6 June 2022

SRV Group Plc

Rights Offering
A maximum of 348,056,400 Offer Shares
EUR 0.10 per Offer Share

SRV Group Plc ("**SRV**" or the "**Company**") offers its shareholders up to 348,056,400 new shares (the "**Offer Shares**") for subscription primarily on the basis of shareholders' pre-emptive subscription right in the same proportion as they already hold shares (the "**Existing Shares**") in the Company and secondarily by other shareholders and by other persons (the "**Offering**"). The subscription price is EUR 0.10 per Offer Share (the "**Subscription Price**"). This offering circular (the "**Offering Circular**") has been prepared in connection with the Offering.

The Offering consists of (i) a public offering in Finland, (ii) private placements in the European Economic Area (the "**EEA**") other than in Finland and (iii) private placements in certain other jurisdictions subject to applicable law. In respect of investors in the EEA other than in Finland, it is required that the investor is a qualified investor pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") or subscribes for Offer Shares for a total Subscription Price of at least EUR 100,000. In respect of investors outside the EEA, the Company may in its discretion approve the subscription, if doing so is permitted under applicable law.

The record date of the Offering is 2 June 2022 (the "**Record Date**"). Shareholders who are registered on the shareholders register maintained by Euroclear Finland Ltd ("**Euroclear Finland**") on the Record Date shall receive one subscription right (the "**Subscription Right**") per each Existing Share held by the shareholder in the form of a book-entry entitling the holder to subscribe with three (3) Subscription Rights for four (4) Offer Shares at the Subscription Price. No fractional Offer Shares will be issued, and no Subscription Right may be used only in part.

Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investment Oy (on its behalf and on Tuomas Kokkila's behalf), Lareale Investments Oy (on its behalf and on Tuomas Kokkila's behalf) and Varma Mutual Pension Insurance Company, AS Pontos Baltic, Kolpi Investment Oy, Havu Capital Oy, Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka, Timo Kokkila, Saku Sipola and nine other members of SRV's acting management have undertaken to subscribe for Offer Shares in the Offering for a total of EUR 23.7 million. See "*Plan of distribution in the Offering – Subscription Commitments*".

The Subscription Rights will be entered into the shareholders' book-entry accounts on 3 June 2022. The Subscription Rights are freely transferable and subject to trading on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") between 7 June 2022 (provided that Nasdaq Helsinki accepts the Company's listing application) and 14 June 2022 under the symbol SRV1VU0120. The subscription period of the Offer Shares will commence on 7 June 2022 at 9:30 a.m. (Finnish time) and expire on 21 June 2022 at 4:00 p.m. (Finnish time) (the "**Subscription Period**"), unless the Subscription Period is extended. Unused Subscription Rights will lapse worthless upon the end of the Subscription Period.

The Offer Shares will be recorded on investors' book-entry accounts as interim shares corresponding to the Offer Shares (the "**Interim Shares**") after subscriptions having been made and paid for. The ISIN code of the Interim Shares is FI4000523618 and the trading symbol on Nasdaq Helsinki is SRV1VN0122. The Interim Shares will be freely transferable, and trading in the Interim Shares on the official list of Nasdaq Helsinki as a separate series is expected to commence on 22 June 2022, provided that Nasdaq Helsinki accepts the Company's listing application. The Interim Shares will be combined with the Company's Existing Shares (ISIN code: FI0009015309; trading symbol on Nasdaq Helsinki: SRV1V) after the Offer Shares have been registered with the Finnish Trade Register. The combination will take place on or about 29 June 2022, and the trading in the Offer Shares on the official List of Nasdaq Helsinki will commence on or about 29 June 2022, provided that Nasdaq Helsinki accepts the Company's listing application.

In certain countries, such as Australia, Canada, Japan, Hong Kong, New Zealand, South Africa, Singapore and the United States statutory limitations may apply to the distribution of this Offering Circular, delivering the Subscription Rights as well as offering and selling of the Offer Shares. The Offering does not apply to persons resident in Australia, Canada, Japan, or the United States or in any other country where it would be prohibited by local laws or other regulations. This Offering Circular or any other material relating to the Offering shall not be distributed or disseminated in any country without complying with the laws and regulations of such country. This Offering Circular does not constitute an offer to issue the Offer Shares to anyone in such country, where it would be prohibited by local laws or other regulations to offer Offer Shares to such person. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States subject to certain exceptions. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act (the "**Regulation S**"). See "*Important information*".

An investment in the Subscription Rights and/or Offer Shares involves risks. Prospective investors should read this entire Offering Circular and, in particular, "*Risk factors*," when considering an investment in the Subscription Rights and/or Offer Shares.

Sole Global Coordinator

Danske Bank A/S, Finland Branch

#16247439v16

IMPORTANT INFORMATION

This Offering Circular has been prepared in accordance with the following regulations: the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Markets Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (as amended) (annexes 3 and 12), Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to prospectus and notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 (as amended), as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. The FIN-FSA has approved the Finnish-language prospectus (the "**Finnish Prospectus**"); however, it is not responsible for the accuracy of the information presented therein or herein. The register number of the FIN-FSA's approval decision is FIVA/2022/507. The Finnish Prospectus has been prepared in Finnish and this Offering Circular is an unofficial translation of the Finnish Prospectus. The FIN-FSA has not approved this English translation. In the event of any discrepancies between the language versions, the Finnish Prospectus shall prevail. The restrictions concerning the distribution of the Finnish Prospectus and this Offering Circular differ from each other. **This Offering Circular shall be valid until the Offer Shares have been admitted to public trading at Nasdaq Helsinki.** If a significant new factor, material mistake or material inaccuracy relating to the information included into this Offering Circular arises, the obligation to supplement the Offering Circular under the Prospectus Regulation will end when the Offering Circular expires.

In this Offering Circular "**SRV**", "**SRV Group**" and "**Company**" refer to SRV Group Plc and its subsidiaries on a combined basis, unless the context clearly requires that the expression refers to SRV Group Plc alone, a certain subsidiary or business unit or some of these on a combined basis. "**Subsidiaries**" refers to the Company's subsidiaries together, unless the context requires that the expression refers only to a certain subsidiary or business unit or some of these on a combined basis. However, references to shares in the Company (the "**Shares**"), share capital or the Company's management are references to SRV Group Plc's issued shares, share capital and management. SRV Group Plc is a public limited company incorporated under the laws of Finland and to which the Finnish Companies Act (624/2006, as amended) (the "**Finnish Companies Act**") is applicable.

No person is or has been authorised to give any information or to make any representation regarding the Offering other than those contained in this Offering Circular and, if given or made, such information or representation must not be considered as having been so authorised by the Company or the Sole Global Coordinator. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Sole Global Coordinator in this respect, whether as to the past or the future. The Sole Global Coordinator assumes no responsibility for the accuracy, comprehensiveness or verification of the information and disclaims to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Offering Circular or any such statement.

The information contained herein is current as at the date of this Offering Circular. Nothing contained in this Offering Circular constitutes, or shall be relied upon as, a promise by the Company or the Sole Global Coordinator as to the future. Neither the publication of this Offering Circular nor the offer or delivery of the Offer Shares based on this Offering Circular shall be deemed to mean that no changes could occur in the Company's business after the date of this Offering Circular or that the information contained in this Offering Circular would hold true in the future. However, pursuant to the Prospectus Regulation, the Company shall supplement the Offering Circular if, after the FIN-FSA has approved the Finnish Prospectus but prior to the end of the Offer Period or the Offer Shares or the Interim Shares being admitted to trading on the official list of Nasdaq Helsinki (whichever occurs later), there is noted a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares or the Interim Shares. Where this Offering Circular is supplemented pursuant to the Prospectus Regulation, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least three working days from the publication of the supplement. The withdrawal right is further conditional on that the grounds for supplementing this Offering Circular were noted prior to the end of the Subscription Period or the delivery of the Offer Shares or the Interim Shares on the book-entry account of the subscriber (whichever occurs earlier). The investors are advised to follow the stock exchange releases published by the Company.

In making an investment decision, investors are encouraged to rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Neither the Company nor the Sole Global Coordinator, nor any of their respective affiliates or representatives, is making any representation to any offeree or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The investors are encouraged to, based on their own assessment, consult their own advisers before subscribing for the Offer Shares. Investors are encouraged to make their independent assessment of the legal, tax, business, financial and other consequences of subscription for the Offer Shares. The investors are also encouraged to make their independent assessment of the risks involved in the subscription of the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor. The Sole Global Coordinator is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Offering Circular) as its respective client in relation to the Offering. The Sole Global Coordinator will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In a number of countries, in particular in the United States, Australia, Canada, Japan, Hong Kong, New Zealand, South Africa and Singapore, the distribution of this Offering Circular and the offer of the Offer Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). This Offering Circular does not constitute an offer to subscribe for the Offer Shares in a jurisdiction to an individual in respect of which an offer would be unlawful. No action has been or will be taken by the Company or the Sole Global Coordinator to permit a public offering or the possession or distribution of this Offering Circular (or any other offering or publicity materials or application forms relating to the Offering) in any jurisdiction where such possession or distribution may otherwise lead to a breach of any law or regulatory requirement. Neither this Offering Circular nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Sole Global Coordinator recommend persons into whose possession this Offering Circular comes to inform themselves of and to observe all such restrictions. The Company and the Sole Global Coordinator do not assume any responsibility to present the appropriate information regarding such restrictions nor that such restrictions are obeyed. Neither the Company nor the Sole Global Coordinator accept any legal responsibility for persons who have obtained this Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers of the Offer Shares. This Offering Circular does not constitute an offer to sell the Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to subscribe or buy the Offer Shares made to a person in a jurisdiction in which it is unlawful to make such solicitation.

In addition, as a result of sanctions imposed by the European Union on Russia and Belarus, the sale of transferrable securities denominated in the official currency of any Member State issued after 12 April 2022, such as Subscription Rights, Interim Shares and new Shares, to Russian or Belarusian nationals or natural persons residing in Russia or Belarus or legal persons, entities or bodies situated in Russia or Belarus is prohibited. The prohibition does not apply to nationals of the Member States of the European Union or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.

No action has been or will be taken by the Company or the Sole Global Coordinator to permit any public offering of the Subscription Rights or the Offer Shares outside Finland. Nevertheless, the Offer Shares may be offered to qualified investors in member states of the EEA or in the United Kingdom, if any of the exceptions in the Prospectus Regulation is applicable. The Subscription Rights or the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Subscription Rights or the Offer Shares may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such country, where offering of the Subscription Rights or the Offer Shares would be forbidden. The Subscription Rights or the Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country. As a condition to subscribing for the Offer Shares, each subscriber will be deemed to have made, or in some cases, be required to make, certain representations and warranties regarding their domicile that will be relied upon by the Company and the Sole Global Coordinator. The Company reserves the right, in its sole and absolute discretion, to reject any subscription for Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation. Matters related to the Offering are governed by the laws of Finland. All disputes arising in connection with the Offering are settled exclusively by a court of competent jurisdiction in Finland.

TABLE OF CONTENTS

#16247439v16

#16247439v16

SUMMARY

Introduction

*This summary contains all the matters required to be included in a summary for this type of securities and issuer. This summary should be considered as an introduction to this offering circular (the "**Offering Circular**"). Any decision to invest in the securities presented in this Offering Circular (the "**Subscription Rights**" and/or "**Offer Shares**"), should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. SRV Group Plc ("**SRV**" or the "**Company**") assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information to said investors when considering whether or not to invest in the securities issued by SRV.*

Name of the issuer:	SRV Group Plc (in Finnish: SRV Yhtiöt Oyj)
Registered address:	Tarvonsalmenkatu 15 FI-02600 Espoo, Finland
Business identity code:	1707186-8
Legal entity identifier (LEI):	743700GB29FXC0VXF414
ISIN code of the Shares:	FI0009015309
Trading code:	SRV1V

The shares in the Company are issued in the book-entry system maintained by Euroclear Finland Oy ("**Euroclear Finland**") and are admitted to trading on the official list of Nasdaq Helsinki Oy ("**Nasdaq Helsinki**"). This in an unofficial English language Offering Circular of the original Finnish language Prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 6 June 2022. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is FIVA/2022/507.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows: Financial Supervisory Authority, P.O. Box 103, FI-00101 Helsinki, Finland, +358 9 183 51, registry@fiva.fi.

Key information on the issuer

Who is the issuer of the securities?

SRV Group Plc is a public limited company incorporated on 21 May 2001 in Finland under the laws of Finland. SRV is domiciled in Espoo, Finland. The Company is registered in the Finnish Trade Register (the "**Trade Register**") under business identity code 1707186-8 and legal entity identifier (LEI) 743700GB29FXC0VXF414. SRV is a provider of end-to-end solutions in real estate and area development projects as well as a developer-contractor of housing and business premises, acting as both the property developer and the builder in projects. Additionally, SRV acts as the main contractor in housing construction projects and particularly in different business premises construction projects based on a contractual relationships with customers. SRV is responsible for development, commercialisation and/or construction of projects in accordance with the contracts it has entered into, and also acts as investor in its own selected development projects. After construction, SRV may also act as a service provider for selected services for the users and owners of the assets. The focus of SRV's business is in Finland's developing urban growth centres located in close proximity to good public transport connections. SRV operates mainly in the Helsinki Metropolitan Area, as well as in Turku, Tampere, Oulu and Jyväskylä. 94 per cent of SRV's total revenue in 2021 was generated from operations in the Helsinki Metropolitan Area, Turku and Tampere.

In addition to Finland, SRV operates for the time being in Russia mainly in St. Petersburg and Moscow and in Estonia. SRV has on 28 April 2022 announced that it will initiate a programme with the aim of achieving a full reorganisation of the company's financing ("**Financial Restructuring**") due to Russia's war in Ukraine and the impairments of its Russian business operations caused by the related financial sanctions. As a result of the war and the consequential market conditions SRV has written down from its balance sheet practically all of its shopping centre and other assets located in Russia and its holdings in Fennovoima in the first quarter of 2022, totalling EUR 141.2 million. The remaining value of the assets in Russia after the write-downs is total of EUR 2.6 million as at 31 March 2022. SRV has also announced that it is looking into accelerating its withdrawal from Russia.

On the date of the Offering Circular, the Board of Directors comprises of Tomi Yli-Kyyny (Chair), Heli Iisakka, Timo Kokkila (Vice Chair), Hannu Leinonen and Heikki Leppänen. On the date of the Offering Circular, the members of the Corporate Executive Team are Saku Sipola, Timo Nieminen, Jouni Forsman, Jorma Seppä, Henri Sulankivi, Jarkko Rantala, Miia Eloranta, Kristiina Sotka, Anu Tuomola, Jussi Tuisku, Miimu Airaksinen and Kimmo Kurki. The auditor of the Company is PricewaterhouseCoopers Oy, a firm of authorised public accountants, authorised public accountant Enel Sintonen as the responsible auditor.

Largest shareholders

Shareholders owning 5 per cent or more of the Existing Shares in SRV have an interest in the Company's share capital which is notifiable pursuant to the Finnish Securities Markets Act. The following table sets forth the shareholders owning 5 per cent or more of the Existing Shares and votes in SRV on 31 May 2022, pursuant to the shareholders' register maintained by Euroclear Finland:

Shareholder	Shares, total	Shares, %	Votes, %(1)
As Pontos Baltic	47,306,787	17.99	17.99
Ilmarinen Mutual Pension Insurance Company	33,295,636	12.66	12.66
Kolpi Investments Oy	23,776,663	9.04	9.04
OP Life Assurance Company Ltd	16,942,050	6.44	6.44
Pohjola Insurance Ltd	15,785,996	6.00	6.00
Havu Capital Oy	15,741,398	5.99	5.99
Etola Group Oy	13,373,642	5.09	5.09
Other shareholders(1)	96,795,169	36.79	36.79

(1) There are 1,975,041 Existing Shares held by the Company that do not carry voting rights at the Company's general meeting.

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any person (as control is defined in Chapter 2, Section 4 of the Finnish Securities Markets Act).

What is the key financial information regarding the issuer?

SRV's selected financial information below has been derived from SRV's unaudited consolidated interim report as at and for the three months ended 31 March 2022, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" including the unaudited comparative consolidated financial information as at and for the three months ended 31 March 2021 and SRV's audited consolidated financial statements as at and for the years ended 31 December 2021 and 31 December 2020, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (the "**IFRS**").

#16247439v16

	As at and for the three months ended 31 March		**As at and for the year ended 31 December**	
	2022	**2021**	**2021**	**2020**
Information from the consolidated income statement, balance sheet and cash flow statement (EUR million, unless otherwise indicated)	**(IFRS)**	**(IFRS)**	**(IFRS)**	**(IFRS)**
	(unaudited)		(audited, unless otherwise indicated)	
Information from the income statement....................				
Revenue...	190.7	187.1	932.6	975.5
Revenue growth, %..	1.9	-10.1	-4.4(1)	-8.1(1)
Operating profit	-85.7	5.2	-1.7	1.5
Operating profit, % of revenue	-44.9	2.8	-0.2(1)	0.2(1)
Net profit for the financial period	-133.3	1.6	-19.9	-25.1
Net profit for the financial period, % of revenue	-69.9	0.8	-2.1(1)	-2.6(1)
Net profit attributable to				

Equity holders of the parent company	-133.3	1.5	-19.9	-22.8
Non-controlling interests	-	0.1	-	-2.3
Earnings per share attributable to equity holders of the parent company, EUR	-0.51	0.00	-0.08	-0.15
Earnings per share attributable to equity holders of the parent company (diluted), EUR	-0.51	0.00	-0.08	-0.15
Information from the consolidated balance sheet				
Assets, total	488.3	859.5	686.3	898.9
Equity, total	26.4	181.2	165.1	181.0
Net interest-bearing debt	197.7	309.5	170.0(1)	289.1(1)
Information from the consolidated cash flow statement				
Cash flow used in operating activities	-25.4	-22.5	68.9	46.3
Net cash used in investing activities	-0.3	-0.7	7.2	26.6
Net cash flow used in financing activities	-4.5	-10.7	-105.4	-2.2
Net change in cash and cash equivalents	**-30.2**	**-33.9**	**-29.3**	**70.7**
Cash and cash equivalents at the beginning of period	68.0	96.7	96.7	27.7
Effect of exchange rate changes in cash and cash equivalents	-0.6	0.3	0.5	-1.7
Cash and cash equivalents at the end of period	**37.2**	**63.1**	**68.0**	**96.7**

(1) Unaudited

What are the key risks that are specific to the issuer?

- The attack of the Russian Federation on Ukraine causes risks in SRV's Russian business operations and the Company's financial and economic standing
- Russia's acts of war against Ukraine may negatively affect the overall economic situation and the business operations of SRV and its customers and implementation partners in Finland
- Failure to complete the Financial Restructuring may trigger the termination and call-in rights invested in the holders of the loans
- After the Financial Restructuring a significant part of the Company's financing will be comprised of hybrid loans
- SRV may fail to sell the assets that relate to SRV’s business operations in Russia
- Adverse economic developments and conditions in Finland may negatively affect SRV's business operations for example through decrease in demand or through financial challenges of SRV's implementation partners
- SRV's customers for residential building projects may not succeed in securing the financing they need, or the price of financing may rise to such a level that decreases the demand for the SRV's construction services
- Changes in the Finnish and the global economy and in the financial markets may adversely affect the Company's business, order backlog, financial condition, liquidity and capital resources
- SRV's investment in Fennovoima involves risks
- SRV may not receive financing at competitive terms or at all
- SRV may have difficulties in complying with the financial covenants of its financing arrangements
- Failure by SRV to successfully define and implement its business strategy may have an adverse effect on SRV's growth and profitability in the future
- Failure to attract qualified personnel and loss of key employees as well as implementation partners' problems with resources may have an adverse effect on SRV's operability

Key information on the securities

What are the main features of the securities?

SRV aims to raise gross proceeds of approximately up to EUR 34.8 million by offering a maximum of 348,056,400 Offer Shares for subscription (the “**Offering**”). The number of shares in the Company may as a result of the Offering increase from the 263,017,341 existing shares (the “**Existing Shares**” and together with the Offer Shares, the “**Shares**”) to up to 611,073,741 Shares. The Shares in the Company are issued in the book-entry system maintained by Euroclear Finland under the ISIN code FI0009015309 and are admitted to trading on the official list of Nasdaq Helsinki under the trading code SRV1V. The Shares are settled through the clearance system of Euroclear Finland.

The Offer Shares will carry equal rights along with all Existing Shares of the Company (including distributions of assets in the event of the liquidation of the Company). The Offer Shares will confer a right to dividends, right to other distributions of funds and other shareholder rights from their registration with the Trade Register and their delivery on the investor's book-entry account, on or about 29 June 2022 (unless the Subscription Period (as defined below) is extended).

SRV has one share class, and each Offer Share entitles its holder to one vote at the general meeting of shareholders of the Company. The Offer Shares have no nominal value. All Shares in the Company carry equal rights to dividends and other distributions by SRV. SRV's longer-term objective for dividend payment is 30 to 50 per cent of the annual result, considering the capital needs of business operations. Each Offer Share will be freely transferable after it has been registered into the respective book-entry account of the investor.

Where will the securities be traded?

The Subscription Rights will be recorded on shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 3 June 2022. The Subscription Rights will be tradeable on the official list of Nasdaq Helsinki between 7 June 2022 (provided that Nasdaq Helsinki accepts the Company's listing application) and 14 June 2022 (unless the Subscription Period is extended).

The Offer Shares subscribed on the basis of Subscription Rights will be recorded on investors' book-entry accounts as interim shares corresponding to the Offer Shares (the "**Interim Shares**") after subscriptions having been made and paid for. The ISIN code of the Interim Shares is FI4000523618 and the trading code on Nasdaq Helsinki is SRV1VN0122. The Interim Shares will be freely transferable, and trading in the Interim Shares on the official list of Nasdaq Helsinki as a separate share series is expected to commence on 22 June 2022, provided that Nasdaq Helsinki accepts the Company's listing application. The Interim Shares will be combined with the Company's Shares after the Offer Shares have been registered with the Trade Register. The combination will take place on or about 29 June 2022 (unless the Subscription Period is extended) and trading in the Offer Shares on the official list of Nasdaq Helsinki will commence on or about 29 June 2022, provided that Nasdaq Helsinki accepts the Company's listing application.

Offer Shares subscribed for without Subscription Rights will be recorded on the subscribers' book-entry accounts as Shares on or about 29 June 2022 (unless the Subscription Period is extended). Trading in the Offer Shares will commence on Nasdaq Helsinki on or about 29 June 2022 (unless the Subscription Period is extended).

What are the key risks that are specific to the securities?

- The amount of any dividends distributed or capital repayments made by the Company in any given financial year is uncertain, and the Company may not necessarily pay any dividend or make capital repayments at all.

- A party that has given a Subscription Commitment (as defined below) may fail to fulfil the commitment either in part or in whole, which may cause the Offering to be completed smaller than planned.

#16247439v16

Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

The Offering consists of (i) a public offering in Finland, (ii) private placements in the European Economic Area (the "**EEA**") other than in Finland and (iii) private placements in certain other jurisdictions subject to applicable law. In respect of investors in the EEA other than in Finland, it is required that the investor is a qualified investor pursuant to the Prospectus Regulation or subscribes for Offer Shares for a total subscription price of at least EUR 100,000. In respect of investors outside the EEA, the Company may in its discretion approve the subscription, if doing so is permitted under applicable law.

Offer Shares are offered for subscription by the Company's shareholders in the same proportion as they hold Shares in the Company on the record date of the Offering (the "**Record Date**"). The Record Date of the Offering is 2 June 2022. Each holder of Existing Shares that is on the Record Date recorded on the Company's shareholder register maintained by Euroclear Finland will, unless otherwise stated below, for each Existing Share held on the Record Date, receive one Subscription Right. Shares held by the Company do not entitle to Subscription Rights. The Subscription Rights will be recorded on shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 3 June 2022. Each holder of Subscription Rights shall with three (3) Subscription Right have the right to subscribe for four (4) Offer Shares at the Subscription Price (as defined below) (the "**Primary Subscription**"). No fractional Offer Shares will be issued, and no Subscription Right may be used only in part. The Subscription Rights will be tradeable on the official list of Nasdaq Helsinki between 7 June 2022 (provided that Nasdaq Helsinki accepts the Company's listing application) and 14 June 2022 (unless the Subscription Period is extended).

In order to not lose the value of the Subscription Right, the holder of the Subscription Rights should either (i) use the Subscription Rights to subscribe for Offer Shares no later than on 21 June 2022 2022 (unless the Subscription Period is extended), in accordance with the instructions of the subscriber's account operator, asset manager or nominee, taking into account that the last subscription date for the Offer Shares may, in accordance with the instructions of the account operator, asset manager or nominee, be before 21 June 2022 2022; or (ii) sell any unused Subscription Rights no later than on the last trading date of the Subscription Rights, on 14 June 2020 (unless the Subscription Period is extended). Where Existing Shares entitling to Subscription Rights have been pledged or are subject to any other encumbrance, it may not be possible to use the Subscription Rights without the consent of the pledgee or other such rights holder.

Where not all Offer Shares are subscribed for in the Primary Subscription, the Company's shareholders and other investors have a right to subscribe for the unsubscribed Offer Shares without Subscription Rights (the "**Secondary Subscription**") at the Subscription Price (as defined below). The Company's Board of Directors will resolve on any offering of Offer Shares not subscribed for with Subscription Rights secondarily to the Company's shareholders and/or other investors, who have given a subscription order to subscribe for Offer Shares without Subscription Rights. The Company has received commitments from certain investors to subscribe for Offer Shares in the Offering for an aggregate amount of EUR 23.7 million.

Subscription price and payment of the Offer Shares

The subscription price for each Offer Share is EUR 0.10 (the "**Subscription Price**"). The Subscription Price is based on the closing price of the Company's Existing Share, EUR 0.2885, on Nasdaq Helsinki on the trading day of 30 May 2022, immediately preceding the decision on the Offering, and corresponds to an implied discount of approximately 45 per cent on the theoretical ex-rights price of SRV's share.

Use of Subscription Rights in the Primary Subscription

Each shareholder or other investor may participate in the Offering by subscribing for Offer Shares with the Subscription Rights on the shareholder's or other investor's book-entry account and by paying the Subscription Price multiplied with the number of Offer Shares subscribed for. The Subscription Price shall be paid in its entirety in accordance with the instructions of the account operator, asset manager or nominee upon giving a subscription order. In order to participate in the Offering, shareholders and other investors shall give their subscription orders in accordance with the instructions of their own account operator, asset manager or nominee. Subscriptions will be deemed made only once the subscription order has been received by the account operator, asset manager or nominee and the Subscription Price has been paid in full. Such shareholders and other investors whose Existing Shares or Subscription Rights are registered in the name of a nominee shall give their subscription orders in accordance with the instructions of their nominee. Subscription orders shall be given separately for each book-entry account. Incomplete or deficient subscription orders may be rejected. Where the Subscription Price is not paid in accordance with these conditions, the subscription can be rejected. The Board of Directors of the Company may, however, resolve to accept a subscription order or payment of the Subscription Price made by means deviating from these terms and condition. For rejected subscriptions, the Subscription Price paid will be returned to the subscriber. No interest will be paid on the funds returned. Subscriptions are binding and may not be amended or withdrawn except pursuant to section "*– Withdrawal of subscriptions in certain circumstances*". Unused Subscription Rights will lapse worthless upon the end of the Subscription Period on 21 June 2022 at 4:00 pm Finnish time (unless the Subscription Period is extended) and they will be removed from the holders' book-entry accounts without any notice or compensation.

#16247439v16

Subscription for Offer Shares without Subscription Rights in the Secondary Subscription

Shareholders and other investors may subscribe for Offer Shares without Subscription Rights by giving a subscription order and by paying the Subscription Price (multiplied with the number of Offer Shares subscribed for) in accordance with the instructions of the subscriber's account operator, asset manager or nominee. The Subscription Price shall be paid in its entirety upon giving the subscription order in accordance with the instructions of the account operator, asset manager or nominee. The account operator, asset manager or nominee of the shareholder or other investor shall receive the subscription order and payment no later than on 21 June 2022 (unless the Subscription Period is extended) or at any earlier date and time as instructed by the account operator, asset manager or nominee. Subscriptions will be deemed made only once the subscription order has been received by the account operator, asset manager or nominee and the Subscription Price has been paid in full. Incomplete or deficient subscription orders may be rejected. Where the Subscription Price is not paid in accordance with these terms and conditions, the subscription can be rejected. The Board of Directors of the Company may, however, resolve to accept a subscription order or payment of the Subscription Price made by means deviating from these terms and conditions. For rejected subscriptions, the Subscription Price paid will be returned to the subscriber. No interest will be paid on the funds returned. In case several subscription orders are given in respect of a particular book-entry account, such orders will be combined into one single order in respect of that book-entry account. The Company will confirm its approval or rejection of subscriptions for Offer Shares made in the Secondary Subscription to all such investors who have given a subscription order in the Secondary Subscription. Where not all of the Offer Shares subscribed for in the Secondary Subscription are allocated in accordance with the subscription order, the Subscription Price for Offer Shares not allocated to the subscriber will be returned to the subscriber on or about 4 July 2022, at the latest (unless the Subscription Period is extended). No interest will be paid on the funds returned.

Subscription period

The subscription period for Offer Shares will commence on 7 June 2022 at 9:30 am Finnish time and will end on 21 June 2022 at 4:00 pm Finnish time (the "**Subscription Period**"). The Company's Board of Directors shall have the right not to approve subscriptions received after the end of the Subscription Period. The Company's Board of Directors is entitled to extend the Subscription Period. The Company will announce any extension of the Subscription Period no later than on 21 June 2022 by way of a stock exchange release. Subscription venues may require their customers to give subscription orders on a certain date before trading in Subscription Rights or the Subscription Period ends.

Withdrawal of subscriptions in certain circumstances

Where this Offering Circular is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares or the Interim Shares (the "**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least three working days from the publication of the supplement. The withdrawal right is further conditional on that the Grounds for Supplement was noted prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier). The Company will announce withdrawal actions and instructions by way of a stock exchange release. After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately five business days from withdrawal. No interest will be paid on the funds returned.

#16247439v16

Shareholders resident in certain restricted jurisdictions

The granting of Subscription Rights to Company's shareholders, the issuance of Offer Shares to subscribers who have used their Subscription Rights and subscriptions for Offer Shares in the Secondary Subscription may be affected by the securities laws of the subscriber's domicile, if the subscriber is resident in a country other than Finland. As a result, subject to certain exceptions, shareholders whose registered address is in the United States, Canada, Australia, Japan or in any other jurisdiction where it would be prohibited to participate in the Offering may not necessarily receive Subscription Rights or be entitled to subscribe for Offer Shares. In addition, because of the sanctions imposed by the European Union against Russia and Belarus, it is prohibited to sell any transferable securities denominated in any official currency of a member state of the European Union issued after 12 April 2022, such as the Subscription Rights, Interim Shares and Offer Shares, to any Russian or Belarusian national or natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to citizens of a member state of the European Union or natural persons with a temporary or permanent residence permit in a member state of the European Union.

Fees and expenses

SRV estimates the charges, fees and expenses to be paid by the Company in connection with the Offering to amount to approximately EUR 2.5 million. No fees or other expenses will be charged to investors for subscribing for Offer Shares. Account operators, asset managers and nominees, as well as brokers, that execute orders relating to the Subscription Rights, may charge a commission for such actions in accordance with their fee schedules. Account operators may also charge fees in accordance with their fee schedules for the maintenance of book-entry accounts and for custody and transfers of shares. No transfer tax is levied on the subscription of Offer Shares.

Dilution

The maximum number of Offer Shares offered in the Offering represents approximately 57 per cent of all the Shares after the completion of the Offering. Provided that only the parties who have given a Subscription Commitment subscribe for Offer Shares in the Offering, the total holdings of the existing shareholders would dilute by 47 per cent. As a result of the Offering, the number of outstanding shares in the Company may rise to maximum of 611,073,741 Shares provided that Offering is fully subscribed. This would result in approximately 57 per cent dilution of the total shareholding of current shareholders with the assumption that none of the current shareholders subscribe for the Offer Shares.

Why is this Offering Circular being produced?

This Offering Circular has been produced by SRV Group Plc in order to offer the Offer Shares to the public and to submit a listing application to Nasdaq Helsinki to list the Offer Shares on the official list of Nasdaq Helsinki.

Reasons for the Offering and use and estimated amount of proceeds

The Offering is one of the measures executed under the programme that aims to comprehensively reorganise the Company's financing, whose goal is to strengthen the Company's equity. On 28 April 2022, SRV announced that it will initiate a Financial Restructuring due to the war undertaken by Russia in Ukraine and the impairments of its Russian business operations caused by the related financial sanctions. As a result of the war and the consequential market conditions, SRV has written down practically all of its shopping centre properties and other assets located in Russia as well as its investments in Fennovoima, which total EUR 141.2 million, during the first quarter of 2022. The decrease in its asset values will have a significant impact on SRV's equity and equity ratio, and the reorganisation of the Company's financing is carried out with the intention of strengthening the Company's equity. The Company is estimated to receive net proceeds of approximately EUR 32.3 million from the Offering, provided that the Offering is fully subscribed. The Company intends to use the proceeds received from the Offering to strengthen its balance sheet primarily by redeeming its outstanding Bonds (as defined below).

Subscription Commitments

SRV has received commitments from Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investment Oy (on its behalf and on Tuomas Kokkila's behalf), Lareale Investments Oy (on its behalf and on Lauri Kokkila's behalf) and Varma Mutual Pension Insurance Company to subscribe for Offer Shares in the Offering, with all the Subscription Rights they receive. In addition, AS Pontos Baltic, Kolpi Investment Oy and Havu Capital Oy have also given SRV undertakings under the terms of which these shareholders will in the Offering either subscribe for or procure that a third party will subscribe for Offer Shares with all the Subscription Rights they receive. The commitments correspond to a total of EUR 21.6 million and 62 per cent of Offer Shares provided that the Offering will be fully subscribed. In addition, SRV's board members Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka and Timo Kokkila, SRV's President and CEO Saku Sipola and nine (9) other members of SRV's effective management have undertaken to buy from OP Life Assurance Company Ltd and Pohjola Insurance Ltd altogether 15,785,996 Subscription Rights, corresponding to around 6.0 per cent of all Subscription Rights, and undertaken to exercise all of these Subscription Rights to subscribe for Offer Shares in the Offering. Commitments from Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investment Oy (on its behalf and on Tuomas Kokkila's behalf, Lareale Investments Oy (on its

#16247439v16

behalf and on Lauri Kokkila's behalf), Varma Mutual Pension Insurance Company, AS Pontos Baltic, Kolpi Investment Oy, Havu Capital Oy, Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka and Timo Kokkila, Saku Sipola and nine (9) other members of SRV's acting management, together the "**Subscription Commitments**". The Subscription Commitments are binding and irrevocable, however conditional on certain conditions, all of which have been met by the date of this Offering Circular. The Subscription Commitments correspond to a total of EUR 23.7 million and 68 per cent of Offer Shares provided that the Offering is subscribed for in full.

Conflicts of interest

The fees of the Danske Bank A/S, Finland Branch (the "**Sole Global Coordinator**") are partly dependent on the amount of funds that will be raised in the Offering. The Sole Global Coordinator and/or its affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for SRV in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. The Sole Global Coordinator also acts as the lender in SRV's revolving credit facility and project financing facility.

RISK FACTORS

Investing in the Subscription Rights and/or Offer Shares involves risks, some of which may be significant. Investors considering an investment in the Subscription Rights and/or Offer Shares should carefully read this Offering Circular, and in particular, the risk factors described below before making an investment. The description of the risks below is based on the information available at the date of this Offering Circular and estimates made on the basis of this information, and therefore the description of the risks is not necessarily exhaustive. Furthermore, the Company's operations may involve risks that are unknown or considered insignificant at the date of this Offering Circular but that may, however, have an adverse impact on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Subscription Rights and/or Offer Shares. The materialisation of one or more risks may have a significantly adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Subscription Rights and/or Offer Shares. Should one or more risks materialise or the likelihood of the materialisation of risks increase, investors who have invested in the Shares could lose a part or all of their investment.

The risk factors are presented below in six categories. While the categories are not presented in any order of materiality, in each risk category the most material risks, in the assessment of the Company, taking into account the potential negative impact on the Company and the probability of their occurrence, are presented first.

Risks relating to SRV's operating environment

The attack of the Russian Federation on Ukraine causes risks in SRV's Russian business operations and the Company's financial and economic standing

The attack of the Russian Federation on Ukraine which started on 24 February 2022 and the related sanctions, countersanctions and weaker market situation have caused substantial risks to SRV's Russian business operations and led to impairments of the Company's plot holdings and assets in Russia as well as of its holding in Fennovoima as well as asset write-downs in the first quarter of 2022. SRV is a partial investor in three shopping centre projects in Russia through its associated companies. SRV also owns plots of land in Russia. SRV has written down from its balance sheet nearly all of its shopping centre and other assets located in Russia and its holdings in Fennovoima. The values of the assets decreased by a total of EUR 141.2 million as at and for the three months ended 31 March 2022. After the write-downs and the change in the exchange rate of the rouble, the total value of SRV's assets in Russia is EUR 2.6 million in the Company's balance sheet as at 31 March 2022. SRV has decided to divest its business operations and holdings in Russia at an accelerated schedule. The weakening of the rouble has, with respect to SRV's Russian holdings, cumulatively directly affected the amount of equity as a translation difference of a total of EUR -21.9 million through the statement of comprehensive income by 31 March 2022. The negative translation difference accrued in connection with the divestment of the holdings will later be entered as an expense affecting operating profit, but the entry will not have an effect on the total amount of equity nor operative operating profit.

The valuation of plots owned by SRV in Russia has been based on SRV's strategy of developing and building on plots, and thus the need to recognise any impairments of these plots has been assessed through project calculations. In this new situation, SRV no longer plans to develop and build on the plots or leasehold of plots in Russia but, instead, impairment testing was on 31 March 2022 conducted and will in the future be conducted by comparing the value of the plot or leasehold to the probable selling price. The plots' assumed selling prices and saleability have materially weakened since the start of the war, and under the prevailing exceptional circumstances, the uncertainty regarding the valuation of the sales price is very high. According to the conducted valuation, the plots have been valued at an assumed selling price of EUR 2.6 million on 31 March 2022, while their value was EUR 47 million on 31 December 2021.

The impairment of SRV's Russian assets and Fennovoima assets weakened the Company's equity with their entire value, meaning that the amount of SRV's equity decreased to EUR 26.4 million and the equity ratio to 6.4 per cent as at and for the three months ended 31 March 2022. As a result of the write-downs, the Company is unable to comply with the equity ratio covenants of its Bonds and limit-based bank financing without the Financial Restructuring (as defined below) (see "– *Risks relating to SRV's financing and financial position - SRV may have difficulties in complying with the financial covenants of its financing arrangements*").

#16247439v16

Following the Russian Federation's attack, the Russian economy, the prices of Russian companies' shares and the value of the Russian rouble have been declining sharply, and several notable international entities have announced their withdrawal from or the cessation of their business operations in Russia. SRV's operations in Russia have become substantially more difficult as, due to the war, businesses have left shopping centres, payment transactions and the supply of goods to stores have been hindered, prices have increased and consumers' purchasing power has eroded. In addition, the threat of foreign enterprises and their local staff being subjected to interference or sanctions imposed by Russia is significant. At the same time, Russia has been subjected to constantly intensifying financial sanctions. Rental income from shopping centres in SRV's partial ownership may weaken so that it may be difficult or impossible for the companies owning the shopping centres to comply with the financial covenants of their loan agreements, which may trigger the call-in rights associated with the loans.

The sanctions imposed on Russia by the European Union and the United States since the beginning of the war may restrict or entirely prevent the continuation of existing customer relationships or the starting of new customer relationships with parties who have been targeted by the sanctions. Sanctions imposed by the EU are legally binding on SRV and its Finnish subsidiaries. In addition, SRV has undertaken to comply with sanctions imposed by the United States in the terms of the valid financing agreements. Sanctions imposed on the banking sector may also limit the possibilities of using the banks targeted by sanctions on the Russian market, which may lead to practical problems in payment transactions as well as to rising funding costs and weaker availability of financing. Export and import restrictions reduce the supply channels available, which may affect the availability of products sold in the stores of the shopping centres and products required in the use and maintenance of properties, as well as their cost level. Challenges may also arise as a result of the countersanctions imposed by Russia and the fact that Russian authorities do not recognise the legitimacy of the sanctions imposed in response to the situation in Ukraine. In the future, even criminal sanctions may be possible in Russia for compliance with the sanctions imposed by the EU and the United States, which puts Western companies into a difficult position in Russia.

SRV has announced that it is looking into accelerating its withdrawal from Russia. SRV has striven to achieve its goal to withdraw from Russia e.g. by negotiating on the sale of assets that are located in Russia, see "*SRV may fail to sell the assets that relate to SRV's business operations in Russia*".

For as long as the Company has obligations related to its Russian operations, the prevailing uncertainty may have a material adverse effect on the Company's business operations.

Russia's acts of war against Ukraine may negatively affect the overall economic situation and the business operations of SRV and its customers and implementation partners in Finland

Russia's acts of war against Ukraine have caused a significant increase in several different risk positions related to the construction sector. Even though the overall economy, also in Finland, has been rebounding from the financial effects of the COVID-19 pandemic, uncertainty over future development has significantly increased as a result of the war in Ukraine. Many forecasters have lowered their estimates regarding economic growth in the near future since the beginning of the year. Economic uncertainty may reflect negatively on business and consumer confidence and thus also on construction and the housing market. It is possible that the start-ups of development projects are postponed and that consumers act more cautiously on the housing market. Concerns over the potential expansion of the crisis to Russia's other neighbouring countries may also decrease interest in conducting operations and investing in Finland, and foreign businesses and investors may assess that Finland's country risks are high, which, in turn, may make it more difficult to obtain financing and commence new projects. The risk is further exacerbated by rising inflation and interest rates that have begun to increase. Moreover, attacks on and interference of data connections and data systems may increase and cause disruptions to the operation of both SRV and its customers and implementation partners. Finland's decision to apply for NATO membership may, for its part, increase the risk of different disruptions in Finland.

In the event of the war being prolonged and expanding, it may also affect the availability of labour in the construction sector if labour, such as construction workers from Ukraine, Russia and the Baltic countries, leave Finland. The extensive reconstruction work in Ukraine may also take up a great deal of construction capacity in Europe, make it extensively more difficult to obtain labour and building materials, and increase costs.

In addition, especially energy and some raw materials and building materials may become harder to source because of the mutual sanctions imposed by Russia and the Western countries and further increase building costs. Some of the construction materials used on SRV's construction sites in Finland have earlier originated from the Russian or the Ukrainian market. As a result of Russia's attack, SRV has decided to cease building material purchases from Russia altogether. Even though this has not yet significantly affected SRV's construction projects, the prevailing state of war, sanctions and countersanctions may make it more challenging to source some materials and products and raise the prices of materials significantly, which may further cause delays and significantly increase SRV's costs and decrease its profits.

According to the Company's management, the costs of construction projects are increasing significantly because of the war in Ukraine resulting in weakened availability and rising prices of energy and certain raw materials. Energy and raw material prices affect the costs of construction for example in the form of higher production costs and transportation prices. The supply chains of building materials involve multiple phases and the availability of energy and raw materials as well as the increase in price may significantly affect the production capacity and costs of the Company's suppliers. In addition, higher energy and raw material prices, as well as increased inflation can also have adverse effects on SRV's business operations if the financial situation of user customers worsens. Commencing new projects may become more difficult if the price level is too high, in addition to which the price level may affect financial results of the projects. Due to weaker availability of materials and the rise in costs, the number of disputes with customers and suppliers, or even bankruptcies, may increase in both current and future projects.

Unfavourable economic development caused by the war in Ukraine, the weakened availability of resources, the rising prices and their effects on Finland may adversely affect the business of SRV and its customers and implementation partners negatively, such as profits, assets, liquidity and financial condition.

SRV may fail to sell the assets that relate to SRV's business operations in Russia

SRV has announced that it is looking into accelerating its withdrawal from Russia and strives to achieve its goal to withdraw from Russia such as by negotiating on the sale of assets that relate to SRV's business operations in Russia through one or more sales. On the date of this Offering Circular, the Company is involved in multiple advanced conversations regarding the sale of SRV's assets that relate to the sale of its business operations in Russia. However, the likelihood of the progress and potential timing of the liquidation is hard to assess in the current market environment.

There is no certainty that as the negotiations advance a sale or sales could be concluded or a potential concluded sale is fulfilled. Even if the sale negotiations advance, a sale or sales will not necessarily materialize as planned, according to schedule or at all, or the parties to the sale or sales may fail to fulfil their obligations. The sales may also not get the necessary permits or approvals from relevant authorities, and the current and potential future sanctions imposed on Russia since the beginning of the war by the European Union and the United States as well as the countersanctions set by Russia may restrict or prevent the sales. If the Company fails to negotiate or fulfil the sale or sales or fails to fulfil the obligations of the sale or sales, the Company may have to seek a new buyer for the assets that relate to SRV's business operations in Russia, which might further delay the liquidation of the Company's assets and tie up resources of the Company's management. For as long as the Company has obligations relating to its business operations in Russia, the prevailing uncertainty may have a material adverse effect on the Company's business.

Adverse economic developments and conditions in Finland may negatively affect SRV's business operations for example through decrease in demand or through financial challenges of SRV's implementation partners

Construction operations depend especially on companies' confidence in the general trends in the economy and the prospects of their business as well as consumers' confidence in their own finances. When the outlook of economic cycle weakens, demand for housing and business premises declines. As a result, the prices and rents of business premises and housing can also go into a decline. Finnish businesses have in general been adversely affected by the uncertain economic and financial market conditions experienced in the recent past.

Finland is SRV's main market (For further information, see "*Business overview*" and "*Trend and market information – Finnish construction market*"). An economic downturn in Finland may result in a decrease in demand in the Finnish construction and property markets in both housing and business premises construction. For example, in Finland, consumers' confidence for the future is an important factor having an effect on the demand for new housing. Increasing unemployment, changes in taxation, cuts in national and regional governmental spending as well as increase of interest rates on housing loans, potential restrictions set out by financial institutions providing RS loans and difficulties in obtaining housing loans may have an adverse effect on the demand for new housing in Finland. In addition, the level of new housing construction activity may be affected by, among other things, special orders from local authorities, such as restrictions on the distribution of apartment size and the use of plot funds. Demand for business premises and investors' interest to invest in real estate vary significantly depending on the general economic environment. Any adverse development of the public sector's financial condition on both the national and the municipal level may also have an effect on the number of investments in public service buildings as well as infrastructure construction. Furthermore, armed conflicts such as the war in Ukraine (for further information, see "– *Russia's acts of war against Ukraine may negatively affect the overall economic situation and the business operations of SRV and its customers and implementation partners in Finland*") and pandemics such as the COVID-19 pandemic is expected to have a material adverse effect on the Finnish economy (see also "– *Pandemics may have a material adverse effect on the business operations of SRV through, among other things, weaker general economic situation and availability of financing, delays and customers' decreasing economic activity*").

Adverse economic developments in Finland may affect SRV's business in a number of ways, including among other things, the income, assets, liquidity, business and/or financial condition of SRV, its customers, and its co-operation partners in implementation. Furthermore, SRV may not be able to utilise the business opportunities created by the economic fluctuations and SRV may not be able to adapt to a long-term economic recession or stagnation. Variations in macroeconomic factors and adverse economic developments in Finland may have a material adverse effect on SRV's business, financial condition, results of business operations and future prospects.

SRV's customers for residential building projects may not succeed in securing the financing they need, or the price of financing may rise to such a level that decreases the demand for the SRV's construction services

SRV's customers may not succeed in securing the financing they need to acquire apartments built by SRV as a developer contractor with the terms they want or at all. Changes in the interest rate level have a direct impact on private individuals' willingness to take loans and make decisions on acquiring a home. A rise in the interest rates would increase the financing costs of SRV's customer base of private individuals, and this could decrease the demand for dwellings, unless the purchasing price of the dwellings decreases in relation to the change of the interest rate level. A rise in the interest rate levels may negatively affect the construction services, especially housing construction.

Changes in the market rates and interest margins may affect the behaviour of the Company's customer base of private individuals partly in different ways depending on whether the private individual is purchasing the apartment for his own use or investment purposes. Even though the demand for apartments is mainly affected by the need for living, any changes in yield expectations may affect the investment decisions of private individuals and other investors, as higher market rates and interest margins weaken the yield expectation. A rise in interest rates may also decrease private individuals' willingness to change from a leasehold to an owned apartment or upgrade from their present owned apartments to larger or otherwise more suitable apartments. As such, an increase in the price of financing may render changing homes and making investments in real estate less attractive also for private individuals. Rising interest rates may also improve the yield from other investments as compared to investment apartments, and as such, weaken the attractiveness of investment apartments among investors.

The demand among the Company's customer base of private individuals may also be impacted by the effects of housing mortgage and other regulations on the availability of funding and the banks' own lending practices and policies. For example, in order to curb risks caused by the COVID-19 crisis and threatening the smooth functioning of the housing market, in June 2020, the Financial Supervisory Authority raised the loan cap (the maximum loan-to-collateral ratio, LTC) for residential mortgage loans other than first-home loans from 85 per cent to the statutory standard level of 90 per cent. As house sales and mortgage lending had picked up, however, the Financial Supervisory Authority decided in 2021 decided to lower the loan cap for residential mortgage loans other than first-home loans by five percentage points, to the pre-pandemic level of 85 per cent. The maximum financial ratio for mortgages taken out by first-time home buyers is, however, at 95 per cent.[1]

[1] Decision by the Board of the Finnish Financial Supervisory Authority on the application of macro-prudential instruments on 28 June 2021 (FIVA 2/02.08/2021).

Changes in the loan ceiling legislation and the self-funded portions required from consumer customers may weaken the availability of loan financing to consumer customers and result in supplementing the self-funded portion with consumer credit. As such, the legislation related to consumer credit and the availability of consumer credit may also impact the supply and demand for housing mortgages.

The housing mortgages of private individuals are an important factor particularly in developer contracting of apartments. Changes in the availability of loans to consumer customers may lead to a fast increase in the number of unsold apartments and hinder initiating new housing projects significantly. Should the availability of financing to the Company's customers weaken, this could make it even more difficult to sell apartments. Any rise in interest rates would decrease the demand for the Company's construction services, which could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

SRV's investment in Fennovoima involves risks

SRV Group Plc’s subsidiary SRV Voima Oy has issued a commitment corresponding to a 1.8 per cent holding in the Hanhikivi 1 nuclear power plant project to Fennovoima’s principal owner Voimaosakeyhtiö SF. SRV Voima Oy’s rights and obligations as a shareholder in Voimaosakeyhtiö SF correspond to those of other shareholders. The decision to commence the construction of the power plant project has not yet been made. The balance sheet value of the investment before write-downs was as at 31 March 2022 EUR 13.3 million, which corresponds to SRV’s investment in the project.

On 4 February 2022, SRV disclosed that it will sell the share it holds in Fennovoima to RAOS Voima Oy and that the arrangement is subject to approval by the Ministry of Economic Affairs and Employment. Uncertainty related to the approval as well as the risk of the nuclear power plant project being discontinued have significantly increased as a result of Russia’s war in Ukraine. For the aforementioned reasons, the entire value of SRV’s ownership in Fennovoima, EUR 13.3 million in the annual financial statement 31 December 2021, has been written down (see also “*– The attack of the Russian Federation on Ukraine causes risks in SRV’s Russian business operations and the Company’s financial and economic standing*”). Fennovoima has subsequently disclosed that it has terminated the contract for the delivery of the Hanhikivi 1 nuclear power plant with Rosatom. On 24 May 2022, Fennovoima disclosed that it has withdrawn the Hanhikivi 1 nuclear power plant construction license application as a result of the termination of the EPC contract of plant delivery with RAOS Project on 29 April 2022 due to reasons arising from the deliverer of the plant. The power plant construction license is linked to Rosatom’s technology solutions which cannot be implemented as a result of the termination of the EPC contract of plant delivery. The withdrawal of Fennovoima’s power plant construction license application and the termination of Rosatom’s EPC contract of plant delivery do not directly affect the shareholders’ agreement between the owners of Fennovoima, on which the Company’s nuclear power plant commitment is based. The indirect effects of the decisions are unclear because of the newly changed situation.

On the date of the Offering Circular, SRV Voima Oy still has a commitment totalling EUR 18.7 million in the nuclear power plant project which is subject to significant uncertainty.

Variations in supply and demand on property market may affect SRV's business and ability to sell constructed properties profitably or at all

The property market is sensitive to fluctuations in supply and demand (for further information on the property and construction market, see “*Trend and market information*”). Property values are affected by a number of factors, including interest rates, inflation, economic growth, business environment and future outlook, availability of financing, property taxation, demographical factors, level of construction activity, and availability of leasable area. Changes in supply and demand in local markets, resulting from new construction, investor demand or supply and/or other factors, may also materially affect property values regardless of the overall development in the local property market. For example, completion of large housing projects may result in a situation where significant new housing volumes become available on the market at the same time in a certain area, which could have an adverse effect on SRV's ability to sell part of the completed project's housing units in a timely manner and/or at satisfactory prices. The asset transfer tax on the transfer of either shares in a real estate corporation or a real estate affects both housing and business premises developments.

