

# NEOVA<sup>GROUP</sup>

## **Half-Year Financial Report 1 January - 30 June 2024**

## Neova Half-Year report January-June 2024

Neova Group's net sales, EBITDA and operating profit increased in the first half of the year. The recovering global demand in professional growing market, continued favorable demand in the fuel market, and results of cost savings programmes enabled EBITDA to improve by more than 30 percent in the first half of the year.

### April-June 2024 in brief:

- The Group's net sales amounted to EUR 137.6 million (EUR 145.6 million).
- EBITDA was EUR 15.9 million (EUR 17.3 million), or 11.5% (11.9%) of net sales.
- Comparable EBITDA was EUR 15.6 million (EUR 18.3 million). EBITDA included a total of EUR 0.4 million (EUR -1.0 million) of non-recurring items.
- Operating profit was EUR 5.7 million (EUR 8.0 million), or 4.1% (5.5%) of net sales, including EUR 0.4 million (EUR -1.0 million) in non-recurring items.
- Free cash flow before taxes was EUR 21.0 million (EUR 5.7 million).

### January-June 2024 in brief:

- The Group's net sales amounted to EUR 292.9 million (EUR 292.4 million).
- EBITDA was EUR 42.8 million (EUR 27.7 million), or 14.6% (9.5%) of net sales.
- Comparable EBITDA was EUR 43.8 million (EUR 33.0 million). EBITDA included a total of EUR -1.0 million (EUR -5.3 million) of non-recurring items relating to efficiency improvement measures.
- Operating profit was EUR 27.0 million (EUR 9.4 million), or 9.2% (3.2%) of net sales, including EUR -1.0 million (EUR -8.8 million) in non-recurring items that were mainly related to the restructuring of operations.
- Free cash flow before taxes was EUR 43.9 million (EUR 43.6 million).
- Gross investments totaled EUR 15.5 million (EUR 15.5 million).
- Earnings per share were EUR 702.00 (EUR 104.30).
- The ratio of interest-bearing net debt to EBITDA was 2.4 (3.4)
- Return on invested capital (% , previous 12months): 2.8 (3.2)

Figures in brackets to the corresponding period in 2023 unless otherwise stated.

**CEO Pekka Tennilä:**

**"The second quarter was twofold for the Neova Group. Good sales and profitability development continued in Neova Terra segment, but Kekkilä-BVB sales and EBITDA decreased due to weak demand in the consumer segment in Central Europe and production challenges in Sweden.**

Kekkilä-BVB's net sales in the first quarter were slightly higher than in the same period last year, but decreased in the second quarter by almost 9 percent year-on-year. The overall decrease in net sales for the first half of the year was 4 percent. Kekkilä-BVB's profitability improved clearly thanks to production optimization and cost-efficiency improvement measures. Due to seasonal variation, EBITDA in the second quarter decreased 28 percent year-on-year, but EBITDA for the first half of the year was 23 percent higher.

Comparing Kekkilä-BVB's second quarter financials year-on-year, clear weather-related variation is evident. The season was shorter than usual in the Netherlands and Germany due to the cold and rainy spring. The fluctuation was particularly evident in sales in the consumer segment in Central Europe, but reflected partly also to the professional segment. In Sweden, we were unable to fully meet demand due to production challenges arising partly from timing of machinery and equipment investments. Business area Global's sales and profitability increased well year-on-year.

In the second quarter, Kekkilä-BVB initiated measures to optimize production in Central Europe. The plan is to transfer substrate production from the Georgsdorf site to Grubbenvorst in the Netherlands and the production of the Hardenberg site to Drachten in the Netherlands.

In Neova Terra segment, net sales and profitability developed well throughout the first half of the year. Neova Terra's net sales increased by more than 10 percent in the second quarter year-on-year and more than 11 percent during the first half of the year. EBITDA improved by almost 25 percent in the second quarter and by almost 38 percent in the first half of the year.

As in the first quarter, profitability in the fuel markets was strong in April-June. Many customers are preparing for the upcoming heating season in time. In addition to demand, this was reflected in sales prices in the solid fuels market. Neova Terra was able to increase its net sales and EBITDA during both first two quarters despite the fact that the sales volume of energy peat decreased from projected and sale of Turenki pellet plant at the beginning of the year.

The ramp-up of Neova's Novactor activated carbon production plant in Ilomantsi was successful after seasonal maintenance shutdown. Production has stabilised at almost full capacity and the quality has been good. The aim is to operate the plant continuously until the maintenance shutdown in July 2025.

In Neova Terra's new businesses, the marketing of biostimulants has started in Spain under Neova's own NeoCore brand. In the second quarter, Neova and Hankkija announced an agreement that Neova will start production of peat-based animal feed raw material at the Ilomantsi pellet plant.

Peat harvesting season has progressed normally in Finland and Baltics. In Sweden, exceptionally unstable weather in southern Sweden has slowed down harvesting. Neova increased the cultivation area for reed canary grass by 600 hectares, bringing the total area to 1,600 hectares. Reed canary grass is mainly grown in peat production areas that have been discontinued and it is used as a renewable raw material in various growing media products.

Sustainability is at the heart of Neova Group's strategy and a key part of business development. One concrete indicator is the positive development of accident frequency for several years in a row.

Going forward, Neova Group expects its full-year result to improve from last year. Net sales in both divisions will focus on the first half of the year, so sales and profitability in the second half of the year will be lower than in the first half of the year."

## Market environment

The Company's market environment remains challenging due to uncertainty in the general economic situation, which is expected to continue to affect Neova's financial performance. The growing media market is forecast to start growing again this year after two years of difficulties. Especially in Europe, the market has been on a downward trend for the last two years due to increased energy costs and consumers' decreased purchasing power. In America and Asia, the growing media market is also forecast to continue its good growth, with an increasing share of vegetable and berry cultivation moving to controlled environments.

The demand for horticultural peat is also expected to pick up, following the growth of the growing media market. The use of energy peat is forecast to continue to decrease in the coming years. The demand for activated carbon is expected to grow as its use increases in applications such as air filtration, water purification and process industries. The market for biostimulants and fibre-based animal feed products, which are in the commercialisation phase, is growing in Europe, which supports the development prospects for the new business areas. The market development for wind and solar power is expected to be generally positive. Climate change and the need to reduce reliance on fossil fuels will increase demand for renewable energy. Due to technological innovations and reduced costs, the use of wind and solar power is expected to become increasingly attractive and competitive compared to traditional energy sources.

## Financial development

### Net sales

Net sales by division

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Kekkilä-BVB	107.8	117.9	-8.6 %	200.3	208.7	-4.0 %	326.4
Neova Terra	41.1	37.3	10.4 %	114.7	102.8	11.6 %	203.2
Other and eliminations	-11.3	-9.5	-18.2 %	-22.1	-19.1	-15.7 %	-33.7
<b>Total</b>	<b>137.6</b>	<b>145.6</b>	<b>-5.5 %</b>	<b>292.9</b>	<b>292.4</b>	<b>0.2 %</b>	<b>495.9</b>

### April-June

The Group's net sales on the second quarter decreased by 5 percent to EUR 137.6 million (EUR 145.6 million). Net sales development was positive for the Neova Terra division.

Net sales decreased in Europe and increased in North and South America. Measured by net sales, the top three countries were Finland, the Netherlands and Sweden.

The Kekkilä-BVB division's net sales decreased by 9 percent compared to previous year and was EUR 107.8 million (EUR 117.9 million). Rainy weather in Central Europe during the spring and early summer impacted negatively on the net sales. On the previous year the seasonal sales to retail customers took place almost entirely during the second quarter.

The Neova Terra division's net sales increased by 10 percent compared to previous year and was EUR 41.1 million (EUR 37.3 million). Net sales' positive development was supported by good demand in the horticultural peat market, increasing delivery volumes and net sales compared to the previous year.

### January-June

The Group's cumulative net sales was on prior year's level and amounted to EUR 292.9 million (EUR 292.4 million). Net sales development was positive for the Neova Terra division compared to previous year. Net sales increased in North and South America, and the Nordics, but decreased Central and South Europe. Measured by net sales, the top three countries were Finland, Netherlands and Germany. The spring's political strikes and the resulting closure of Finnish ports made horticultural peat, growing media and activated carbon more difficult to export from Finland to global markets.

