

NEOVA GROUP

Interim Report 1 January–31 August 2021

Board of Directors, 28 October 2021

Neova Interim Report January–August 2021

A strong third of the year in terms of sales – profitability was reduced by higher raw material and freight prices

May–August 2021 in brief:

- Group turnover in May–August was EUR 143.0 million (1 May–31 August 2020: EUR 146.9 million)
- The Group's comparable turnover May–August was EUR 143.0 million (EUR 128.9 million), taking into consideration the divestment of the heat and power business on 28 January 2021
- The operating margin (EBITDA) was EUR 11.6 million (EUR 14.1 million), or 8.1% (9.6%) of turnover
- The Group's comparable operating margin (EBITDA) was EUR 12.0 million (EUR 13.8 million)
- The operating result was EUR -2.7 million (EUR -5.5 million), or -1.9% (-3.8%) of turnover, including EUR -2.4 million (EUR -0.9 million) in non-recurring items
- Free cash flow before taxes was EUR 1.5 million (EUR 25.4 million)
- Gross investments totalled EUR -14.3 million (EUR 22.6 million).
- Earnings per share were EUR -120 (EUR -387)

January–August 2021 in brief:

- Group turnover in January–August was EUR 370.0 million (1 January–31 August 2020: EUR 382.8 million)
- The Group's comparable turnover in January–August was EUR 355.2 million (EUR 322.9 million), taking into consideration the divestment of the heat and power business on 28 January 2021
- The operating margin (EBITDA) was EUR 551.2 million (EUR 58.1 million), or 149.0% (15.2%) of turnover
- The Group's comparable operating margin (EBITDA) was EUR 40.2 million (EUR 44.5 million)
- The operating result was EUR 527.7 million (EUR 26.0 million), or 142.6% (6.8%) of turnover, including EUR 505.3 million (EUR -0.9 million) in non-recurring items that were mainly related to the profit recognised on the sale of the heat and power business
- Free cash flow before taxes was EUR 438.2 million (EUR 54.9 million)
- Gross investments were EUR 65.7 million (EUR 43.4 million).
- Earnings per share were EUR 17,294 (EUR 302)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) was -0.1 (3.9)
- The equity ratio was 58.3% (41.8%)
- Return on invested capital % (previous 12 months): 54.6 (-1.3)

Positive development of sales in growing media and biofuels, profitability declined

The Group's reported turnover in the second third of the financial year (May–August 2021) amounted to EUR 143.0 million (EUR 146.9 million in May–August 2020). Comparable turnover developed very favourably and showed a year-on-year increase of +10 per cent. The positive development of sales was mainly attributable to the Grow&Care division, which achieved substantial growth in sales to both professional growers and retailers. The Energy division's sales of biofuels also developed very well and increased the restructured division's comparable revenue by +3% year-on-year. This increase in turnover is entirely attributable to biofuels, as energy peat sales simultaneously declined by 23 per cent compared to the corresponding period last year.

In terms of profit performance, the Grow&Care division's second third of the year was challenging mainly due to the increased costs of raw materials, freight and materials. The Energy division's comparable profitability also decreased year-on-year, mainly due to a slight decline in the demand for energy peat. Consequently, the Group's reported operating margin decreased slightly year-on-year and amounted to EUR 11.6 million (EUR 14.1 million). The Group's comparable operating margin was also weaker than in the previous year at EUR 12.0 million (EUR 13.8 million). The Group's reported operating result for the second third of the financial year (May–August) was EUR -2.7 million (EUR -5.5 million). The Group's cash flow during the reporting period amounted to EUR 1.5 million (EUR 25.4 million). The negative development of cash flow was mainly attributable to investments, higher working capital and the postponed start-up of the activated carbon business.

CEO Vesa Tempakka:

“A strong third of the year in terms of sales – profitability was reduced by higher raw material and freight prices”

“The divestment of Nevel Oy, which was responsible for Neova's heat and power business, was completed in January 2021. The enterprise value of the Nevel transaction was EUR 656 million and the Group recognised a profit of approximately EUR 500 million on the sale.

For Neova Group, the January–August period represented a continuation of the development seen in the previous year. Energy peat sales declined by a quarter compared to the previous year, while Kekkilä-BVB's sales saw strong growth. Kekkilä-BVB's relative profitability declined substantially due to very significant increases in raw material and freight prices, which could not be compensated by the price increases implemented by the company. The fuel wood and pellet business developed favourably and income from the sale of land areas exceeded the target by a clear margin.

For the Grow&Care division, sales in January–August exceeded expectations. Demand grew in all markets and across all product segments. The prices of raw materials – such as packaging plastic and fertilisers – have increased very rapidly this year. Prices have also increased very significantly in logistics and especially in sea freight due to factors such as the shortage of containers. In spite of implementing several price increases this year, we have not been able to pass on the rapidly rising costs to sales prices in full, especially during the second third of the year.

Energy peat sales declined by 20 per cent last year and the decline has accelerated this year. The increase in the global market prices of natural gas and coal and the price of emission rights being at the level of EUR 60 per tonne of carbon – which in turn has led to a sharp decline in the use of energy peat – have led to higher demand for energy chips and pellets.

In the Group's new businesses, the activated carbon production facility built in Ilomantsi, which was previously delayed due to COVID-19, proceeded to the test run phase in June, but further issues have since emerged in the start-up of the facility that need to be addressed. The Ilomantsi production facility is currently in a maintenance shutdown due to the need for corrective measures.

Neova's previously published estimate that the use of energy peat will be halved in Finland between 2019 and 2025 has already proved to be inaccurate as it underestimates the speed at which the change is happening. According to the current estimate, the use of energy peat in Finland in 2025 will amount to approximately 1 TWh, with most of that coming from small plants, with the corresponding figure in 2019 having been about 8 TWh.

The decline in the demand for energy peat was already reflected clearly in the Group's peat production this past summer. The Group's total peat production amounted to just under five million cubic metres, with energy peat representing approximately 20 per cent of the total. The uncontrolled decline in the demand for, and production

of, energy peat has had very negative impacts on Neova's subcontracting chains. The sector is still waiting for the compensation promised in response to the structural changes."

Developments by business segment

The reporting segments comprise the Group's divisions in accordance with Neova's management model. Neova Group's reporting segments are Energy, Grow&Care, New Businesses and Other activities.

Energy

The Energy division is responsible for the energy and fuel solutions provided by Neova Group in Finland, Sweden and Estonia. The division provides energy producers with peat, wood and pellet fuels. The division serves pellet customers through its own sales service as well as an online store. Approximately half of the division's turnover is derived from renewable biofuels. The heat and power business Nevel was sold to the French company Ardian in January 2021. The Energy division's current business units correspond to three types of fuel: Pellets, Wood and Energy peat.

