



**Interim Report
1 January–30 April 2022**

Board of Directors, 22 June 2022

Neova Interim Report January–April 2022

Strategic development in a difficult business environment

January–April 2022 in brief:

- Group turnover in January–April was EUR 230.4 million (1 January–30 April 2021: EUR 227.0 million)
- The Group's comparable turnover in January–April was EUR 230.4 million (EUR 215.6 million), taking into consideration the divestment of the heat and power business on 28 January 2021
- The operating margin (EBITDA) was EUR 28.8 million (EUR 539.5 million), or 12.5% (237.7%) of turnover
- The Group's comparable operating margin (EBITDA) was EUR 27.5 million (EUR 31.9 million)
- The operating result was EUR 20.0 million (EUR 530.4 million), or 8.7% (233.6%) of turnover, including EUR +1.3 million (EUR 507.6 million) in non-recurring items that were mainly related to profit recognised on the sale of businesses
- Free cash flow before taxes was EUR 4.4 million (EUR 486.6 million)
- Gross investments totalled EUR -27.4 million (EUR -51.4 million)
- Earnings per share were EUR 308 (EUR 17,414)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) was 0.3 (-0.5)
- The equity ratio was 53.7% (64.8%)
- Return on invested capital % (previous 12 months): 0.2% (64.2%)

Strategic development in a difficult business environment

The Group's reported turnover in the first third of the financial year (January–April 2022) amounted to EUR 230.4 million (EUR 227.0 million in January–April 2021). Comparable turnover developed very favourably and showed a year-on-year increase of 6.9%. The positive development of sales was mainly attributable to the Grow&Care division, which achieved substantial growth in sales to professional growers as well as the users of growing media materials. The comparable turnover of the Fuels&Real Estate Development division decreased by 10.4% year-on-year. The decline in turnover was mainly attributable to energy peat, the sales of which decreased by -13.5% year-on-year. Biofuel sales decreased by -3.1% year-on-year, mainly due to the discontinuation of importing fuel wood from Russia.

With regard to the accrual of profit for the financial year as a whole, the first third of the year was again relatively strong in both of our main businesses. Due to cost inflation and the late arrival of spring, the Grow&Care division's operating margin developed favourably year-on-year mainly due to the acquisition of the Brill companies. The Fuels&Real Estate Development division's comparable profitability decreased year-on-year, mainly due to a significant decline in the demand for energy peat. The Group's reported operating margin was significantly lower than in the previous year at EUR 28.8 million (EUR 539.5 million). This was due to the recognition of profit on the sale of the heat and power business in the comparison period. The Group's comparable operating margin was also weaker than in the previous year at EUR 27.5 million (EUR 31.9 million).

The Group's reported operating result for the first third of the financial year (January–April) was EUR 20.0 million (EUR 530.4 million). The figure for the comparison period was heavily influenced by the profit recognised on the sale of the heat and power business. The Group's comparable operating result was EUR 18.7 million (EUR 22.8 million).

The Group's cash flow during the reporting period amounted to EUR 4.4 million (EUR 486.6 million). The change in cash flow was significantly influenced by the profit of EUR 507.9 million recognised on the sale of the heat and power business in the previous financial year and higher working capital, which was due to higher inventory levels caused by cost inflation and the late arrival of spring.

CEO Vesa Tempakka:

"Strong sales compensated for the cost increases caused by the war in Ukraine"

"In many respects, the first third of 2022 for Neova Group was characterised by a shift from normal operations to quickly reacting to the changes in the operating environment caused by the war in Ukraine. Immediately after the war began, Neova Group discontinued all purchasing and sales activities with Russia and Belarus. In the energy business, this created the need to quickly find alternatives to fuel wood imported from Russia to ensure the availability of fuel for customers.