The Kekkilä-BVB division's net sales decreased by 4 percent compared to previous year and was EUR 200.3 million (EUR 208.7 million). In addition to the cold spring, the record wet weather in Central Europe during the spring and early summer and the related decline in consumer markets impacted negatively on the net sales of Kekkilä-BVB.

The Neova Terra division's net sales increased by 12 percent compared to previous year and was EUR 114.7 million (EUR 102.8 million). Due to the cold weather at the beginning of the year, the demand for fuels was significantly higher than the previous year. Also the horticultural peat market has developed favorably, increasing delivery volumes and net sales compared to the previous year.

## Result and profitability

Comparable EBITDA by division

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Kekkilä-BVB	11.3	15.8	-28.0 %	27.3	22.1	23.2 %	28.0
Neova Terra	4.8	3.9	24.7 %	18.3	13.2	37.9 %	25.5
Other and eliminations	-0.6	-1.2	49.9 %	-1.7	-2.3	26.3 %	-6.7
<b>Total</b>	<b>15.6</b>	<b>18.3</b>	<b>-15.1 %</b>	<b>43.8</b>	<b>33.0</b>	<b>32.9 %</b>	<b>46.8</b>

### April-June

EBITDA decreased by 8 percent compared to previous year amounting to EUR 15.9 million (EUR 17.3 million), or 11.5 (11.9) percent of net sales. The Group's comparable EBITDA, excluding non-recurring costs arising from restructuring measures, decreased by 15 percent to EUR 15.6 million (EUR 18.3 million).

The Kekkilä-BVB division's comparable EBITDA was EUR 11.3 million (EUR 15.8 million) and was 10.5 (13.4) percent of the division's net sales.

The Neova Terra division's comparable EBITDA was EUR 4.8 million (EUR 3.9 million) and was 11.7 (10.4) percent of the division's net sales.

### January-June

EBITDA increased by 55 percent compared to previous year amounting to EUR 42.8 million (EUR 27.7 million), or 14.6 (9.5) percent of net sales. The Group's comparable EBITDA, excluding non-recurring costs arising from restructuring measures, increased by 33 percent to EUR 43.8 million (EUR 33.0 million).

The Kekkilä-BVB division's comparable EBITDA was EUR 27.3 million (EUR 22.1 million) and was 13.6 (10.6) percent of the division's net sales.

The Neova Terra division's comparable EBITDA was EUR 18.3 million (EUR 13.2 million) and was 15.9 (12.9) percent of the division's net sales.

## Comparable operating profit by division

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Kekkilä-BVB	6.2	11.1	-44.3 %	17.3	12.3	40.7 %	7.9
Neova Terra	0.2	-0.3	161.2 %	13.1	8.9	47.6 %	16.4
Other and eliminations	-1.0	-1.6	38.3 %	-2.5	-2.8	10.7 %	-7.7
<b>Total</b>	<b>5.3</b>	<b>9.2</b>	<b>-41.8 %</b>	<b>28.0</b>	<b>18.3</b>	<b>52.6 %</b>	<b>16.5</b>

**April-June**

Group's operating profit was in the second quarter EUR 5.7 million (EUR 8.0 million) or 4.1 (5.5) percent of net sales. The Group's comparable operating profit was EUR 5.3 million (EUR 9.2 million) or 3.9 (6.2) percent of net sales.

The Kekkilä-BVB division's comparable operating profit was EUR 6.2 million (EUR 11.1 million) and was 5.7 (9.4) percent of the division's net sales.

The Neova Terra division's comparable operating profit was EUR 0.2 million (EUR -0.3 million) and was 0.4 (-0.7) percent of the division's net sales.

The result for the period was EUR 1.0 million (EUR 5.9 million). Earnings per share were EUR 33.40 (EUR 195.20).

**January-June**

Group's operating profit was EUR 27.0 million (EUR 9.4 million) or 9.2 (3.2) percent of net sales. The Group's comparable operating profit was EUR 28.0 million (EUR 18.3 million) or 9.6 (6.2) percent of net sales.

The Kekkilä-BVB division's comparable operating profit was EUR 17.3 million (EUR 12.3 million) and was 8.7 (5.9) percent of the division's net sales.

The Neova Terra division's comparable operating profit was EUR 13.1 million (EUR 8.9 million) and was 11.5 (8.7) percent of the division's net sales.

The result for the period was EUR 21.0 million (EUR 3.2 million). Earnings per share were EUR 702.00 (EUR 104.30).

## Cash flow, investments and financing

The Group's free cash flow before taxes during the second quarter was EUR 21.0 million (EUR 5.7 million). Gross investments were EUR 9.8 million (EUR 7.6 million).

The Group's free cash flow before taxes in January-June was EUR 43,9 million (EUR 43.6 million). The change in working capital affected the cash flow by EUR 13.7 million (EUR 3.1 million). Gross investments January-June 2024 amounted to EUR 15.5 million (EUR 15.5 million), or 91.5% (108.2%) of the amount of depreciation.

Interest-bearing net debt at the end of June amounted to EUR 107.3 million (EUR 132.3 million). The ratio of interest-bearing net debt to EBITDA (net debt/EBITDA) was 2.4 (3.4) on 30 June 2024. Of the Group's interest-bearing debt, 26% is covered by a covenant related to the company's equity ratio. The terms of the covenant were met at the end of the review period.

Neova agreed during the second quarter on a EUR 150 million loan facility, including EUR 75 million term loan and EUR 75 million revolving credit facility. With the loan arrangement Neova is preparing for the repayment of the EUR 100 million bond maturing in October 2024 and ensures liquidity in the coming years.

The equity ratio at the end of June was 43.5% (41.0%) and the gearing ratio was 34.7% (44.1%). The balance sheet total was EUR 713.8 million (EUR 726.8 million). Net financing items were EUR -3.4 million (EUR -4.4 million), or -1.2% (-1.5%) of net sales.

## Personnel

In January-June 2024 Group employed an average of 839 (952) employees. At the end of the review period, the number of employees was 841 (978).

Number of employees	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Kekkilä-BVB	555	658	563	655	638
Neova Terra	234	261	232	254	255
Other and eliminations	45	45	44	44	44
<b>Total</b>	<b>834</b>	<b>964</b>	<b>839</b>	<b>952</b>	<b>936</b>

In the autumn of 2023, Neova carried out cooperation negotiations and similar processes to improve its profitability and modernise Kekkilä-BVB's operating model in eight of the company's operating countries: Finland, the Netherlands, Sweden, Estonia, Germany, Italy, France and Spain. The negotiations also covered part of Neova Oy's Group Services and Supply Chain Management organisations. The new organisation and operating model entered into force on 1 January 2024.

## Sustainability

Sustainability is at the heart of Neova Group's strategy and targets. Our sustainability objective is to create green growth through net positive products and services by taking our impacts on the environment, health, society and the accumulation of knowledge capital into account. We have set medium-term and long-term targets and themes for three areas of sustainability: environmental responsibility; social responsibility; and economic responsibility. Sustainability strategies and programmes are systematically implemented in each business in accordance with customer needs and the UN Sustainable Development Goals. To further increase our personnel's commitment for these targets, we have incorporated sustainability into the short-term incentive targets of all our employees in all our operating countries and at every level of the organisation.

To minimise the harmful environmental impacts of our operations, we are implementing our Green Factory concept, which allows us to carry out tangible measures to reduce greenhouse gas emissions. The concept is integrated into all our operating units. The concept also promotes natural biodiversity, supports the circular economy and takes the sustainable use of water into account. The Green Factory concept encourages factory management and personnel to actively participate in the implementation of the responsibility programme's targets. The key actions and development areas of our operations have been taken into account when defining

the targets. In the first quarter, we have updated the Green Factory action plans for all businesses. Furthermore, we use third-party Responsibly Produced Peat (RPP) certification as an indicator for the sustainability of our peat production. During the first half of the year, we have received RPP certification again for one more new production area, and already 7,588 hectares of our areas are RPP certified. The target coverage for the end of 2024 is 9,200 hectares. We are aiming to prepare 13 new RPP applications in 2024.

Regarding the safety of the Group’s personnel, our target is zero accidents. We also want to support the growth of our employees and partners. We have also clear processes for addressing any existing deficiencies.

In the first year-half, the Group’s accident frequency continued to decrease. Key factors contributing to the low accident frequency include safety training activities and risk assessments, as well as active and open communication, reporting and investigation concerning safety issues, including accidents.