If the property market weakens, it may decrease the selling prices as well as increase the amount and lengthen the time of SRV's capital invested in projects which in turn could hinder SRV from commencing new projects. There can be no assurance that SRV will succeed in the sales of its constructed property in a profitable way or that such sales will be possible on acceptable terms or at all, if the property market functions poorly or changes illiquid, which in turn could result in operational losses and increased needs for capital for SRV in a potentially difficult market conditions. These factors, either alone or together, may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Pandemics may have a material adverse effect on the business operations of SRV through, among other things, weaker general economic situation and availability of financing, delays and customers' decreasing economic activity

Pandemics, such as the current outbreak of coronavirus disease (COVID-19), may have a significant impact on the global economy and financial markets. A global or local economic downturn may have a material adverse effect on demand in the real estate market, availability of financing and future prospects of SRV's customers, as well as consumers' decision-making in the housing market.

The coronavirus pandemic has caused significant uncertainty in the global economy and financial markets. The economic uncertainty has undermined the economic activity of consumers and businesses and the overall confidence in the economy, which has affected SRV's customers as well. The uncertainty caused by the COVID-19 pandemic has abated as the amount of people who have already had the disease has increased and vaccinations have progressed. Restrictions have been lifted in Finland, and the general economy as well as the construction situation is in that respect expected to become easier. The infection rates remain high, however, and the future development of the pandemic involves many risks especially in relation to new virus variants. Furthermore, any COVID-19 lock-down measures in, for example, China or elsewhere in the world can still cause material impediments to global supply chains and, thus, to the availability of materials.

A pandemic, such as the coronavirus disease pandemic, may affect SRV's business both directly and indirectly as a result of, for example, people falling ill and restrictions and other measures adopted due to the epidemic or pandemic to prevent its spread. During the COVID-19 pandemic, governments of several countries have been forced to restrict the movement of people by closing areas and towns and quarantining people to prevent the spread of the coronavirus. The coronavirus has led to such measures in all countries where SRV has operations: Finland, Russia and Estonia. Possible restrictive measures caused by an epidemic or pandemic and overall uncertainty in the global economy and financial markets may affect, in addition to SRV, also the activities of its suppliers. Restrictions and measures may, for example, increase the prices of materials used by SRV or its subcontractors on SRV's construction sites. In addition, an epidemic or pandemic may lead to large-scale medical leaves or other absences of the employees of SRV and its customers and suppliers, which may also slow down projects and increase costs.

Travel and other movement restrictions may restrict or even halt material supplies as a result of disruptions and issues in global transportation. The impact of the aforementioned general economic uncertainty, increases in material prices, medical leaves, disruptions in logistics and other issues related to material supplies, together with restrictions on the mobility of SRV's personnel, may lead to delays or interruptions at sites. Such delays or interruptions at sites may negatively affect the amount and date of revenue being recognised for projects, as well as project margins and consequently the profitability of SRV's operations.

SRV's business relies heavily on consumer and business confidence in the economy. See also "*Trend and market information – General economic environment in Finland*". An epidemic or pandemic may have a significant impact on the financial situation and financing of SRV and SRV's customers, which may cause postponements of development projects, temporary stalls at work sites, cancellations of already agreed orders or postponements of start ups of projects. A decline in the economic position of customers may also lead to an increase in credit losses by SRV as trade receivables are impaired. A pandemic may also affect the economic activity and investment decision-making of SRV's customers and therefore also e.g. the demand for projects and services implemented by SRV, such as business premises and housing. Reduced demand may negatively affect SRV's future revenue, cash flow, liquidity and, for example, how SRV is able to meet the covenants of its financing agreements. A pandemic may also affect the availability of project and working capital financing of SRV. If the pandemic is prolonged, the effects of the pandemic may also cause impairments in SRV's development projects and unbuilt plots, financial assets and deferred tax assets, which are recorded in SRV's inventories.

The effects of the ongoing coronavirus pandemic or any future epidemics or pandemics (including the timing, duration and the extent of the effects) on global economy, the economies of countries where SRV operates, SRV's business and SRV's suppliers and customers are difficult to predict because of the rapidly changing pandemic situation and the irregularity of extensive epidemics and pandemics. If any of the above-mentioned risks materialise, it could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV is exposed to risks associated with increase in construction costs in an overheated construction market as well as in weak economic cycle

Construction is subject to significant cost risks relating to subcontracting and procurement, and the control of these cost risks requires successful long-term planning. In an overheated construction market, construction costs can rise significantly and adversely affect the profitability of a construction project. On the other hand, financial risks relating to subcontractors and construction material suppliers increase in a weak economic cycle. Particularly in the case of business premises construction projects, implementation of additional works and alterations may involve financial risks. In some cases, it may also be possible that SRV is not able to estimate subcontract or procurement prices accurately enough beforehand and enters into agreements that ultimately result in higher costs than SRV's cost calculations estimated, which may cause losses in SRV's profit in the project or the project may become unprofitable. If it is probable that total costs necessary to complete a project will exceed total revenue obtained from the project, the expected loss is recognised immediately as an expense.

If construction costs rise significantly, costs are estimated below the actually incurred prices, or financial disputes arise from implementation of subcontracts or procurement, these may have an adverse effect on SRV's business, financial condition, results of operations and future prospects.

Changes in the space requirements and operating environments of SRV's customers may have an adverse effect on the demand for new business premises and business premises construction as well as public construction projects

In addition to general economic trends, substantial changes in SRV's customers' operating environment may have an immediate or prolonged effect on the construction and property market. For example, e-commerce is becoming increasingly important to many b-to-c businesses. Many of SRV's corporate customers have moved or are moving part or all of their B-to-C business online, which would decrease the need for retail premises and, thus, have an adverse effect on the demand for retail premises. In addition, the increasing number of open-plan offices and remote work for example as a result of the COVID-19 pandemic has decreased the demand for office space. For further information, see "*Trend and market information – Finnish construction market – Office and retail premises*". Furthermore, the availability of financing for SRV's customers as well as their business could be adversely affected by cyclical changes in the economy, which could in turn hinder or even halt the demand for new business premises.

SRV is currently carrying out several public construction projects, such as hospitals and schools, and infrastructure projects. According to the management of SRV, the demand for public construction projects is currently at a high level. However, there can be no assurance that the amount of public construction projects remains at the current level in the future e.g. due to availability and costs for financing or due to lack of demand. For further information, see "*Trend and market information – Finnish construction market – Public sector buildings*".

Any decreases or significant changes in demand for new business premises and business premises construction as well as public construction projects could have an adverse effect on SRV's business, financial condition, results of operations and future prospects.

Risks relating to SRV's business operations

Failure by SRV to successfully define and implement its business strategy may have an adverse effect on SRV's growth and profitability in the future

The successful implementation of SRV's strategy will depend upon a number of factors, many of which are at least in part outside of SRV's control. For further information on SRV's strategy, see "*Business Overview – Business Strategy*". In addition, even if SRV successfully implements its business strategy, this may not improve its results of operations. SRV may also in the future decide to further amend its business strategy and/or adopt supplementary strategies in response to changes in its operating environment. SRV may not be able to define or implement its business strategy successfully or amend its business strategy, as the case may be.

Failure by SRV to execute its business strategy successfully or execution of a fallacious strategy could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects as a result of which SRV may not be able to reach its financial objectives.

SRV may not succeed in realisation of new or ongoing developer-contracting, co-development or co-ownership projects which may lead to delays in the sales of properties or smaller sales revenue

In Finland, SRV has a number of large projects under development and construction, which require, among other things, co-investor(s) and financing resources. Any failures in the management and development of operational projects as well as the financing available for the potential investors may result in delays in the timing of the sales or decrease the revenue generated from the sales or even to losses.

In developer-contracting projects, SRV's recognition of revenue is based mainly on the completed contract method, and recognition depends on the percentage of sold premises or apartments in delivered projects. The delivery schedule of developer-contracting projects can have an adverse or very volatile effect on the development of revenue and profit for any financial year and financial quarter. Project sales are affected by factors such as the availability of financing for buyer, location and other aspects of the relevant real estate as well as rent levels and occupancy rate.

Besides land acquisition risks, property projects are subject to other uncertainties and risks, such as those related to the outcome of zoning, authority approvals, soil conditions and other environmental matters, financing, availability of adequate funding resources to meet SRV's financing commitments, commercialisation of projects and achieving a sufficient occupancy rate for the premises, implementation schedules and agreements, partners, building structures and materials of the estate as well as the type and geographical location of project. In line with the IFRS requirements, SRV measures its land reserves at acquisition cost. The value of the land is reduced, if the fair value of the planned project does not correspond to the sum of the acquisition cost and the construction costs. In accordance with its strategy, SRV has focused on development projects and continued its land acquisitions and reservations especially in the urban growth centres of Finland.

If any of the above-mentioned risks materialise, it could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Lower profitability of individual projects, construction contracts' competitive situation as well as decrease in demand for business premises properties and housing units may have an adverse effect on SRV's business operations and results

A significant part of SRV's revenue is generated by development projects and construction contracts that may be substantial compared to SRV's size and financial condition. A large part of SRV's project portfolio, however, consists of alliance or project management contracts in which the risks and benefits have been allocated more flexibly than in the traditional fixed price contracting model.

Tight competition for new orders in the Finnish construction sector may affect the numbers and profitability of SRV's new project portfolio. Project sales are affected by factors such as the availability of financing for the buyer and occupancy rate as well as the length and profitability of lease agreements. When sales are delayed, the recognition of revenue and operating profit (if any) is delayed correspondingly. Particularly in the case of projects of business premises, agreeing on additional and alteration works may involve financial risks that increase particularly when the economic situation is poor.

Postponed start-ups of development projects increase the level of development expenses, which are recorded as costs. A slowdown in housing sales increases sales and marketing costs and interest expenses as well as general costs in developer-contracting housing production. Economic uncertainty and tax increases, both implemented and potential further future tax increases, weaken the outlook and volume for housing sales. Rise in interest rates and/or weakening in consumer confidence create a significant risk relating to housing demand.

Large development projects and construction contracts generally carry the same types of risks as other, smaller projects, but the risks may be substantially larger in monetary terms and otherwise and may concentrate as uncertainties in project outcome and liabilities as well as also public interest increase with size of the project. Risks involved with large projects may also be more material due to new features or greater complexity of the projects. Large development projects and construction contracts may also include additional risks due to various factors, such as design, engineering and construction complexity, various important interest groups' influence on the project, availability of vital resources and financing, quality of subcontractors' work and materials, as well as safety and environmental factors.

Especially in fixed price construction contracting, but also in e.g. public procurement projects, the main contractor is chosen in a tender process that may be highly competitive depending on available projects and market situation. In both development projects and construction contracting, it is possible that SRV may implement unexpectedly difficult projects or construction can take place in disadvantageous economic cycle, which may lead to unprofitability or even losses.

Failure by SRV to implement profitable projects, fierce competition and decreased demand may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV is exposed to sales, price and rental income risk associated with development projects

In its own development projects, SRV seeks to identify the needs of customers, looks for suitable properties or land with development potential and defines the available sources of funding for major construction projects. SRV may also be responsible for finding sufficient number of tenants for the business premises or apartments in the development projects. Customers are then offered complete solutions where SRV develops, organises and carries out the whole project.

Own development projects carry specific risks compared to other types of construction projects. Project development can take years and, in the case of a cancellation of a project, substantial amount of expenses may have already been incurred. In case of change in economic climate during project development, tenants, investors and buyers may not be able to fulfil their commitments to SRV. Own projects are also exposed to risks relating to increase in land prices, currency rates and changes in building regulations or orders from local authorities. The prices of real estate are affected by changes in investor yield requirements for real estate investments. Any increase in yield requirements decreases the sales value of the real estate. Investor yield requirements may change substantially and affect negatively the sales value of SRV's development projects. When sales are delayed, SRV's recognition of revenue and operating profit (if any) is delayed correspondingly. Postponed start-ups of development projects increase development expenses, which are recognised as costs by SRV. Furthermore, rental levels and occupancy rates have a direct effect on the rental income SRV is able to generate from the projects. Rental income contributes to the value of the development project during the project and when the project is sold. At the time when a project is sold, a purchaser may require a commitment from SRV to take the responsibility for rent payments for a certain period of time for the premises that are not leased. Investors may, based on individual agreements, also set leasing targets with sanctions for SRV during the project.

Due to the uncertain development of demand, SRV is exposed to the sales, price and rental income risk relating to the own housing and business premises development projects. When SRV completes a housing project, all units are not necessarily sold or rented. In home sales, sales concerning already sold or reserved units can be rescinded during construction before the unit is finished. Unsold units tie SRV's capital, which may have an adverse effect to its financial condition. SRV may fail in achieving a sufficient occupancy rate for its business premises projects or its tenants may face financial difficulties or even become insolvent. This could lead to insufficient rental income, which can affect SRV's possibilities to sell the property as planned. In addition, the projects are subject to variable considerations, which may result from, for example, rental liabilities. Because of these factors, SRV may be required to decrease the sale prices, which may adversely affect its results of operations. In addition, weaker than planned developments in various factors and errors in the assumptions made, both when starting up projects and on the scheduled sale date, may result in a need to lower the project's acquisition-price-based value in the balance sheet.

According to the view of SRV's management, the significance of development projects and the risks they entail will be smaller in the Company's business in the near future as the Company's project management and alliance contracts will form a larger share of the projects. If any of the sales, price, currency rate or rental income risk described above materialises in development projects, however, this may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Due to competition, SRV may not be able to increase or keep its volume of business operations or profit margin

SRV may lose some of its volume of business operations or profit margin, for example, due to highly competitive market. Some of SRV's national or international competitors benefit from a larger size and stronger economic resources compared to SRV and will be able to undertake larger projects and take additional financial and other risks. SRV's larger competitors may also have, among other things, more marketing resources and benefit more from economies of scale compared to SRV. Additionally, it is possible that small or mid-sized companies will grow aggressively or that new companies enter the market.

Although quality and expertise in project management and know-how affect customer's decisions, price is an important factor for a number of SRV's customers. This causes strong price competition among construction companies, which may adversely affect SRV's profit margins. It is also possible that SRV fails in estimating its costs when entering into project agreements, which may cause losses in profit or in absolute terms.

In the construction business, a key factor of competition is that potential customers evaluate their implementation partner's ability to fulfil their agreed obligations. As SRV has been affected by considerable challenges during the past years, the current financial situation and negative publicity of SRV may adversely affect SRV's reputation among its customers, which could hinder or even prevent SRV from entering into new development projects or from receiving invitations for construction contract tenders. Because of the war in Ukraine, SRV’s projects and business operations in Russia may negatively affect the Company’s image. Furthermore, certain customers may require SRV to provide additional guarantees for the fulfilment of its obligations.

Failure by SRV to increase or keep its volume of business operations or profit margin may have an adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV’s failure to successfully manage several development projects, construction projects and real estate management operations simultaneously may result in delays, defects and liabilities

Different building contracts, development projects and operative functions contain technical and operational risks and they require continuous planning, steering and supervision of the operations as well as management of quality, schedule and costs. In addition, SRV's project-management based business model is dependent on implementation by its co-operation partner network. As a result, management of several operations requires SRV's project management processes to work efficiently in order to be able to manage multiple overlapping internal teams as well as co-operation partner network in design and implementation simultaneously. Should SRV fail to successfully manage several development projects, construction projects and real estate management operations simultaneously, this may result in delays, defects and liabilities which can, in turn, have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV's offering of selected housing and real estate services and projects implemented by using a lifecycle model may entail operational and safety risks as well as risks relating to SRV's co-operation partners

SRV offers selected housing and real estate services as well as a lifecycle model to the implementation of some of its construction projects. SRV's services offer connected services for apartment owners and tenants as well as separate services for real estate owners. In its lifecycle projects, SRV takes responsibility for the implementation of a project and building maintenance for an agreed period of time. In addition to SRV's own business and operational risks, many property management functions and services are often carried out in cooperation with partners, which may also expose SRV to risks related to the cooperation partners' operations. For example, the quality of the work carried out by such partners may be inadequate and may result in defects or they may experience financial or other difficulties, such as labour shortage, which may affect their ability to provide services. Furthermore, the management of properties and maintenance responsibilities may entail risks related to the safety of end users and consumers, for example in situations where the emergency exit systems or other components relating to the safety of the building operated by SRV, malfunction. Any of these risks may affect SRV's ability to serve its customers, result in claims targeted against SRV by end users and customers and result in additional costs or loss of business for SRV and, thereby, could have a material adverse effect on SRV's reputation, business, financial condition, results of operations and future prospects.

SRV's prerequisites for operations are dependent on available systems and working premises that may be damaged by external or internal factors

SRV's operational risks include risks associated with the dependency on the functionality of SRV's information systems and technology as well as serviceability of working premises. SRV is increasingly dependent on information technology systems that support a wide variety of key business processes as well as internal and external communication. There can be no assurance that these systems will not require repair or that they will not be subject to technical or other failure, including damage caused by viruses or hackers, human error, power cuts or other operational disturbances or breaks. In addition, any major fire or other accident in SRV's working premises or developments could cause obstructions and losses for business. Furthermore, SRV is dependent on the continuous maintenance and development of its ICT systems as well as on the availability of qualified ICT personnel and resources. Significant disruption of these prerequisites for operations can, despite all safety measures, cause a loss of data and/or disruption of business processes. SRV's operations, construction sites or real estate operated by SRV may also be subject to sabotage or malicious acts, which could have an adverse effect on costs, timetables or SRV's reputation. It is possible that, as a result of the situation brought about by Russia’s acts of war against Ukraine, attacks on and interference of data connections and data systems may increase both in Russia and in Finland, which may negatively affect not only the Company but also the operations of its customers and implementation partners.

Failure by SRV to maintain its functional infrastructure may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV conducts some of its business operations through joint ventures over which it has limited control

The Company is, directly or through its subsidiaries, party to several joint ventures. SRV's relevant holdings in associated companies and joint ventures consist of investments in construction projects together with other investors. SRV may also in the future enter into additional joint ventures as a part of its business. SRV’s holdings in, among other things, Russian shopping centres have been organised through joint ventures.

SRV cannot fully control the operations or the assets of these entities, nor can it unilaterally make any major decisions with respect to such entities. This constrains SRV's ability to cause such entities to take an action that would be in the best interests of SRV or refrain from taking an action that would be adverse to the interests of SRV and may restrict SRV’s opportunities to divest its holding with commercially feasible terms, which could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV is exposed to risks related to customers' or implementation partners' claims which, if realised, may have an adverse effect on SRV’s reputation and business

SRV's business exposes SRV to potential liability, which is based on defects in construction, materials or workmanship. This is particularly the case in large and/or demanding projects, including technically challenging and/or new structures. In addition, a failure by SRV to meet customers' expectations in connection with claims that are based on defects, may have an adverse effect on SRV's business and reputation. There can be no assurance that SRV will in all circumstances meet all of the expectations and/or requirements its customers have relating to standard and quality. SRV is also responsible towards its customers for defects caused by subcontractors, even though SRV would have filled all the necessary monitoring obligations. As a result, errors or omissions concerning planning, procurement and/or quality of work may be claimed from SRV during the construction period, the guarantee period and, in the case of certain building structures, the period following the guarantee period up to ten years from the completion of the project.

There can be no assurance that SRV's measures to cover risk of claims through subcontractor and material supplier obligations and different project and warranty provisions would be sufficient to cover any or all warranty or other compensation claims partly or in full. Such warranty provisions are recorded when the amount of the provision can be estimated reliably. The recorded amount is the management's best estimate of the expected cost that will be required to meet the claim as of the balance sheet date and it is based on previous similar events and previous experience and requires certain level of judgement from the management.

SRV's customers' or implementation partners' claims against SRV may result in legal proceedings, which, in turn, may result in SRV being obligated to pay damages or give price reductions. Claims, even if unfounded, would also tie up time of SRV's management and other employees. Such potential litigation could also have an adverse effect on SRV's reputation from the perspective of its existing and potential customers and implementation partners.

SRV's construction contracts may be of substantial monetary value. Their terms and conditions require, for example, all parties to achieve the agreed targets on time, and to adhere to agreed working methods. In particular, the contracting parties may not be able to agree upon additional works and alterations in advance. Project receivables may then contain invoicing of additional work and alterations conducted, and these may result to complaints or be the subject to disputes over payment obligation. SRV makes provisions to the projects according to management's estimates, but they may prove to be insufficient. If a mutual agreement on payment liability is not reached during the final financial settlement of a project, SRV may have to initiate legal proceedings against the customer or implementation partner. The outcomes of legal proceedings involve uncertainties and such legal proceedings may cause negative publicity and have a material adverse effect on the relationship of SRV and the relevant customer or implementation partner.

Any claim, litigation or failure to enforce or interpret contractual obligations or rights may have a material adverse effect on SRV's reputation, business, financial condition, results of operations and future prospects.

The Company may fail to manage its reputation, and a weakening of the Company's corporate image or reputation may give rise to lack of confidence among potential customers, employees and co-operation partners and have an adverse effect on the Company's business

Negative issues, whether justified or unjustified, concerning the whole sector or companies operating in the sector and receiving press coverage may weaken the Company's reputation or the confidence of interest groups. Such negative events can include, for example, a serious accident, grey economy, unethical conduct or significant problems of quality. Even though SRV has announced it will be divesting its business operations in Russia, its remaining holdings may have an adverse effect on the Company's reputation and employer image. The weakening of the Company's corporate image or reputation due to negative press may have a material adverse effect on the Company's business, results of operations and/or financial condition.

SRV's failure to achieve sustainability goals, fulfil its sustainability obligations and carry out sustainability reporting could adversely affect SRV's business and reputation

Operators in the investment and financial sectors require even more comprehensive and reliable ESG reporting from businesses, and an EU-level taxonomy determines sustainability ratings of targets of financing and investment, which affect the price and availability of financing. The aforementioned factors, together with increasing and revised other sustainability-related regulation, oblige businesses to extend their reporting even in sectors other than the investment and financial sectors and to comply with an increasing number of obligations. For example, the comprehensive reform of the Land Use and Building Act will include a requirement of low-carbon construction.

The Company's risks related to sustainability concern, among other things, serious occupational accidents, grey economy, labour exploitation, working conditions within the supply chain, adaptation to climate change, climate risks, meeting investor expectations, and reputation in the eyes of the interest groups (see "*– SRV's business operations entail health and safety risks that, if realised, may weaken the Company's reputation and cause additional costs*", "*– Risks relating to SRV's exposure to legal and regulatory risks – SRV is exposed to environmental risks in its business operations, and any failure by SRV to comply with environmental legislation may lead to liability for damages*", "*– Severe weather conditions may adversely affect the progress of SRV's projects*" and "*Risks relating to SRV's exposure to legal and regulatory risks – Construction is a regulated industry, and changes in applicable legislation, building regulations and planning policy as well as development in case law may be unfavourable for SRV*").

SRV complies with statutory and industry-wide reporting requirements and aims to associate its brand with sustainability in not only its strategy but also its communications. SRV may, however, fail to achieve its sustainability goals and meet its obligations. It is possible that SRV does not have sufficient resources for fulfilling and monitoring the fulfilment of its sustainability goals or that SRV does not correctly understand the sustainability needs of the customers and the financiers. It is possible that SRV fails in assessing the climate impacts of construction sites and in including climate risks in the financial expenses. If a failure in reaching the sustainability goals, in fulfilling sustainability obligations or in sustainability reporting were to take place, such failure could make it more difficult for the Company to obtain clients or financing or cause additional costs to the Company. Any negative publicity related to sustainability goals or the Company's failure to communicate or measure the business' environmental or climate impacts may also weaken SRV's reputation among interest groups and/or make it more difficult to, for example, attract and commit employees. Moreover, changing regulations, their interpretation, or application policies may slow down the Company's business and cause additional costs to the Company.

Businesses affect human rights constantly through their subcontractors, partners, customers and other interest groups. It is possible that SRV fails in measures taken to identify, report and manage risks related to human rights in the business of both itself and its partners, suppliers and subcontractors, or fails in its projects' training and observation.

If a failure to achieve sustainability goals, in fulfilling sustainability obligations or in sustainability reporting were to take place, such failure could have a material adverse effect on SRV's business, operating results and/or financial status.

SRV's business operations entail health and safety risks that, if realised, may weaken the Company's reputation and cause additional costs

The frequency of accidents and occupational accidents at construction sites is higher than in many other industries. Construction sites are, by nature, dangerous work environments where serious personal injuries or even fatal accidents may occur. Onsite construction work is very accident-prone, and particularly complicated infrastructure works and high-rise construction as well as other demanding construction works or conditions may cause serious accidents inside or near the construction site. The construction sites can also contain hazardous or irritating materials (for example asbestos, dust or evaporating chemicals), which may create health risks.

SRV may, as the main contractor or project manager, be responsible for accidents occurring in its projects. All potential accidents have an adverse effect on SRV's business and its personnel's well-being. Accident investigations carried out in co-operation with the authorities result in expenses and delay the advancement of projects. The Company's insurance premiums will rise if the frequency of accidents increases. Moreover, accidents may result in civil and criminal liability based on applicable laws for SRV and its management, salaried employees and workers. In addition, safety risks and accidents may cause additional costs and/or damage to SRV's reputation, even if SRV has not caused the matter.

The materialisation of any risks relating to health and safety may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Materialisation of a risk not covered by SRV's insurance policies may have an adverse effect on SRV

In its operations, SRV faces accident risks, which include but are not limited to property damage risks, occupational health and safety risks, labour protection risks, environmental risks, the risk of fire or natural disasters or phenomena, and the business premises safety risk (see "*– SRV's business operations entail health and safety risks that, if realised, may weaken the Company's reputation and cause additional costs*" and "*– Risks relating to SRV's exposure to legal and regulatory risks – SRV is exposed to environmental risks in its business operations, and any failure by SRV to comply with environmental legislation may lead to liability for damages*"). SRV's operations may also suffer sudden and unexpected damage from potential human error by its employees or subcontractors or though their fraudulent action (see "*– Risks relating to SRV's exposure to legal and regulatory risks – Possible fraudulent behaviour and misuse of classified information or position by personnel may have an adverse effect on SRV's operability*").

SRV has also made efforts to hedge against accident risks with insurance policies. SRV's insurance policies are subject to exclusions of liability of insurance companies and limitations of liability both in amount and with respect to the insured loss events. SRV does not have insurance coverage for certain types of losses, which are not insurable or for which insurance is unavailable on reasonable economic terms.

Materialisation of any risk not covered by SRV's insurance policies may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

The Company is dependent on its management, reporting, and monitoring systems, which are primarily developed and maintained by third parties

The efficient planning and management of the Company's business operations are dependent on the management, reporting and monitoring systems employed thereby, which are primarily developed and maintained by third parties. The IT systems used by the Company may cease to function or the Company may lose critical data for several different reasons, such as due to ongoing development projects that affect the Company's IT systems and service offering; the actions of third-party service providers; power outages; data security breaches or major catastrophes, such as fires or natural calamities; or mistakes made by the Company's own employees while they are using these systems. Material interruptions in the availability of the Company's IT systems, significant mistakes, the loss of data, and the occurrence of data breaches can cause detriment to and significantly weaken the Company's business operations.

The Company is not significantly dependent on specific IT systems. Instead, the Company uses different systems to complete different work phases, and these systems are primarily developed and maintained by third parties. In the event that the third parties that are responsible for the development and maintenance of the said systems cannot fulfil their contractual obligations or if the agreements governing these systems are terminated for one reason or another, this may cause interruptions in the Company's critical processes and give rise to the need to acquire replacement software or systems. Interruptions in the availability of customer-critical systems may also result in claims issued by customers or the relevant authorities.

The Company's financial reporting is based on projections regarding the Company's projects, which are estimates of the end results of the projects undertaken by the Company. Ensuring that the projections are as accurate as possible is a precondition for reliable reporting and for planning the future. In order to manage its reporting-related risks, SRV employs specific accounting and projection principles as well as monitoring and reporting practices, determined by the Company, while carrying out its projects. Particular attention is paid to schedule and cost management as well as to the compilation and analysis of projections. The Company's failure in providing accurate financial reporting may have an adverse effect on SRV's business and the result of its operations.

The realisation of the above-mentioned risks might have a material adverse effect on the Company's business operations, business result and/or financial position.

Severe weather conditions may adversely affect the progress of SRV's projects

In the construction business in Finland, weather conditions are of particular importance. Depending on the stage of a construction project, harsh weather conditions may suspend or substantially delay the progress of SRV's projects and result in increases in construction costs. For example, cold and particularly snowy winters as well as extremely rainy or windy weathers may cause problems especially during the foundation and outdoor construction stages of a project.

Severe weather conditions may result in an adverse effect on SRV's business, financial condition, results of operations and future prospects.

#16247439v16

Risks relating to SRV's financing and financial position

Failure to complete the Financial Restructuring may trigger the termination and call-in right invested in the holders of the loans

Following the war launched by the Russian Federation on Ukraine on 24 February 2022, the Russian economy, the prices of Russian companies' shares and the value of the Russian rouble have declined sharply, and several notable international entities have announced their withdrawal from or the cessation of their business operations in Russia. At the same time, Russia has been targeted by constantly intensifying financial sanctions. The impacts of the geopolitical uncertainty and the sanctions have also resulted in a sharp decline in the future prospects of SRV's Russian shopping centre business and in the estimated value of the assets that relate to SRV's business operations in Russia. Simultaneously, the risk that Fennovoima's Hanhikivi-1 nuclear power plant project will be suspended has grown considerably.

In the first quarter of 2022, the Company has written down almost all of its assets located in Russia and its holdings in Fennovoima. The write-downs of the Company's assets, while taking into consideration fluctuations in exchange rates, reduce the Company's equity as at 31 March 2022 by EUR 141.2 million in total. After the write-downs, SRV's equity ratio as at 31 March 2022 was 6.4 per cent and its net gearing ratio was 748.4 per cent. The Company's equity ratio as at 31 March 2022 was 9.7 per cent and its net gearing ratio was 343.2 per cent when IFRS 16 is not taken into account. The equity ratio in accordance with the loan covenant calculation was 12.3 per cent as at 31 March 2022. After the write-downs are completed, the Company will be unable to meet the covenant provisions that apply to the financing granted thereto without the Financial Restructuring, which without the Financial Restructuring will trigger the termination and call-in right invested in the Company's creditors and the holders of the Bonds.

On 28 April 2022, SRV's Board of Directors decided to commence comprehensive reorganisation of the Company's financing (see "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*").

Failure to implement the Financial Restructuring would have a material adverse effect on the Company's operations and trigger the termination and call-in right invested in the holders of the loans. On the date of this Offering Circular, the only condition to the implementation of the Financial Restructuring which is yet to be met is that the Company must be able to collect at least EUR 20 million in the Offering and complete all measures. If all parties from whom Subscription Commitments have been received fulfil their undertakings, the Company will collect at least EUR 23.7 million in the Offering and the condition will be met. The Company must also be able to complete all measures required by the Financial Restructuring on schedule. If the arrangements were not completed in schedule or the Company otherwise failed in the implementation of the Financial Restructuring, and no alternative financing solution was found, this would have a material adverse effect on the Company's business and financial position which, in the worst-case scenario, would lead to a need to apply for the corporate restructuring of the Company.

After the Financial Restructuring a significant part of the Company's financing will be comprised of hybrid loans

After the Financial Restructuring and the Hybrid Conversion (as defined below), New Hybrid Bonds (as defined below) do not have a due date. The Company has the right to redeem the New Hybrid Bonds within four years of the Hybrid Conversion and thereafter on each interest payment date. If the Company does not exercise its right of redemption, the loans' interest will rise and right of the holders of the loans to convert the loan into Company shares will be triggered (see "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*"). If the holders of the loans were to use their right to convert loans into shares, this would dilute the holdings of existing shareholders.

In order to pay back the principal, the Company's equity must be sufficiently robust to withstand the reduction in shareholders' equity resulting from the repayment of the loan. If the Company's capital structure is weak at that time, the Company will have to strengthen its equity for example by issuing new shares or a new hybrid bond. There is no guarantee that the Company's shareholders would be willing to invest additional capital into the Company or that the Company could issue new securities. Considering that a large part of the Company's capital is in the form of an equity loan, the payments made on the loan amount are quite significant and the effect of the redemption of the loans on the total capital would be significant. This may, in turn, lead to a situation where the risks related to the perpetual nature of the loan and the deferrability of the interest payments are substantially higher, and the extension of the validity of the loan could limit the Company's opportunity to make payments to shareholders for a temporally unlimited time if the Company does not have the opportunity to also pay the deferred interest in full in connection with the distribution of proceeds or similar payment.

#16247439v16

If the Company were to lose a large portion of its shareholders' equity and the proportion of the hybrid bond to the Company's total capital were to grow significantly, this would weaken the Company's capital structure. In such a situation, there is no guarantee that the Company could be able to enhance its equity through other means, such as by issuing new shares. A weaker capital structure could, for example, damage the Company's reputation which, in turn, could lead to stricter demands from suppliers and weaken the availability of financing. Such difficulties could have a material adverse effect on SRV's business, financial position, operating results and future prospects.

Changes in the Finnish and the global economy and in the financial markets may adversely affect the Company's business, order backlog, financial condition, liquidity and capital resources

Changes in the general economic situation, monetary policy in the euro area, financial policy in the euro area and in Finland, and in the financial markets may negatively affect the economy of Finland and the euro area.

The general economic situation can also be impacted by an escalation of political conflicts. Finland's ability to compete internationally is also materially affected by the euro's exchange rate as well as the euro area's foreign policy in relation to the most important countries outside the euro area competing on the same export market.

The construction sector is, by nature, cyclical, and its volumes and profitability change as a result of the general economic situation, the amount of investments made into real estate, and other factors. Changes in the general economic situation, which usually show as changes of the gross domestic product, affect overall demand in the construction sector. General activity of the economy or investments especially in real property slowing down or turning negative may have an adverse effect on the total revenue and profitability of the construction sector. Moreover, the interest level, the confidence level of consumers and the economy, the vacancy rates of real estate as well as the unemployment rate affect the construction and property market. Public sector construction projects, such as those of the state or municipalities, are also dependent on public spending and tax revenues as well as political decisions.

General economic uncertainty, changes in interest rates and potential changes in regulation concerning financial institutions may negatively affect the availability of funding in the property sector, which may affect the demand for construction services. Potential withdrawal of foreign financial institutions from the Finnish market may also affect the availability of property financing.

The aforementioned uncertainty and financial and economic problems in Finland and other countries may affect the Company's customers in many ways. Such effects may include, for example, changes in the demand for premises and housing and in the availability of property financing. Weakening general economic situation, macroeconomic uncertainty, potentially changing regulation of the financial sector as well as financial and economic problems both in Finland and abroad may have a material adverse effect on the Company's business, order backlog, financial condition and results, as well as liquidity and capital resources.

SRV may not receive financing at competitive terms or at all

Some of SRV's projects are tying up a great deal of capital, as does developer-contracted construction. The availability and price of financing are crucial to the Company's business. Uncertainty in the financial market may mean that the price of the financing needed to carry out SRV's business will increase or that the financing will be less readily available. SRV aims to reduce the risk relating to the availability of financing by maintaining liquidity by means of efficient management of cash flows and solutions linked to it, such as committed credit lines.

The availability of property financing affects the progress and start-up decisions of development projects. SRV's goal is to carry out large development projects with project funding and in cooperation with real estate investors. Decline in the availability of investor and project funding may increase SRV's own share of project funding, lowering SRV's equity ratio, reducing SRV's liquidity, and hindering the availability of other funding. In addition, for example, housing projects for consumers financed by RS loans must be realised in compliance with the Finnish Housing Transactions Act (843/1994, as amended). If the availability of bank financing for those projects decreases, the interest of the consumers towards such projects may diminish, and this could have an adverse effect on the quantity of housing construction. SRV has several large development projects in Finland relative to SRV's financial resources. Any difficulties in one or in several such large projects to receive new financing or raise financing from agreed financing sources may limit SRV's overall possibilities to receive financing at competitive price or at all. The difficulties in receiving new financing or raise financing or other uncertainty in the financial market may also affect project companies' ability to pay back their loans to SRV.

It is possible that SRV could, at any given point in time, encounter difficulties in receiving financing and, as a result, lack the access to liquidity that it needs, which in turn may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV may have difficulties in complying with the financial covenants of its financing arrangements

On the date of this Offering Circular, the financial covenants of SRV's Credit Facility (as defined below) are equity ratio, gearing, minimum operating margin and minimum cash as well as certain other restrictions.

In addition, the equity ratio and gearing covenants of the Credit Facility are no longer met after the write-downs of Russian assets. Being unable to meet the covenant provisions thereby triggered the termination and call-in right invested in the creditors of the Credit Facility. For this reason, the Company and the lenders of the Credit Facility agreed upon a standstill period that would last until 30 June 2022, which has since been extended until 10 July 2022 and during which the lenders have waived, among other things, their call-in and termination rights resulting from the write-down of the assets located in Russia on the condition that the mentioned reorganisation of the Company's financing will continue. The covenant levels have been renegotiated in connection with the financial arrangement, and they will enter into force once the financial arrangement has been completed (see "*Selected information on SRV's operating results and capital resources – Liabilities – Restrictions on the use of capital resources*").

As at the date of this Offering Circular, the Bonds have an equity ratio covenant which has no longer been fulfilled due to the write-downs of Russian assets. During the written proceedings, the Company proposed to the holders of the Bonds that they should agree to waive their right to invoke the breach of SRV's equity ratio covenant that occurred during the review period that ended on 31 March 2022. In addition, the terms and conditions of the Bonds were proposed to be specified to state that the equity ratio covenant will not be audited for the period ending on 30 June 2022 and that, going forward, SRV Russia Oy and SRV or the subsidiaries directly or indirectly owned by SRV or SRV Russia Oy in the Netherlands and in Russia will no longer be counted among material companies. The new Hybrid bonds will no longer have covenants after the Hybrid Conversion.

In the event that the Financial Restructuring cannot be implemented, it would trigger the creditors' termination and call-in rights. (see "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*".

In addition to the situation currently at hand, there can be no assurance that SRV will be able to meet its financial covenants in the future. The level of SRV's leverage may affect its ability to refinance its existing indebtedness. There can be no assurance that the current terms of financing, including financial covenants, are acceptable for financial institutions in the future or that SRV succeeds in negotiations with lenders, if a covenant breach were to take place. New terms of financing requested or demanded by financial institutions might be more stringent and include stricter financing covenants and additional commitments or guarantees may be demanded, which in turn might affect SRV's ability to access financing and impose limitations on its business operations. The financing available to SRV may not be adequate to finance potential future development projects or financing commitments.

SRV's ability to fulfil the financial covenants may also be affected by events outside SRV's control, such as changes in the property market, equity and debt financing markets, general economic conditions and exchange rates.

If SRV fails to comply with the terms and conditions of its financing, including covenants, or is required to commit to more stringent terms in order to receive financing in the future, this may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects

Fluctuation in interest rate may adversely affect SRV's results

The amount of the Company's floating-rate debt was EUR 33.3 million on 31 March 2022. After the Hybrid Conversion, the New Hybrid Bonds will have a floating rate as of on or about 30 June 2026. The amount of New Hybrid Bonds depends on what kind of an amount of Bonds offered for redemption will be redeemed. There can be no assurance that interest rate levels will remain on the current levels for a longer period of time. Interest rates can change for numerous different reasons which are beyond SRV's control, such as policies pursued by the state and the central bank. Changes in interest rate levels have direct impact on both SRV's own financing costs and SRV customers' investment decisions and, therefore, also to SRV's operational cash flow. Higher interest rates would lead to increased cost of financing for SRV and SRV's customers. Potential increase of interest rates would, therefore, be likely to reduce demand for properties and apartments and exert pressure on the prevailing price levels of the properties and apartments.

The cash flows and fair values of SRV's loans and receivables subject to interest are impact by the changes in interest rates. Interest rate risk comprises primarily of the short- and long-term loans related to the funding of business operations. Majority of SRV's interest-bearing debt is servicing long-term general financing needs and short-term financing of the construction period of SRV's ongoing projects. Due to the reasons described above, increase in the market interest rates may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV is exposed to credit risk and counterparty risk through all of SRV's accounts receivables and receivables associated with financial intermediaries

Due to the nature of the company's operations, the unit sizes of projects and sales invoices are relatively large. The Company's receivables from individual customers may thus be exposed to credit risks. On 31 March 2022, SRV had EUR 61.1 million in trade receivables. The Company seeks to manage credit risks by means of assessing the solvency of customers, through security arrangements, prudently drafting payment instalment tables and proactively keeping track of receivables. The Company's commercial counterparties are mainly listed companies or major real estate investment companies or institutional investment companies. The impairment of financial assets is assessed on the basis of expected credit losses. SRV applies a simplified approach to the recognition of expected credit losses, according to which expected credit losses are recognised for all trade receivables and contractual assets over their entire duration. Historically, the amount of credit losses from trade receivables has been very low. One business premises project under construction in Finland involves a credit loss risks related to trade receivables. Due to the client's payment difficulties, SRV had EUR 15.7 million in outstanding trade receivables at the end of March. These receivables are secured by a mortgage on the property under construction and pledges on certain other asset items, and the Company has brought an action in the District Court to liquidate its mortgages.

In case a financial counterparty of SRV would encounter financial difficulties in the future, it could restrict or remove the capability of the counterparty to honour its agreed-upon lending arrangements or to permit withdrawal of deposits. In order to minimise the counterparty risk in financing operations, SRV enters into agreements only with such banks and other financial institutions that it believes to be credit-worthy. In the case of default by a counterparty, SRV could lose all or part of its deposits or may lose the benefit from hedging agreements agreed with such counterparties. Furthermore, if a counterparty to a hedge defaults or is otherwise unable to comply with its obligations towards SRV, SRV may lose the protection provided by the hedge and the possible positive market value, this may further lead to a financial loss and increased costs for SRV and may then result in an increase in interest rate or currency exposure. Materialisation of a credit or a counterparty risk may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

If the values of SRV's inventories in SRV's balance sheet are above the net realisable value of such assets and, as a result, the value of SRV's assets is impaired, or if the currency risk is materialised, it could have an adverse effect on SRV's financial condition and results of operations

As at 31 March 2022, SRV's balance sheet included EUR 168.9 million of inventories. When preparing the financial statements and interim reports, SRV estimates the net realisable value of inventories and the possible subsequent need for write-down. The net realisable value is estimated by deducting from the selling price valid over the normal course of business expenses required for the completion of a product and expenses arising from sales. Assessing the need for impairment of inventory items may require management of SRV to make estimates of matters such as the future costs of development and construction, the future income and expenses accruing from the item, the market return requirement at the time of realisation and the sale value of the item.

The valuation of the Russian plot holdings used to be based on the Company's strategy of developing and building on the plots, in which case the potential impairment need would be examined through the project calculation. In this new situation, SRV no longer plans to develop and build on the plots or the leaseholds of its plots in Russia. As such, impairment testing was conducted on 31 March 2022 and will also be conducted in the future by comparing the value of the plot or leasehold to its probable selling price. The plots' assumed selling prices and saleability have materially weakened since the start of the war, and under the prevailing exceptional circumstances, the uncertainty regarding the valuation of the sales price is very high. According to the estimation made, the plots have been valuated at an assumed selling price of EUR 2.6 million as at 31 March 2022, while on 31 December 2021 their value was EUR 47 million. Holdings located in Russia also involve a currency risk. After SRV wrote down its assets in Russia almost in full, its currency risk exposure has decreased considerably.

If the values of SRV's assets are less than expected and, as a result, the value of SRV's assets need to be impaired, it could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Possible impairments of SRV's property plant and equipment as well as intangible assets could have an adverse effect on SRV's financial condition and results of operations

As at 31 March 2022, SRV's non-current assets included EUR 12.9 million of property plant and equipment including right to use assets related to lease agreements and EUR 2.5 million of intangible assets including goodwill. SRV estimates the need for asset impairments for intangible assets and property plant and equipment annually at every balance sheet date and whenever events or changes in circumstances indicate that the carrying value of an asset exceeds its recoverable amount. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is lowered to correspond the recoverable amount. If the value of SRV's assets is impaired, it could have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

If SRV is unable to utilise its deferred tax assets, this could have a material adverse effect on the Company's results of operations and financial condition

As at 31 March 2022, the amount of recognised as deferred tax assets in SRV balance sheet were EUR 37.7 million. The majority of SRV's deferred tax assets relate to tax loss carry forwards. Tax losses have arisen from the transfer of ownership of REDI shopping centre and the loss-making contracts of REDI shopping centre, REDI Lighthouse and Tampere Deck and Arena. Deferred tax assets are recognised only up to the amount where the Company has sufficient taxable temporary differences or other convincing evidence of the ability to utilize the taxable losses. On 31 March 2022, SRV has stated that it is likely that the deferred tax assets will be utilized. The losses have arisen for individual identifiable reasons, which are not expected to repeat. Based on the taxable income forecasts the Company has drawn up, SRV is able to utilize the losses fully by 2028. Assumptions about the generation of future taxable income include management's estimates of the future cash flows including the amount of future net sales, operating costs and finance costs. SRV's ability to generate taxable income depends also on factors related to general economy, finance, competitiveness and regulations beyond the SRV's control. If a group company has made a loss in the immediate past, then a deferred tax asset from tax losses is recognised only up to the amount where SRV has sufficient taxable temporary differences or other convincing evidence of the ability to utilise the taxable loss. As at 31 March 2022, the deferred tax assets recognised on the balance sheet are also subject to the losses being assessed in taxation so that they may be generally deducted from future taxable income of SRV.

Thus these estimates and assumptions are subject to risk and uncertainty, and it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of deferred tax assets not yet recognised from the tax losses and the amount of temporary differences. The tax loss carry forwards will generally expire within 10 years from the date of their creation. The majority of SRV's tax loss carry forwards will expire in 2028–2029.

If the taxable income of SRV would be lower than expected and not all deferred tax assets could be utilised the value of the deferred tax assets in the Company's balance sheet would be reduced, which could have a material adverse effect on the Company's results of operations and financial condition.

The Company’s order backlog may not necessarily generate future profits, and a delay encountered during a project may postpone revenue and result generation to future quarters, which can have an impact on the Company’s financial status or its financing

The Company’s order backlog contains that part of orders and initiated projects that have been bindingly received but which have not yet been completed by the reporting date and which have yet to be recorded in the Company’s revenue. A construction project is added to the Company’s order backlog once the agreement regarding the implementation of the project has been signed or the decision has been made to commence construction and the relevant contract agreement has been signed. When it comes to contracted projects, the group will usually generate cash flow as the project progresses towards completion. However, the final instalment that becomes due and payable after the project has been completed will typically be larger than the other instalments. A delay encountered on a specific project may, thus, have an impact on whether financing is sufficient and postpone revenue and result generation to future financial periods, thereby weakening the revenue and result generated during the ongoing financial period. Income that could be expected to accumulate based on the Company’s order backlog may not necessarily materialise, and projects may not necessarily generate profit upon their completion or achieve the margin budgeted thereto. In addition, projects recorded in the Company’s order backlog may be cancelled or their scope adjusted from time to time. All these factors may have a material adverse effect on the Company’s business operations, financial condition, operating results and future prospects.

The guarantees required by the implementation of the Company’s projects may fail to be secured or the Company may experience difficulties in securing them

Construction projects typically require guarantees. Whether these are granted are not is partially dependent on insurance companies and banks. A contractor may use e.g. their assets, an amount deposited in an escrow account, a pledge undertaking, or, more typically, a bank guarantee, which will be released after the contract has been completed, as a guarantee. The Company’s profitability, cash flows and financial status affect the availability of guarantees. In addition, economic fluctuations in the construction sector, political conflicts, the financial impact of the COVID-19 pandemic, and other unexpected changes in the operations of insurance companies and banks may have an impact on the availability of guarantees. Changes made to and difficulties encountered when attempting to secure required guarantees as well as delays in the release of guarantees may cause delays in the completion of the Company’s projects, interrupt their implementation, or even result in their cancellation. Any delays, interruptions or cancellations of the Company’s projects may have a material adverse effect on the Company’s business operations, financial condition, operating results and future prospects.

Risks relating to SRV's organisation, management and implementation partners

Failure to attract qualified personnel and loss of key employees as well as implementation partners' problems with resources may have an adverse effect on SRV's operability

The most significant risks for SRV's own organisation relate to retaining its present skilled staff and recruiting new, skilled employees. SRV's reputation plays an important role when competing for professionally skilled personnel. The Company's reputation and brand may become exposed to negative publicity concerning the Company's operations, the entire construction sector and the Company's competitors. Negative publicity over aspects relating, for example, to the financial condition of the Company, quality of construction, occupational safety, compliance with legislation and official regulations, ethical conduct or attending to other obligations may materially damage the Company's reputation among its present and potential future employees as well as among present and potential future partners.

Other important resources necessary for SRV's business operations include special experts, designers, subcontractors and material suppliers in the co-operation network that is needed in project implementation. There are also risks related to maintaining coherent procedures and quality in project implementation. SRV’s reputation as a sought-after employer and co-operation partner is also significantly impacted by the situation of SRV’s Russian business operations and measures directed thereto. Russia’s attack on Ukraine can also have a negative impact on the well-being and coping of the Company’s personnel. Failure by SRV to attract or retain skilled personnel or occurrence of problems with availability of resources or proficiency in implementation partners may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

SRV is exposed to risks relating to subcontractors and procurement in the project management

SRV's project management based business model is dependent on the availability and execution by its implementation partners. Further, SRV also carries risks related to subcontractors' quality of work and ability to follow schedules effectively.

Construction is subject to significant cost risks relating to subcontracting and procurements. A weak economic cycle increases the risk of financial difficulties and bankruptcies relating to subcontractors and material suppliers whereas, during a strong economic cycle, the pricing of subcontracts and materials tends to increase and availability may be limited. The Finnish construction sector is subject to a reverse value added tax policy in which the value added tax is paid to the Finnish state by the main contractor as the purchaser instead of the traditional approach where the value added tax is paid by the seller, which, as a method, requires greater accuracy from SRV's administration. In addition, according to the general conditions for construction contracts, the guarantee period related to construction is two years, and after the guarantee period, the contractor's liability for errors and omissions is subject to contractor's gross negligence or wilful misconduct. In certain building components the guarantee period can extend up to ten years.

During the past years' construction boom, SRV has encountered problems in worksite resourcing and the availability and delivery of some subcontracts and materials. There can be no assurance that eligible subcontractors and material suppliers will always be available to SRV, when needed. Further, by using subcontractors and material suppliers, SRV is exposed to a number of risks relating to these entities and mutual business relationships. For example, SRV may not be able to enter into agreements with its subcontractors or material suppliers on acceptable terms or the quality, timing and cost-effectiveness of the work carried out by them, or the quality and delivery schedule of the materials provided by them may be inadequate and may result in defects. Subcontractors and material suppliers may also experience financial or other difficulties, such as labour shortage, which may affect their ability to provide services. In addition, SRV is exposed to a reputational risk if a subcontractor or a material supplier would not comply with applicable laws and regulations in its operations or otherwise acts contrary to generally accepted norms. Due to the use of subcontractors, SRV is also exposed to risks relating to grey economy. Grey economy includes, among others, neglecting the employers' statutory social insurance contributions of wages and payment of taxes imposed to employers as well as omissions of other employer obligations and general policies. SRV seeks to ensure the appropriateness of its subcontractors, on the basis of available information, but not all information is necessarily available to SRV.

Further, SRV has received negative publicity due to its challenging financial position. This could lead to a situation where potential subcontractors do not tender for SRV's projects, issue high risk provisions, or require advance payment or other additional measures to secure their receivables, which could in turn lead to increased project costs or hamper the financing of the projects.

If any of the risks described above materialise, it may have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Major labour disputes or strikes in the construction sector or other operations essentially linked to construction may have an adverse effect on SRV's operability

SRV employs approximately 940 persons directly, as well as persons from a network of over 3,600 subcontractors annually. During 2021, the aggregate number of workers on SRV's sites from time to time amounted to approximately 25,300. Any major labour disputes or strikes in the construction sector affecting SRV's personnel or its key subcontractors, material suppliers or other operations linked to construction, such as, for example, transportation, and their personnel may prevent or delay the progress of SRV's construction projects or weaken their profitability. There can be no assurance that collective bargaining agreements that apply to SRV's employees will prevent strikes or work stoppages or that such agreements will be renewed on substantially similar terms and conditions in the future. Furthermore, labour disputes or strikes concerning SRV's key co-operation partners or other essential operations linked to construction may lead to significant disruptions in SRV's operations and have an adverse effect on SRV's business operations. Labour disputes or strikes may, thus, have a material adverse effect on SRV's business, financial condition, results of operations and future prospects.

Risks relating to SRV's exposure to legal and regulatory risks

Construction is a regulated industry, and changes in applicable legislation, building regulations and planning policy as well as development in case law may be unfavourable for SRV

Construction is a regulated business, and the predictability of the legal environment is important for the Company. Authorities, such as municipalities, have the authority to prepare land use plans, which construction companies have to comply with. Construction work can only begin once necessary permits have been obtained from the authorities. Moreover, the actual construction work requires cooperation with different authorities as well as authorities' inspections at different phases of construction. There is no guarantee that authorities grant SRV the required permits or that the permit decisions are not reversed or changed as a result of potential appeals in a way that is unfavourable to SRV's business. Unfavourable administrative decisions or decisions made in any administrative court as well as prolonged permit procedures including hearing and complaint processes may make it more difficult to execute projects, delay their timetables or even result in the cancellation of individual projects, or cause depreciations of properties in the Company's balance sheet and thus have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

The Company is dependent on cooperation with the authorities whose jurisdiction includes duties relating to the Company's business. Over the course of its normal business operations, SRV may also become a party to legal proceedings (relating to, for example, contractual liabilities, employer obligations, accidents on construction sites, fraud, competition matters, bribery, crimes and/or apartment sales and consumer protection, in matters pertaining to which the action can be brought by an individual consumer or the Consumer Ombudsman on behalf of a group of consumers), and it may be subjected to tax audits and administrative audits. Deterioration of the Company's reputation in the eyes of the authorities, unfavourable administrative proceedings, or any sanctions imposed on SRV may have a material adverse effect on SRV's business, financial position, results of operations and future prospects. For information on the effects on the Company and its business of the risks caused by the sanctions imposed as a result of Russia's attack on Ukraine, see "*– Risks relating to SRV's operating environment – The attack of the Russian Federation on Ukraine causes risks in SRV's Russian business operations and the Company's financial and economic standing*".

