4	-4,8	**183,9**	**188,0**	**930,1**	**901,7**
Construction, external	565,3	590,5	-25,1	-4,3	183,6	186,9	926,2	901,1
Construction, internal	0,5	3,8	-3,3	-86,2	0,2	1,1	4,0	0,7
Investments revenue	**9,1**	**6,2**	2,8	45,9	**3,2**	**4,2**	**6,8**	**9,6**
Investments, external	9,0	6,1	2,9	46,9	3,2	4,2	6,7	9,6
Investments, internal	0,0	0,1	0,0	-38,4	0,0	0,0	0,1	0,1
Other operations and eliminations revenue	**14,0**	**-4,2**	18,2		**-0,3**	**-1,1**	**-4,4**	**13,8**
Other operations and eliminations, external	14,6	-0,4	14,9		0,0	0,0	-0,3	14,6
Other operations and eliminations, internal	-0,6	-3,9	3,3		-0,3	-1,1	-4,0	-0,7
Total	**588,9**	**596,3**	-7,4	-1,2	**186,8**	**191,1**	**932,6**	**925,2**

Operation profit EUR million	1-9/ 2022	1-9/ 2021	change MEUR	change, %	7-9/ 2022	7-9/ 2021	1-12/ 2021	Last 12 Months
Construction	**21,0**	15,4	5,5	36,0	**4,7**	1,6	14,1	19,7
Investments	**-102,1**	-2,9	-99,2	3 394,2	**1,9**	-2,6	-11,6	-110,7
Other operations and eliminations	**11,0**	-2,7	13,7		**-1,2**	-0,6	-4,3	9,4
Group, total	**-70,1**	9,8	-79,9		**5,5**	-1,6	-1,7	-81,6

Operating profit, %	1-9/ 2022	1-9/ 2021	7-9/ 2022	7-9/ 2021	1-12/ 2021	Last 12 Months
Construction	**3,7**	2,6	**2,6**	0,8	1,5	2,2
Investments	**-**	-	**-**	-	-	-
Group, total	**-11,9**	1,6	**2,9**	-0,8	-0,2	-8,8

Assets EUR million	**30.9.2022**	**30.9.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**388,1**	663,6	-275,6	-41,5	454,3
Investments	**18,8**	183,1	-164,4	-89,8	171,2
Other operations and eliminations	**54,3**	-46,0	100,3		60,8
Group, total	**461,1**	800,8	-339,7	-42,4	686,3

Non-interest-bearing liabilities EUR million	**30.9.2022**	**30.9.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**185,0**	274,1	-89,1	-32,5	258,5
Investments	**4,6**	6,1	-1,5	-24,5	3,9
Other operations and eliminations	**-2,4**	18,1	-20,5	-113,1	20,8
Group, total	**187,2**	298,3	-111,1	-37,2	283,3

Capital Employed EUR million	**30.9.2022**	**30.9.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**203,1**	389,6	-186,5	-47,9	195,8
Investments	**14,1**	177,0	-162,9	-92,0	167,3
Other operations and eliminations	**56,6**	-64,2	120,8		40,0
Group, total	**273,9**	502,4	-228,6	-45,5	403,0

Return on investment EUR million	**30.9.2022**	**30.9.2021**	**change MEUR**	**change, %**	**31.12.2021**
Construction	**21,6**	16,0	5,6	35,1	14,9
Investments	**-95,1**	0,5	-95,6		-13,7
Group	**-24,5**	13,8	-38,3	-277,1	-2,9

Return on investment %	**30.9.2022**	**30.9.2021**	**31.12.2021**
Construction	**14,4**	5,5	5,1
Investment	**-139,7**	0,4	-8,1
Group	**-9,6**	3,4	-0,6

10) Inventories

EUR million	**30.9.2022**	**30.9.2021**	**change MEUR**	**31.12.2021**
Land areas and plot-owning companies	**74,3**	118,2	-43,9	113,7
Construction	70,2	64,4	5,7	65,6
Investments	4,1	53,8	-49,7	48,2
Work in progress	**73,1**	188,2	-115,1	104,1
Construction	73,1	188,2	-115,1	104,1
Investments	0,0	0,0	0,0	0,0
Shares in completed housing corporations and real estate companies	**5,3**	5,9	-0,6	5,1
Construction	5,3	3,5	1,8	2,6
Investments	0,0	2,4	-2,4	2,4
Other inventories	**81,0**	113,9	-33,0	77,2
Construction	3,1	4,2	-1,4	4,5
Investments	0,0	0,0	0,0	0,0
Right -of-use asset, total	77,9	109,7	-31,9	72,7
Inventories, total	**233,6**	426,2	-192,5	300,1