KPI	1-6/2024	1-6/2023	12/2023
Accident frequency R12 (rolling 12 months): All accidents (MTR)	6.6	10.3	7.3
Accident frequency R12 (rolling 12 months): Accidents leading to lost time (LTA1)	1.3	3.6	3.7

The Group’s certified management system – which includes the ISO 9001 quality management system, the ISO 14001 environmental management system and the ISO 45001 occupational health and safety system – helps us coordinate and manage our operations to satisfy customer and stakeholder requirements and regulatory obligations, as well as focus on the continuous improvement, profitability and efficiency of our operations. The Group-level assessment of business functions supports the development of the management of the Group’s businesses well across national borders.

In September 2023, Kekkilä-BVB Group launched an ERP program that also includes updating the company's business processes and designing compatible ERP processes. The personnel is informed about the progress of the project in monthly info sessions open to everyone.



## Reporting segments

In accordance with the organisational reform that entered into force at the start of 2024, Neova's reporting segments consist of the Group divisions: Kekkilä-BVB; Neova Terra; and Other and eliminations.

**The Kekkilä-BVB** division includes Kekkilä-BVB's four business areas, Central Europe, Global, Nordics and Materials, in accordance with the organisational reform that took effect at the beginning of 2024.

**The Neova Terra** division includes Real Estate Development and Renewable Energy business; Peat and New Materials business; Novactor, responsible for the activated carbon business; and Innovation and New Business Accelerator, responsible for developing new business.

**The Other and eliminations** include the Group's unallocated shared services and Group management and eliminations between business segments

### Kekkilä-BVB

The Kekkilä-BVB division consists of Kekkilä-BVB's four business areas: Central Europe, Global, Nordics and Materials. Kekkilä-BVB is Europe's leading producer of growing media suitable for professional and amateur use. Its product range also includes solutions for home gardeners and landscapers. Materials is responsible for the sales of animal bedding and horticultural peat to customers outside the Group. Kekkilä-BVB's other businesses are recycling and composting. Kekkilä-BVB provides products and services in more than 100 countries worldwide.

Net sales for second quarter decreased by 9% to EUR 107.8 million (EUR 117.9 million). The comparable EBITDA was EUR 11.3 million (EUR 15.8 million) or 10.5% (13.4%) of net sales. The EBITDA was EUR 12.6 million (EUR 15.3 million) and the operating profit was EUR 7.5 million (EUR 10.6 million). Gross investments were EUR 6.1 million (EUR 3.8 million). The operating profit includes non-recurring items in the amount of EUR 1.3 million (EUR -0.5 million).

Net sales for January-June amounted to EUR 200.3 million (EUR 208.7 million). The comparable EBITDA was EUR 27.3 million (EUR 22.1 million), or 13.6% (10.6%) of net sales. The EBITDA was EUR 27.3 million (EUR 17.9 million) and the operating profit was EUR 17.4 million (EUR 4.7 million). Gross investments totalled EUR 10.2 million (EUR 8.1 million). The operating profit included a total of EUR 0.0 million (EUR -7.6 million) of non-recurring items relating to efficiency improvement measures.

Record wet weather in Central Europe during the spring and early summer and the related decline in consumer markets have impacted negatively on the net sales and EBITDA of the second quarter. In the comparison year a late spring caused demand to focus on the second quarter. Professional growing business demand continued to increase strongly also in the second quarter, especially in the Global business area.

The growth in comparable operating profit in January-June was due to the measures announced last year related to the improvement of profitability and production efficiency. As part of the efficiency programme, Kekkilä-BVB launched a study of measures to optimize the fixed costs of growing media production in Central Europe. The focus is on optimizing production volumes of all growing media, location of the production facilities and logistic costs to meet the current and expected market demand in the next few years. Based on the review, the plan is to transfer the growing media production from the Georgsdorf site in Germany to the production sites in the Netherlands and the gardening production of the Hardenberg site to the Drachten site inside the Netherlands. The contemplated changes would affect a maximum of 43 positions, of which 33 are located in Georgsdorf and 10 in Hardenberg.

Kekkilä-BVB	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Net sales (EUR million)	107.8	117.9	-9%	200.3	208.7	-4%	326.4
EBITDA (EUR million)	12.6	15.3	-17%	27.3	17.9	52%	15.7
Operating profit (EUR million)	7.5	10.6	-29%	17.4	4.7	271%	-8.6
Investments (EUR million)	6.1	3.8	61%	10.2	8.1	25%	24.0
Number of employees	555	658	-16%	563	655	-14%	638

## Neova Terra

The Neova Terra division is responsible for Neova Group's business solutions supporting food and energy security of supply in Finland, Sweden and Estonia. The division supplies its customers with growing media raw materials based on peat, moss and reed canary grass, as well as bedding peat, local peat and biofuels for energy production, and activated carbon. The division manages the company's land and real estate property and is responsible for developing Neova's wind and solar power projects and new businesses, utilising the Group's peat and other resources by refining and commercialising them for new applications.

Net sales for the second quarter was EUR 41.1 million (EUR 37.3 million). The EBITDA for the period was EUR 4.8 million (EUR 3.8 million) and the operating profit was EUR 0.2 million (EUR -0.4 million). Gross investments were EUR 3.7 million (EUR 3.9 million). The operating profit includes non-recurring items in the amount of EUR 0.0 million (EUR -0.1 million).

Net sales for January-June amounted to EUR 114.7 million (EUR 102.8 million). The EBITDA was EUR 18.3 million (EUR 13.0 million) and the operating profit was EUR 13.1 million (EUR 8.6 million). Gross investment totalled EUR 4.9 million (EUR 6.6 million). The operating profit included non-recurring items in the amount of EUR 0.0 million (EUR -0.3 million).

In Real Estate Development and Renewable Energy business, the profitability of biofuels fell short of the comparison period due to lower delivery volumes, which was partly due to the sale of the Turenki pellet plant at the turn of the year. The sale of the Kårsämäki pellet plant was completed on 1.7.2024 after the review period. In real estate development, the conversion of areas that have been removed from peat production into wind and solar power parks is proceeding according to the project plans.

In Peat and New Materials business, the growth peat market developed favourably, increasing delivery volumes and net sales compared to the previous year. The demand for energy peat fell. Security of supply has contributed to increasing the use of domestic fuels in energy production, while at the same time partially slowing down the decline in the demand for energy peat. Good sales price development and cost control had a positive impact on profitability.

Production at the Novactor activated carbon plant started in September 2023 and deliveries to customers began in February 2024. Ramping up the production after a maintenance break in spring 2024 went successfully. Demand for the production of the Ilomantsi activated carbon plant is strong.

In Innovation and New Business Accelerator business, the commercialisation of the first new peat- and moss-based innovations, biostimulants and peat-based animal feed is progressing as planned. In the second quarter, Neova and Hankkija announced an agreement that Neova will start production of peat-based animal feed raw material. Manufacture of products made from peat of special quality is planned to start on a pilot scale this year at the Neova production plant in Ilomantsi. The animal feed business pilot is one of Neova's new high value-added peat biomass product development projects.

Neova Terra	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Net sales (EUR million)	41.1	37.3	10%	114.7	102.8	12%	203.2
EBITDA (EUR million)	4.8	3.8	28%	18.3	13.0	40%	22.0
Operating profit (EUR million)	0.2	-0.4	145%	13.1	8.6	53%	12.8
Investments (EUR million)	3.7	3.9	-6%	4.9	6.6	-26%	32.0
Number of employees	234	261	-10%	232	254	-9%	255

## Other and eliminations

Other and eliminations include Neova Group's unallocated shared services and Group management and eliminations between business segments.

The impact of the Other and eliminations segment on the operating profit in April-June was EUR -2.0 million (EUR -2.2 million). The operating profit includes non-recurring items in the amount of EUR -1.0 million (EUR -0.5 million).

The operating profit for January-June amounted to EUR -3.5 million (EUR -3.8 million). The operating profit included non-recurring items of EUR -1.0 million (EUR -0.5 million).

Other and eliminations	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	2023
Net sales (EUR million)	-11.3	-9.5	-18%	-22.1	-19.1	-16%	-33.7
Operating profit (EUR million)	-2.0	-2.2	7%	-3.5	-3.8	8%	-9.5
Investments (EUR million)	0.0	0.2	-83%	0.5	0.8	-40%	-15.8
Number of employees	45	45	1%	44	44	1%	44

## Short-term business risks and market uncertainties

Neova is exposed, both directly and indirectly through its subsidiaries and associates, to several financial, operational, strategic, security and liability risks that may affect the company's growth and financial performance, reputation and ability to meet its sustainability objectives.

