Q3 2021

INTERIM REPORT, 1 JANUARY–30 SEPTEMBER 2021

SRV GROUP PLC

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BALANCE SHEET STRENGTHENED AND INDEBTEDNESS DECREASED FURTHER, RESULT BURDENED BY THE SIGNIFICANTLY WEAKER MARGIN OF A SINGLE PROJECT

SRV GROUP PLC INTERIM REPORT, 1 JANUARY–30 SEPTEMBER 2021

January–September 2021 in brief:

- **Revenue** declined by 12.7 per cent to EUR 596.3 million (683.0 1–9/2020).
- **Operative operating profit** amounted to EUR 9.9 (10.5) million.
- **Operating profit** was EUR 9.8 (9.5) million.
- **The result before taxes** was EUR -0.8 (-13.4) million.
- **Cash flow from business and investment activities** totalled EUR 14.0 (33.6) million.
- The **equity ratio** was 27.0 (23.8) per cent and **gearing** was 147.5 (177.4) per cent. Excluding the impact of IFRS 16, the equity ratio was 34.0 (29.6) per cent and gearing was 75.5 (98.4) per cent. The equity ratio in accordance with the loan covenant calculation was 37.7 per cent.
- At period-end, **the order backlog** stood at EUR 1,038.2 (1,280.3) million. New agreements valued at EUR 427.9 (566.3) million were signed in January–September. The sold share of the order backlog was 92.1 (86.9) per cent.
- **Earnings per share** were EUR -0.01 (-0.11). The comparison figure has been adjusted for share issues.
- On 13 September 2021, SRV signed a letter of intent to sell the shopping centre Pearl Plaza in St Petersburg.
- **SRV revises its outlook for revenue and operative operating profit in 2021.** Revenue is expected to amount to EUR 900–1,000 million (previously EUR 900–1,050 million) and operative operating profit to EUR 16–21 million (previously EUR 16–26 million).

July–September 2021 in brief:

- **Revenue in July–September** amounted to EUR 191.1 (209.9) million.
- **Operative operating profit** amounted to EUR -0.6 (5.6) million.
- **Operating profit** was EUR -1.6 (1.7) million.
- **Cash flow from business and investment activities** totalled EUR 10.1 (-15.6) million.
- New agreements valued at EUR 166.6 (154.4) million were entered into the **order backlog.**

Events after the period

- On 18 October 2021, SRV announced that the company had signed an implementation phase agreement to construct the Matinkylä upper secondary school in Espoo. SRV's contract is valued at EUR 37.5 million and the project will be recognised in SRV's order backlog for October.
- On 13 October 2021, SRV announced that it had signed an implementation phase agreement and will start the construction of a multipurpose shipbuilding hall at RMC's Rauma Shipyard in November. SRV's contract amounts to around EUR 19 million and the project will be recognised in SRV's order backlog for October.

OVERALL REVIEW

Group key figures (IFRS, EUR million)	**1-9/ 2021**	1-9/ 2020	change	change, %	**7-9/ 2021**	7-9/ 2020	1-12/ 2020	Previous 12 months
Revenue	**596.3**	683.0	-86.8	-12.7	**191.1**	209.9	975.5	888.8
Construction	594.3	678.1	-83.8	-12.4	188.0	209.1	970.0	886.3
Investments	6.2	3.9	2.3	58.5	4.2	1.1	4.8	7.1
Other operations and eliminations	-4.2	1.1	-5.3	-497.3	-1.1	-0.3	0.7	-4.6
Operative operating profit[1)]	**9.9**	10.5	-0.6	-5.9	**-0.6**	5.6	15.8	15.2
Construction	15.4	16.6	-1.2	-7.1	1.6	3.7	25.1	23.9
Investments	-2.8	-3.8	1.0		-2.5	-0.7	-5.7	-4.7
Other operations and eliminations	-2.7	-2.3	-0.4		-0.6	0.3	-3.5	-4.0
Operative operating profit, %	**1.7**	1.5			**-0.3**	2.7	1.6	1.7
Operating profit	**9.8**	9.5	0.3	2.9	**-1.6**	1.7	1.5	1.7
Construction	15.4	18.7	-3.3	-17.6	1.6	5.2	27.4	24.1
Investments	-2.9	-6.9	4.0		-2.6	-3.8	-22.4	-18.4
Other operations and eliminations	-2.7	-2.3	-0.4		-0.6	0.3	-3.5	-4.0
Operating profit, %	**1.6**	1.4			**-0.8**	0.8	0.2	0.2
Financial income and expenses, total	**-10.6**	-22.9	12.4		**-2.8**	-8.8	-29.4	-17.1
Profit before taxes	**-0.8**	-13.4	12.6		**-4.4**	-7.0	-28.0	-15.3
Net profit for the period	**-0.4**	-14.5	14.1		**-4.0**	-6.9	-25.1	-11.0
Net profit for the period, %	**-0.1**	-2.1			**-2.1**	-3.3	-2.6	-1.2
Order backlog (unrecognised)[2)]	**1038.2**	1 280.3	-242.1	-18.9			1 153.4	911.3
New agreements	**427.9**	566.3	-138.4	-24.4	**166.6**	154.4	707.1	568.6

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/ 2021	1-9/ 2020	change,	change, %	1-12/ 2020
Equity ratio, %	**27.0**	23.8			22.6
Equity ratio, %, excl. IFRS 16 [1]	**34.0**	29.6			27.8
Net interest-bearing debt	**269.0**	341.7	-72.8	-21.3	289.1
Net interest-bearing debt, excl. IFRS 16[1]	**142.1**	194.9	-52.8	-27.1	152.9
Net gearing ratio, %	**147.5**	177.4			159.7
Net gearing ratio, %, excl. IFRS 16[1]	**75.5**	98.4			82.1
Return on investment, %	**3.4**	0.9			-0.8
Capital employed	**502.4**	605.0	-102.5	-16.9	566.8
Construction	389.6	417.4	-27.9	-6.7	386.8
Investments	177.0	181.1	-4.1	-2.3	171.9
Other operations and eliminations	-64.2	6.4	-70.6		8.1
Capital employed, excl. IFRS 16[1]	**381.5**	463.5	-82.0	-17.7	436.0
Return on equity, %	**-0.3**	-10.5			-14.1
Earnings per share, EUR [2]	**-0.01**	-0.11	0.10	-93.5	-0.15
Share price at end of period	**0.58**	0.53	0.05	9.4	0.59
Weighted number of shares at end of period, millions [2]	**262.2**	144.3			173.9

1) The figure has been adjusted to remove the impacts of IFRS 16.
2) The comparison figures have been adjusted to reflect share issues.

January–September 2021

The Group's **revenue** declined by 12.7 per cent to EUR 596.3 million (683.0 1–9/2020). This fall in revenue was mainly due to the smaller volume of business premises contracting. Revenue from housing construction increased. Loisto, Kalasatama towers, was completed and some of the apartments were handed over at the end of the review period. The major share of the revenue from the project will be recognised in the fourth quarter of the year.

The Group's **operative operating profit** amounted to EUR 9.9 (10.5) million. Operative operating profit totalled EUR 15.4 (16.6) million for the Construction segment and EUR -2.8 (-3.8) million for the Investments segment. Favourable earnings trends were seen in both residential development projects and developer-contracted housing, even though fewer developed-contracted housing units were completed than in the comparison period. Decreased volume in business premises contracting and the significantly weaker margin of Tampere Arena had a negative impact on operative operating profit. Shopping centre operations in Russia have started to get back to normal, which contributed to the favourable trend in operative operating profit in the Investments segment.

The Group's **operating profit** was EUR 9.8 (9.5) million. Operating profit was influenced by a change in the exchange rate of the rouble, which had a net impact of EUR 1.3 (-3.1) 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.

Financial income and expenses amounted to EUR -10.6 (-22.9) million. Net financial expenses included EUR 2.2 (3.2) million in dividend and interest income, exchange rate differences amounting to EUR 1.9 (-8.5) million arising from the conversion of subsidiary and associated company loans, which did not have an impact on cash flow, interest paid on derivatives and fair value changes amounting to EUR 1.8 (-1.7) million, and interest expenses of EUR -9.1 (-10.8) million, of which EUR 0.4 (0.4) million was capitalised as of the beginning of the year. In addition, financial expenses included EUR -4.1 (-4.2) million in interest on lease agreement debts under IFRS 16 and EUR -3.7 (-1.3) million in other financial expenses.

The Group's **profit before taxes** totalled EUR -0.8 (-13.4) million. This largely consists of EUR 3.3 (-17.4) million in rouble exchange rate gains with no cash flow impact and EUR -0.1 (5.7) million in currency hedging gains and losses.

Cash flow from operating activities was EUR 4.7 (2.2) million and **cash flow from investment activities** was EUR 9.4 (31.4) million. Cash flow from operating activities was positively impacted by plot sales related to new start-ups and a reduction in the number of completed housing units. The completion of Loisto and the handover of 40 apartments had a positive impact on cash flow, although the completion of the project will have the greatest cash flow effect in the last quarter of the year. The construction of ongoing developer-contracted projects continued as planned during the review period and tied up capital in accordance with the nature of these operations, thereby reducing net cash flow from operating activities. In addition, cash flow was negatively impacted by repayments under the VAT payment arrangement made in 2020 and the fact that sold receivables had been reduced to zero due to the good liquidity situation (as compared to about EUR 10 million at the end of 2020). Loan receivables repaid to companies in the second quarter had a positive impact on cash flow from investment activities. During the comparison period, cash flow from investment activities was also positively affected by the sale of holdings in REDI and Tampere Central Deck and Arena.

The **equity ratio** was 27.0 (23.8) per cent and **gearing** was 147.5 (177.4) per cent. Excluding the impact of IFRS 16, the equity ratio was 34.0 (29.6) per cent and gearing was 75.5 (98.4) per cent. The equity ratio in accordance with the loan covenant calculation was 37.7 per cent.

At period-end, the Group's **order backlog** stood at EUR 1,038.2 (1,280.3) million. New agreements valued at EUR 427.9 (566.3) million were signed in January–September. The most significant new projects were the construction of 257 apartments for DWS, the Culture Barracks in Helsinki, the Kotka event centre in Kotka, the Woodspin fibre mill in Jyväskylä, the Helsinki Upper Secondary School of Natural Sciences; the renovation of the City Hall of Lahti as well as the Snellmania property in Helsinki; the construction of 310 rental apartments for Kojamo in the Pasila area of Helsinki as well as Louhela and Pyhtäänkorventie in Vantaa; the construction of 153 rental housing units for trade unions in Tampere and 40 rental housing units for NREP in Vantaa; and four developer-contracted housing construction projects with a total of 195 housing units. The sold share of the order backlog was 92.1 (86.9) per cent.

In April, the company was chosen to build Laakso Joint Hospital in Helsinki using an alliance model. The clients are the City of Helsinki and the Hospital District of Helsinki and Uusimaa. The project will be entered into the order backlog in stages during 2022–2028, as it will be divided into several development and implementation stages with a total value of about EUR 730 million.

The Group's **earnings per share** were EUR -0.01 (-0.11). The comparison figure has been adjusted for share issues.

In spite of the effects of the **coronavirus pandemic**, the company has been able to keep its construction sites in operation and the sites have for the most part continued to operate as planned. That said, precautionary measures against the pandemic have caused additional costs. Housing sales have been good in spite of the coronavirus pandemic. Sales at shopping centres have developed favourably in spite of the coronavirus situation and in the first three quarters exceeded the 2019 level. However, visitor numbers have been lower than before the pandemic.

July–September 2021

The Group’s **revenue** in July-September amounted to EUR 191.1 (209.9) million. This fall in revenue was mainly due to the smaller volume of business premises contracting. Revenue from housing construction increased. Loisto was completed and some of the apartments were handed over at the end of the review period. The major share of the revenue from the project will be recognised in the fourth quarter of the year.

The Group’s **operative operating profit** amounted to EUR -0.6 (5.6) million. Operative operating profit totalled EUR 1.6 (3.7) million for the Construction segment and EUR -1.6 (1.6) million for the Investments segment. Earnings trends in developer-contracted housing and residential development projects had a positive impact on operative operating profit. However, operative operating profit was also weakened by reduced volumes in business premises contracting and a significant weakening of the margin of Tampere Arena. Shopping centre operations in Russia have started returning to normal, which had a positive effect on operative operating profit in the Investments segment. The operative operating profit for the comparison period was improved by the dissolution of a EUR 3.1 million provision for expenses that had earlier been recognised for the Russian subsidiary.