In November 2021, Neova announced it would discontinue the production of energy peat. That decision had to be reconsidered in March 2022 to ensure the availability of fuel in the coming years, especially for customers in Eastern Finland who have been dependent on Russian wood. Even the war in Ukraine did not change the big picture in energy peat sales. The sales of energy peat decreased by more than 10% compared the corresponding period in 2021. Going forward, Neova will produce energy peat for customers under binding agreements. The energy peat extraction target for the coming summer is approximately 2 TWh, which would guarantee the availability of fuel for the next heating season. This is considered to be very important with regard to the security of supply of energy.

In the Grow&Care division, the impacts of the war in Ukraine were immediately reflected in higher logistics costs and difficulties with the availability of fertilisers and sea shipping. Previously, a significant proportion of the fertilisers and related raw materials used in the EU were sourced from Russia. The sharply rising prices of natural gas and diesel also dramatically increased costs for Neova's customers and subcontractors, which contributed to lower demand for products.

In the Grow&Care division, sales to professional growers saw strong growth, but sales to the landscaping segment and home gardeners, in particular, suffered from the late arrival of spring. On the whole, the Grow&Care division's sales grew significantly, reaching EUR 157 million. The increase in costs is illustrated by the division's logistics costs increasing by over 50% compared to the corresponding period in the previous year.

The Group's comparable operating margin increased by +7% year-on-year in the first third of the year, while the comparable operating margin and comparable operating profit declined slightly.

During the first third of the year, Neova Group sold its 50% stake in the Swedish pellet manufacturer Scandbio AB. The transaction did not have a significant effect on the Group's result. The joint project by Neova and Lassila&Tikanoja to consolidate their wood businesses progressed according to plan. The competition authorities approved the project in April 2022. The aim is for the new company to start its operations at the beginning of July 2022. Neova will own 45% of the company.

Production at Neova's Novactor activated carbon production facility in Ilomantsi has been halted since autumn 2021. Repairs at the production facility, which are due to defective materials, are expected to last until the end of the year. Neova expects that the costs incurred from the repairs to the production facility will be mostly covered by insurance."

Reporting segments

Neova's segment structure changed on 1 January 2022. The Group has changed the composition of its reporting segments by transferring the business activities of Nevel, which was sold in January 2021, to the Other activities segment on 1 January 2022, and by forming a new reporting segment that comprises the Group's fuel businesses, the management and optimisation of the Group's land and real estate assets, and the business functions responsible for wind and solar power projects.

The reporting segments comprise the Group's divisions in accordance with Neova's management model. Neova Group's reporting segments are Grow&Care, Fuels&Real Estate Development, New Businesses and other activities.

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 the Baltic countries. 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 serve not only on the home markets but also the global markets with exports to more than 100 countries. The integration into Kekkilä-BVB of Brill Substrate, which was acquired at the start of the year, has also progressed very favourably.

The turnover for the first third of the financial year (January–April) amounted to EUR 158.7 million (EUR 133.8 million). The operating margin was EUR 18.7 million (EUR 17.2 million) and the operating profit was EUR 11.7 million (EUR 11.9 million). Gross investments amounted to EUR 8.9 million (EUR 8.3 million). The operating result includes non-recurring items in the amount of EUR -0.4 million (EUR 0.0 million).

The Grow&Care division's turnover continued to grow year-on-year. Turnover from the professional grower segment has developed favourably in particular, although the growth is partly due to Brill Substrate and Brill Papenburg Logistics, acquired by Kekkilä-BVB at the beginning of 2022, being included in the figures, and the higher freight costs and generally higher inflation being passed on to selling prices. Demand in the consumer segment and the landscaping segment has suffered from the cold and delayed spring. Neova believes that the weaker demand in the consumer business compared to the reference period is also attributable to a change in consumer demand. Overall demand is expected to be reduced by the caution caused by the general uncertainty and inflation, which has been accelerated by the war in Ukraine. At the same time, however, the easing of restrictions related to the pandemic is expected to lead to a shift from the exceptional demand patterns caused by the pandemic towards steadier development.