Construction and real estate management are governed by numerous different laws, including the Finnish Land Use and Building Act, the Finnish Code of Real Estate, the Finnish Environmental Protection Act and the Finnish Housing Transactions Act as well as many other laws and regulations, changes in which may have a material effect on the Company's business and operating environment. For example, on the date of this Offering Circular, a comprehensive reform of the Land Use and Building Act in ongoing, and it may have a material effect on the Company's business once it enters into force. Changes unfavourable for SRV in legislation, orders issued by the relevant public authorities or case law related especially to land use and construction, the securities market or taxation, or in the interpretation thereof, may have a material adverse effect on SRV's business, financial position, results of operations and future prospects.

SRV is exposed to environmental risks in its business operations, and any failure by SRV to comply with environmental legislation may lead to liability for damages

SRV's environmental efforts are based on a commitment to legislative compliance, environmental protection, business development, and the continuous improvement of standards (for further information, please see ("*Business overview – Sustainability*"). SRV and its subcontractors are obliged to comply with laws, regulations, permit terms and official specifications governing, among other things, construction, the usage, recycling and disposal of certain construction materials, and other environmental aspects. The Company and several of its subcontractors handle harmful substances at their construction sites, which substances, if released into the environment, may cause contamination and environmental damage or even danger for health. The Company's most significant environmental risks are caused by the potential release of such environmentally harmful substances occurring in SRV's or its subcontractors' operations due to, for example, errors or negligence in the handling or disposal of these substances. Pursuant to the Act on Compensation for Environmental Damage (737/1994, as amended), environmental damage, such as the contamination of soil, shall be the liability, in a manner specified in more detail in the act, of, among others, the party by whose action, regardless of whether it is intentional or negligent, the environmental damage is caused, as well as the party to which the operations that have caused the environmental damage have been transferred if the transferee was or should have been aware of the damage or other disturbance as referred to in the act, or the threat thereof, upon receiving the operations. Gross negligence or violations may also be considered environmental crimes pursuant to the Criminal Code (39/1889, as amended), which may lead to a corporate fine and the loss of any profit gained from the crime in accordance with the Criminal Code.

If the Company fails to prevent, detect or clean up the environmental damages in its construction projects, such as contamination of the soil, the Company's liability for environmental damage caused by a previous operator or by the Company itself cannot always be ruled out or the costs generated thereof may be greater than estimated. The materialisation of any liability or sanction risks relating to environmental damage may have a material adverse effect on the Company's business, financial condition and results of operations.

#16247439v16

Possible fraudulent behaviour and misuse of classified information or position by personnel may have an adverse effect on SRV's operability

SRV is participating in projects which contain various types of classified information. SRV may not be able to ensure that its internal control policies and procedures and code of conduct principles will protect it from fraudulent behaviour and misuse of classified information or position involving personnel of SRV or its customers and co-operation partner network, and there can be no assurance that SRV will not suffer losses from any failure of these internal control procedures. Fraud and misuse of classified information or position may have an adverse effect on SRV's business, reputation among customers, financial condition, results of operations and future prospects.

The Company may fail to comply with data protection legislation, which may lead to financial penalties and harm the Company's reputation

The Company processes the personal data of private individuals and the employees of the Company in the ordinary course of its business. As such, several laws that relate to data protection and privacy apply to the Company's business operations, including Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "**GDPR**"), and other Finnish data protection legislation. The requirements imposed based on these laws affect how the Company collects and processes personal data. The GDPR imposes obligations on companies that process personal data, including the requirement to respond to and process requests made by data subjects with regard to recorded personal data and the right invested in data subjects to oppose the processing of personal data. In addition, the GDPR contains provisions on the substantial administrative penalty payments to be imposed for breaching it (EUR 20 million or 4 per cent of the relevant company's total global and annual revenue at the most).

Even though the Company has the existing resources, practices and operating models in place to comply with the laws and other regulations related to the privacy and data protection, it is possible that the Company interprets and applies the requirements based on them in an inconsistent manner or that they are in contradiction with the interpretations of the EU or the Finnish authorities Furthermore, violations of regulations or the occurrence of data breaches may result in fines, damages, orders to stop processing the data, damage to the Company's reputation or other adverse effects to the Company's business operations, e.g. due to losing trade secrets. Failure to comply with the data protection laws may have a material adverse effect on the Company's business operations, financial condition, operating results and future prospects.

Risks relating to the Shares

The amount of any dividends distributed or capital repayments made by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend or make capital repayments at all

The payment of dividends or capital repayments and their amounts are at the discretion of the Company's Board of Directors and, ultimately, depend on a resolution of the general meeting of shareholders of the Company, as well as on cash and cash equivalents, profit for previous financial periods, estimated financing needs, SRV's financial condition, the results of operations, potential terms and conditions of loan agreements binding the Company and other similar factors. After the Hybrid Conversion, SRV may distribute dividends only if interest is simultaneously paid on the Bonds. According to the terms and conditions of the Credit Facility, the Company may not amend its dividend policy, under which dividend will be paid out in an amount corresponding to 30–50 per cent of the annual result, taking into account the capital needs of business operations. See "*Selected financial and other information – Dividend policy*". SRV cannot guarantee that it will distribute dividends or make capital repayments in the future.

Concentration of ownership in the Company may affect the market price and liquidity of the Shares; major shareholders of the Company may have a significant influence on the Company's governance and the interests of major shareholders may differ from those of minority shareholders

As at the date of this Offering Circular AS Pontos Baltic holds 17.99 per cent of the SRV's Existing Shares and votes. SRV has received commitments from AS Pontos Baltic to subscribe for (or ensure that some other current shareholder subscribes for) Offer Shares in the Offering in a pro rata amount.

On the date of this Offering Circular, Ilmarinen Mutual Pension Insurance Company owns 12.66 per cent of SRV's Existing Shares and votes. SRV has received a commitment from Ilmarinen Mutual Pension Insurance Company under which it will subscribe for Offer Shares in a pro rata amount.

The interests of the Company's major shareholders may sometimes differ from the interests of other shareholders. Significant decisions to be made at the Company's General Meetings include, among others, approving the financial statements, discharging the management of the Company from liability, deciding on the distribution of distributable assets and dividend payment, and election of the members of the Board of Directors and the auditor. This may have a material adverse effect on the position of other shareholders of the Company.

Further, concentration of ownership may also delay or prevent change of control in the Company, hinder the Company's shareholders' opportunity to receive a premium for their Shares in connection with a sale of the Company and have an adverse effect on the market price and liquidity of the Shares.

Future issues, sales or other assignments of Shares may have an effect on the value of the Shares or dilute the shareholders' relative holdings and voting rights of the Offer Shares

Any issues or sales of the Company’s Shares, or the perception that such issues or transfers may occur in the future, may have an adverse impact on the market value of the Offer Shares and on the Company's ability to obtain equity financing in the future. Additionally, if the Company requires, equity financing in addition to debt financing through new share issues or other means, may the Company arrange new share issues with pre-emptive subscription rights for the shareholders or directed offerings deviating from the shareholders' pre-emptive subscription rights, if the General Meeting provides an authorisation for the latter. Directed offerings may also be organised due to SRV's incentive schemes, for the purpose of carrying out business acquisitions or for other reasons, provided that SRV has a justified financial reason for the directed offering pursuant to the Finnish Companies Act.

The Company arranges a Directed Offering simultaneously with the Offering in order to issue a maximum of 140,000,000 Company shares. The share issue is directed to the holders of the EUR 45 million Hybrid Bond and to the holders of the EUR 58.4 million Hybrid Bond. The principal of the Hybrid Bonds (as defined below) will be used to subscribe the Company’s Shares at 45 per cent of the Hybrid Bond’s principal.

The extraordinary general meeting has also resolved to authorise the Board of Directors to decide on the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. Pursuant to this authorisation, the number of new shares issued on the grounds of the special rights may not exceed 1,500,000,000 shares. Pursuant to this authorisation, the special rights would be directed to the holders of the Company's MEUR 100 Bond (as defined below) and to the holders of the MEUR 75 Bond (as defined below) as part of amending the terms and conditions of these Bonds into hybrid and convertible bonds in written proceedings.

In addition, the Company’s extraordinary general meetings has resolved on 30 May 2022 to reduce the number of shares without reducing the share capital (i.e. a reverse split) and authorised the Company's Board of Directors to issue a maximum of 430,000 Company shares through a directed offering without payment (“**Directed Offering without Payment**”) under which the Company's Shares will be conveyed so that the number of shares within each book-entry account is divisible by 40 (see “*Selected Financial and Other Information – Existing Authorisations*”).

Directed offering and share issues with pre-emptive subscription rights in which the shareholder does not participate at all or participates only partially, will dilute the shareholder's relative holding in SRV.

Risks relating to the Subscription Rights and the Offering

A party that has given a subscription commitment may fail to fulfil the commitment either in part or in whole, which may lead to a failure of the Financial Restructuring

Although certain investors have undertaken to subscribe for the Company’s Offer Shares in the Offering in the aggregate amount of EUR 23.7 million (see “*Plan of distribution in the Offering – Subscription Commitments*”), SRV may fail to complete the Offering, particularly if any of the committed parties fail to fulfil their commitments to subscribe for shares in the Offering either partly or in full. Further, SRV's ability to complete the Offering can also be affected by other events beyond its control, such as material disruptions in the financial markets. The Hybrid Conversion and the cutting of the Hybrid Bonds require that a minimum of EUR 20 million will be raised through the Offering. In addition, if the amount of euros collected through the Offering remains lower than the pursued EUR 34.8 million, the Company have to redeem a lower number of Bonds, in which case the number of New Hybrid Bonds in the capital structure will be greater than planned.

Subscriptions cannot be withdrawn or amended and Interim Shares will not be fungible with the Company's Offer Shares until the Interim Shares are combined with the Existing Shares

The subscriptions made in the Offering are binding and cannot be withdrawn or amended after the subscription has been made, except as discussed under “*Terms and conditions of the Offering – Withdrawal of subscriptions in certain circumstances*”. The Offer Shares are paid for in connection with the subscription.

Therefore, investors will make their investment decisions prior to having knowledge of the final result of the Offering. Furthermore, although Offer Shares will be recorded on investors' book-entry accounts as Interim Shares corresponding to the Offer Shares after subscriptions having been made and paid for, definitive Offer Shares are delivered to the investors only after the subscription period ends. The Interim Shares will be freely transferable and will be tradeable on the official list of Nasdaq Helsinki as a separate series, provided that Nasdaq Helsinki accepts the Company's listing application. However, the Interim Shares will not be fungible with the Company's Offer Shares until the Interim Shares are combined with the Existing Shares. This may have an adverse effect on the market price and liquidity of the Interim Shares.

If the Company decides not to carry out the Offering, investors that have acquired Subscription Rights or Interim Shares may suffer losses

Pursuant to the terms and conditions of the Offering, the Board of Directors of the Company has the right to not carry out the Offering. Even though the Company does not intend to cancel the Offering, the right to cancel has been retained in order for the Company to prepare for external material unfavourable changes beyond its reach, such as extensive disturbances in the markets, which would prevent the Company from carrying out the Offering, or would result in the completion of the Offering being against the investors' interests. If the Company chooses not to carry out the Offering, the trades made with Subscription Rights or with Interim Shares may not necessarily be withdrawn. Subscription Rights would lapse worthless, which could cause losses to investors who have acquired Subscription Rights from the market. Correspondingly, losses may incur to parties that have acquired Interim Shares from the market.

Investors with a local currency other than the euro will become subject to certain foreign exchange risks when investing in the Offer Shares

The Offer Shares will be priced and traded in euros on Nasdaq Helsinki and any future payments of dividends on the Offer Shares will be denominated in euros. Exchange rate movements of the euro will therefore affect the value of any dividends paid and other distributions of unrestricted equity for investors whose principal or local currency is not the euro. Further, the market price of the Offer Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Offer Shares and of any dividends paid on the Offer Shares for an investor whose principal currency is not the euro. Moreover, such investors may incur additional transaction costs from converting the euro into another currency.

Certain foreign shareholders may not necessarily be able to exercise their Subscription Rights, potential future subscription rights or other shareholders' rights

Under Finnish legislation, shareholders have pre-emptive rights in proportion to their holdings when the Company issues new Shares or securities entitling to subscription for new Shares unless the resolution to issue new shares provides otherwise. Certain shareholders of the Company who live, or whose registered address is located in, certain countries other than Finland, including shareholders in the United States, may not necessarily be able to exercise their Subscription Rights in the Offering, or any future subscription rights in any possible future Share issues, unless the Shares then offered have been registered in accordance with the securities legislation of the relevant jurisdiction, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. No assurances can be given that local requirements will be met so as to enable the exercise of such holders' pre-emptive rights or participation in any rights offer, such as the Offering. This may lead to the dilution of such shareholders' ownership in the Company or to potential tender offers not being made to shareholders in certain countries. Further, if the proportion of shareholders who are unable to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have an adverse effect on the price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues may also be restricted due to the legislation of the relevant jurisdiction.

#16247439v16

Furthermore, shareholders who are not Finnish natural or legal persons and manage their Shares through a nominee may not necessarily be able to exercise their shareholder rights through the management chain. Owners of nominee-registered Shares cannot use their voting rights directly in a General Meeting, unless the owner of the nominee registered Shares is temporarily registered in the Company's shareholder register at the latest on the date specified in the notice of the General Meeting. As such temporary registration requires actions by the asset manager and the account operator used by the asset manager in addition to the shareholder, the registration may not succeed in the applicable time frame.

The Offering could lead to a situation where a shareholder in the Company must make a mandatory bid for all of the Shares in SRV

The Offering could result in certain shareholders in the Company being under the obligation to launch a mandatory tender offer for all the Shares in SRV.

Pursuant to the Finnish Securities Markets Act, a shareholder whose proportion of voting rights, when taken together with voting rights held by persons acting in concert with such shareholder, exceeds 30 per cent or 50 per cent of the votes conferred by Shares in SRV, shall make a mandatory tender offer for all the other Shares and for the securities issued by SRV entitling to Shares. However, pursuant to the Finnish Securities Markets Act, the obligation to make a mandatory tender offer shall lapse if the shareholder obliged to make the tender offer (or another person acting in concert), within one month from when the obligation arose, causes its proportion of voting rights to fall below the relevant 30 per cent or 50 per cent threshold by disposing of Shares or by otherwise reducing its proportion of voting rights. Further, in order to be exempted from the obligation to make a tender offer, the obliged shareholder and the persons acting in concert may not, during that time, exercise voting rights. The obliged person shall, in addition, publicly disclose its intention to cause its proportion of voting rights to fall below the relevant threshold. The obliged person is further required to publicly disclose its proportion of voting rights having fallen below the relevant threshold.

SRV has received undertakings from AS Pontos Baltic, Kolpi Investments Oy and Havu Capital Oy, which provide that where their aggregate holdings of voting rights in SRV, or the aggregate holdings of voting rights of persons acting in concert with them, exceed 30 per cent, such persons will, within one month from exceeding said threshold, reduce their aggregate holdings to the 30 per cent threshold or below and to comply with all of the other requirements set out in Chapter 11 Section 21 Subsection 5 of the Finnish Securities Markets Act in order to avoid the obligation to make a mandatory tender offer.

AS Pontos Baltic, Kolpi Investments Oy and Havu Capital Oy are not discharged from the obligation to make a tender offer under the Finnish Securities Markets Act, if they fail to reduce their holdings of voting rights to the 30 per cent threshold or below or to comply with the other aforementioned provisions of the Finnish Securities Markets Act.

Trading markets may not develop for the Subscription Rights, the market price of the Shares may decline below the Subscription Price and the market price of the Subscription Rights and Offer Shares could fluctuate considerably

SRV will apply for admission to trading of the Offer Shares, Interim Shares and Subscription Rights on Nasdaq Helsinki. However, it is uncertain whether an active trading market for the Interim Shares or the Subscription Rights will develop or be maintained for the Shares (including the Offer Shares). The market price of the Subscription Rights, the Interim Shares and the Offer Shares could be subject to significant fluctuations for example due to a change in sentiment in the market regarding the Subscription Rights, the Interim Shares, the Offer Shares or similar securities and the market price of the Company's Shares may decline below the Subscription Price of the Offer Shares. Fluctuations of the market prices may be caused by various facts and events, including any regulatory changes affecting the Company's operations, variations in the Company's operating results and business developments. Any of these factors could result in a decline of the market price of the Offer Shares and the market price of the Offer Shares may never increase to meet the Subscription Price or to be above the Subscription Price. Furthermore, although Offer Shares will be recorded on investors' book-entry accounts as Interim Shares corresponding to the Offer Shares after subscriptions having been made and paid for, definitive Offer Shares are delivered to the investors only after the Subscription Period ends. The Interim Shares will be freely transferable and will be tradeable on the official list of Nasdaq Helsinki as a separate series, provided that Nasdaq Helsinki accepts the Company's listing application. However, the Interim Shares will not be fungible with the Company's Shares until the Interim Shares are combined with the Existing Shares. The lack of fungibility may have an adverse effect on the market price and liquidity of the Interim Shares.

Unexercised Subscription Rights expire as having no value by the end of the Subscription Period

The Subscription Period, during which the Offer Shares may be subscribed for, commences on 7 June 2022 at 9:30 a.m. and expires on 21 June 2022 at 4:00 p.m. (Finnish time). The Subscription Rights will trade on Nasdaq Helsinki from 7 June 2022 (provided that Nasdaq Helsinki accepts the Company's listing application) until 14 June 2022. The Subscription Rights may not be exercised once the Subscription Period has ended on 21 June 2022 at 4:00 p.m.

No active trading market may develop for the Subscription Rights and therefore these may not have any market value. Any Subscription Rights which are not exercised by the end of the Subscription Period, at the latest, will lapse worthless and without any compensation to the holder of such Subscription Right.

#16247439v16

RESPONSIBILITY STATEMENT

This Offering Circular has been prepared by SRV Group Plc and SRV Group Plc accepts responsibility regarding the information contained in this Offering Circular. To the best knowledge of SRV Group Plc, the information contained in this Offering Circular is in accordance with the facts and makes no omission likely to affect its import.

SRV Group Plc

Espoo, Finland

CERTAIN ADDITIONAL INFORMATION

Information about the Company

The business name of the Company is SRV Group Plc (in Finnish: *SRV Yhtiöt Oyj*). The Company is a public limited company incorporated in Finland, and it is organised under the laws of Finland. The Company is registered in the Finnish Trade Register under the business identity code 1707186-8. The Company's legal entity identifier code (LEI) is 743700GB29FXC0VXF414. The registered address of the Company is Tarvonsalmenkatu 15 FI-02600 Espoo, Finland, and its telephone number is +358 20 145 5200. The Existing Shares in the Company are admitted to trading on the official list of Nasdaq Helsinki under trading code SRV1V.

Third-party information

This Offering Circular contains third-party information. Where third-party information, such as market data and market estimates have been derived from third party sources, such as industry publications, the name of the source is given. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Company confirms that any such information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Offering Circular contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the estimates of SRV's management. Where information on SRV's markets or SRV's competitive position therein is provided expressly according to SRV's management in this Offering Circular, such assessments have been made by SRV's management on the basis of information available to SRV's management.

Competent authority approval

This Offering Circular is an unofficial English-language translation of the Finnish Prospectus. The Finnish Prospectus has been approved by the FIN-FSA as the competent authority under the Prospectus Regulation on 6 June 2022. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is FIVA/2022/507. The Finnish Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

No incorporation of website information

The contents of the Company's website or any other website, excluding this Offering Circular, documents incorporated in this Offering Circular by reference and possible supplements to the Offering Circular, do not form a part of this Offering Circular, and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

#16247439v16

Information available in the future

The Company publishes its annual reports in Finnish and in English, including the report of its Board of Directors and its audited consolidated financial statements, business reviews and other information as well as stock exchange releases as required by the regulation of the European Parliament and of the Council on market abuse ((EU) No 596/2014, as amended, "**MAR**"), the Securities Market Act and the rules of Nasdaq Helsinki. None of these documents are a part of this Offering Circular, excluding the documents incorporated in this Offering Circular by reference.

Auditors

Under the Company's Articles of Association, the Annual General Meeting elects the Company's auditor. Further, the auditor of the company shall be an audit firm authorised by the Finnish Patent and Registration Office with an Authorised Public Accountant as the responsible auditor. The term of office of the auditor shall end at the end of the first Annual General Meeting following the election. The Annual General Meeting decides on the remuneration of the auditor.

The Company's financial statements of accounting period ending on 31 December 2020 have been audited by Authorised Public Accountants PricewaterhouseCoopers Oy, Authorised Public Accountant Samuli Perälä as the responsible auditor. The Company's financial statements of accounting periods ending on 31 December 2021 have been audited by Authorised Public Accountants PricewaterhouseCoopers Oy, Authorised Public Accountant Enel Sintonen as the responsible auditor. SRV's Annual General Meeting held on 28 March 2022 elected Authorised Public Accountants PricewaterhouseCoopers Oy as the auditor of the Company for a term ending at the end of the Annual General Meeting in 2023. PricewaterhouseCoopers Oy has appointed Enel Sintonen, Authorised Public Accountant, as the responsible auditor. Samuli Perälä and Enel Sintonen are registered in the auditor register in accordance with Chapter 6 Section 9 in the Finnish Auditing Act (1141/2015, as amended).

Special cautionary notice regarding forward-looking statements

This Offering Circular includes forward-looking statements which are not historical facts but statements regarding future expectations instead. These forward-looking statements include without limitation, those regarding the Company's future financial position and results of operations, the Company's strategy, objectives, future developments in the markets in which the Company participates or is seeking to participate or anticipated regulatory changes in the markets in which the Company operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as “aim,” “anticipate,” “believe,” “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan,” “potential”, “predict”, “projected”, “should” or “will” or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. The Company's actual results of operations, including the Company's financial condition and liquidity and the development of the industries in which the Company operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if the Company's historical results of operations, including the Company's financial condition and liquidity and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Offering Circular, including in the sections “*Trend and market information*”, “*Selected information on SRV’s operating results and capital resources*” and wherever this Offering Circular includes information on the future results, plans and expectations with regard to the Company, the future growth and profitability of the Company and the future general economic conditions to which the Company is exposed.

Presentation of financial information

#16247439v16

Financial information of SRV set forth in this Offering Circular is based on the unaudited interim report of SRV from the three months ended on 31 March 2022, which has been prepared in accordance with “IAS 34 – Interim Financial Reporting” standard, including comparative figures for the three months ended in 31 March 2021, and the Company’s audited financial statements for the financial years ended 31 December 2021 and 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”).

Rounded figures

Financial figures set forth in this Offering Circular has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

Alternative performance measures

This Offering Circular includes certain performance measures of the Company's historical financial performance, financial position and cash flows, which, in accordance with the “Alternative Performance

Measures" guidance issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in IFRS and are therefore considered alternative performance measures.

The Company discloses the following alternative performance measures:

- operative operating profit
- operative operating profit, % of revenue
- equity ratio
- equity ratio, excl. IFRS 16
- net interest-bearing debt
- net interest-bearing debt excl. IFRS 16
- net gearing ratio, %
- operating profit
- operating profit, % of revenue
- net gearing ratio, % excl. IFRS 16
- return on investment, %
- capital employed
- capital employed, excl. IFRS 16
- return on equity, %

The detailed calculation formulas of these alternative performance measures have been presented in section "*Selected financial and other information – Definitions and calculation of key figures*" and the reconciliation of certain alternative performance measures to the nearest IFRS measure are presented in section "*Selected financial and other information – Reconciliation of certain alternative performance measures*".

SRV presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. SRV reports alternative performance measures to show the business performance and to enhance comparability between reporting periods. The Company considers that the alternative performance measures (equity ratio, net interest-bearing debt, net gearing ratio, return on investment, capital employed, return on equity, capital per share) provide the management, investors, securities market analysts and other parties with significant additional information related to Company's results of operations and financial position.

Operative operating profit is considered to give a better view on the group's operations when a period is compared to previous periods. Currency exchange rate gains and losses from associated companies and joint ventures and income and expenses from hedging as well as items affecting comparability have been eliminated from the operating profit, presented in accordance with IFRS. Currency exchange rate gains and losses from associated companies and joint ventures are included above operating profit, on the row 'Share of profits of associated and joint venture companies'. Income and expenses from hedging are included above operating profit, on the row 'Income and expenses from currency derivatives'.

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. In the Company's view, the alternative performance measures enhance comparability from year to year and better reflect the development of the Company's balance sheet position over the long term.

Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures which should not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not calculate alternative performance measures in a uniform manner and, therefore, the alternative performance measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies. The alternative performance measures presented in this Offering Circular are unaudited unless otherwise stated. Due to the above, undue reliance should not be placed on the alternative performance measures presented in this Offering Circular.

Availability of the Finnish Prospectus and the Offering Circular

The Finnish Prospectus will be available on the Company's website at www.srv.fi/rights-issue on or about 7 June 2022 and at the Company's registered office at Tarvonsalmenkatu 15 FI-02600 Espoo, Finland on or about 7 June 2022 and at the reception of Nasdaq Helsinki at Fabianinkatu 14, FI-00100 Helsinki Finland on or about 8 June 2022. In addition, the Finnish Prospectus will be available on the Sole Global Coordinator's website at www.danskebank.fi/srv-fi/ on or about 7 June 2022.

This Offering Circular will be available on the Company's website at https://www.srv.fi/rights-issue on or about 7 June 2022 and on the Sole Global Coordinator's website at www.danskebank.fi/srv-en/ on or about 7 June 2022. The FIN-FSA has not approved this Offering Circular.

IMPORTANT DATES

Event		Date
First trading date without Subscription Rights		1 June 2022
Record Date of the Offering		2 June 2022
The Subscription Period for the Offering commences		7 June 2022
Trading in the Subscription Rights commences on the official list of Nasdaq Helsinki		7 June 2022
Trading in the Subscription Rights ends on the official list of Nasdaq Helsinki		14 June 2022
The Subscription Period for the Offering ends and unused Subscription Rights lapse worthless	estimated	21 June 2022
Trading in the Interim Shares commences on the official list of Nasdaq Helsinki	estimated	22 June 2022
Announcement of the initial results of the Offering	estimated	23 June 2022
Announcement of the final results of the Offering	estimated	27 June 2022
Trading in the Interim Shares ends on the official list of Nasdaq Helsinki	estimated	28 June 2022
The Offer Shares subscribed for in the Offering are registered in the Trade Register	estimated	28 June 2022
Interim Shares are converted into Offer Shares	estimated	29 June 2022
Trading in the Offer Shares commences on the official list of Nasdaq Helsinki	estimated	29 June 2022

#16247439v16

ESSENTIAL INFORMATION ON THE OFFERING

Reasons for the Offering and use of proceeds

Reasons for the Offering

The Offering is one of the measures executed under the programme that aims to comprehensively reorganise the Company's financing, whose goal is to strengthen the Company's equity.

On 28 April 2022, SRV announced that it will initiate a set of measures with the aim of achieving a full reorganisation of SRV's financing ("**Financial Restructuring**") due to the war undertaken by Russia in Ukraine and the impairments of its Russian business operations caused by the related financial sanctions. As a result of the war and the consequential market conditions, SRV has written down practically all of its shopping centre properties and other assets located in Russia as well as its investments in Fennovoima, which total EUR 141.2 million, during the first quarter of 2022.

The decrease in its asset values will have a significant impact on SRV's equity and equity ratio, and the reorganisation of the Company's financing is carried out with the intention of strengthening the Company's equity. The purpose of the reorganisation is to increase the Company's equity by approximately EUR 100 million and to decrease the interest-bearing debt by the same amount at the same time. After the Financial Restructuring has been executed, SRV will be free of almost all (IFRS 16 adjusted) net debt, and its Russia-related risks will be small. The comprehensive reorganisation of the Company's financing is described in more detail in section "*Selected financial information on SRV's operating results and capital resources — Liabilities – The comprehensive reorganisation of the Company's financing*".

Use of proceeds

In the Offering, gross proceeds of approximately EUR 34.8 million are sought. The Company estimates the charges, fees and expenses to be paid by the Company in connection with the Offering to amount to approximately EUR 2.5 million. The Company is estimated to receive net proceeds of approximately EUR 32.3 million from the Offering provided that the Offering is fully subscribed.

The Company aims to use the proceeds received from the Offering to strengthen its balance sheet primarily by redeeming its outstanding bonds.

Working capital statement

According to the estimate of the Company's management, the working capital available to the Company suffices for at least 12 months as of the date of this Offering Circular.

The Company has included the minimum amount of the Subscription Commitments, EUR 23.7 million, to the estimation of the working capital, which would materialise in the event that only shareholders who have given Subscription Commitments would participate in the Offering.

Capitalisation and indebtedness

The following table sets forth the Company's capitalisation and indebtedness as at 31 March 2022 (i) on an actual basis based on the Company's unaudited consolidated interim financial information as at and for the three months ended 31 March 2022 and as adjusted: (ii) the gross proceeds of approximately EUR 34.8 million from the Offering and the expenses of approximately EUR 2.5 million related to the Offering; and (iii) the conversion of the outstanding unpaid principal of the Company's EUR 100 million unsecured fixed-interest bond which becomes due and payable on 23 March 2025 and EUR 75 million unsecured fixed-interest bond which becomes due and payable on 27 March 2025 into hybrid and convertible bonds in written proceedings, as well as their partial redemption; (iv) Directed Offering of EUR 6.9 million to the holders of the EUR 45 million Hybrid bond issued on 22 March 2016 and the EUR 58.4 million Hybrid bond issued on 23 May 2019, where 45 percent of the outstanding unpaid principal of the hybrid bonds is used to subscribe for the shares and 55 per cent of the principal of the Hybrid Bonds will be cut entirely; (v) the extension of the revolving facility and project financing facility granted to SRV by 12 months until 28 April 2024 as well as on the amendment of certain terms. The table shall be read with notice of the fact that there is uncertainty as to the materialisation of the events described below with the presented values and that the value recorded in equity of the hybrid bonds (equity loans) in accordance with point (iii) recorded in equity is based on a preliminary assessment of the fair value.

The table below shall be read in conjunction with sections "*Risk factors*", "*Certain additional information – Presentation of financial information*" and "*Selected financial and other information*" as well as the Company's audited consolidated financial statements and unaudited interim report incorporated in this Offering Circular by reference.

(EUR million)	**Realized** **31 March 2022** (unaudited)	**Adjusted** **31 March 2022** (unaudited)
Capital structure		
Current financial liabilities		
Secured(2)	2.3	2.3
Unsecured	109.4	10.0(4)
Current financial liabilities, total	**111.8**	**12.4**
Non-current financial liabilities		
Secured(2)	123.2	123.2
Unsecured	-	-
Total non-current financial liabilities	**123.2**	**123.2**
Total current and non-current financial liabilities (1)	**234.9**	**135.5**
Equity attributable to equity holders of the parent company		
Share capital	3.1	3.1
Invested unrestricted equity reserve	264.7	303.6(3)(4)
Translation differences	-21.9	-21.9
Hybrid Bonds	15.4	33.3(4)(5)
Retained earnings	-234.7	-189.6(3)(4)(5)
Equity attributable to equity holders of the parent company, total	**26.4**	**128.5**
Non-controlling interests	-	-
Equity, total	**26.4**	**128.5**
Total equity and liabilities	**261.4**	**264.0**
Net indebtedness		
Cash and cash equivalents	37.2	39.8(3)(4)(5)(6)
Liquidity (A)	**37.2**	**39.8**
Interest-bearing liabilities excl. lease liabilities	10.0	10.0
Interest-bearing lease liabilities	101.8	2.4(4)
Total current financial liabilities (B)	**111.8**	**12.4**
Net current financial indebtedness (C = B-A)	**74.6**	**-27.5**
Interest-bearing liabilities excl. lease liabilities	123.2	123.2
Debt instruments	2.6	2.6
Non-current trade and other payables	8.1	8.1
Total non-current financial liabilities (D)	**133.9**	**133.9**
Net indebtedness (C+D)	**208.5(7)**	**106.5**

(1) The current and non-current financial liabilities include the interest-bearing liabilities excluding lease liabilities and interest-bearing lease liabilities in the consolidated balance sheet at as 31 March 2022.
(2) Also includes interest-bearing lease liabilities.
(3) The Company aims to collect gross proceeds of a maximum of about MEUR 34.8 in total by offering a maximum of 348,056,400 Offer Shares for subscription. The Offering will enhance the Company's capital structure by increasing the invested free equity fund, and cash and cash equivalents. In the table above, EUR 34.8 million gross proceeds, adjusted with the transaction costs estimated to amount to EUR 2.5 million arising from the Offering, have been recorded in the invested free equity fund.
(4) The Company finished the written procedure regarding the Bonds on 23 May 2022. Therefore, the terms and conditions of the Bonds have been amended in the written procedure so that the hybrid and convertible bond terms and conditions enter into force once other prerequisites related to the Financial Restructuring have been met. The holders of the Bonds were also given the opportunity to offer their Bonds for full or partial redemption at a price that corresponds to 60 per cent of the nominal value of the redeemed Bonds. The Hybrid Conversion will enter into force on or about 30 June 2022 and the Board of Directors will decide on the number of redeemed bonds on or about 27 June 2022. In the table above, the balance sheet value EUR 56.7 million of the convertible hybrid bonds has been adjusted from current unsecured liabilities, the preliminary estimation of the fair value of the equity loan, EUR 34.0 million, has been added to the hybrid bonds and the difference 22.7 between the fair value and the balance sheet value has been adjusted to retained earnings based on the outcome of the written procedure. The estimated transaction costs of EUR 0.7 million related to the hybrid bonds have been adjusted to decrease cash and cash equivalents and hybrid bonds (equity loans). In addition, emission costs recognised in the bond's balance sheet value using the effective interest method, EUR 0.2 million, have been deducted from the balance sheet value of the bond and retained earnings. The difference between preliminary fair value and the balance sheet value, EUR 22.5 million, has been adjusted against retained earnings. In the redemption offer, altogether EUR 43.1 million's worth of the EUR 100 million unsecured fixed-rate bond falling due on 23 March 2025 and of the unsecured fixed-rate bond of EUR 75 million falling due on 27 March 2025 have been offered for redemption. It has been assumed in the above table that the amount of redeemed bonds is EUR 43.1 million, of which an amount of EUR 25.9 million is payable and an amount of EUR 17.2 million is to be cut, provided that the gross proceeds of the Offering correspond at least to the assumed amount payable. These have been used to adjust the amount of current unsecured liabilities, cash and cash equivalents, and retained earnings. The estimated transaction expenses of EUR 0.6 million related to the redemption have been adjusted to decrease retained earnings, and cash and cash equivalents. In addition, emission costs recognised in the bond's balance sheet value using the effective interest method, EUR 0.2 million, have been deducted from the balance sheet value of the bond and retained earnings. Interests of around EUR 1.4 million accrued and outstanding between 31 March 2022 as well as the moment of conversion and moment of redemption, which SRV will pay from cash and cash equivalents to the holders of the Bonds before the redemption and conversion into hybrid bond, have been adjusted to deduct the retained earnings, and cash and equivalents.
(5) On 23 May 2022, the Company completed written procedures regarding the equity loans (Hybrid Bonds) in its equity. Therefore the terms and conditions of the Hybrid Bonds have been amended in written procedure so that SRV has the right to request the holders of the Hybrid Bonds to use 45 per cent of the principal of the Hybrid Bonds they own to subscribe for SRV's shares so that when SRV uses the said right, the shares of the receivables under the Hybrid Bonds that will not be used for the subscription of the shares will be cut in full. The Hybrid Bonds' 55 per cent share will be cut on or about 27 June 2022, and subscription period of the Directed Offering paid by setting off the loan is 7–21 June 2022. Shares subscribed for in the Directed Offering will registered in the Trade Register on or about 28 June 2022, and they will be admitted to trading in Nasdaq Helsinki on or about 30 June 2022. In the table above, the estimated effect of EUR 6.9 million of the directed offering, based on the outcome of the written procedure, adjusted with the estimated transaction costs of EUR 0.3 million related to the Directed Offering has been recorded in the invested free equity fund. The transaction costs reduce the cash and cash equivalents. The cut portion of the Hybrid Bonds, around EUR 8.5 million, has been adjusted to earnings. The interests of the Hybrid Bond, EUR 0.4 million, which have been paid to holders of the notes of the MEUR 58.4 Hybrid Bond in May 2022 before the Directed Offering have been adjusted to reduce the retained earnings, and cash and cash equivalents.
(6) On 3 June 2022, SRV signed an agreement with its main financing banks on the extension of the binding revolving credit facility of EUR 30 million, binding project financing facility of EUR 40 million and non-binding project financing facility of EUR 63 million in its use by 12 months, subject to the completion of the Offering and on the amendment of certain provisions. The estimated transaction costs of EUR 0.4 million related to the amendment of the terms of the revolving credit facility and the project financing facility have been adjusted to decrease retained earnings, and cash and cash equivalents.
(7) As per SRV's definition, net interest-bearing debt does not include the EUR 2.6 million debt instruments or EUR 8.1 million non-current trade and other payables, which have been presented on the line Other liabilities on 31 March 2022. Thus, net interest-bearing debt as defined by SRV was EUR 197.7 million on 31 March 2022.

With respect to the adjustments above, it should be noted that the amounts recorded in the shareholders' equity from the Offering may be smaller and their realisation to the presented extent is not certain. In the conversion of the bonds into hybrid bonds, the amount converted and the Bonds' amount redeemed are affected by the cash proceeds of the Offering because the gross proceeds from the Offering will be used in full or mainly to redeem the bonds and the remainder will be converted into hybrid bonds. SRV may limit the redeemed amount to correspond to the actual gross proceeds from the Offering. If the actual gross proceeds are smaller than the redeemed amount based on the outcome of the written procedure presented above, the amount of the hybrid bond changes and cash and cash equivalents will be used for redemption in an amount smaller than presented above. The preliminary estimate presented in the table above on the fair value of hybrid bonds after conversion into hybrid bonds is based on SRV's preliminary estimate on the fair value of the loans and of the above-described amount as at the date of this Offering Circular, which may materially differ from the fair value or amount of the hybrid bond at the time of recognition in equity. It should also be noted that the cash and cash equivalents after adjustments do not reflect the actual amounts of the Company's cash and cash equivalents as at the date of this Offering Circular.

Apart from the events described above, there have not been material changes affecting the Company's financial position since 31 March 2022.

The Financial Restructuring is described in-depth in section "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*" of the Offering Circular. More information on the Company's conditional debts and certain other off-balance sheet liabilities is presented in section "*Selected Information on SRV's Operating Results and Capital Resources – Liabilities*" and in the note (6) Group commitments and contingent liabilities in the interim report for the three-month period between 1 January 2022 and 31 March 2022 incorporated by reference to this Offering Circular.

INFORMATION ON THE SUBSCRIPTION RIGHTS AND OFFER SHARES

This overview is an overview of the Subscription Rights and Offer Shares. Any decision by an investor to invest in the Subscription Rights and/or Offer Shares should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference herein.

Words and expressions in this section shall have the meanings defined in this Offering Circular.

Issuer	SRV Group Plc
Number of the Subscription Rights	261,042,300
ISIN-code of the Subscription Rights	FI4000523600
ISIN-code of the Interim Shares	FI4000523618
Number of the Offer Shares offered in the Offering	A maximum of 348,056,400
ISIN-code of the Offer Shares	FI0009015309
Currency of the Offering	Euro
Restrictions on transferability	Each Subscription Right, Interim Share and Offer Share will be freely transferable after it has been registered into the respective book-entry account of the investor.

Share issue authorisation regarding the Offering

The Extraordinary General Meeting of SRV resolved on 30 May 2022 to authorise the Board of Directors to resolve on issuing up to 700,000,000 Shares. Under the authorisation the shareholders have a pre-emptive right to the new shares in the share issue in the same proportion as they already hold Shares in the Company. However, shares not subscribed by shareholders may be offered on a secondary basis for subscription by other shareholders or by other persons. The Board of Directors is entitled to decide to whom the shares that remain unsubscribed will be offered. The subscription price would be paid in cash. Under the authorisation, the Board of Directors is authorised to resolve on all other terms and conditions of the share issue. The authorisation remains valid until 31 December 2022.

Tax implications

The tax legislation of the investor's tax domicile and Finland, being the Company's jurisdiction of incorporation, may have an impact on the income received from the Subscription Rights and the Offer Shares.

The following summary is a general description of the most significant Finnish tax consequences with respect to the receipt and acquisition of the Subscription Rights and subscription, ownership and disposal of the Subscription Rights and the Offer Shares. The summary is based on the tax laws of Finland, including relevant case law as well as decisions and guidance issued by the Finnish Tax Administration as in effect at the date of this Offering Circular. The summary is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland.

The summary does not address tax consequences applicable to shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, income tax-exempt entities, or general or limited partnerships. Furthermore, the summary does not address tax consequences relating to investments belonging to business activities undertaken by private individuals, nor inheritance or gift taxation.

Prospective investors are advised to consult professional tax advisors to obtain information on the tax consequences of the receipt and acquisition of the Subscription Rights and subscription, ownership and disposal of the Subscription Rights and the Offer Shares taking into consideration their specific circumstances.

General

Residents and non-residents of Finland are treated differently for Finnish tax purposes. Persons resident in Finland are subject to taxation in Finland on their worldwide income. Non-residents are only taxed on income from Finnish sources and on income attributable to a possible permanent establishment in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and Finland's right to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland, if the person remains in Finland for a continuous period of more than six months, or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure, unless it is proven that no substantial ties to Finland existed during the relevant prior tax year.

Earned income, including salary, is taxed at progressive rates. Capital income of a resident natural person not exceeding EUR 30,000 per calendar year is taxed at a flat rate of 30 per cent, and to the extent the amount of capital income exceeds EUR 30,000 in a calendar year, the exceeding amount is taxed at a rate of 34 per cent.

Corporate entities established under the laws of Finland and foreign companies with place of effective management in Finland are regarded as residents in Finland. Currently, the corporate income tax rate is 20 per cent, and the same rate is applied to taxation of income attributable to a Finnish permanent establishment of a non-resident.

Taxation of dividends

General on taxation of dividends and repayment of capital

A company listed on Nasdaq Helsinki is considered a publicly listed company ("**Listed Company**") for Finnish dividend tax purposes.

Funds distributed from the reserve for invested unrestricted equity (so-called SVOP-reserve) of a Listed Company are treated as dividend income for tax purposes.

Finnish resident natural persons

Eighty-five per cent of dividend income received from a Listed Company by a resident natural person on shares belonging to the personal income source is taxable capital income of the recipient, while 15 per cent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

When the shares on a nominee account are held by a Finnish resident natural person, the amount of the advance tax withholding is 50 per cent, if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorised intermediary closest to the recipient of the dividend, or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

The resident natural person receiving the dividend is liable to verify the amount of dividend and the withholding on his pre-completed tax return and, if needed, to correct the amounts on the tax return.

Finnish corporations

Dividends paid by a Listed Company on the Offer Shares that are owned by a Finnish Listed Company are generally tax-exempt. However, if the Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt. Only banks, insurance companies and pension institutions may have investment assets.

Dividends received from a Finnish Listed Company by a Finnish corporation which is not a Listed Company are in general fully taxable income. However, in cases where the non-listed corporation directly owns 10 per cent or more of the share capital of the Listed Company, the dividend received on such Offer Shares is tax-exempt, provided that the Offer Shares are not included in the investment assets of the shareholder. If the Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt, irrespective of the share of ownership in the Listed Company.

When the shares on a nominee account are held by a Finnish corporation, the amount of the advance tax withholding is 50 per cent if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorised intermediary closest to the recipient of the dividend or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

Non-residents

Non-residents are subject to Finnish withholding tax on dividends paid by a Listed Company. The tax is withheld by the Listed Company distributing the dividend at the time of dividend payment, and no other taxes on the dividend are payable in Finland.

In general, the dividend withholding tax rate is 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents as dividend recipients.

As an exception to the above, withholding tax is not applicable to dividends paid to non-resident companies meant in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended, "**Parent-Subsidiary Directive**") that are located in an EU member state, and which have a direct minimum holding of 10 per cent of the capital of the dividend-distributing Finnish Listed Company.

The withholding tax rate may also be reduced, or removed in full, on the basis of an applicable tax treaty. A reduced withholding rate in accordance with the applicable tax treaty can be applied, if the person beneficially entitled to the dividend has provided a valid tax at source card or other necessary clarification (name, date of birth, possible other official identification data, and the address in the country of residence) to the Listed Company prior to the payment of the dividend.

Furthermore, no withholding tax is applied if the dividend is paid to a corporation located in the European Economic Area (the "**EEA**"), provided that the recipient is regarded to be equivalent to a Finnish corporation meant in section 33d.4 of the Income Tax Act (1535/1992, as amended), or in section 6a of the Finnish Business Income Tax Act (360/1968, as amended), and that the dividend would be tax-exempt pursuant to the above-mentioned sections had it been received by a Finnish corporation. Additionally, it is required that the Directive on Administrative Cooperation in the Field of Taxation (2011/16/EU, as amended) or a treaty concerning administrative co-operation or exchange of information in tax matters is applicable to the home country of the dividend receiving corporation, and that the withholding tax cannot be fully credited in the country of residence of the dividend receiving corporation based on a double tax treaty concluded with Finland.

Dividends distributed on shares belonging to investment assets of the dividend receiving corporation are subject to special rules. In many cases a withholding tax at the rate of 15 per cent applies, if the recipient resides in an EEA country, or if the recipient is comparable to a Finnish pension institution and the requirements relating to exchange of information in tax matters, as well as other more specific requirements are fulfilled. A dividend may nevertheless be exempt from withholding tax, if the requirements of the above-mentioned exemption relating to the Parent-Subsidiary Directive and the minimum holding of 10 per cent are fulfilled. The withholding tax rate may also be reduced or removed on the basis of an applicable tax treaty.

Dividends distributed on shares held through a nominee account are currently subject to a withholding tax at the rate of 15 per cent, or a higher tax rate set forth in the relevant tax treaty, provided i.a. that the dividend distributing Listed Company is able to ascertain the applicability of the relevant tax treaty in a sufficient manner as set out in further detail in section 10b of the Act on Taxation of Non-Residents (627/1978, as amended), and also other conditions for the application of a reduced withholding tax rate are met. Applicability of a withholding at a rate lower than 15 per cent requires detailed identification information to be provided on the dividend recipient.

The withholding tax procedure for dividends paid by a Finnish company has changed since 1 January 2021, when a Register of Authorized Intermediaries in accordance with the OECD TRACE model was introduced in Finland. The new Register of Authorized Intermediaries has replaced the previously used Custodian Register. The previously applied "simplified" procedure for nominee-registered shares no longer applies to the withholding tax on dividends. Instead of the reduced withholding tax rate of a tax agreement, dividends paid on shares registered in the nominee register after 1 January 2021 must be subject to a withholding tax of 35 per cent if the dividend payee's identification information is not provided to the dividend payer or custodian and the final recipient cannot be identified. Dividends paid on nominee-registered shares are subject to a withholding tax of 30 per cent if the final recipient of the dividend can be identified but the withholding tax rate applicable to the final recipient of the dividend is unknown. Withholding tax levied at a higher rate than the withholding tax rate under the tax agreement can be claimed from the tax authorities by providing the required information on the nationality and identity of the recipient of the dividend. Under certain conditions, non-resident natural persons located in a country within the EEA may request that instead of taxation in accordance with final tax at source the provisions of the Finnish Act on Tax Assessment Procedure (1558/1995, as amended) are applied in which case the dividend taxation is carried out through assessment in the same manner as set out in section "*–Finnish resident natural persons*" above.

Capital gains from sale of Subscription Rights and shares

Finnish resident natural persons

A capital gain arising from the sale of the Subscription Rights and the Offer Shares which do not belong to the business activity of a Finnish resident natural person is taxed as capital income. A capital loss arising from the sale of the Subscription Rights and the Offer Shares that do not belong to the business activity of the shareholder is deductible primarily from the resident natural person's capital gains and secondarily from the person's other capital income arising in the same year and during the following five tax years. Capital losses are not taken into account when assessing the capital income deficit for the tax year. If the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of sale proceeds from assets that may be sold tax-exempt pursuant to Finnish tax laws), the capital gains from the disposal of the Subscription Rights and the Offer Shares are nevertheless exempt from tax. In that case a capital loss is correspondingly not deductible, if the acquisition cost of the assets sold does not, in aggregate, exceed EUR 1,000.

The capital gain or loss is calculated by deducting the original acquisition cost and expenses related to acquiring the gain/loss (e.g. the selling expenses) from the sales price. When an individual subscribes Offer Shares by using Subscription Rights received based on his previous shareholding, the acquisition cost of both the subscribed Offer Shares and Existing Shares based on which the Subscription Rights were received is deemed to be the aggregate of the acquisition costs of the Existing Shares based on which the Subscription Rights were received and the subscription price of the Offer Shares, which is divided by the total number of subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received. Alternatively, an individual can elect to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses for acquiring the income are deemed to be included therein and cannot be separately deducted from the sales price.

The date of acquisition of the Offer Shares is deemed to be the acquisition date of the previous shareholding based on which the individual has received the Subscription Rights.

If the Subscription Rights are sold without subscribing the Offer Shares, the date of acquisition of the shares based on which the individual received the Subscription Rights is deemed to be the acquisition date of the Subscription Rights. In such case the Subscription Rights do not have an acquisition cost and hence when calculating the amount of capital gains, a presumptive acquisition cost of 20 per cent or 40 per cent, depending on the acquisition date of the Existing Shares based on which the Subscription Rights were received, is deducted from the sales price.

#16247439v16

Offer Shares that are subscribed by using Subscription Rights acquired by the individual are deemed to be acquired on the date of acquisition of the Subscription Rights. When calculating the amount of capital gains realised from sale of such Offer Shares, an actual acquisition cost, i.e. price paid for the Subscription Right added with subscription price paid for the Offer Share and possible costs, or a presumptive acquisition cost, can be applied. Acquired Subscription Rights can also be sold without subscribing the Offer Shares. In such case the amount of capital gains realised from the sale of such Subscription Right can be calculated by using the actual acquisition cost or presumptive acquisition cost.

Finnish corporations

The following applies only to Finnish limited liability companies that are taxed under the Act on the Taxation of Business Income (360/1968). The gain on the transfer of Subscription Rights or Offer Shares is, as a rule, taxable income of the limited company. From the beginning of 2020, the majority of Finnish companies will be taxed in accordance with the provisions of the Act on the Taxation of Business Income, including their income from shares.

The Subscription Rights or the Offer Shares may belong to the limited company's fixed assets, inventories or financial assets. Only financial, insurance and pension institutions may have investment assets. The tax treatment of transfers and impairments of Subscription Rights and Offer Shares varies depending on the type of share asset. The Subscription Rights and Offer Shares may also belong to the limited liability company's asset class.

The sales price for the Subscription Rights and the Offer Shares is as a general rule included in the business income source of a Finnish corporation. Correspondingly, the acquisition cost of the Subscription Rights and the Offer Shares, as well as the deductible costs relating to the disposal, are deductible business expenses upon the disposal of the Subscription Rights and the Offer Shares. However, gains on the transfer of shares received by a Finnish limited liability company are tax-free if certain strict conditions are met. According to the provisions on the tax exemption on gains on the transfer of shares, gains on the disposal of fixed assets of a non-venture capital company are not, as a general rule, taxable business income and the loss on the transfer is not deductible under similar circumstances if, inter alia: (i) the seller has directly and continuously owned, for at least one year which has ended more than one year before the transfer, at least 10 per cent of the share capital of the company to be transferred; (ii) the company being transferred is not a real estate or housing company or a limited liability company whose activities involve the ownership or control of real estate; and (iii) the company being transferred is taxable in Finland or is a company in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended) or a company domiciled in a country which Finland has entered into an agreement for the avoidance of double taxation of dividends.

Should a deductible capital loss arise from the disposal of shares included in fixed assets (but not qualifying under the tax exemption), such capital loss may only be deducted from taxable capital gains arising from the sale of the shares included in fixed assets in the same tax year and the subsequent five years. The deductible capital loss arising from the disposal of shares other than fixed assets may be deducted from taxable income in the tax year and in the following ten years in accordance with the general provisions on loss relief. However, losses on the disposal of shares of other assets can only be deducted from the taxable capital gains on the disposal of other assets in the tax year and the following five years.

If a corporation subscribes Offer Shares by using Subscription Rights received based previous shareholding, the acquisition cost of the Existing Shares based on which the Subscription Rights were received is divided between the subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received. The acquisition cost of the Offer Shares and the Existing Shares based on which the Subscription Rights we received is then deemed to be the aggregate of the acquisition costs of the Existing Shares based on which the Subscription Rights were received and the subscription price of the Offer Shares, which is divided by the total number of the subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received.