### Risks related to horticultural peat

With respect to horticultural peat, there are signs of political moves in Europe towards tighter regulation. The most significant threats to the horticultural peat business include restrictions on the use of peat in growing media, unexpected changes in legislation concerning peat, and more negative attitudes towards the use of peat in the retail sector.

To manage these risks, it is essential to provide transparent information on the environmental impacts of the use of peat and for the industry to actively produce and share objective information and emphasise peat's role in greenhouse farming and global food production. The active promotion of recycling solutions and responsible peat production methods, as well as the restoration of peat production areas, play a very important role in the general acceptability of the use of peat.

The most important monitored issue in 2024 is the monitoring of the industry's interests in the field of finance taxonomy and the EU's FIT for 55 legislative reform package, which focuses on reducing greenhouse gas emissions at the EU level by 2030.

### Risks in the activated carbon business

The most significant risk related to the activated carbon business concerns the steady operation of the first production facility in Ilomantsi in 2024. This involves mechanical, functional and end product quality risks.

Neova's peat-based raw material for activated carbon, sold under the Novactor brand, also involves an approval risk related to the non-fossil requirement. However, the production facility in Ilomantsi is designed to have the capability to use also other raw materials for the production of activated carbon if necessary.

### Market risks

Neova's businesses are subject to significant market risks related to end product demand, as well as the prices and availability of raw materials. The demand for wood-based raw materials has grown significantly in the international markets as customers seek environmentally friendly alternatives. Imports of wood-based raw materials from outside of Europe have also increased. As the market grows, the availability of appropriately priced raw material in relation to the price of the end product plays a key role in ensuring competitiveness. The

potential expansion of the situation in Ukraine would have impacts in the form of not only higher energy prices and the availability of energy but also the availability of wood-based and peat-based raw materials. The crisis could also have a significant impact on the availability and cost of sea shipping.

The increase in material costs will affect Neova Group's profitability in the short term, as a significant proportion of our customer agreements are long-term, which means that increases in material costs will be reflected in customer prices with a delay.

The increase in logistics expenses has a significant impact on Neova Group's competitiveness and profitability, as we transport our products over long distances in our global business. Rising logistics expenses will also have a significant effect on fuel deliveries over short distances.

The use of energy peat is no longer commercially profitable, but due to the lack of available alternatives, the decline in demand has slowed down. In the longer term, the demand for energy peat will continue to decrease. The development of the prices of emission allowances and energy peat taxation have a highly significant impact on the demand for energy peat used in heat production. The high emission allowance prices in recent years and the taxation of energy peat have led to a situation where not only energy wood but also pulpwood is replacing energy peat in energy production.

The declining demand for peat also affects the measurement of Neova's peat assets on the balance sheet. The value is assessed regularly by means of impairment testing and, in line with its strategy, the Group seeks to create higher value-added uses for its peat assets. Examples of higher value-added uses of peat include activated carbon, growing media and stimulant-based products.

#### Weather risks

Weather is a risk that has extensive effects on Neova's businesses. In winter, the temperature affects the customers' fuel requirements. In spring, the weather conditions also determine the timing of the peak season in the gardening trade, which affects the profit performance for the full year. During summer, the effects of the weather concern the production volumes and quality of biofuels and environmental products.

#### Damage risks

Damage risks include occupational safety risk, property risk, interruption risk and environmental risk. Neova aims to prevent damage risks through proactive risk management measures and by reacting quickly to any observed hazards. Risks that cannot be managed by the company's own actions are insured where possible. The goal is to continuously promote a positive culture of occupational safety and asset protection throughout the organisation. Extensive investments in changing the organisation's safety culture are already being reflected in a reduced number of accidents and lower accident frequency, as well as an increase in safety observations and related improvement measures throughout Neova Group.

#### Political and geopolitical risks

The continuation of the war in Ukraine has increased geopolitical risks, which may have an impact on the Group's operating environment. Potential restrictions on international trade may restrict our operating conditions in various regions. If this risk were to materialise, it would have a significant impact on Kekkilä-BVB's business in particular. Neova complies with the sanctions imposed against Russia and, accordingly, sales to Russia and Belarus, and raw material purchases from Russia and Belarus, have been discontinued. Neova does not have industrial operations of its own in the Russian or Ukrainian markets.

#### Financing and commodity risks

The company's main financial risks are currency risk, interest rate risk and liquidity risk. Neova has cash flows and assets denominated in currencies other than the euro, which exposes the Group to exchange rate fluctuations. The currency risk arises mainly from the Group's internal lending and commercial transactions in currencies other than the Group's home currencies. The most significant currency risk is related to the exchange rate between the euro and the Swedish krona due to Neova having extensive operations in Sweden. The Group actively hedges against currency risks. The Group does not apply hedge accounting to currency derivatives. Finnish companies use hedging against the electricity price risk using electricity derivatives, to

which cash flow hedge calculation have been applied since 1 January 2023. The higher interest rates have a clear impact on the cost of refinancing.

The company manages its financing risk and maintains liquidity by balancing the proportional share of short-term and long-term loans and the repayment schedules of long-term loans. In addition, the risk related to the availability and price of financing is managed by diversifying fundraising between different banks and financial instruments. The Group treasury, guided by the financial policy approved by the Board of Directors, is responsible for identifying and managing financial risks. The Group's risk management tools include currency derivatives, currency swaps, foreign currency loans and commodity derivatives.

### **Natural seasonal fluctuation in activities**

Kekkilä-BVB's business is sensitive to seasonal fluctuations, with demand peaking in spring and early summer. Demand in the professional grower segment remains more stable, continuing into the autumn. Growing media raw material sales are more stable throughout the year. The success of the peat production season in summer plays a central role with regard to Kekkilä-BVB's raw material reserves for the next year.

Demand for energy fuel fluctuates significantly during the year. The peat production season falling almost entirely in the second and third quarters of the year also introduces significant cyclicity to the fuel business. The Neova Terra segment's business is cyclical to a significant extent due to seasonal variation in the demand for heating. The January–March quarter of the year is usually a significant heating season in our operating countries.

### **Resolutions by the Annual General Meeting**

Neova Oy's Annual General Meeting was held in Helsinki on 26 March 2024. The AGM adopted the financial statements for the financial year 2023, discussed the remuneration report for the financial year 2023, and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability. The AGM approved the Board proposal to distribute a dividend of EUR 134.00 per share for the financial year January 1 – 31 December 2023, which corresponds to a total amount of EUR 4,020,000.

The AGM decided that the number of Board members be confirmed as six (6). The AGM decided that Stefan Damlin, Jari-Pekka Punkari, Kirsi Puntila, Panu Routila and Eeva-Liisa Virkkunen would continue as members of the Board of Directors, and Dick Hordijk was appointed as a new member. Panu Routila will serve as the Chair of the Board of Directors, with Eeva-Liisa Virkkunen as Vice Chair.

The AGM decided that Harri Hietala, Janne Jukkola, Antti Kangas, Jari Koskela, Eero Kubin, Esko Kurvinen, Janne Laine, Heikki Miilumäki, Piritta Rantanen and Eerikki Viljanen would continue as members of the Supervisory Board. Antti Kangas will continue as the Chair of the Supervisory Board, and Heikki Miilumäki as Vice Chair.

The audit firm PricewaterhouseCoopers Oy was elected as auditor, with Panu Vänskä, Authorised Public Accountant, appointed as the principal auditor.

The AGM confirmed the fees paid to the Chair of the Board of Directors, Vice Chair of the Board of Directors and members of the Board of Directors. The monthly fees of the Board of Directors are EUR 2,750 for the Chair, EUR 1,900 for the Vice Chair and EUR 1,750 for the ordinary members. Each member of the Board of Directors will be paid a meeting fee of EUR 600 per meeting, and members of the Board of Directors who live outside Finland will be paid an additional meeting fee of EUR 600 for each face-to-face meeting in Finland. The meeting fee is paid for meetings of the Board of Directors and its committees and working groups.

The Annual General Meeting confirmed the meeting fees of the Supervisory Board as EUR 800 for the Chair, EUR 600 for the Vice Chair and EUR 500 for the ordinary members. The Annual General Meeting resolved to pay the auditor's fees against the auditor's reasonable invoice.

The owners have also resolved to elect Maija Strandberg (Chair) and Rami Vuola as members of the Shareholders' Nomination Board since 19 June 2024.