In spite of growth, the supply and demand imbalances caused by the war in Ukraine have continued to substantially increase material and logistics costs and reduce availability. Consequently, our relative profitability decreased year-on-year. To address this issue, we, like many other companies, have had to implement exceptional price increases and include additional charges in sales invoices.

Grow&Care	1–4/2022	1–4/2021	Change	1–12/2021
Turnover (EUR million)	158.7	133.8	18.6%	338.9
Operating margin (EUR million)	18.7	17.2	8.5%	32.2
Operating profit (EUR million)	11.7	11.9	-1.8%	11.0
Investments (EUR million)	8.9	8.3	7.2%	25.4
Number of employees	651	572	13.9%	569

Fuels&Real Estate Development

The Fuels&Real Estate Development 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. In addition to operating in the fuel business, the division develops land owned by Neova for subsequent land uses, such as wind and solar power.

The Fuels&Real Estate Development division's current business units correspond to different types of fuel: Pellet, Wood, Energy peat, and Wind and solar power. Approximately half of the division's turnover is derived from renewable biofuels.

The turnover for the first third of the financial year (January–April) amounted to EUR 71.0 million (EUR 79.2 million). The operating margin for the reporting period was EUR 11.1 million (EUR 12.1 million) and the operating profit was EUR 12.1 million (EUR 10.2 million). Gross investments were EUR 0.7 million (EUR 0.9 million). The operating result includes non-recurring items in the amount of EUR +2.0 million (EUR 0.0 million).

The profitability of the Fuels&Real Estate Development division's businesses decreased year-on-year due to the continuing decline in the demand for energy peat. The high price of emission rights has reduced the demand for energy peat. The importation of wood chips from Russia became subject to sanctions after Russia attacked Ukraine, which increased the significance of the security of supply and the use of domestic fuels in the production of heating energy, which partially mitigated the decline in the demand for energy peat. Customers replaced wood with energy peat due to the disruptions in the availability of imported wood fuels. In spite of the good demand for biofuels, overall fuel deliveries were 12% lower than in the comparison period. In real estate development, the conversion of decommissioned peat production sites into wind and solar farms is progressing according to the project plans.

During the first third of the financial year, Neova received the necessary approvals from the competition authorities relating to the sale of Scandbio AB shares to Lantmännen ek, and for the consolidation of Neova's fuel wood business in Finland and Estonia into a joint venture established with L&T Biowatti Oy. The aim is for the joint venture to start its operations at the beginning of July.

Fuels&Real Estate Development	1–4/2022	1–4/2021	Change	1–12/2021
Turnover (EUR million)	71.0	79.2	-10.4%	161.6
Operating margin (EUR million)	11.1	12.1	-8.3%	10.6
Operating profit (EUR million)	12.1	10.2	18.2%	2.0
Investments (EUR million)	0.7	0.9	135.9%	7.9
Number of employees	234	239	-2.1%	234
Energy sales, peat (GWh)	2,588	2,992	-13.5%	5,514
Energy sales, other fuels (GWh)	1,376	1,475	-6.7%	3,610

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 products and innovations secure the world's food production, promote healthy living environments and promote the purification of air and water. The goal is to develop sustainable new business in the international markets, which will increase our shareholder value in the long run. Neova Ventures coordinates the Group's innovation activities.

The area in which the most progress has been made in the Ventures business consists of biostimulants isolated from organic wetland biomass. They are used in greenhouse and outdoor cultivation to improve plants' nutrient absorption and the efficiency of nutrient use. Biostimulants also help plants adapt to changing conditions related to climate change. In accordance with the Neova Refinery concept, raw materials and side stream products are comprehensively utilised in adherence to the circular economy principle while minimising energy consumption and emissions.