The Group’s **operating profit** was EUR -1.6 (1.7) million. Operating profit was influenced by a change in the exchange rate of the rouble, which had a net impact of EUR 0.4 (-5.4) 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.

New agreements valued at EUR 166.6 (154.4) million were entered into the Group’s **order backlog** in July–September.

CEO'S REVIEW

The third quarter of the year was challenging as we anticipated. The rise in prices of materials and the postponement of the startup of some projects due to material availability problems as well as the weak financial development of the Tampere Arena project had a significant negative impact on third quarter earnings. As a result, we revised our outlook for 2021. The completion of Tampere Arena still involves risks related to schedule and final costs during the rest of the year, although our site staff has been able to solve many challenges during the autumn.

Most importantly, we continued to make good progress towards our strategic goals, especially with respect to strengthening our balance sheet and reducing indebtedness. This development is expected to remain strong also in the fourth quarter, when e.g. Loisto will be recognised, with practically all of its residential units sold. The number of lifecycle-wise projects is growing, and concept development is advancing rapidly.

The profitability of the project portfolio has continued to develop positively, with the exception of designated projects, and our efficiency programmes are producing results, which creates strong belief in the future. Also in tower construction, controllability has improved significantly with the lessons learned from the completed Majakka and Loisto, as well as Lumo One, which is under construction. For the next tower projects, for which we aim for one transaction by the end of the year, the developed design and engineering solutions will significantly improve cost-efficiency. Our work on project development has started yielding good new project prospects. For instance, we will seek to start up significantly more developer-contracted housing projects next year.

Despite the good development in many areas, next year's performance is still somewhat overshadowed by certain projects based on old contracts. We expect that the effectiveness of development programmes and next year's developer-contracted projects will fully accelerate earnings development especially from 2023 onwards.

We entered new projects valued at about EUR 428 million into the order backlog in January–September, including both housing projects and the construction and renovation of business premises. Our major successes during the review period include the EUR 82 million agreement with DWS on the construction of residential units in accordance with our lifecycle-wise strategy. However, our order backlog is smaller than in the comparison period.

We are investing in project development and sales both in housing projects and business premises construction, and these new project startups will enable us to reach our strategic goals in the coming years. The most significant project we announced this year – which will contribute to our order backlog only in the future – is the Laakso Joint Hospital. After the review period, we signed an implementation phase agreement to construct the Matinkylä upper secondary school in Espoo and made an agreement to build a multipurpose shipbuilding hall at Rauma Shipyard.

Our housing sales have remained brisk and we have only eight completed unsold units. In the future, we'll step up the number of good developer-contracted projects alongside projects sold to investors in a controlled manner – this will ensure that our housing construction is diverse and well-balanced and will serve to bolster our order backlog.

Favourable trends in sales at Russian shopping centres have continued this year, with sales even exceeding 2019 levels (which is a more relevant comparison year than the pandemic year of 2020). However, the worrying development of the pandemic creates uncertainty to the outlook of the shopping centres. In September, we signed a letter of intent on the divestment of the Pearl Plaza shopping centre and aim to complete the sale this year. In September, we inaugurated the store building we constructed for Decathlon in Mytishchi. The parking garage we built next to Okhta Mall in St Petersburg will be opened in October.

As part of our corporate responsibility governance, we have long developed operating methods to combat the grey economy and ensure the manageability, transparency and legality of the operating chain. Preventing labour exploitation has been identified as an important theme. Going forward, we require all third-country nationals working on the company's construction sites to have a Finnish-issued residence permit that entitles them to work.

After several changes, our Corporate Executive Team and our whole organisation have found an active touch in developing our operations and building a stronger future. This is a good place to continue forward.

Saku Sipola, President & CEO

MARKETS

Economic development has been brisk in the first part of 2021. The growth outlook for the Finnish economy has improved as progress has been made in vaccination coverage and restrictions have been lifted. It is estimated that the economy will grow by 3.5 per cent in 2021 and 2.8 per cent in 2022. The pace of GDP growth will slacken in 2023. Private consumption has driven the growth of the economy. The upbeat mood in the global economy is also expected to boost exports. The unpredictability of the pandemic is the most significant risk factor for weaker development. (Source: Bank of Finland)

Urbanisation is continuing in Finland and the population shift is maintaining demand for both housing and business construction, especially in growth centres. Construction has swung to growth, driven by the Finnish economy. Construction volume will grow by one per cent this year. Next year, growth is forecast to accelerate to over two per cent. Construction has continued to face tough cost development and problems with the availability of materials in 2021. (Source: Confederation of Finnish Construction Industries RT)

Housing production has swung to brisk growth. The construction of an estimated 44,000 residential units will begin in 2021 and housing production start-ups are expected to remain at a high level in 2022 as well. The focus of housing production is shifting to developer contracting, supported by factors such as low interest rates and the scant housing supply. Business construction is returning to a growth track, driven by the construction of warehouses and industrial facilities. Office construction starts are also picking up this year. Public construction has slowed down but is expected to start growing again in 2022. (Source: Confederation of Finnish Construction Industries RT)

The coronavirus pandemic has contributed to the polarisation of the real estate market. Investors are primarily interested in targets with strong cash flows, such as housing, logistics and community properties. Foreign investors, as well as both Finnish and international funds, are continually increasing their market share alongside Finnish institutional investors. (Source: KTI/Newsec)

Forecasts for the Russian economy have improved. These positive developments have been influenced by the trend in the price of oil and the improved outlook for both the global economy and Russian exports. An upswing is forecast in Russia's GDP, with growth amounting to 3-4 per cent in 2021, but slowing down to 2.5 per cent in 2022 and 2023. (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.

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.

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

CONSTRUCTION

SRV provides efficient, top-quality and end-to-end project management contracting and construction services for both its own and its customers' development projects. This segment focuses on housing, business and infrastructure construction in selected urban growth centres, as per the company's strategy. It is also responsible for housing sales, services for residents, and the lifecycle maintenance of commercial properties.

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

Construction business (EUR million)	**1-9/ 2021**	1-9/ 2020	change	change, %	**7-9/ 2021**	7-9/ 2020	1-12/ 2020	Previous 12 months
Revenue	**594.3**	678.1	-83.8	-12.4	**188.0**	209.1	970.0	886.3
business construction	396.6	494.0	-97.4	-19.7	**115.2**	157.8	680.7	583.3
housing construction	197.7	184.0	13.7	7.4	**72.8**	51.3	289.3	303.0
Operating profit	**15.4**	18.7	-3.3	-17.6	**1.6**	5.2	27.4	24.1
Operating profit, %	**2.6**	2.8			**0.8**	2.5	2.8	2.7
Capital employed	**389.6**	417.4	-27.9	-6.7	**389.6**	417.4	386.8	
Return on investment, %	**5.5**	6.9	-1.4	-20.2			7.6	
Order backlog 1)	**1038.2**	1 280.3	-242.1	-18.9			1 153.4	
business construction	566.3	825.8	-259.5	-31.4			718.2	
housing construction	471.9	454.5	17.4	3.8			435.2	
Group, total 1)	**1038.2**	1 280.3	-242.1	-18.9			1 153.4	
sold order backlog	**956.3**	1 112.6	-156.3	-14.0			996.6	
unsold order backlogl	81.9	167.7	-85.8	-51.1			156.7	
sold under backlog, %	92.1	86.9					86.4	
unsold order backlog, %	7.9	13.1					13.6	

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

January–September 2021

Revenue from Construction declined to EUR 594.3 million (678.1 1-9/2020) in the January–September period. This fall in revenue was mainly due to the smaller volume of business premises contracting. Revenue from housing construction increased. Loisto was completed and some of the apartments were handed over at the end of the review period. The major share of the revenue from the project will be recognised in the fourth quarter of the year.

Construction's **operating profit** declined to EUR 15.4 (18.7) million. Earnings trends in developer-contracted housing and residential development projects had a positive impact on operating profit. However, reduced volumes in business premises contracting and the significantly weaker margin of Tampere Arena also weakened operating profit.

Construction's **order backlog** stood at EUR 1,038.2 (1,280.3) million and 92.1 (86.9) per cent of the order backlog has been sold. New agreements valued at EUR 427.9 (566.3) million were recognised in the order backlog in January–September.

Construction's **capital employed** totalled EUR 389.6 (417.4) million.

July–September 2021

Revenue from Construction totalled EUR 188.0 (209.1) million in the July–September period. **Operating profit** was EUR 1.6 (5.2) million. New agreements valued at EUR 166.6 (154.4) million were entered into the **order backlog** in July–September.

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. Thereare no housing units currently under construction in Russia and all of the units in previous Russian projects have been sold.

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 2021

Revenue from housing construction in January–September rose to EUR 197.7 (184.0) million thanks to the higher volume of development and developer-contracted projects. However, fewer developer-contracted housing units were recognised as income than in the comparison period, a total of 194 (280). When Loisto was completed, almost all of its housing units had been sold, and 40 of the units were recognised as income during the review period. The majority of the revenue from the project will be recognised in the last quarter. The **order backlog** for housing construction stood at EUR 471.9 (454.5) million. The construction of four new developer-contracted housing construction projects was launched during the review period.

July–September 2021

Revenue from housing construction rose to EUR 72.8 million (51.3 7–9/2020) in the July–September period. In July–September, 48 housing units (127) were recognised as income.

Housing under construction

At the end of September, SRV had a total of 2,464 (2,076) housing units under construction in Finland, mostly in growth centres. There were 470 (597) developer-contracted housing units under construction.

SRV began the construction of 195 (0) developer-contracted housing units during the review period. Developer-contracted housing 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 1,760 (1,152) 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. By the end of September, a total of 241 housing units in the second residential tower, Loisto, had been sold. Loisto will rise to a height of 124 metres above sea level. Its 249 apartments are located on top of the REDI shopping centre, on floors 6–32. Loisto was completed on schedule at the end of September. Residents started moving in that month. The property has been almost entirely sold. During the review period, 40 housing units were recognised as income; the majority of the units will be recognised in the fourth quarter of 2021. The construction of the third residential tower (Lumo One, previously called Kompassi, for Kojamo) began in April 2020 and the tower reached its rooftop height in March 2021.

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, Vermonniitty and Keilaniemi in Espoo and Lapinmäentie and Bunkkeri in the Jätkäsaari district of Helsinki.

Completed housing units

A total of 108 (238 1–9/2020) housing units were completed in January–September. The number of unsold housing units has continued to decline. At the end of September, 8 (45) completed apartments remained unsold. Housing sales have been good in spite of the coronavirus pandemic. A total of 378 (250) developer-contracted housing units were sold during January–September.

Housing units recognised as income

In January-September, 194 (280) developer-contracted housing units were recognised as income, generating total revenue of EUR 60.3 million.

Housing construction in Group

Housing construction, Group units	**1-9/ 2021**	1-9/ 2020	change, units	**7-9/ 2021**	7-9/ 2020	1-12/ 2020	Previous 12 months
Units sold	**1123**	939	184	**328**	130	1 266	1 450
developer contracting	**378**	250	128	**71**	83	354	482
investor sales	**745**	689	56	**257**	47	912	968
Developer contracting							
start-ups	**195**	0	195	**0**	0	68	263
completed	**108**	238	-130	**42**	96	520	390
recognised as income	**194**	280	-86	**48**	127	515	429
completed and unsold	**8**	45	-37			92	
Under construction	**2464**	2 076	388			2 127	
contracts	**0**	80	-80			0	
negotiated contracts	**234**	247	-13			369	
sold to investors	**1760**	1 152	608			1 375	
developer-contracted projects	**470**	597	-127			383	
sold	394	341	53			210	
unsold	76	256	-180			173	
sold, %	83,8	57				55	
unsold, %	16,2	43				45	

Order backlog, housing construction (EUR million)	**1-9/ 2021**	**1-9/ 2020**	**change, meur**			**1-12/ 2020**
Contracts and negotiated contracts	**258.9**	187	72	39%		202
Under construction, sold	**131.1**	100	31	31%		77
Under construction, unsold	**79.0**	147	-67	-46%		128
Completed and unsold developer contracting	**2.9**	21	-18	-86%		28
Housing contstruction, total	**471.9**	455	17	4%	0	435

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

Project name	Location	SRV, contract value, EUR million	Completion (estimate)	Units	Sold*	For sale*
REDI Loisto**	Helsinki	105	Q4/2021	249	241	8
Ilmarisenpuisto	Helsinki	20	Q2/2022	68	58	10
Kalevan Divaani	Tampere	14	Q3/2022	71	58	13
Satamarannan Jahti	Oulu	11	Q4/2021	53	43	10
Aarni	Vantaa	9	Q3/2022	42	16	26
Kartanonrinne	Kaarina	6	Q2/2022	29	18	11

Total value of projects approx. EUR 165 million

* Situation at 30 September 2021

** The Building Control Department approved Loisto for occupancy in Q3/2021. Residents are moving in mainly during Q4/2021.