#16247439v16

If a corporation sells an unused Subscription Right that it has received based on previous shareholding, the acquisition cost of the Subscription Right is deemed to be the portion of the acquisition cost of the Existing Share based on which the Subscription Right was received that corresponds to the Subscription Right's sales price divided by the sum of the sales price and the fair market value of the share. In case a corporation sells Subscription Rights that is has acquired, the acquisition cost of the Subscription Rights is deemed to be the sum of the purchase price and expenses resulting from the acquisition. If a corporation subscribes Offer Shares by utilising Subscription Rights that is has acquired, the acquisition cost of the Offer Shares is the sum of the subscription price and the acquisition cost of the Subscription Rights.

<u>*Non-residents*</u>

Non-residents are in general not subject to Finnish tax on capital gains realised on the sale of Subscription Rights or Offer Shares, provided that less than 50 per cent of the total assets of the Company consist of real properties in Finland. Any capital gains arising from the sale of the Subscription Rights and Offer Shares belonging to a non-resident's permanent establishment in Finland are taxed in the same manner as described in section “*Finnish corporations*” above.

Finnish transfer tax

No transfer tax is payable on the subscription for the Offer Shares.

Neither is transfer tax payable on transfers of subscription rights or shares which are subject to regular trading in a regulated marketplace which is open for the public as meant in the Act on Trading in Financial Instruments (1070/2017, as amended) such as Nasdaq Helsinki, if the transfer is made against a fixed monetary consideration and provided that the shares in question have been added to the book-entry system meant in the Act on the Book-entry System and Clearing (348/2017, as amended). The transfer tax exemption also requires that an investment firm, a foreign investment firm or other entity offering investment services, as defined in the Act on Investment Services (747/2012, as amended), is a broker or a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Tax Assessment Procedure (1558/1995, as amended).

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act, or if the consideration for the shares consists wholly or partially of work performance.

If neither the purchaser nor the seller is a tax resident in Finland or a Finnish branch office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of a foreign EEA alternative investment fund manager, the transfer is exempt from Finnish transfer tax.

If the transfer of the Subscription Rights or the Offer Shares does not fulfil the above criteria for a tax-exempt transfer, the applicable transfer tax is payable by the purchaser. In general, the transfer tax rate is 1.6 per cent of the sales price or value of other consideration for the transferring Subscription Rights or Offer Shares. However, no transfer tax is collected if the amount of the tax is less than EUR 10.

In case the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of an EEA alternative investment fund manager, the seller must collect the transfer tax from the purchaser. If a Finnish investment firm, a Finnish credit institution or a Finnish branch or office of a foreign credit institution or investment firm acts as a broker, it is liable to collect the transfer tax from the purchaser and to remit the tax to the state.

Rights attached to the Offer Shares

Dividends and other distribution of funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its Articles of Association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the Articles of Association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the Articles of Association of the company require to be left undistributed (if any); and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 per cent of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the Annual General Meeting.

The Offer Shares will carry equal rights to dividends and other distributions of funds by the Company along with all Existing Shares of the Company (including distributions of assets in the event of the liquidation of the Company). After they are registered in the Finnish Trade Register and recorded in the investor's book-entry account, the Offer Shares will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. Pursuant to the Finnish Companies Act, dividends and other distributions of funds are paid to the shareholders or their nominees entered in the shareholders' register on the relevant record date. such register is maintained by Euroclear Finland through relevant account operators. No dividends are payable to shareholders no registered in the shareholders' register. The right to dividends expires within three years from the dividend payment date, after which the funds reserved for paying the dividends will are for the favour of the Company.

Voting rights and general meeting of shareholders

<u>General</u>

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the Annual General Meeting of the company must be held annually no later than six months from the end of the company's financial year. At the Annual General Meeting, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the Board of Directors and the chief executive officer, the number of members of the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration. Pursuant to the Act concerning Temporary Deviations from the Finnish Companies Act (375/2021), the annual general meeting of a listed company may be held with shareholders only voting in advance (so that the shareholders do not participate in the meeting at the place of the meeting) or only through an proxy of their choice. The interim Act is valid until 30 June 2022.

An Extraordinary General Meeting in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding Shares in the Company.

Pursuant to the Articles of Association of the Company, notice to the general meeting shall be published on the Company's website no earlier than three (3) months and no later than three (3) weeks before the meeting. However, said notice of general meeting must be published no less than nine (9) days before the general meeting record date, as defined by the Finnish Companies Act. Additionally, the Board of Directors of the Company may decide on publishing of notice of general meeting or an announcement concerning the notice of general annual meeting in one or more newspaper within the aforementioned time limit. Furthermore, pursuant to the rules of Nasdaq Helsinki, the Company must publish the notice to the general meeting by way of a stock exchange release.

In order to attend and vote at the general meeting, a shareholder must, pursuant to the Articles of Association of the Company, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten days before the general meeting. Shareholders must comply with the requirements in respect of Shares registered in Euroclear Finland and any instructions provided in the relevant notice of the general meeting of shareholders.

There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the Articles of Association of the Company.

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant general meeting of shareholders in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the Company is considered notice of attendance at the general meeting of shareholders.

Voting rights

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. Each Share entitles the holder to one vote at the General Meeting of shareholders. At a General Meeting of shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the Articles of Association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the General Meeting of shareholders. In addition, certain resolutions, such as amendments to the Articles of Association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Pre-emptive right

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company, unless the resolution of the General Meeting of shareholders approving such issue, or authorising the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a General Meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in certain jurisdictions may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Right to share in any surplus in the event of liquidation

Pursuant to the Finnish Companies Act, upon the voluntary liquidation of the Company, liquidators are required to cause the repayment of the Company's known debts. Any net assets remaining after the repayment of debts are paid to the shareholders *pro rata* to their holdings of Shares.

Redemption provisions (squeeze-out)

Under the Finnish Companies Act, a shareholder with shares representing more than 90 per cent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

Conversion provisions

The Finnish Companies Act and the Company's Articles of Association do not contain conversion provisions regarding the Shares.

Takeover rules

According to the Securities Market Act, a shareholder, whose holding increases to more than 30 per cent or more than 50 per cent of the voting rights attached to shares in a company after the shares or securities entitling to such shares in the company have been entered into public trading on the regulated market, is obligated to make a public offer for all remaining shares and securities entitling to such shares in the company at fair value (mandatory takeover bid). Under the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (right of squeeze-out). In addition, a shareholder whose shares may be redeemed in the above-mentioned manner is entitled to demand redemption from the majority shareholder entitled to exercise redemption (right of sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above. In SRV's Articles of Association, there are no specific provisions on rights of squeeze-out or sell-out deviating from the Finnish Companies Act.

According to the Securities Market Act, a Finnish listed company shall directly or indirectly belong to an independent body representing the economy on a wide basis and established in Finland, which has issued a recommendation to promote compliance with good securities markets practice on the actions of the management of the offeree company with regard to a takeover bid (the "**Helsinki Takeover Code**"). According to the Securities Market Act, a listed company must provide an explanation for not committing to complying with the Helsinki Takeover Code.

Past takeovers

There have been no past takeover offers for the Shares or equity securities of the Company.

TERMS AND CONDITIONS OF THE OFFERING

Share issue authorisation of the extraordinary general meeting

SRV Group Plc's (the "**Company**" or "**SRV**") extraordinary general meeting resolved on 30 May 2022 to authorise the Company's Board of Directors to resolve on issuing up to 700,000,000 new shares.

Pursuant to the authorisation, in the share issue, the shareholders have a pre-emptive right to the shares to be issued in the same proportion as they already hold Shares (defined below) in the Company. However, Shares not subscribed for by shareholders may be offered on a secondary basis for subscription by other shareholders or by other persons. The Board of Directors is entitled to decide to whom the Shares that remain unsubscribed for will be offered. The subscription price would be paid in cash. The Board of Directors was authorised to resolve on all other terms and conditions of the share issue.

Share issue resolution of the Board of Directors

Based on the authorisation of the general meeting, the Company's Board of Directors on 31 May 2022 passed a resolution on a share issue in which the Company will issue in accordance with the pre-emptive right of shareholders up to 348,056,400 new shares (the "**New Shares**") (the "**Offering**").

General information on the Offering

In the Offering, the Company is seeking gross proceeds amounting approximately up to EUR 34.8 million. The number of shares in the Company may as a result of the Offering increase from the 263,017,341 existing shares (the "**Existing Shares**" and together with the New Shares, the "**Shares**") to up to 611,073,741 Shares. Provided that the Offering will be fully subscribed, the New Shares will correspond to approximately 57 per cent of all the Shares following the completion of the Offering.

SRV has received commitments from Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investments Ltd (on behalf of itself and Tuomas Kokkila), Lareale Investments Oy (on behalf of itself and Lauri Kokkila) and Varma Mutual Pension Insurance Company to subscribe for New Shares in the Offering on the basis of all Subscription Rights (as defined below) to be recorded to them. In addition, SRV has received Subscription Commitments from AS Pontos Baltic, Kolpi Investment Oy and Havu Capital Oy, under the terms of which these shareholders will either subscribe for themselves or ensure that a third party subscribes for New Shares in the Offering. The commitments represent a total of EUR 21.6 million and 62 per cent of the New Shares provided that the Offering will be fully subscribed.

In addition, members of SRV's Board of Directors Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka and Timo Kokkila, SRV's President and CEO Saku Sipola and nine (9) other representatives of the executive management of SRV have committed to purchase a total of 15,785,996 Subscription Rights (defined below) from OP Life Assurance Company Ltd and Pohjola Insurance Ltd corresponding to approximately 6.0 per cent of all Subscription Rights, and have committed to subscribe for New Shares in the Offering with all such Subscription Rights.

Ilmarinen Mutual Pension Insurance Company's, Etola Group Oy's, Tungelin Investments Ltd's (on behalf of itself and Tuomas Kokkila), Lareale Investments Oy's (on behalf of itself and Lauri Kokkila), Varma Mutual Pension Insurance Company's, AS Pontos Baltic's, Kolpi Investment Oy's, Havu Capital Oy's, Tomi Yli-Kyyny's, Hannu Leinonen's, Heli Iisakka's, Timo Kokkila's, Saku Sipola's and nine (9) other representatives of the executive management of SRV's commitments together the "**Subscription Commitments**".

No fee will be paid to the providers of the Subscription Commitments. The Subscription Commitments correspond to a total of EUR 23.7 million and 68 per cent of the New Shares provided that the Offering will be fully subscribed.

Danske Bank A/S, Finland Branch, is acting as the Sole Global Coordinator of the Offering (the "**Sole Global Coordinator**").

The purpose of the Offering is to strengthen the Company's balance sheet position and equity.

The Offering consists of (i) a public offering in Finland, (ii) private placements in the EEA other than in Finland and (iii) private placements in certain other jurisdictions subject to applicable law. In respect of investors in the EEA other than in Finland, it is required that the investor is a qualified investor pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") or subscribes for New Shares for a total subscription price of at least EUR 100,000. In respect of investors outside the EEA, the Company may in its discretion approve the subscription, if doing so is permitted under applicable law. See also "*– Shareholders resident in certain restricted jurisdictions*".

Right to subscribe for New Shares

Right to subscribe for New Shares with Subscription Rights (Primary Subscription)

New Shares are offered for subscription by the Company's shareholders in the same proportion as they hold Shares in the Company on the record date of the Offering (the "**Record Date**"). The Record Date of the Offering is 2 June 2022.

Each holder of Existing Shares that is on the Record Date recorded on the Company's shareholder register maintained by Euroclear Finland Oy ("**Euroclear Finland**") will, unless otherwise stated below, for each Existing Share held on the Record Date, receive one subscription right in the form of book-entry security (the "**Subscription Right**"). Shares held by the Company do not entitle to Subscription Rights. See also "*– Shareholders resident in certain restricted jurisdictions*".

The Subscription Rights will be recorded on shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 3 June 2022.

Each holder of Subscription Rights shall with three (3) Subscription Rights have the right to subscribe for four (4) New Shares at the Subscription Price (as defined below) (the "**Primary Subscription**"). No fractional New Shares will be issued, and no Subscription Right may be used only in part.

The Subscription Rights will be subject to trading on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") between 7 June 2022 (provided that Nasdaq Helsinki accepts the Company's listing application) and 14 June 2022 (unless the Subscription Period is extended).

Unused Subscription Rights will lapse worthless and be removed from the holders' book-entry accounts upon the end of the Subscription Period without any notice or compensation.

In order not to lose the value of the Subscription Right, the holder of the Subscription Rights should either:

- Use the Subscription Rights to subscribe for New Shares no later than on 21 June 2022 (unless the Subscription Period is extended), in accordance with the instructions of the subscriber's account operator, asset manager or nominee, taking into account that the last subscription date for the New Shares may, in accordance with the instructions of the account operator, asset manager or nominee, be before 21 June 2022; or

- Sell any unused Subscription Rights no later than on the last trading date of the Subscription Rights, on 14 June 2022 (unless the Subscription Period is extended).

#16247439v16

Where Existing Shares entitling to Subscription Rights have been pledged or are subject to any other encumbrance, it may not be possible to use the Subscription Rights without the consent of the pledgee or other such rights holder.

Right to subscribe for New Shares not subscribed for in the Primary Subscription without Subscription Rights (Secondary Subscription)

Where not all New Shares are subscribed for in the Primary Subscription, the Company's shareholders and other investors have a right to subscribe for the unsubscribed New Shares without Subscription Rights (the "**Secondary Subscription**") at the Subscription Price (defined below). The Company's Board of Directors will resolve on any offering of New Shares not subscribed for with Subscription Rights secondarily to the Company's shareholders and/or other investors, who have given a subscription order to subscribe for New Shares without Subscription Rights.

See also "– *Subscription procedure and payment of the Subscription Price – Subscription for New Shares without Subscription Rights in the Secondary Subscription*".

Approval of subscriptions

The Company's Board of Directors will on or about 27 June 2022 (unless the Subscription Period is extended) approve subscriptions made with Subscription Rights and in accordance with these terms and conditions of the Offering and applicable law and regulations. In addition, the Company's Board of Directors will on or about 27 June 2022 (unless the Subscription Period is extended) approve subscriptions made without Subscription Rights and in accordance with these terms and conditions of the Offering and applicable law and regulations by applying the allocation principles set out in "*Subscription procedure and payment of the Subscription Price – Allocation of New Shares subscribed for in the Secondary Subscription*".

No notice of approval will be sent regarding the approval of Primary Subscriptions made with Subscription Rights. For approved Secondary Subscriptions, the account operator or asset manager of each investor shall deliver a notice of approval no later than on or about 12 July 2022 (unless the Subscription Period is extended).

The Company will on or about 27 June 2022 (unless the Subscription Period is extended) announce the results of the Offering and the aggregate number of New Shares subscribed for by way of a stock exchange release.

Subscription Price

The subscription price for each New Share is EUR 0.10 (the "**Subscription Price**"). The Subscription Price is based on the closing price of the Company's Existing Share, EUR 0.2885, on Nasdaq Helsinki on the trading day of 30 May 2022 immediately preceding the decision on the Offering, and corresponds to an implied discount of approximately 45 per cent on the theoretical ex-rights price of SRV's share.

The Subscription Price for the New Shares will be recorded in the fund for invested unrestricted equity of the Company.

Subscription Period

The subscription period for New Shares will commence on 7 June 2022 at 9:30 am Finnish time and will end on 21 June 2022 at 4:00 pm Finnish time (the "**Subscription Period**"). The Company's Board of Directors shall have the right not to approve subscriptions received after the end of the Subscription Period. The Company's Board of Directors is entitled to extend the Subscription Period.

The Company will announce any extension of the Subscription Period no later than on 21 June 2022 by way of a stock exchange release. If the Subscription Period is extended, the term of payment of subscriptions, the last trading day of the Subscription Rights on Nasdaq Helsinki, the date on which Subscription Rights lapse, the approval date of subscriptions, delivery of notices of approval, announcement of the results of the Offering, the combination of the Interim Shares (defined below) with the Company's Shares, the registration of the New Shares on the subscribers' book-entry accounts and the commencement of trading in the New Shares will be postponed correspondingly.

Subscription venues, i.e., account operators, asset managers and nominees may require their customers to give subscription orders on a certain date before trading in Subscription Rights or the Subscription Period ends.

Trading in Subscription Rights

Holders of Subscription Rights may sell their Subscription Rights on the market at any time during the public trading in the Subscription Rights. Public trading in the Subscription Rights on Nasdaq Helsinki will commence on 7 June 2022 at 10:00 am Finnish time (provided that Nasdaq Helsinki accepts the Company's listing application) and will end on 14 June 2022 at 6:30 pm Finnish time (unless the Subscription Period is extended). The price of the Subscription Rights on Nasdaq Helsinki will be determined by trading on Nasdaq Helsinki. Subscription Rights may be sold or purchased by giving a sell or purchase order to one's own account operator, asset manager or other broker.

The ISIN code of the Subscription Rights is FI4000523600 and the trading code on Nasdaq Helsinki is SRV1VU0122.

Subscription procedure and payment of the Subscription Price

Use of Subscription Rights in the Primary Subscription

Each shareholder or other investor may participate in the Offering by subscribing for New Shares with the Subscription Rights on the shareholder's or other investor's book-entry account and by paying the Subscription Price multiplied by the number of New Shares subscribed for. The aforementioned does not, however, apply to shareholders resident in certain jurisdictions, and shareholders may be required, in connection with any such subscription, to provide evidence that they are not resident or located in Restricted Jurisdictions (defined below). See also, "– *Shareholders resident in certain restricted jurisdictions*".

The Subscription Price shall be paid in its entirety in accordance with the instructions of the account operator, asset manager or nominee upon giving a subscription order.

In order to participate in the Offering, shareholders and other investors shall give their subscription orders in accordance with the instructions of their own account operator, asset manager or nominee.

Subscriptions will be deemed made only once the subscription order has been received by the account operator, asset manager or nominee and the Subscription Price has been paid in full.

Such shareholders and other investors whose Existing Shares or Subscription Rights are registered in the name of a nominee shall give their subscription orders in accordance with the instructions of their nominee.

Subscription orders shall be given separately for each book-entry account.

Incomplete or incorrect subscription orders can be rejected. Where the Subscription Price is not paid in accordance with these terms and conditions, the subscription order can be rejected. The Board of Directors of the Company may, however, resolve to accept a subscription order or payment of the Subscription Price made by means deviating from these terms and conditions. If the subscription is rejected, the Subscription Price paid will be returned to the subscriber. No interest will be paid on the funds returned.

Subscriptions are binding and may not be amended or withdrawn except pursuant to section "– *Withdrawal of subscriptions in certain circumstances*" of these terms and conditions.

Unused Subscription Rights will lapse worthless upon the end of the Subscription Period on 21 June 2022 at 4:00 pm Finnish time (unless the Subscription Period is extended) and they will be removed from the holders' book-entry accounts without any notice or compensation.

Subscription for New Shares without Subscription Rights in the Secondary Subscription

Shareholders and other investors may subscribe for New Shares without Subscription Rights by giving a subscription order and by paying the Subscription Price (multiplied by the number of New Shares subscribed for) in accordance with the instructions of the subscriber's account operator, asset manager or nominee.

The Subscription Price shall be paid in its entirety upon giving the subscription order in accordance with the instructions of the account operator, asset manager or nominee. The account operator, asset manager or nominee of the shareholder or other investor shall receive the subscription order and payment no later than on 21 June 2022 (unless the Subscription Period is extended) or at any earlier date and time as instructed by the account operator, asset manager or nominee.

Subscriptions will be deemed made only once the subscription order has been received by the account operator, asset manager or nominee and the Subscription Price has been paid in full.

Incomplete or incorrect subscription orders can be rejected. Where the Subscription Price is not paid in accordance with these terms and conditions, the subscription order can be rejected. The Board of Directors of the Company may, however, resolve to accept a subscription order or payment of the Subscription Price made by means deviating from these terms and conditions. If the subscription is rejected, the Subscription Price paid will be returned to the subscriber. No interest will be paid on the funds returned.

In case several subscription orders are given in respect of a particular book-entry account, such orders will be combined into one single order in respect of that book-entry account.

The Company will confirm its approval or rejection of subscriptions for New Shares made in the Secondary Subscription to all such investors who have given a subscription order in the Secondary Subscription.

Where not all of the New Shares subscribed for in the Secondary Subscription are allocated in accordance with the subscription order, the Subscription Price for New Shares not allocated to the subscriber will be returned to the subscriber no later than on or about 4 July 2022 (unless the Subscription Period is extended). No interest will be paid on the funds returned.

Allocation of New Shares subscribed for in the Secondary Subscription

If not all of the New Shares have been subscribed for with the Subscription Rights in the Primary Subscription, the Company's Board of Directors will resolve on the allocation of New Shares subscribed for in the Secondary Subscription as follows:

1. First to those who have subscribed for New Shares also with Subscription Rights in the Primary Subscription. If such subscribers oversubscribe the Offering, the allocation to such subscribers shall be determined on a per-book-entry account basis pro rata to the Subscription Rights used to subscribe for New Shares and, if this is not possible, by a drawing of lots.

2. Second to those who have subscribed for New Shares only without Subscription Rights in the Secondary Subscription. If such subscribers oversubscribe the Offering, the allocation to such subscribers shall be determined on a per-book-entry account basis pro rata to the New Shares subscribed for by such subscribers and, if this is not possible, by a drawing of lots.

Registration of the New Shares on book-entry accounts and trading in the New Shares

The New Shares subscribed for in the Offering will be issued as book-entries in the book-entry system maintained by Euroclear Finland.

The New Shares subscribed for on the basis of Subscription Rights will be recorded on investors' book-entry accounts as interim shares corresponding to the New Shares (the "**Interim Shares**") after subscriptions having been made and paid for. The ISIN code of the Interim Shares is FI4000523618 and the trading code on Nasdaq Helsinki is SRV1VN0122. The Interim Shares will be freely transferable, and trading in the Interim Shares on the official list of Nasdaq Helsinki as a separate share series commences on or about 22 June 2022, provided that Nasdaq Helsinki accepts the Company's listing application. The Interim Shares will be combined with the Company's Shares (ISIN code: FI0009015309; trading code on Nasdaq Helsinki: SRV1V) once the New Shares have been registered with the Finnish Trade Register. The combination will take place on or about 29 June 2022 (unless the Subscription Period is extended) provided that Nasdaq Helsinki Ltd accepts the Company's listing application.

New Shares subscribed for without Subscription Rights will be recorded on the subscriber's book-entry account as Shares on or about 29 June 2022 (unless the Subscription Period is extended). Trading in the New Shares will commence on Nasdaq Helsinki on or about 29 June 2022 (unless the Subscription Period is extended).

The Shares, including the New Shares, are freely transferable.

Withdrawal of subscriptions in certain circumstances

Where the prospectus relating to the Offering (the "**Prospectus**") is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the New Shares or the Interim Shares (the "**Grounds for Supplement**"), investors who have subscribed for New Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least three working days from the publication of the supplement. The withdrawal right is further conditional on that the Grounds for

Supplement was noted prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the New Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier).

The Company will announce withdrawal instructions by way of a stock exchange release. This stock exchange release shall also announce investors' right to withdraw subscriptions, the period within which subscriptions may be withdrawn and more detailed instructions on withdrawal. Any withdrawal of a subscription shall relate to the entire subscription of the investor. The withdrawal must be made in writing at the account operator, asset manager or nominee in which the subscription order was given.

After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately five banking days from withdrawal. No interest will be paid on the funds returned.

Shareholders resident in certain restricted jurisdictions

The granting of Subscription Rights to the Company's shareholders, the issuance of New Shares to subscribers who have used their Subscription Rights and subscriptions for New Shares in the Secondary Subscription may be affected by the securities laws of the subscriber's domicile, if the subscriber is resident in a country other than Finland. As a result, subject to certain exceptions, shareholders whose registered address is in the United States, Canada, Australia, Japan or in any other jurisdiction where it would be prohibited to participate in the Offering (the “**Restricted Jurisdictions**”) may not necessarily receive Subscription Rights or be entitled to subscribe for New Shares. Each such shareholder recorded in the Company's shareholder register in Finland may, through the bank, nominee, depositary or other financial intermediary where its Existing Shares are in custody, sell a part or all of the Subscription Rights managed on the shareholder's behalf, to the extent permitted by contractual arrangements and applicable law, and receive proceeds from the sales (net of expenses) on their account.

In addition, due to the European Union's sanctions against Russia and Belarus, it is prohibited to sell transferable securities denominated in any official currency of a member state of the European Union issued after 12 April 2022, such as the Subscription Rights, the Interim Shares and the New Shares, to any Russian or Belarusian national or natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. The prohibition shall not apply to nationals of a Member State of the European Union or natural persons having a temporary or permanent residence permit in a Member State of the European Union.

Shareholder rights

The New Shares will confer a right to dividends and other shareholder rights from their registration with the Finnish Trade Register and their delivery on the investor's book-entry account, on or about 29 June 2022 (unless the Subscription Period is extended). The New Shares will from registration and delivery on the book-entry account confer the same rights as the Company's other shares. For further information on shareholder rights, see “*Information on the Subscription Rights and New Shares – Rights attached to the New Shares*” in the Prospectus.

#16247439v16

Fees and expenses

No fees or other expenses will be charged to investors for subscribing for New Shares. Account operators, asset managers and nominees, as well as brokers, that execute orders relating to the Subscription Rights, may charge a commission for such actions in accordance with their fee schedules. Account operators may also charge fees in accordance with their fee schedules for the maintenance of book-entry accounts and for custody and transfers of shares. No transfer tax is levied on the subscription of New Shares.

Information required to be made available

Documents pursuant to Chapter 5, Section 21 of the Finnish Companies Act are available on the Company's website at www.srv.fi/rights-issue.

Applicable law and dispute resolution

The Offering is governed by Finnish law. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

In the event of any discrepancies between the original Finnish version and the English translation of these terms and conditions, the Finnish version shall prevail.

Other matters

The Board of Directors of the Company will decide on any technical matters and practical measures relating to the Offering and the issuance of the New Shares. The Company's Board of Directors may decide not to approve the subscriptions and not to carry out the Offering.

By subscribing for New Shares in the Offering, each subscriber will be deemed to have authorised its account operator, asset manager or nominee to disclose any necessary personal information, the number of the subscriber's book-entry account and details regarding the subscription to such persons who take part in executing the subscription order or in the allocation and settlement of New Shares.

PLAN OF DISTRIBUTION IN THE OFFERING

Placing Agreement

SRV and the Sole Global Coordinator have concluded a placing agreement on 31 May 2022 (the "**Placing Agreement**") regarding the role of Danske Bank A/S, Finland Branch as the Sole Global Coordinator in the Offering.

The Placing Agreement includes customary conditions that entitle the Sole Global Coordinator to terminate the Placing Agreement in certain situations and subject to certain preconditions. Such situations include certain significant negative changes in SRV's business, financial or other position, results of operations, as well as certain changes in, among others, national or international political or economic conditions. Furthermore, SRV has given customary representations and warranties to the Sole Global Coordinator related to, among others, SRV's business and compliance with the law and sanctions, SRV's Shares and the content of this Offering Circular. In addition, SRV has agreed to indemnify the Sole Global Coordinator against certain liabilities in connection with the Offering.

SRV has undertaken to refrain from issuing new Shares or securities entitling to shares or rights attached to them, except with the written consent of the Sole Global Coordinator, until 180 days have passed from the completion of the Offering with the exception of the Subscription Rights, the Interim Shares and the Offer Shares to be issued in the Offering, the new Shares to be issued in the Directed Offering, the special rights entitling to the Shares granted to the holders of the Bonds in the Hybrid Conversion and the Shares to be issued under these special rights, the new Shares to be issued in the Directed Offering Without Consideration and Shares to be issued in accordance with the terms of the Company's current incentive schemes, as well as certain other customary exceptions.

Fees and expenses

In connection with the Offering, SRV expects to pay approximately EUR 2.5 million in aggregate fees and expenses.

Interests of the Sole Global Coordinator

The fees of the Sole Global Coordinator are partly dependent on the amount of funds that will be raised in the Offering.

The Sole Global Coordinator and/or its affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for SRV in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. The Sole Global Coordinator also acts as lender to the Company under SRV's revolving credit facility agreement (for further information on the revolving credit facility agreement, see section "*Selected information on SRV's operating results and capital resources – Capital resources*" and "*Selected information on SRV's operating results and capital resources – Liabilities – Restrictions on the use of capital resources*".

Dilution

The maximum number of Offer Shares offered in the Offering represents approximately 57 per cent of all the Shares after the completion of the Offering. Provided that only the parties who have given a Subscription Commitment (see "*– Subscription Commitments*" below) subscribe for Offer Shares in the Offering, the total holdings of the existing shareholders would dilute by 47 per cent.

As a result of the Offering, the number of outstanding shares in the Company may rise to maximum of 611,073,741 Shares provided that Offering is fully subscribed. This would result in approximately 57 per cent dilution of the total shareholding of current shareholders with the assumption that none of the current shareholders subscribe for the Offer Shares. A Directed Offering carried out simultaneously with the Offering would lead to a total dilution of around 10 per cent in total holdings of the current shareholders, provided that none of the current shareholders subscribe for new shares and the new shares issued in both offerings are subscribed for in full. Together the Offering and Directed Offering would lead to a dilution of around 61 per cent in total holdings of the current shareholders, provided that none of the current shareholders subscribe for new shares and that both offerings are subscribed for in full.

Subscription Commitments

SRV has received commitments from Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investments Ltd (on behalf of itself and Tuomas Kokkila), Lareale Investments Oy (on behalf of itself and Lauri Kokkila) and Varma Mutual Pension Insurance Company to subscribe for Offer Shares in the Offering on the basis of all Subscription Rights to be recorded to them. In addition, SRV has received commitments from AS Pontos Baltic, Kolpi Investment Oy and Havu Capital Oy, under the terms of which these shareholders will either subscribe for themselves or ensure that a third party subscribes for Offer Shares in the Offering. The commitments correspond to a total of EUR 21.6 million and 62 per cent of the Offer Shares provided that the Offering will be fully subscribed.

The addresses of corporations that have given subscription commitments are:

Ilmarinen Mutual Pension Insurance Company	Porkkalankatu 1, FI-00018 ILMARINEN
Etola Group Oy	Lampputie 2, FI-00740 Helsinki
Tungelin Investment Oy	Tehtaankatu 13 A 5, FI-00140 Helsinki
Lareale Investments Oy	Neitsytpolku 2a A 31, FI-00140 Helsinki
Varma Mutual Pension Insurance Company	Salmisaarenranta 11, FI-00180 Helsinki
AS Pontos Baltic	Viru Väljak 4, 10111 Tallinn, Estonia
Kolpi Investment Oy	Merikatu 25 D, FI-00150 Helsinki
Havu Capital Oy	c/o Pontos Oy, Aleksanterinkatu 46 A, FI-00100 Helsinki

In addition, members of SRV's Board of Directors Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka and Timo Kokkila, SRV's President and CEO Saku Sipola and nine (9) other representatives of the executive management of SRV have committed to purchase a total of 15,785,996 Subscription Rights from OP Life Assurance Company Ltd and Pohjola Insurance Ltd corresponding to approximately 6.0 per cent of all Subscription Rights, and have committed to subscribe for Offer Shares in the Offering with all such Subscription Rights.

The subscription commitments are binding and irrevocable, however conditional on certain conditions, all of which have been met by the date of this Offering Circular. No fee will be paid to the providers of the subscription commitments. The subscription commitments correspond to a total of EUR 23.7 million and 68 per cent of the Offer Shares provided that the Offering will be fully subscribed.

AS Pontos Baltic, Ilmarinen Mutual Pension Insurance Company, Kolpi Investments Oy, Havu Capital Oy, Etola Group Oy, Tungelin Investment Oy and Lareale Investments Oy intend to subscribe for more than five per cent of the Offer Shares in the Company as per their Subscription Commitments.

Notice to distributors

Solely for the purposes of the product governance requirements set forth in (a) Directive 2014/65/EU (as amended, "**MiFID II**"); (b) Articles 9 and 10 of the Commission Delegated Directive 2017/593/EU supplementing MiFID II; and (c) local implementation measures (together "**MiFID II Product Governance Requirements**"), and disclaiming any liability the "manufacturer" (due to MiFID II Product Governance Requirements) may otherwise have, regardless of whether the liability is based on infringement, contract or otherwise, the Subscription Rights and the Offer Shares have been subject to an approval process whereby each of them: (i) satisfies the target market requirements of end customers for retail investors, as well as the requirements for investors defined as professional clients and eligible counterparties, as separately defined in MiFID II (the "**Target Market Assessment**"); and (ii) are suitable for offering through all distribution channels, as permitted in MiFID II. Distributors should note that the value of Subscription Rights and Offer Shares may decline and investors may not be able to recover all or part of the amount they have invested; Subscription Rights and Offer Shares do not guarantee any profits or capital protection; and investments in Subscription Rights and Offer Shares are suitable only for investors who do not need guaranteed profits or capital protection, and who (alone or in conjunction with an appropriate financial or other advisor) are able to assess the benefits and risks of such investment and have sufficient funds from investments to cover any losses incurred. The target market assessment does not affect the sales restrictions based on agreement, law or other regulation in the Offering.

The Target Market Assessment should not be considered as (a) an assessment of appropriateness or suitability under MiFID II or (b) a recommendation to an investor or a group of investors to invest, acquire or take any other action regarding the Subscription Rights or the Offer Shares. Each distributor is responsible for its own Target Market Assessment of the Subscription Rights and the Offer Shares and for determining the appropriate distribution channels.

BUSINESS OVERVIEW

General

SRV is a provider of end-to-end solutions in real estate and area development projects as well as a developer-contractor of housing and business premises, acting as both the property developer and the builder in projects. Additionally, SRV acts as the main contractor in housing construction projects and particularly in different business premises construction projects based on contractual relationships with customers. SRV is responsible for the development, commercialisation and/or construction of projects in accordance with the contracts it has entered into, and also acts as an investor in selected own development projects. After construction, SRV may also act as the manager of properties as well as a service provider for selected services for the users and owners of the assets. In the Kalasatama Towers, SRV offers residential services, such as reception services and home cleaning and handyman services implemented through a partner network. SRV also offers energy and life-cycle services for properties such as upkeep and maintenance services and measures related to improving energy efficiency through its partner network. The focus of SRV's business is in Finland's developing urban growth centres located in close proximity to good public transport connections. SRV operates mainly in the Helsinki Metropolitan Area as well as in Turku, Tampere, Oulu and Jyväskylä. 94 per cent of SRV's total revenue in 2021 was generated from operations in the Helsinki Metropolitan Area, Turku and Tampere.

In addition to Finland, SRV operates for the time being in Russia, mainly in St. Petersburg and Moscow, as well as in Estonia. On 28 April 2022, SRV announced that it will initiate the Company's Financial Restructuring due to the war undertaken by Russia in Ukraine and the amortisation of its Russian business operations caused by the related financial sanctions. Due to the war and the market situation caused by it, SRV has written down practically all of its shopping centre properties and other assets located in Russia as well as its investments in Fennovoima, which total EUR 141.2 million, during the first quarter of 2022. After the write-downs, the total value of SRV's assets in Russia in the balance sheet as at 31 March 2022 is EUR 2.6 million. SRV has also announced that it is looking into the possibilities of accelerating its withdrawal from Russia (see "*– Business strategy – SRV to exit the Russian market*").

SRV will evaluate the impacts that its withdrawal from Russia will have on is long-term financial goals later as well as consider making changes to its reporting structure that is based on its current Construction and Investments segments.

SRV's business segments are Construction and Investments. In addition, SRV's segment structure contains the Other operations and eliminations segment. The Construction segment consists mainly of housing and business premises projects as well as infrastructure projects in Finland. The Investments segment consists mainly of SRV's investments and real estate management. SRV employs approximately 940 persons directly, as well as persons from a network of over 3,600 implementation partner companies annually. During 2021, the aggregate number of workers on SRV's sites from time to time amounted to approximately 25,300. SRV's revenue in 2021 was EUR 932.6 million and its operating profit was EUR -1.7 million (operative operating profit was EUR 5.3 million).

The following table sets forth SRV's quarterly revenue, revenue for the last 12 months, quarterly operative operating profit, operative operating profit for the last 12 months, quarterly operating profit and operating profit for the last 12 months for the periods indicated:

	Q1/22	**Q4/21**	**Q3/21**	**Q2/21**	**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
(EUR million)	(unaudited, unless otherwise indicated)								
Revenue	190.7	336.3	191.1	218.0	187.1	292.5	209.9	265.0	208.1
Operative operating profit(2)	4.9	-4.6	-0.6	5.7	4.8	5.3	5.6	0.5	4.3
Operating Profit	-85.7	-11.5(1)	-1.6	6.3	5.2	-8.0(1)	1.7	3.3	4.5
Revenue, last 12 months	936.2	932.6(1)	888.8	907.6	954.6	975.5(1)	1,086.8	1,104.1	1,046.4
Operative operating profit, last 12 months(2)	5.4	5.3	15.2	21.4	16.2	15.8	18.1	7.8	4.9
Operating profit, last 12 months	-92.5	-1.7	1.7	5.1	2.1	1.5	-77.3	-85.4	-91.8

(1) Audited.

(2) SRV changed the definition of the operative operating profit as of 31 March 2021 to improve comparability and transparency. The operative operating profit for the comparative periods and the operative operating profit has been harmonised to be in line with the new definition.

Business segments

General

SRV's business segments are Construction and Investments. In addition, SRV's segment structure contains the Other operations and eliminations segment. The Construction segment includes project development and covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. Construction encompasses housing, business premises and infrastructure construction. The investments segment consists mainly of SRV's business operations in Russia and as well as complete and incomplete long-term investments. Plots that SRV will develop itself, and whose expected profits will be generated through development and longer term ownership, are also reported under Investments segment. Investments segment focuses on the management and realisation of SRV's real estate investments, and on the creation and ownership of new joint investment structures. The Other operations and eliminations contain the strategic project development, finance and financing, communications and marketing, IT management, human resources, legal affairs as well as strategy and risk management of the SRV Group's parent company SRV Yhtiöt Oyj. This segment also includes group eliminations.

The following table sets forth the revenue of SRV's segments for the periods indicated:

Revenue per segment	**For the three months ended 31 March**		**For the year ended 31 December**	
(EUR million)	**2022**	**2021**	**2021**	**2020**
	(unaudited)		(audited)	
Construction	175.2	187.8	930.1	970.0
Investments	1.1	1.0	6.8	4.8
Other operations and eliminations	14.4	-1.7	-4.4	0.7
In total	**190.7**	**187.1**	**932.6**	**975.5**

Construction

The Construction segment includes development of projects and all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. The Construction segment produces comprehensive project development and construction services for SRV's own development projects as well as project management contracting services for projects of external developers. The business operations of the Construction segment focus on housing and business premises projects as well as infrastructure projects in urban growth centres that have been selected in accordance with the strategy. In addition, the operations include housing sales, residential services and the management of business premises carried out through the lifecycle model. The majority of the projects of the Construction segment commencing in the near future were low-risk project management and alliance projects in Q4/2021.

The following table sets forth the key figures of the Construction segment for the periods indicated:

Construction segment – key figures	**As at and for the three months ended 31 March**		**As at and for the year ended 31 December**	
(EUR million)	**2022**	**2021**	**2021**	**2020**
	(unaudited, unless otherwise indicated)			
Revenue	175.2	187.8	930.1(1)	970.0(1)
Operating Profit	6.3	6.9	14.1(1)	27.4(1)
Operative operating profit	6.3	6.9	14.1	25.1(2)
Operative operating profit, % of revenue	3.6	3.7	1.5	2.6(2)
Capital employed	190.9	375.1	195.8	386.8
Number of personnel, end of the period	796	767	801	768

(1) Audited.
(2) The definition of operative operating profit was changed during the first quarter of 2021. The operative operating profit for the financial period 2020 has been adjusted to correspond to the updated definition.

The Construction segment's main objective is to provide an excellent customer experience through its professional expertise in project management, project development and production implementation. The operations are built largely on the SRV Approach, which is based on understanding customer needs and the effective implementation of projects in collaboration with a wide network of professional partners.

The following table sets forth quarterly information on new agreements and order backlog of the Construction segment for the years 2020 and 2021 as well as for the three-month period 1 January–31 March 2022.

	Q1/22	**Q4/21**	**Q3/21**	**Q2/21**	**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
(EUR million)	(unaudited, unless otherwise indicated)								
New agreements	130.1	160.7	166.6	176.0	85.4	140.7	154.4	213.7	198.2
Order backlog(1)	858.0	872.3	1,038.2	1,047.5	1,061.1	1,153.4	1,280.3	1,332.4	1,361.5
Housing construction	352.1	364.0	471.9	460.1	454.6	435.2	454.5	494.6	503.1
Business premises construction	505.9	508.3	566.3	587.4	606.5	718.2	825.8	837.9	858.4

(1) Segmented backlog figures are rounded to millions and may hence not add up to total order backlog.

SRV's Construction segment's order backlog was EUR 858.0 million on 31 March 2022, indicating a decrease in the order backlog of 31 March 2021, which was EUR 1,061.1 million.

Sold backlog on 31 March 2022 amounted to a total of EUR 788.1 million (EUR 930.6 million in total on 31 March 2021).

Housing construction

In line with its strategy, SRV builds homes primarily in growth centres in close proximity to good public transport connections. According to the Company's management, SRV is one of the largest housing constructors in the Helsinki Metropolitan Area by revenue. At the end of the year 2021, SRV had a total of 2,085 (31 December 2020: 2,127) housing units under construction in Finland, most of which are located in growth centres. The housing construction generated approximately 37.4 per cent of SRV's revenue in 2021. The order backlog for SRV's housing construction amounted to EUR 364.0 million at the end of the year 2021. As at 31 March 2022, SRV had a total of 2,397 housing units under construction in Finland, most of which are located in growth centres. Of the aforementioned, 210 were developer-contracted housing units.

The majority of SRV's housing production consists of either co-development projects, where SRV sells the asset before the start of construction, or developer-contracted housing units for which SRV manages the entire value chain as well as bears the risk all the way from land acquisition to the construction and sale of the apartments. SRV also offers housing construction contracts selectively. The construction contracts are construction projects ordered by external clients in which SRV acts as the implementation partner. In the future, SRV expects the demand on housing units for investors to stay on a strong level, driven especially by the widespread trend for renting. For example, the tower building Helsingin Visio under construction in Kalasatama is a rental residential building site, which will be finished in around 2023. SRV focuses on projects in close proximity to good public transport connections, especially railways.

SRV's most significant projects include eight planned tower buildings in Kalasatama, Helsinki, of which seven have been planned as apartments and one as business premises. Two of the residential towers have been completed and two are under construction. In addition to the Kalasatama project, SRV has several ongoing and completed housing projects, such as the construction of Tampereen Wallesmanni and Helsingin Ainonkannel, which is a part of the hybrid block to be built in the area of the former Pohjola building in Helsinki.

Business premises and infrastructure construction

SRV's business premises and infrastructure construction covers various projects, such as offices, logistics facilities, shopping centres and retail premises, educational premises and hospitals as well as infrastructure projects. Business premises and infrastructure construction generated approximately 62.5 per cent of SRV's construction revenue in 2021 (16.3 per cent from hospitals, schools and education, 35.1 per cent from other premises, and 11.2 per cent from infrastructure and renovation projects), with an order backlog of EUR 508.3 million at the end of the year 2021. The majority of SRV's own projects consist of co-development projects, but historically SRV has implemented selected business premises projects on developer-contracted basis as well. A significant proportion of SRV's business premises construction is implemented by contracting using cost-flexible open project management contracts or alliance models. In an alliance model, the project partners work through a jointly created organisation with common targets where the risks and benefits are divided more flexibly between the parties. In alliance projects, the contractor normally receives a basic commission which is not subject to a cost risk. Alliance projects also offer the potential for extra earnings in addition to the basic commission if the specific targets relating to for example budget, quality, schedule, environmental matters and safety, set for the project by the customer, are reached. Project management contracts are commonly based on either target budget agreements or target price and guaranteed maximum price agreements. Like alliance projects, they offer the potential for extra earnings. In project management contracts with a target budget, the contractor receives the agreed project management fee and the client bears the cost liability. In project management contracts with a target price and guaranteed maximum price, the contractor and client share cost liability for costs below the cost ceiling, with the cost ceiling usually being significantly higher than the target price. The most significant ongoing alliance project is Laakso Joint Hospital in Helsinki, which SRV was chosen to develop and build in spring 2021. The clients are the City of Helsinki and the Hospital District of Helsinki and Uusimaa. The project is divided in several development and implementation phases, the value of which is approximately EUR 730 million in total. The project will be entered in SRV's order backlog in accordance with the ordered phases that are estimated to take place between years 2022 and 2028. SRV will also be responsible for the project's underground infrastructure construction. SRV also implements so-called life-cycle projects. In the life-cycle projects SRV is responsible for both the construction and the maintenance of the building for the service period agreed upon and in accordance with a separate service fee.

Significant ongoing and finished projects in SRV's business premises construction include terminal T2 at the Helsinki-Vantaa airport, the Radiation and Nuclear Safety Authority's (STUK) new premises as well as Supercell's office in the wooden city block Wood City. Senaatti-kiinteistöt chose SRV as the contractor for the Radiation and Nuclear Safety Authority's (STUK) new premises in Jokiniemi, Vantaa. The project was finished in spring 2022. Located in Jätkäsaari, Helsinki, Wood city is a wooden city block jointly developed by SRV and Stora Enso. The city block also includes a three-storey car park. In addition to Supercell's, the wooden city block will also be complemented by a second office building to be built, which will house the headquarters of the cyber security company WithSecure. Construction is set to begin in spring 2022 and the new premises are expected to be taken into use during 2024.

Examples of SRV's hospital projects include Laakso Joint Hospital and the Bridge Hospital that will be completed in summer 2022. Apart from the hospitals, SRV has several educational premises under construction or under renovation. Examples of life-cycle projects include Uusikaupunki Education and Wellness Centre Wintteri, where SRV undertakes to build the property and to maintain and upkeep it for the next twenty years.

SRV's infrastructure construction has experienced growth in recent years due to a few large projects, but the revenue varies significantly annually in accordance with the projects that are in implementation. A major ongoing project involves the construction of a conduit that will be located partially in the underground tube of Kuhankoski hydroelectric power plant as well as the new power plant and a new fish passage. The construction works of the power plant started in summer 2021 and the new power plant will be put into operation at the beginning of 2023.

Investments

#16247439v16

The business included in the Investments segment encompasses both incomplete and complete projects in which the Company is a longer-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development and long-term ownership, are also reported under Investments. In the Investments segment, SRV focuses on the administration and realisation of the groups' real estate investments, the creation and ownership of new joint investment structures, and the management of selected properties. The key objectives of the Investments segment are to increase SRV's financing capacity with the aid of joint financing structures, to harness the value chains created by projects more extensively through long-term ownership, to diversify capital risk, and to generate positive cash flow over a longer period of time.

Most of the business of the Investments segment has previously been in Russia. These investments have been written down almost entirely, and the Company aims to withdraw from Russia without delay (see "*– Business strategy – SRV to exit the Russian market*").

The following table sets forth the key figures of the Investments segment for the periods indicated:

Investments segment – Key figures	**As at and for the three months ended 31 March**		**As at and for the year ended 31 December**	
(EUR million)	**2022**	**2021**	**2021**	**2020**
	(unaudited, unless otherwise indicated)			
Revenue	1.1	1.0	6.8(1)	4.8(1)
Operating Profit	-105.4	-0.4	-11.6(1)	-22.4(1)
Operative operating profit	-0.2	-0.8	-4.6	-5.7(2)
Operative operating profit, % of revenue	-19.4	-79.3	-67.1	-119.8(2)
Capital employed	17.0	173.4	167.3	171.9
Number of personnel, end of the period	77	107	83	114

(1) Audited.
(2) The definition of operative operating profit was changed during the first quarter of 2021. The operative operating profit for the financial period 2020 has been adjusted to correspond to the updated definition.

In the year 2021, SRV's Investments segment created revenue of EUR 6.8 million and the operating profit was EUR -11.6 million. The majority of the segment's revenue has been generated by shopping centre management.

The capital employed for SRV's Investments segment totalled EUR 17.0 million on 31 March 2022 and comprised Russian plots (EUR 2.6 million), Tampere Deck and Arena (EUR 10.1 million), and other holdings (EUR 4.3 million).

SRV partially owns and manages three shopping centres, Pearl Plaza, Okhta Mall and 4Daily, in St. Petersburg and Moscow. The war launched by the Russian Federation in Ukraine on 24 February 2022 resulted in a sharp decline in the value of the assets that relate to SRV's business operations in Russia. SRV wrote down its investments in Pearl Plaza and Okhta Mall, EUR 89.3 million in total, in full in the first quarter of 2022. The holding in 4Daily had already been fully written down earlier because of the shopping centre's insufficient development over a longer period of time and uncertain future.

Besides the shopping centres, SRV owns three plots in connection with the Okhta Mall in St. Petersburg, and there are two office properties on one of the plots. In addition, SRV has a leasehold to the Mira-II plot next to the 4Daily shopping centre in Mytishchi. These assets were subject to significant write-downs in the first quarter of 2022, after which their remaining balance sheet value was EUR 2.6 million on 31 March 2022.

The Company's subsidiary SRV Voima Oy's EUR 13.3 million investment in Hanhikivi-1 nuclear power plant project was also written down in the first quarter of 2022 because of the significantly higher risk of the project being suspended.

The Company has focused on lightening the balance sheet in terms of the business operations in the Investments segment since 2019. SRV has sought to lighten its balance sheet e.g. by reducing its holdings in various cooperation projects. SRV has sold its holding in the REDI shopping centre and lessened its holding in the Tampere Deck and Arena project in 2020. SRV has also sold plots in its ownership.

SRV aims to withdraw from its Russian business and holdings within an accelerated time frame (see "– *Business strategy – SRV to exit the Russian market*"). SRV will reassess the group's segment structure and the focus of the Investments segment after the sale of the Russian shopping centres.

Business strategy

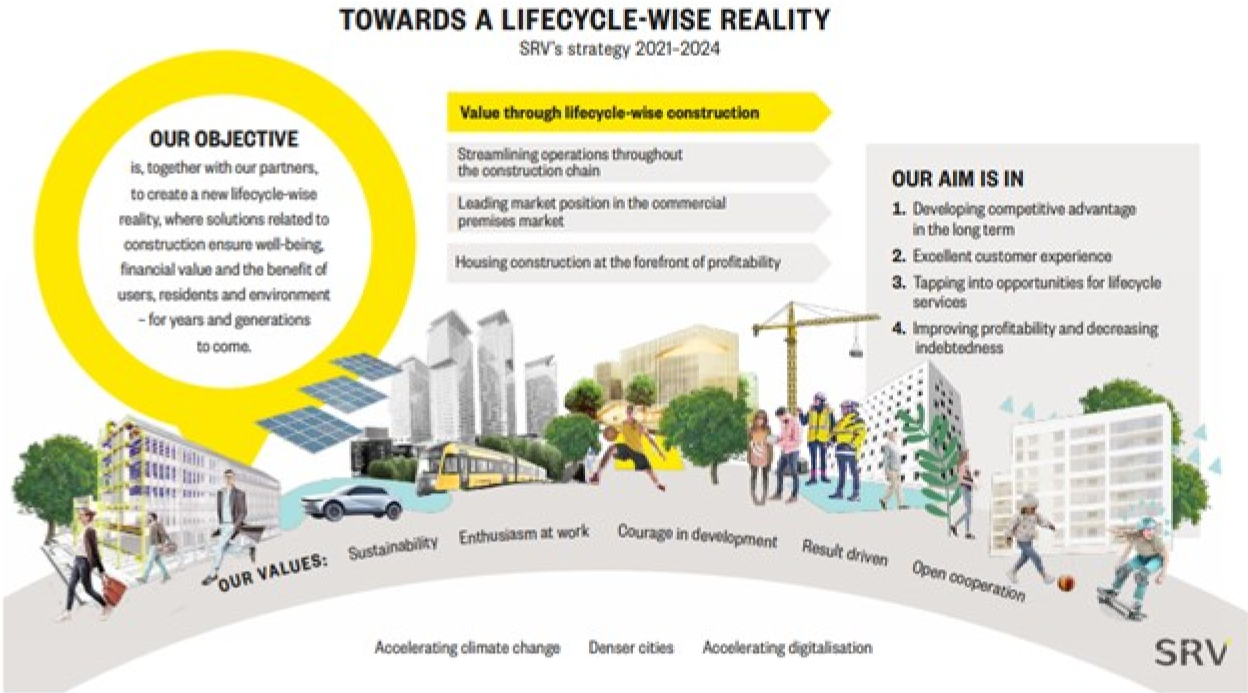
General

SRV published its new strategy in 2021 and its long-term objectives for 2021–2024. The strategy aims at developing SRV's long-term competitive edge and excellent customer experience, opening new possibilities for lifecycle services, improving profitability and decreasing indebtedness. SRV's operations are guided by its values: sustainability, enthusiasm at work, courage in development, profitability and open collaboration. SRV's services cover the entire construction project from the development phase to the delivery and guarantee period as well as selected services for the users and owners of the buildings. SRV may also act as the developer contractor or investor in its own development projects. For further information on SRV's role, see section "– *General*", and "– *Business segments*". An essential part of SRV's strategy is the SRV Approach, a customer-oriented, flexibly adapted and widely networked project implementation model. The SRV Approach is presented in detail under section "– *Key strengths – Strong expertise in project development and customer-oriented and efficient project implementation with the SRV Approach*". SRV's business strategy is also reflected in its key and selected main geographical operating areas; i.e. Helsinki, Turku and Tampere in Finland.

SRV's current strategic development programmes are aiming to add value through lifecycle-wise construction, increase effectiveness of the entire construction chain, develop housing construction as the main driver of profitability and reach a leading market position in the field of business premises. These development programmes are described in greater detail in section "– *Strategic development programmes*".