In the Activated Carbons business, construction began in spring 2019 on a strategically significant production facility in Ilomantsi to process activated carbon. After the new activated carbon production facility was completed in 2021, structural defects were detected that made it necessary to rebuild the activation furnace to improve its fire resistance. The demolition work has been completed and the rebuilding of the furnace will begin in June. Commercial production is expected to start in spring 2023. Production output from the deployment phase has been successfully delivered to end customers, and customer feedback on product quality has been very positive. The employment effect of the construction stage has exceeded 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 is 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 first third of the financial year was EUR -1.6 million (EUR -1.7 million). Gross investments were EUR 5.8 million (EUR 5.5 million).

New Businesses	1–4/2022	1–4/2021	Change	1–12/2021
Turnover (EUR million)	1.6	1.1	41.9%	3.0
Operating margin (EUR million)	-1.4	-1.6	11.9%	-4.5
Operating profit (EUR million)	-1.6	-1.7	5.0%	-5.1
Investments (EUR million)	5.8	5.5	5.4%	28.0
Number of employees	31	27	14.8%	28

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 and, in accordance with the new segment reporting structure, the Nevel business that was sold to Ardian in January 2021.

The other activities segment had an effect of EUR -2.1 million (EUR 509.8 million) on the operating result in January–April. The operating result includes non-recurring items amounting to EUR -0.3 million. The figures for the comparison period are 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.

Nevel is consolidated into the other activities segment's figures until January 2021, when control was transferred to the new owner. Nevel's turnover for the corresponding period in the comparison year was EUR 14.8 and its operating result was EUR 4.6 million.

Other activities	1–4/2022	1–4/2021	Change	1–12/2021
Turnover (EUR million)	0.0	15.3	-99.8%	1.1
Operating profit (EUR million)	-2.1	509.8	-100.4%	500.4
Number of employees	68	113	-39.7%	91

Cash flow, investments and financing

The Group's free cash flow before taxes was EUR 4.4 million (EUR 486.6 million). The operating margin in the comparison year was significantly affected by the profit recognised on the sale of the heat and power business, which also increased cash flow.

The change in working capital affected cash flow by EUR -14.8 million (EUR -4.7 million). The increase in working capital in the first third of the year was significantly influenced by the increase in Kekkilä-BVB's finished product inventories due to the late arrival of spring.

Gross investments in the reporting period amounted to EUR -27.4 million (EUR -51.4 million), or 307.9% (150.0%) of the amount of depreciation.

At the end of the reporting period, interest-bearing net debt stood at EUR 13.6 million (EUR -283.3 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 30 April 2022 was 0.3 (-0.5). Short-term interest-bearing debt amounted to EUR 25.3 million (EUR 60.2 million). Of the Group's long-term interest-bearing debt, 3.0% 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 April was 53.7% (64.8%) and the gearing ratio was 3.1% (-38.8%). The consolidated balance sheet total was EUR 815.1 million (EUR 1,135.9 million). The Group's net financing items were EUR -4.4 million (EUR -1.7 million). Net financing items were 1.9% (0.8%) of turnover.

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. The demand for products in the professional grower segment remains more stable, continuing into the autumn. The success of the peat production season plays a central role with regard to Kekkilä-BVB's raw material reserves for the next year.

The demand for energy fuel 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 fuel business. During the first third of the year that was just completed, the focus was mainly on selling fuels from the previous years' inventories.

Number of employees

The Group employed an average of 985 (952) persons in the first third of the financial year.

Employees by segment, average

Number of employees	1–4/2022	1–4/2021	1–12/2021
Grow&Care	651	572	569
Fuels&Real Estate Development	234	239	234
New Businesses	31	27	28
Other activities	68	113	91
Total	985	952	922

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, division-level business reviews, the HR and training plan, and other topics concerning the personnel.

Sustainability

Sustainability is at the heart of Neova Group's strategy and targets. It is also a key element of business development. We updated our sustainability strategy in 2021. Our sustainability objective is to create green growth through net positive products and services by taking into account our impacts on the environment, health, society and the accumulation of knowledge capital. 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 the commitment of our personnel, we have incorporated sustainability into the short-term incentive targets of all of our employees in 2022 in all of our operating countries and at every level of the organisation.