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

Project name	Location	Developer	Completion level, %*	Completion date (estimate)
Runoratsunkatu 11	Espoo	Kojamo	90	Q4/2021
Joukahaisenpiha	Helsinki	Kojamo	85	Q4/2021
Tammelan Engel	Tampere	Taaleri	48	Q2/2022
Piispanristi	Espoo	Kojamo	61	Q3/2022
Lumo One	Helsinki	Kojamo	70	Q3/2022
Haltiantie 12	Vantaa	Kojamo	18	Q3/2022
Kannen Opaali	Tampere	Tampere Towers	53	Q4/2022
Kalevan Klaffi	Tampere	Pro ry, PAM ry, JHL ry	7	Q4/2022
Pyhtäänkorpi 15F (H-I)	Vantaa	Kojamo	4	Q4/2022
Saunakukka	Espoo	DWS	2	Q4/2022
Haltiantie 14	Vantaa	Kojamo	8	Q1/2023
Kalevan Vitriini	Tampere	Pro ry, PAM ry, JHL ry	8	Q1/2023
Helsingin Höyrypilli & Vihellys	Helsinki	Kojamo	12	Q3/2023
Pohjantytär	Helsinki	DWS	15	Q3/2023

Total value of projects approx. EUR 337 million

* Situation at 30 September 2021

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 2021

Revenue from business construction fell to EUR 396.6 million (494.0 1–9/2020) and **the order backlog** contracted to EUR 566.3 (825.8) million.

July–September 2021

Revenue from business construction decreased in the third quarter to EUR 115.2 million (157.8 7-9/2020) and new projects valued at EUR 87.0 (144.9) million were entered in **the order backlog**.

Business and infrastructure projects under construction

The most significant business and infrastructure projects currently under construction include the HUS Bridge Hospital in Helsinki, the Espoonlahti metro station, and the basic renovation and refurbishment of Siltasaari 10. These will all be implemented as project management contracts. The Terminal 2 extension and alteration project at Helsinki Airport, which is implemented under an alliance model, has progressed to its final phase. Tampere Arena will be completed on schedule in the last quarter. Topaasi and Kruunu, under construction next to the Arena as part of the Tampere Central Deck, will also be completed on schedule, Kruunu in June and Topaasi in September.

SRV's other ongoing projects also include the Pressi B building for the Julius Tallberg Real Estate Corporation in the Vantaankoski district of Vantaa, Helsinki Upper Secondary School of Natural Sciences, Helsinki Upper Secondary School of Languages, Jousenkaari School in Espoo, Hovirinta School in Kaarina, business premises for Sponda and Senate Properties, Siuntio education and wellness campus (as a lifecycle project), and the basic renovations of the National Theatre and the operating theatres at HUS Jorvi hospital.

Business and infrastructure projects under development

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

Completed business and infrastructure projects

The following projects were completed in the January–September period: the extension of Terminal 2 of Helsinki Airport, the Finnish-Russian School in Helsinki, the Monikko Learning Centre in Espoo, Lumijälki logistics centre in Vantaa, basic renovation of the Metropolia campus in Helsinki, and Hämeentie 135 in Helsinki.

The largest ongoing business construction projects

Project	Location	SRV total contract value, EUR million	Project type	Completion level, %	Completion (estimate)
DEVELOPMENT PROJECTS					
Deck, southern deck and infra**	Tampere	*	Infrastructure	99	Q4/2021
Deck, multipurpose arena**	Tampere	*	Retail	82	Q4/2021
Deck, arena hotel**	Tampere	*	Retail	85	Q4/2021
BUSINESS PREMISES					
Espoonlahti Metro Station	Espoo	48	Public	91	Q4/2021
Siltasaari 10	Helsinki	51	Retail	86	Q4/2021
STUK commercial premises	Vantaa	46	Public	68	Q1/2022
Kirkkonummi Wellbeing Centre	Kirkkonummi	32	Public	52	Q2/2022
Siuntio education and wellness campus	Siuntio	37	Public	43	Q2/2022
Open Innovation House	Espoo	25	Public	39	Q2/2022
Oulu Market Square Hotel***	Oulu	*	Retail	45	Q2/2022
HUS Bridge Hospital	Helsinki	243	Public	87	Q4/2022
HUS Jorvi, basic renovation of operating theatres	Espoo	39	Public	31	Q1/2023
Basic renovation of the Finnish National Theatre	Helsinki	40	Public	27	Q2/2023
Helsinki Upper Secondary School of Languages and Upper Secondary School for Adults	Helsinki	38	Public	8	Q3/2023
Kotka Event Centre	Kotka	28	Public	3	Q3/2023

*The value of individual contracts has not been made public.
**The total value of the Tampere Central Deck and Arena project is EUR 550 million, of which the total value of the contractor agreements entered into SRV's order backlog to date is EUR 317 million.
*** The contractor agreement for the third phase of construction was signed during the second quarter.

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 in the longer term.

Investments segment (EUR million)	**1-9/ 2021**	1-9/ 2020	change, meur	change, %	**7-9/ 2021**	7-9/ 2020	1-12/ 2020	Previous 12 months
Revenue	**6.2**	3.9	2.3	58.5	**4.2**	1.1	4.8	7.1
Percentage of associated companies' profits	**0.7**	-11.7	12.4		**0.1**	-6.0	-13.4	-1.0
Currency hedging costs	**-0.1**	5.7	-5.8	-102.2	**0.0**	-0.2	5.5	-0.3
Operative operating profit	**-2.8**	-3.8	1.0		**-1.6**	1.6	-5.7	-4.7
Operating profit	**-2.9**	-6.9	4.0		**-2.6**	-3.8	-22.4	-18.4
Capital employed	**177.0**	181.1	-4.1	-2.3	**177.0**	181.1	171.9	
Return on investment, %	0.4	-8.6	9.0		0.4	0.0	-14.3	

January–September 2021

Investments' **revenue** totalled EUR 6.2 (3.9) million in the January–September period. Revenue was primarily generated by shopping centre management and the recognition of sales income from the Decathlon project. In accordance with SRV's operating model, revenue from associated companies' projects and joint ventures is reported under the Construction segment.

The **operative operating profit** totalled EUR -2.8 (-3.8) million. In addition to SRV's Group companies, the result contains shares of the results of the associated companies that own the Okhta Mall and Pearl Plaza shopping centres, including not only their operating margin, but also depreciation, financial expenses and taxes.

Investments' **operating profit** was EUR -2.9 (-6.9) million. Operating profit was impacted by the EUR 1.4 million impairment of a plot of land owned by the Russian subsidiary. The net effect of currency exchange fluctuations was EUR 1.3 (-3.1) million, which arose from valuation of the euro-denominated loans of associated companies in roubles and the net impact of currency hedging.

Capital employed totalled EUR 177.0 million (171.9 12/2020). During the review period, capital employed was increased by a EUR 1.5 million investment in Voimaosakeyhtiö SF, a EUR 0.8 million investment in the Arena hotel in Tampere, and the strengthening rouble exchange rate.

The return on investment was 0.4 (-8.6) per cent. When calculating the return on investment, the income from interest on loans granted to associated companies and changes in the value of loans are also taken into consideration.

In spite of the coronavirus pandemic, shopping centre operations recovered during the first quarter. Shopping centres remained open in January–March, but the coronavirus restrictions continued to have an impact on the business of some of the tenants. However, restrictions had to be tightened again towards the end of the second quarter as a consequence of the worsening coronavirus situation. Restrictions were still in place during the third quarter.

July–September 2021

Investments' **revenue** totalled EUR 4.2 million in the July–September period (1.1 7–9/2020). Revenue was generated by shopping centre management and the recognition of sales income from the Decathlon project.

Operative operating profit amounted to EUR -1.6 (1.6) million.

Capital employed

Capital employed (EUR million)	30 Sept 2021	31 Dec 2020
Okhta Mall, shopping centre	**69.8**	67.1
Pearl Plaza, shopping centre	**19.9**	17.3
Tampere Deck and Arena	**9.8**	9
4Daily, shopping centre	**6.2**	5.6
Plots and other holdings	**71.3**	72.9
Total	**177.0**	171.9

Capital employed largely consists of investments in subsidiaries, joint ventures and associated companies; loans issued; accrued income from associated companies; and their impairment and expense entries. Fluctuations in the rouble exchange rate also affect the amount of capital employed.

Shopping centres

SRV is a co-investor in three shopping centre projects through its associated companies. SRV is also responsible for leasing, marketing and managing premises in completed shopping centres. SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. Stable rental income is usually reached 3–4 years after opening. Due to the coronavirus pandemic and economic uncertainty in Russia, it is possible that the sale of Russian shopping centres may be postponed.

2019 figures have been used as the comparison period, as all Russian shopping centres were almost completely closed for many weeks in January–September 2020 due to the coronavirus pandemic.

Pearl Plaza, St Petersburg

SRV has a 50 per cent holding in Pearl Plaza. This shopping and entertainment centre in St Petersburg is fully leased. Visitor figures in January-September were down by 10 per cent on the corresponding period of 2019, that is, before the coronavirus pandemic. Sales in roubles saw growth of about 8 per cent compared to the corresponding period of 2019.

In the third quarter, the joint venture owned by SRV and the Chinese company Shanghai Industrial Investment (Holdings) Co., Ltd. signed a letter of intent on the sale of the Pearl Plaza shopping centre.

Okhta Mall, St Petersburg

The Okhta Mall in downtown St Petersburg opened its doors in August 2016. SRV owns 45 per cent of the Okhta Mall directly, and another 15 per cent indirectly through the property investment company Russia

Invest. At the end of September, the centre's occupancy rate was about 97.5 per cent. About 93 per cent of its stores were open in September. In January–September, sales rose by 10 per cent and visitor figures fell by 21 per cent compared to the corresponding period of 2019.

The construction of the Okhta Mall's parking facility was completed during the first quarter. The facility was opened in October 2021.

4Daily, Moscow

The 4Daily shopping centre in the Moscow region opened its doors in April 2017. SRV owns 19 per cent of the shopping centre. By the end of September, about 90.3 per cent of the centre's premises were leased. In September, 86 per cent of its stores were open. In January–September, visitor numbers rose by 35 per cent and sales by 120 per cent compared to the corresponding period of 2019.

Although the shopping centre's occupancy rate, and therefore its profitability, are still at an insufficient level, the change in the tenant structure and growing visitor numbers are creating a foundation for increasing the occupancy rate.

Other projects

SRV owns 5 per cent of Tampere Arena and has an 8.33 per cent holding in other Tampere Central Deck and Arena projects.

Plots held for future development in Russia include the Okhta City plot next to the Okhta Mall in St Petersburg and the Mira-II plot next to 4Daily in Mytishchi. SRV constructed a store building for the international sports store giant Decathlon and sells part of the Mira-II plot. The Decathlon store building was completed in the third quarter and it was inaugurated in September.

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. Bankruptcy proceedings have been started for the company. The financing bank will realise the property held as collateral for its loan receivables.

In addition, SRV owns a commercial property in Porvoo (Ratsumestarinkatu 6), a 1.8 per cent holding in Voimaosakeyhtiö SF, a 6.4 per cent holding in Vicus Oy and a 51 per cent holding in the plot-owning company Eurograd in St Petersburg.

Most significant completed investment projects, 30 September 2021

Project	Holding, %	Opened	Floor area (m²)	Occupancy rate 9/2021, %	Target sales date**
Pearl Plaza, shopping centre, St Petersburg	SRV 50 Shanghai Industrial Investment Company 50	August 2013	Gross floor area 96,000 Leasable area 48,000	Binding lease agreements 99.7	2021 –
Okhta Mall, shopping centre, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 Leasable area 78,000	Binding lease agreements 97.5	2021 –
4Daily, shopping centre, Moscow	Vicus 26 SRV 19 Blagosostoyanie 55	April 2017	Gross floor area 52,000 Leasable area 25,500	Binding lease agreements 90.3	2022 –

*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.

**Due to the coronavirus pandemic and economic uncertainty in Russia, it is possible that the sale of Russian shopping centres may be postponed.

Land reserves

Land reserves 30 September 2021	Business construction	Housing construction	Investments	Total
Unbuilt land areas, land acquisition commitments and rented plots Building rights[1]), 1,000 m²	**106**	**215**	**298**	**619**
Land development agreements Building rights[1]), 1,000 m²	**61**	**194**	**0**	**255**

1) Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV.