SRV's key medium-term objectives are to substantially improve profitability and stabilise its finances by reducing its debt-equity ratio. In addition, the Company aims to exit its operations in the Russian market in the short-term period. A more detailed description of SRV's intended exit, see section "– *SRV to exit the Russian market*".

The following graph outlines SRV's strategy for 2021–2024.



#16247439v16

Strategic development programmes

<u>*Adding value through lifecycle-wise construction*</u>

The Company firmly started to develop its lifecycle-wise reality in 2021 with the aim to create clear concepts and solutions through which lifecycle-wise reality can be implemented in different projects in both fields of business operations, residential construction and business premises construction. By lifecycle-wise construction, SRV aims to create solutions that secure simultaneously the well-being, financial value and the interests of users of these spaces, the residents, and the environment. In addition, the Company aims to response with its lifecycle-wise solutions to the challenges brought by accelerating climate change, intensive urbanisation and increasing digitalisation. Optimisation of energy and the use of materials and ensuring the long-life of buildings are at the heart of SRV's lifecycle-wise construction. In addition, as the first large construction company in Finland according to information available to the Company, the Company has made all of its construction sites net emission-free from the beginning of 2022. This has been achieved inter alia by using only renewable and emission-free energy, in addition to which the Company uses carbon-neutral heating whenever it is available. Other emissions, such as those caused by machinery, are compensated for by planting trees in an amount corresponding to the amount of emissions to achieve construction sites' net zero emissions according to the management's assessment.

SRV already has significant references in terms of lifecycle-wise projects that have been finished or are under construction. These include, for example, Woodcity Helsinki, Uusikaupunki Education and Wellness Centre as well as pre-marketed Espoo Neuvokas housing premises. In public lifecycle projects, SRV executes the construction project and looks after the upkeep and maintenance of premises up to 20 years after that.

Increasing effectiveness of the entire construction chain

SRV strives to fortify and increase the efficiency of functionality, cost-effectiveness and risk management of its entire construction chain. In 2021, SRV focused on measures that would stabilise its operations, improve its construction processes, and increase its production efficiency. Throughout the year, the Company invested in the development of the processes and cooperation between planning, procurement, cost control, and production units. This development work resulted e.g. in a new project management tool that combines the best features of different scheduling methods. During the same year, SRV also took steps to develop a Building Information Model-based cost calculation system that could be used at different stages of the design and planning process. Through its development efforts, the Company has also been able to improve its capabilities to use BIM in calculating quantities for category-based procurement and to create a method for measuring how category-based procurement has successfully been executed.

The Company intends to continue its goal-oriented development efforts at a wide scale to improve the efficiency of its operations in 2022. Throughout the year, SRV intends among other things to focus on improving the consistency of the quality of its project implementation operations and the degree of its control over these projects by developing its scheduling, cost and contract management and its operational processes, cooperation procedures, and partnerships.

In addition, the Company will strive to minimise its profitability risk e.g. by increasing the share of low-risk project management and alliance contracts in terms of its business operations and by increasing its risk management know-how throughout its organisation. The business model that applies to the Company's project management and alliance contracts is discussed in more detail in the section entitled – *Business segments – Construction – Business premises and infrastructure construction*. The Company's management estimates that the share of alliance and project management contracts of the Company's order backlog will continue to grow in the years to come as a result of this strategy as over 80 per cent of the public tenders that the Company has won as of this date, which are not yet included in the order backlog, are alliance or project management contracts. In addition, the tenders that the Company has won include only a small number of fixed-price projects.

Housing construction as the main driver of profitability

The Company strives to establish housing construction as the main driver of its profitability by expanding and intensifying its business operations that relate to housing construction. In fact, the Company's housing construction operations have steadily increased their share of the Construction segment's order backlog between 2019 and 2021. In 2021, improvements made to the efficiency of tower construction and an overhaul of the Company's management system served as the key steps the Company took in terms of development. The key focus adopted in the development of the Company's tower construction was speeding up the construction time, which was achieved e.g. by increasing prefabrication. SRV has also developed a new exit route solution for towers that, according to the Company, will serve to considerably improve the floor area efficiency rate of tower construction in the future. The adjustments made to the management system involved making changes to project phases requiring decision-making and the requirements related to project progression. With these adjustments, the Company believes it will be able to manage its projects more efficiently in the future and aim to achieve projected project-specific profit margins. The Company will continue to improve its housing construction efficiency in 2022 e.g. by developing its design and planning management and its operations in the warranty period. The Company will also introduce lifecycle-wise solutions to all housing construction through new projects.

A leading market position in business premises construction

The Company seeks to achieve a leading market position in the business premises market in the most crucial geographical locations where it operates. The key strategic approaches to achieve a leading market position are the commercialisation of lifecycle-wise construction in the private sector, improving both the Company's understanding of its customers' business and how active the Company is on the market as well as creating value for the Company's customers through capable in-house project development and tailored location solutions. The Company will also strive to reduce its profitability risk in its business premises market by commercialising the two-phase project management contract model among its private sector customers.

In 2021, SRV made investments in several of its sales and customer service functions to improve sales and increase commercialisation. In 2021 and during the first months of 2022, the Company has introduced various new procedures to improve the systematic recognition of customer needs and to increase its market activity. These development measures undertaken by the Company have specifically focused on improving the management of sales and customer relationships as well as the projection of sales volumes and the even more specific determination of appropriate sales targets. In addition, SRV has developed a new operating model for managing its customer relationships and expanded the use of its CRM system.

SRV to exit the Russian market

As early as at the beginning of 2021, SRV's strategy was to lighten the balance sheet of its Investments segment and divest its holdings in Russian shopping centres at a time that would be decided upon based on the appropriate development phase and market situation. In April 2022, SRV's board of directors decided to initiate the Company's Financial Restructuring due to the war undertaken by Russia in Ukraine and the amortisation of its Russian business operations caused by the related financial sanctions. Due to the war and the market situation caused by it, SRV wrote down practically all of its shopping centre properties and other assets located in Russia as well as its investments in Fennovoima, which total EUR 141.2 million, during the first quarter of 2022. After the write-downs, the total value of SRV's assets in Russia was EUR 2.6 million on 31 March 2022. After the set of measures has been executed, SRV will be free of almost all (IFRS 16 adjusted) net debt, and its Russia-related risks will be small. The Financial Restructuring is described in more detail in the section entitled "*– Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*"

SRV has announced that it is looking into accelerating its withdrawal from Russia and strives to achieve its goal to withdraw, among other things, by negotiating on the sale of assets that relate to SRV's business operations in Russia through one or more sales. On the date of this Offering Circular, the Company is engaged in multiple advanced discussions regarding the sale of assets of their business operations in Russia. However, the likelihood of the progress and potential timing of the liquidation is hard to assess in the current market environment (see "*Risks – Risks relating to SRV's operating environment – SRV may fail to sell the assets that relate to SRV's business operations in Russia*").

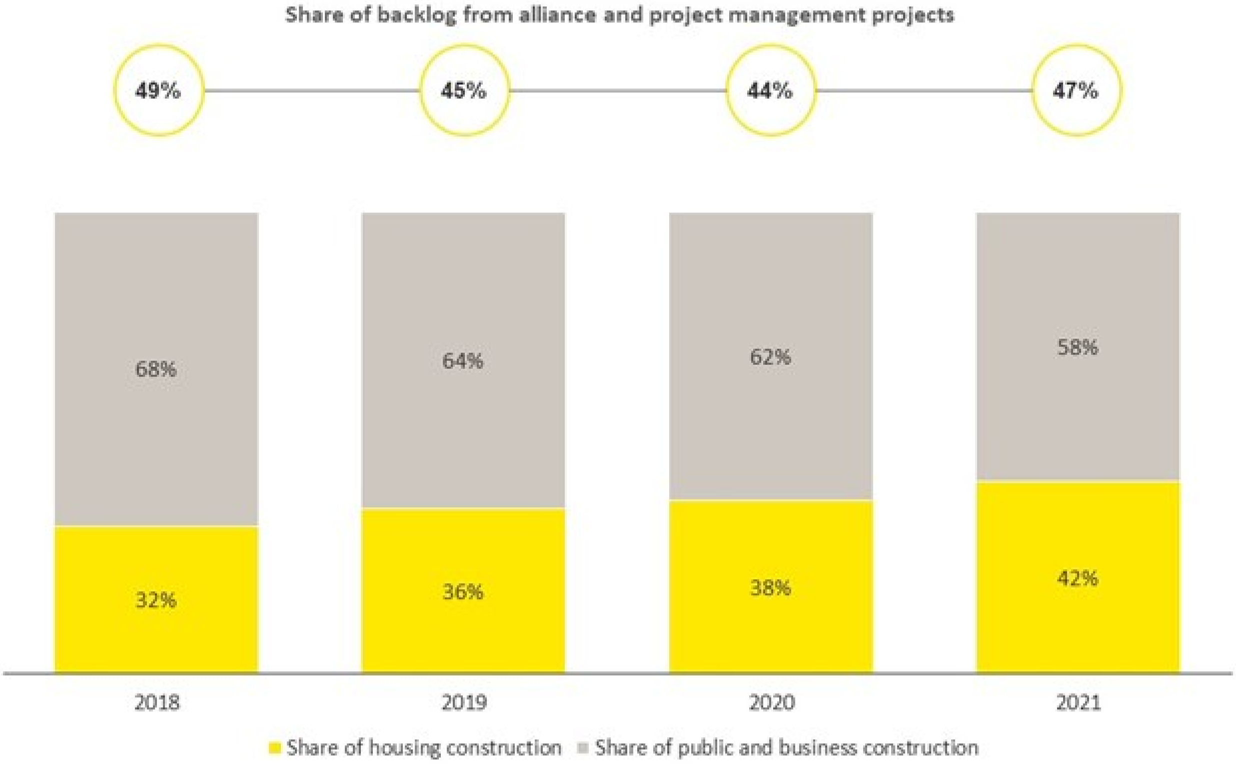
Key strengths

SRV believes that the following are among its key strengths:

Well-established construction business in Finland and the low-risk project portfolio

SRV's construction business has succeeded in considerably improving its profitability between 2020 and 2021 (without the effect of the Tampere Deck and Arena in 2021) by, among other things, reducing the share of high-risk, fixed-price projects in the Company's project portfolio, which is comprised of current order backlog and already won projects that have yet to be added to the order backlog. The operative operating profit generated by the Company's Construction segment amounted to EUR 14.1 million in 2021, and without the Tampere Deck and Arena the operative operating profit would have been EUR 34.7 million in 2021. The Company's operative operating profit margin for the Construction segment was 1.5 per cent in 2021, and without the Tampere Deck and Arena the reported operative operating profit margin would have been 3.7 per cent in 2021. SRV's strong performance in the housing construction segment has resulted in housing projects taking over a larger share of the Company's order backlog. The Company's management states that its strongly diversified order backlog ensures stable demand due to the variety of factors that drive demand in different construction segments. The Company's order backlog was, in total, EUR 858.0 million at the end of March 2022 (EUR 1,061.1 million at the end of March 2021), of which sold order backlog comprised altogether EUR 788.1 million. The Company's historical revenue is also very diverse and distributed between different construction segments: In 2021, the share of business premises and infrastructure construction of SRV's construction revenue was approximately 62.5 per cent (share of hospitals and schools 16.3 per cent, share of other business premises 35.1 per cent and share of infrastructure and renovation 11.2 per cent). In 2021, altogether 37 per cent of the Company's construction revenue came from housing construction.

The graph provided below discloses SRV's order backlog at the end of the year spread over different construction segments as well as the alliance and project management contracts' share of the order backlog in the same period.



The share of low-risk alliance and project management contracts grew in 2021, constituting 47 per cent of the year-end order backlog (42 per cent of the order backlog at the end of March 2022). These projects entail a low profit risk for SRV as the customer carries a significant share of the liability in the event that project costs rise. The business model involved in these types of contracts is discussed in more detail in section "*Business overview – Business Segments – Construction – Business premises and infrastructure construction*". The Company's management estimates that the share of alliance and project management contracts of the Company's order backlog will continue to grow in the short term as over 80 per cent of the tenders that the Company has won as of this date (with a total value of around EUR 1.4 billion), which are not yet included in the order backlog, are alliance or project management contracts. In addition, the public tenders that the Company has won include only a very small number of fixed-price projects.

#16247439v16

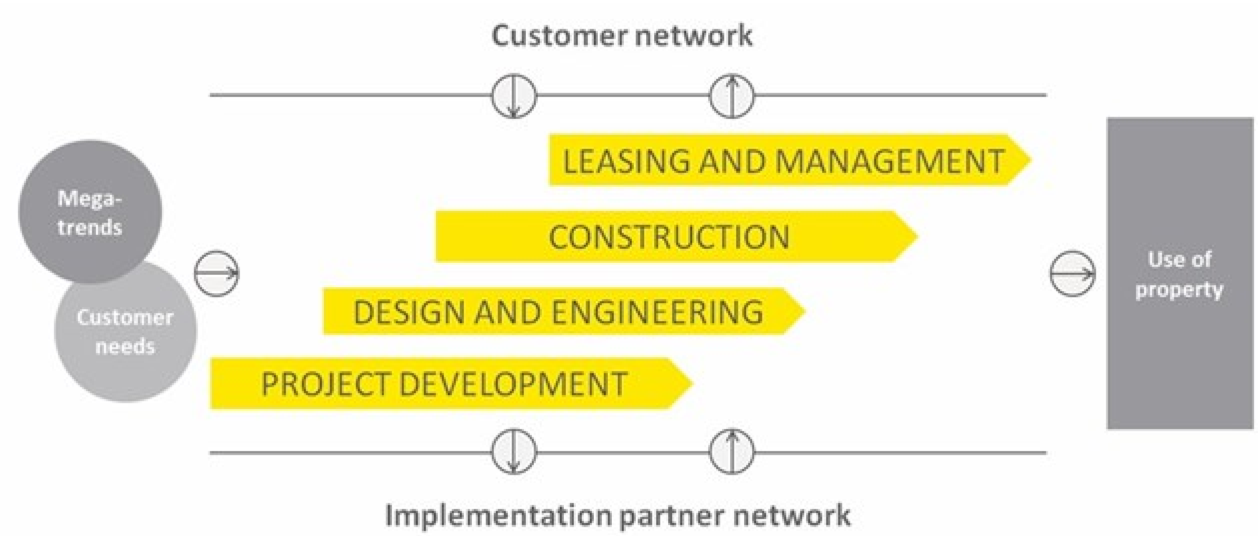
Strong expertise in project development and customer-oriented, efficient project implementation with the SRV Approach

The SRV Approach is an operating model developed by SRV for its project implementation. SRV's management believes that SRV's competitive advantage is based both on strong project development expertise and the customer-oriented and efficient execution of projects with the SRV Approach together with a wide and highly skilled implementation partner network. In the real estate and construction businesses, SRV may have its own development projects either based on developer-contracting or co-development with customers as partners, or it can act as the main contractor in construction in accordance with the project management model. SRV can also serve as the temporary owner and/or manager of the properties and offer selected use-phase services to its customers. SRV's management believes that SRV's operating model makes SRV a forerunner as a developer of new innovative concepts and solutions and as a contractor in significant construction projects both in the public and private sectors.

In the SRV Approach, a construction project is divided into four phases or main functions, which are (i) project development; (ii) design and engineering; (iii) construction; and (iv) leasing and management. All phases can be implemented flexibly and they may overlap. During the project development phase, SRV analyses megatrends, the relevant operating environment, and its customer's needs before developing these into well-functioning projects. In the design and engineering phase, SRV's key task is to manage the entire design and engineering process in accordance with the set parameters and customer demands. During the construction phase, the work is implemented in accordance with the project management model and includes the preparation, planning and implementation of the actual construction process in addition to project steering and supervision and the delivery of site to the customer and the guarantee period. The leasing and management phase may also include the maintenance of the relevant property and fulfilling needs owners and users may have as agreed.

SRV's management believes that the key strengths of the SRV Approach include cost efficiency and a faster overall implementation of projects compared with the conventional model for implementing construction projects as well as a better realisation of customer needs throughout the project. The SRV Approach is based on the innovative development and implementation of a construction project in cooperation with customers and driven by customer needs. The SRV Approach combines all phases of a construction project into a consistent and flexible process and allows customers to participate in the decision-making concerning the projects each step of the way. SRV is responsible for the management of its projects, whereas specific tasks, such as design and construction work and construction material deliveries, are divided into parts, most of which are subjected to competitive bidding and assigned to members of SRV's specialised implementation partner network. SRV assumes liability for the completion of the project in accordance with the price, schedule, and quality requirements agreed with the customer. SRV also assumes the main contractor's liability for the construction, and SRV may also offer use-phase property services and act as an investor and manager in its own property development projects.

The following chart sets forth the project process under the SRV Approach:



#16247439v16

According to SRV's management, the SRV Approach's advantages are most keenly felt during complex projects where some of the end users and features of the real property involved are added to the project at a relatively late stage and where substantial time and cost savings can be achieved by overlapping the different phases of the project. Many properties of the SRV Approach will also prove very useful during extensive and challenging construction projects that are implemented in cooperation with professional building developers. Achieving successful implementation in a complex and open project environment requires close cooperation with customers combined with systematic project management, intensive steering and supervision as well as a cost-flexible contract form.

SRV's management believes that the main factors of the SRV Approach that improve cost efficiency are as follows:

- shorter lead-time for the entire investment;
- wider competition on partial deliveries to decrease the costs involved;

- flexible scalability for different markets and work situations; and

- management of the entire project based on the customer's needs.

SRV's construction project types are divided into (i) construction contracts; (ii) co-development projects; (iii) developer-contracting projects; and (iv) longer-term co-ownership projects. The last three project types comprise all steps of the process and utilise the SRV Approach in its entirety. These implementation forms allow SRV to participate in a project also in the role of an investor or owner or, if necessary, as a property manager. In developer-contracting projects, SRV is also in charge, as a rule, for acquiring financing for the project, whereas co-development projects are implemented in cooperation with investor partners and placed under their ownership. Longer-term co-ownership projects, on the other hand, are implemented in cooperation with different investor partners under agreed joint venture forms. Construction contracts and lifecycle projects that are implemented based on the project management model are initiated by customers, and SRV acts as the main implementing party according to agreement. The construction phases of SRV's own development projects are also carried out in accordance with the agreed-upon principles set out in SRV's project management implementation model. The features of the SRV Approach can be utilised in connection with all types of construction projects, but SRV's management believes that customers will benefit the most if they implement their projects in cooperation with SRV right from the very first step onwards.

Positive market trends support the focus on growth centres in Finland

Urbanisation is one of the megatrends that forms the foundation of SRV's strategy. A growing share of the population wants to live in cities as urban life is perceived to be more convenient due to the availability of jobs and services. New construction plays an important role in answering the demand for apartments especially in urban growth areas where also new construction partially replaces buildings that are being decommissioned.[2] In addition, energy consumption is increasingly being regulated by legislation, and a more energy-efficient approach to life, combined with efforts to curb climate emissions, is driving people to live in more compact societies. SRV estimates that urbanisation and the population shift will continue to be the general drivers of construction activity and will maintain the need for both housing and business premises construction in growth centres, which are SRV's strategic focal points. For instance, the 14 municipalities in the Helsinki region have drawn up a joint plan on land use, housing, and transport, whose goal is for the Helsinki region to have two million residents and more than a million jobs by 2050. In comparison to 2018, this would mean an increase of approximately 500,000 residents and 300,000 jobs.[3] For more information about urbanisation, please see "*Trend and market information – Key trends impacting the operating environment – Urbanisation*".

SRV focuses on housing, business premises and infrastructure construction in urban growth centres. SRV aims to harness the benefits of urbanisation by focusing on projects in high growth urban areas with high growth potential and favourable demographics. The construction of apartments and business premises as well as investor demand are primarily focused in the Helsinki region and in Turku and Tampere in Finland as these are growing due to the influence of urbanisation and a constant influx of new residents. This so-called growth triangle is also where SRV has focused its apartment production and business premises construction. In 2021, altogether 76 per cent of SRV's revenue came from projects in the Helsinki Metropolitan Area. Further, SRV is focused especially on residential building projects in locations with good public transport connections.

Urbanisation and migration will continue to be the general drivers of construction as they support the need for both housing and business premises in growth centres. Further, urbanisation and migration maintain the demand for public construction as well as renovations of existing premises. SRV has a solid track record of hospital and healthcare construction in the growth triangle area, including the Tampere University Hospital and the HUS Bridge Hospital in Helsinki, as well as projects related to public transport, such as Helsinki Airport Terminal 2.

Furthermore, SRV's land reserves and expertise in real estate development support its strategic focal points. As at 31 March 2022, SRVs land reserves comprised a total of 471,000 square metres of building rights relating to unbuilt land areas, land acquisition commitments and rented plots, in addition to which SRV held a total of 255,000 square metres in building rights relating to land development agreements. SRV's high quality land reserves and development agreements are located in dense and growing urban areas with good public

[2] Source: VTT Technical Research Centre of Finland (Asuntotuotantotarve 2020–2040).

[3] Source: The City of Helsinki (Helsingin seudun maankäytön, asumisen ja liikenteen suunnitelma MAL 2019).

transport connections mainly in the Helsinki Metropolitan Area in Finland. Furthermore, SRV has significant expertise in real estate development and vast experience in co-operation with municipal and city policy and decision makers.

Strong market position, high-quality references and status as an attractive employer

According to the management, SRV is one of the main players in the construction sector in central Finnish growth centres. According to the Company's management, the SRV Approach employed by SRV has led it gain a reputation especially as a strong project developer and constructor of demanding building projects in Finland. SRV's expertise in project management and project development relies on competence in plot acquisition and development, as well as in refining individual projects into buildings suitable for various purposes. The Company's management holds that SRV is set apart from many of its competitors due to its SRV Approach also in the sense that all projects are implemented in cooperation with an extensive customer and implementation partner network. SRV aims to stand out from among its competitors also with a good service culture and an in-depth understanding of its customers' needs, which creates a special customer-oriented approach to the implementation of each entire project.

SRV's expertise lies in demanding urban environments, and its goal is to offer the best customer experience as a developer and constructor of projects implemented in urban city centres. SRV's management systems play an integral role in the planning of its operations, production efficiency and the quality of the end product. All work phases up to the handover and occupancy of the completed building are planned meticulously beforehand, and practical implementation is supported by SRV's project management/quality control system including e.g. instructions, template documents, checklists, and other appropriate tools. SRV strives to determine the risks of the projects and prepare for them in advance. During implementation, the quality of the ongoing work and of the end product are monitored with appropriate inspections. SRV's project management/quality control system also comprises ISO certified quality control systems as well as systems that relate to the environment and occupational health and safety. Going forward, the Company intends to focus contracting more on low-risk project management and alliance projects where it can make the best use of its strengths in project management, steering planning and engineering as well as implementation of procurement. SRV has references from challenging project management and alliance projects, such as the HUS Bridge Hospital in Helsinki (project management contract) and Helsinki Airport Terminal 2 (alliance project).

SRV strives to be the most attractive employer in its industry by e.g. implementing high-profile projects that are interesting from a professional development perspective and by taking care of its personnel's well-being. According to SRV's management, SRV's focus on project development and efficient management by outsourcing actual construction work primarily to cooperation partners, coupled with a competent and entrepreneurial organisation, has enabled SRV to achieve a high level of revenue per employee compared to other major construction companies in Finland (construction companies with a turnover of over EUR 500 million). Approximately 85 per cent of SRV's personnel are white-collar employees. In addition, SRV's management believes that its low hierarchy enables swift decision making and ensures the flexibility of its operations in a constantly changing environment and circumstances.

In addition to in-house personnel, one of SRV's key resources is its competent and extensive implementation partner network. SRV's operating model and its complementary networks enable the swift scaling of projects and operations in accordance with prevailing market conditions. Partners that SRV cooperates with in the early stages of a project include, among others, special experts and designers from different fields related to the development of the project, whereas subcontractors and material suppliers are involved in the implementation of the construction phase and property maintenance partners during the use of the building. All projects are divided into partial deliveries, and high quality and cost-effective implementation partners and construction materials are selected for each project with the aid of SRV's procurement process. During each project, SRV offers both steady guidance and support to its partners' operations in order to achieve the goals set by the customers. As at the date of this Offering Circular, SRV's implementation partner network comprises around 3,600 partners that meet the criteria established in SRV's operational policies and SRV's qualitative requirements. The partners are not only Finland-based, but also from other countries, such as the Baltic countries. Approximately 300 key subcontractors and material suppliers with which SRV cooperates very closely cover the most significant share of the total volume of procured goods and services. The Company does not have any Russian subcontractors or material suppliers in its Finnish construction projects.

Sustainability

SRV strives to be a pioneer in sustainability matters. The Company's management holds that doing the right thing and making sustainable decisions is the best way to achieve the Company's strategic goals as well. In the current business climate, it is important for the Company's management to monitor for changes and ensure that the Company's product and service portfolio meets e.g. future climate-related requirements and remains competitive e.g. in the 1.5-degree global warming scenario.

Investors and financiers currently exert the greatest pressure to change the way things are done in terms of sustainability. Sustainable investments are becoming mainstream, and financing is growing greener by the minute. SRV's strategy takes a strong stance in terms of the role of SRV's business operations in the battle against climate change and in adapting to an ever-changing business environment. SRV's strategy is supported by four programmes. One of these programmes, i.e. SRV's lifecycle-wise programme, incorporates sustainability into SRV's business operations in addition to seeking and developing new business opportunities. Mitigating climate change is one of the key components of SRV's lifecycle-wise programme. At the end of 2021, the Company decided that SRV's construction sites would become emission-free from the beginning of 2022 onwards. This constituted a significant step towards a lifecycle-wise future. The decision applies to all of the Company's construction sites and, to the Company's knowledge, is the first taken in this extent in the construction industry in Finland. Carbon neutrality has been achieved inter alia by using only renewable and carbon-neutral energy. The Company uses carbon-neutral electricity always and carbon-neutral heating whenever it is available. The goal is to use machinery that uses electricity or biofuels. Other emissions, such as emissions caused by certain gasses or part of the machinery, are compensated for by planting trees in an amount corresponding to the amount of emissions to achieve construction sites' net zero emissions.

SRV has compiled the most important sustainability themes into a sustainability programme whose goal is to ensure that the Company's sustainability measures support the implementation of its strategic goals in addition to increasing the Company's chances of competing in a business environment that grows more challenging by the day. The themes of SRV's sustainability programme are leadership and value creation for customers, employees, business partners, the society, the environment, and investors. Sustainability themes have also been integrated into SRV's risk management. In terms of risk management, SRV has conducted a climate risk assessment in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). In 2020, SRV adopted nine key goals of the UN's 17 sustainable development goals (the "**UN SDGs**") as part of its responsible business operations. These UN SDGs constitute a part of the Company's sustainability programme, which also sets out their qualitative and numerical goals. The UN SDGs have also been integrated into SRV's strategic development programmes.

SRV's sustainability efforts are led by the board, which handles sustainability -related matters where necessary and decides upon the Company's long-term goals. SRV's management is responsible for the operative management of all sustainability efforts under the leadership of the President and CEO in addition to setting annual goals and integrating sustainability matters into the Company's everyday operations. The Company's sustainability committee monitors and develops SRV's climate efforts together with the Company's operative functions. The Company's manager responsible for sustainability matters is responsible for carrying out all measures in practice in close cooperation with representatives from various business and support functions.

SRV abides by statutory and industry-wide reporting requirements and provides up-to-date and clear information to both internal and external interest groups to support their decision making. The Company expects the sustainability reporting to meet the increasing need for information experienced by several different interest groups. Especially investors and financiers have a growing need for sustainability information. Sustainability themes, such as climate change and its effects, are a part of regular business operations, which is why sustainability information is increasingly needed also when business decisions are being made.

SRV finds listening closely to the wishes and needs of its interest groups to be important. Interest groups increasingly expect companies to carry out practical measures that seek to resolve the most pressing sustainability-related challenges. The Company has also called together SRV's youth panel where young people interested in urban development discuss what kinds of living environments SRV should build in the future and give their opinions and comments on the development of real construction projects that SRV is currently planning to carry out.

According to SRV's environmental policy, SRV's environmental activities are based on a commitment to the conservation of the environment, the development of SRV's operations in accordance with the needs of sustainable development, and the improvement of environment conservation efforts by developing SRV's environmental system. SRV's quality policy and its quality control functions support the Company's strategic goals and brand. The goal of SRV's occupational health and safety policy is to ensure a safe and healthy working environment and work community, to prevent health risks and complications that could arise in connection with its employees' work, and to maintain, promote, and monitor for good health, fitness for work, and capability to function among its employees.

SRV's operations are guided by the Company's values, and its Code of Conduct sets out the principles pursuant to which decisions are made and actions are undertaken at SRV at all times. The obligation to abide by the Code of Conduct applies to all SRV companies, board members, members of management, and employees regardless of their status. SRV also strives to ensure that third parties, such as subcontractors and other business partners, abide by the SRV Code of Conduct or comply with corresponding practices. SRV also employs a confidential Ethics Channel that is open to all and through which SRV's employees and any third parties with whom SRV has conducted business can report any unethical and/or illegal or unsound activities they have observed within SRV's or its partners' operations.

Material investments

SRV's investments in tangible and intangible assets amounted to EUR 0.5 million in the three-month period ended on 31 March 2022.

Between 31 March 2022 and the date of this Offering Circular, SRV has not made any material investments or any resolutions on material investments.

Material agreements outside the ordinary course of business

On 28 April 2022, the Company disclosed that it had resolved to pursue Financial Restructuring due to the write-down of the assets located in Russia and of the holdings in Fennovoima made in the first quarter of 2022. After the write-downs, the Company is unable to meet the covenant provisions that apply to the financing granted thereto without the Financial Restructuring, which without Financial Restructuring will then trigger the termination and call-in right invested in the Company's creditors and representative of the holders of the Bonds (see "*Selected information on SRV's operating results and capital resources – Going concern*" and "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*").

As part of the Financial Restructuring, SRV signed an agreement on 3 June 2022 with its main financing banks on the extension of the binding revolving credit facility of EUR 30 million, binding project financing facility of EUR 40 million and non-binding project financing facility of EUR 63 million in its use by 12 months until 28 April 2024, subject to the completion of the Offering and the Financial Restructuring.

Besides the aforementioned agreements, SRV has not entered other into material agreements outside the ordinary course of its business by the date of this Offering Circular during the current financial period that commenced on 1 January 2022 or during the financial years of 2021 or 2020.

#16247439v16

Profit forecast

The following discussion includes forward-looking statements that involve inherent risks and uncertainties. The Company's actual results of operations could differ materially from those contained in such forward-looking statements as a result of many factors and especially due to the ongoing COVID-19 pandemic as well as Russia's attack to Ukraine, which are discussed below and elsewhere in this Offering Circular, particularly in the section entitled "*Risk Factors*". The following discussion has been prepared on a basis which is (i) comparable with SRV's historical financial information, and (ii) consistent with the accounting policies applied in SRV's financial statements.

In its interim report on 28 April 2022, SRV gave the following outlook for the year 2022:

"In 2022, SRV's revenue and result will be affected by several factors in addition to general economic trends, such as the timing and amount of income recognition for SRV's own projects, which are recognised as income upon delivery; the order backlog's profit margins and their development; the initiation of new contracts and development projects as well as Russia's war in Ukraine and related direct and indirect impacts, such as material costs and the availability of materials and labour. The effects of the COVID-19 pandemic have remained moderate when assessed as a whole, but the impact that the pandemic has had on the construction market remains unclear and generates uncertainty for future prospects. SRV's revenue in 2022 will primarily be comprised of joint construction projects and internally developed projects that are sold to investors. The share of SRV's revenue that is derived from developer-contracted housing production will still remain fairly small in 2022.

- The Group is estimated to generate altogether EUR 800–950 million in revenue in 2022 (revenue in 2021 was EUR 932.6 million).
- The operative operating profit is estimated to improve compared to 2021 (operative operating profit in 2021 was EUR 5.3 million)."

SRV's outlook for the year 2022 is based on the estimates and assumptions of the Company's management regarding the development of the Company's revenue and operative operating profit as well as the operating environment. SRV's guidance is based on the order backlog, the Company's management's estimate of the share of projects sold and covered by preliminary agreements for the remainder of 2022 revenue, and market outlook.

The profit forecasts for the projects in the order backlog have taken into account actual cost inflation as well as problems with the availability of certain materials, mainly due to the war in Ukraine. The profit forecasts also include reservations which the Company's management considers necessary with respect to potential future cost inflation. The outlook's developer-contracted housing unit sales risk is fairly small because of the low number of unsold apartments. The key factors affecting the revenue and operative operating profit that are within SRV's sphere of influence include sales and pricing, project and project risk management, product development and offering, cost management, and actions affecting the efficiency of capital in use. Any effects described above caused by external market factors or the COVID-19 pandemic are not within the sphere of influence of SRV's management. The possible reduction in demand in the business premises and housing markets is also not within the sphere of influence of SRV's management.

See also "*Selected information on SRV's operating results and capital resources – Key factors affecting the results of operations*".

TREND AND MARKET INFORMATION

The following overview of trends and construction markets affecting SRV's business includes forward-looking statements that involve inherent risks and uncertainties, particularly as a result of Russian acts of war in Ukraine and the current coronavirus pandemic. The general economic environment and construction market in Finland may differ significantly from those expressed in the forward-looking statements due to a variety of factors discussed elsewhere in this Offering Circular, in particular in section "Risk factors".

General economic environment in Finland

Global economic growth remained strong up until 2019, but the annual growth of Finland's real GDP decelerated significantly in 2020 due to the pandemic caused by COVID-19 viral disease, which is affecting global economy adversely. In 2021, Finland's real GDP recovered to considerably positive figures on account of an improvement in the pandemic conditions. The considerable economic and political uncertainty caused by the coronavirus pandemic and the outbreak of the war in Ukraine in February 2022 both in and outside of Europe pose possible risks for the development of the overall economy as well as SRV's operations and operating environment. In April 2022, the Bank of Finland estimated in its two alternative calculations that Finland's GDP would grow by 2.0 per cent in 2022 and by 1.5 per cent in 2023, or, alternatively, grow by 0.5 per cent in 2022 and by 0.5 per cent in 2023[4]. Despite the expected slowdown of economic growth, the current economic environment features low interest rates, witnessed by the negative 3-month EURIBOR in 2016–2021. However, owing to the shift in the economic conditions and the accelerating inflation, the near-term development is uncertain. In its two scenarios, the Bank of Finland estimates inflation to amount to 4–5 per cent in 2022 and 2–3 per cent in 2023[5].

The following table illustrates key figures concerning the general economic environment in Finland.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real GDP growth, %(1)	3.2	2.5	-1.4	-0.9	-0.4	0.5	2.8	3.2	1.1	1.2	-2.3	3.5
Unemployment rate, %(1)	8.5	8.0	7.8	8.3	8.8	9.5	8.9	8.8	7.4	6.7	7.7	7.7
Index of wage and salary earnings (1)	2.6	2.7	3.2	2.1	1.4	1.4	0.9	0.2	1.7	2.1	1.9	2.3
Inflation rate, %(1)	1.2	3.4	2.8	1.5	1.0	-0.2	0.4	0.7	1.1	1.0	0.3	2.2
Consumer confidence index (1)	2.4	-5.1	-6.7	-5.2	-6.3	-5.0	-2.0	3.3	2.0	-3.6	-6.8	1.8
EURIBOR 3-month, %(3)	0.8	1.4	0.6	0,2	0.2	0.0	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5

Source: Eurostat, European Central Bank, Statistics Finland.
(1) 2010–2021 Statistics Finland.
(2) 2010–2021 European Central Bank.

Finnish construction market

SRV operates within the Finnish construction market which comprises the new building and renovation construction and civil engineering. According to the Confederation of Finnish Construction Industries, the whole market was sized at EUR 36.9 billion in 2020 (against EUR 36.1 billion in 2019), implying an annual growth of approximately 2 per cent year-on-year.[6] In 2021, the construction market grew at a considerably faster pace, with the growth exceeding 5 per cent.[7] The construction market's average total growth has vastly exceeded that of Finland's real GDP ever since the financial crisis of 2008. In the view of the Company's management, this can partly be attributed to the renovation construction segment's relative underexposure to business cycles as even if the new building segmented is affected by weak or negative GDP growth, the renovation construction segment has remained on a constant growth track due to several underlying trends, such as the ageing of the Finnish building stock, urbanisation, smaller households and building purpose modifications (see the trends' respective sections below for more information). Construction is heavily centralised in growth centres in

#16247439v16

4 Source: Bank of Finland (Euroopan ja Suomen talous Venäjän sodan varjossa, Government Session 5 April 2022).

5 Source: Bank of Finland (Euroopan ja Suomen talous Venäjän sodan varjossa, Government Session 5 April 2022).

6 Source: The Confederation of Finnish Construction Industries RT (Suhdannekatsaus Syksy 2020, Syksy 2021).

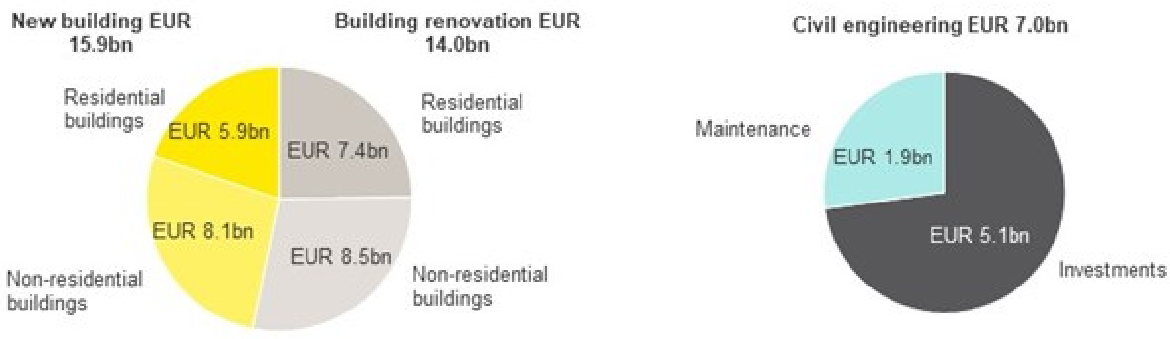
7 Source: Statistics Finland (Index of turnover of construction).

southern Finland.[8] The uncertainty entailed by the war in Ukraine may, however, have a negative impact on the development of the construction market in Finland.

Within the Finnish construction market, SRV operates both in new building and renovation construction. In its operations, the Company focuses on development projects and construction projects within urban areas in southern Finland, such as the Helsinki Metropolitan Area (the "**HMA**"), and Tampere and Turku areas. The following graph sets forth the size of the Finnish construction market and its key segments in EUR billions in 2020.

Value of construction production in 2020, segmented

New building and building renovation | **Civil engineering**



Source: The Confederation of Finnish Construction Industries RT, Forecon Oy (Rakennusteollisuus RT – Suhdannekatsaus 10/2021).

The following table sets forth key indicators of the Finnish construction market.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Construction growth, %	3.4	11.7	4.2	-1.8	1.5	6.7	8.2	8.2	7.2	3.6	1.8	5.4
Building construction growth, %	6.3	15.0	2.4	-3.5	1.6	8.0	10.4	12.3	12.1	3.5	0.2	3.0
Civil engineering growth, %	-7.8	4.7	9.6	-0.3	2.0	8.2	4.7	0.2	-2.9	-0.2	12.5	9.6
Specialised construction growth, %	4.3	10.6	4.4	-0.6	1.2	4.9	7.3	6.8	5.1	4.9	0.4	6.8

Source: Statistics Finland (Index of turnover of construction).

Investments in the Finnish property market continue to grow, and the market was sized at EUR 91.5 billion in 2021 compared to EUR 82.7 billion in 2020, marking a 11 per cent growth year-on-year. Investments by real estate funds, non-listed property companies and international investors have especially fuelled the year-on-year growth. During the 2012–2021 period, the market has grown at an average pace of 8.0 per cent per annum.

In 2021, the volume of property transactions amounted to EUR 7.0 billion, marking a 25 per cent increase from the previous year. Transaction activity remained low throughout the first quarter, but the transaction volume accelerated in the latter part of the year, largely owing to the easing of the effects of the COVID-19 pandemic. The average size of transactions remained constant, but still fell considerably short of the peak levels of 2017. In 2021, 2020 and 2019, the average size of transactions was around EUR 21 million, whereas in 2017 and 2018 the same figure stood at EUR 34 million and EUR 27 million, respectively. In deviation from previous years, housing properties were the most popular property sector for transactions in the market with an

[8] Source: Finland Ministry of Finance, (Rakentaminen 2021–2022, Rakennusalan suhdanneryhmä, syksy 2021).

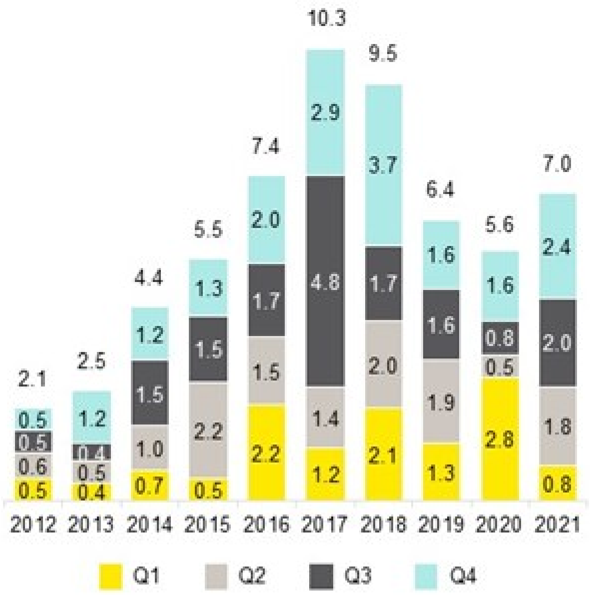
approximately 33 per cent share of total transaction volume in the market 2021. Prior to this, office properties were the most popular property sector for four years in a row between 2017 and 2020.[9]

There has been a downward trend in the net income requirements for prime properties in the central Helsinki region since 2012. This has been affected by strong investment demand and historically low interest rates. However, a turnaround occurred in the April 2020 RAKLI-KTI premises barometer in terms of yield requirements for prime offices and business premises. This level also persisted in 2021, with the yield requirement for prime offices in the central Helsinki region amounting to 3.7 per cent and the yield requirement for prime business premises 4.7 per cent. The yield requirements for prime apartments have remained around 3.5 per cent for the past three years.[10]

The following graphs set forth key indicators in the Finnish real estate investment market.

Finnish property investment market (EUR bn)[(1)]

Transactions in the Finnish property market (EUR bn)[(1)]

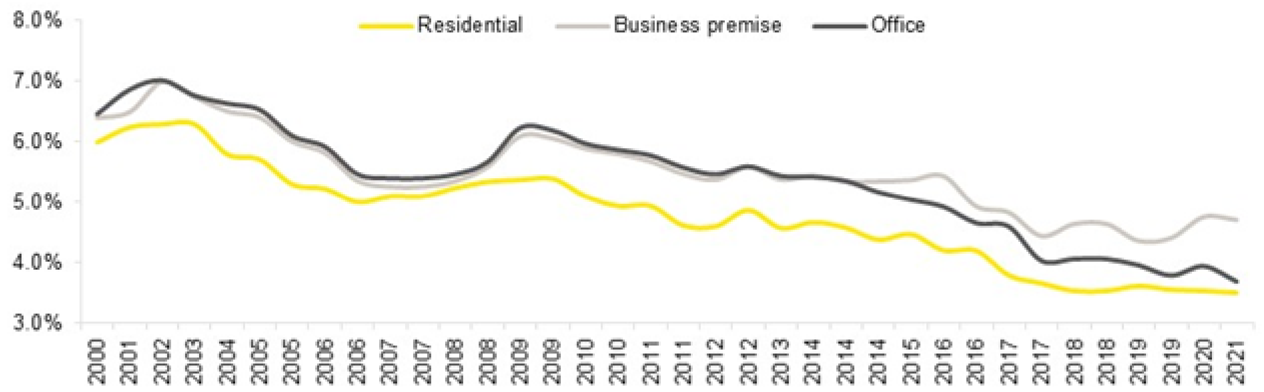


Source: KTI, RAKLI-KTI Property Barometer.
[(1)] KTI (KTI Market Review Fall 2021, The Finnish Property Market 2022).

[9] Source: KTI (The Finnish Property Market 2022).

[10] Source: KTI (KTI Market Review Spring 2021, Spring 2020).

Prime property yield requirements in the Helsinki central business district[(1)]



Source: KTI, RAKLI-KTI Property Barometer.
(1) KTI (KTI Market Review Fall 2021, The Finnish Property Market 2022).

Residential construction

The following graphs set forth the building permits and started construction permit projects for apartments in the HMA, Turku and Tampere, as well as in the whole country measured in thousands of cubic meters. [11] The number of permits and started projects has remained high in urban growth centres in the recent years, especially in the HMA. On the national level, the number of permits and started projects has varied widely over time during the period between 2005 and 2021. Residential construction activity continued at a high level in 2021, remaining very close to the peak level of 2020 (47,800 in 2021 vs. 48,200 apartments in 2020).[12]

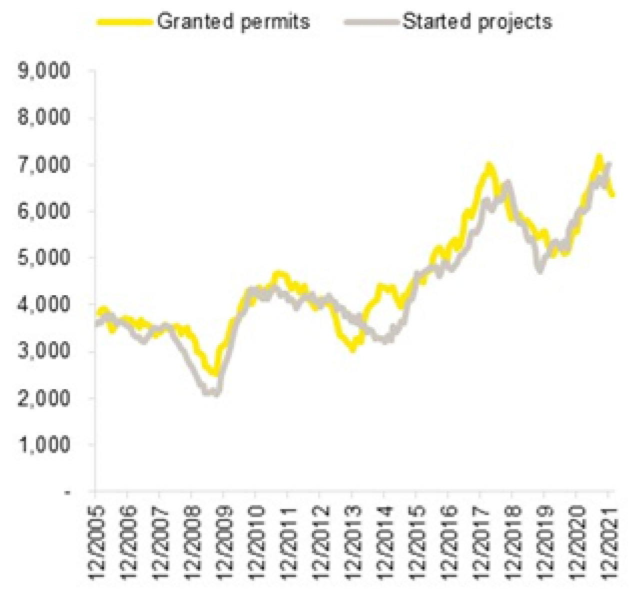
In the HMA, the number of new started housing units increased considerably during 2021. The number of new started housing units remained very close to the level of 15,000 apartments during 2017 through 2020, but increased to 18,000 new started housing units in 2021. The number of granted permits and started projects is driven – especially in the HMA – by the increased need for apartment buildings and other smaller apartments. Additionally, construction of rental housing has been a major driver for increases in construction volumes. According to KTI, almost 18,000 new rental dwellings were under construction in major Finnish cities at the end of 2021, which translates to a 30-per cent growth compared to 13,500 apartments at the end of 2020.[13]

11 The HMA covers the following municipalities: Helsinki, Espoo and Vantaa.

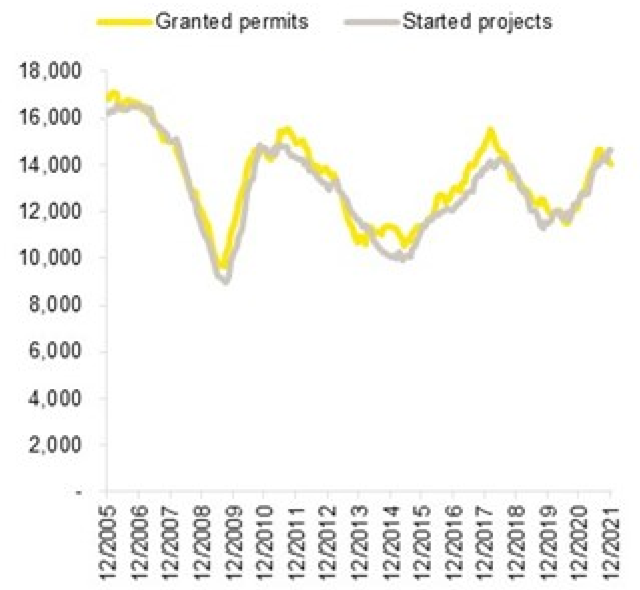
12 Source: Finland Ministry of Finance (Rakentaminen 2022–2023, Rakennusalan suhdanneryhmä, kevät 2022).

13 Source: KTI (The Finnish Property Market 2022).

Permits and started projects in the HMA, Tampere and Turku[(1)]



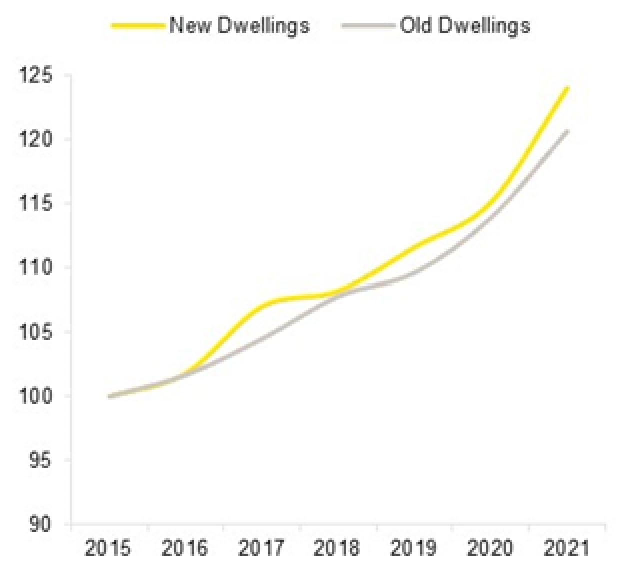
Permits and started projects in all of Finland[(1)]



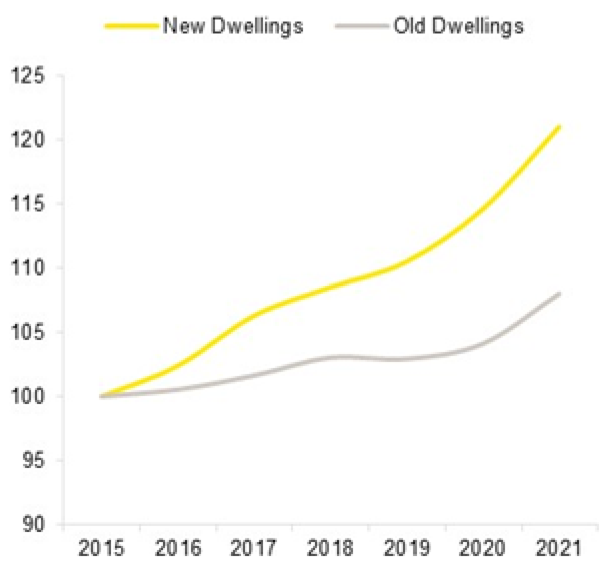
Source: Statistics Finland.
(1) Calculated as a rolling sum of permits granted and residential construction projects started in the past twelve months in the HMA, Tampere and Turku, as well as the entire Finland. The figures have been stated as thousands of cubic metres.

The following graphs set forth the indexed (2015 = 100) price development of apartments in the HMA as well as in the whole country. Prices of both new and old residential dwellings have grown over time, and the indexed prices have remained close to each other especially in the HMA. This development is likely driven by positive net migration and urbanisation, which create increasing demand for dwellings in the HMA and other high growth areas. [14] On the whole country level, the price growth of new dwellings has outpaced that of old dwellings.

Mean prices per m^2 of old and new dwellings in the HMA (indexed, 2015=100)[(1),(2)]



Mean prices per m^2 of old and new dwellings in all of Finland (indexed, 2015=100)[(1),(3)]

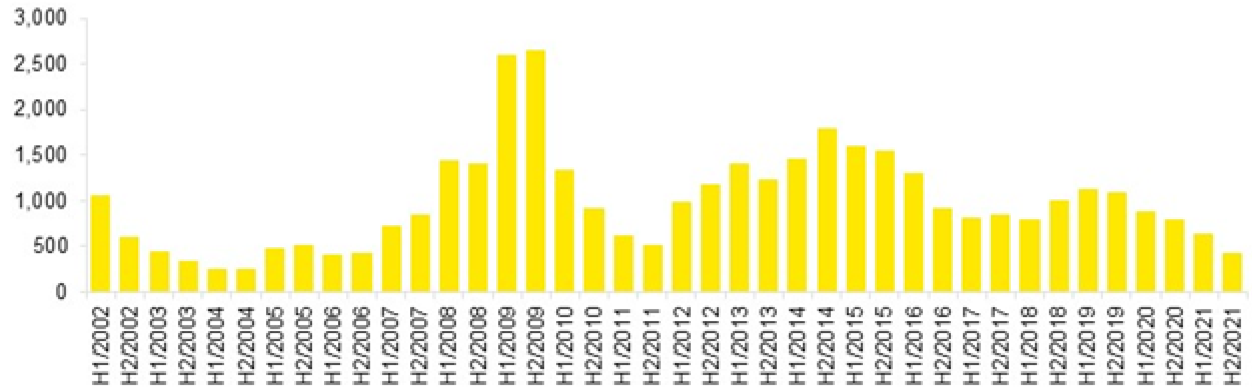


[14] Source: Pellervo Economic Research PTT (Alueellinen asuntomarkkinaennuste 2019).

Source: Statistics Finland.
(1) Indexed (2015 = 100) average prices of old and new dwellings in housing companies and numbers of transactions by municipality by Building type, Municipality, Year and Information.
(2) Figures calculated as weighted average of prices in municipalities forming the HMA.
(3) Figures include all municipalities in Finland.