For the sustainability of peat production, we use third-party RPP (Responsibly Produced Peat) certification as our indicator. At the end of 2021, RPP certification covered 4,165 hectares of our peat production areas. The target coverage for the end of 2022 is 5,655 hectares: 1,147 hectares in Finland, 3,796 hectares in Estonia and 711 hectares in Sweden. Certification applications for the peatlands in question were submitted to RPP in 2020 and 2021. During the first period of 2022, the RPP organisation conducted two on-site inspections at Horskulla-Brostorpssoden (200 hectares) and Store mosse (175 hectares) in Sweden.

With regard to the well-being of the Group's personnel, our target is zero accidents. We also want to support the growth of our employees and partners. In addition, we have clearly defined processes for addressing any problems or deficiencies.

During the spring, we have transitioned towards the new normal in our work. With regard to COVID-19 restrictions, we have begun observing local guidelines and discontinued the Group-level restrictions on travel and in-office work. We now use a hybrid model in our office work. A key objective of hybrid work is to strengthen team spirit and cohesion through meeting people at the office. We are making progress with internationalisation in our day-to-day work. To support this process, we have organised English language instruction since the start of the year, which has been met with a very enthusiastic response. The groups include several nationalities and help build a stronger sense of community. We have organised various information events and campaigns to support well-being. One example is the "Give recognition to your colleague" campaign, which reached its second round and saw an increase in feedback given across national borders. To support our sustainability efforts, and based on our previous GPTW survey, we have launched the Helping Hands programme, which provides teams with opportunities to participate in volunteer work of their choice to benefit nature or people.

The Group's accident frequency turned to a slight decrease during the first third of the year compared to the last months of 2021. We have focused on leading by example and the improvement of safety during the peak season, particularly at Kekkilä-BVB's facilities. Increased safety training and risk assessments were significant factors behind the lower accident frequency.

KPI	1–4/2022	1–4/2021	1–12/2021
Well-being Pulse survey: My well-being at work is "good"	-	63% (April)	-
Accident frequency R12 (rolling 12 months): All accidents (MTR)	13.4	16.2	15.6
Accident frequency R12 (rolling 12 months): Accidents leading to lost time (LTA1)	6.4	6.8	7.2

The Group's certified 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 and stakeholder requirements and regulatory obligations as well as focus on the continuous improvement, profitability and efficiency of our operations. We switched from country-specific and business-specific certification to Group-level multi-country certification in 2021. The Group-level assessment of business functions better supports the development of how the Group's businesses are managed across national borders.

The aim is to include the ISO 45001 occupational health and safety management system in the certification in 2022.

Short-term risks and uncertainties

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 use of energy peat is no longer financially feasible but, due to the lack of available alternatives, the decline in demand has slowed down slightly. Nevertheless, in the longer term, the demand for energy peat will continue to decrease sharply. 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 increase in the price of emission rights over the past few years, and the tax increase on energy peat at the beginning of 2021 have already led to a situation where not only fuel wood but also pulpwood is clearly 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.

Such higher value-added uses of peat that are already in the market this year include, for example, activated carbon and growing media products. The first activated carbon production facility is intended to start operations in Ilomantsi at the turn of the year, and this naturally involves significant risks associated with the start-up of a new production plant.

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.

Pandemic risk has been clearly on the forefront for a couple of 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.

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.

Resolutions by the Annual General Meeting

The Annual General Meeting of Neova Oy was held on 29 March 2022. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 January 2021–31 December 2021 and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability. The AGM resolved to distribute a dividend of EUR 2,000 per share for the financial year that ended on 31 December 2021, corresponding to a total of EUR 60,000,000.