FINANCING AND FINANCIAL POSITION

IFRS, (EUR million)	1-9/ 2021	1-9/ 2020	Change, %	1-12/ 2020
Equity ratio, %	**27.0**	23.8	13.8	22.6
Equity ratio, % excl. IFRS16 [1)]	**34.0**	29.6	15.0	27.8
Net gearing ratio, %	**147.5**	177.4	-16.9	159.7
Net gearing ratio, % excl. IFRS16 [1)]	**75.5**	98.4	-23.3	82.1
Shareholders' equity	**182.4**	192.6	-5.3	181.0
Capital employed	**502.4**	605.0	-16.9	566.8
Net interest-bearing debt	**269.0**	341.7	-21.3	289.1
Net interest-bearing debt, excl. IFRS16 [1)]	**142.1**	194.9	-27.1	152.9
Interest-bearing debt	**320.0**	412.3	-22.4	385.8
of which short term[2)]	32.7	14.4	127.5	17.4
of which long term	287.4	398.0	-27.8	368.4
Interest-bearing debt, excl. IFRS16 [1)]	**193.2**	265.5	-27.2	249.7
Cash and cash equivalents	**51.1**	70.6	-27.7	96.7
Unused binding liquidity limits and account limit agreements	**20.0**	0.0		0.0
Unused project loans that can be drawn immediately	**3.5**	29	-88	20

1) The figure has been adjusted to remove the impacts of IFRS 16.
2) Current liabilities include a EUR 20.0 million revolving credit facility loan, which can be rolled to April 2023 when the covenants are met.

At the end of September, the company's equity ratio (excluding the impact of IFRS 16) was 34.0 per cent (27.8 12/2020) and gearing (excluding the impact of IFRS 16) was 75.5 per cent (82.1 12/2020). The equity ratio calculated as per the covenants of financing agreements was 37.7 per cent, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. Equity ratio was improved by bond and revolving credit facility repayments.

Net interest-bearing debt totalled EUR 269.0 million (289.1 12/2020) at the end of the review period. Net interest-bearing debt saw a year-on-year decrease of EUR 20.1 million. Excluding the impact of IFRS 16, net interest-bearing debt totalled EUR 142.1 (152.9) million, representing a fall of EUR 10.8 million on the comparison period. Housing corporation loans account for EUR 52.6 (40.7) million of the interest-bearing debt.

In April 2021, the company agreed on the replacement of its previous EUR 51 million revolving credit facility and EUR 40 million project financing facility with the syndicate banks; the facilities were replaced with a new EUR 40 million committed revolving credit facility, a EUR 40 million committed project financing facility and a EUR 63 million non-committed project financing facility. EUR 10 million of the new EUR 40 million revolving credit facility will mature in March 2022 and EUR 30 million in April 2023. The new project financing facilities of EUR 40 and 63 million will be used to finance future construction projects. They fall due in April 2023 or within another repayment period agreed for separate construction projects.

In July, the company repaid EUR 20 million of its revolving credit facility. At the end of the review period, EUR 20 million of the company's EUR 40 million revolving credit facility was withdrawn and EUR 20 million was unused. EUR 30.5 million of the company's EUR 40 million committed project financing facility was unused at the end of the review period. In addition, the company's EUR 63 million non-committed project financing facility was entirely unused at the end of the review period.

At the end of April 2021, SRV carried out written procedures to extend the tenor of its EUR 100 million (of which EUR 37,4 million is outstanding) senior unsecured callable fixed-rate notes due 23 March 2022 by three years and the tenor of its EUR 75 million senior unsecured callable fixed-rate notes due 27 September 2023 (of which EUR 67,4 million is outstanding) by one and a half years, as well as to amend certain terms and conditions of these notes. The new due dates are 23 March 2025 for the EUR 100 million senior unsecured callable fixed-rate notes (with an outstanding principal of EUR 37.4 million at the end of the review period) and 27 March 2025 for the EUR 75 million senior unsecured callable fixed-rate notes (with an outstanding principal of EUR 67.4 million).

SRV made partial early repayments on the aforementioned notes of a total nominal amount of EUR 27.1 million in May 2021 and a total nominal amount of EUR 5.1 million in September 2021.

At the end of the period, the Group's financing reserves totalled EUR 74.6 million (116.8 12/2020), consisting of unused project loans (EUR 3.5 million), an undrawn revolving credit facility (EUR 20 million) and cash and cash equivalents (EUR 51.1 million). Financing reserves were affected by EUR 14.0 (33.6 1-9/2020) million in cash flow from operating activities and investments, EUR -60.2 (10.1) 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, net gearing, minimum operating margin, minimum cash, the interest coverage ratio and certain other restrictions. The interest coverage ratio is the ratio of the Group's operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing sources of financing. Due to the interest cover ratio covenant related to these notes, the total amount of SRV's drawn down loans, such as the commercial paper programme, revolving credit facility, overdraft facilities, pension insurance (TyEl) re-lending, and hybrid loans or some other loans, may amount to EUR 100 million if the interest cover ratio test is failed. At the end of September, the drawn amounts for the items referred to above amounted to EUR 20 million in total. The main covenants of the financing agreements are presented in note 11 to the interim report.

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 covenants for all loan agreements were met on 30 September 2021.

SRV's investment commitments totalled EUR 21.1 (26.4 12/2020) million at the end of September, and consisted of investments in Fennovoima's Hanhikivi-1 nuclear power plant project 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 4,4 million (-17.1 1–9/2020), which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate gains with no cash flow impact amounting to EUR 1.9 (-8.5) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 1.4 (-8.8) 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. Currency exchange rate gains were reduced by EUR -0.1 (5.7) million in net hedging returns. The total impact on shareholders' equity was EUR 7.7 million. The currency risk position is presented in note 12 to the interim report.

RISKS, RISK MANAGEMENT AND CORPORATE GOVERNANCE

SRV has published a separate Corporate Governance Statement, which includes a general description of the company's risk management, in its Annual Review and on the company's website. More detailed information about the company's business risks and risk management has been provided in the 2020 Notes to the Financial Statements and Annual Review, which have been published on the company's website.

The most significant risks concern negative changes in SRV's and its customers' operating environment, and currently capital employed in major projects, SRV's earnings trend, the availability of financing for SRV and its projects, the coronavirus pandemic, the development of the situation in Russia and the rouble exchange rate, a rise in construction costs, and key project implementation risks.

The uncertainty caused by the coronavirus pandemic has been lessened by the headway made in vaccination coverage, but the future development of the pandemic still poses risks, especially with regard to variants of the virus. Restrictions have been largely lifted, and the growth of both the economy and construction is forecast to gain momentum towards the end of the year. Construction costs have continued to rise, but the pace of growth is expected to slow down in the last months of the year. According to Statistics Finland, construction costs rose by 9.3 per cent in September compared to the previous year. Materials have become more expensive, and in particular sawn timber and steel. In addition, some construction products have faced availability problems that may pose challenges for supply chain management. Problems with the availability of materials will negatively affect the start-up of new projects. A shortage of skilled workers is also currently a major problem in the construction industry.

In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. During the second quarter, the loan taken out by the company that owns the Pearl Plaza shopping centre, which was originally partially euro-based, was fully refinanced using a completely rouble-based loan, thereby reducing SRV's transaction risk position by about EUR 10 million. Excluding the effect of currency hedging, a ten per cent weakening of the rouble against the euro on the reporting date would have had an impact of about EUR -7.0 million on the Group's equity translation differences. Correspondingly, a ten per cent weakening in the exchange rate would have had an impact of about EUR -4.3 million on SRV's earnings excluding the effect of currency hedging. The exact rouble hedging rate varies over time. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the company's Board of Directors. There is a risk that the land lease on a particular plot owned by SRV Group Plc's subsidiary in Russia will not be extended. The development of this plot has been delayed due to the market situation and it is possible that the City will not extend the land lease agreement beyond winter 2021. If this happens, the EUR 1.7 million capitalised acquisition cost of SRV's lease would become worthless.

One business premises project under construction in Finland involves higher credit loss risks related to trade receivables. Due to the payment difficulties of the client, the payment of about EUR 9.0 million in trade receivables to SRV was overdue at the end of September. These receivables are secured by a mortgage on the property under construction and pledges on certain other asset items. SRV is currently negotiating on the handling of the client's payment transactions.

In order to develop its business, the company is implementing a strategic spearhead programme to integrate a lifecycle-wise approach into all construction and cooperation. Other strategic development programmes include "streamlining operations throughout the construction chain", "housing construction at the forefront of profitability", and "a leading market position in the commercial premises market".

PERSONNEL

Personnel by segment at end of period	1-9/ 2021	1-9/ 2020	Percentage of Group personnel	1-12/ 2020
Construction	**803**	797	84,7	768
Investments	**87**	122	9,2	114
Other operations and eliminations	**58**	54	6,1	50
Group, total	**948**	973	100,0	932

SRV employed 961 people (1,003 1–9/2020) on average in January-September. On average, 805 (818) people worked in Construction and 105 (127) people worked in Investments. 54 (57) people worked in Group operations.

The company continued recruiting during the first half of the year, particularly for construction site management positions. During the third quarter, 50 new employees joined the company to work in managerial, expert and site positions.

Changes in the Corporate Executive Team

On 18 August 2021, Miimu Airaksinen, D.Sc. (Tech.) joined the SRV Group Plc and was appointed to the Corporate Executive Team. Miimu Airaksinen assumed her position as SVP, Development and a member of the Corporate Executive Team on 2 September 2021. Antti Nummi, a member of SRV Group Plc's Corporate Executive Team, was appointed as Senior Vice President, Commerce (CCO) as of 2 September 2021.

The following joined SRV Group Plc as members of the Corporate Executive Team: Anu Tuomola, Senior Vice President, General Counsel, on 2 August 2021; Jorma Seppä, Senior Vice President, Housing, Helsinki Metropolitan Area, on 2 August 2021; Jouni Forsman, Senior Vice President, Business Premises, Helsinki Metropolitan Area, on 16 February 2021; Miia Eloranta, Senior Vice President, Communications and Marketing, on 4 January 2021; and Kristiina Sotka, Senior Vice President, Human Resources, on 1 February 2021.

The following left their positions at the company and on the Corporate Executive Team: Johanna Metsä-Tokila, Senior Vice President, General Counsel, on 31 July 2021; Kim Jolkkonen, Senior Vice President, Housing, Helsinki Metropolitan Area, on 8 June 2021; Maija Karhusaari, Senior Vice President, Communications and Marketing, on 4 January 2021; Ilkka Pitkänen, CFO, on 31 January 2021; and Juha Toimela, Deputy CEO and Senior Vice President, Business Premises, Helsinki Metropolitan Area, on 1 March 2021.

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.

At the end of the review period, the Group’s accident frequency rate for its own and subcontractors’ personnel over the previous twelve months stood at 11.5 accidents per million hours worked. The accident frequency rate target for 2021 is under 14.30 accidents per million hours worked.

TR measurement is a method of making occupational safety observations on building construction sites, thereby enabling sites to prevent accidents. MVR measurement is a method of assessing the safety of earthworks and hydraulic engineering sites. The MVR and TR indexes are both expressed as percentages. That is, the number of correct observations as a percentage of the total number of observations made. The larger the proportion of correct observations, the better the index and the higher the safety level.

At the end of the review period, the Group’s TR measurement for the past twelve months was 96.34 per cent compared to its target of 96 per cent. At the end of the review period, the Group’s MVR measurement for the past twelve months was 96.31 per cent compared to its target of 96 per cent.

Environment

Material efficiency and minimising the amount of waste are two of the main objectives of SRV’s environmental activities.

The Group’s recycling rate for the past twelve months stood at 96 per cent at the end of the review period. The recycling rate target for 2021 is 92 per cent.

The Group’s sorting rate for the past twelve months stood at 65.5 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 sorting rate targets for 2021 range between 50 and 75 per cent, depending on the type of project in question. SRV’s goal is to increase the sorting rate by five per cent for all types of projects in 2021.

Sustainability at SRV is presented in more detail in the 2020 Annual Review.

CORPORATE GOVERNANCE AND THE DECISIONS OF THE ANNUAL GENERAL MEETING

SRV Group Plc’s Annual General Meeting was held on 29 March 2021. SRV published stock exchange releases on the decisions of the Annual General Meeting and the organisation of the Board of Directors on 29 March 2021. The stock exchange releases and presentations of the members of the Board of Directors are available on the company’s Internet site at www.srv.fi/en/investors.