### Changes in Group Management Team

Markus Tykkyläinen was appointed Neova Oy's Deputy CEO and a member of the Group Management Team in December 2023. Markus Tykkyläinen started working for the company on 1 March 2024. Tykkyläinen is responsible for the management and development of Neova Group's business operations under Neova Terra. He reports to Neova's Board of Directors regarding his areas of responsibility.

Hannu Nyman was appointed Neova Oy's CFO and a member of the Group Management Team in November 2023, and he began his work on 1 April 2024. Hannu reports to Neova Oy's CEO.

Jarmo Santala, Neova Oy's previous CFO and member of the Group Management Team, resigned from his post in the Group Management Team and transferred to his new position in the Kekkilä-BVB division's management on 1 April 2024, where he is now responsible for Kekkilä-BVB's Central European business.

Petri Järvinen, Neova Oy's Chief Supply Chain and Sustainability Officer and member of the Group Management Team, moved from Neova to a new position outside the company at the end of March.

Neova's Group management has moved to an organisational model where the daily business decisions are made in the divisions' management teams. For this reason, there were changes to the structure and tasks of Neova Group's Group Management Team (GMT) as of 1 May 2024. The responsibilities of the new Management Team will be the Group's financial reporting and financing, Group risk management, Group HR policy, Group IT policy, Group-wide projects, Group-level raw material issues, large investments, legislative compliance and the preparation of materials for the Board of Directors and Supervisory Board. The Chair of the GMT is Neova Oy's CEO Pekka Tennilä, and the members are Deputy CEO Markus Tykkyläinen, CFO Hannu Nyman and CLO Johan Nybergh. The GMT will be supported by Jenni Nevasalo for HR matters, Jukka Holm for ICT matters and Ahti Martikainen with sustainability and communications matters.

**Outlook for 2024**

During the current financial period, Kekkilä-BVB will focus on more efficient operations, an increase of its product portfolio, a profitable increase of its international sales and improving its profitability.

For Neova Terra, the demand for energy peat as a fuel is expected to continue to decline. The demand for horticultural peat is expected to pick up with the growth of the growing media market. The company will continue the commercialisation of new businesses, and the commercialisation of the first new peat-based innovations is proceeding as planned.

Key uncertainty factors affecting the outlook include the development of inflation and interest rates, as well as the success of the sales season and peat production season. International conflicts and unstable world politics also cause uncertainty in the operating environment. These factors may have an indirect effect on demand and financial development.

Vantaa, 8 August 2024

Neova Oy

Board of Directors

For further information, please contact:

- Pekka Tennilä, CEO Neova, tel. +358 40 821 5302
- Hannu Nyman, CFO Neova, tel. +358 50 306 9913
- Ahti Martikainen, Director of communications and Public Affairs, Neova tel. +358 40 680 4723

**Consolidated key figures**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	137.6	145.6	292.9	292.4	495.9
Operating profit (EBIT)	5.7	8.0	27.0	9.4	-5.3
% of net sales	4.1	5.5	9.2	3.2	-1.1
Operating profit (EBIT) before impairment	6.3	8.1	27.7	13.0	-0.7
% of net sales	4.6	5.6	9.4	4.4	-0.1
Result for the period	1.0	5.9	21.0	3.2	-8.2
EBITDA	15.9	17.3	42.8	27.7	29.2
+/- Change in working capital	14.7	15.5	13.7	3.1	5.4
-net investments	9.6	7.4	12.7	12.6	31.2
Free cash flow before taxes	21.0	5.7	43.9	43.6	3.4
Gross investments	9.8	7.6	15.5	15.5	40.2
Return on invested capital %*			2.8	3.2	-1.3
Return on invested capital % before impairment			2.4	5.1	-2.4
Return on equity %*			2.9	1.0	-2.7
Total assets			713.8	726.8	737.3
Total equity			309.4	300.0	293.1
Interest-bearing net debt			107.3	132.3	144.4
Equity-to-assets ratio %*			43.5	41.0	40.1
Interest-bearing net debt/EBITDA			2.4	3.4	4.9
Gearing %			34.7	44.1	49.3
Average number of employees			839	952	936

\*) Previous 12 months



## 1. Interim Report Tables

### Basic information

Neova Oy (Business ID 0174817-6) is a Finnish limited liability company domiciled in Jyväskylä at the registered address Yrjönkatu 42, PO Box 22, 40101 Jyväskylä, Finland. Neova Oy and its subsidiaries constitute Neova Group (hereinafter referred to as “Neova” or “the Group”).

### Basis of preparation

This unaudited interim report has been prepared in accordance with IAS 34. This interim report should be read with the consolidated financial statements prepared for the financial year that ended on 31 December 2023 which was prepared in accordance with the same accounting and measurement principles. The accounting principles applied in the preparation of this interim report are the same as the accounting principles applied in the consolidated financial statements, with the exception of new and amended standards.

The Group has applied new standards and interpretations published by the IASB that are to be applied for the first time in reporting periods starting on or after 1 January 2024. The new standards and interpretations do not have a significant impact on the Group’s profit, financial position or the presentation of the interim report.

The figures presented in this interim report are shown in millions of euros unless otherwise specified. Individual figures and sums in the tables are rounded to the nearest million, which may lead to rounding differences in the totalled rows and columns.

### Use of estimates and the management’s judgment

When preparing the financial statements, the Group’s management has to make estimates and assumptions concerning the future, which affect the amounts of assets and liabilities on the balance sheet, the reporting of contingent assets and liabilities in the notes to the financial statements, and the amounts of income and expenses reported for the financial period. The management may also need to exercise judgement in applying the accounting principles used in the preparation of the financial statements. This particularly concerns situations in which the IFRS standards currently in effect include alternative methods of recognition, measurement or presentation.

The estimates and assumptions are based on the previous experience of the Group’s management and other factors, and they also include reasonable expectations concerning future events. The estimates and assumptions used are continuously reviewed. The Group monitors changes in estimates and assumptions, and the factors influencing estimates and assumptions, by using several internal and external sources of information. Potential changes to estimates and assumptions are taken into account in the financial periods during which the estimate or assumption changes.

The most significant components for which management discretion has been applied concern the amounts of reserves, impairment testing and the assumptions used therein, determining the terms of leases, and determining the fair values of the financial assets and debts.

### Key exchange rates used in the consolidated financial interim report

		Average rate	Average rate	Closing rate	Closing rate
		1-6/2024	1-6/2023	6/2024	6/2023
SEK	Swedish krona	11.3914	11.3329	11.3595	11.8055

**Consolidated Financial Statements, IFRS**  
**Consolidated statement of income**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>NET SALES</b>	137.6	145.6	292.9	292.4	495.9
Other income	1.1	0.5	3.0	1.7	2.6
Share of profit (loss) of associates and joint ventures	0.1	0.5	1.8	1.9	3.0
Operating expenses	-122.8	-128.9	-253.1	-266.4	-469.3
Depreciation and amortisation	-9.6	-9.6	-17.0	-16.6	-32.9
Impairments	-0.7	-0.1	-0.7	-3.6	-4.6
<b>OPERATING PROFIT</b>	5.7	8.0	27.0	9.4	-5.3
Financial income	4.6	2.2	8.1	3.2	11.4
Financial expenses	-6.8	-4.2	-11.5	-7.9	-18.0
<b>PROFIT BEFORE INCOME TAXES</b>	3.5	6.0	23.6	4.7	-12.0
Income tax expense	-2.5	-0.1	-2.6	-1.5	3.8
<b>PROFIT FOR THE PERIOD</b>	1.0	5.9	21.0	3.2	-8.2
<b>OTHER COMPREHENSIVE INCOME NET OF TAX:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements on defined benefit plans	0.0	0.0	0.0	0.0	-0.1
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Cash flow hedges	-0.2	-0.3	-0.2	-3.4	-0.6
Translation differences	1.3	-1.7	-0.5	-1.9	-0.4
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	2.0	3.9	20.3	-2.1	-9.3
<b>Profit attributable to:</b>					
Owners of the parent	1.0	5.9	21.1	3.1	-8.2
Non-controlling interests	0.0	-0.1	-0.1	0.0	-0.1
	1.0	5.9	21.0	3.2	-8.2
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	2.0	4.0	20.3	-2.1	-9.3
Non-controlling interests	0.0	-0.1	0.1	0.0	-0.1
	2.0	3.9	20.3	-2.1	-9.3
Earnings per share, EUR	33	195	702	104	-272
No. of shares	30,000	30,000	30,000	30,000	30,000