Turnover in the second third of the financial year (January–August) was EUR 23.8 million (EUR 41.1 million). The operating margin for the reporting period was EUR 3.4 million (EUR 3.6 million) and the operating profit was EUR -1.9 million (EUR -8.9 million). Gross investments were EUR 0.8 million (EUR 9.9 million).

The cumulative turnover for the financial year to date (January–August) was EUR 116.3 million (EUR 161.8 million). The operating profit for the reporting period was EUR 12.9 million (EUR 13.0 million).

The sale of the Group's heat and power businesses organised under the subsidiary Nevel to Ardian was completed in the first third of the financial year, in January 2021. Nevel is consolidated into the Energy division's figures until January 2021 when control was transferred to the new owner. Nevel's turnover for the second third of the comparison year was EUR 18.0 and its operating result was EUR -0.9 million. Nevel's turnover for January–August totalled EUR 59.5 million and the operating result was EUR 8.0 million. Turnover for the full financial year 2020 totalled EUR 93.3 million and the operating result was EUR 18.4 million.

The profitability of the division's Fuels business decreased year-on-year due to a significant decline in the demand for energy peat. The high price of emission rights and tax increases have contributed to lower demand for energy peat and, in spite of growth in the sales of biofuels, overall fuel deliveries were 13 per cent lower than in the reference period January–August 2020.

Energy	5–8/2021	5–8/2020	Change	1–8/2021	1–8/2020	Change	1/2020–12/2020
Turnover (EUR million)	23.8	41.1	-42.2%	116.3	161.8	-28.1%	245.9
Operating margin (EUR million)	3.4	3.6	-4.6%	21.3	31.6	-32.6%	35.1
Operating profit (EUR million)	-1.9	-8.9	78.8%	12.9	13.0	-0.6%	-90.6
Investments (EUR million)	0.8	9.9	-91.9%	36.0	13.0	177.0%	21.1
Number of employees	238	386	-38.4%	254	375	-32.2%	371
Energy sales, peat (GWh)	656	1,020	-35.7%	3,658	4,916	-25.6%	6,992
Energy sales, other fuels (GWh)	598	523	14.3%	2,203	2,174	1.3%	3,161

Grow&Care

The Grow&Care division's Kekkilä-BVB is Europe's leading and most versatile growing media operator in the professional grower, landscaping and consumer segments. Kekkilä-BVB specialises in the sustainable development, production and marketing of high-quality growing media, mulches and fertilisers for landscapers, professional growers, distributors and home gardeners. Peat is also supplied as bedding peat to horse farms, cattle farms, pig farms and poultry producers and for use as raw material in further processing.

The division's well-known brands, Kekkilä Garden and Hasselfors Garden, offer products to home gardeners and landscapers in the Nordic countries and Estonia. In Central European markets, our business includes private label products as well as the Jardino and Florentus brands, for example. In the professional growing media business, the BVB Substrates and Kekkilä Professional brands are focused not only on the home markets but also the global markets with exports to more than 100 countries.

Turnover in the second third of the financial year (May–August) was EUR 118.9 million (EUR 107.5 million). The operating margin was EUR 11.1 million (EUR 14.6 million) and the operating profit was EUR 2.9 million (EUR 7.7 million). Gross investments were EUR 8.6 million (EUR 6.3 million).

The cumulative turnover for the financial year to date (January–August) was EUR 252.8 million (EUR 222.9 million). The operating profit was EUR 14.8 million (EUR 20.0 million). The division's gross investments were EUR 17.5 million (EUR 14.6 million).

The Grow&Care division's turnover continued to grow year-on-year. The professional growing media business and the raw material business both developed favourably. Demand in the consumer business has remained higher than in the previous years due to the changes in consumer demand caused by the pandemic. As consumers have spent more time at home, their spending on making their home pleasant and attractive has boosted the sales of gardening products. In the professional grower segment, the losses caused by the COVID-19 pandemic have been reflected mainly in new customer acquisition.

Substantial increases in material and logistics costs had a negative impact on the division's relative profitability compared to the previous year. In order for relative profitability to improve, the higher cost structure needs to be passed on to the selling prices of products.

Grow&Care	5–8/2021	5–8/2020	Change	1–8/2021	1–8/2020	Change	1/2020–12/2020
Turnover (EUR million)	118.9	107.5	10.6%	252.8	222.9	13.4%	299.9
Operating margin (EUR million)	11.1	14.6	-23.5%	28.4	32.1	-11.7%	34.1
Operating profit (EUR million)	2.9	7.7	-62.1%	14.8	20.0	-26.1%	14.0
Investments (EUR million)	8.6	6.3	36.7%	17.5	14.6	20.0%	25.4
Number of employees	570	564	1.1%	571	547	4.4%	545

New Businesses

The New Businesses division creates new products and innovations based on the Group's competencies and raw material resources as well as emerging customer needs. The goal is to develop sustainable new business that will increase our shareholder value in the long run. Neova Ventures coordinates the Group's innovation and IPR activities.

The Ventures business unit's multi-year Refinery product development programme is focused on refining biomass and other natural materials into high-added-value products for the international markets. We develop peat-based humic substances for use as biostimulants for the rapidly growing agricultural and gardening markets. We also develop animal feed ingredients from organic wetland biomass to improve animal well-being. Both product development projects are aimed at starting commercial production in 2024.

In the Activated Carbons business, construction began in spring 2019 on a strategically significant production facility in Ilomantsi to process activated carbon. The production facility was mechanically completed in April 2021 and the deployment phase is expected to continue into 2022. Production output during the deployment phase has

been delivered to end customers. The employment effect of the construction stage is more than 100 person-years and the constant employment effect of the first stage of the facility, including the supply and production chain, is roughly 50 persons. Neova's activated carbon products will be sold under the Novactor brand.

Until the sales of the Ilomantsi plant's own production output begin, the turnover of the New Businesses division consists mainly of the sale of activated carbon raw material in the value chain.

The operating result for the second third of the financial year was EUR -1.6 million (EUR -0.7 million). Gross investments were EUR 3.4 million (EUR 8.1 million). The operating result for January–August was EUR -3.3 million (EUR -1.7 million). Gross investments were EUR 9.2 million (EUR 13.6 million).

New Businesses	5–8/2021	5–8/2020	Change	1–8/2021	1–8/2020	Change	1/2020–12/2020
Turnover (EUR million)	0.8	1.0	-15.3%	2.0	1.6	21.5%	2.4
Operating margin (EUR million)	-1.4	-0.6	-119.4%	-3.0	-1.6	-81.9%	-2.9
Operating profit (EUR million)	-1.6	-0.7	-123.1%	-3.3	-1.7	-93.2%	-3.3
Investments (EUR million)	3.4	8.1	-58.1%	9.2	13.6	-32.3%	28.0
Number of employees	30	27	8.3%	28	24	15.9%	26

Other activities

The Other activities segment consists of costs that are not allocated to the Neova Group's business units. These costs are related to the Group's administrative and strategic activities as well as support functions.