The following graph sets forth the number of finished new apartments for sale in Finland in 2002–2021.

Number of finished new apartments for sale in Finland in 2002–2021(1)

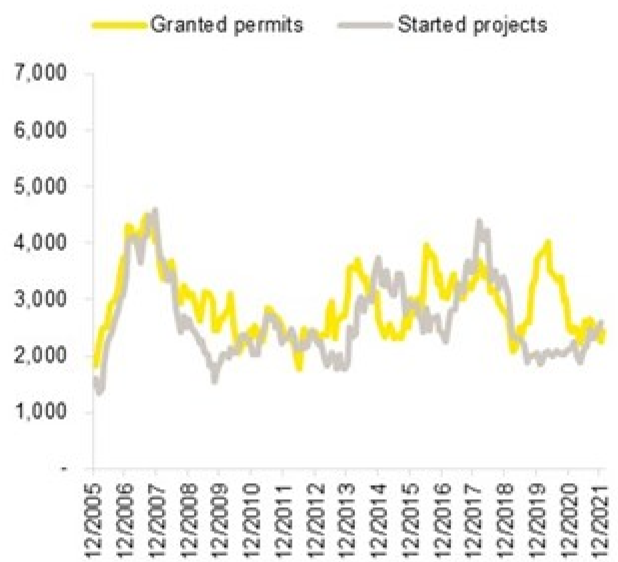


Source: The Confederation of Finnish Construction Industries RT (RT:n Asuntotuotantokysely).
(1) The Confederation of Finnish Construction Industries RT (Suhdannekatsaus Syksy 2021, 10/2021).

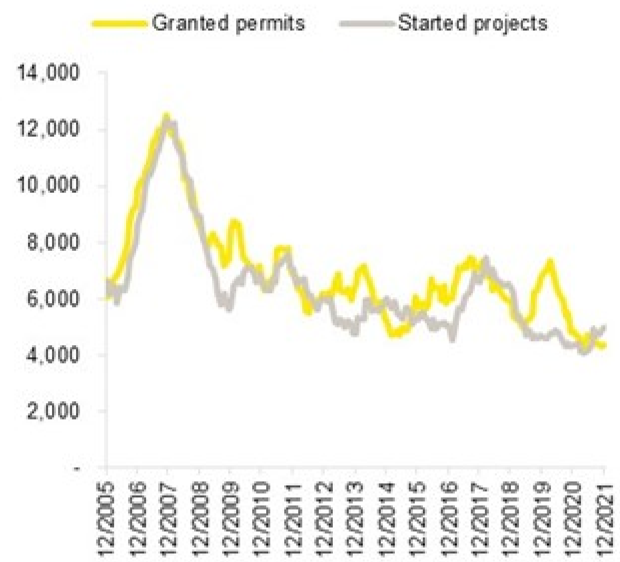
Office and retail premises

The following graphs set forth the building permits and started projects for office and retail premises in the growth centres of the HMA, Tampere and Turku, as well as in the whole country in thousands of cubic meters. On the level of the entire country, the permits and started projects have not returned to levels seen before the financial crisis of 2008. A significant part of the new permits and started projects are located in the HMA.

Granted permits and started projects in the HMA, Tampere and Turku(1)



Granted permits and started projects in all of Finland(1)



Source: Statistics Finland.

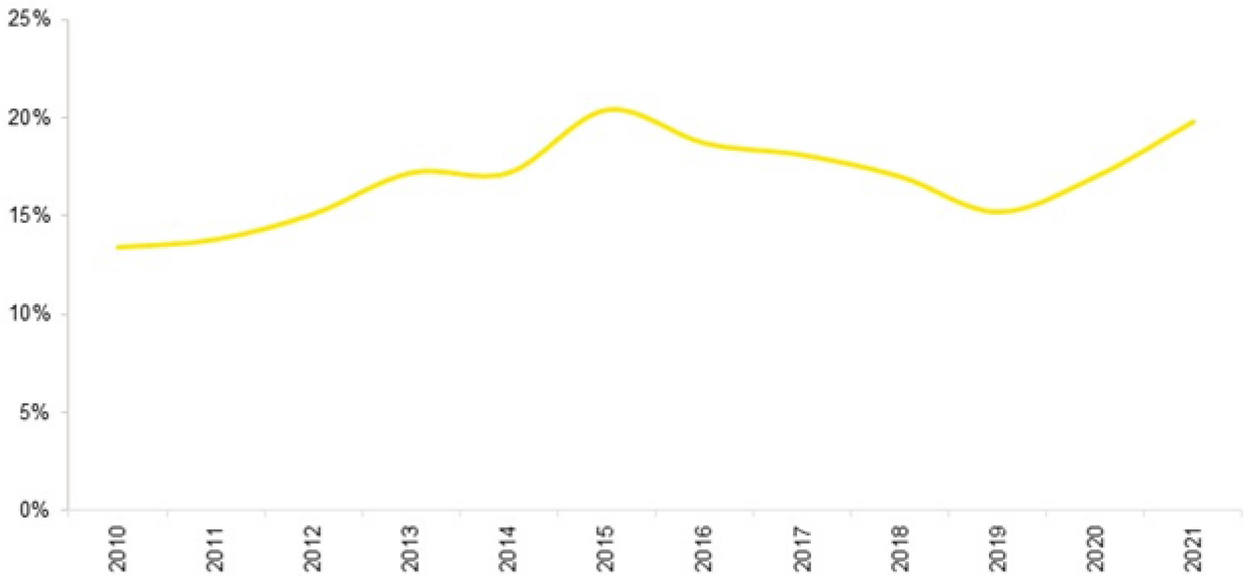
#16247439v16

(1) Calculated as a rolling sum of permits granted and residential construction projects started in the past twelve months in the HMA, Tampere and Turku, as well as the entire Finland. The figures have been stated as thousands of cubic metres.

During the past few years, the strengthening economy has contributed to the net take-up of office premises being positive. The vacancy rates have decreased especially during the 2016–2020 period, but the prolonged coronavirus pandemic has had its effect on a slight increase in the vacancy rate in 2021. The increased number of granted permits and started projects is also likely to have been a considerable cause for the growing vacancy rate in 2021. The proportion of vacant offices in downtown Helsinki at the end of 2021 amounted to 12.5 per cent. The corresponding figure for the entire HMA was approximately 20 per cent[15].

The following graphs set forth the development of vacancy rates in the HMA over time during 2010–2021.

Office properties' vacancy rates in the HMA (%)(1)



Source: KTI (The Finnish Property Market 2022).
(1) Calculated as vacant office properties = 100% - office space occupancy rate.

Public sector buildings

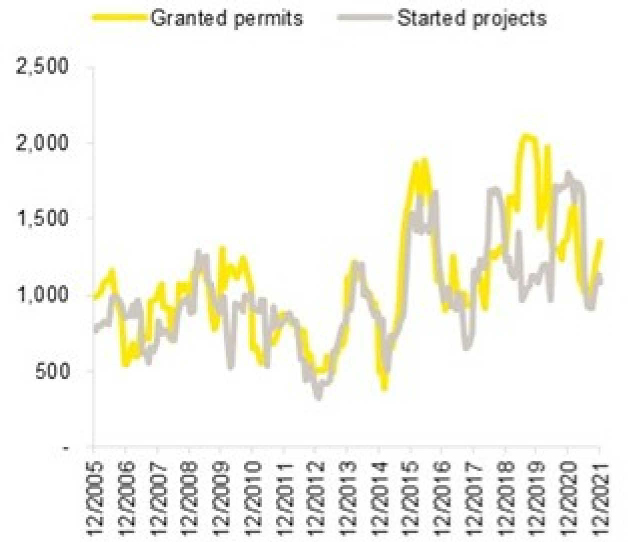
The following graphs set forth the development of granted building permits and building starts for public sector buildings measured in thousands of cubic meters in the HMA, Turku and Tampere as well as in the whole country. The volumes of permits and started projects hit new highs in 2019 and stayed at a good level also during 2020 and 2021. Also in the HMA, Tampere and Turku, the volumes have been on the rise. The growth trend is affected by urbanisation, which increases the need for public administration and service provision buildings, such as offices, schools and health care centres. Nevertheless, in other than the fastest-growing urban areas, the granted permits and amount of project starts can be expected to continue to decrease. The decrease is driven by e.g. reflect municipalities' adoption of varying strategies to meet the demand for their service provisions. One such strategy has been the diversification of property ownership. As an example, many new buildings designed to meet the needs of the elderly population have been developed by private investors, who then rent premises and offer their services to municipalities.[16]

#16247439v16

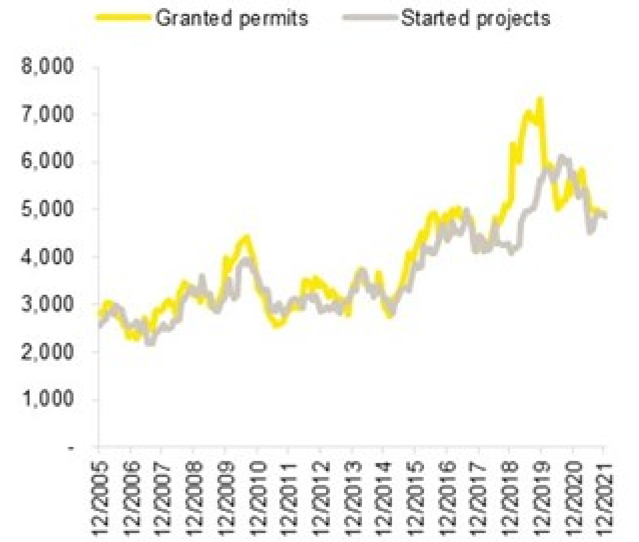
[15] Source: KTI (The Finnish Property Market 2022).

[16] Source: KTI (The Finnish Property Market 2022).

Granted permits and started projects in the HMA, Tampere and Turku[1]



Granted permits and started projects in all of Finland[1]



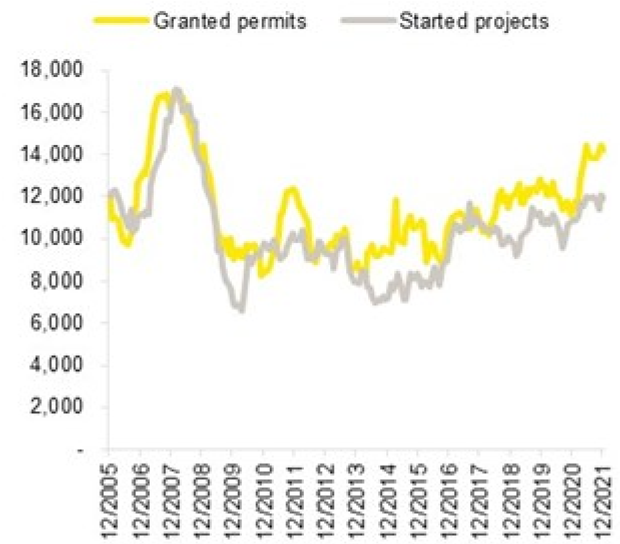
Source: Statistics Finland.

[1] Calculated as a rolling sum of permits granted and residential construction projects started in the past twelve months in the HMA, Tampere and Turku, as well as the entire Finland. The figures have been stated as thousands of cubic metres.

Industrial and storage buildings

The following graphs set forth the development of granted building permits and building starts for industrial and storage buildings measured in thousands of cubic meters in the whole of Finland. The volumes of permits and started projects have not rebounded to the level preceding the 2008 financial crisis on country level but have grown significantly from the record low in 2009. The total volume of industrial and storage buildings is considerable, being on par with housing construction.

Granted permits and started projects in the whole of Finland [1]



Source: Statistics Finland.

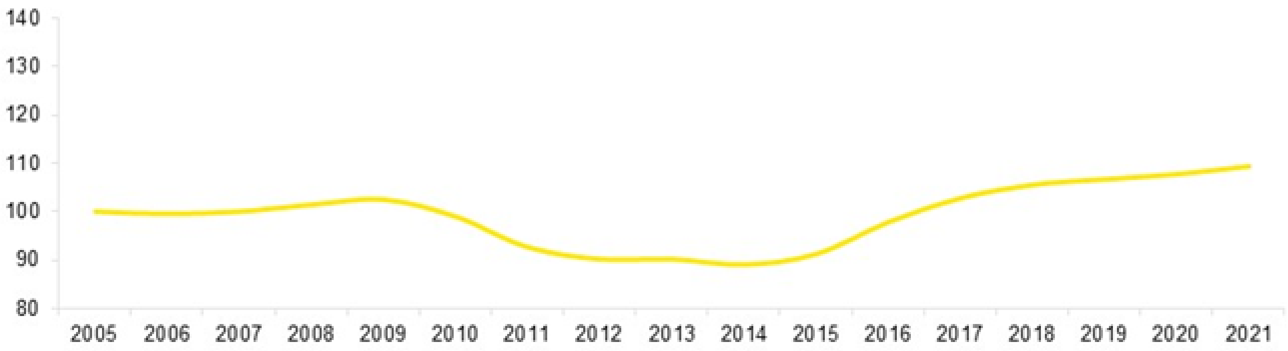
[1] Calculated as a rolling sum of permits granted and industrial and storage building projects started in the past twelve months in the whole of Finland. The figures have been stated as thousands of cubic metres.

Infrastructure construction

The Construction Sector's Outlook Group RAKSU estimates that infrastructure construction grew approximately one per cent in 2021. In particular, public projects are driving the development of infrastructure construction. Akin to residential building construction, infrastructure construction is mostly concentrated to growth centres, including the HMA, Tampere and Turku areas. Notable infrastructure projects budgeted for the coming years include e.g., the Highway 4 Äänekoski–Viitasaari leg, renewal of the Kirjalansalmi and Hessundinsalmi bridges, designing and piloting the Digirail, along with the Turku-Kupittaa track.[17]

The following graphs illustrate the past development of infrastructure construction during 2005–2021.

Volume of infrastructure construction in Finland (indexed, 2005 = 100)[(1)]

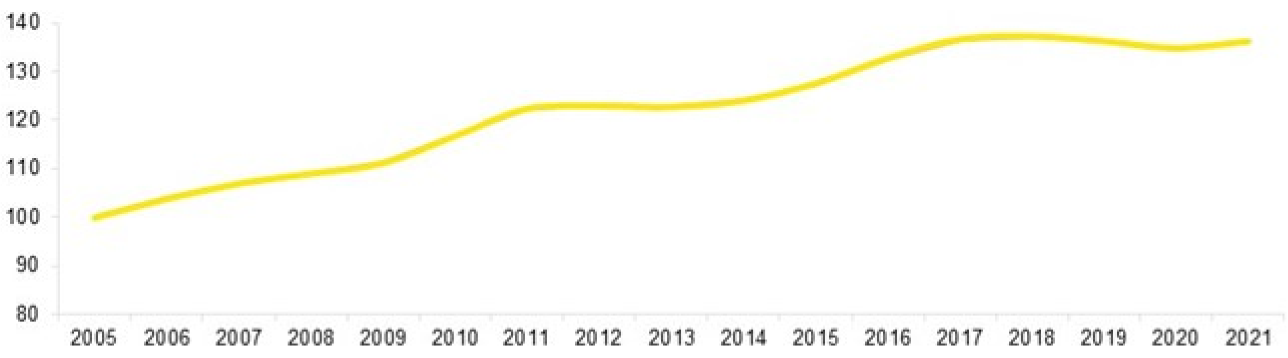


Source: The Confederation of Finnish Construction Industries RT (RT:n Asuntotuotantokysely).
(1) The Confederation of Finnish Construction Industries RT (Suhdannekatsaus Syksy 2021, 10/2021).

Renovation construction

Supported by underlying trends, such as e.g., the ageing of building stock in Finland and building purpose modifications, the Finnish renovation construction market has historically grown at a steady pace. The following graph sets forth the historic the development of renovation construction in Finland during 2005 through 2021.

Historic volume of renovation construction in Finland (indexed, 2005 = 100)[1)]



Source: The Confederation of Finnish Construction Industries RT (RT:n Asuntotuotantokysely).
(1) The Confederation of Finnish Construction Industries RT (Suhdannekatsaus Syksy 2021, 10/2021).

[17] Source: Finland Ministry of Finance (Rakentaminen 2022–2023, Rakennusalan suhdanneryhmä, kevät 2022).

Finnish construction market outlook for 2022

Russia's attack on Ukraine at the end of February introduced considerable economic uncertainty and also deteriorated the growth outlook of the Finnish economy. The economic impacts of the war for Finland are manifold and contingent on the duration and scope of the war. The crisis is accelerating inflation as the prices of energy and raw materials are soaring. The mounting uncertainty, impaired business and consumer confidence, along with rising prices are curbing consumption and investments. The growth in exports is being stalled as a result of a halt in the trade with Russia. The bottlenecks in the global production chains that arose as a result of the coronavirus pandemic are being exacerbated by sanctions and countersanctions.[18]

The uncertainty entailed by the war, the diverse economic effects as well as the inflation and difficulties in the availability of materials are slowing down construction. In the current year, the pace of residential construction is anticipated to decelerate during the end of the year as a result of the uncertainty and rising interest rates. On the other hand, projects that commenced before the war are still expected to drive the construction market's growth during 2022. As concerns office premises construction, the growth is estimated to continue as a result of industrial and warehouse construction, as well as service industry investments. Nevertheless, there is a substantial risk of the development being weaker than anticipated especially towards the end of the year.[19]

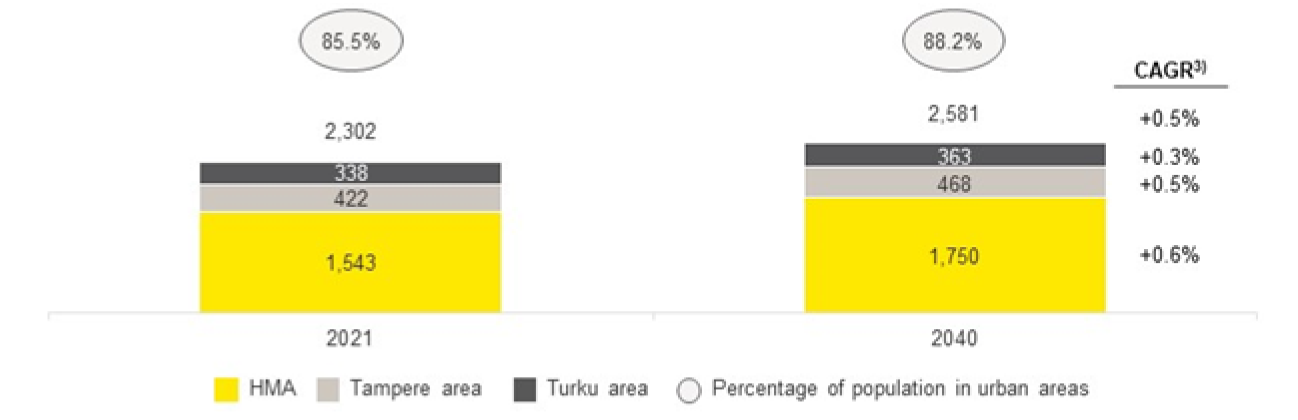
The year 2022 got off to a strong start in the Finnish real estate market, but Russia's acts of war are generating uncertainty and casting a shadow over the future outlook also for this segment. Investor interest has been directed towards strong cash flow objects, such as apartments and logistics. Furthermore, interest towards office properties has increased, while the attraction of retail premises remains low.[20]

Key trends impacting the operating environment

Urbanisation

When compared to other Nordic countries and the rest of Europe, Finland has a relatively low percentage of urban population. The proportion of the urban population is expected to grow as migration from rural to the fastest growing urban areas continues in the near future. In 2021–2040, the HMA as well as Tampere and Turku areas are expected to be among the regions gaining the most in terms of net migration.[21] Akin to Statistic Finland's estimates, the United Nations projects the Finnish urbanisation percentage to increase from 85.5 per cent in 2021 to 88.2 per cent in 2040, supported by the trends of increasing population in and positive migration balance of major urban areas.

Estimate of Finland's population in the HMA, and Tampere and Turku areas(1) (thousands) and urbanisation percentage(2) (%) in 2019 and 2040



[18] Source: Bank of Finland (Skenaarioita Suomen lähivuosien talouskehityksestä 11.3.2022) & Finland Ministry of Finance (Taloudellinen katsaus, kevät 2022 13.4.2022).

[19] Source: The Confederation of Finnish Construction Industries (Suhdannekatsaus Kevät 2022) & Finland Ministry of Finance (Rakentaminen 2022–2023, Rakennusalan suhdanneryhmä, kevät 2022).

[20] Source: KTI (The Finnish Property Market 2022, 21.3.2022) and Newsec (Newsecin kiinteistömarkkinakatsaus kevät 2022, 2.3.2022)

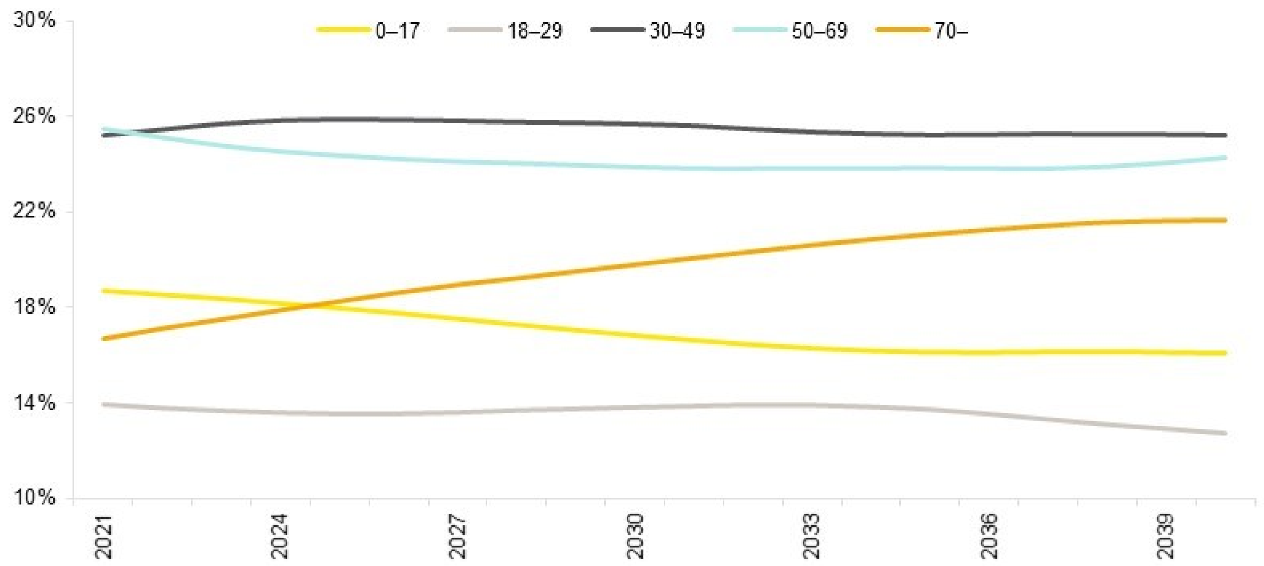
[21] Source: Statistics Finland (Population projection 2021: Vital statistics by area, year, sex and information).

Source: Statistics Finland, United Nations.
(1) Statistics Finland (Population projection 2021: Vital statistics by area, year, sex and information).
(2) United Nations (Urban and rural population in the current country or area as a percentage of the total population, 1950 to 2050).
(3) Compounded annual growth rate.

Ageing population

As seen in the Statistics Finland projection below, the proportion of Finnish population above the age of 70 years is expected to increase from the 16.7 per cent in 2021 to 21.7 per cent in 2040. Currently, health care and other social services are mostly provided by Finnish municipalities but a recent trend has been an increase in outsourcing of services to private sector service providers. Also, the tightening of municipalities' economic situation has increased their willingness to seek out new solutions instead of relying on traditional practices. The growing need for care and health care properties has resulted in the growth of the investment market related thereto from around one billion euros to more than 5 billion euros between 2015 and 2021.[22]

Projection of development of the Finnish population by age groups 2021–2040



Source: Statistics Finland (Population projection 2021, population as of 31 December each year, sex and age).

Ageing building stock

#16247439v16

Ageing of Finland's building stock increases the need for renovations, including the need for technical renovations of e.g., damp areas, plumbing, and outer surfaces and structures. At the moment, renovations are overseen primarily for building stock from the 1960s. In the upcoming years, the 1970s and 1980s building stocks – which are significantly larger in size than the 1960s stock – will reach the customary age for basic renovations. The Finnish residential stock's need for technical renovations is estimated to be EUR 3.5 billion per annum in 2016–2025[23]. On the other hand, the overall renovation need for residential dwellings is estimated to be EUR 9.4 billion per annum in 2016–2025 compared to EUR 7.3 billion in 2006–2015[24]. Most of this growth can be attributed to ageing of the 1980s building stock.

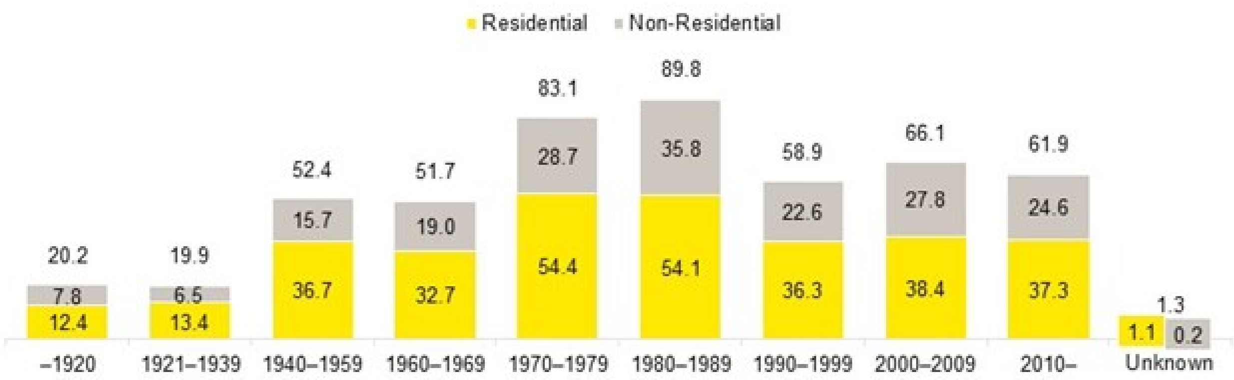
22 Source: KTI (The Finnish Property Market 2022).

23 Source: Pellervo Economic Research PTT (Asuinrakennusten korjaustarve).

24 Source: VTT Technical Research Centre of Finland (Asuinrakennusten korjaustarve 2006–2035).

In Helsinki and other growth areas, the rise in demand for renovations is economically justified. Especially in rural municipalities, the demand for renovations is not as high as in urban areas, and hence a part of the building stock will be left as either is or face demolition. [25]

Age distribution of the Finnish building stock in millions of square meters as at 2020



Source: Statistics Finland (Buildings and gross floor area by Year, Year of construction, Area, Intended use of building and Information). The "Unknown" Category includes buildings the construction year of which has been marked as unknown.

Decreasing household size and proliferation in rental housing

Changes in living requirements and habits as well as the effects of urbanisation have affected the production of residential properties during the past few years. Production of residential dwellings focuses heavily on multi-storey buildings and the average size of dwellings has decreased considerably over the last ten years. In 2005, 36 per cent of started projects were multi-storey buildings, whereas the same figure in 2021 was 76 per cent. The average size of new high-storey building apartments in 2021 was 68 m^2, and 84 m^2 in 2005.[26] The demand for smaller apartments stems from growth in the number of smaller households – in 2020, 45 per cent of Finnish households were single households, and 33 per cent comprised two persons. In larger cities, the size of households is smaller. As an example, in Helsinki the percentage of single-person households in 2020 was approximately 50 per cent.[27]

Building purpose modifications

Building purpose modifications aim to enhance and optimise the economic returns of the property base. In Finland, there is currently a large number of properties with a high vacancy rate, especially as a result of the increase in the vacancy rate that occurred during 2021. Converting these properties to better respond to current demand can improve their utilisation and increase their economic returns. For example, an oversupply of offices in the HMA has generated a significant amount of conversion and redevelopment projects.

#16247439v16

In recent years, the conversion volumes have increased significantly, and in the period between 2015 and 2021, on average 100,000m^2 of office space was removed from the market annually. Majority of the old office premises will be converted into residential use. In the most central locations in Helsinki, many offices have been and are being converted into hotel use.[28] Converting offices into accessible apartments may also be employed as a solution for the growing need and demand for assisted living properties. The state of Finland has set the target of one million accessible apartments by the year 2030, of which just half a million had been

25 Source: Pellervo Economic Research PTT (Asuinrakennusten korjaustarve).

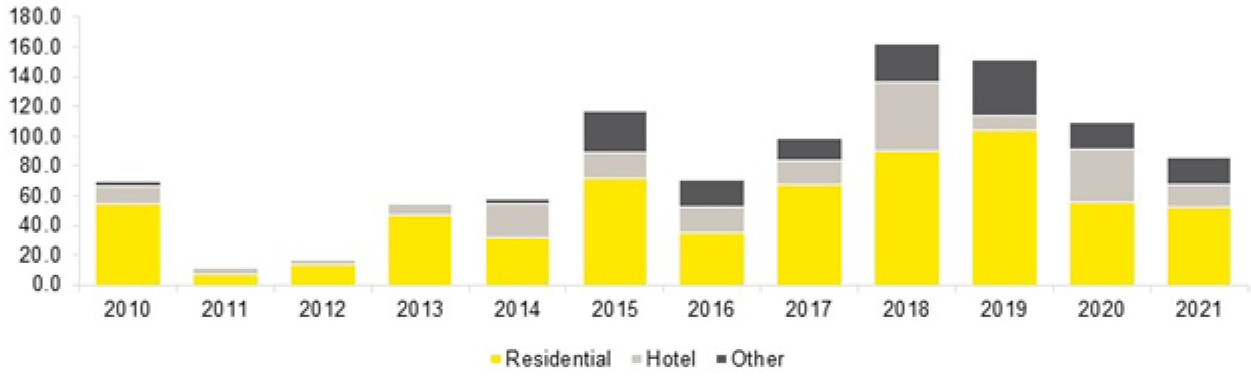
26 Source: Statistics Finland (Building and dwelling production).

27 Source: KTI (The Finnish Property Market 2022).

28 Source: KTI (The Finnish Property Market 2022).

finished in 2021. To meet this demand, new accessible apartments have to be built, and the conversion of existing properties to fit the needs of elderly can be considered a potential complementary measure.[29]

Conversion of office stock in the HMA during 2010–2021 (thousands of sqm)[(1)]



Source: KTI.
(1) KTI (The Finnish Property Market 2022).

Competitive landscape

The main markets SRV operates in are competitive and include, in addition to SRV, such players as the Finnish companies YIT, Lehto, Consti, Jatke, Pohjolan Rakennus, Fira and Lujatalo, as well as the Swedish companies Skanska, NCC, Peab and Bonava. The incumbents differ in terms of their scale of operations, business approaches and market focus. In addition, the plot and project reserves are central attributes that contribute to differences between the players. Securing a plot during the project development phase offers the construction company a chance to influence the project's development and planning and through that reduce the risk levels associated with the project when compared to for example a traditional tendering process, where only the project's execution is tendered. SRV focuses on building housing and business premises, as well as infrastructure construction in growing urban centres.

According to SRV's management, SRV profiles as a strong project developer and implementer of demanding projects with its operational model, SRV Approach. SRV's expertise in project management and development relies on its long history and capabilities in plot procurement and development as well as refitting of properties to suit various end-uses. In development projects' construction phases SRV aims to produce its customers unique added value by employing its strong project management, design management and construction expertise. SRV aims to stand out from many of its competitors also by carrying out projects on the basis of the customers' needs and by focusing on co-operation with both customers and its large supplier network. In addition, SRV's operational model and complementary networks enable swift scaling of projects and operations based on prevailing market conditions.

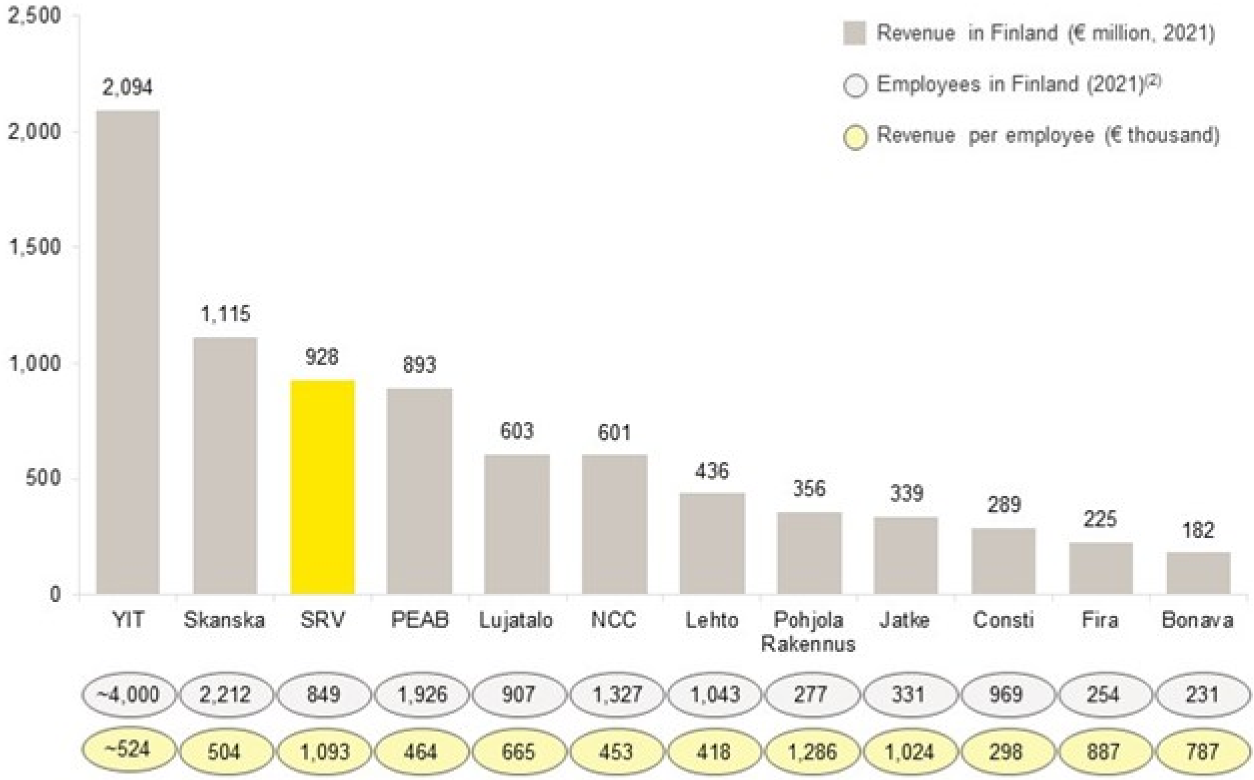
Going forward, the Company aims to direct its focus increasingly towards low-risk project management and alliance projects, allowing it to particularly leverages its project management, planning management and realisation of contracting measures. SRV has references from demanding project management and alliance contracts, such as the HUS Bridge Hospital in Helsinki (Project Management Contract) and Helsinki-Vantaa airport terminal 2 (alliance).

The following graph presents the largest market players in Finland by revenue and their revenue, number of employees and revenue per employee (calculated by dividing the reported revenue by the reported number of employees.)[30]

[29] Source: Finland Ministry of the Environment (Ikääntyneiden asumisen toimenpideohjelma 2020–2022).

[30] The data may not be comparable.

The largest market players in Finland by revenue(*)(1)



Source: Companies' materials.
(*) YIT, SRV, NCC, Lehto, PEAB and Consti report according to IFRS, while Skanska (Skanska Oy), Lujatalo, Pohjola Rakennus, Jatke, Fira and Bonava report according to FAS.
(1) Fixed rate of EUR/SEK 10.14 used for currency conversions.
(2) On average during the financial period.

#16247439v16

SUMMARY OF RECENT DISCLOSURES

*The following summary sets out the information that the Company has published by virtue of the Market Abuse Regulation (EU) No 596/2014 ("**MAR**") as well as certain information that the Company has published in accordance with the applicable rules issued by Nasdaq Helsinki during the twelve months preceding the date of this Offering Circular and which are still relevant to the Company's knowledge on the date of this Offering Circular. The summary does not concern regular financial reports or other disclosure obligations that are not related to the MAR or the rules issued by Nasdaq Helsinki. Therefore, the summary is not exhaustive, and it does not include all the stock exchange releases that the Company has issued during the aforementioned period.*

Inside information

On 13 September 2021, SRV disclosed that the Company had signed a non-binding letter of intent regarding the sale of the Pearl Plaza shopping centre located in St. Petersburg. SRV owns 50 per cent of the shopping centre and predicted that the impact the contemplated transaction would have on the Company's operative operating profit would be positive.

Other matters disclosed in stock exchange releases

The redemption of shares

On 3 February 2022, SRV disclosed that its board had decided to exercise the authorisation granted thereto by the general meeting held on 29 March 2021 to acquire Company shares. The share acquisition would begin on 4 February 2022 at the earliest and end once all necessary shares had been acquired. The Company intended to acquire a maximum of 3,900,000 shares for the purposes of executing the Company's share-based incentive schemes. When the share acquisition began, the Company was in possession of 862,561 treasury shares.

On 28 April 2022, SRV disclosed that its board had decided to terminate the share acquisition programme. Between 7 February 2022 and 29 March 2022, the Company acquired altogether 1,112,480 treasury Shares at an average price of approximately EUR 0.4394 per share, and the total purchase price paid for the shares was EUR 489,000. The Company also disclosed that the Company was in possession of altogether 1,975,041 treasury shares, which corresponds to approximately 0.75 per cent of all Shares in the Company.

Transactions carried out by the Company's management

Members of SRV's management and their related parties have carried out any transactions involving SRV's securities in the 12 months preceding the date of this Offering Circular. As per applicable rules, SRV has disclosed the notifications it has received on such transactions.

Decisions issued by the general meeting

On 28 March 2022, SRV published the decisions issued by the general meeting on that same day, including the following decisions:

- Dividend will not be distributed for the financial year ended on 31 December 2021 based on the adopted balance sheet.

- The Company's board has five (5) members. Timo Kokkila, Tomi Yli-Kyyny, Hannu Leinonen, Heikki Leppänen, and Heli Iisakka were re-elected to serve on the board. Tomi Yli-Kyyny was elected as the chair of the Company's board.

The board was authorised to decide upon the acquisition of treasury Shares with the Company's unrestricted equity (a maximum of 26,000,000 Shares) and upon a share issue and the issue of special rights or on the assignation of treasury Shares in the Company's possession for the purposes of e.g. financing corporate transactions and for implementing incentive schemes (a maximum of 26,000,000 Shares).

#16247439v16

SELECTED FINANCIAL AND OTHER INFORMATION

Historical financial information

SRV's selected financial information below has been derived from SRV's unaudited consolidated interim report as at and for the three months ended 31 March 2022, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" including the unaudited comparative consolidated financial information as at and for the three months ended 31 March 2021 and SRV's audited consolidated financial statements as at and for the years ended 31 December 2021 and 31 December 2020, prepared in accordance with the IFRS. The Company's audited consolidated financial statements for the financial year ended 31 December 2021 and 31 December 2020 as well as the Company's unaudited consolidated interim report as at and for the three months ended 31 March 2022 have been incorporated in this Offering Circular by reference. Save for the Company's audited consolidated financial statements for the financial year ended 31 December 2021 and 31 December 2020 incorporated in this Offering Circular by reference, no part of this Offering Circular has been audited. The figures presented herein should be read in conjunction with this Offering Circular's section "*Selected information on SRV's operating results and capital resources*" as well as the consolidated income statements for the financial periods ended on 31 December 2022 and 31 December 2021 incorporated into this Offering Circular by reference as well as the interim report for the three-month period ended on 31 March 2022.

	For the three months ended 31 March		For the year ended 31 December	
Consolidated income statement	**2022**	**2021**	**2021**	**2020**
(EUR million, unless otherwise indicated)	(unaudited)		(audited, unless otherwise indicated)	
Revenue	**190.7**	**187.1**	**932.6**	**975.5**
Other operating income	0.2	1.0	3.5	2.2
Change in inventories of finished goods and work in progress	-62.8	4.3	-116.9	-0.8
Use of materials and services	-130.8	-165.4	-733.4	-868.2
Employee benefit expenses	-18.2	-18.1	-71.6	-69.4
Share of profits of associated and joint venture companies	-2.8	0.2	1.2	-13.6
Depreciations	-1.3	-1.5	-5.8	-7.4
Impairments of investments	-57.7	-	-0.5	-11.5
Other operating expenses	-2.9	-2.2	-10.7	-10.9
Income and expenses of currency derivatives	-	-0.1	-0.1	5.5
Operating profit	**-85.7**	**5.2**	**-1.7**	**1.5**
Financial income	0.6	1.5	5.0	3.7
Financial expenses	-1.7	-5.6	-17.6[1]	-31.6[1]
Impairment of financial assets	-41.7	-	-6.1[1]	-1.5 [1]
Financial income and expenses, total	**-42.8**	**-4.1**	**-18.6**	**-29.4**
Profit before taxes	**-128.5**	**1.1**	**-20.3**	**-28.0**
Income taxes	-4.8	0.5	0.5	2.9
Net profit for the financial period	**-133.3**	**1.6**	**-19.9**	**-25.1**
Attributable to				
Equity holders of the parent company	-133.3	1.5	-19.9	-22.8
Non-controlling interests	-	0.1	-	-2.3
Earnings per share attributable to equity holders of the parent company	**-0.51**	**0.00**	**-0.08**	**-0.15**
Earnings per share attributable to equity holders of the parent company (diluted)	**-0.51**	**0.00**	**-0.08**	**-0.15**

[1] Unaudited. Impairments of financial assets have been presented as a separate line for the three-month period ended on 31 March 2022. The presentation of the comparative periods has been adjusted to correspond to the presentation of the three-month period ended on 31 March 2022.

Statement of comprehensive income (EUR million)	For the three months ended 31 March 2022	2021	For the year ended 31 December 2021	2020
	(unaudited)		(audited)	
Net profit for the financial period	-133.3	1.6	-19.9	-25.1
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gains and losses arising from translating the financial statements of a foreign operation	-0.3	2.5	-1.1	-3.3
Share of other comprehensive income of associated companies and joint ventures	-3.5	-0.9	2.9	-15.1
Other comprehensive income for the period, net of tax	-3.8	1.5	1.8	-18.3
The share of comprehensive income attributable to equity holders of the parent company	-3.8	1.3	1.8	-18.6
Non-controlling interests in comprehensive income	-	0.2	-	0.2
Total comprehensive income for the period	-137.1	3.1	-18.1	-43.4
Total comprehensive income attributable to:				
Equity holders of the parent company	-137.1	2.8	-18.1	-41.4
Non-controlling interests	-	0.3	-	-2.1

#16247439v16

Consolidated balance sheet (EUR million)	As at 31 March 2022	As at 31 March 2021	As at 31 December 2021	As at 31 December 2020
	(unaudited)		(audited)	
ASSETS				
Non-current assets				
Property, plant and equipment	3.5	3.3	3.6	3.8
Property, plant and equipment, right-of-use assets	9.4	10.4	9.5	10.7
Goodwill	1.7	1.7	1.7	1.7
Other intangible assets	0.8	1.1	0.9	1.2
Shares in associated and joint venture companies	3.1	49.1	51.9	48.1
Other financial assets	10.0	22.9	24.7	22.2
Receivables	8.8	9.6	9.7	9.4
Loan receivables from associated companies and joint ventures	-	45.0	40.5	44.3
Deferred tax assets	37.7	42.8	42.2	41.6
Non-current assets, total	**75.0**	**185.9**	**184.8**	**183.0**
Current assets				
Inventories	168.9	357.9	227.3	355.3
Inventories, right-of-use assets	71.2	111.4	72.7	118.8
Account and other receivables	136.0	141.2	133.4	143.5
Loan receivables from associated companies and joint ventures	-	-	-	1.6
Current tax receivables	0.0	0.0	0.0	0.0
Cash and cash equivalents	37.2	63.1	68.0	96.7
Current assets, total	**413.3**	**673.6**	**501.5**	**715.9**
ASSETS TOTAL	**488.3**	**859.5**	**686.3**	**898.9**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	3.1	3.1
Invested free equity fund	264.7	264.7	264.7	264.7
Translation differences	-21.9	-18.7	-18.2	-20.0
Hybrid Bond	15.4	15.4	15.4	15.4
Retained earnings	-234.7	-78.8	-99.9	-78.2
Equity attributable to equity holders of the parent company, total	**26.4**	**185.7**	**165.1**	**185.0**
Non-controlling interest	**-**	**-4.5**	**-**	**-4.0**
Equity, total	**26.4**	**181.2**	**165.1**	**181.0**
Non-current liabilities				
Deferred tax liabilities	1.0	2.4	1.0	2.4
Provisions	13.1	12.6	13.0	12.4
Interest-bearing liabilities excluding lease liabilities	37.9	128.4	128.8	234.9
Interest-bearing lease liabilities	85.3	126.5	86.7	133.6
Other liabilities	11.5	17.7	14.8	20.8
Non-current liabilities, total	**148.7**	**287.5**	**244.3**	**404.0**
Current liabilities				
Account and other payables	189.9	262.1	243.2	284.5
Current tax payable	0.0	0.2	0.0	0.7
Provisions	11.5	10.7	11.3	11.4
Interest-bearing liabilities excluding lease liabilities	109.4	115.2	20.2	14.8
Interest-bearing lease liabilities	2.3	2.5	2.3	2.6
Current liabilities, total	**313.2**	**390.8**	**276.9**	**314.0**
Liabilities, total	**461.9**	**678.3**	**521.3**	**718.0**
EQUITY AND LIABILITIES, TOTAL	**488.3**	**859.5**	**686.3**	**898.9**

#16247439v16

Consolidated cash flow statement (EUR million)	For the three months ended 31 March 2022	2021	For the year ended 31 December 2021	2020
	(unaudited)		(audited)	
Cash flow from operating activities	-25.4	-22.5	68.9	46.3
Net cash flow used in investing activities	-0.3	-0.7	7.2	26.6
Net cash flow from financing activities	-4.5	-10.7	-105.4	-2.2
Net change in cash and cash equivalents	**-30.2**	**-33.9**	**-29.3**	**70.7**
Cash and cash equivalents at the beginning of period	68.0	96.7	96.7	27.7
Effect of exchange rate changes in cash and cash equivalents	-0.6	0.3	0.5	-1.7
Cash and cash equivalents at the end of period	**37.2**	**63.1**	**68.0**	**96.7**

Group key figures (EUR million, unless otherwise indicated)	As at and for the three months ended 31 March 2022	2021	As at and for the year ended 31 December 2021	2020
	(unaudited)		(unaudited, unless otherwise indicated)	
Revenue	190.7	187.1	932.6(1)	975.5(1)
Operative operating profit	4.9	4.8	5.3	15.8(2)
Operative operating profit, % of revenue	2.6	2.5	0.6	1.6(2)
Operating profit	-85.7	5.2	-1.7(1)	1.5(1)
Operating profit, % of revenue	-44.9	2.8	-0.2	0.2
Financial income and expenses, total (3)	-42.8	-4.1	-18.6(1)	-29.4(1)
Profit before taxes	-128.5	1.1	-20.3(1)	-28.0(1)
Net profit for the financial period	-133.3	1.6	-19.9(1)	-25.1(1)
Net profit for the financial period, % of revenue	-69.9	0.8	-2.1	-2.6
Order backlog	858.0	1,061.1	872.3	1,153.4
New agreements	130.1	85.4	588.6	707.1
Equity ratio, %	6.4	23.8	27.4	22.6
Equity ratio, %, excl. IFRS 16	9.7	29.4	32.8	27.8
Net interest-bearing debt	197.7	309.5	170.0	289.1
Net interest-bearing debt, excl. IFRS 16	110.1	180.5	81.0	152.9
Net gearing ratio, %	748.4	170.8	103.0	159.7
Net gearing ratio, %, excl. IFRS 16	343.2	96.5	47.5	82.1
Return on investment, %	-104.0	4.7	-0.6	-0.8
Capital employed	261.4	553.8	403.0	566.8
Capital employed, excl. IFRS 16	179.4	430.6	319.4	436.0
Return on equity, %	-557.0	3.5	-11.5	-14.1
Earnings per share, EUR	-0.51	0.00	-0.08(1)	-0.15(1)
Equity per share (without hybrid bond), EUR	0.04	0.71	0.57	0.65
Share price at the end of period, EUR	0.41	0.57	0.53	0.59
Weighted average number of shares outstanding, million pcs	261.8	262.2	262.2	173.9

(1) Audited.
(2) The definition of operative operating profit was changed during the first quarter of 2021. The operative operating profit for the financial period 2020 has been adjusted to correspond to the updated definition. The new definition of operative operating profit contains an adjustment for items affecting comparability. The adjusted items affecting comparability are impairments of assets and their reversal, gains and losses from exceptional sales of assets, and income and expenses due to changes in the Group structure.
(3) Financial income and expenses, total, includes write-downs of shareholder loans used to fund associated companies in Russia which did not have an impact on cash flow, amounting to EUR -41.7 (0.0) million, and exchange rate differences arising from the conversion of subsidiary and associated company loans amounting to EUR -1.2 (0.6) million in 2021 and 2020.

Definitions and calculation of key figures

Ratio	=	Definition or calculation	
Return on equity, %	=	$\frac{\text{Net profit for the financial period}}{\text{Total equity, average}}$	x100
Capital employed	=	Total assets - non-interest bearing debt(1) - deferred tax liabilities - provisions	
Capital employed, excl. IFRS 16	=	Total assets - non-interest bearing debt(1) - deferred tax liabilities - IFRS 16 deferred tax assets - provisions - property, plant and equipment, right-of-use assets - inventories, right -of-use assets	
Return on investment, %	=	$\frac{\text{Operating profit + interest and other financial income (incl. exchange rate gains and losses) + Financial receivables write-down and sales loss (interim periods annualised, 3 months multiplied by 4)}}{\text{Capital employed average}}$	x100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$	x 100
Equity ratio, % excl. IFRS 16	=	$\frac{\text{Total equity - cumulative IFRS 16 depreciations, leases, interest and financial expenses recognised in income statement – retained earnings IFRS 16}}{\text{Total assets - advances received - cumulative IFRS 16 depreciations, leases and interest and financial expenses recognised in income statement - interest-bearing lease liabilities}}$	x 100
Net interest-bearing debt	=	Interest-bearing debt(2) - cash and cash equivalents	
Net interest-bearing debt excl. IFRS 16	=	Interest-bearing debt(2) - interest-bearing lease liabilities - cash and cash equivalents	
Net gearing ratio, %	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$	x 100
Net gearing ratio, % excl. IFRS 16	=	$\frac{\text{Interest-bearing debt(2) - interest-bearing lease liabilities - cash and cash equivalents}}{\text{Total equity - cumulative IFRS 16 depreciations, leases, interest and financial expenses recognised in income statement}}$	x 100
Earnings per share attributable to equity holders of the parent company	=	$\frac{\text{Result for the period - non-controlling interest - hybrid bond interest, tax adjusted}}{\text{Average number of shares}}$	
Equity per share (without hybrid bond)	=	$\frac{\text{Shareholders' equity attributable to equity holders of the parent company - hybrid bond}}{\text{Average number of shares at end of period}}$	
New agreements, Construction	=	New construction project agreements signed in the review period	
Order backlog, Construction	=	Revenue not yet recognised for construction projects (including plots). The value of order backlog is the expected revenue of the projects to be recognised.	
Operative operating profit	=	Operating profit +/- exchange rate gains and losses of associated companies and joint ventures as well as income and expenses from currency hedging +/- items affecting comparability	

#16247439v16

Items affecting comparability	=	Items affecting comparability contain impairments of asset items and their reversal, gains and losses from exceptional handovers of asset items, and income and expenses due to changes in the group structure

(1) Non-interest bearing debt includes Other liabilities, Account and other payables and Current tax payables.
(2) Interest-bearing debt includes interest-bearing debt excluding lease liabilities, interest-bearing lease liabilities and capital loan.

Reconciliation of certain alternative performance measures

The following table sets forth the reconciliations of certain alternative performance measures to the nearest IFRS measure for the periods indicated.

	For the three months ended 31 March		For the year ended 31 December	
Reconciliation of operative operating profit	**2022**	**2021**	**2021**	**2020(2)**
(EUR million)	(unaudited)		(unaudited, unless otherwise indicated)	
Operating profit	**-85.7**	**5.2**	**-1.7**(1)	**1.5**(1)
Exchange rate gains and losses of associated companies and joint ventures	2.7	-0.5	-1.6	9.9
Income and expenses from currency hedging	-	0.1	0.1	-5.5
Items affecting comparability(3)				
Impairments of assets items and their reversal	87.9	0.4	6.0	12.3
Gains and losses from exceptional handovers of asset items	-	-0.4	2.5	-2.3
Items affecting comparability	**87.9**	**0.0**	**8.5**	**9.9**
Operative operating profit	**4.9**	**4.8**	**5.3**	**15.8**

(1) Audited.
(2) The definition of operative operating profit was changed during the first quarter of 2021. The operative operating profit for the financial period 2020 has been adjusted to correspond to the updated definition.
(3) Items affecting comparability include impairments of asset items and their reversal, gains and losses from exceptional handovers of asset items, and income and expenses due to changes in the Group structure.