SHARE-BASED INCENTIVE SCHEME

On 29 March 2021, SRV Group Plc’s Board of Directors decided to establish a new long-term share-based incentive scheme for 2021–2025 and a one-off long-term share-based incentive scheme for 2021–2022 for the Group’s key personnel. The purpose of these schemes is to align the objectives of shareholders and key personnel in order to increase the company's value over the long term, and to enhance key personnel's commitment to the company. The stock exchange release is available on the company’s Internet site at www.srv.fi/en/investors.

SHARES AND SHAREHOLDERS

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

The closing price at Nasdaq Helsinki on 30 September 2021 was EUR 0.58 (EUR 0.59 on 31 December 2020, change -1.7%). The highest share price during the reporting period was EUR 0.81 and the lowest EUR 0.55. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 0.65. On 30 September 2021, SRV had a market capitalisation of EUR 152.0 million, excluding the Group's treasury shares. 35.9 million shares were traded during the review period with a trade volume of EUR 22.6 million.

At the end of September, SRV Group Plc held 862,561 treasury shares (0.3 per cent of the total number of shares and combined number of votes).

FINANCIAL OBJECTIVES

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

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

The updated definition of operative operating profit is used in these financial objectives (see Outlook for 2021).

OUTLOOK FOR 2021 (UPDATED)

During 2021, 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 part of the order backlog that is recognised as income over time mainly consists of contracting; trends in the order backlog's profit margins; the start-up of new contracts and development projects; and the rouble exchange rate and the development of the Russian economy. To date, the impacts of the 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. The result for 2021 is also affected by the fact that the company has not been able to start up developer-contracted housing projects in line with the target schedule of the recovery programme. In 2021, the company will continue to focus on reducing indebtedness and seeks strong cash flow. Operative operating profit for the last quarter will be significantly affected by the cost management of the work on the final phase of Tampere Arena. SRV aims to complete the sale of the Pearl Plaza shopping centre during 2021. The expected result of the transaction is included in the 2021 forecast.

- Consolidated revenue for 2021 is expected to amount to EUR 900–1,000 million (revenue in 2020: EUR 975.5 million). (Previously: EUR 900–1,050 million.)
- Operative operating profit is expected to improve on 2020 and to amount to EUR 16–21 million (operative operating profit for 2020 in accordance with the new definition: EUR 15.8 million). (Previously: EUR 16–26 million.)

Espoo, 28 October 2021

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, and in particular the ongoing coronavirus pandemic.

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 2020.

Briefing, webcast and presentation materials

A briefing for analysts, fund managers, investors and media representatives will be held on 28 October 2021, starting at 12:00 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 2021 on 3 February 2022. During the silent period (5 January–3 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/ 2021	1-9/ 2020	7-9/ 2021	7-9/ 2020	1-12/ 2020	Last 12 Months
Revenue	**596.3**	683.0	191.1	209.9	975.5	888.8
Operative operating profit [1]	**9.9**	10.5	-0.6	5.6	15.8	15.2
Operative operating profit, % revenue [1]	**1.7**	1.5	-0.3	2.7	1.6	
Operating profit	**9.8**	9.5	-1.6	1.7	1.5	1.7
Operating profit, % revenue	**1.6**	1.4	-0.8	0.8	0.2	
Operating profit, excl. IFRS16[2]	**6.3**	6.8	-2.6	0.9	-2.7	-3.2
Operating profit, % revenue excl. IFRS16[2]	**1.1**	1.0	-1.3	0.4	-0.3	
Profit before taxes	**-0.8**	-13.4	-4.4	-7.0	-28.0	-15.3
Profit before taxes, % of revenue	**-0.1**	-2.0	-2.3	-3.4	-2.9	
Net profit attributable to equity holders of the parent company	**-0.6**	-12.1	-4.0	-7.0	-22.8	-11.3
Return on equity, %	**-0.3**	-10.5			-14.1	
Return on investment, % [5]	**3.4**	0.9			-0.8	
Return on investment % excl. IFRS16[2] [5]	**3.4**	0.4			-2.0	
Capital employed	**502.4**	605.0			566.8	
Capital employed excl. IFRS16 [2]	**381.5**	463.5			436.0	
Equity ratio %	**27.0**	23.8			22.6	
Equity ratio excl. IFRS16, % [2]	**34.0**	29.6			27.8	
Net interest-bearing debt	**269.0**	341.7			289.1	
Net interest-bearing debt excl. IFRS16[2]	**142.1**	194.9			152.9	
Net gearing ratio, %	**147.5**	177.4			159.7	
Net gearing ratio excl. IFRS16, %[2]	**75.5**	98.4			82.1	
Order backlog [3]	**1,038.2**	1,280.3			1,153.4	
New agreements	**427.9**	566.3	166.6	154.4	707.1	
Personnel on average	**965**	1,003			991	
Earnings per share [4]	**-0.01**	-0.11	-0.02	-0.01	-0.15	-0.05
Earnings per share (diluted) [4]	**-0.01**	-0.11	-0.02	-0.01	-0.15	-0.05
Equity per share [4]	**0.71**	0.75			0.71	
Equity per share (without hybrid bond), euros [4]	**0.65**	0.69			0.65	
Dividend per share, euros	**0.00**	0.00			0.00	
Dividend payout ratio, % [4]	**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	**0.58**	0.53			0.59	
Average share price, eur	**0.63**	0.61			0.60	
Lowest share price, eur	**0.55**	0.45			0.45	
Highest share price, eur	**0.81**	1.10			1.10	
Market capitalisation at the end of the period [4]	**152.0**	138.9			154.7	
Trading volume, 1 000 units [4]	**35,902**	32,136			45,524	
Trading volume, % [4]	**13.7**	22.3			26.2	
Weighted average number of shares outstanding during the period, 1 000 units [4]	**262,158**	144,274			173,891	
Weighted average number of shares outstanding during the period (diluted) 1 000 units [4]	**262,158**	144,297			173,925	
Number of shares outstanding at the end of the period,1 000 units [4]	**262,155**	262,167			262,167	

[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] Comparative data is share issue adjusted.
[5] In calculation of the key ratios, only the profit for the review period has been annualised.

Alternative performance measures used in interim reporting

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

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

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

Operative operating profit's reconciliation table

SRV Group (EUR million)	1-9/ 2021	1-9/ 2020	7-9/ 2021	7-9/ 2020	1-12/ 2020
Operative operating profit in accordance with the new definition	**9.9**	10.5	-0.6	5.6	15.8
+/- exhange rate gains and losses of associated companies and joint ventures and	**1.4**	-8.8	0.4	-5.2	-9.9
+/- income and expenses from currency hedging	**-0.1**	5.7	0.0	-0.2	5.5
+/- Items affecting comparability					
+/- Impairments of assets and their reversal	**-1.8**	0.0	-1.4	0.0	-12.3
+/- gains and losses from exceptional sales of assets	**0.4**	2.1	0.0	1.5	2.3
+/- 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	**-1.4**	2.1	-1.4	1.5	-9.9
Operating profit	**9.8**	9.5	-1.6	1.7	1.5

SRV presents key figures excluding effect of IFRS 16 standard

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

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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

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Group and Segment information by quarter

SRV Group EUR million	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Revenue	**191.1**	218.0	187.1	292.5	209.9	265.0	208.1
Operative operating profit	**-0.6**	5.7	4.8	5.3	5.6	0.5	4.3
Operating profit	**-1.6**	6.3	5.2	-8.0	1.7	3.3	4.5
Financial income and expenses, total	**-2.8**	-3.7	-4.1	-6.5	-8.8	-3.1	-11.1
Profit before taxes	**-4.4**	2.6	1.1	-14.5	-7.0	0.2	-6.6
Order backlog [1)]	**1,038.2**	1,047.5	1,061.1	1,153.4	1,280.3	1,332.4	1,361.5
New agreements	**166.6**	176.0	85.4	140.7	154.4	213.7	198.2
Earnings per share, eur [2)]	**-0.02**	0.01	0.00	-0.05	-0.01	0.02	-0.11
Equity per share, eur	**0.65**	0.66	0.65	0.65	0.69	0.75	1.03
Share closing price, eur	**0.58**	0.66	0.57	0.59	0.53	0.48	0.94
Equity ratio, %	**27.0**	26.1	23.8	22.6	23.8	25.3	20.4
Equity ratio, % excl. IFRS16 [3)]	**34.0**	32.5	29.4	27.8	29.6	30.6	25.8
Net interest-bearing liabilities	**269.0**	279.8	309.5	289.1	341.7	307.4	400.4
Net interest-bearing liabilities excl. IFRS16 3)	**142.1**	152.5	180.5	152.9	194.9	177.0	254.1
Net gearing, %	**147.5**	151.9	170.8	159.7	177.4	148.5	260.2
Net gearing, % excl. IFRS16 [3)]	**75.5**	80.3	96.5	82.1	98.4	83.5	160.2

Revenue EUR million	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Construction	**188.0**	218.5	187.8	292.0	209.1	264.1	204.9
business construction	115.2	140.9	140.5	186.7	157.8	182.2	154.0
housing construction	72.8	77.6	47.3	105.3	51.3	81.9	50.8
Investments	**4.2**	1.0	1.0	0.9	1.1	1.2	1.6
Other operations and eliminations	**-1.1**	-1.5	-1.7	-0.3	-0.3	-0.2	1.6
Group, total	**191.1**	**218.0**	**187.1**	**292.5**	**209.9**	**265.0**	**208.1**

Operative operating profit EUR million	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Construction	**1.6**	7.0	6.9	8.5	3.7	7.4	5.5
Investments	**-1.6**	-0.5	-0.8	-1.9	1.6	-4.4	-1.0
Other operations and eliminations	**-0.6**	-0.8	-1.3	-1.3	0.3	-2.4	-0.2
Group, total	**-0.6**	**5.7**	**4.8**	**5.3**	**5.6**	**0.5**	**4.3**

Operative operating profit (%)	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Construction	**0.8**	**3.2**	**3.7**	**2.9**	**1.8**	**2.8**	**2.7**
Investments	-	-	-	-	**141.5**	-	-
Group	**-0.3**	**2.6**	**2.5**	**1.8**	**2.7**	**0.2**	**2.1**

Operating profit EUR million	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Construction	**1.6**	7.0	6.9	8.7	5.2	7.4	6.2
Investments	**-2.6**	0.1	-0.4	-15.4	-3.8	-1.7	-1.4
Other operations and eliminations	**-0.6**	-0.8	-1.3	-1.3	0.3	-2.4	-0.2
Group, total	**-1.6**	**6.3**	**5.2**	**-8.0**	**1.7**	**3.3**	**4.5**

Operating profit (%)	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Construction	**0.8**	3.2	3.7	3.0	2.5	2.8	3.0
Investments	-	-	-	-	-	-	-
Group	**-0.8**	**2.9**	**2.8**	**-2.8**	**0.8**	**1.2**	**2.2**

[1)] The Group's order backlog consists of the Construction business.
[2)] The comparison figure have been adjusted for share issues.
[3)] The effects of IFRS16 have been adjusted from the figure.

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Order backlog EUR million	**30.9.2021**	**30.6.2021**	**31.3.2021**	**31.12.2020**	**30.9.2020**	**30.6.2020**	**31.3.2020**
- business construction	**566.3**	587.4	606.5	718.2	825.8	837.9	858.4
- housing construction	**471.9**	460.1	454.6	435.2	454.5	494.6	503.1
Group, total [1)]	**1,038.2**	1,047.5	1,061.1	1,153.4	1,280.3	1,332.4	1,361.5
sold order backlog	956.3	942.3	930.6	996.6	1,112.6	1,141.7	1,153
unsold order backlog	81.9	105.2	130.5	156.7	167.7	190.7	208

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

Order backlog, housing construction in Group EUR million	**30.9.2021**	**30.6.2021**	**31.3.2021**	**31.12.2020**	**30.9.2020**	**30.6.20**	**31.3.20**
Negotiation and construction contracts	**259**	231	207	202	187	210	191
Under construction, sold	**131**	124	117	77	100	94	104
Under construction, unsold	**79**	99	114	128	147	162	183
Completed and unsold	**3**	6	17	28	21	28	25
Housing construction, total	**472**	460	455	435	455	495	503

Housing production in Group (units)	**7-9/ 2021**	**4-6/ 2021**	**1-3/ 2021**	**10-12/ 2020**	**7-9/ 2020**	**4-6/ 2020**	**1-3/ 2020**
Housing sales, total	**328**	447	348	327	130	445	364
sales, developer contracting	71	137	170	104	83	59	108
sales, negotiation contracts	257	310	178	223	47	386	256
Developer contracting							
- start-ups	**0**	71	124	68	0	0	0
- completed	**42**	66	0	282	96	142	0
-recognized in revenue	**48**	102	44	235	127	128	25
- completed and unsold	**8**	14	46	92	45	76	60
Under construction, total	**2,464**	2,392	2,271	2,127	2,076	2,316	2,168
construction contracts	0	0	0	0	80	80	80
negotiation contracts	234	215	409	369	247	247	247
negotiated contracts	1,760	1,665	1,355	1,375	1,152	1,296	1,006
developer contracting	470	512	507	383	597	693	835
- of which sold	394	371	334	210	341	385	454
- of which unsold	76	141	173	173	256	308	381

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SRV GROUP PLC THE INTERIM REPORT, 1 JANUARY–30 SEPTEMBER 2021: TABLES

1) Accounting policies
2) Consolidated income statement and consolidated statement of comprehensive income
3) Consolidated balance sheet
4) Consolidated cash flow statement
5) Statement of changes in Group equity
6) Group commitments and contingent liabilities
7) Financial assets and liabilities by measurement categories
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10) Inventories
11) Changes in financial position
12) Currency Risks
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14) Assets designated as held for sale and sales made during the period

1) The interim Report 1 January – 30 SEPTEMBER 2021

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 2020. 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.