The impact of the Other activities segment on the operating result in May–August was EUR -2.1 million (EUR -3.2 million).

The Other activities segment's effect on the operating result in January–August was EUR 503.1 million (EUR -4.2 million). The figure for the reporting period is significantly affected by the non-recurring recognition of income related to the sale of the subsidiary Nevel, which had an effect of EUR +507.9 million. Most of the costs associated with the transaction were presented in the financial statements for the final third of 2020.

Other activities	5–8/2021	5–8/2020	Change	1–8/2021	1–8/2020	Change	1/2020–12/2020
Turnover (EUR million)	0.6	0.0	1,167.5%	1.1	0.1	1,414.7%	0.1
Operating profit (EUR million)	-2.1	-3.2	33.9%	503.1	-4.2	12,142.0%	-15.0
Number of employees	83	89	-7.0%	82	91	-9.6%	90

Cash flow, investments and financing

The Group's free cash flow before taxes in January–August came to EUR 438.2 million (EUR 54.9 million). The improved operating margin due to the profit recognised on the sale of the heat and power business also increased cash flow to a significant degree. The operating margin (EBITDA) was EUR 551.2 million (EUR 58.1 million). The change in working capital affected cash flow by EUR -51.4 million (EUR 29.6 million).

Gross investments in the reporting period amounted to EUR 65.7 million (EUR 43.4 million), or 289.8 per cent (133.4%) of the amount of depreciation. At the end of the reporting period, interest-bearing net debt stood at EUR -30.3 million (EUR 298.4 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 August 2021 was -0.1 (3.9). Short-term interest-bearing debt amounted to EUR 13.1 million (EUR 24.2 million). Of the Group's long-term interest-bearing debt, 5.1 per cent 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.

The equity ratio at the end of August was 58.3% (41.8%) and the gearing ratio was -6.3% (90.1%). The consolidated balance sheet total was EUR 826.3 million (EUR 805.5 million). The Group's net financing items were EUR -1.7 million (EUR -7.4 million). Net financing items were -0.5 (-1.9) per cent of turnover.

Neova has cash flows and assets denominated in currencies other than the euro, which exposes the Group to exchange rate fluctuations. Currency risk arises mainly from intra-Group lending. 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.

Natural seasonal fluctuation in activities

The Grow&Care division's gardening business is sensitive to seasonal fluctuations, with demand peaking in the spring and early summer, but the season also continues in the autumn, especially in the professional grower segment. The success of the peat production season plays a central role with regard to Kekkilä-BVB's raw material reserves for the next year.

Seasonal energy demand driven by the need for heating varies a great deal during the year. The peat production season falling almost entirely in the second third of the year also introduces significant cyclicity to the Energy division's business. During the second third of the year, peat production went as planned in all of our operating countries.

Number of employees

The Group employed an average of 920 (1,066) persons in the second third of the financial year.

Employees by segment, average

Number of employees	5–8/2021	5–8/2020	1–8/2021	1–8/2020	1/2020–12/2020
Energy	238	386	254	375	371
Grow&Care	570	564	571	547	545
New Businesses	30	27	28	24	26
Other activities	83	89	82	91	90
Total	920	1,066	936	1,037	1,031

The codetermination negotiations carried out in accordance with the EUR 25 million cost saving programme announced in November 2020 were completed in January 2021 and achieved the target of a reduction of 21 person-work-years in the SCM organisation, which is responsible for production, as well as in the fuel business and the Group's support functions.

The joint codetermination committee of Neova Group's Finnish operations met once during the reporting period. The agenda for the meeting included the Group's financial performance, the progress of the implementation of the strategy, the HR and training plan as well as business reviews by the heads of the divisions.

Sustainability is integral to everything we do

Sustainability is at the heart of Neova Group's strategy and targets. It is also a key element of business development. Neova Group's sustainability targets and long-term targets are focused on two priorities: **looking after the environment and ensuring the well-being of our employees**. Sustainability strategies and programmes are systematically implemented in each business in accordance with customer needs and the UN Sustainable Development Goals.

Our sustainability target is to become a net positive company (<https://www.uprightproject.com/>) by taking into account the impacts of our operations, products and services on the environment, health, society and the accumulation of knowledge capital. This is already the case for the Kekkilä-BVB business: according to the Upright model, the net sum of the positive and negative impacts of the business is +4.4 (2020). To further increase the commitment of our personnel, we decided to incorporate sustainability into the short-term incentive targets of all of our employees in 2021 in all of our operating countries and at every level of the organisation.

The Group's long-term environmental responsibility targets are as follows: **we will reduce our emissions to waterways as well as our climate emissions, use natural resources sustainably, improve material efficiency, reduce waste and ensure that our offices are environmentally friendly**. Each of Neova's businesses has an annually updated environmental programme in accordance with the environmental strategy. The environmental programmes specify the most significant aspects of environmental responsibility along with annual environmental targets.

For the sustainability of peat production, we use third-party RPP (Responsibly Produced Peat) certification as our indicator. By the end of 2020, a total of 979 hectares of Neova Group's peat production areas were RPP certified (the figure has been updated after the previous interim report in accordance with the environmental permit). The target coverage for the end of 2021 is 3,831 hectares: 874 hectares in Finland, 3,246 hectares in Estonia and 711 hectares in Sweden. Certification applications for the peatlands in question were submitted to RPP in 2020. During the first period of 2021, RPP certification was granted to the Pööravere II production site (445 hectares) in Estonia and we have also applied for RPP certification for the Sooniste production site (350 hectares) in Estonia. The schedule of RPP certification is slower than planned due to resource shortages in the RPP organisation. Some of the planned certifications will be postponed until next year. The predicted total RPP certified production area at the end of 2021 is 3,269 hectares.

With regard to the well-being of the Group's personnel, our target is zero accidents and we have a zero tolerance policy concerning inappropriate conduct and discrimination. We also have clear processes for addressing any existing deficiencies.

Remote work continued in all of the Group's operating locations where it was possible. Based on the results of the pulse survey conducted in the spring, supervisors and employees were supported in various ways in themes related to ergonomics, team spirit and maintaining a healthy balance between work and free time. By the end of August, a total of 63 cases of COVID-19 had been reported at the Group level.

The Group's accident frequency turned to a slight increase during the first third of the year compared the last months of 2020. This was mainly due to accidents that occurred at Kekkilä-BVB's production facilities in the Netherlands and Sweden. Consequently, we have agreed on additional measures to develop our safety culture to further emphasise the management's commitment to the target of zero accidents. Consequently, the accident frequency developed more favourably in the second third of the year and is now better (lower) than in 2020.