	As at 31 March		As at 31 December	
Equity ratio, % – reconciliation	**2022**	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(unaudited, unless otherwise indicated)	
Total equity	**26.4**	**181.2**	**165.1**(1)	**181.0**(1)
Total assets	488.3	859.5	686.3(1)	898.9(1)
Advances received	75.5	99.7	82.8	97.5
Total assets – advances received	412.8	759.8	603.5	801.4
Equity ratio, %	**6.4**	**23.8**	**27.4**	**22.6**

(1) Audited.

#16247439v16

Equity ratio, %, excl. IFRS 16 – reconciliation (EUR million)	As at and for the three months ended 31 March 2022	 2021	As at and for the year ended 31 December 2021	 2020
	(unaudited)		(unaudited, unless otherwise indicated)	
Total equity	**26.4**	**181.2**	**165.1**(1)	**181.0**(1)
IFRS 16 depreciations, leases, interest and financial expenses recognised cumulatively in income statement	0.3	0.4	0.0	1.2
Retained earnings IFRS 16	5.4	5.4	5.4	4.2
Total assets	488.3	859.5	686.3(1)	898.9(1)
Advances received	-75.5	-99.7	-82.8	-97.5
IFRS 16 depreciations, leases, interest and financial expenses recognised in income statement and retained earnings IFRS 16	5.7	5.8	5.4	5.4
Interest-bearing lease liabilities, current	-2.3	-2.5	-2.3(1)	-2.6(1)
Interest-bearing lease liabilities, non-current	-85.3	-126.5	-86.7(1)	-133.6(1)
Equity ratio, %, excl. IFRS 16	**9.7**	**29.4**	**32.8**	**27.8**

(1) Audited.

Return on equity, % – reconciliation (EUR million)	As at and for the three months ended 31 March 2022	 2021	As at and for the year ended 31 December 2021	 2020
	(unaudited)		(audited, unless otherwise indicated)	
Profit for the period	**-133.3**	**1.6**	**-19.9**	**-25.1**
Shareholders' equity at the beginning of period	165.1	181.0	181.0	175.6
Shareholders' equity at the end of period	26.4	181.2	165.1	181.0
/ Shareholders' equity, on average	95.7	181.1	173.0(1)	178.3(1)
Return on equity, %	**-557.0**	**3.5**	**-11.5**(1)	**-14.1**(1)

(1) Unaudited.

Capital employed – reconciliation (EUR million)	As at 31 March 2022	 2021	As at 31 December 2021	 2020
	(unaudited)		(audited, unless otherwise indicated)	
Total assets	**488.3**	**859.5**	**686.3**	**898.9**
Other liabilities, non-current	-11.5	-17.7	-14.8	-20.8
Trade and other payables, current	-189.9	-262.1	-243.2	-284.5
Current tax payables (based on profit for the review period)	-0.0	-0.2	-0.0	-0.7
Deferred tax liabilities	-1.0	-2.4	-1.0	-2.4
Provisions, current and non-current	-24.6	-23.3	-24.3(1)	-23.8(1)
Capital employed	**261.4**	**553.8**	**403.0**(1)	**566.8**(1)

(1) Unaudited.

#16247439v16

Capital employed, excl. IFRS 16 – reconciliation	As at 31 March		As at 31 December	
	2022	2021	2021	2020
(EUR million)	(unaudited)		(audited, unless otherwise indicated)	
Total assets	**488.3**	**859.5**	**686.3**	**898.9**
Other liabilities, non-current	-11.5	-17.7	-14.8	-20.8
Trade and other payables, current	-189.9	-262.1	-243.2	-284.5
Current tax payables (based on profit for the review period)	-0.0	-0.2	-0.0	-0.7
Deferred tax liabilities	-1.0	-2.4	-1.0	-2.4
Provisions, current and non-current	-24.6	-23.3	-24.3(1)	-23.8(1)
Property, plant and equipment, right-of-use asset	-9.4	-10.4	-9.5	-10.7
Inventories, right-of-use asset	-71.2	-111.4	-72.7	-118.8
Deferred tax assets, IFRS 16	-1.4	-1.4	-1.3(1)	-1.3(1)
Capital employed, excl. IFRS 16	**179.4**	**430.6**	**319.4(1)**	**436.0(1)**

(1) Unaudited.

Return on investment, % – reconciliation	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2022	2021	2021	2020
(EUR million)	(unaudited)		(unaudited, unless otherwise indicated)	
Operating profit	-85.7	5.2	-1.7(1)	1.5(1)
Interest and other financial income (incl. exchange rate gains and losses)	-0.6	1.5	5.0	-4.4
Impairment and selling losses of financial assets	-0.1	-0.1	-6.3	-1.7
Capital employed at the beginning of period	403.0	566.8	566.8	625.3
Capital employed at the end of period	261.4	553.8	403.0	566.8
/ Capital employed on average	332.2	560.3	484.9	596.0
Return on investment, %	**-104.0**	**4.7**	**-0.6**	**-0.8**

(1) Audited.

Net interest-bearing debt – reconciliation	As at 31 March		As at 31 December	
	2022	2021	2021	2020
(EUR million)	(unaudited)		(audited, unless otherwise indicated)	
Interest-bearing liabilities excl. lease liabilities, current	109.4	115.2	20.2	14.8
Interest-bearing lease liabilities, current	2.3	2.5	2.3	2.6
Interest-bearing liabilities excl. lease liabilities, non-current	37.9	128.4	128.8	234.9
Interest-bearing lease liabilities, non-current	85.3	126.5	86.7	133.6
Cash and cash equivalents	-37.2	-63.1	-68.0	-96.7
Net interest-bearing debt	**197.7**	**309.5**	**170.0(1)**	**289.1(1)**

(1) Unaudited.

#16247439v16

Net interest-bearing debt, excl. IFRS 16 – reconciliation	As at 31 March		As at 31 December	
	2022	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(audited, unless otherwise indicated)	
Interest-bearing liabilities excl. lease liabilities, current	109.4	115.2	20.2	14.8
Interest-bearing liabilities excl. lease liabilities, non-current	37.9	128.4	128.8	234.9
Cash and cash equivalents	-37.2	-63.1	-68.0	-96.7
Net interest-bearing debt, excl. IFRS 16	**110.1**	**180.5**	**81.0**[(1)]	**152.9**[(1)]

(1) Unaudited.

Net gearing ratio, % – reconciliation	As at 31 March		As at 31 December	
	2022	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(unaudited, unless otherwise indicated)	
Net interest-bearing debt	197.7	309.5	170.0	289.1
Total equity	26.4	181.2	165.1[(1)]	181.0[(1)]
/ Net gearing ratio, %	**748.4**	**170.8**	**103.0**	**159.7**

(1) Audited.

Net gearing ratio, %, excl. IFRS 16 – reconciliation	As at 31 March		As at 31 December	
	2022	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(unaudited, unless otherwise indicated)	
Net interest-bearing debt, excl. IFRS 16	110.1	180.5	81.0	152.9
Total equity	26.4	181.2	165.1[(1)]	181.0[(1)]
IFRS 16 depreciations, leases and interest and financial expenses recognised cumulatively in income statement	5.7	5.8	5.4	5.4
/ Net gearing ratio, %, excl. IFRS 16	**343.2**	**96.5**	**47.5**	**82.1**

(1) Audited.

Shares and share capital

As at the date of this Offering Circular, the Company's share capital amounts to EUR 3,062,520 and the total number of Shares issued is 263,017,341. As of 31 March 2022, the Company held 1,975,041 of its own Shares. The Company has one share class.

#16247439v16

Existing authorisations

The Company has the following valid authorisations to issue Shares or acquire treasury Shares.

The Annual General Meeting held on 28 March 2022 authorised the Board of Directors to resolve on the acquisition of the Company's treasury Shares using the Company's unrestricted equity. The Board of Directors was authorised to acquire a maximum of 26,000,000 Shares in the Company so that the number of Shares acquired on the basis of the authorisations, when combined with the Shares already owned by the Company and its subsidiaries, does not at any given time exceed a total of 10 per cent of all Shares in the Company. Treasury Shares may be acquired in public trading at a price formed on the date of purchase in public trading or formed otherwise on the market. Treasury Shares may be acquired otherwise than in proportion to the existing holdings of the shareholders. Shares may be acquired in one or several instalments. The Company's treasury Shares may be acquired inter alia for use as payment in corporate acquisitions, when the Company acquires assets relating to its business, as part of the Company's incentive programmes, as a part of the management's incentive scheme or to be otherwise conveyed, held or cancelled. The Board of Directors is authorised to resolve on all other terms and conditions of the acquisition of the Shares. The authorisation is valid until 30 June 2023. It revokes the authorisation granted to the Board of Directors at the Annual General Meeting on 29 March 2021 to decide on the repurchase of the Company's treasury Shares.

The Annual General Meeting held on 28 March 2022 authorised the Board of Directors to resolve on a share issue and granting of special rights. The Board of Directors may decide on the issuance of new Shares or the reissuance of Shares held by the Company and/or granting of other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act either for consideration or free of consideration in one or several instalments. The Board of Directors may also decide on the issuance of new Shares free of consideration to the Company itself in one or more issues.

Under the authorisation, the number of Shares to be issued or the number of reissued Shares held by the company, including the shares issued on the basis of the special rights, shall not exceed 26,000,000 shares. Any Shares issued on the basis of special rights entitling to Shares are included in the aforementioned aggregate amount. New shares may be issued, the Company's treasury Shares held by the Company reissued and/or other special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Limited Liability Companies Act may be granted in deviation from the pre-emption rights of shareholders if there is a weighty financial reason for the Company to do so. A directed offering may be free of consideration only if there is, for the Company and taking into account the interests of all its shareholders, a particularly weighty financial reason to do so. The authorisation may be used inter alia when issuing new Shares or conveying Shares as consideration in corporate acquisitions, when the Company acquires assets relating to its business, in order to strengthen the Company's capital structure and for implementing incentive schemes.

The Board of Directors was authorised to resolve on all other terms and conditions of the share issue. The authorisation is valid until 30 June 2023. The authorisation revokes the authorisation granted to the Board of Directors at the Annual General Meeting on 29 March 2021 to decide on share issues and granting of special rights.

The Company's Extraordinary General Meeting held on 30 May 2022 authorised the Board of Directors to resolve on two share issues related to the Financial Restructuring. It was resolved to authorise the Board of Directors to decide on the Offering, in which a maximum of 700,000,000 new Shares may be issued. The shareholders have a pre-emptive right to the issued Shares in the same proportion as they already hold Shares in the Company. However, Shares not subscribed by shareholders may be offered on a secondary basis for subscription by other shareholders or by other persons. The Board of Directors is entitled to decide to whom the Shares that remain unsubscribed will be offered. The subscription price would be paid in cash. The Board of Directors was authorised to resolve on all other terms and conditions of the share issue. The authorisation is valid until 31 December 2022. By virtue of the authorisation, the Board of Directors decided on 31 May 2022 to offer a maximum total of 348,056,400 Offer Shares for subscription in the Offering.

Secondly, it was resolved to authorise the Board of Directors to decide on the Directed Offering, in which a maximum of 140,000,000 new Shares may be issued. By virtue of the authorisation, shares would be issued in a directed offering, i.e. by deviating from the shareholders' pre-emptive subscription right, to the holders of the Company's MEUR 45 Hybrid Bond and MEUR 58.4 Hybrid Bond. Altogether 55 per cent of the principal of the Hybrid Bonds and any unpaid interest that has accrued on the Hybrid Bonds by the moment of conversion will be cut entirely as part of the arrangement. Subscriptions will be paid by setting off a receivable based on the Hybrid Bond against the subscription price received. The Board of Directors was authorised to resolve on all other terms and conditions of the share issue. A directed offering always requires a weighty financial reason for the Company. The authorisation is valid until 31 December 2022. By virtue of the authorisation, the Board of Directors decided on 31 May 2022 to offer a maximum total of 69,120,000 new Shares for subscription in the Directed Offering for a subscription price of EUR 0.10.

The Extraordinary General Meeting held on 30 May 2022 also resolved to authorise the Board of Directors to decide on the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. Under the authorisation, a maximum of 1,500,000,000 new Shares can be issued based on the special rights. Under the authorisation, the special rights would be directed to the holders of the Company's MEUR 100 Bond and to the holders of the MEUR 75 Bond as part of amending the terms and conditions of these Bonds into hybrid and convertible bonds in written proceedings. The authorisation authorises the Board of Directors to resolve on all terms and conditions relating to the issuance of special rights. A special rights issue always requires a weighty financial reason for the Company. The authorisation is valid until 31 December 2022.

The Extraordinary General Meeting also resolved to carry out a reverse share split and thereto related redemption of shares and authorise the Board of Directors to resolve on a directed offering without consideration. The Extraordinary General Meeting resolved that the number of Shares in the Company be reduced without reducing the share capital. The arrangement will be carried out by conveying the Company's Shares without consideration and after that by redeeming the Company's shares to the effect that each forty (40) Shares of the Company are merged into one (1) Share. In order to avoid share fractions, the Board of Directors was authorised to resolve on a directed offering without consideration in which Shares are conveyed without consideration to the effect that the number of shares in each book-entry account is made divisible by 40 on the reverse split date later resolved by the Board of Directors ("**Reverse Split Date**"). Therefore, the maximum number of Shares conveyed to the shareholders by the Company is the amount resulting from multiplying the amount of such book-entry accounts in which Company's Shares are preserved on the Reverse Split Date by 39. The maximum number of shares to be issued under the authorisation was resolved to be 430,000 Shares. The share issue authorisation is valid until the close of the next Annual General Meeting, however no longer than until the completion of the reverse split. The Board of Directors was authorized to resolve on all other matters related to the conveyance of Shares carried out without consideration within the limits of the proposed authorisation, including whether new or existing Shares in the Company will be used.

Concurrently with the above conveyance of the Company's Shares, the Company will on the Reverse Split Date redeem without consideration from each shareholder a number of shares determined by redemption ratio 39/40, meaning that for each 40 existing Shares of the Company 39 shares will be redeemed. The Board of Directors of the Company has the right to resolve on all other matters with respect to the redemption of Shares. The Shares redeemed in connection with the reduction of number of shares will be cancelled immediately after the redemption in accordance with the resolution of the Board of Directors. It was resolved that the reverse share split will be executed in the book-entry system after the close of trading on the Reverse Split Date later resolved by the Board of Directors. If necessary, the trading with the Company's share on Nasdaq Helsinki Ltd will be temporarily interrupted in order to perform necessary technical measures in the trading facility after the Reverse Split Date. The implementation of the reverse share split is conditional on that the Board of Directors, prior to the execution of the reverse split, has used either partly or in full the Offering authorisation, Directed Offering authorisation and the authorisation to issue other special rights under Chapter 10 of the Finnish Limited Liability Companies Act granted to it. If the measures have not been implemented by 31 December 2022 (either partly or in full), the resolution on the reverse share split will lapse. The reverse share split does not require any measures from shareholders.

The Extraordinary General Meeting held on 30 May 2022 resolved to amend the authorisation given by the Annual General Meeting on 28 March 2022 to issue Shares and special rights entitling to Shares conditionally on the entry into force of the reverse share split registration so that the authorisation given on 28 March 2022 is revoked upon the registration of the reverse share split and is replaced by an authorisation with the same content, yet so that the maximum number of shares to be issued under the authorisation as of the registration of the reverse share split shall not exceed 1,700,000 shares.

The Extraordinary General Meeting held on 30 May 2022 also resolved to amend the authorisation given by the Annual General Meeting on 28 March 2022 to acquire the Company's treasury Shares conditionally on the entry into force of the reverse share split registration so that the authorisation given on 28 March 2022 is revoked upon registration of the reverse share split and is replaced by an authorisation with the same content, yet so that the maximum number of treasury Shares to be acquired under the authorisation as of the registration of the reverse share split is at maximum 1,700,000 Shares in the Company so that the number of Shares acquired on the basis of the authorization, when combined with the Shares already owned by the Company and its subsidiaries, does not at any given time exceed a total of 10 per cent of all Shares in the Company.

Dividend policy

SRV's longer-term objective for the dividend payment is 30 to 50 per cent of the annual result, taking into account the capital needs of business operations.

In its interim report 31 May 2022, the Company announced that 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 Annual General Meeting of SRV held on 28 March 2022 resolved to not distribute dividends for the financial year ended on 31 December 2021.

After the Hybrid Conversion, in accordance with the terms and conditions of the New Hybrid Bonds, SRV may distribute dividends only if interest is simultaneously paid on the New Hybrid Bonds. According to the terms of the Company's Credit Facility, the Company may not change its dividend policy.

Legal and arbitration proceedings

The Company becomes involved from time to time in various claims and legal proceedings arising in the ordinary course of business, such as employee claims, disputes with suppliers, customers and competitors, and proceedings initiated by public authorities.

On the date of the Offering Circular, the Company is aware of a claim for damages of a total of approximately EUR 7.6 million in relation to a project in which the Company acted as the contractor. In the Company's view, the claims made have been presented too late and are unfounded, and based on its view the Company has denied the presented claims in their entirety. SRV has also obtained two independent legal assessments on the matter, and they support the Company's view that it is not question of damage for which the Company is liable. The parties making the claim have not initiated legal proceedings regarding the matter, and the Company has not made any financial reservation regarding the claim for damages based on its assessment of the likelihood of the success of the claim. Other than as reflected above, as at the date of this Offering Circular, there are no governmental, legal, arbitration or administrative proceedings against or affecting SRV or any of its subsidiaries (and no such proceedings are pending or threatened of which SRV is aware) during a period covering at least the previous 12 months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of SRV or of SRV and its subsidiaries taken as a whole.

No significant change or material adverse change in financial status

On 28 April 2022, the Company disclosed that it had resolved to pursue Financial Restructuring due to the write-down of the assets located in Russia and of the holdings in Fennovoima made in the first quarter of 2022. After the write-downs, the Company is unable to meet the covenant provisions that apply to the financing granted thereto without the Financial Restructuring, which without Financial Restructuring will then trigger the termination and call-in right invested in the Company's creditors and representative of the holders of the Bonds (see "*Selected information on SRV's operating results and capital resources – Going concern*" and "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*").

As part of the Financial Restructuring, SRV signed an agreement on 3 June 2022 with its main financing banks on the extension of the binding revolving credit facility of EUR 30 million, binding project financing facility of EUR 40 million and non-binding project financing facility of EUR 63 million in its use by 12 months until 28 April 2024, subject to the completion of the Offering and the Financial Restructuring.

On 24 May 2022, SRV also disclosed that it had completed written procedures to amend certain terms and conditions of the Bonds and Hybrid Bonds in accordance with the terms and conditions of the Bonds and Hybrid Bonds. See "*Selected information on SRV's operating results and capital resources – Liabilities – The comprehensive reorganisation of the Company's financing*".

In addition to the above, there has been no significant change in SRV's results or financial position since 31 March 2022.

SELECTED INFORMATION ON SRV'S OPERATING RESULTS AND CAPITAL RESOURCES

The following discussion of SRV's operating results and capital resources should be read together with sections "Certain additional information – Special cautionary notice regarding forward-looking statements" and "Certain additional information – Presentation of financial information – Alternative performance measures" and "Selected financial and other information" as well as the consolidated financial statements and interim report included in this Offering Circular.

The following discussion includes forward-looking statements that involve inherent risks and uncertainties particularly due to Russia attacking Ukraine and coronavirus pandemic. SRV's actual results of operations could differ materially from those contained in such forward-looking statements as a result of factors discussed below and elsewhere in this Offering Circular, particularly in section "Risk factors".

Key factors affecting the results of operations

The results of operations of SRV have been, and may continue to be, influenced by numerous internal and external factors, many of which SRV cannot influence with its own actions. SRV's ability to influence external factors, in particular, is limited. Below is a presentation of the key factors that, according to SRV's view, have impacted or may impact the results of its operations.

SRV's most significant uncertainty factors are related to negative changes in the operating environment of the Company and its customers, large projects tying up a large amount of capital, availability of financing for SRV and its projects, increased construction costs and the development of SRV's result, the COVID-19 pandemic and the central risks pertaining to the implementation of projects, as well as currently in particular the impacts of Russia's acts of war against Ukraine. The attack of the Russian Federation on Ukraine launched on 24 February 2022 has caused significant risks to SRV's Russian business operations and led to a write-down of its assets in Russia and its holdings in Fennovoima. Russia's acts of war against Ukraine have caused a significant increase in several different risks related to the construction sector also in Finland.

The uncertainty caused by the COVID-19 pandemic has abated as the amount of people who have already had the disease has increased and vaccinations have progressed. Restrictions have mainly been lifted, and the construction situation is in that respect expected to become easier. However, the infection rates remain high and the future development of the pandemic involves many risks especially in relation to new virus variants. COVID-19 lock-down measures in China can still cause material impediments to global supply chains and, thus, to the availability of materials.

Even though the overall economy has been rebounding from the financial effects of the COVID-19 pandemic also in Finland, uncertainty over future development has significantly increased as a result of Russia's acts of war against Ukraine. Many forecasters have lowered their estimates regarding economic growth in the near future since the beginning of the year. Economic uncertainty may reflect negatively on business and consumer confidence and thus also on construction and the housing market. The risk is further exacerbated by rising inflation and interest rates that have begun to increase. Moreover, especially energy and some raw materials and building materials may become harder to source because of the mutual sanctions imposed by Russia and the Western countries and further increase building costs. For more information on the effects of Russia's acts of war against Ukraine on SRV's results and financial status, see "*Risk factors – Risks relating to SRV's operating environment – The attack of the Russian Federation on Ukraine causes risks in SRV's Russian business operations and the Company's financial and economic standing*", "*Risk factors – Risks relating to SRV's operating environment – Russia's acts of war against Ukraine may negatively affect the overall economic situation and the business operations of SRV and its customers and implementation partners in Finland*" and "*Risk factors – Risks relating to SRV's operating environment – SRV's investment in Fennovoima involves risks*".

General economic conditions and competition

Demand for SRV's services is particularly affected by general economic conditions and global economic disturbances, as well as changes in residential, business and public sector needs and preferences, as well as demand for urban development projects especially within the HMA, Tampere and Turku areas. A number of macroeconomic factors, such as the business cycle, global economic disturbance, consumer and business confidence in the future, prevailing interest rates, and employment rate, affect the need for the Company's development and construction projects within e.g., residential housing, office and retail premises, and the public sector projects. The Company's operations in Russia and Estonia are affected by, inter alia, the respective countries' overall economic conditions and outlooks for as long as the Company has holdings in these countries. The general economic situation may affect, among others, the Company's customers' and their customers' purchasing power and willingness to invest, as well as the availability of financing and, in turn, the demand for construction services. In addition, general economic cycle and conditions may also affect the ability of SRV's customers and implementation partners to fulfil their contractual obligations towards SRV. The extent of regulation within the construction industry also centrally affects the market and can thus be reflected on the Company's operations.

Construction costs and inflation affect especially the Company's material and service procurements. Fluctuations in these costs have an effect especially on fixed-price contracts in which SRV bears the projects' cost risks. The majority of the Company's future projects are low-risk alliance and project management contracts in which fluctuations of construction costs do not have an equally significant impact on the operating results of the Company. SRV additionally aims to minimise the effects of cost fluctuations by continually collecting up-to-date cost data and using this data in the pricing of new projects.

General economic conditions and demand for construction services may also have an impact on the competition the Company faces. Competition is typically more intense if the general economic conditions weaken, especially for construction contracting projects. SRV is, however, well positioned as customer decisions are not only based on price but also project references, and SRV has strong references from demanding completed or ongoing projects, such as the HUS Bridge Hospital in Helsinki and the Tampere Central Deck and Arena project. Positive general economic conditions and strong demand for construction services on the other hand typically imply less intense competition. However, continued strong market demand can lead to a construction boom, potentially translating into challenges in labour and subcontractor availability, price pressure on construction materials and delays in material deliveries.

Demand for construction services

The demand for the Company's construction services is driven by several external factors and underlying market trends as discussed below. Due to the coronavirus pandemic and Russia's attack on Ukraine, significant factors contributing to near-term demand, in addition to the quality and duration of the disturbance, will be, among other things, public sector's efforts to support construction sector and sustain public construction. For more information on the development and demand factors in the Finnish construction market, see "Trend and market information – Finnish construction market".

<u>Residential buildings</u>

The demand for residential buildings has generally been growing during the past few years in the Company's key geographic focus areas, i.e. the urban growth centres and especially in the HMA, where the permits for residential building and started projects have stayed on a high level during the recent years. The amount of granted permits and started projects has reached new highs, such as approximately 48,000 new started apartments in Finland in 2021. The prediction for 2022 is approximately 39,000–41,000 started apartments[31] (see *"Trend and market information – Finnish construction market – Residential buildings").* The demand for residential buildings is driven especially by the trends of migration and urbanisation, smaller household size and increasing rental housing. The trends of migration and urbanisation are expected to continue in the future and positively affect the demand for apartments in regional growth centres as they continue to grow in population. Urbanisation has also in part led to changes in living requirements and habits, and consequently, the number of apartment buildings, as well as small apartments and households been increasing. This, in turn, has contributed to keeping the number of new housing units built on a high level. Even though the demand for apartments has generally been on a good level due to the development trends, significant disturbances in the economy and operating environment may, however, cause even severe periodic fluctuations in the housing market.

<u>Office and retail premises</u>

The office and retail premises market is driven by many of the same underlying basic trends as residential buildings, such as e.g., migration and urbanisation. The growing popularity of e-commerce reduces the need for retail premises but increases the need for logistics centres. The change in forms of employment brought

[31] Source: Finland Ministry of Finance (Rakentaminen 2022–2023, Rakennusalan suhdanneryhmä, kevät 2022).

about by the COVID-19 pandemic and the increase of remote working have also changed what is required of offices and other workspaces. Old office spaces need to be updated to meet the new requirements of hybrid work, which the Company expects to have a positive impact on its business operations. For the risks related to the changes in the space requirements and operating environments of SRV's customers, please see "*Risk factors – Risks relating to SRV's operating environment – Changes in the space requirements and operating environments of SRV's customers may have an adverse effect on the demand for new business premises and business premises construction as well as public construction projects*".

Public sector buildings

Building permits and started projects relating to the public sector have reached new highs in the whole country.[32] Also this market is driven especially by migration and urbanisation, which has increased the need for public administration buildings in central growth areas, such as the HMA. In addition, the ageing population creates an increasing demand for social services and health care, which, together with the trend to concentrate public services, increases the need for service related buildings. Another recent trend within the public sector market has been an increasing share of private service providers as municipalities are outsourcing some of the services that they are required to provide. Further, municipalities implement construction projects in growing numbers as lifecycle projects. In addition to SRV, there are a limited number of providers for such lifecycle projects.

For the risks related to the changes in the space requirements and operating environments of SRV's customers, please see "*Risk factors – Risks relating to SRV's operating environment – Changes in the space requirements and operating environments of SRV's customers may have an adverse effect on the demand for new business premises and business premises construction as well as public construction projects*".

Infrastructure construction

The development of infrastructure construction is mainly based on the plans and opportunities of the state and municipalities to improve the basic infrastructures. The Finnish infrastructure market is largely affected by the government's existing and planned projects for renovation and construction of e.g., the traffic network. As such, the infrastructure construction market can experience fluctuations depending on the prevailing investments and project base.

Renovation construction

The renovation construction market is supported by the ageing of the Finnish building stock and significant growth in the amount of building purpose modification projects. These major trends behind the renovation construction market have contributed to its relatively steady growth over the past decade and will affect the development in the future as well. A key strategic goal of the government and municipalities is to reduce building stock carbon emissions, which could imply improving the energy efficiency of buildings and thus lead to an increase in renovation construction in the coming years.[33]

Project-based nature of the business

SRV's business is based on a large number of projects, and their success and profitable implementation affect SRV's results. In addition, the projects' timing and revenue recognition practices influence SRV's results from one reporting period to the next.

Project management

The essential elements of a project process comprise, in accordance with the SRV Approach, the overlapping steps described in section "*Business overview – Key strengths – Strong expertise in project development and customer-oriented and efficient project implementation with the SRV Approach*", namely project development, design and engineering, construction and, potentially, leasing and management. This process requires among other things efficient project management, careful project planning and monitoring, efficient management of

#16247439v16

[32] Statistics Finland (see graphs in section "*Trend and market information – Finnish construction market – Public sector buildings*").

[33] Source: Finland Ministry of the Environment (Pitkän aikavälin korjausrakentamisen strategia 2020-2050).

subcontracts and material supplies, tight supervision of quality, cost, schedule, safety and environmental issues, as well as continuous maintenance of customer relationships and customer service.

SRV strives to implement all its projects utilising its own customer oriented, flexible and widely networked project model the SRV Approach, aiming to create for each project the most appropriate organisation to implement projects efficiently, professionally and, according to the customer's needs. This approach is also viewed as supporting the profitability of SRV's projects. Predetermined building concepts, ready-made modules and standardised solutions are used to improve the efficiency of the design and engineering process and the cost-effectiveness, quality and implementation of SRV's projects if possible. In project execution, SRV implements its own project management system, which also comprises the common ISO standard procedures. SRV develops its abilities and tools continuously focusing nowadays in addition to cost, quality and customer service, also on digitalisation and sustainability.

Project size and timing

The size of SRV's projects have varied during the past. In 2021, the typical project size for housing construction in the Construction segment was approximately EUR 14 million. However, SRV has implemented substantially more extensive projects as well, notably eight planned towers in Kalasatama, Helsinki, of which two have been completed and two are under construction. The timing of the income recognition of SRV's projects may cause results to develop unevenly between reporting periods.

Extensive projects generally entail more risks than projects of smaller scale. Large development projects and construction contracts generally carry the same types of risks as other, smaller projects, but the risks may be substantially larger in monetary terms and otherwise and may concentrate as the projects are finished. Risks involved with large and long-lasting projects may also be more material due to changes in economy and business environment, new features or greater complexity of the projects.

In order to mitigate potential risks relating to extensive and smaller development projects, SRV aims to be highly selective as to the projects it chooses to enter into and pursue, in line with pre-determined process and criteria, so as to avoid for example projects requiring extensive financing on SRV's part compared to the expected potential upside for SRV. Applying the same logic, SRV has reduced its own on-balance sheet construction operations by shifting the focus of own project development from developer contracting projects to co-development projects that SRV sells to investors before starting up construction.

Revenue recognition of projects

The revenue recognition method applied for SRV's projects varies depending on the project type. Revenue for developer-contracted residential projects is recognised at the completion and when the asset is sold. Developer-contracted residential projects sold to consumers are recognised at the earliest at the completion of the project. At the time of the completion, the share of income and costs corresponding to the percentage of the sale is recognised for the projects. Revenues for fixed-price contracts, project management contracts, turnkey contracts (overall responsibility for the construction project), alliance contracts as well as co-development residential and business premises projects are recognised according to degree of completion over time.

There also are differences between the project types with respect to the cost risk borne in them by SRV. The share of low-risk alliance and project management contracts grew in 2021, constituting 47 per cent of the year-end order backlog (42 per cent of the order backlog at the end of March 2022). These projects entail a low result-related risk for SRV as the customer carries a notable share of the liability in the event that project costs rise. The business model of these project types has been introduced in greater detail in section "*Business overview – Business segments – Construction – Business premises and infrastructure construction*". The Company's management estimates that the share of alliance and project management contracts of the Company's order backlog will continue to grow in the years to come as over 80 per cent of the public tenders that the Company has won as of this date, which are not yet included in the order backlog, are alliance or project management contracts. In addition, the public tenders that the Company has won include only a very small number of fixed-price projects.

Construction contracts are construction projects that are launched by other parties but implemented by SRV. These projects are recognised as revenue on the basis of the percentage of completion or as set out in the relevant agreement. Assets recognised as revenue over time are controlled by the customer, and the revenue and expenses of these customer projects are recognised as revenue and expenses based on percentage of completion, when the outcome of the project can be reliably estimated. Percentage of completion is determined by calculating for each project the share of expenses accrued by the balance sheet date relative to total expenses estimated for each project. The amount corresponding to the percentage of completion is recognised as revenue. If it is probable that total costs necessary to complete a project will exceed total revenue obtained from the project, the expected loss is recognised immediately as an expense.

A developer-contracted housing 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, for example in the case of residential projects, are recognised as revenue when the project has been completed and thereafter based on the sale of the apartments. In developer-contracted projects, buyers of apartments may be offered a parking space or a removal service. In such cases, the parking space and moving service are considered to be separate performance obligations. Typically, these are services are rendered and recognised as revenue at the same time as the apartment itself. Any possible exemptions for the fees are equivalent to discounts and these are taken into account as an adjustment to the selling price.

A residential co-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 the construction of such projects, and projects are recognised as revenue over time based on the percentage of completion.

Co-development and developer-contracted projects include variable considerations that may result, for example, from delay penalties and lease liabilities. Recognition of revenue is deferred for the estimated rental liability and this estimated share of project revenue is recognised as an advance received. Rental security deposits reduce project-related advances received. Uncertainties associated with signed lease agreements are taken into account in recognition of revenue.

The majority of the Construction segment's housing projects are implemented as co-development projects. In developer-contracted projects the recognition based on hand-over results in fluctuation in revenue and profitability between reporting periods. In 2021, a total of 368 developer-contracted housing units were completed, while a total of 409 developer-contracted housing units were sold and 453 developer-contracted housing units recognised as revenue during the same time period, generating total revenue of EUR 161.3 million

Plot acquisition and development

SRV's management considers SRV's land reserve a driver for the Company's future success, and successful acquisition of housing plots both through plot development and direct acquisitions is an essential factor for the profitability of construction projects. The Company negotiates continuously with land owners on plot acquisition, and carries out a strict commercial analysis prior to committing, in order to ensure the profitability of its construction projects. However, co-development and developer-contracted projects also include variable considerations that may result, for example, in lease liabilities where the plots are not directly acquired but leased. Uncertainties associated with signed lease agreements are taken into account in recognition of revenue.

The majority of the Company's projects are based on plot development, where the zoning of plots is influenced by concluding land use agreements with municipalities and the cooperation carried out based on them. SRV manages its land reserve carefully, especially through plot development, aiming to ensure a constant flow of new construction projects.

As of 31 March 2022 SRVs land reserves comprised a total of 471,000 square metres of building rights relating to unbuilt land areas, land acquisition commitments and rented plots, in addition to which SRV held a total of 255,000 square metres in building rights relating to land development. According to SRV's management's view, the Company has a high quality plot reserve, that is primarily located in dense and growing urban areas with good public transport connections in the capital region in Finland. Further, SRV has, according to the Company's management, significant real estate development expertise and vast experience in co-operation with municipal and city policy decision makers.

The most significant part of the total capital needed for the plots acquired through own plot development is tied up only after the zoning decision is confirmed and the implementation of the project can be initiated. SRV has historically carried out its plot acquisitions mainly with leasing arrangements that do not tie up its capital.

Availability of personnel, implementation partners as well as suppliers

SRV employed an average of 959 people in 2021. At the end of the year 2021, SRV employed a total of 944 people, 801 of which worked in the Construction segment, 83 in Investments segment and 60 people worked in Group operations. Approximately 85 per cent of SRV's personnel are white-collar employees. In addition, SRV employs persons from a network of over 3,600 subcontractors annually. During 2021, the aggregate number of workers on SRV's sites from time to time amounted to approximately 25 300 and 2 500 to 3 200, in average, during workdays.

SRV's operations rely on retaining its present skilled staff and recruiting new, skilled employees. According to the management, SRV's personnel expect, among other things, safety and wellbeing at work, continuous training and development, good corporate spirit, strong reputation, ethically sound behaviour as well as financial performance and stability. SRV has developed several internal programs to address its personnel's expectations. SRV actively develops its own operations, takes care of a good working environment and working conditions, and opportunities such as training and learning at work as well as communal activities are offered to the staff. The competence and well-being of SRV's own employees plays an important role in SRV's operations.

Other important resources necessary for SRV's business operations include e.g. special experts, designers, subcontractors and material suppliers in the co-operation network that participate in the implementation of SRV's projects. Availability and costs relating to own personnel and implementation partners' services and products play an important role in SRV's cost-competitiveness in construction projects and have a direct effect on SRV's operating profit. The effectiveness of work and quality of products of SRV's implementation partners also affects the quality and timetable of SRV's construction projects, which in turn has also an effect to SRV's reputation among its customers as well as SRV's revenue and operating profit.

For the risks related to the availability of competent personnel and implementation partners as well as suppliers, please see "*Risk factors – Risks relating to SRV's organisation, management and implementation partners*".

Availability and price of SRV's and its customers' financing

The availability and price of financing are critical to the SRV's business and the results of its operations. As at 31 March 2022 SRV's financing reserves totalled EUR 58.2 million, consisting of undrawn project loans of EUR 1.0 million, an undrawn revolving credit facility of EUR 20.0 million and cash and cash equivalents of EUR 37.2 million. On 3 June 2022, SRV entered into an agreement on the extension of the validity of the current Credit Facility (as defined below) by 12 months until 28 April 2024 subject to the completion of the Offering.

SRV's operations are dependent on availability of financing, including project financing, as the major business construction projects tie up a significant amount of capital. Further, the price of financing affects the results of SRV's operations. Uncertainty in the financing market may mean that the price of the financing needed to carry out SRV's business will increase or that the financing will be less readily available. In particular, Russia's attack on Ukraine launched on 24 February 2022 has resulted in significant uncertainty in the global economy, which could in turn have a material adverse effect on the availability of financing for SRV and its customers as well as affect the future prospects of SRV and its customers. See *"Risks relating to SRV's financing and financial position".* Further, the availability of property financing affects the progress and start-up decisions of development projects. SRV's goal is to carry out large development projects with project funding and in cooperation with real estate investors. The decline in the availability of investor and project funding may increase SRV's own share of project funding, lowering SRV's equity ratio, reducing SRV's liquidity, and hindering the availability of other funding. In addition, for example, the housing projects for consumers must be realised in compliance with the Finnish Housing Transactions Act (843/1994, as amended). If the availability of bank financing for those projects decreases, the interest of the consumers towards such projects may diminish, and this could have an adverse effect on the quantity of housing construction and thereby directly affect the results of SRV's operations. In particular, the availability and cost of financing, including the interest rate level, affects the results of SRV's Construction business segment and especially the housing construction. For further information see "*Risk factors – Risk relating to SRV's financing and financial position – SRV may not receive financing at competitive terms or at all*".

SRV's results are affected by the availability of financing for its customers. Changes in the market rates and interest margins may affect the behaviour of the Company's customer base of private individuals partly in different ways depending whether the private individual is purchasing the apartment for his own use or investment purposes. An increase in the price of financing may render changing apartments and making investments in real estate less attractive also for private individuals. Rising interest rates may also improve the yield from other investments as compared to investment apartments, and as such, weaken the attractiveness of investment apartments among investors. The demand among the Company's customer base of private individuals may also be impacted by the effects of housing mortgage and other regulations on the availability of funding and the banks' own lending practices and policies. Changes in the loan ceiling legislation and the self-funded portions required from consumer customers may weaken the availability of loan financing to consumer customers and result in supplementing the self-funded portion with consumer credit. As such, the legislation related to consumer credit and the availability of consumer credit may also impact the supply and demand for housing mortgages.

For further information see "*Risk factors – Risks relating to SRV's operating environment – SRV's customers for residential building projects may not succeed in securing the financing they need, or the price of financing may rise to such a level that decreases the demand for the SRV's construction services*".

Going concern

As a result of Russia's war in Ukraine and the impairments of the Company's Russian business operations caused by the related financial sanctions, the Company's equity decreased significantly, which had a significant impact on the equity ratio and net gearing ratio levels in the Company's interim report 31 March 2022. The equity ratio calculated as per the covenants of financing agreements was 12.3 per cent on 31 March 2022, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. Bonds with a total principal of about EUR 100 million no longer fulfilled their equity ratio covenants. In addition, the equity ratio and gearing covenants of the Company's Credit Facility were no longer met. Being unable to meet the covenant provisions triggered the termination and call-in right invested in the holders of these loans, and the loans were hence recorded as short-term interest-bearing liabilities. Consequently, the Company and the lenders of its Credit Facility have agreed on a standstill period lasting until 30 June 2022, which has since been extended until 10 July 2022 and during which the lenders have waived their rights to demand early repayment and termination as a result of the write-downs of assets in Russia, subject to the continuation of said restructuring of financing. As described in section "– *Liabilities – The comprehensive reorganisation of the Company's financing*" of the Offering Circular, SRV on 28 April 2022 initiated a programme for the comprehensive reorganisation of its financing. As the success of the financial restructuring had not been confirmed at the time of the reporting of the interim report, there was material uncertainty related to the Company's going concern. After the publication of the interim report, the Company has completed the written procedure regarding Bonds and Hybrid Bonds as described in section "– *Liabilities – The comprehensive reorganisation of the Company's financing*" of the Offering Circular. The Company has received irrevocable Subscription Undertakings that represent approximately EUR 23.7 million in the Offering, and the Company has signed a Credit Facility that is conditional on the completion of the Offering. To the extent of the Company's knowledge, these procedures do not involve any significant uncertainty factors, which is why the Company assesses that the uncertainties related to its going concern have been lifted at the moment the Offering Circular was approved.

Capital resources

As at the date of this Offering Circular and before the Financial Restructuring, SRV's principal sources of capital consist of income financing from ordinary business operations, bank loans (including the Credit Facility), Bonds and Hybrid Bonds. The Bonds and the Hybrid Bonds form part of the Financial Restructuring (see "*Liabilities – The comprehensive reorganisation of the Company's financing*").

On 3 June 2022, SRV signed an agreement with its main financing banks on the extension of its binding revolving credit facility of EUR 30 million, binding project financing facility of EUR 40 million and non-binding project financing facility of EUR 63 million by 12 months until 28 April 2024, subject to the completion of the Offering and the reorganisation of financing. On 31 March 2022, EUR 20.0 million of the revolving credit facility and EUR 30.5 million of the EUR 40 million binding project financing facility remained undrawn. The non-binding project financing facility of EUR 63 million remained undrawn in its entirety. During the standstill period, the undrawn part of the Company's revolving credit facility, EUR 20 million, can be used as the Company's financial resource subject to restrictions.

SRV Group's financial reserves as at 31 March 2022 amounted to EUR 58.2 million, consisting of EUR 1.0 million in undrawn project loans, an undrawn revolving credit facility of EUR 20.0 million and cash and cash equivalents of EUR 37.2 million.

The following table presents SRV's cash and cash equivalents as well as interest-bearing debt for the periods indicated.

Capital resources (EUR million)	**As at 31 March** 2022	2021	**As at 31 December** 2021	2020
	(unaudited)		(audited, unless otherwise indicated)	
Cash and cash equivalents	37.2	63.1	68.0	96.7
Interest-bearing liabilities excluding lease liabilities, current	109.4	115.2	20.2	14.8
Interest-bearing lease liabilities, current	2.3	2.5	2.3	2.6
Interest-bearing liabilities excluding lease liabilities, non-current	37.9	128.4	128.8	234.9
Interest-bearing lease liabilities, non-current	85.3	126.5	86.7	133.6
Interest-bearing debt	**234.9**	**372.6**	**238.0**(1)	**385.8**(1)
Net interest-bearing debt	**197.7**	**309.5**	**170.0**(1)	**289.1**(1)

(1) Unaudited.

The following tables present SRV's assets and liabilities for the dates indicated.

Assets and liabilities (EUR million)	**As at 31 March** 2022	2021	**As at 31 December** 2021	2020
	(unaudited)		(audited)	
Assets				
Non-current assets	75.0(1)	185.9	184.8(1)	183.0
Current assets	413.3	673.6	501.5	715.9
Assets, total	**488.3**	**859.5**	**686.3**	**898.9**
Liabilities				
Non-current liabilities	148.7	287.5	244.3	404.0
Current liabilities	313.2	390.8	276.9	314.0
Liabilities, total	**461.9**	**678.3**	**521.3**	**718.0**

(1) The Company had EUR 42.2 million in deferred tax liabilities recognised in Finland as at 31 December 2021 and EUR 37.7 million as at 31 March 2022, which are mainly attributable to the tax losses of SRV's Finnish subsidiaries. The tax losses will become statute-barred within ten years, primarily between 2028-2029.

Tax losses from which the deferred tax liability has been recorded have arisen from the transfer of ownership of REDI shopping centre and the loss-making contracts of REDI shopping centre, REDI Lighthouse and Tampere Deck and Arena. Without said contracts, SRV's business operations would have been profit-making in terms of taxation in Finland. Because of them, SRV announced in October 2019 that it was launching a balance sheet position recovery programme, and the Company decided to focus on making operations more efficient as well as on even more careful selection of future contracts in terms of their risk level, their profitability and how much capital they tie up.

On 31 December 2021 and 31 March 2022, SRV stated that the utilisation of the deferred tax liabilities is likely. The losses have arisen for individual identifiable reasons, which are not expected to repeat. Based on the taxable income forecasts the Company has drawn up, SRV is able to utilize the losses fully by 2028.

SRV recorded significant write-downs related to assets located in Russia and its holdings in Fennovoima for the interim report period ended on 31 March 2022. These losses resulting from write-downs are not tax-deductible in Finnish taxation. As at the date of reporting of the interim report 31 March 2022, there was material uncertainty relating to going concern because of the Company's liquidity and financing situation since the success of the financial restructuring had not been confirmed. Because the material uncertainty relating to going concern was related to the Company's liquidity and financing, it did not have an impact on the management's assessment of the likelihood of using the deferred tax liabilities in the future.

#16247439v16

The following table presents the interest-bearing debt excluding IFRS lease liabilities as at 31 March 2022. The table presents the balance sheet value of debt as well as the potential undrawn amount, maturity date and interest rate.

Interest-bearing debt, excl. IFRS 16 (EUR million)	**As at 31 March 2022**			
	Balance sheet value	**Undrawn**	**Maturity**	**Interest rate, %**
	(unaudited)			
2016 Senior bond	34.9	0	23 March 2025[(3)]	6.875
2018 Senior bond	64.9	0	27 March 2025[(3)]	4.875
RCF (Facility A1)	10	20	28 April 2024[(2)]	4.50
RS-loans	21.4	1.0	-[(4)]	1.78[(5)]
Secured plot loans	1.9	0	30 June 2023	4.50[(5)]
Other	14.2	0	-	-
Total..	**147.3**	**21.0**		

____

[(1)] On 23 May 2022, the Company completed a written procedure concerning the Bonds. The Bonds have thus been changed through the written procedure into hybrid and convertible bonds. The holders of the Bonds were also given the opportunity to offer their Bonds for full or partial redemption at a price that corresponds to 60 per cent of the nominal value of the redeemed Bonds. The Hybrid Conversion will enter into force on or about 30 June 2022 and the Board of Directors will decide on the number of redeemed bonds on or about 27 June 2022. In the tender offer, EUR 13,828,194 nominal value's worth of the unsecured fixed-rate bond of EUR 100 million falling due on 23 March 2025 and EUR 29,242,755 nominal value's worth of the unsecured fixed-rate bond of EUR 75 million falling due on 27 March 2025 have been offered for redemption.

[(2)] On 3 June 2022, SRV signed an agreement with its main financing banks on the extension of the binding revolving credit facility of EUR 30 million, binding project financing facility of EUR 40 million and non-binding project financing facility of EUR 63 million in its use by 12 months until 28 April 2024, subject to the completion of the Offering.

[(3)] The equity ratio covenants of the Bonds were not met on 31 March 2022. Because of the breaching of the covenant provisions, these loans were recorded as short-term interest-bearing liabilities for the three-month period ended on 31 March 2022.

[(4)] The liability for repaying the principal and interest on company loans is transferred to the buyer of the apartment at apartment assignment. Regardless of whether the project is completed or not, but not yet assigned to the buyer, the principal and interest for the share of liabilities is presented in full in SRV's consolidated balance sheet, calculated until the due date of the loan. Interest and principal are removed from the table only when control is assigned. The interest varies between loans.

[(5)] The interest rate of RS loans and secured plot loans has been presented as the weighted average of drawn capitals.

As at 31 March 2022, SRV had a total of EUR 111.8 million of interest bearing debt, excluding IFRS 16 lease liabilities, maturing during the years 2022 and 2023. SRV has on 24 May 2022 announced the completion of the written procedures under the terms and conditions of the Bonds and Hybrid Bonds to convert Bonds into Hybrid Bonds, and to cut 55 per cent of the principal of the Hybrid Bonds and convert 45 per cent into Shares. See "– *Liabilities*".

Liabilities

SVR's total liabilities as at 31 March 2022 amounted to EUR 461.9 million (31 March 2021 EUR 678.3 million). At the end of the financial year on 31 December 2021, total liabilities amounted to EUR 521.3 million (31 December 2020 EUR 718.0 million). SRV's current interest-bearing liabilities as at 31 March 2022 amounted to EUR 111.8 million (31 March 2021 EUR 117.7 million) and non-current interest-bearing liabilities amounted to EUR 123.2 million (31 March 2021 EUR 254.8 million). At the end of the financial year on 31 December 2021 current interest-bearing liabilities amounted to EUR 22.5 million (31 December 2020 EUR 17.4 million) and non-current interest-bearing liabilities to EUR 215.5 million (31 December 2020 EUR 368.4 million).

In April 2022, the Company decided to pursue the Company's Financial Restructuring as a result of the impairment of its Russian business functions due to Russia's invasion of Ukraine and the related economic sanctions. The impairments will have a substantial impact on SRV's shareholders' equity and equity ratio, and restructuring is intended to counteract the effects of these impairments by strengthening equity. The equity ratio calculated as per the covenants of financing agreements was 12.3 per cent as at 31 March 2022, as the covenant calculation took into account the recognition of income from developer-contracted projects on the basis of percentage of completion. Two outstanding Bonds with a total outstanding principal of about EUR 100 million no longer meet their equity ratio covenants. Because of the breaching of the covenant provisions, these loans were recorded as short-term interest-bearing liabilities for the three-month period ended on 31 March 2022. In addition, the equity ratio and gearing covenants of the Company's revolving credit facility and project financing facility are no longer met. Being unable to meet the covenant provisions triggers the termination and call-in right invested in the holders of these loans, and the loans have been recorded as short-term interest-bearing liabilities.

The comprehensive reorganisation of the Company's financing

As a result of the war launched by the Russian Federation on Ukraine on 24 February 2022, the Russian economy, the prices of Russian companies' shares and the value of the Russian rouble have declined sharply, and several notable international entities have announced their withdrawal from or the cessation of their business operations in Russia. At the same time, Russia has been targeted by constantly intensifying financial sanctions. The impacts of the geopolitical uncertainty and the sanctions have also resulted in a sharp decline in the future prospects of SRV's Russian shopping centre business and in the estimated value of the assets that relate to SRV's business operations in Russia. Simultaneously, the risk that Fennovoima's Hanhikivi-1 nuclear power plant project will be suspended has grown considerably.

In the first quarter of 2022, the Company has written down almost all of its assets located in Russia and its holdings in Fennovoima. The write-downs of the Company's assets, while taking into consideration fluctuations in exchange rates, reduce the Company's equity by EUR 141.2 million in total. After the write-downs, SRV's equity ratio on 31 March 2022 was 6.4 per cent and its net gearing ratio 748.4 per cent. The Company's equity ratio on 31 March 2022 was 9.7 per cent and its net gearing ratio 343.2 per cent when IFRS 16 is not taken into account. The equity ratio in accordance with the loan covenant calculation was 12.3 per cent. After the write-downs are completed, the Company will be unable to meet the covenant provisions that apply to the financing granted thereto if the Company does not reorganise its financing, which without financial restructuring will then trigger the termination and call-in right invested in the Company's creditors and representative of the holders of the Bonds.

On 28 April 2022, SRV's board of directors decided to pursue the Financial Restructuring, which will comprise:

(i) an offering of approximately EUR 34.8 million that is issued to the Company's current shareholders;

(ii) the conversion of the Company's EUR 100 million unsecured fixed-interest bond which becomes due and payable on 23 March 2025 (with an outstanding unpaid principal of EUR 34.9 million) ("**MEUR 100 Bond**") and another EUR 75 million unsecured fixed-interest bond which becomes due and payable on 27 March 2025 (with an outstanding unpaid principal of EUR 64.9 million) ("**MEUR 75 Bond**") (jointly the "**Bonds**") into hybrid and convertible bonds in written proceedings ("**Hybrid Conversion**"). The Bonds' conversion into convertible bonds will be executed by amending the terms and conditions of the Bonds to include a special right within the meaning of the Finnish Limited Liability Companies Act to convert Bonds into Shares. In addition, the holders of the Bonds will be given the opportunity to offer their Bonds for full or partial redemption at a price that corresponds to 60 per cent of the nominal value of the Bonds ("**Redemptions**");

(iii) the use of the EUR 45 million hybrid bond issued on 22 March 2016 (with an outstanding unpaid principal of EUR 11.8 million) ("**MEUR 45 Hybrid Bond**") and the EUR 58.4 million hybrid bond issued on 23 May 2019 (with an outstanding unpaid principal of EUR 3.6 million) ("**MEUR 58.4 Hybrid Bond**") (jointly "**Hybrid Bonds**") to subscribe for the Company's shares for 45 per cent of the Hybrid Bonds' principal as part of a directed offering of a maximum of EUR 6.9 million, which will be directed to the holders of the Hybrid Bonds (the "**Directed Offering**"). Altogether 55 per cent of the principal of the Hybrid Bonds and any unpaid interest that has accrued on the Hybrid Bonds by the moment of conversion will be cut entirely as part of the arrangement; and

(iv) the extension of the revolving facility and project financing facility granted to SRV ("**Credit Facility**") by 12 months until 28 April 2024 and the implementation of necessary amendments to the agreement governing the Credit Facility in order to account for the new equity structure and the impact of the Company's Russian business operation in those terms and conditions whose fulfilment may be affected by the changed circumstances.