11) Changes in financial position

Financial liabilities, excluding lease liabilities
30.9.2022

EUR million	Carrying amount	Contractual liability [1]	Maturity 2022	2023	2024	2025	later
Bonds	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Loans from financial institutions	11,8	14,2	10,5	1,4	2,4	0,0	0,0
Housing loans[2]	7,1	10,6	0,0	0,2	0,3	0,3	9,7
Other liabilities	14,6	14,6	0,0	0,0	0,0	0,0	14,6
Other liabilities non- interest bearing	10,3	10,3	1,4	3,2	2,2	2,7	0,7
Derivative liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Accounts payables	58,1	58,1	58,1	0,0	0,0	0,0	0,0
Total	**101,9**	**107,8**	**70,0**	**4,8**	**4,9**	**3,1**	**25,0**

Financial liabilities, lease liabilities
30.9.2022

EUR million	Carrying amount	Contractual liability	Maturity 2022	2023	2024	2025	later
Lease liabilities	94,6	229,9	7,0	6,8	6,2	6,1	203,9

Financial liabilities, excluding lease liabilities
31.12.2021

EUR million	Carrying amount	Contractual liability [1]	Maturity 2022	2023	2024	2025	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 2022	2023	2024	2025	later
Lease liabilities	89,0	215,9	6,8	6,6	6,0	5,9	190,6

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

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

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

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

	1.1.2022	Non-cash changes	Cash changes	30.9.2022
Bonds	104,3	-72,6	-31,7	0,0
Loans from financial institutions	11,9	0,0	0,0	11,8
Housing loans	18,1	0,0	-11,0	7,1
Other liabilities	14,6	0,0	0,0	14,6
Other liabilities non- interest bearing	11,5	0,0	-1,2	10,3
Derivative liabilities	5,9	-5,9	0,0	0,0
Accounts payables	59,7	0,0	-1,6	58,1
Lease liabilities	89,0	7,4	-1,8	94,6
Total	**315,1**	**-71,1**	**-47,4**	**196,5**

Covenants

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

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

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

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

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

12) Currency Risks

SRV is exposed to changes in the exchange rate of the ruble through its Russian subsidiaries, associated companies and joint ventures. Balance sheet items denominated in rubles are translated into euros using balance sheet date's exchange rate 56,3794. 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	**30.9.2022**	**31.12.2021**
Translation risk position		
Group Companies equity	-10,2	13,8
Joint ventures and associated companies equity	0,0	59,4
Total	**-10,2**	**73,2**
Transcation risk position		
Group Companies euro loan receivable/debt	14,2	8,1
Joint ventures and associated companies euro loan receivables/debt	0,0	30,1
Total	**14,2**	**38,2**
Ruble exchange risk position total	**4,0**	**111,4**
Short-term foreign exchange option- and forward contracts capital	**0,0**	0,0

13) Financial income

	1-9/ 2022	1-9/ 2021	7-9/ 2022	7-9/ 2021
Dividend and interest income	0,9	2,2	0,2	0,7
Exchange rate gains	5,0	1,9	-0,5	0,5
Muut rahoitustuotot	39,9	0,0	0,0	0,0
Partial write down of notes	17,1	0,0	0,0	0,0
Fair-value change of hybrid loan	22,9	0,0	0,0	0,0
Financial income, total	**45,7**	**4,1**	**-0,3**	**1,2**

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

SRV has written down the balance sheet values of practically all of its shopping centres and other holdings in Russia and its holding in Fennovoima, in total about EUR 137 million. Impairments in the Investments segment amounted to EUR -157.3 million, of which EUR -115.5 million impacted on operating profit and EUR -41.7 million on financial expenses. Items in operating profit included EUR -44.3 million write down of plots held in inventories, EUR -58.0 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 10.2 million, of which EUR 16.2 million was recognised in the income statement and EUR -6.0 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 4.2 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.

15) Related party transactions

EUR million 30.9.2022	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables [1)]	Liabilities
Management and the Board of Directors	2,6	0,0	0,0	0,0	0,0	0,0
Joint ventures	0,0	1,1	0,0	0,0	0,0	0,0
Associated companies	0,0	1,4	0,0	0,0	0,0	0,0
Other related parties	0,0	0,0	0,0	0,0	0,0	0,0
Total	**2,6**	**2,5**	**0,0**	**0,0**	**0,0**	**0,0**

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

30.9.2021	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	2,3	0,0	0,0	0,0	0,0	0,0
Joint ventures	0,0	0,7	0,0	0,0	0,4	0,0
Associated companies	0,0	3,9	0,0	1,7	55,7	0,0
Other related parties	0,0	0,1	0,0	0,0	0,0	0,0
Total	**2,3**	**4,8**	**0,0**	**1,7**	**56,1**	**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**

16) Events after reporting period

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