KPI	8/2021	8/2020	12/2020
Accident frequency R12 (rolling 12 months): All accidents (MTR)	12.6	19.3 comparison figure: 17.0 excluding Nevel	16.1 comparison figure: 14.7 excluding Nevel
Accident frequency R12 (rolling 12 months): Accidents leading to lost time (LTA1)	4.8	7.9 comparison figure: 7.8 excluding Nevel	7.2 comparison figure: 6.4 excluding Nevel
Neova Group's RPP certified production sites for horticultural peat (area in accordance with the environmental permit)	1,434 hectares	979 hectares	979 hectares

Fire safety in peat production also developed favourably compared to last year. In January–August, there were 36 peat fires in which the local fire department was involved in putting out the fire (76 in the corresponding period in the previous year). While this is partly attributable to the reduction in active peat production areas in Finland, it nevertheless represents a good outcome considering the hot and dry weather conditions in June–July. During the peat production season, special attention was paid to self-monitoring fire inspections and fire risks in all of the Group's operating countries.

The certification of the Group's management system – which includes both the ISO 9001 quality management system and the ISO 14001 environmental management system – helps us coordinate and manage our operations to satisfy customer requirements and regulatory obligations as well as focus on the continuous improvement, profitability and efficiency of our operations. By the end of 2021, we will switch from country-specific and business-specific certification to Group-level multi-site/multi-country certification, which better supports the management of the Group's business operations across borders. In addition, ISO certification will be expanded to cover new production facilities in Kekkilä-BVB's operations in the Netherlands and Sweden as well as the Activated Carbons business in Sweden.

Near-term risks to businesses

The continued increase in material costs affects 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 can be reflected in customer prices with a delay. Furthermore, Neova Group is largely self-sufficient with regard to its main raw materials.

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. The rise in logistics expenses has also had a significant effect on fuel deliveries over short distances.

The cost-effectiveness of using energy peat continues to decline. The development of the price of emission rights and energy peat taxes have a very significant impact on the demand for energy peat used in heating production. The recent increase in the price of emission rights and the tax increase on energy peat that entered into effect at the beginning of 2021 have already led to a situation where not only fuel wood but also pulpwood is replacing energy peat in energy production.

The declining demand for energy peat continues to affect the valuation 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 such higher value-added uses of peat include activated carbon and growing media products. The first activated carbon production facility is intended to start operations in Ilomantsi, and this naturally involves significant risks associated with the start-up of a new production plant. These risks have partly materialised in the form of the facility's prolonged deployment phase.

Political and geopolitical risks

Potential restrictions on international trade may restrict our operating conditions in various regions. If this risk were to materialise, it would have a very significant impact on Kekkilä-BVB's business in particular.

The pandemic risk has been clearly on the forefront for nearly two years now. The impact of the COVID-19 pandemic on the Group's business has, however, been relatively low thus far. Nevertheless, if it were to be prolonged — and especially if it were to recur — the COVID-19 pandemic could complicate nearly all of the Group's international business operations and hinder new customer acquisition in particular.

The COVID-19 pandemic has thus far affected the Group's divisions in very different ways. The pandemic had barely any direct effects on the Energy division. In the Grow&Care division, the effects of the pandemic were mostly positive due to our customers being able to better prepare for a strong season. The pandemic has slowed down the measures taken to open up new export markets in Asia and the United States to some extent.

The reliability of supply chains has become even more important than before as a result of the pandemic. We have observed this both in our own supply chain and in the value our customers place on us keeping our delivery

promises. Raw material prices have also increased significantly during the pandemic, which has influenced the prices of packaging materials and logistics, for example.

The pandemic has delayed and complicated the construction of the activated carbon production facility in Ilomantsi. Our main equipment supplier has had significant delays in deliveries, which have delayed the schedule of the project as a whole. In our product development activities, the most significant negative impact of the pandemic was having to stop or slow down the operations of our product development laboratories in Central Europe when the pandemic was at its worst.

Financial risks

Neova has cash flows and assets denominated in currencies other than the euro, which exposes the Group to exchange rate fluctuations. Currency risk arises mainly from intra-Group lending. 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.

A new future threat that has emerged is the potential expansion of the sustainable finance taxonomy to apply to the entire peat industry regardless of the purpose of peat production. This creates uncertainty for the Group's growing media business, which is seeing strong growth, as well as the projects to develop high added value products, which have got off to a good start. Together with other industry operators, Neova Group will do everything in its power to ensure that peat can still be produced and processed in the future to secure the growing production of local food in Finland, the European Union and the growing export markets in other regions.

Resolutions by the Annual General Meeting

The Annual General Meeting of Neova Oy was held on 30 March 2021. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 January 2020–31 December 2020 and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability. The AGM resolved not to pay a dividend for the financial year that ended on 31 December 2020.

The AGM confirmed the number of members of the Supervisory Board as ten. Juha Sipilä was re-elected as Chairman, with Heikki Miilumäki as Vice Chairman. Antti Häkkänen, Eero Kubin, Esko Kurvinen, Tommi Lunttila, Mauri Peltokangas, Jenni Pitko, Piritta Rantanen and Tiina Snicker were re-elected as members.

The AGM confirmed the number of members of the Board of Directors as seven. Jan Lång continues as Chairman, with Markus Tykkyläinen as Vice Chairman. Stefan Damlin, Tuomas Hyyryläinen, Vesa Hätilä, Kirsi Punttila and Maija Strandberg were re-elected to the Board of Directors.

The audit firm PricewaterhouseCoopers Oy was elected as auditor.

Neova Oy's Extraordinary General Meeting held on 29 April 2021 resolved to amend the Articles of Association, according to which the new name of the company is Neova Oy and its domicile is the City of Jyväskylä. The amendment took effect on 6 May 2021 when it was entered in the Trade Register.

The Extraordinary General Meeting of Neova Oy held on 30 June 2021 approved the financial statements for the interim financial period 1 January–30 April 2021 and decided that a dividend of EUR 8,333.33 per share, corresponding to a total of EUR 250 million, be distributed for the interim financial period. The General Meeting further decided that the number of members of Neova Oy's Board of Directors is eight and elected Panu Routila as a new member of the Board.

Significant events during the second third of the year

The result for the financial year 2021 will be significantly improved by the non-recurring profit of EUR 507.9 million related to the sale of the subsidiary Nevel. The expenses associated with the transaction were mostly recognised in the final third of 2020.

The effect of Nevel Group's figures on the comparison figures for the period 5–8/2020 was EUR +18.0 million on turnover, EUR -0.9 million on the operating result and EUR +167.2 million on the balance sheet total.

The effect of Nevel Group's figures on the comparison figures for full financial year 2020 was EUR +93.3 million on turnover, EUR +18.4 million on the operating result and EUR +217.7 million on the balance sheet total.