**Condensed consolidated balance sheet**

EUR million	30.6.2024	30.6.2023	31.12.2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	31.5	31.3	31.6
Other intangible assets	39.1	38.5	37.9
Property, plant and equipment	237.0	242.7	244.5
Investments	23.7	22.2	23.4
Other receivables	3.3	1.3	3.2
Deferred tax assets	1.4	2.9	2.2
<b>TOTAL NON-CURRENT ASSETS</b>	<b>336.0</b>	<b>339.0</b>	<b>342.8</b>
<b>CURRENT ASSETS</b>			
Inventories	105.1	123.2	127.4
Trade receivables and other receivables	92.8	102.7	105.1
Income tax assets	5.6	3.5	4.8
Other financial assets	134.8	0.0	151.7
Other securities	25.7	148.3	0.0
Cash and cash equivalents	13.8	10.1	5.5
<b>TOTAL CURRENT ASSETS</b>	<b>377.8</b>	<b>387.8</b>	<b>394.5</b>
<b>TOTAL ASSETS</b>	<b>713.8</b>	<b>726.8</b>	<b>737.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to equity owners of the parent company	309.1	299.7	292.8
Non-controlling interests	0.3	0.3	0.3
<b>TOTAL EQUITY</b>	<b>309.4</b>	<b>300.0</b>	<b>293.1</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	7.3	11.4	8.6
Interest-bearing liabilities	173.0	259.4	150.1
Other non-current liabilities	0.4	0.1	0.3
Provisions	13.1	11.8	13.5
Pension liabilities	4.1	4.1	4.2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>197.8</b>	<b>286.8</b>	<b>176.7</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	111.8	34.5	154.7
Trade payables and other payables	92.2	100.6	111.6
Income tax liabilities	2.6	2.5	1.1
Provisions	0.0	2.4	0.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>206.6</b>	<b>140.0</b>	<b>267.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>713.8</b>	<b>726.8</b>	<b>737.3</b>

**Consolidated cash flow statement**

EUR million	1-6/2024	1-6/2023	1-12/2023
<b><u>Cash flow from operating activities</u></b>			
Profit/loss for the period	21.0	3.2	-8.2
Adjustments to the result for the period	22.4	25.9	47.7
Change in working capital	12.0	3.1	4.9
<b>Cash generated form operations</b>	<b>55.5</b>	<b>32.2</b>	<b>44.4</b>
Interest received from operating activities	0.2	0.2	0.4
Interest paid from operating activities	-6.5	-4.3	-11.0
Other financial items from operating activities	0.5	-0.8	4.0
Taxes paid on operating activities	-2.4	-0.1	-0.8
<b>Cash flow from operating activities</b>	<b>47.4</b>	<b>27.1</b>	<b>37.3</b>
<b><u>Cash flow from investing activities</u></b>			
Capital expenditures	-15.4	-15.3	-39.6
Proceeds from disposal of tangible and intangible assets	4.3	3.7	11.2
Acquisitions of subsidiaries, net of cash	0.0	-0.3	-0.3
Proceeds from disposal of investments consolidated using the equity method	1.5	0.0	
Other investments	-6.3		-9.2
Proceeds from disposal of other investments		18.7	19.8
Changes in loan receivables	-0.1	-2.5	-2.8
Dividends received			
<b>Cash flow from investing activities</b>	<b>-15.9</b>	<b>4.3</b>	<b>-20.9</b>
<b>Cash flow from investing activities</b>	<b>31.4</b>	<b>31.4</b>	<b>16.4</b>
<b><u>Cash flow from financing activities</u></b>			
Increase (+) / decrease (-) in current debt	-43.1	-57.9	61.9
Change in non-current debt and other financing items	23.6	-2.0	-111.3
Repayments of lease liabilities	0.3	-0.1	0.0
Dividends paid	-4.0	-9.0	-9.0
Interests paid of hybrid bond			
Repayments of hybrid bond			
<b>Cash flow from financing activities</b>	<b>-23.2</b>	<b>-69.0</b>	<b>-58.5</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>8.2</b>	<b>-37.6</b>	<b>-42.1</b>
Cash and cash equivalents at the beginning of the period	5.5	47.7	47.7
Net increase(+) / decrease (-) in cash and cash equivalents	8.2	-37.6	-42.1
Cash and cash equivalents at the end of the period	13.8	10.1	5.5

**Consolidated statement of changes in equity**

EUR million	Share capital	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
<b>TOTAL EQUITY, 1 JANUARY 2024</b>	50.5	29.8	-6.9	219.4	292.8	0.3	293.1
<b>Changes in equity</b>							
Dividends paid				-4.0	-4.0		-4.0
Result for the period				21.1	21.1	-0.1	21.0
Translation differences			-0.5		-0.5		-0.5
Other comprehensive income		-0.2			-0.2		-0.2
Total comprehensive income		-0.2	-0.5	21.1	20.3	-0.1	20.3
<b>Other changes</b>							
<b>TOTAL EQUITY, 30 June 2024</b>	<b>50.5</b>	<b>29.6</b>	<b>-7.2</b>	<b>236.4</b>	<b>309.0</b>	<b>0.3</b>	<b>309.4</b>

EUR million	Share capital	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
<b>TOTAL EQUITY, 1 JANUARY 2023</b>	50.5	30.5	-5.5	235.5	310.9	0.3	311.2
<b>Changes in equity</b>							
Dividends paid				-9.0	-9.0		-9.0
Result for the period				3.2	3.2	0.0	3.2
Translation differences			-1.9		-1.9		-1.9
Actuarial gains/losses		0.0	0.0		0.0		0.0
Other comprehensive income		-3.4			-3.4		-3.4
Total comprehensive income		-3.4	-1.9	3.2	-2.1	0.0	-2.1
<b>Other changes</b>							
<b>TOTAL EQUITY, 30 June 2023</b>	<b>50.5</b>	<b>27.1</b>	<b>-7.4</b>	<b>229.6</b>	<b>299.7</b>	<b>0.3</b>	<b>300.0</b>

EUR million	Share capital	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
<b>TOTAL EQUITY, 1 JANUARY 2023</b>	50.5	30.5	-5.5	235.5	310.9	0.3	311.2
<b>Changes in equity</b>							
Dividends paid				-9.0	-9.0		-9.0
Result for the period				-8.2	-8.2	0.1	-8.2
Translation differences			-0.4		-0.4		-0.4
Actuarial gains/losses				-0.1	-0.1		-0.1
Other comprehensive income		-0.6			-0.6		-0.6
Total comprehensive income	0.0	-0.6	-0.4	-8.3	-9.3	0.1	-9.4
<b>Other changes</b>							
Other changes		-0.1	-0.9	1.3	0.3		0.3
<b>TOTAL EQUITY, 31 DECEMBER 2023</b>	<b>50.5</b>	<b>29.8</b>	<b>-6.9</b>	<b>219.4</b>	<b>292.8</b>	<b>0.3</b>	<b>293.1</b>

## 2. Net sales

### Net sales by category, external

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
<b>Products</b>	<b>135.0</b>	<b>143.1</b>	<b>287.7</b>	<b>287.7</b>	<b>486.2</b>
Kekkilä-BVB	104.5	114.8	194.6	203.5	316.5
Neova Terra	39.4	35.6	111.0	99.7	199.0
Other and eliminations	-8.9	-7.5	-17.8	-15.6	-29.3
<b>Services</b>	<b>2.6</b>	<b>2.54</b>	<b>5.2</b>	<b>4.8</b>	<b>9.7</b>
Kekkilä-BVB	3.3	3.0	5.7	5.2	10.1
Neova Terra	0.8	0.6	2.2	1.8	5.1
Other and eliminations	-1.5	-1.1	-2.7	-2.2	-5.5
<b>Total</b>	<b>137.6</b>	<b>145.6</b>	<b>292.9</b>	<b>292.4</b>	<b>495.9</b>

### Net sales by operating segment

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
<b>External net sales</b>	<b>137.6</b>	<b>145.6</b>	<b>292.9</b>	<b>292.4</b>	<b>495.9</b>
Kekkilä-BVB	106.2	114.4	197.4	206.0	321.4
Neova Terra	31.4	28.6	95.3	86.4	173.8
Other and eliminations	0.0	0.0	-3.2	0.0	0.9
<b>External net sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Kekkilä-BVB	1.5	1.5	2.8	2.7	5.2
Neova Terra	8.8	7.0	17.8	15.1	29.4
Other and eliminations	-10.3	-8.5	-20.5	-17.8	-34.5
<b>Total</b>	<b>137.6</b>	<b>145.6</b>	<b>292.9</b>	<b>292.4</b>	<b>495.9</b>