The AGM confirmed the number of members of the Supervisory Board as ten. Juha Sipilä was re-elected as Chairman, and Heikki Miilumäki was re-elected as Vice Chairman. Antti Häkkänen, Eero Kubin, Esko Kurvinen, Mauri Peltokangas, Jenni Pitko and Piritta Rantanen were re-elected as members. Harri Hietala and Mika Venäläinen were elected as new members of the Supervisory Board.

The AGM confirmed the number of members of the Board of Directors as seven. Panu Routila was elected as Chairman, and Markus Tykkyläinen was re-elected as Vice Chairman. Stefan Damlin, Tuomas Hyryläinen and Kirsi Puntila were re-elected to the Board of Directors. Eeva-Liisa Virkkunen and Jari-Pekka Punkari were elected as new members of the Board of Directors.

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

The AGM of 29 March 2022 resolved to establish a Shareholders' Nomination Board and confirmed the rules of procedure of the Shareholders' Nomination Board. Pekka Hurtola (Chairman) and Rami Vuola were elected as members of the Shareholders' Nomination Board.

Significant events during the first third of the year

On 3 January 2022, Kekkilä-BVB completed the acquisition of the German companies Brill Substrate and Brill Papenburg Logistics. The acquisition strengthens Kekkilä-BVB's market position in the major European markets of Germany, Italy and France. The turnover of the acquired businesses is approximately EUR 25 million. The acquisition included a company-owned port and terminal area in Papenburg, Germany. The strategically significant acquisition strengthens Kekkilä-BVB's position as a leading player in its industry in Europe.

On 10 February 2022, Neova announced it had signed an agreement concerning the sale of its associated company Scandbio AB. Scandbio AB is a Swedish pellet producer in which Neova held a 50% stake. The buyer was the Swedish company Lantmännen ek. The transaction was finalised on 1 April 2022 after approval by the relevant authorities. The transaction has not had a material impact on Neova Group's result for the year.

On 21 February 2022, Neova Oy announced it had signed an agreement on acquiring a 30% minority interest in Kekkilä-BVB Oy from Nielson Belegging en Beheer B.V. The transaction is still subject to approval by the competition authorities. In connection with the transaction, Juha Mäkinen, CEO of Kekkilä-BVB and member of Neova's Management Team, left the company. Vesa Tempakka, CEO of Neova and Chairman of Kekkilä-BVB's Board of Directors, was appointed as Kekkilä-BVB's new CEO. At the same time, the company announced that Peter Jan Kuiper, COO of Kekkilä-BVB, had been appointed as a member of the Neova Group's Management Team. The changes took effect immediately.

Neova Oy and Lassila & Tikanoja Plc announced on 17 December 2021 that they had signed an agreement on the consolidation of their fuel wood businesses. The joint venture consists of L&T Biowatti Oy, owned by Lassila & Tikanoja plc, and the wood energy business of Neova Oy's Vapo Fuels business. The approvals required for the merger were obtained on 29 April 2022, after which there are no competition law obstacles to the business combination. The goal is for the joint venture to start operations during the second third of this year.

Events after the review period

On 17 May 2022, Neova Oy announced it is planning the production of biostimulants in cooperation with Lapuan Peruna. Neova and Lapua Peruna are planning a joint project to manufacture humic biostimulants in Lapua. Lapuan Peruna is applying for an extension of its own environmental permit, which will enable the industrial production of growth promoters. The processing of the environmental permit is expected to last until next spring.

The merger of Neova's energy wood business and Lassila & Tikanoja's energy wood business has progressed according to plan. The aim is for the new company, named Laania Oy, to start its operations on 1 July 2022.

Outlook for the remainder of the financial year, to 31 December 2022

The development seen in the Group's businesses in the first third of the year is expected to continue largely unchanged during the financial year. Comparable turnover is expected to increase somewhat from the previous year, and the comparable operating margin is expected to decline slightly due to cost inflation. While the development of the COVID-19 pandemic is still difficult to predict, the Group has prepared various alternative scenarios pertaining to the potential development of the pandemic.