During the comparison period 5–8/2020, the Group recognised write-downs on tangible assets in the amount of EUR 0.2 million. During the comparison period 1–12/2020, the Group recognised write-downs on intangible assets in the amount of EUR 0.97 million and write-downs on tangible assets in the amount of EUR 101.82 million.

In accordance with the decision of the Extraordinary General Meeting, a dividend of EUR 8,333.33 per share (EUR 250 million in total) was paid for the interim financial period that ended on 30 April 2021. The dividend payment date was 30 June 2021.

Events after the review period

On 5 October 2021, Neova Oy announced that it will redeem the outstanding share of EUR 29.9 million of the hybrid bond issued on 8 November 2016. The redemption will be made on 8 November 2021.

On 5 October 2021, Neova Oy announced it will map out strategic options for its wood business in Finland and Estonia.

On 12 October 2021, Neova published news on its website regarding a maintenance shutdown at the Ilomantsi activated carbon production facility, resulting in production being suspended for the time being. During test production, damage was detected in the activation furnace that could pose a safety risk. Neova has not yet formally taken delivery of the production facility. Analysing the damage and its root causes is expected to take several weeks. The supplier of the production facility will subsequently prepare a repair plan and carry out the necessary repairs. The start of the commercial production will be delayed.

Outlook for the remainder of the financial year, to 31 December 2021

In the Group's current businesses, the positive development of demand is expected to continue through the remainder of the year. Consequently, comparable turnover is expected to increase somewhat from the previous year, while the comparable operating margin is expected to decrease somewhat from the previous year due to increased logistics and raw material costs.

With respect to the COVID-19 pandemic, the Group has prepared various alternative scenarios pertaining to the potential development of the pandemic.

Vantaa, 28 October 2021

Neova Oy

Board of Directors

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Ahti Martikainen, Neova's Director of Communications and Public Affairs 040 680 4723

Consolidated key figures

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	1-12/2020
Turnover	143.0	146.9	370.0	382.8	544.9
Operating profit (EBIT)	-2.7	-5.5	527.7	26.0	-95.3
% of turnover	-1.9	-3.8	142.6	6.8	-17.5
Operating profit (EBIT) before impairment	-2.7	-5.5	527.8	26.3	7.4
% of turnover	-1.9	-3.8	142.6	6.9	1.4
Profit/loss for the period	-2.6	-10.3	522.5	13.6	-108.1
Operating margin (EBITDA)	11.6	14.1	551.2	58.1	53.8
+/- Change in working capital	3.1	28.8	-51.4	29.6	44.8
- Net investments	-13.3	-17.5	-61.5	-32.7	-59.1
Free cash flow before taxes	1.5	25.4	438.2	54.9	39.6
Gross investments	14.3	-22.6	-65.7	-43.4	-76.6
Return on invested capital % *			54.6	-1.3	-14.0
Return on invested capital % before impairment *			68.4	4.4	1.1
Return on equity % *			76.0	-5.2	-34.8
Balance sheet total			826.3	805.5	758.4
Shareholders' equity			478.1	331.0	213.5
Interest-bearing net debt			-30.3	298.4	327.7
Equity ratio %**			58.3	41.8	28.7
Interest-bearing net debt/operating margin			-0.1	3.9	6.1
Gearing %			-6.3	90.1	156.4
Average number of employees			936	1,037	1,031

*) Previous 12 months

**) In calculating the equity ratio, the capital loan on the balance sheet was calculated as shareholders' equity

Interim Report Tables

Accounting principles

The Group's interim report has been prepared in accordance with IAS 34. This interim report should be read together with the consolidated financial statements prepared for the financial year that ended on 31 December 2020, 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 2021. 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. The preparation of an interim report in accordance with the IFRS standards requires the use of estimates and assumptions based on the management's judgment. While these estimates are continuously assessed and based on the management's best knowledge at the time of preparation, actual figures may deviate from the estimates used.

Comparability

The figures in this interim report are not comparable because they include the figures for the Nevel Group, which was divested in January, for January 2021 in this financial year, for eight (8) months in the corresponding period last year and for 12 months in the figures for the previous financial statements date of 31 December 2020.

Accounting judgments related to the COVID-19 pandemic

The Group has continued to assess the impacts of the COVID-19 pandemic by examining the carrying values entered in the balance sheet. Pursuant to IAS 36, assets that are not included in financial assets are tested for impairment whenever there are indications of impairment. The Group conducts goodwill testing annually. Uncertainty in the economic environment may reduce the reliability of the long-term forecasts used in connection with impairment testing. The Group continuously examines accounts receivable and the expected credit losses related to them as well as the measurement of slow-moving and expired products. The expected credit losses associated with the accounts receivable on the Group's books, unsalability deductions related to inventories and impairment did not increase in the second third of 2021.

The Group has not received assistance from the authorities related to the pandemic and intended to support employment or secure cash flow.

Consolidated Financial Statements, IFRS
Condensed consolidated income statement

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	1-12/2020
TURNOVER	143.0	146.9	370.0	382.8	544.9
Other operating income	3.9	2.8	516.1	6.2	11.6
Share of results of companies consolidated using the equity method	-1.1	-1.2	-0.8	0.3	0.8
Operating expenses	-135.3	-135.7	-334.9	-330.9	-502.7
Depreciation	-13.2	-18.2	-22.7	-32.1	-47.2
Impairment	0	0	0	-0.1	-102.8
OPERATING PROFIT/LOSS	-2.7	-5.5	527.7	26.2	-95.4
Financial income	2.7	2.1	4.2	2.1	5.5
Financial expenses	-2.6	-5.2	-5.9	-9.4	-18.0
PROFIT/LOSS BEFORE TAXES	-2.6	-8.6	526.0	18.9	-107.9
Income taxes	0	-1.7	-3.5	-5.3	-0.3
PROFIT/LOSS FOR THE PERIOD	-2.6	-10.3	522.5	13.6	-108.1
OTHER COMPREHENSIVE INCOME ITEMS: (items that may not be reclassified subsequently to profit or loss)					
Remeasurement of defined benefit plans	0	0	0	0	0.4
Items that may be reclassified to profit or loss:					
Translation differences from foreign units	0	0.6	-0.3	0.3	0.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-2.6	-9.6	522.2	13.9	-106.8
Distribution of profit for the period:					
To parent company shareholders	-3.6	-11.6	518.8	9.3	-111.4
To non-controlling shareholders	1.0	1.3	3.7	4.3	3.3
	-2.6	-10.3	522.5	13.6	-108.1
Distribution of comprehensive income for the period:					
To parent company shareholders	-1.0	-11.0	518.5	9.6	-110.2
To non-controlling shareholders	1.0	1.4	3.7	4.3	3.4
	0	-9.6	522.2	13.9	-106.8
Earnings per share calculated from profits due to parent company shareholders					
Earnings/share, EUR	-120	-387	17,294	310	-3,712
Average number of shares	30,000	30,000	30,000	30,000	30,000