### Net sales by region

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Finland	33.3	37.1	93.9	94.1	180.2
Other Nordic countries	20.7	24.2	37.4	36.3	55.6
Rest of Europe	66.1	69.9	130.7	135.1	203.5
America	6.0	3.3	11.0	8.6	18.3
Other	11.5	11.1	19.9	18.3	38.4
<b>Total</b>	<b>137.6</b>	<b>145.6</b>	<b>292.9</b>	<b>292.4</b>	<b>495.9</b>

### 3. Segment information

Neova's reporting segments as of 1 January 2024 are Kekkilä-BVB, Neova Terra, and Other and eliminations. The segments' performance is assessed regularly by the senior operative decision maker to evaluate performance and allocate resources. The operating segments are reported consistently in the manner they are reported to the senior operative decision maker. The senior operative decision maker who is responsible for allocating resources to the operating segments and assessing their results is the Group's Chief Executive Officer, with the Board of Directors.

#### Net sales

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	107.8	117.9	200.3	208.7	326.4
Neova Terra	41.1	37.3	114.7	102.8	203.2
Other and eliminations	-11.3	-9.5	-22.1	-19.1	-33.7
<b>Total</b>	<b>137.6</b>	<b>145.6</b>	<b>292.9</b>	<b>292.4</b>	<b>495.9</b>

#### Operating profit

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	7.5	10.6	17.4	4.7	-8.6
Neova Terra	0.2	-0.4	13.1	8.6	12.8
Other and eliminations	-2.0	-2.2	-3.5	-3.8	-9.5
<b>Total</b>	<b>5.7</b>	<b>8.0</b>	<b>27.0</b>	<b>9.4</b>	<b>-5.4</b>

#### Items affecting comparability (operating profit)

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	1.3	-0.5	0.0	-7.6	-16.5
Neova Terra	0.0	-0.1	0.0	-0.3	-3.6
Other and eliminations	-1.0	-0.5	-1.0	-1.0	-1.8
<b>Total</b>	<b>0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-8.8</b>	<b>-21.8</b>

#### Comparable operating profit

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	6.2	11.1	17.3	12.3	7.9
Neova Terra	0.2	-0.3	13.1	8.9	16.4
Other and eliminations	-1.0	-1.6	-2.5	-2.8	-7.7
<b>Total</b>	<b>5.3</b>	<b>9.2</b>	<b>28.0</b>	<b>18.3</b>	<b>16.5</b>

#### EBITDA

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	12.6	15.3	27.3	17.9	15.7
Neova Terra	4.8	3.8	18.3	13.0	22.0
Other and eliminations	-1.6	-1.7	-2.7	-3.3	-8.5
<b>Total</b>	<b>15.9</b>	<b>17.3</b>	<b>42.8</b>	<b>27.7</b>	<b>29.2</b>

**Items affecting comparability (EBITDA)**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	1.3	-0.5	0.0	-4.2	-12.3
Neova Terra	0.0	-0.1	0.0	-0.2	-3.5
Other and eliminations	-1.0	-0.5	-1.0	-1.0	-1.8
<b>Total</b>	<b>0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-5.3</b>	<b>-17.6</b>

**Comparable EBITDA**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	11.3	15.8	27.3	22.1	28.0
Neova Terra	4.8	3.9	18.3	13.2	25.5
Other and eliminations	-0.6	-1.2	-1.7	-2.3	-6.7
<b>Total</b>	<b>15.6</b>	<b>18.3</b>	<b>43.8</b>	<b>33.0</b>	<b>46.8</b>

**Total assets**

EUR million	1-6/2024	1-6/2023	2023
Kekkilä-BVB	332.9	349.7	309.0
Neova Terra	311.5	302.8	346.0
Other and eliminations	69.4	74.3	82.3
<b>Total</b>	<b>713.8</b>	<b>726.8</b>	<b>737.3</b>

**Total liabilities**

EUR million	1-6/2024	1-6/2023	2023
Kekkilä-BVB	196.6	210.1	183.6
Neova Terra	171.2	181.6	206.5
Other and eliminations	36.5	35.0	54.0
<b>Total</b>	<b>404.4</b>	<b>426.8</b>	<b>444.2</b>

**Depreciation and amortization**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Kekkilä-BVB	5.2	4.9	10.0	13.4	24.4
Neova Terra	4.7	4.4	6.8	6.2	12.1
Other and eliminations	0.4	0.4	0.8	0.5	1.1
<b>Total</b>	<b>10.3</b>	<b>9.7</b>	<b>17.6</b>	<b>20.2</b>	<b>37.6</b>

**Investments**

EUR million	1-6/2024	1-6/2023	2023
Kekkilä-BVB	10.2	8.1	24.0
Neova Terra	4.9	6.6	32.0
Other and eliminations	0.5	0.8	-15.8
<b>Total</b>	<b>15.5</b>	<b>15.5</b>	<b>40.2</b>



Neova discloses comparable performance indicators to improve comparability between periods. Certain income and expense items are presented as items affecting comparability when they have a significant effect on the consolidated income statement. Items affecting comparability include income and expenses arising from the restructuring of Neova's operations, income and expenses that are not related to the Group's normal business operations such as impairment losses, and costs related to acquisitions and business combinations. A reconciliation calculation between the comparable operating result and the operating result is presented in the table below.

**Items affecting comparability**

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
<b>Comparable profit for the period</b>	<b>0.6</b>	<b>6.9</b>	<b>22.0</b>	<b>12.0</b>	<b>13.7</b>
<b>Items affecting comparability</b>					
Gains/losses on disposals	0.0	0.0	0.0	0.0	0.0
Inventory measurement gains/losses	0.0	0.0	0.0	0.0	-0.2
Impairments	0.0	0.0	0.0	0.0	-3.3
Restructuring	-0.3	-0.6	-1.6	-2.8	-11.5
Other items	0.7	-0.5	0.7	-2.5	-2.6
<b>Items affecting comparability in EBITDA</b>	<b>0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-5.3</b>	<b>-17.6</b>
Gains/losses on disposals	0.0	0.0	0.0	0.0	0.0
Impairments	0.0	0.0	0.0	-3.5	-7.8
Restructuring	-0.3	-0.6	-1.6	-2.8	-11.5
Other items	0.7	-0.5	0.7	-2.5	0.0
<b>Items affecting comparability in operating profit</b>	<b>0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-8.8</b>	<b>-21.8</b>
<b>Items affecting comparability total</b>	<b>0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-8.8</b>	<b>-21.8</b>
<b>Profit for the period</b>	<b>1.0</b>	<b>5.9</b>	<b>21.0</b>	<b>3.2</b>	<b>-8.2</b>

## 4. Fair values of financial assets and liabilities

EUR Million	30 June 2024			30 June 2023			31 December 2023		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives, no hedge accounting									
Current	0.4	-0.1	0.3	0.4	0.0	0.4	0.0	0.0	0.0
Electricity derivatives, hedge accounting									
Current	0.2	0.0	0.2	0.7	-0.1	0.6	1.2	0.0	1.2
Non-current	0.0	-0.3	-0.3	1.3	0.0	1.3	0.0	-0.3	-0.3
Current fund investments	134.8	0.0	134.8	148.3	0.0	148.3	151.7	0.0	151.7
<b>Total financial instruments</b>	<b>135.5</b>	<b>-0.4</b>	<b>135.0</b>	<b>150.7</b>	<b>-0.1</b>	<b>150.6</b>	<b>152.9</b>	<b>-0.3</b>	<b>152.6</b>

Investments in commercial papers totalling EUR 26 million are recognized in the balance sheet at amortised cost.

## 5. Derivatives

### Nominal values of derivative agreements

EUR million	30 June 2024	30 June 2023	31 December 2023
Nominal value of currency derivatives	39.6	53.1	43.4
Nominal value of electricity derivatives	3.5	3.3	3.7
<b>Short-term</b>	<b>43.1</b>	<b>56.4</b>	<b>47.1</b>

### Fair value hierarchy levels

Neova determines and presents the fair value classification of financial instruments in accordance with the following hierarchy:

- Level 1. Financial instruments for which is a publicly quoted market price in active markets
- Level 2. Instruments whose valuation uses directly observable market prices.
- Level 3. Instruments with no direct market prices available for measurement.