The prices of Neova's key raw materials have increased significantly due to geopolitical uncertainty. This has affected not only the costs of raw materials but also their availability. The uncertainty and risks arising from the geopolitical situation – including previously imposed sanctions, potential additional sanctions and counter-sanctions and their consequences – may have an impact on the Group's operating environment.

Vantaa, 22 June 2022

Neova Oy

Board of Directors

For further information, please contact:

Vesa Tempakka, Neova CEO, tel. +358 40 072 6727

Jarmo Santala, Neova CFO, tel. +358 40 801 9191

Ahti Martikainen, Neova's Director of Communications and Public Affairs +358 40 680 4723

Consolidated key figures

MEUR	1–4/2022	1–4/2021	1–12/2021
Turnover	230.4	227.0	514.6
Operating profit (EBIT)	20.0	530.4	511.2
% of turnover	8.7	233.6	99.3
Operating profit (EBIT) before impairment	20.0	530.4	527.6
% of turnover	8.7	233.6	102.5
Profit/loss for the period	12.2	525.2	501.5
Operating margin (EBITDA)	28.8	539.5	562.8
+/- Change in working capital	-14.8	-4.7	-51.1
- Net investments	-9.7	-48.2	-77.7
Free cash flow before taxes	4.4	486.6	434.0
Gross investments	-27.4	-51.4	-84.6
Return on invested capital % *	0.2	64.2	73.1
Return on invested capital % before impairment *	3.7	80.6	75.4
Return on equity % *	-2.2	96.4	108.9
Balance sheet total	815.1	1135.9	780.9
Shareholders' equity	436.3	730.8	425.9
Interest-bearing net debt	13.6	-283.3	11.2
Equity ratio %	53.7	64.8	55.2
Interest-bearing net debt/operating margin	0.3	-0.5	0.0
Gearing %	3.1	-38.8	2.6
Average number of employees	985	952	922

*) Previous 12 months

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

The Group's unaudited 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 2021, 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 2022. 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 judgement

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 in 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 where 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, compiling the impairment testing and the assumptions used therein, determining the terms of leases as well as determining the fair values of the financial assets and debts.

Accounting judgments related to the COVID-19 pandemic and the impacts of the war in Ukraine

The war in Ukraine and the Western countries' countermeasures against Russia have created market disruptions in the Group's operating environment. Neova's sales to Russia and Ukraine have been minor. In 2021, sales to the two countries represented approximately 0.2% of Neova's turnover. 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. Nevertheless, the war in Ukraine is a source of significant uncertainty with regard to the Group's profit performance in 2022.

The escalation of geopolitical tensions in Europe due to Russia's attack on Ukraine has resulted in new supply chain disruptions and increased the costs of raw materials, energy and logistics. The prices of Neova's key raw materials have increased significantly due to the geopolitical uncertainty. This has affected not only the costs of raw materials but also their availability. The uncertainty and risks arising from the geopolitical situation – including

previously imposed sanctions, potential additional sanctions and counter-sanctions and their consequences – may have an impact on the Group's operating environment.

The business impacts of the COVID-19 pandemic have largely stabilised in the Group's operating countries. 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 first third of 2022.

Key exchange rates used in the consolidated financial interim report

	Average rate	Average rate	Closing rate	Closing rate
	1–4/2022	1–4/2021	4/2022	4/2021
SEK Swedish krona	10.4433	10.1303	10.2958	10.1640

Consolidated interim report January–April 2022, IFRS
Condensed consolidated statement of comprehensive income