Condensed consolidated balance sheet

MEUR	31 August 2021	31 August 2020	31 December 2020
ASSETS			
LONG-TERM ASSETS			
Intangible assets	31.4	35.1	32.4
Goodwill	24.2	25.1	24.3
Land and water areas	35.8	43.2	38.6
Buildings and structures	39.8	62.9	40.7
Machinery and equipment	45.4	136.0	46.1
Other tangible assets	61.4	166.4	65.6
Investments in progress	59.1	46.4	44.1
Investments	247.2	23.4	0.6
Long-term receivables	3.2	3.3	3.2
Deferred tax asset	1.0	0.2	1.4
LONG-TERM ASSETS	548.6	541.9	297.0
CURRENT ASSETS			
Inventories	170.6	188.0	187.9
Sales and other receivables	83.8	70.1	66.9
Other financial assets	0	0	2.2
Cash on hand and in the bank	4.4	5.5	13.4
CURRENT ASSETS	258.8	263.6	270.4
AVAILABLE-FOR-SALE ASSETS	18.9	0	191.2
ASSETS	826.3	805.5	758.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Parent company shareholders' share of shareholders' equity	433.7	288.5	165.5
Non-controlling shareholders	44.4	42.5	41.9
SHAREHOLDERS' EQUITY	478.1	331.0	207.4
LONG-TERM LIABILITIES			
Deferred tax liability	11.1	17.7	10.8
Long-term interest-bearing liabilities	219.6	284.5	257.8
Long-term non-interest-bearing liabilities	0	8.3	1.9
Long-term provisions	9.9	7.9	11.1
Pension liabilities	4.8	5.0	4.9
LONG-TERM LIABILITIES	245.3	323.4	286.5
CURRENT LIABILITIES			
Current interest-bearing liabilities	13.1	23.7	58.1
Current non-interest-bearing liabilities	89.6	127.4	147.6
Current provisions			2.7
CURRENT LIABILITIES	102.8	151.1	208.4
Liabilities related to assets held for sale	0	0	56.3
SHAREHOLDERS' EQUITY AND LIABILITIES	826.3	805.6	758.6

Condensed consolidated cash flow statement

MEUR	1–8/2021	1–8/2020	1–12/2020
<u>Cash flow from operating activities</u>			
Profit/loss for the period	522.5	13.6	-108.1
Adjustments to the result for the period	-485.3	40.4	155.7
Change in working capital	-55.8	24.2	46.3
Cash flow from operating activities before financial items and taxes	-18.7	78.2	93.9
Interest received from operating activities	0.1	0.1	0.3
Interest paid from operating activities	-4.1	-6.1	-9.0
Other financial items from operating activities	0.2	-2.2	-4.7
Taxes paid on operating activities	-2.7	-1.3	0.2
Cash flow from operating activities	-25.2	68.6	80.9
<u>Cash flow from investing activities</u>			
Investments in tangible and intangible assets	-31.9	-41.1	-68.2
Proceeds from disposal of tangible and intangible assets	4.2	16.7	23.4
Acquisition of subsidiaries, net of cash	0.0	0.0	-0.2
Disposal of subsidiaries, net of cash	644.0	0.0	0.0
Associates' shares bought	0.0	-0.4	0.0
Other investments	-280.5	-0.1	0.7
Cash flow from investing activities	335.7	-24.9	-44.2
Cash flow before financing	310.6	43.7	36.7
<u>Cash flow from financing activities</u>			
Increase (+)/decrease (-) in short-term loans	-45.0		35.2
Change in long-term loans and other financing items	-38.2	-19.9	-9.5
Capital investment by non-controlling interests	0.0	-0.2	0
Repayments of lease liabilities			-14.8
Dividends paid	-250.0	-4.3	-4.0
Interest paid/hybrid bond	0.0		-2.8
Repayments of hybrid bond	0.0	-20.1	-20.1
Cash flow from financing activities	-333.1	-44.5	-16.0
Change in cash and cash equivalents	-22.6	-0.8	20.7
Cash and cash equivalents opening balance *	27.0	6.3	6.3
Change in cash and cash equivalents	-22.6	-0.8	20.7
Effect of changes in exchange rates	0.0	0.0	0.0
Cash and cash equivalents at end of period *	4.4	5.5	27.0
Cash and cash equivalents related to mergers, acquisitions and			13.6

*) Comparison figures for 1–12/2020 have been restated

Consolidated statement of changes in shareholders' equity

MEUR	Share capital	Share premium reserve	Other funds	Translation difference	Retained earnings	Hybrid bond	Total	Non-controlling shareholders	Total
SHAREHOLDERS' EQUITY 1 JAN. 2021	50.5		30.5	-3.4	58.1	29.9	165.6	41.8	207.4
Changes in shareholders' equity									
Dividend distribution					-250.0		-250.0	-1.0	-251.0
Total comprehensive income					518.8		518.8	3.7	522.5
Other changes									
Other changes				-0.3	-0.2		-0.5		-0.5
Changes in holdings in subsidiaries					-0.2		-0.2		-0.2
SHAREHOLDERS' EQUITY 31 AUG. 2021	50.5		30.5	-3.7	326.6	29.9	433.7	44.5	478.1

MEUR	Share capital	Share premium reserve	Other funds	Translation difference	Retained earnings	Hybrid bond	Total	Non-controlling shareholders	Total
SHAREHOLDERS' EQUITY 1 JAN. 2020	50.5		30.7	-4.2	176.0	50.0	302.9	40.6	343.5
Changes in shareholders' equity									
Dividend distribution					-4.0		-4.0		-4.0
Transfers between items			0.1		0.2		0.3		0.3
Total comprehensive income				-0.3	9.3		9.0	4.3	13.3
Other changes									
Other changes				0.6	-5.3	-20.1	-24.8	-2.1	-26.9
Changes in holdings in subsidiaries								-0.2	-0.2
SHAREHOLDERS' EQUITY 31 AUG. 2020	50.5		30.8	-3.9	176.2	29.9	283.4	42.6	326.0

MEUR	Share capital	Share premium reserve	Other funds	Translation difference	Retained earnings	Hybrid bond	Total	Non-controlling shareholders	Total
SHAREHOLDERS' EQUITY 1 JAN. 2020	50.5		30.7	-4.2	176.0	50.0	302.9	40.6	343.5
Changes in shareholders' equity									
Dividend distribution					-6.8		-6.8	-0.1	-6.9
Distribution of funds								-0.3	-0.3
Transfers between items					0.1		0.1	0.2	0.3
Total comprehensive income				0.9	-111.0		-110.1	3.3	-106.8
Other changes									
Other changes			-0.2	-0.1	-0.2	-20.1	-20.6	-1.8	-22.4
SHAREHOLDERS' EQUITY 31 DEC. 2020	50.5		30.5	-3.4	58.1	29.9	165.6	41.8	207.4

Turnover

Revenue is recognised in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group's performance obligations consist of the delivery of local fuels, such as peat, pellets and forest fuels, as well as added value services related to energy production. For the customers of cultivation products, the Group sells growing media, mulches and fertilisers.