Impacts of the coronavirus on SRV's financial reporting

SRV continuously assesses how the coronavirus epidemic is developing and its potential impacts on financial reporting.

SRV uses certain stimulus measures introduced in 2020 in response to the coronavirus epidemic. The company still uses payment arrangements for VAT liabilities. At the end of the review period, other liabilities included EUR 23.7 million in tax liabilities for which the tax authorities had granted payment arrangements by the end of the period. In accordance with these payment arrangements, the company must repay the tax liabilities in even instalments such that they have been repaid in full in June 2022. Interest of 2.5 per cent is paid on the liabilities covered by the payment arrangement.

The potential risks arising from the coronavirus pandemic that, if realised, could impact the company's result, balance sheet and cash flows are described below. Other potential coronavirus-related risks to SRV's business have been described in the section of the Interim Report release titled 'Risks, risk management and corporate governance'.

Potential financial risks associated with the coronavirus pandemic

It is difficult to forecast the impacts of the coronavirus pandemic (including the timing, duration and extent of these impacts) on the global economy, on the economy in SRV's operating countries, and on SRV's business and that of its subcontractors and customers, particularly as both the situation and resulting government measures are changing very rapidly.

The pandemic and its associated restrictions are affecting both the company's subcontractors and employees. Impacts on subcontractors may lead to a rise in material prices and increased problems and disruptions in material delivery logistics. Combined with sickness absences and restrictions on the movement of SRV personnel, they could lead to delays or the suspension of work on construction sites. This could in turn have a negative impact on the amount of revenue that can be recognised from projects and when it can be recognised, and also on project profit margins and the profitability of SRV's business.

An epidemic or pandemic may significantly impact the financial position and financing of SRV's customers, which can in turn lead to development projects being delayed, temporary shutdowns of construction sites, cancellations of agreed orders, and the postponement of start-ups. A deterioration in customers' financial positions may also lead to an increase in SRV's credit losses as trade receivables decrease in value.

The coronavirus-related restrictions placed on the business activities of shopping centre tenants, including any potential rent reductions for tenants have led and may lead in lower income from the shopping centres operated by SRV in Russia. They may have an impact on the value of loan receivables, either those from the associated companies that own the Russian shopping centres or those of SRV's holdings in associated companies.

The pandemic could also affect demand for SRV's projects and services, such as commercial premises and housing. Reduced demand could have a negative impact on SRV's future revenue, cash flow, liquidity and, for example, whether SRV will be able to meet the covenants for its financing agreements. The pandemic may also affect the availability of project and working capital financing. A protracted pandemic could also lead to a reduction in the value of SRV's financial assets, deferred tax assets, unbuilt plots, and any development projects classified as inventories. In addition, the progress of the pandemic in Russia may affect the exchange rate of the rouble and, consequently, the valuation of SRV's assets located in Russia.

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 2020.

This Interim Report has been prepared on a going concern basis, as SRV's management considers that there are no material uncertainties concerning the ability to continue as a going concern. In addition to the coronavirus-related risks detailed above, the future development of the Group's operations will be affected by factors such as its earnings trend, availability of financing for projects that tie up capital, sufficiency of liquidity, and the development of the situation in Russia and the rouble exchange rate. The Group's management has made estimates of the future revenues, operating margins, investments, financial position, the expected cash flows from investments and loan receivables of associated and joint ventures and working capital requirements of the companies.

SRV has estimated the impacts of the risks caused by the coronavirus epidemic on the Interim Report income statement and balance sheet. In particular, the company has assessed whether there are indications of the impairment of assets or the need to update provisions or other accounting estimates.

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2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	**1-9/ 2021**	**1-9/ 2020**	**change MEUR**	**change %**	**7-9/ 2021**	**7-9/ 2020**	**change %**	**1-12/ 2020**	**Last 12 Months**
Revenue	**596.3**	683.0	-86.8	-12.7	191.1	209.9	-9.0	975.5	888.8
Other operating income	**1.9**	1.6	0.4	24.2	0.3	0.3	-2.1	2.2	2.5
Change in inventories of finished goods and work in progress	**-24.9**	19.6	-44.6	-227.1	-9.7	19.9	-148.9	-0.8	-45.4
Use of materials and services	**-500.7**	-623.1	122.4	-19.6	-164.7	-204.4	-19.4	-868.2	-745.8
Employee benefit expenses	**-52.7**	-51.5	-1.2	2.3	-15.6	-14.8	5.1	-69.4	-70.6
Share of profits of associated and joint venture companies	**1.5**	-11.7	13.2		0.9	-6.0	-115.2	-13.6	-0.3
Depreciation	**-4.4**	-5.6	1.2	-21.3	-1.4	-1.8	-22.6	-7.4	-6.2
Impairments	**0.0**	0.0	0.0		0.0	0.0	-100.0	-11.5	-11.5
Other operating expenses	**-7.1**	-8.5	1.4	-16.9	-2.6	-1.3	104.2	-10.9	-9.4
Income and expenses on currency derivatives	**-0.1**	5.7	-5.8		0.0	-0.2	-100.0	5.5	-0.3
Operating profit	**9.8**	9.5	0.3	2.9	-1.6	1.7	-193.7	1.5	1.7
Financial income	**4.1**	3.3	0.9	26.8	1.2	0.9	29.8	3.7	4.6
Financial expenses	**-14.7**	-26.2	11.5	-43.8	-4.0	-9.7	-58.6	-33.1	-21.7
Financial income and expenses, total	**-10.6**	-22.9	12.4	-53.8	-2.8	-8.8	-68.1	-29.4	-17.1
Profit before taxes	**-0.8**	-13.4	12.6		-4.4	-7.0	-37.3	-28.0	-15.3
Income taxes	**0.4**	-1.1	1.5		0.4	0.2	175.7	2.9	4.4
Net profit for the period	**-0.4**	-14.5	14.1		-4.0	-6.9		-25.1	-11.0
Attributable to									
Equity holders of the parent company	**-0.6**	-12.1			-4.0	-7.0		-22.8	-11.3
Non-Controlling interests	**0.2**	-2.4			0.0	0.1		-2.3	0.3
Earnings per share attributable to equity holders of the parent company	**-0.01**	-0.11			-0.01	0.00		-0.15	-0.05
Earnings per share attributable to equity holders of the parent company (diluted)	**-0.01**	-0.11			-0.01	0.00		-0.15	-0.05

Consolidated statement of comprehensive income EUR million	**1-9/ 2021**	**1-9/ 2020**	**7-9/ 2021**	**7-9/ 2020**	**1-12/ 2020**	**Last 12 Months**
Net profit for the period	**-0.4**	-14.5	-4.0	-6.9	-25.1	-11.0
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Gains and losses arising from translating the financial statements of a foreign operation	**0.8**	-3.3	0.3	-1.5	-3.3	0.9
Share of other comprehensive income of associated and joint ventures companies	**3.6**	-13.8	1.7	-6.2	-15.1	2.4
Other comprehensive income for the period, net of tax	**4.4**	-17.1	2.0	-7.7	-18.3	3.2
The share of comprehensive income attributable to equity holders of the parent company	**4.4**	-17.4	2.0	-7.7	-18.6	
Non-controlling interests in comprehensive income	**0.0**	0.2	0.0	0.0	0.2	
Total comprehensive income for the period	**4.0**	-31.7	-2.0	-14.6	-43.4	-7.7
Attributable to						
Equity holders of the parent company	**3.8**	-29.5	-2.1	-15.0	-41.4	-8.0
Non-Controlling interests	**0.2**	-2.1	0.0	0.4	-2.1	0.3

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3) Consolidated balance sheet

Consolidated balance sheet EUR million	30.9.2021	30.9.2020	change,%	31.12.2020
ASSETS				
Non-current assets				
Property, plant and equipment	**2.8**	4.4	-35.2	3.8
Property, plant and equipment, right -of-use asset	**9.7**	11.0	-11.5	10.7
Goodwill	**1.7**	1.7	0.0	1.7
Other intangible assets	**0.9**	1.3	-29.2	1.2
Shares in associated companies and joint ventures	**52.8**	32.6	62.0	48.1
Other financial assets	**23.3**	21.8	6.7	22.2
Receivables	**10.4**	29.5	-64.6	9.4
Loan receivables from associated companies and joint ventures	**46.2**	43.8	5.5	44.3
Deferred tax assets	**43.1**	36.5	17.9	41.6
Non-current assets, total	**191.1**	182.7	4.6	183.0
Current assets				
Inventories	**316.4**	384.4	-17.7	355.3
Inventories, right -of-use asset	**109.7**	129.1	-15.0	118.8
Trade and other receivables	**132.2**	136.3	-3.0	143.5
Loan receivables from associated companies and joint ventures	**0.0**	1.6	-100.0	1.6
Current tax receivables (based on profit for the review period)	**0.2**	0.8	-77.6	0.0
Cash and cash equivalents	**51.1**	70.6	-27.7	96.7
Assets classified as held for sale	**0.0**	13.8	-100.0	0.0
Current assets, total	**609.7**	736.7	-17.2	715.9
ASSETS, TOTAL	**800.8**	919.4	-12.9	898.9

Consolidated balance sheet EUR million	30.9.2021	30.9.2020	change,%	31.12.2020
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	**3.1**	3.1	0.0	3.1
Invested free equity fund	**264.7**	264.7	0.0	264.7
Translation differences	**-15.5**	-18.8	-17.3	-20.0
Hybrid bond	**15.4**	15.4	0.0	15.4
Retained earnings	**-80.8**	-67.6	19.5	-78.2
Equity attributable to equity holders of the parent company, total	**186.8**	196.7	-5.1	185.0
Non-controlling interests	**-4.4**	-4.1	7.3	-4.0
Total equity	**182.4**	192.6	-5.3	181.0
Non-current liabilities				
Deferred tax liabilities	**2.3**	2.4	-3.8	2.4
Provisions	**11.8**	10.1	17.2	12.4
Interest-bearing liabilities excl. lease liabilities	**163.0**	253.8	-35.8	234.9
Interest-bearing lease liabilities	**124.4**	144.2	-13.7	133.6
Other liabilities	**15.7**	21.1	-26.0	20.8
Non-current liabilities, total	**317.2**	431.6	-26.5	404.0
Current liabilities				
Trade and other payables	**258.5**	272.6	-5.2	284.5
Current tax payables (based on profit for the review period)	**0.0**	0.0	100.4	0.7
Provisions	**10.0**	8.2	22.2	11.4
Interest-bearing liabilities excl. lease liabilities	**30.2**	11.7	157.4	14.8
Interest-bearing lease liabilities	**2.5**	2.6	-6.0	2.6
Current liabilities, total	**301.2**	295.1	2.1	314.0
Liabilities, total	**618.4**	726.7	-14.9	718.0
EQUITY AND LIABILITIES, total	**800.8**	919.4	-12.9	898.9