The Company convened an extraordinary general meeting which was held on 30 May 2022, which authorised the Board of Directors to resolve on the Offering, the issuance of special rights referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act and the Directed Offering.

SRV has received commitments from Ilmarinen Mutual Pension Insurance Company, Etola Group Oy, Tungelin Investment Oy (on its behalf and on Tuomas Kokkila's behalf), Lareale Investments Oy (on its behalf and on Lauri Kokkila's behalf) and Varma Mutual Pension Insurance Company to subscribe for Offer Shares in the Offering with all the Subscription Rights they receive. In addition, SRV has received commitments from AS Pontos Baltic, Kolpi Investment Oy and Havu Capital Oy under the terms of which these shareholders will either subscribe for or ensure that a third party will subscribe for Offer Shares in the Offering. The commitments correspond to a total of EUR 21.6 million and 62 per cent of Offer Shares provided that the Offering will be fully subscribed. In addition, SRV's board members Tomi Yli-Kyyny, Hannu Leinonen, Heli Iisakka and Timo Kokkila, SRV's President and CEO Saku Sipola and nine (9) other members of SRV's effective management have undertaken to purchase from OP Life Assurance Company Ltd and Pohjola Insurance Ltd altogether 15,785,996 Subscription Rights, corresponding to around 6.0 per cent of all Subscription Rights, and undertaken to exercise all of these Subscription Rights to subscribe for Offer Shares in the Offering.

On 28 April 2022, the Company announced written procedures to amend the terms and conditions of the MEUR 100 Bond and MEUR 75 Bond. At the same time, the Company invited all holders of the Bonds to tender their Bonds for redemption against monetary consideration at a price that corresponds to 60 per cent of the nominal value of each Bond. The Company commenced written procedures regarding the Bonds with the aim of changing the Bonds into hybrid and convertible bonds. The convertibility of the Bonds will be ensured by amending the terms and conditions of the Bonds to include a special right within the meaning of the Finnish Limited Liability Companies Act to convert Bonds into shares. The instruments remaining after the completion of the Hybrid Conversion will constitute the Company's lowest priority obligations that have no due dates, and they will be treated in SRV's accounts as equity instruments in accordance with IFRS standards. The loans include an interest rate step up condition according to which the interest will change after four years. The Hybrid Bonds have a fixed interest (4.875 per cent p.a.) for four years after the hybrid terms enter into force. Thereafter, the interest rate will change into a floating rate comprising of a reference rate, a "re-offer spread" of 3 per cent, and a fixed part of the interest of 4 per cent. The Company may postpone payment of interest, and the absolute obligation to pay interest does not arise until deferred interest payment date forms in situations defined in the terms of the Hybrid Bonds. These include, inter alia, payments on instruments with a lower precedence or distribution of assets on the Company's shares, excluding minority dividend as referred to in the Finnish Limited Liability Companies Act. The payment of minority dividend when interest payment has been postponed and the postponed interest still remains unpaid, however, leads to an additional margin of 5 percentage points in the determination of the applicable interest rate as of the date of the decision to distribute dividends until the postponed interest has been paid in full.

The Company finished the written procedure regarding the Bonds on 23 May 2022. In the written procedure, such creditors have voted whose receivables' principal represents the majority of each Bond's adjusted nominal amount. According to the terms and conditions of the MEUR 75 Bond and the MEUR 100 Bond, the written procedure is quorate only if bondholders that represent at least 50 per cent of the adjusted nominal amount respond to the written procedure. The amendments proposed in the written procedure require the consent of bondholders that represent at least 75 per cent of the adjusted nominal amount represented in the written procedure. Therefore, the terms and conditions of the Bonds have been amended in the written procedure so that the hybrid and convertible bond terms and conditions enter into force once other prerequisites related to the Financial Restructuring have been met. In the redemption offer, Bonds have been offered for redemption for EUR 13,828,194 million nominal value's worth with respect to the MEUR 100 Bond and for EUR 29,242,755 million nominal value's worth with respect to the MEUR 75 Bond. The Hybrid Conversion will enter into force on or about 30 June 2022, and the Board of Directors will decide on the number of redeemed bonds on or about 27 June 2022. The Board of Directors will in the same connection make a decision on the issuance of special rights referred to the Finnish Limited Liability Companies Act that will be attached to the loan.

The Company announced written procedures to amend the terms and conditions of the MEUR 45 Hybrid Bond and MEUR 58.4 Hybrid Bond. SRV commenced written procedures regarding the Hybrid Bonds with the aim of amending the terms and conditions of the Hybrid Bonds so that SRV has the right to request the holders of the Hybrid Bonds to use 45 per cent of the principal of the Hybrid Bonds they own to subscribe for SRV's shares so that when SRV uses the said right, the shares of the receivables under the Hybrid Bonds that will not be used for the subscription of the shares will be cut in full.

The Company finished the written procedures regarding the Hybrid Bonds on 23 May 2022. In the written procedure, such creditors have voted whose receivables' principal represents the majority of each Hybrid Bond's adjusted nominal amount. According to the terms and conditions of the MEUR 45 Hybrid Bond and MEUR 58.4 Hybrid Bond, the written procedure is quorate only if bondholders that represent at least 50 per cent of the adjusted nominal value respond to the written procedure. The amendments proposed in the written procedure require the consent of bondholders that represent at least 75 per cent of the adjusted nominal amount represented in the written procedure. Therefore the terms and conditions of the Hybrid Bonds have been amended in written procedure so that SRV has the right to request the holders of the Hybrid Bonds to use 45 per cent of the principal of the Hybrid Bonds they own to subscribe for SRV's shares so that when SRV uses the said right, the shares of the receivables under the Hybrid Bonds that will not be used for the subscription of the shares will be cut in full. The Hybrid Bonds' 55 per cent share will be cut on or about 27 June 2022, and the subscription period of the Directed Offering paid by setting off the loan is 7–21 June 2022. Shares subscribed for in the Directed Offering will registered in the Trade Register on or about 28 June 2022, and they will be admitted to trading in Nasdaq Helsinki on or about 30 June 2022.

The Company has also completed negotiations regarding the Credit Facility. The validity of the Credit Facility has been extended by 12 months until 28 April 2024, changes have been made in the covenants of the loan and necessary amendments have been made in the loan terms to address the write-downs of assets in Russia and Fennovoima as well as the divestment of the Russian business operations.

If all of the aforementioned contemplated measures will be implemented as planned, SRV's calculated balance sheet position and financial status will be improved significantly compared to the balance sheet of 31 March 2022. SRV's equity was EUR 26.4 million on 31 March 2022, and the equity is expected to increase by approximately EUR 100 million as a result of these arrangements. At the same time, the Company's interest-bearing debt will correspondingly decrease by approximately EUR 100 million as a result of these arrangements. As such, SRV's (IFRS 16 adjusted) equity ratio is estimated to improve from the 9.7 per cent it was on 31 March 2022 to exceed 35 per cent. If the measures are carried out, the Company's annual financial expenses are expected to be reduced by approximately EUR 6 million. The weakening of the rouble, with respect to SRV's holdings in Russia, has had a cumulative direct effect on the amount of equity as a conversion difference totalling EUR -21.9 million through the statement of comprehensive income on 31 March 2022. The negative conversion difference that will accumulate in connection with the divestment of the relevant holdings will be recorded as a cost item in the income statement, which will affect the operating profit, but this entry will not affect the total amount of equity or the operative operating profit.

Off-balance sheet commitments and contingent liabilities

The following table presents the guarantees given by SRV on its own behalf as well as SRV's other liabilities for the financial years ended on 31 December 2021 and 31 December 2020 and for the three-month periods ended on 31 March 2022 and 31 March 2021:

	As at 31 March		**As at 31 December**	
	2022	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(audited)	
Collateral given for own liabilities				
Real-estate[(1)]	23.3	39.2	20.0	44.3
Other commitments				
Investment commitments given[(2)]	19.7	25.4	19.7	26.4
Land area commitments	16.9[(3)]	33.4	28.9	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.
(2) Includes SRV Voima Oy's investment commitment to Fennovoima, EUR 18.7 million.
(3) The amount of land area commitments in the interim report for Q1/2022 was EUR 28.9 million.

Further, SRV has given guarantees to secure its subsidiaries' commitments. The aggregate amount of these guarantees was EUR 262.7 million at 31 December 2021 (2020: EUR 284.4 million).

#16247439v16

Cash flows

SRV's net cash flow from operating activities for the three months ended 31 March 2022 amounted to EUR -25.4 million, a decrease of EUR 2.9 million compared to EUR -22.5 million for the three months ended 31 March 2021. Cash flow was affected by the seasonal first-quarter negative trend in working capital. Cash flow was also negatively impacted by repayments under the VAT payment arrangement made in 2020 and the fact that sold receivables had been reduced to less than EUR 2 million. At the end of 2021, sold receivables amounted to about EUR 5 million.

SRV's net cash flow from operating activities for the financial year ended 31 December 2021 amounted to EUR 68.9 million (2020: EUR 46.3 million). The effect of the completion and handover of Loisto in Kalasatama on the cash flow from operating activities was considerable. Plot sales and the sale of completed apartments also positively affected the cash flow from operating activities. Cash flow from operating activities was negatively impacted by repayments under the VAT payment arrangement made in 2020 and the fact that sold receivables had been reduced to less than EUR 5 million because of a good liquidity position.

SRV's cash flows from operating activities for the financial years ended on 31 December 2021 and 31 December 2020 and for the three-month periods ended on 31 March 2022 and 31 March 2021 have been presented in the following table:

	For the three months ended in 31 March		For the year ended 31 December	
Cash flows from operating activities	**2022**	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(audited)	
Cash receipts from customers	172.9	192.3	927.2	953.6
Cash receipts from other operating income	0.3	0.9	3.1	3.3
Cash paid to suppliers and employees	-193.6	-207.9	-842.6	-888.7
Net cash before interests and taxes	**-20.5**	**-14.7**	**87.7**	**68.2**
Interest received and other financial income	0.1	0.1	1.8	7.6
Interests paid and other expenses from financial costs	-5.1	-7.8	-20.5	-29.6
Income taxes paid and received	-0.1	-0.1	-0.1	0.0
Cash flow from operating activities	**-25.4**	**-22.5**	**68.9**	**46.3**

SRV's net cash flow from investing activities for the three months ended 31 March 2022 amounted to EUR -0.3 million, an increase of EUR 0,4 million compared to EUR -0,7 million for the three months ended 31 March 2021.

SRV's net cash flow from investing activities for the financial year ended on 31 December 2021 was EUR 7.2 million (2020: EUR 26.6 million). Cash flow from investing activities was positively affected by a loan receivable repaid in the second quarter. In the comparative period, cash flow from investing activities was positively affected by the sale of holdings in the REDI and Tampere Deck and Arena projects.

#16247439v16

SRV's cash flows from investing activities for the financial years ended on 31 December 2021 and 31 December 2020 and for the three-month periods ended on 31 March 2022 and 31 March 2020 have been presented in the following table:

	For the three months ended 31 March		For the year ended 31 December	
Cash flows from investing activities	**2022**	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(audited)	
Purchase of tangible and intangible assets	-0.5	0.0	-1.3	-0.8
Sale of tangible and intangible assets	0.2	0.3	0.8	0.8
Purchase of investments	0.0	-0.8	-3.0	-4.6
Proceeds from sale of investments	-	-	-	11.0
Subsidiary shares bought	-	-	-0.4	-
Investments in associated companies and joint ventures	-	-	-0.0	-7.4

Associated companies and joint ventures sold	-	-	-	28.0
Increase in loan receivable from associated companies and joint ventures	-	-	0.0	-2.7
Decrease in loan receivable from associated companies and joint ventures	-	-	-	2.5
Loans granted	0.0	-0.2	-0.8	-0.2
Proceeds from repayments of loans	-	-	12.0	-
Net cash used in investing activities	**-0.3**	**-0.7**	**7.2**	**26.6**

SRV's net cash flow from financing activities for the three months ended 31 March 2022 amounted to EUR -4.5 million, an increase of EUR 6.2 million as compared to EUR -10.7 million for the three months ended 31 March 2021. The change was mainly caused by the change in cash flow from housing corporation loans.

SRV's net cash flow from financing activities for the financial year ended on 31 December 2021 was EUR -105.4 million (2020: EUR -2.2 million). The change in the net cash flow from financing activities was mainly caused by the repayment of loans EUR 77.0 million (2020: EUR 17.4 million) and the change in housing corporation loans EUR 22.6 million (2020: EUR 9.7 million). For the financial year ended 31 December 2020, the cash flow from financing activities was affected by the net cash from share issue against payment EUR 40.8 million and the net change in short-term loans EUR 18.5 million.

SRV's cash flows from financing activities for the financial years ended on 31 December 2021 and 31 December 2020 and for the three-month periods ended on 31 March 2022 and 31 March 2021 have been presented in the following table:

	For the three months ended 31 March		**For the year ended 31 December**	
Cash flow from financing activities	**2022**	**2021**	**2021**	**2020**
(EUR million)	(unaudited)		(audited)	
Net cash from share issue	-	-	-0.0	40.8
Share issue costs	-	-	-	-3.4
Proceeds from loans	-	-	-0.0	9.0
Repayment of loans	-5.1	-1.7	-77.0	-17.4
Hybrid bond interests	-1.6	-2.8	-3.2	-0.4
Change in housing corporation loans	3.3	-5.5	-22.6	-9.7
Net change in short-term loans	-	-	-	-18.5
Purchase of own shares	-0.5	-0.0	-	-
Dividends paid	-	-	-0.0	-0.1
Repayment of lease liabilities	-0.6	-0.7	-2.7	-2.6
Net cash flow from financing activities	**-4.5**	**-10.7**	**-105.4**	**-2.2**

Restrictions on the use of capital resources

On the date of this Offering Circular, the financial covenants of SRV's financing agreements are equity ratio, gearing, minimum operating margin, minimum cash, the interest coverage ratio and certain other restrictions. The interest coverage ratio is the ratio of the group's operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing loans and other sources of financing.

On the date of this Offering Circular, the interest cover ratio covenant of the Bonds limits the Company from taking on additional debt if the covenant is not met and the amount of SRV's drawn-down loans, such as the commercial paper programme, revolving credit facility, overdraft facilities, pension insurance (TyEl) re-lending, and Hybrid Bonds or some other loans were to exceed EUR 100 million taking new debt. At the end of March, the drawn amounts for the items referred to above amounted to EUR 25.4 million total.

The covenant levels of these financing agreements are determined on the basis of the accounting principles in force when each loan agreement was signed. The loan agreements also contain some other deviations from traditional covenant calculation methods.

The final agreement regarding the amendments made to the Credit Facility was signed on 3 June 2022. The new covenant levels defined therein will enter into force when the Financial Restructuring is implemented. See "*Liabilities – The comprehensive reorganisation of the Company's financing*". The table below presents the reported financial covenants and covenant levels of the Credit Facility valid as at the date of this Offering Circular, which will enter into force upon completion of the Financial Restructuring.

Financial covenants of the Credit Facility	**Covenant value as at the date of this Offering Circular**	**Covenant value, which comes into force once the Financial Restructuring has been completed**
Equity ratio (over time revenue recognition)	>28 %	>28 %
Net gearing (excluding IFRS 16 impact)	>140 %	>100 %
Minimum cash	>EUR 15 million at the period end, >EUR 7.5 million on other occasions	>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 and EUR 25 million depending on the testing date	>EUR 15 million

The covenant provisions of SRV's MEUR 100 Bond and MEUR 75 Bond are cross acceleration, negative pledge, restriction on mergers, restriction on asset disposal, adjusted equity to total assets ratio (>26 per cent) and interest coverage ratio. During the written proceedings, the Company proposed to the holders of the Bonds that they should agree to waive their right to invoke the breach of SRV's equity ratio covenant that occurred during the review period that ended on 31 March 2022. In addition, the terms and conditions of the Bonds were proposed to be specified to state that the equity ratio covenant will not be audited for the period ending on 30 June 2022 and that, going forward, SRV Russia Oy and SRV or the subsidiaries directly or indirectly owned by SRV or SRV Russia Oy in the Netherlands and in Russia will no longer be counted among material companies. Investors have approved these proposals in the written procedures. The Bonds will become hybrid bonds in the Financial Restructuring, after which they no longer will have covenants.

BOARD OF DIRECTORS AND CORPORATE EXECUTIVE TEAM

General

Pursuant to the provisions of the Finnish Companies Act, the control and management of the Company are divided between the General Meeting and the Board of Directors. The ultimate decision-making authority lies with the shareholders at the Annual General Meeting, which appoints the members of the board and the Company's auditor. The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The duties and accountability of the Board of Directors are determined primarily under the Articles of Association and the Finnish Companies Act. The procedure and duties of the meetings of the Board of Directors are described in the charter adopted by the Board of Directors. The President and Chief Executive Officer (the "**CEO**") and a possible deputy CEO of the Company are appointed by the Company's board.

In addition to the applicable legislation governing the operations of public limited liability companies, the Company complies with the Finnish Corporate Governance Code 2020 of the Finnish Securities Market Association (the "**CG Code**") with certain exceptions and SRV's Code of Conduct as well as the Company's other policies. Furthermore, the Company complies with the rules and regulations of Nasdaq Helsinki.

Board of Directors

Pursuant to the Articles of Association of SRV, the Company has a Board of Directors comprising between five and eight members. Board members are elected annually by the Annual General Meeting based on a proposal put forward by the Shareholders' Nomination Board. Further, the general meeting of SRV elects a chair from among the elected members of the Board of Directors. The Board of Directors elects the vice chair from amongst its members. The Articles of Association contain no provisions regarding any special order for board member appointments. The term of board members begins at the end of the general meeting at which they were elected and ends at the end of the general meeting first following their election.

The Board of Directors conducts an annual evaluation of the independence of its members in accordance with the CG Code recommendation 10. A member of the board is required to submit to the Company the information necessary to conduct the evaluation of independence. The Board of Directors then evaluates the independence of its members and announces which of its members have been deemed to be independent of the Company and of its major shareholders. According to the assessment by the Board of Directors, Tomi Yli-Kyyny, Heli Iisakka, Hannu Leinonen and Heikki Leppänen are independent of the Company and its significant shareholders. Based on overall assessment, Timo Kokkila is dependent of the Company, taking into consideration his over ten years continuous membership in the Board of Directors of the Company and dependent of the Company's significant shareholder AS Pontos Baltic.

The following persons were elected to the Board of Directors by the Annual General Meeting of SRV held on 28 March 2022:

Name	Year born	Position	First elected to the Board of Directors
Tomi Yli-Kyyny	1962	Chair	2019
Heli Iisakka	1968	Member	2021
Timo Kokkila	1979	Member and Vice Chair	2010
Hannu Leinonen	1962	Member	2020
Heikki Leppänen	1957	Member	2020

Tomi Yli-Kyyny has been the Chairman of the Board of Directors since 2020, a member of the Board of Directors since 2019 and the Chairman of the HR and Nomination Committee of the Board of Directors since 2020. He has been the CEO of Fennia Mutual Insurance Company since 2022, the Chair of the Board of Directors of Fennia Life Insurance Company since 2022 and a member of the Board of Directors of Maanpuolustuskurssiyhdistys ry since 2016. Previously, he has been a member of the Board of Directors of Fennia Group since 2019, Garantia Insurance Company Ltd between 2015 and 2019, Barona Group Oy between 2014 and 2018, Barona Oy between 2018 and 2019, a member of the Supervisory Board of Suur-Savon Sähkö Oy between 2014 and 2017, a member of the Board of Directors of Jyväskylän yliopistosäätiö sr between 2012 and 2017, Finnish P&C Insurance Ltd between 2013 and 2015, as well as CEO and a member of the Board of Directors of Pohjola Group between 2005 and 2006. He acted as the CEO of Caruna Oy, Caruna Networks Oy and Caruna Espoo Oy between 2017 and 2022, as the CEO of Vapo Oy between 2011 and 2017, as the CEO of Pohjola Insurance Ltd between 2005 and 2010 and of Pohjola Group between 2005 and 2006 and the Chairman of the Board of Directors of Vapo Oy's subsidiaries Kekkilä Oy between 2011 and 2017, Vapo Timber Oy between 2011 and 2016 and Neova AB between 2011 and 2017 and the Chairman of the Supervisory Board of Vapo Oy's subsidiary AS Tootsi Turvas between 2011 and 2016, a member of the Board of Directors of Forest BtL Oy between 2012 and 2014 and member of the Board of Directors of Pohjola Insurance Ltd between 2005 and 2011. He has held various positions at Pohjola Group between 1990 and 1999 and between 2000 and 2005 and been the CEO of Porasto Oy between 1999 and 2000. Mr. Yli-Kyyny holds a Master of Science degree in Engineering.

Heli Iisakka has been a member of the Board of Directors since 2021 and the Chairman of the Audit Committee since 2021. She has been a member of the Board of Pihlajalinna Plc since 2022, DuuriGroup Oy since 2017 and a board member in Colliers Finland Group since 2018, Colliers Finland Oy since 2018, Colliers International Finland Holdings Oy since 2020 and CFO of Colliers International Finland since 2016. Previously, she has acted as a member of the Board in Innoflame Oy between 2018 and 2019, Realprojekti Oy in 2018 and Colliers Isännöinti Oy in 2018. She served as CFO of Anttila Oy in 2015–2016, as CFO of Mainio Vire Oy in 2012–2015, as CFO of Terveystalo Healthcare Oy in 2009–2012 and as CFO of Ramirent Ltd in 2006–2009. Ms. Iisakka holds a Master of Economics.

Timo Kokkila has been a member of the Board of Directors since 2010, vice president of the Board since 2021, and a member of the Audit Committee of the Board of Directors since 2010. He has been a member of the Board of Directors of Ilmarinen Mutual Pension Insurance Company since 2017, the Chairman of the Board of Directors of Pontos Aero Oy since 2017, a member of the Boards of Directors of eQ Plc and Valmet Automotive Inc. since 2016, a member of the Board of Directors of Pontos Ltd since 2007, a member of the Board of Directors of Havu Capital Oy since 2019 as well as a member of the board of the Securities Market Association since 2022. His other positions of trust include being a member of the supervisory board since 2021 and member of the Management Board of AS Pontos Baltic between 2016 and 2021 and furthermore earlier a member of its Supervisory Board between 2008 and 2016, a member of the Management Board of AS Pontos Capital between 2016 and 2018 and a member of its Supervisory Board between 2008 and 2015, a member of the Management Board of Viru Väljaku Arenduse AS since 2016 and a member of its Supervisory Board between 2014 and 2016, the Chairman of the Supervisory Board of AS Viru Keskus since 2016 and a member of its Supervisory Board between 2008 and 2016, a member of the Management Boards of AS Viru Center and Aktsiaselts "Hotell Viru" since 2016 and a member of their Supervisory Boards between 2008 and 2016, a member of the Management Board of OÜ Pontcap 3 between 2016 and 2018, a member of the Board of Directors of Afortus Oy and Kolpi Investments Oy since 2012, a member of the Board of Directors between 2018 and 2020 and the Chair of the Board of Directors between 2020 and 2021 of LAK Real Estate Oy and the Managing Director and a member of the Board of Directors of "Mulga", UAB between 2011 and 2018 and the Chairman of its Board of Directors since 2016 and the CEO of Kampin Kehitys Oy between 2016 and 2020 a member of the Board of Directors of Kampin Kehitys Oy between 2007 and 2020. He has been the CEO of Pontos Ltd since 2016. He has previously been an Investment Director at Pontos Ltd between 2011 and 2015 and a member of the Management Board of Parmalo Invest OÜ between 2016 and 2017 and as a member of its Supervisory Board between 2011 and 2016, a member of the Management Board of Saharova Centrs, SIA between 2016 and 2017, a member of the Board of Directors of Renor Ltd between 2008 and 2017 and the Chairman of its Board of Directors between 2014 and 2015 and a member of the Board of Directors of Caprus Ltd. in 2015. Timo Kokkila held various positions at the Company between 2004 and 2011. Mr. Kokkila holds a Master of Science degree in Engineering.

#16247439v16

Hannu Leinonen has been a member of the Board of Directors and a member of the Audit Committee since 2020 and a member of the HR and Nomination Committee since 2021. He has been the Chairman of the Board of Directors of Havator Group Oy since 2020, an advisor for Fenno Attorneys at Law since 2018 and as a member of the Board of Directors of Build Care Oy since 2017. He acted as the CEO of YIT Corporation between 2006 and 2008, the CEO of Destia Ltd and Destia Group Plc between 2009 and 2017 as well as a member of the Board of Directors of Ilmarinen Mutual Pension Insurance Company between 2012 and 2017, a member of the Board of Directors of Technopolis Plc in 2018 and a member of the Board of Directors and the Chairman of the Audit Committee of Nurminen Logistics Plc between 2019 and 2020. Mr. Leinonen holds a Master of Science degree in Technology.

Heikki Leppänen has been a member of the Board of Directors and the HR and Nomination Committee since 2020. His previous positions of trust include being a member of the Board of Directors of Giant-Kone JV China between 2013 and 2016, the Chairman and a member of the Board of FIMECC Ltd. between 2008 and 2009 as well as 2009 and 2010, and the Chairman of the Board of Kone-Toshiba escalator JV between 2006 and 2009. He has been the EVP of New Equipment Business in KONE Corporation between 2005 and 2019, CTO in KONE Corporation between 2000 and 2005. Mr. Leppänen has held various development and management positions in KONE Corporation between 1982 and 2000 both in Finland and in Germany. Mr. Leppänen has been a founder and a member of the Board of Alders Management Consulting Oy. In addition, he has acted as a member of the managing board of Meyer Turku Ltd since 2022. Mr. Leppänen holds a Licentiate of Science degree in technology.

Shareholders' Nomination Board

The Annual General Meeting of SRV resolved on 26 March 2020 on the establishment of a Shareholders' Nomination Board. The task of the Shareholders' Nomination Board is to prepare proposals concerning the composition and remuneration of the Board of Directors to the General Meeting.

The Shareholders' Nomination Board comprises of four members, three of which are appointed by the three largest shareholders of SRV. The Chairman of the Board of Directors shall act as the fourth member of the Board. The right to appoint a member lies with those three shareholders whose share of the votes of all shares in SRV is largest, based on SRV's shareholders' register held by Euroclear Finland as of 31 August of the preceding calendar year of the Annual General Meeting.

Board of Directors' Committees

The Board of Directors has established two committees: an Audit Committee and an HR and Nomination Committee. The committees operate in accordance with the standing orders approved by the Board of Directors, and report to the Board of Directors. The committees do not have independent power of decision. Their task is to enhance the effectiveness of the Board of Directors by preparing matters for decision by the Board of Directors and the general meeting.

Audit Committee

The Audit Committee supervises the Company's financial reporting and prepares matters for the Board of Directors relating to monitoring the financial situation, auditing and risk management. In order to fulfil its task, the Audit Committee follows the trend in SRV's financial situation, listens to the auditors, reviews drafts of the financial statements and interim reports, and monitors the effectiveness of internal control, internal auditing and risk management systems. In addition, the Audit Committee prepares the appointment of the auditor for presentation to the Annual General Meeting.

The Audit Committee consists of 2 to 3 members, whom the members of the Board of Directors elect from among its members. Two members can be appointed to the committee if the Board of Directors considers it appropriate in view of the structure and number of members of the Board of Directors.

Heli Iisakka chairs the Audit Committee. The Audit Committee also consists of Hannu Leinonen and Timo Kokkila. Of the members, Heli Iisakka and Hannu Leinonen are independent of the Company and its major shareholders. Based on overall assessment, Timo Kokkila is dependent of the Company, taking into consideration his over ten years continuous membership in the Board of Directors of the Company and dependent of the Company’s significant shareholder AS Pontos Baltic.

HR and Nomination Committee

The purpose of the HR and Nomination Committee is to enhance the work of the Board of Directors by preparing matters for decision at general meetings and meetings of the Board of Directors.

The committee considers matters relating to the nomination and remuneration of the CEO and other management as well as the annual compensation schemes and long-term incentive schemes. The committee audits the activities of senior management, oversees successor planning and career planning of the personnel and management, monitors personnel satisfaction and working capacity matters and prepares human resources policy

The HR and Nomination Committee consists of 2 to 3 members, whom the members of the Board of Directors elect from among its members. Two members can be appointed to the committee if the Board of Directors considers this appropriate in view of the structure and number of members of the Board of Directors.

The chairman of the HR and Nomination Committee is Tomi Yli-Kyyny. The other members of the HR and Nomination Committee are Hannu Leinonen and Heikki Leppänen. All of the members are independent of the Company and its major shareholders.

The CEO and Corporate Executive Team

The CEO of the Company is Saku Sipola, who is supported by the Corporate Executive Team. The below table presents the CEO and the members of the Corporate Executive Team:

Name	Year born	Position	Joined SRV
Saku Sipola	1968	President and CEO	2019
Timo Nieminen	1958	Executive Vice President, Deputy to CEO, SVP, Strategic Project Development	1987
Jouni Forsman	1969	SVP, Business Premises Helsinki metropolitan area	2021
Jorma Seppä	1981	SVP, Housing Helsinki metropolitan area	2021
Henri Sulankivi	1967	SVP, Regional Units	2014
Jarkko Rantala	1986	CFO	2018
Miia Eloranta	1973	SVP, Communications and Marketing	2021
Kristiina Sotka	1968	SVP, Human Resources	2021
Anu Tuomola	1974	SVP, General Counsel	2021
Jussi Tuisku	1967	SVP, Operations in Russia and Estonia	2020
Miimu Airaksinen	1972	SVP, Development	2021
Kimmo Kurki	1960	SVP, Internal Services and Infra	1998

Saku Sipola has been the President and CEO of the Company since 2019. He has been the Chairman of the Board of Directors of Remeo Oy since 2016, a member of the Board of Directors of DEN Group Ltd. since 2016, the Chairman of the Board of Directors of DEN Group Ltd. since 2018, deputy chairman of the Board of Directors of the Helsinki Region Chamber of Commerce (Fin: *Helsingin seudun kauppakamari*) since 2019 and member of the Board of the Finland Chamber of Commerce since 2022. He acted as the president and CEO in Sato Corporation between 2015 and 2018, the CEO in Pohjolan Design-Talo Oy between 2011 and 2015, EVP of Marketing, Technology and Supply Chain Management in Rautaruukki Corporation between 2010 and 2011, Division President in Ruukki Construction Oy between 2005 and 2010, Business Group Director in YIT Construction between 2001 and 2005 and in various other positions in YIT Group between 1995 and 2001. Mr. Sipola holds a Master of Science degree in Engineering.

Timo Nieminen has been the Executive Vice President, Senior Vice President, Project Development and the Deputy to the President and CEO of the Company since 2002. He has been the Chairman of the Boards of Directors of Talokeskus Yhtiöt Oy since 2019, Suomen Talokeskus Oy since 2019, Suomen Kiinteistöliitto ry:n Palvelu Oy since 2018 and Suomen Kiinteistöliitto ry since 2018. He was a member of the Supervisory Board of Etera Mutual Pension Insurance Company between 2007 and 2017 and a member of the Board of Directors of RYM Ltd between 2012 and 2016. He acted as the Managing Director of SRV Viitoset Oy between 1997 and 2002. Timo Nieminen also acts as the Chairman of the Board of Directors or a member of the Board of Directors in several joint ventures between SRV and its co-investors. Mr. Nieminen holds a Master of Science degree in Engineering.

Jouni Forsman has been the Senior Vice President, Business Premises Helsinki metropolitan area of SRV since 2021. He was YIT Constructions' Head of Division in Residential Construction in 2018 and 2021, Head of Division in Infraservices in 2010 and 2018, Head of Division in Baltic and CEE-countries in International operations in 2008 and 2010, Head of Baltic Countries in 2006 and 2007, Head of Business Unit and Area Manager in Residential Construction in 1999 and 2006, Construction project manager in 1999, and Site manager and Site engineer in Construction East Finland in 1998 and 1999. He has also worked as YIT's Rakennustoimisto Tolonen Oy's Chief Estimator and Estimator in 1997 and 1998 and Designer and Foreman in the wood panel factory in 1995 and 1996. He worked as a Part-time Lecturer at Häme University of Applied Sciences in 2011 and 2015. Mr. Forsman has a Master of Science degree in engineering.

Jorma Seppä has been the Senior Vice President, Housing Helsinki metropolitan area of SRV since 2021. He acted as Skanska Talonrakennus Oy's District Manager in 2015 and 2021, Project Development Manager in 2013 and 2015, Manager Skanska Xchange Finland in 2010 and 2012, Head of Technical Development of

Skanska Xchange Nordic in 2010 and 2011, and Project Leader of Skanska Kodit in 2008 and 2010. He also acted as a Project Engineer in the City of Helsinki West Harbour Development Project in 2006 and 2008, in Site Supervision and Intern positions at Lujatalo Oy and Alfred A. Palmberg Ab in 2002 and 2006. Mr. Seppä holds a Bachelor of Engineering degree.

Henri Sulankivi has been SRV's Senior Vice President, Regional Units, since 2020. He acted as Area Director at SRV Sisä-Suomi between 2019 and 2020, as Area Director at SRV Pirkanmaa between 2014 and 2019, as Pohjola Rakennus Oy Sisä-Suomi's Senior Vice President between 2011 and 2014, and as Pohjola Rakennus Oy's Building Developer between 2005 and 2011, and Planning Manager between 2004 and 2005. Mr. Sulankivi also acts as a member of the Board of the Confederation of Finnish Construction Industries RT in Inner Finland District and member of the delegates of the Confederation of Finnish Construction Industries RT. Mr. Sulankivi holds a Master of Science in Technology.

Jarkko Rantala has been the CFO of SRV since 2021. He acted as Senior Vice President, Investments of SRV between 2019 and 2020 and as Development Director at SRV in 2018, as National Director, Property Development at Jones Lang LaSalle in 2018 and as a Business Controller and Investment Manager at SRV between 2015 and 2017 as well as Controller, Business Operations in Finland at SRV between 2012 and 2015. Jarkko Rantala also acts as the Chairman of the Board of Directors or a member of the Board of Directors in several joint ventures between SRV and its co-investors. Mr. Rantala holds a Master of Science degree in Economics.

Miia Eloranta has been SRV's Senior Vice President, Communications and Marketing since 2021. She acted as SATO Corporation's Marketing and Communications Director between 2016 and 2020, as ISS Palvelut Oy's Communications and Marketing Director between 2013 and 2016, the Bioenergy Association of Finland's Chief Communication Officer between 2012 and 2013, in various management and consultation tasks in communications and marketing at Soprano Oyj between 2003 and 2012, and in the service of Suomen Messut Osuuskunta (Helsingin Messukeskus) as the person responsible for the communications and marketing of various fairs between 2000 and 2003. Ms. Eloranta holds a Master of Social Sciences.

Jussi Tuisku has been the Senior Vice President, Operations in Russia and Estonia of SRV since 2020. He has been working for SRV Group since 2019. Previously he has acted as Senior Vice President Russia in Ruukki Construction Oy between 2014 and 2019, Vice President of Russian operations in Ruukki Construction & Metals between 2009 and 2014, Managing Director of Ruukki Construction Oy's Russian subsidiary between 2011 and 2014, Managing Director in a Moscow-subsidiary of YIT Building Systems Ab between 2007 and 2009, Managing Director of a Moscow-subsidiary of Kuusankoski Recycling between 2004 and 2007, Director and Manager in Stockmann plc in Moscow between 1995 and 2004. He has also acted as a member of the Advisory Board of SPECTA AG between 2018 and 2019. Mr. Tuisku holds a Bachelor's degree in Business Administration and Executive Master's degree in Business Administration.

Kristiina Sotka has been SRV's Senior Vice President, Human Resources, since 2021. She acted as Tibnor Oy's Human Resources and Communications Manager between 2014 and 2021, and prior to that in various HR and HRD roles between 2007 and 2014. Ms. Sotka holds a Master of Science in Economics and a Master of Science in Politics.

Anu Tuomola has been SRV's Senior Vice President, General Counsel, since 2021. She acted as Purmo Group Oy's Chief Legal Officer between 2019 and 2021, Citycon Oyj's General Counsel, Head of Legal Affairs, between 2011 and 2019, as an Attorney and Partner at Castrén & Snellman International Ltd between 2005 and 2011, as an Attorney at Merilampi Attorneys Ltd. between 2003 and 2005, and as a Legal Counsel at Nordea Bank Oyj between 2000 and 2002. She has been a member of the Board of Directors of DEN Group Ltd. since 2018 and was a member of the Board of Directors of Antilooppi Management Oy and Antilooppi GB Oy between 2020 and 2021. Ms. Tuomola holds a Master of Laws and an Executive Master's in Business Administration.

Miimu Airaksinen has been SRV's Senior Vice President, Development, since 2021. She acted as the CEO and Managing Director of the Finnish Association of Civil Engineers RIL ry between 2017 and 2021, as Research Professor and in various other positions at VTT Technical Research Centre of Finland Ltd between 2006 and 2017, and as the Head of Research and Development Unit at Optiplan Oy between 2003 and 2006. She has served as a member of the Board of Directors of Rentto Oy since 2021 and of Building Information Model Ltd. since 2022. Ms. Airaksinen holds a Doctor of Science in Technology.

Kimmo Kurki has been Senior Vice President, Internal Services of SRV since 2020. He has held various different roles in SRV Group's production services since 1998. Kurki acted as a project manager in Lujatalo Oy between 1995 and 1998. He has acted as Chairman of the Board of Directors of Asunto Oy Helsingin Oinaantie 3 since 1995. Mr. Kurki is a civil engineer.

Business Address

The business address of the Board of Directors, the CEO and the members of the Corporate Executive Team is Tarvonsalmenkatu 15, FI-02600 Espoo, Finland.

Statement on the Company's Board of Directors and the management

Timo Kokkila acted as a member of the Board of Directors and as the CEO of Kampin Kehitys Oy, which was liquidated 9 December 2020.

Jarkko Rantala acted as the Chairman of the Board of Directors in the Company's joint venture OOO MMSG, which was filed for bankruptcy on 5 December 2019.

Notwithstanding the above, as at the date of this Offering Circular, none of the members of the Board of Directors, Corporate Executive Team or the CEO, have during the five previous years:

- been convicted of fraud;
- held an executive function, been included in the executive management, or been a member of the administrative management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between the members of the Board of Directors, CEO and the members of the Corporate Executive Team.

Conflicts of Interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 a of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

To the knowledge of SRV, the members of the Board of Directors, the CEO or the members of the Corporate Executive Team do not have any conflicts of interests between their duties relating to SRV and their private interests and/or their other duties.

Incentive schemes and restrictions on disposal of Shares

The Company has three share-based long-term incentive plans directed to the group's key personnel. Certain members of SRV's Corporate Executive Team and the President and CEO are within the scope of the share-based Long-Term Incentive Plan 2021–2025 and within the share-based One-off Long-Term Incentive Plan 2021–2022. In addition, the Company's President and CEO has a separate multi-year incentive scheme.

On 29 March 2021 SRV announced that the Board of Directors had resolved to establish a new share-based Long-Term Incentive Plan 2021–2025 and a share-based One-off Long-Term Incentive Plan 2021–2022 for the Company's key personnel. The purpose of the scheme is to align the objectives of shareholders and key personnel in order to increase the Company's value in the long term, and to enhance key personnel's commitment to the Company. The Long-Term Incentive Plan 2021–2025 arrangement has three three-year performance periods, which begin yearly during 2021–2023, the calendar years are 2021–2023, 2022–2024 and 2023–2025. First two performance periods 2021–2023 and 2022–2024 of the Long-Term Incentive Plan 2021–2025 have already begun. The Board of Directors of the Company will resolve on the plan’s key persons and performance criteria at the beginning of each performance period. Approximately 30 key persons belong to the performance periods 2021–2023 and 2022–2024, including President and CEO Saku Sipola and members of the Company’s management. The potential reward from the performance periods 2021–2023 and 2022–2024 is based on the Company’s Total Shareholder Return (TSR) in relation to a separately selected reference group, level of the Company’s indebtedness and Share price increase. The rewards to be paid on the basis of each of the performance periods 2021–2023 and 2022–2024 correspond to the value of an approximate maximum total of 4,400,000 SRV’s Shares (gross amount, of which the proportion to be paid as withholding tax will be deducted). The potential reward will be paid in 2024 and 2025 in Company’s Shares (net amount) and the Company will account for the withholding tax to tax authorities on behalf of the key persons. The reward to the President and CEO to be paid on each performance period corresponds to the value of an approximate maximum total of 450,000 Company’s Shares (gross amount, of which the proportion to be paid as withholding tax will be deducted). The potential share reward to the President and CEO is subject to transfer restriction, which requires the shares to be held for two years from their reward. The One-off Long-Term Incentive Plan arrangement has one two-year performance period, calendar years 2021–2022. Approximately 30 key persons belong to the target group of the plan, including President and CEO Saku Sipola and members of Company’s management. The potential reward from the performance period 2021-2022 will be based on the Group’s operative cash flow and the Group’s Total Shareholder Return (TSR) during the two-year period. The rewards to be paid on the basis of the performance period 2021-2022 correspond to the value of an approximate maximum total of 4,400,000 SRV Group Plc’s Shares (gross amount, of which the proportion to be paid as withholding tax will be deducted). The potential reward will be paid in 2023 in SRV Group Plc’s Shares (net amount) and the Company will account for the withholding tax to tax authorities on behalf of the key persons. The reward to the President and CEO to be paid on each performance period corresponds to the value of an approximate maximum total of 450,000 Company’s Shares (gross amount, of which the proportion to be paid as withholding tax will be deducted). The potential share reward to the President and CEO is subject to transfer restriction, which requires the shares to be held for two years from their reward. The maximum rewards of the members of the Corporate Executive Team to be paid on each performance period vary, corresponding to the value of approximately 180,000–270,000 Company’s Shares. The potential share reward to the members of the Corporate Executive Team is not subject to a commitment period.

Further, on 25 June 2019, SRV announced that its Board of Directors had resolved on a multi-year incentive scheme for the President and CEO for the years 2019–2026. On December 2020, the Board of Directors resolved on changes to the incentive scheme for the President and CEO as a result of a rights issue in 2020. Under the scheme, Saku Sipola has been given 1,000,000 acquisition rights, entitling him to acquire the number of SRV’s Shares corresponding to the acquisition rights for the subscription price of EUR 0.55 per share. Both the number of acquisition rights as well as the subscription price per Share may be adjusted as decided by the Board of Directors of the Company, should the Company issue new Shares or option rights or other rights entitling to Shares. Under the scheme, new Shares or treasury Shares in the possession of the Company can be issued. The Company’s Board of Directors will make a decision on the manner of implementation separately each time. Under the terms of the scheme, the acquired Shares are subject to a transfer restriction, which is valid for two years from the acquisition of the Shares. The acquisition rights can be exercised in three two-year long exercise periods, of which the first begun on 1 March 2021 and ends on 28 February 2023, the second began on 1 March 2023 and ends on 31 August 2024, and the third begins on 1 September 2024 and ends on 31 August 2026. During the first and second exercise period, the acquisition rights holder is entitled to exercise 300,000 acquisition rights and during the third period 400,000 acquisition rights. Under the terms of the scheme, the acquired Shares are subject to a transfer restriction, which is valid for two years from the acquisition of the Shares.

SRV’s general meeting has on 30 May 2022 resolved to carry out a reverse share split and thereto related redemption of shares and authorise the Board of Directors to resolve on a directed offering without consideration and reduce the maximum amounts of authorisations to issue shares and special rights and to acquire the Company’s own shares resolved by the annual general meeting on 28 March 2022. As a result of the reverse share split approved by the general meeting, the Board of Directors will also, in connection with the reverse share split, amend the Company's share-based incentive plans to take into account the reverse share split commensurate.

Directorships and/or partnerships

The members of the board, the Corporate Executive Team and the CEO hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Offering Circular:

Member of the Board/Executive Team	Current directorships/partnerships[1]	Previous directorships/partnerships
Board members		
Tomi Yli-Kyyny	Fennia Mutual Insurance Company; Fennia Life Insurance Company Ltd.; Maanpuolustuskurssiyhdistys ry	Fennia Group; Caruna Oy; Caruna Networks Oy; Caruna Espoo Oy; Garantia Insurance Company Ltd; Barona Oy; Barona Group Oy, Suur-Savon Sähkö Oy; Jyväskylän yliopistosäätiö sr; Kekkilä Oy; Neova AB; Vapo Timber Oy; AS Tootsi Turvas; Vapo Oy
Heli Iisakka	Pihlajalinna Plc; DuuriGroup Oy; Colliers Finland Oy; Colliers Finland Group Oy; Colliers International Finland Holdings Oy	Innoflame Oy; Realprojekti Oy; Colliers Isännöinti Oy
Timo Kokkila	Havu Capital Oy; Pontos Ltd; Kolpi Investments Oy; Ilmarinen Mutual Pension Insurance Company; Pontos Aero Oy; eQ Oyj; Valmet Automotive Inc.; AS Pontos Baltic; Viru Väljaku Arenduse AS; AS Viru Center; Aktsiaselts ”Hotell Viru”; Afortus Oy; Securities Market Association	LAK Real Estate Oy; ”Mulga”, UAB; AS Pontos Capital; Viru Väljaku Arenduse AS; Kampin Kehitys Oy; OÜ Pontcap 3; Parmalo Invest OÜ; Saharova Centrs, SIA; Renor Ltd; AS Viru Keskus
Hannu Leinonen	Build Care Oy; Havator Group Oy	Nurminen Logistics Plc; Technopolis Oyj; Ilmarinen Mutual Pension Insurance Company; Destia Ltd; Destia Group Plc
Heikki Leppänen	Meyer Turku Ltd; Alders Management Consulting Oy	Giant-Kone JV China
President and CEO/Executive Team		
Saku Sipola	Finland Chamber of Commerce; Helsinki Region Chamber of Commerce; DEN Group Ltd.; Remeo Oy	Sato Corporation
Timo Nieminen	Talokeskus Yhtiöt Oy; Suomen Talokeskus Oy; Suomen Kiinteistöliitto ry:n Palvelu Oy; Suomen Kiinteistöliitto ry	Etera Mutual Pension Insurance Company; RYM Oy

#16247439v16

Jouni Forsman	-	-
Jorma Seppä	-	-
Henri Sulankivi	Talonrakennusteollisuus ry, Talonrakennusteollisuus ry Sisä-Suomen piiri	-
Jarkko Rantala	-	-
Miia Eloranta	-	-
Jussi Tuisku	-	SPECTA AG
Kristiina Sotka	-	-
Anu Tuomola	DEN Group Ltd.	Antilooppi Management Oy; Antilooppi GB Oy
Miimu Airaksinen	Rentto Oy; Building Information Model Ltd.	RIL ry
Kimmo Kurki	-	-

(1) In addition to what is presented in the table, possible seats/positions in SRV Group's subsidiaries, associated companies and joint ventures.

#16247439v16

MAJOR SHAREHOLDERS

Largest shareholders

Shareholders owning 5 per cent or more of the Existing Shares in SRV have an interest in the Company's share capital which is notifiable pursuant to the Finnish Securities Markets Act. The following table sets forth the shareholders owning individually or through a sphere of control 5 per cent or more of the Existing Shares and votes in SRV on 31 May 2022, pursuant to the shareholders' register maintained by Euroclear Finland:

Shareholder	Shares, total	Shares, %	Votes, %[(1)]
As Pontos Baltic	47,306,787	17.99	17.99
Ilmarinen Mutual Pension Insurance Company	33,295,636	12.66	12.66
Kolpi Investments Oy	23,776,663	9.04	9.04
OP Life Assurance Company Ltd	16,942,050	6.44	6.44
Pohjola Insurance Ltd	15,785,996	6.00	6.00
Havu Capital Oy	15,741,398	5.99	5.99
Etola Group Oy	13,373,642	5.09	5.09
Other shareholders[(1)]	96,795,169	36.79	36.79

(1) There are 1,975,041 Existing Shares held by the Company that do not carry voting rights at the Company's general meeting.

No controlling shareholders

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any person (as control is defined in Chapter 2, Section 4 of the Finnish Securities Markets Act) and the Company is not, other than as described below, aware of any arrangement the operation of which may result in a change of control in SRV.

Pursuant to the Finnish Securities Markets Act, a shareholder whose proportion of voting rights, when taken together with voting rights held by persons acting in concert with such shareholder, exceeds 30 per cent or 50 per cent of the votes conferred by Shares in SRV, shall make a mandatory tender offer for all the other Shares and for the securities issued by SRV entitling to Shares. However, pursuant to the Finnish Securities Markets Act, the obligation to make a mandatory tender offer shall lapse if the shareholder obliged to make the tender offer (or another person acting in concert), within one month from when the obligation arose, causes its proportion of voting rights to fall below the relevant 30 per cent or 50 per cent threshold by disposing of Shares or by otherwise reducing its proportion of voting rights. Further, in order to be exempted from the obligation to make a tender offer, the obliged shareholder and the persons acting in concert may not, during that time, exercise voting rights. The obliged person shall, in addition, publicly disclose its intention to cause its proportion of voting rights to fall below the relevant threshold. The obliged person is further required to publicly disclose its proportion of voting rights having fallen below the relevant threshold.

SRV has received undertakings from AS Pontos Baltic, Kolpi Investments Oy and Havu Capital Oy, which provide that where the aggregate holdings of voting rights in SRV of these persons or parties acting in concert with them exceed 30 per cent, such persons will, within one month from exceeding said threshold, reduce their aggregate holdings to the 30 per cent threshold or below and to comply with all of the other requirements set out in Chapter 11 Section 21 Subsection 5 of the Finnish Securities Markets Act in order to avoid the obligation to make a mandatory tender offer.

AS Pontos Baltic, Kolpi Investments Oy and Havu Capital Oy will not be released from their obligation to launch a bid under the Finnish Securities Markets Act if the aforementioned parties fail to reduce their aggregate holdings to the 30 per cent threshold or below and to comply with the other aforementioned requirements set out in the Finnish Securities Markets Act.

No arrangements concerning voting rights in the Company

SRV has one class of Shares. Pursuant to the Finnish Companies Act, one Share in the Company entitles to one vote in the General Meeting. The Company is not aware on any arrangements or agreements concluded between its shareholders, which could affect the ownership or use of voting rights in the general meetings of the Company.

#16247439v16

RELATED PARTY TRANSACTIONS

The following table presents the related party transactions made by SRV between 1 January 2022 and 31 March 2022 or on 31 March 2022.

	Salaries and fees[1]	Sale of goods and services	Purchase of goods and services	Interest income	Receivables as at 31 March 2022[2]	Liabilities as at 31 March 2022
	(unaudited)					
(EUR million)						
Management and board	0.7	-	-	-	-	-
Joint ventures	-	0.2	-	-	0.4	0.0
Associated companies	-	0.3	-	0.5	-	-
Other related parties	-	-	-	-	-	-
Total	**0.7**	**0.5**	**-**	**0.5**	**0.4**	**0.0**

(1) Additionally the management is in scope of the Company's share incentive scheme.
(2) On 31 March 2022, SRV had receivables with a total nominal value of EUR 56.5 million from associated companies. The Company has written down associated company loan receivables classified as related party transactions, EUR 41.7 million in total, for the three-month period ending 31 March 2022 because it is uncertain whether they can be obtained. Previously, related party receivables were written down in the amount of EUR 1.5 million for the three-month period ended on 31 December 2020 and EUR 6.6 million for the three-month period ended on 31 December 2021. Any changes earlier than this have taken place before the financial period 2020. Because of these, the balance sheet value of the associated company loan is EUR 0 million at the time of review (31 December 2021: EUR 40.5 million).

In addition to information provided above there have been no material changes in the related party transactions of SRV after the period 1 January–31 March 2022.

#16247439v16

LEGAL MATTERS

Borenius Attorneys Ltd is the legal adviser to the Company on certain legal matters concerning the Offering. Krogerus Attorneys Ltd is the legal adviser to the Sole Global Coordinator on certain legal matters concerning the Offering.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Offering Circular. They have been published on the Company's website at: www.srv.fi/en/investors. The parts of the following documents that have not been incorporated by reference to this Offering Circular are either not relevant for investors in the Offer Shares or are covered elsewhere in this Offering Circular.

Document	Information incorporated by reference
Interim Report 1 January – 31 March 2022	Unaudited interim report as at and for the three-month period ended on 31 March 2022
Financial Statements 2021, pages 4–25	The report of the Board of Directors for the year ended 31 December 2021
Financial Statements 2021, pages 30–35	Consolidated financial statements as at and for the year ended on 31 December 2021
Financial Statements 2021, pages 81–84	Auditor's report for the year ended 31 December 2021
Financial Statements 2020, pages 29–33	Consolidated financial statements as at and for the year ended on 31 December 2020
Financial Statements 2020, pages 78–81	Auditor's report for the year ended 31 December 2020

#16247439v16

DOCUMENTS ON DISPLAY

In addition to the documents incorporated to this Offering Circular by reference, copies of the following documents are on display during the period of validity of this Offering Circular on the Company's website at: www.srv.fi/en/investors/.

1. the Articles of Association of the Company;
2. the Finnish Prospectus; and
3. the documents incorporated by reference to this Offering Circular.

Company

SRV Group Plc
Tarvonsalmenkatu 15
FI-02600 Espoo
Finland

Sole Global Coordinator

Danske Bank A/S, Finland
Branch
Televisiokatu 1
FI-00240 Helsinki
Finland

Legal adviser to the Company

Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki
Finland

Legal adviser to the Sole Global Coordinator

Krogerus Attorneys Ltd
Fabianinkatu 9
00130 Helsinki

Auditor to the Company

PricewaterhouseCoopers Oy
Itämerentori 2
FI-00180 Helsinki
Finland