Turnover consists of the revenue received from the sale of products, raw materials and services, adjusted by indirect taxes, sales adjustment items and the exchange rate differences of sales denominated in foreign currencies. Revenue from the sale of goods is recognised at the point in time at which control over the product or service is transferred to the customer and the Group no longer has authority or control over the product. As a rule, the transfer of control is based on the transfer of risks and rewards in accordance with the terms of delivery. Neova's turnover consists primarily of the sale of products and revenue is typically recognised when control over the products is transferred to the customer. Revenue from services is recognised when the service has been performed. Neova satisfies its performance obligation at a point in time; the proportion of performance obligations satisfied over time in the heat and power business was not significant in the Group's turnover. When the performance obligation has been satisfied, the proportion of sales revenue that can be allocated to the performance obligation in question is recognised in turnover.

TURNOVER BY CATEGORY, EXTERNAL

1-8/2021	Energy	Grow&Care	New Businesses	Other activities	Total
Products	113.0	246.6	1.7	0	361.2
Services	1.6	6.0	-	1.1	8.8
Total	114.6	252.6	1.7	1.1	370.0

1-8/2020	Energy	Grow&Care	New Businesses	Other activities	Total
Products	153.6	219.7	1.6	0	374.9
Services	4.8	3.1	-	0	7.9
Total	158.4	222.9	1.6	0	382.8

2020	Energy	Grow&Care	New Businesses	Other activities	Total
Products	237.6	295.1	2.0	0	534.8
Services	5.3	4.8	-	0.1	10.1
Total	243.0	299.9	2.0	0.1	544.9

TIMING OF TURNOVER RECOGNITION

1-8/2021	Energy	Grow&Care	New Businesses	Other activities	Total
Goods transferred at a point in time	113.0	246.6	1.7	0	361.2
Services transferred at a point in time	1.6	6.0	-	1.1	8.8
Total	114.6	252.6	1.7	1.1	370.0

1-8/2020	Energy	Grow&Care	New Businesses	Other activities	Total
Goods transferred at a point in time	153.6	219.7	1.6	0	374.9
Services transferred at a point in time	4.8	3.1	-	0	7.9
Total	158.4	222.9	1.6	0	382.8

2020	Energy	Grow&Care	New Businesses	Other activities	Total
Goods transferred at a point in time	237.6	295.1	2.0	0	534.8
Services transferred at a point in time	5.2	4.8	0	0.1	10.0
Services transferred over time	0.1	0	0	0	0.1
Total	243.0	299.9	2.0	0.1	544.9

TURNOVER BY OPERATING SEGMENT

1-8/2021	Energy	Grow&Care	New Businesses	Other activities	Eliminations	Total
External turnover	114.6	252.6	1.7	1.1	0	370.0
Internal turnover	1.7	0.2	0.3	0	-2.2	0
Total	116.3	252.8	2.0	1.1	-2.2	370.0

1-8/2020	Energy	Grow&Care	New Businesses	Other activities	Total
External turnover	158.4	222.9	1.6	0	382.8
Internal turnover	1.8	0	0	0	-1.9
Total	160.2	222.9	1.6	0.1	-1.9

2020	Energy	Grow&Care	New Businesses	Other activities	Total
External turnover	243.0	299.9	2.0	0.1	544.9
Internal turnover	2.8	0.1	0.5	0	-3.4
Total	245.8	299.9	2.4	0.1	-3.4

Segment information

Neova's business operations are divided into four reporting segments: Energy, Grow&Care, New Businesses and Other activities. The Other activities segment includes the Group's shared items. The segments' performance is assessed regularly by the senior operative decision-maker, the Group's Chief Executive Officer, to evaluate performance and allocate resources.

SEGMENT INFORMATION 1/2021–8/2021

MEUR	Energy	Grow&Care	New Businesses	Other activities	Eliminations	Group total
External turnover	114.6	252.6	1.7	1.1	-	370.0
Internal turnover	1.7	0.2	0.3	-	-2.2	
Turnover	116.3	252.8	2.0	1.1	-2.2	370.0
Segment operating profit/loss	12.9	14.8	-3.3	503.1	0.3	527.7
Financial income and expenses						-1.7
Appropriations and income taxes						-3.5
Profit/loss for the period	12.9	14.8	-3.3	503.1	0.3	522.5
Segment assets	181.1	284.5	47.9	136.2	-125.2	524.5
Shares in associates	19.9					19.9
Unallocated assets						281.9
Assets total	201.0	284.5	47.9	136.2	-125.2	826.3
Segment debt	30.6	39.9	0.7	3.6	-1.4	73.4
Unallocated debt						274.8
Debt total	30.6	39.9	0.7	3.6	-1.4	348.1
Investments	36.0	17.5	9.2	2.2	0.7	65.7
Depreciation	7.6	13.5	0.4	1.1		22.7

SEGMENT INFORMATION 1/2020–8/2020

MEUR	Energy	Grow&Care	New Businesses	Other activities	Eliminations	Group total
External turnover	160.1	222.9	1.6	0	0	382.8
Internal turnover	1.7	0	0	0	-0.4	0
Turnover	161.8	222.9	1.6	0.1	-0.4	382.8
Segment operating profit/loss	12.4	20.0	-1.7	-4.2	-0.4	26.2
Financial income and expenses						-7.3
Appropriations and income taxes						-5.3
Profit/loss for the period	12.4	20.0	-1.7	-4.2	-0.4	13.6
Segment assets	455.5	270.2	26.8	156.9	-148.0	761.3
Shares in associates	22.7					22.7
Unallocated assets						21.5
Assets total	478.2	270.2	26.8	156.9	-148.0	805.5
Segment debt	58.3	30.7	13.3	4.4	-4.4	105.9
Unallocated debt						368.6
Debt total	58.3	30.7	13.3	4.4	-4.4	474.5
Investments	13.0	14.6	13.6	4.3	-2.1	43.4
Depreciation	18.8	11.8	0.1	1.4	0	32.1