4) Consolidated cash flow statement EUR million	**1-9/ 2021**	**1-9/ 2020**	**1-12/ 2020**	**Last 12 Months**
Cash flows from operating activities				
Cash receipts from customers	593.9	658.8	953.6	888.6
Cash receipts from other operating income	1.7	1.3	3.3	3.7
Cash paid to suppliers and employees	-573.9	-639.2	-888.7	-823.3
Net cash before interests and taxes	**21.8**	**21.0**	**68.2**	**69.0**
Interests received and other financial income	1.8	7.5	7.6	1.9
Interests paid and other expenses from financial costs	-18.4	-26.3	-29.6	-21.6
Income taxes paid or received	-0.5	0.0	0.0	-0.5
Cash flows from operating activities	**4.7**	**2.2**	**46.3**	**48.8**
Cash flow from investing activities				
Purchase of tangible and intangible assets	-0.4	-0.8	-0.8	-0.4
Sale of tangible and intangible assets	0.7	0.5	0.8	1.1
Purchase of investments	-1.6	-4.1	-4.6	-2.0
Proceeds from sale of investments	0.0	11.0	11.0	0.0
Subsidiary shares bought	-0.4	0.0	0.0	-0.4
Investments in associated companies and joint ventures	0.0	-4.1	-7.4	-3.3
Associated companies and joint ventures sold	0.0	28.0	28.0	0.0
Increase in loan receivable from associated companies and joint ventures	0.0	-1.6	-2.7	-1.2
Decrease in loan receivable from associated companies and joint ventures	0.0	2.5	2.5	0.0
Loans granted	-0.8	0.0	-0.2	-0.9
Proceeds from repayments of loans	11.8	0.0	0.0	11.8
Net cash used in investing activities	**9.4**	**31.4**	**26.6**	**4.6**
Cash flows from operating and investing activities in total	**14.0**	**33.6**	**73.0**	**53.4**
Cash flow from financing activities				
Net cash from share issue	0.0	40.8	40.8	0.0
Share issue costs	0.0	-3.4	-3.4	0.0
Proceeds from loans	0.0	9.0	9.0	0.0
Repayment of loans	-67.0	-14.2	-17.4	-70.2
Hybrid bond intrests	-3.2	-0.4	-0.4	-3.2
Change in housing corporation loans	11.9	-0.3	-9.7	2.5
Net change in short-term loans	0.0	-18.5	-18.5	0.0
Dividends paid	0.0	-0.1	-0.1	0.0
Repayment of lease liabilities	-1.9	-2.9	-2.6	-1.6
Net cash flow from financing activities	**-60.2**	**10.1**	**-2.2**	**-72.5**
Net change in cash and cash equivalents	**-46.1**	**43.7**	**70.7**	**-19.1**
Cash and cash equivalents at the beginning of period	**96.7**	**27.7**	**27.7**	**96.7**
Effect of exchange rate changes in cash and cash equivalents	0.5	-0.9	-1.7	-0.4
Cash and cash equivalents at the end of period	**51.1**	**70.6**	**96.7**	**77.2**

5) Statement of changes in Group equity

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
1 January- 30 September 2021 (EUR million)									
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 interests	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**

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
1 January- 30 September 2020 (EUR million)									
Equity 1 January 2020	3.1	142.5	82.9	-1.4	0.0	-49.5	**177.6**	-2.0	**175.6**
Net profit for the financial year	0.0	0.0	0.0	0.0	0.0	-12.1	**-12.1**	-2.4	**-14.5**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0.0	0.0	0.0	-17.4	0.0	0.0	**-17.4**	-0.1	**-17.1**
Comprehensive income for the financial year	**0.0**	**0.0**	**0.0**	**-17.4**	**0.0**	**-12.1**	**-29.5**	-2.1	**-31.7**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.4	**0.4**	0.0	**0.4**
Purchase of treasury shares	0.0	49.8	0.0	0.0	0.0	0.0	**49.8**	0.0	**49.8**
Sale of treasury shares	0.0	14.0	-12.7	0.0	0.0	-1.1	**0.3**	0.0	**0.3**
Share issue	0.0	61.0	-54.8	0.0	0.0	-4.9	**1.2**	0.0	**1.2**
Costs related to share issue, tax	0.0	-2.7	0.0	0.0	0.0	0.0	**-2.7**	0.0	**-2.7**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-0.3	**-0.3**	0.0	**-0.3**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.1	**0.1**
Equity on 30 September 2020	3.1	264.7	15.4	-18.8	0.0	-67.6	**196.7**	-4.1	**192.6**

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	**Total**	Non-cont-rolling interests	**Total equity**
1 January- 31 December 2020 (EUR million)									
Equity 1 January 2020	3.1	142.5	82.9	-1.4	0.0	-49.5	**177.6**	-2.0	**175.6**
Net profit for the financial year	0.0	0.0	0.0	0.0	0.0	-22.8	**-22.8**	-2.3	**-25.1**
Other comprehensive income items (with the tax effect)									
Other comprehensive income total	0.0	0.0	0.0	-18.6	0.0	0.0	**-18.6**	0.2	**-18.3**
Comprehensive income for the financial year	**0.0**	**0.0**	**0.0**	**-18.6**	**0.0**	**-22.8**	**-41.4**	-2.1	**-43.4**
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	-0.1	**-0.1**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.5	**0.5**	0.0	**0.5**
Share issue	0.0	49.8	0.0	0.0	0.0	0.0	**49.8**	0.0	**49.8**
Hybrid bond, 2016	0.0	14.0	-12.7	0.0	0.0	-1.1	**0.3**	0.0	**0.3**
Hybrid bond, 2019	0.0	61.0	-54.8	0.0	0.0	-4.9	**1.2**	0.0	**1.2**
Costs related to share issue, excluding tax	0.0	-2.7	0.0	0.0	0.0	0.0	**-2.7**	0.0	**-2.7**
Hybrid bond interests	0.0	0.0	0.0	0.0	0.0	-0.3	**-0.3**	0.0	**-0.3**
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.1	**0.1**
Equity on 31 December 2020	3.1	264.7	15.4	-20.0	0.0	-78.2	**185.0**	-4.0	**181.0**

6) Group commitments and contingent liabilities

(EUR million)	30.9.2021	30.9.2020	change, %	31.12.2020
Collateral given for own liabilities				
Real estate mortgages given [1)]	**60.0**	56.7	5.9	44.3
Other commitments				
Investment commitments given	**21.1**	29.6	-28.6	26.4
Plots purchase commitments	**28.9**	34.2	-15.3	33.4

[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

30.9.2021 (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	9.9	**9.9**	**9.9**
Long-term receivables	0.5	0.0	**0.5**	**0.5**
Loan receivables from associated companies and joint ventures	0.0	46.2	**46.2**	**46.2**
Other financial assets	23.3	0.0	**23.3**	**23.3**
Current financial assets				
Accounts receivables	0.0	68.3	**68.3**	**68.3**
Other interest bearing receivables	0.0	0.0	**0.0**	**0.0**
Cash and cash equivalents	0.0	51.1	**51.1**	**51.1**
Total	**23.8**	**175.5**	**199.3**	**199.3**
Non-current financial liabilities				
Interest bearing liabilities	0.0	163.0	**163.0**	**145.4**
Derivative instruments	6.8	0.0	**6.8**	**6.8**
Other non-current liabilities	0.0	8.9	**8.9**	**8.9**
Current financial liabilities				
Interest bearing liabilities	0.0	30.2	**30.2**	**30.2**
Accounts payables	0.0	58.4	**58.4**	**58.4**
Total	**6.8**	**260.5**	**267.2**	**249.6**

31.12.2020 (EUR million)	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value
Non-current financial asset				
Long-term interest bearing receivables	0.0	8.9	8.9	8.9
Long-term receivables	0.5	0.0	0.5	0.5
Loan receivables from associated companies and joint ventures	0.0	44.3	44.3	44.3
Other financial assets	22.2	0.0	22.2	22.2
Current financial assets				
Accounts receivables	0.0	56.2	56.2	56.2
Other interest bearing receivables	0.0	15.8	15.8	15.8
Loan receivables from associated companies and joint ventures	0.0	1.6	1.6	1.6
Cash and cash equivalents	0.0	96.7	96.7	96.7
Total	22.7	223.5	246.3	246.3
Non-current financial liabilities				
Interest bearing liabilities	0.0	234.9	234.9	207.5
Derivative instruments	9.0	0.0	9.0	9.0
Other non-current liabilities	0.0	11.8	11.8	11.8
Current financial liabilities				
Interest bearing liabilities	0.0	14.8	14.8	14.8
Accounts payables	0.0	59.6	59.6	59.6
Total	9.0	321.1	330.1	302.7

Liability of derivative instruments (EUR million)	**9/2021** Fair value		**9/2020** Fair value		**12/2020** Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Currency options [1]	**0.0**	**0.0**	0.0	0.0	0.0	0.0
Interest rate swaps	**0.0**	**6.8**	0.0	9.0	0.0	9.0

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

	9/2021	**9/2020**	**12/2020**
Nominal values of derivative instruments			
Currency option	**0.0**	25.0	10.0
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**
30.9.2021				
Derivative financial assets	0.0	0.0	0.0	**0.0**
Derivative financial liabilities	0.0	6.8	0.0	**6.8**
30.9.2020				
Derivative financial assets	0.0	0.0	0.0	**0.0**
Derivative financial liabilities	0.0	9.0	0.0	**9.0**
31.12.2020				
Derivative financial assets	0.0	0.0	0.0	**0.0**
Derivative financial liabilities	0.0	9.0	0.0	**9.0**

Other financial assets at fair value through profit or loss

(EUR million)	**30.9.21**	30.9.20	31.12.20
Other financial assets	**22.7**	11.9	11.9
Inreases	**1.6**	10.1	10.6
Reclassification of assets as classified held for sale	**-**	0.0	13.5
Changes in fair values	**-**	-	-13.0
Decreases	**-0.5**	-0.1	-0.3
Total	**23.8**	21.8	22.7
Non-current	**23.8**	21.8	22.7
Current	**-**	-	-

Other financial assets at fair value through profit or loss

(EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**
30.9.2021				
Unlisted shares	-	0.6	22.7	23.3
Long-term receivables	-	-	0.5	0.5
30.9.2020				
Unlisted shares	-	0.6	21.3	21.8
Long-term receivables	-	- -		-
31.12.2020				
Unlisted shares	-	0.6	21.6	22.2
Long-term receivables	-	-	0.5	0.5

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) as well as shares in Voimaosakeyhtiö SF and investments in and related to real estate funds and projects (level 3). Assets recognised in level 3 consist mainly of SRV Voima's investment in Voimaosakeyhtiö SF (9 2021 EUR 12.2 million) and in Tampere Central Deck and Arena (6 2021 EUR 9.0 million), in addition to which they include investments in and related to real estate funds and projects. Level 3 also includes REDI shopping centre the additional EUR 0.5 million sales price receivable. The company sold its holding of about 40 per cent in the REDI shopping centre in February 2020 and recorded a EUR 13.5 million sales price receivable related to the possible additional future sales price of EUR 50 million agreed in connection with the transaction. Due to the updated cash flow-based forecast for the REDI shopping centre, SRV has booked a change in the value of the additional sales price receivable, which had a negative impact of about EUR 13 million on operating profit for 2020.