No classification changes have been made between the levels of the fair value hierarchy.

Level 2 includes derivatives and fund investments

EUR million	30 June 2024				30 June 2023				31 December 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>												
<b>Available-for-sale financial assets</b>												
Available-for-sale investments	0.0	134.8	0.0	134.8	0.0	148.3	0.0	148.3	0.0	151.7	0.0	151.7

**Financial assets measured at fair value through profit or loss – held for trading**

Derivatives - no hedge accounting	0.0	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0	0.0	0.0	0.0
Derivatives - hedge accounting	0.0	0.2	0.0	0.2	0.0	2.0	0.0	2.0	0.0	1.2	0.0	1.2
<b>Total</b>	<b>0.0</b>	<b>135.5</b>	<b>0.0</b>	<b>135.5</b>	<b>0.0</b>	<b>150.7</b>	<b>0.0</b>	<b>150.7</b>	<b>0.0</b>	<b>152.9</b>	<b>0.0</b>	<b>152.9</b>

**Liabilities measured at fair value****Available-for-sale financial liabilities**

Available-for-sale investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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**Financial assets measured at fair value through profit or loss – held for trading**

Derivatives - no hedge accounting	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives - hedge accounting	0.0	-0.3	0.0	-0.3	0.0	-0.1	0.0	-0.1	0.0	-0.3	0.0	-0.3
<b>Total</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.3</b>

**6. Contingent commitments**

EUR million	30 June 2024	30 June 2023	31 December 2024
<b>Liabilities for own commitments</b>			
Guarantees	4.2	5.8	5.2
<b>Contingent liabilities on behalf of group companies</b>			
Guarantees	5.6	5.7	5.8
<b>Contingent liabilities on behalf of others</b>			
Guarantees	20.6	17.9	20.4

Contingent commitments on behalf of external companies are bank guarantees given by Neova Oy on behalf of Laania Oy as collateral for commercial guarantee liabilities and withdrawn loans, and they correspond to Neova Oy's 45% shareholding in the company.

**Interest-bearing receivables**

Non-current receivables from others	3.2	3.2	3.2
<b>Total</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>

Long-term interest-bearing receivables consist of a shareholder loan granted to Jyväskylän Voima Oy in 2006.

## 7. Acquisitions and disposals

### Acquisitions and divestments in 2024

Neova did not make any acquisitions or disposals in January-June 2024.

### Acquisitions and divestments in 2023

At the beginning of April, Neova's group company Kekkilä Oy completed the acquisition of the business operations of Dueemme Marketing. The transaction strengthens Kekkilä-BVB's position in the professional growing media market in Italy. The transaction value was not published, and it had no significant impact on the reported figures.

## 8. Quarterly segment information

<b>Net sales</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	107.8	92.5	55.7	62.0	117.9	90.9	326.4
Neova Terra	41.1	73.6	74.7	25.7	37.3	65.6	203.2
Other and eliminations	-11.3	-10.9	-8.0	-6.5	-9.5	-9.6	-33.7
<b>Total</b>	<b>137.6</b>	<b>155.3</b>	<b>122.4</b>	<b>81.1</b>	<b>145.6</b>	<b>146.8</b>	<b>495.9</b>

<b>Operating profit</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	7.5	9.9	-9.7	-3.6	10.6	-5.9	-8.6
Neova Terra	0.2	13.0	6.9	-2.7	-0.4	9.0	12.8
Other and eliminations	-2.0	-1.5	-3.0	-2.6	-2.2	-1.6	-9.5
<b>Total</b>	<b>5.7</b>	<b>21.3</b>	<b>-5.8</b>	<b>-9.0</b>	<b>8.0</b>	<b>1.4</b>	<b>-5.4</b>

<b>Items affecting comparability (operating profit)</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	1.3	-1.3	-8.3	-0.5	-0.5	-7.1	-16.5
Neova Terra	0.0	0.0	-3.3	0.0	-0.1	-0.2	-3.6
Other and eliminations	-1.0	0.0	-0.2	-0.6	-0.5	-0.4	-1.8
<b>Total</b>	<b>0.4</b>	<b>-1.3</b>	<b>-11.8</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-7.8</b>	<b>-21.8</b>

<b>Comparable operating profit</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	6.2	11.2	-1.4	-3.1	11.1	1.2	7.9
Neova Terra	0.2	13.0	10.2	-2.7	-0.3	9.2	16.4
Other and eliminations	-1.0	-1.5	-2.8	-2.0	-1.6	-1.2	-7.7
<b>Total</b>	<b>5.3</b>	<b>22.6</b>	<b>6.0</b>	<b>-7.8</b>	<b>9.2</b>	<b>9.2</b>	<b>16.5</b>

<b>EBITDA</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	12.6	14.6	-3.5	1.3	15.3	2.7	15.7
Neova Terra	4.8	13.4	7.8	1.0	3.8	9.4	22.0
Other and eliminations	-1.6	-1.1	-2.8	-2.5	-1.7	-1.6	-8.5
<b>Total</b>	<b>15.9</b>	<b>27.0</b>	<b>1.5</b>	<b>-0.1</b>	<b>17.3</b>	<b>10.4</b>	<b>29.2</b>

<b>Items affecting comparability (EBITDA)</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	1.3	-1.3	-7.6	-0.6	-0.5	-3.7	-12.3
Neova Terra	0.0	0.0	-3.3	0.1	-0.1	-0.2	-3.5
Other and eliminations	-1.0	0.0	-0.2	-0.6	-0.5	-0.4	-1.8
<b>Total</b>	<b>0.4</b>	<b>-1.3</b>	<b>-11.1</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-4.3</b>	<b>-17.6</b>

<b>Comparable EBITDA</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	11.3	15.9	4.1	1.9	15.8	6.4	28.0
Neova Terra	4.8	13.4	11.1	0.9	3.9	9.6	25.5
Other and eliminations	-0.6	-1.1	-2.6	-1.9	-1.2	-1.2	-6.7
<b>Total</b>	<b>15.5</b>	<b>28.3</b>	<b>12.6</b>	<b>0.9</b>	<b>18.3</b>	<b>14.7</b>	<b>46.7</b>

<b>Total assets</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	332.9	337.0	309.0	316.1	349.7	353.8	309.0
Neova Terra	311.5	315.8	346.0	311.2	302.8	295.5	346.0
Other and eliminations	69.4	63.7	82.3	74.6	74.3	91.6	82.3
<b>Total</b>	<b>713.7</b>	<b>716.5</b>	<b>737.3</b>	<b>701.9</b>	<b>726.8</b>	<b>740.9</b>	<b>737.3</b>

<b>Total liabilities</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	196.6	205.2	183.6	178.6	210.1	218.5	183.6
Neova Terra	171.2	171.9	206.5	160.7	181.6	176.5	206.5
Other and eliminations	36.5	27.4	54.0	71.3	35.0	42.4	54.0
<b>Total</b>	<b>404.3</b>	<b>404.6</b>	<b>444.2</b>	<b>410.6</b>	<b>426.8</b>	<b>437.4</b>	<b>444.2</b>

<b>Investments</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	6.1	4.0	8.0	7.8	3.8	4.3	24.0
Neova Terra	3.7	1.2	22.6	2.8	3.9	2.7	32.0
Other and eliminations	0.0	0.4	-15.6	-1.0	0.2	0.6	-15.8
<b>Total</b>	<b>9.8</b>	<b>5.7</b>	<b>15.1</b>	<b>9.6</b>	<b>7.9</b>	<b>7.6</b>	<b>40.3</b>

<b>Depreciation and amortisation</b>	<b>Q2/2024</b>	<b>Q1/2024</b>	<b>Q4/2023</b>	<b>Q3/2023</b>	<b>Q2/2023</b>	<b>Q1/2023</b>	<b>2023</b>
Kekkilä-BVB	5.2	4.8	6.2	4.9	4.9	8.5	24.4
Neova Terra	4.7	2.1	1.8	3.9	4.4	1.9	12.1
Other and eliminations	0.4	0.4	0.4	0.1	0.4	0.1	1.1
<b>Total</b>	<b>10.3</b>	<b>7.3</b>	<b>8.4</b>	<b>9.0</b>	<b>9.7</b>	<b>10.4</b>	<b>37.6</b>