SEGMENT INFORMATION 1/2020–12/2020

MEUR	Energy	Grow&Care	New Businesses	Other activities	Eliminations	Group total
External turnover	243.0	299.9	2.0	0.1	0	544.9
Internal turnover	2.8	0.1	0.5	0	-3.4	0
Turnover	245.9	299.9	2.4	0.1	-3.4	544.9
Segment operating profit/loss	-90.6	14.0	-3.3	-15.0	-0.4	-95.4
Financial income and expenses						-12.5
Appropriations and income taxes						-0.3
Result for the period	-90.6	14.0	-3.3	-15.0	-5.5	-108.1
Segment assets	395.1	274.5	39.9	120.2	-110.3	719.3
Unallocated assets						39.2
Assets total	395.1	274.5	39.9	120.2	-110.3	758.6
Segment debt	85.3	39.1	22.6	12.3	-2.1	157.1
Unallocated debt						394.0
Debt total	85.3	39.1	22.6	12.3	-2.1	551.2
Investments	21.1	25.4	28.0	5.7	-3.6	76.6
Depreciation	26.3	18.2	0.4	2.2	0	47.2

OPERATING PROFIT

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Energy	-1.9	-8.9	12.9	12.5	-90.6
Grow&Care	2.9	7.7	14.8	20.0	14.0
New Businesses	-1.6	-0.7	-3.3	-1.8	-3.3
Other activities	-2.1	-3.2	503.1	-4.2	-15.0
Eliminations	0	-0.3	0.3	-0.3	-0.4
Total	-2.7	-5.5	527.7	26.2	-95.4

ITEMS AFFECTING COMPARABILITY

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Energy	-1.6	1.8	-1.6	1.6	-111.9
Grow&Care	0	0	0	0.3	-1.6
New Businesses	0	0.1	0	0.1	0.1
Other activities	-0.8	-1.4	506.6	-1.2	-9.1
Eliminations	0	-1.4	0.3	-1.4	-0.4
Total	-2.4	-0.9	505.3	-0.6	-122.8

COMPARABLE OPERATING PROFIT

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Energy	-0.3	-10.7	14.5	10.9	21.2
Grow&Care	3.0	7.7	14.8	19.7	15.6
New Businesses	-1.6	-0.8	-3.3	-1.9	-3.5
Other activities	-1.4	-1.9	-3.5	-3.0	-6.0
Eliminations	0	1.1	0	1.1	0
Total	-0.3	-4.6	22.4	26.8	27.4

ITEMS AFFECTING COMPARABILITY

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Comparable profit/loss for the period	-0.3	-9.4	17.2	14.2	14.7
Items affecting comparability					
Gains/losses on disposals	0	0.2	507.6	1.2	1.3
Inventory measurement gains/losses	0.5	0	0.5	0	0
Impairment	0	0.2	0	-0.2	-1.5
Restructuring	-0.9	-1.2	-1.2	-1.2	-7.3
Other items	0.1	-0.1	0.4	-0.4	-12.9
Items affecting comparability in operating margin	-0.3	-0.9	507.3	-0.6	-20.4
Gains/losses on disposals	0	0	0	0	0.6
Impairment	0	0	0	0	-102.8
Other items	-2.0	0	-2.0	0	-0.2
Items affecting comparability in operating profit	-2.4	-0.9	505.3	-0.6	-122.8
Items affecting comparability, total	-2.4	-0.9	505.3	-0.6	-122.8
Profit/loss for the period	-2.7	-10.3	522.5	13.6	-108.1

Geographical information
TURNOVER BY COUNTRY

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Finland	44.6	57.4	150.1	183.6	268.0
Other Nordic countries	21.0	22.6	51.1	53.3	87.6
Europe	61.2	51.8	144.7	122.6	156.6
America	4.2	12.4	6.7	15.0	8.5
Other activities	12.0	2.7	17.4	8.3	24.3
Total	143.0	146.9	370.0	382.8	545.0

LONG-TERM ASSETS

MEUR	4/2021	4/2020	8/2021	8/2020	2020
Finland	203.5	347.2	182.3	368.6	176.1
Other Nordic countries	36.9	82.3	54.6	85.8	178.2
Europe	60.9	111.4	83.9	87.7	133.9
Total	301.3	540.9	320.8	542.1	488.2

INVESTMENTS

MEUR	5-8/2021	5-8/2020	1-8/2021	1-8/2020	2020
Finland	10.8	14.1	52.7	27.3	46.4
Other Nordic countries	1.8	2.8	7.0	7.2	5.1
Europe	2.5	5.6	5.9	8.9	25.1
Total	15.1	22.5	65.7	43.4	76.6

Fair values of financial assets and liabilities

EUR 1,000	31 August 2021		31 August 2020			31 December		Net	
	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	35	-19	16	107	0	107	161	-245	-84
Electricity derivatives, no hedge accounting	1,417	0	1,417	283	-419	-137	256	-507	-251
Emission right derivatives, no hedge accounting	739	0	739	1,381	0	1,381	178	0	178
Fund investments	170,064	0	170,064	0	0	0	0	0	0
Total	172,255	-19	172,236	1,771	-419	1,351	595	-752	-157

Investments in commercial papers, totalling EUR 76.7 million, are recognised in the balance sheet at amortised cost.

Nominal values of derivative agreements

EUR 1,000	31 August 2021	31 August 2020	31 December
Nominal value of currency derivatives	84,562	84,662	91,197
Nominal value of electricity derivatives	3,439	5,223	5,108
Nominal value of emission rights	476	2,409	476
Total	88,477	92,293	96,781

Fair value hierarchy levels

Neova determines and presents the fair value classification of financial instruments according to the following hierarchy:

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

Level 1 includes stock exchange-listed shares, level 2 includes derivatives and level 3 includes investments in unlisted securities

EUR 1,000	31 August			31 August 2020					31 December			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
ASSETS MEASURED AT FAIR VALUE												
Available-for-sale financial assets												
Available-for-sale investments	170,064	0	170,064	0	0	0	0	0	0	0	0	0
Financial assets measured at fair value through profit or loss - held for trading												
Derivatives - no hedge accounting	2,191	0	2,191	0	1,771	0	1,771	0	595	0	595	0
Total	172,255	0	172,255	0	1,771	0	1,771	0	595	0	595	0

LIABILITIES MEASURED AT FAIR VALUE
Financial liabilities measured at fair value through profit or loss – held for trading

Derivatives - no hedge accounting	-19	0	-19	0	-419	0	-419	0	-752	0	-752	0
Total	-19	0	-19	0	-419	0	-419	0	-752	0	-752	0

COLLATERAL, CONTINGENT COMMITMENTS AND OTHER LIABILITIES

EUR 1,000	31 August 2021	31 August 2020	31 December
Collateral			
Loans with real security			
Loans from financial institutions	0	6,440	8,549
Guarantees given on behalf of own commitments			
As collateral for own debt			
Pledged inventories and fixed assets	0	15,221	29,812
Liabilities for own commitments			
Guarantees	12,654	22,271	14,228
Total	12,654	37,492	44,040

Contingent commitments on behalf of Group companies

EUR 1,000	31 August 2021	31 August 2020	31 December
Guarantees	5,433	35,799	36,657