8) Breakdown of revenue

Revenue (EUR million)	1-9/ 2021	1-9/ 2020	change MEUR	change, %	7-9/ 2021	7-9/ 2020	1-12/ 2020	Last 12 Months
Revenue recognition at a point in time	63.5	54.0	9.4	17.4	19.5	16.4	107.2	116.7
Revenue recognition over time	522.1	620.2	-98.1	-15.8	167.8	191.1	854.6	756.5
Other revenue	10.7	8.8	1.9	21.1	3.9	2.4	13.7	15.6
Total	**596.3**	**683.0**	**-86.8**	**-12.7**	**191.1**	**209.9**	**975.5**	888.8

9) Group and Segment Information

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

Revenue EUR million	1-9/ 2021	1-9/ 2020	change MEUR	change, %	7-9/ 2021	7-9/ 2020	1-12/ 2020	Last 12 Months
Revenue recognition at a point in time	**63.5**	**54.0**	9.4	17.4	**19.5**	**16.4**	**107.2**	**116.7**
Construction	60.3	54.0	6.3	11.6	16.3	16.4	107.2	113.5
Investments	3.2	**0.0**	3.2		3.2	0.0	**0.0**	**3.2**
Revenue recognition over time	**522.1**	**620.2**	-98.1	-15.8	**167.8**	**191.1**	**854.6**	**756.5**
Construction	520.2	617.5	-97.3	-15.8	167.1	190.4	851.5	754.2
Investments	1.9	2.7	-0.8	-29.7	0.7	0.7	3.1	2.4
Other revenue	**10.7**	**8.8**	1.9	21.1	**3.9**	**2.4**	**13.7**	**15.6**
Construction	13.7	6.5	7.2	111.3	4.6	2.3	11.3	18.6
Investments	1.2	1.3	-0.1	-5.9	0.4	0.4	1.6	1.6
Other operations and eliminations	-4.2	1.1	-5.3		-1.1	-0.3	0.7	-4.6
Group, total	**596.3**	**683.0**	-86.8	-12.7	**191.1**	**209.9**	**975.5**	**888.8**
Construction revenue	**594.3**	**678.1**	-83.8	-12.4	**188.0**	**209.1**	**970.0**	**886.3**
Construction, external	590.5	677.5	-87.0	-12.8	186.9	209.0	969.3	882.3
Construction, internal	3.8	0.6	3.2	524.5	1.1	0.1	0.7	3.9
Investments revenue	**6.2**	**3.9**	2.3	58.5	**4.2**	**1.1**	**4.8**	**7.1**
Investments, external	6.1	3.9	2.3	58.8	4.2	1.1	4.7	7.0
Investments, internal	0.1	0.0	0.0	39.2	0.0	0.0	0.1	0.1
Other operations and eliminations revenue	**-4.2**	**1.1**	-5.3		**-1.1**	**-0.3**	**0.7**	**-4.6**
Other operations and eliminations, external	-0.4	1.7	-2.1		0.0	-0.2	1.5	-0.6
Other operations and eliminations, internal	-3.9	-0.7	-3.2		-1.1	-0.1	-0.8	-4.0
Total	**596.3**	**683.0**	-86.8	-12.7	**191.1**	**209.9**	**975.5**	**888.8**

Operation profit EUR million	1-9/ 2021	1-9/ 2020	change MEUR	change, %	7-9/ 2021	7-9/ 2020	1-12/ 2020	Last 12 Months
Construction	**15.4**	18.7	-3.3	-17.6	**1.6**	5.2	27.4	24.1
Investments	**-2.9**	-6.9	4.0		**-2.6**	-3.8	-22.4	-18.4
Other operations and eliminations	**-2.7**	-2.3	-0.4		**-0.6**	0.3	-3.5	-4.0
Group, total	**9.8**	9.5	0.3	2.9	**-1.6**	1.7	1.5	1.7

Operating profit, %	1-9/ 2021	1-9/ 2020	7-9/ 2021	7-9/ 2020	1-12/ 2020	Last 12 Months
Construction	**2.6**	2.8	**0.8**	2.5	2.8	2.7
Investments	**-**	-	**-**	-	-	-
Group, total	**1.6**	1.4	**-0.8**	0.8	0.2	0.2

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Assets EUR million	**30.9.2021**	**30.9.2020**	**change MEUR**	**change, %**	**31.12.2020**
Construction	**663.6**	704.3	-40.7	-5.8	687.9
Investments	**183.1**	185.3	-2.2	-1.2	178.6
Other operations and eliminations	**-46.0**	29.8	-75.8		32.4
Group, total	**800.8**	919.4	-118.6	-12.9	898.9

Non-interest-bearing liabilities EUR million	**30.9.2021**	30.9.2020	**change MEUR**	**change, %**	**31.12.2020**
Construction	**274.1**	285.8	-11.7	-4.1	301.2
Investments	**6.1**	3.9	2.2	56.1	6.7
Other operations and eliminations	**18.1**	21.9	-3.8	-17.2	24.3
Group, total	**298.3**	313.0	-14.7	-4.7	332.2

Capital Employed EUR million	**30.9.2021**	**30.9.2020**	**change MEUR**	**change, %**	**31.12.2020**
Construction	**389.6**	417.4	-27.9	-6.7	386.8
Investments	**177.0**	181.1	-4.1	-2.3	171.9
Other operations and eliminations	**-64.2**	6.4	-70.6		8.1
Group, total	**502.4**	605.0	-102.5	-16.9	566.8

Return on investment EUR million	**30.9.2021**	**30.9.2020**	**change MEUR**	**change, %**	**31.12.2020**
Construction	**16.0**	20.3	-4.4	-21.4	29.0
Investments	**0.5**	-13.8	14.3		-29.9
Group	**13.8**	4.1	9.7	239.3	-4.7

Return on investment %	**30.9.2021**	**30.9.2020**	**31.12.2020**
Construction	**5.5**	6.9	7.6
Investment	**0.4**	-8.6	-14.3
Group	**3.4**	0.9	-0.8

10) Inventories

EUR million	**30.9.2021**	**30.9.2020**	**change MEUR**	**31.12.2020**
Land areas and plot-owning companies	**118.2**	155.4	-37.2	145.9
Construction	64.4	101.9	-37.5	92.2
Investments	53.8	53.5	0.3	53.7
Work in progress	**188.2**	200.2	-12.0	180.6
Construction	188.2	200.2	-12.0	180.9
Investments	0.0	0.0	0.0	0.0
Shares in completed housing corporations and real estate companies	**5.9**	23.4	-17.6	24.8
Construction	3.5	20.2	-16.7	22.1
Investments	2.4	3.3	-0.9	2.7
Other inventories	**113.9**	134.5	-20.6	122.8
Construction	4.2	5.4	-0.2	4.0
Investments	0.0	0.0	0.0	0.0
Right -of-use asset, total	109.7	129.1	-19.4	118.8
Inventories, total	**426.2**	513.5	-87.4	474.0

11) Changes in financial position

Financial liabilities, excluding lease liabilities

30.9.2021

EUR million	Carrying amount	Contractual liability [1]	2021	2022	2023	2024	later
			Maturity				
Bonds	**104.1**	**124.1**	0.0	16.1	15.5	14.9	77.6
Loans from financial institutions	**21.9**	**23.8**	20.6	0.9	2.2	0.0	0.0
Housing loans[3]	**52.6**	**64.9**	0.1	0.7	1.4	2.4	60.3
Commercial Papers	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0
Other liabilities	**14.6**	**14.6**	0.0	0.0	0.0	0.0	14.6
Other liabilities non- interest bearing	**11.4**	**11.4**	0.0	2.6	5.4	0.0	3.5
Derivative liabilities	**6.8**	**7.6**	0.2	1.9	1.9	1.9	1.7
Accounts payables	**58.4**	**58.4**	58.4	0.0	0.0	0.0	0.0
Total	**269.7**	**304.8**	**79.4**	**22.2**	**26.4**	**19.2**	**157.7**

Financial liabilities, lease liabilities

30.9.2021

EUR million	Carrying amount	Contractual liability	2021	2022	2023	2024	later
			Maturity				
Lease liabilities	**126.8**	**313.0**	8.9	8.7	8.1	8.0	279.3

Financial liabilities, excluding lease liabilities

31.12.2020

EUR million	Carrying amount	Contractual liability [1]	2020	2021	2022	2023	later
			Maturity				
Bonds	135.6	156.8	7.9	69.0	79.9	0.0	0.0
Loans from financial institutions[2]	56.7	60.1	17.3	42.9	0.0	0.0	0.0
Housing loans[3]	40.7	48.5	0.6	0.6	1.1	2.2	44.0
Commercial Papers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	16.7	16.7	0.0	0.0	0.0	0.0	16.7
Other liabilities non- interest bearing	11.8	11.8	0.0	2.6	5.4	0.0	3.9
Derivative liabilities	9.0	8.6	1.8	1.8	1.8	1.8	1.5
Accounts payables	59.6	59.6	59.6	0.0	0.0	0.0	0.0
Total	**330.1**	**362.2**	**87.2**	**116.8**	**88.2**	**3.9**	**66.1**

Financial liabilities, lease liabilities

31.12.2020

EUR million	Carrying amount	Contractual liability	2020	2021	2022	2023	later
			Maturity				
Lease liabilities	136.2	341.1	9.4	9.1	8.5	8.5	305.6

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

[2] Current liabilities include a EUR 20.0 million revolving credit facility loan, which can be rolled to April 2023 when the covenants are met.

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

In April 2021, the company agreed on the replacement of it's previous EUR 51 million revolving credit facility and EUR 40 million project financing facility with the syndicate banks; the facilities were replaced with a new EUR 40 million committed revolving credit facility, a EUR 40 million committed project financing facility and a EUR 63 million non-committed project financing facility. EUR 10 million of the new EUR 40 million revolving credit facility will mature in March 2022 and EUR 30 million in April 2023. The new project financing facilities of EUR 40 and 63 million will be used to finance future construction projects. They fall due in April 2023 or within another repayment period agreed for separate construction projects.

In July, the company repaid EUR 20 million of its revolving credit facility. At the end of the review period, EUR 20 million of the company’s EUR 40 million revolving credit facility was withdrawn and EUR 20 million was unused.

At the end of April 2021, SRV carried out written procedures to extend the tenor of its EUR 100 million (of which EUR 37,4 million is outstanding) senior unsecured callable fixed-rate notes due 23 March 2022 by three years and the tenor of its EUR 75 million senior unsecured callable fixed-rate notes due 27 September 2023 (of which EUR 67,4 million is outstanding) by one and a half years, as well as to amend certain terms and conditions of these notes. The new due dates are 23 March 2025 for the EUR 100 million senior unsecured callable fixed-rate notes (with an outstanding principal of EUR 37.4 million at the end of the review period) and 27 March 2025 for the EUR 75 million senior unsecured callable fixed-rate notes (with an outstanding principal of EUR 67.4 million).

SRV made partial early repayments on the aforementioned notes of a total nominal amount of EUR 27.1 million in May 2021 and a total nominal amount of EUR 5.1 million in September 2021.

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 table below presents the covenants and covenant levels of the RCF in place at 30.09.2021:

Financial covenants of the RCF		Covenant value
Equity ratio (overtime revenue recognition)		>28 per cent
Net gearing (excluding IFRS 16 impact)		≤140 per cent
Minimum cash		>EUR 15 million at the period end, >EUR 7,5 million on other occasions
Minimum EBITDA (excluding the share of associated company results and before transaction costs and impairments)		Varies between EUR 16 million to EUR 25 million depending on the testing date

The financial covenants of SRV's EUR 100.0 million unsecured bond due 23 March 2025 with an outstanding principal of EUR 37,4 million and a fixed annual interest rate of 6.875 per cent, as well as the EUR 75 million unsecured bond with an outstanding principal of EUR 67,4 million maturing on 27 September 2025 with a fixed annual interest rate of 4.875 per cent are cross acceleration, negative pledge, restriction on mergers, restriction on asset disposal, equity ratio >26 adjusted and calculated in accordance with bond terms and interest coverage ratio. All covenant levels were met as at 30 September 2021.

12) Currency Risks

SRV is exposed to changes in the exchange rate of the rouble through its Russian subsidiaries, associated companies and joint ventures. 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	**30.9.2021**	**31.12.2020**
Translation risk position		
Group Companies equity	9.2	13.5
Joint ventures and associated companies equity	60.3	54.8
Total	**69.5**	**68.4**
Transcation risk position		
Group Companies euro loan receivable/debt	20.0	19.5
Joint ventures and associated companies euro loan receivables/debt	30.4	39.4
Total	**50.4**	**58.9**
Ruble exchange risk position total	**119.9**	**127.2**
Short-term foreign exchange option- and forward contracts capital	**0.0**	10.0

13) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
30.9.2021						
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**

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities	Financial transactions 1)
30.9.2020							
Management and the Board of Directors	2.5	0.0	0.0	0.0	0.0	0.0	3.2
Joint ventures	0.0	0.6	0.0	0.0	0.1	0.0	0.0
Associated companies	0.0	10.1	0.0	2.2	56.4	0.0	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0	42.1
Total	**2.5**	**10.8**	**0.0**	**2.2**	**56.6**	**0.0**	**45.3**

	Salaries and compensation	Sale of goods and services	Purchase of goods and	Interest income	Receivables	Liabilities	Financial transactions 1)
31.12.2020							
Management and the Board of Directors	3.2	0.0	0.0	0.0	0.0	0.0	3.2
Joint ventures	0.0	7.0	0.0	0.0	2.5	0.0	0.0
Associated companies	0.0	14.8	0.0	2.5	54.6	0.0	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0	42.1
Total	**3.2**	**21.8**	**0.0**	**2.5**	**57.1**	**0.0**	**45.3**

1) These financial transactions concern share issues involving the participation of related parties with their converted hybrid bonds and subscription rights.

14) Assets classified as held for sale and sales made during the period

During the review period, SRV had no assets held for sale. In 13 September 2021 SRV signed a letter of intent to sell the Pearl Plaza shopping centre. However due to the uncertainties related to the sale, the shopping centre does not meet the criteria of an asset held for sale. In comparative period SRV's holding in the Pearl Plaza shopping center was classified as an asset held for sale based on negotiations and evaluations at the time.