MEUR	1–4/2022	1–4/2021	1–12/2021
TURNOVER	230.4	227.0	514.6
Other operating income	2.5	512.2	521.3
Share of results of companies consolidated using the equity method	2.0	0.3	0
Operating expenses	-206.1	-199.6	-473.1
Depreciation	-8.9	-9.5	-35.3
Impairment	0.0	0.0	-16.3
OPERATING PROFIT/LOSS	20.0	530.4	511.2
Financial income	1.0	1.5	5.3
Financial expenses	-5.4	-3.3	-12.5
PROFIT/LOSS BEFORE TAXES	15.5	528.6	504.0
Income taxes	-3.4	-3.5	-2.5
PROFIT/LOSS FOR THE PERIOD	12.2	525.2	501.5
OTHER COMPREHENSIVE INCOME ITEMS:			
(items that may not be reclassified subsequently to profit or loss):			
Remeasurement of defined benefit plans			0.1
Items that may be reclassified to profit or loss:			
Translation differences from foreign units	0.0	-0.3	-0.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.1	524.8	501.1
Distribution of profit for the period:			
To parent company shareholders	9.2	522.4	499.1
To non-controlling shareholders	2.9	2.7	2.4
	12.2	525.2	501.5
Distribution of comprehensive income for the period:			
To parent company shareholders	9.2	522.1	498.8
To non-controlling shareholders	2.9	2.7	2.3
	12.1	524.8	501.1
Earnings/share, EUR	308	17,414	16,638
Average number of shares	30,000	30,000	30,000

Condensed consolidated balance sheet

MEUR	30 Apr. 2022	30 Apr. 2021	31 Dec. 2021
ASSETS			
LONG-TERM ASSETS			
Intangible assets	36.4	32.5	32.3
Goodwill	27.3	24.3	24.0
Land and water areas	34.8	36.4	33.6
Buildings and structures	41.0	40.6	39.4
Machinery and equipment	52.0	44.4	50.9
Other tangible assets	52.7	65.2	51.6
Prepayments and unfinished acquisitions	55.6	52.8	52.4
Investments	3.6	0.5	0.5
Long-term receivables	0.1	3.2	3.2
Deferred tax asset	3.0	1.2	2.6
LONG-TERM ASSETS	306.5	301.3	290.4
CURRENT ASSETS			
Inventories	153.2	154.1	171.5
Sales and other receivables	136.8	120.9	80.3
Income tax receivables	2.0		1.9
Other financial assets	172.6	440.8	188.9
Cash and cash equivalents	43.9	98.9	30.4
CURRENT ASSETS	508.5	814.7	473.0
AVAILABLE-FOR-SALE ASSETS	0	20.0	17.5
ASSETS	815.1	1,135.9	780.9
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Parent company shareholders' share of shareholders' equity	391.2	687.3	382.4
Non-controlling shareholders	45.1	43.5	43.5
SHAREHOLDERS' EQUITY	436.3	730.8	425.9
LONG-TERM LIABILITIES			
Deferred tax liability	14.1	11.1	10.6
Long-term interest-bearing liabilities	210.5	256.6	214.6
Long-term provisions	11.7	11.1	11.6
Pension liabilities	5.2	4.8	5.3
LONG-TERM LIABILITIES	241.5	283.5	242.1
CURRENT LIABILITIES			
Current interest-bearing liabilities	25.3	6.5	21.3
Current non-interest-bearing liabilities	111.9	115.1	91.6
Current provisions			
CURRENT LIABILITIES	137.3	121.6	112.9
Liabilities related to assets held for sale	0	0	56.3
SHAREHOLDERS' EQUITY AND LIABILITIES	815.1	1,135.9	780.9

Condensed consolidated cash flow statement

MEUR	1–4/2022	1–4/2021	1–12/2021
Cash flow from operating activities			
Profit/loss for the period	12.2	525.2	501.5
Adjustments to the result for the period	11.3	-496.1	-454.3
Change in working capital	-14.4	-56.9	-50.2
Cash flow from operating activities before financial items and taxes	9.1	-27.9	-3.0
Interest received from operating activities	-1.5	-0.1	-0.1
Interest paid from operating activities	-2.3		-9.7
Other financial items from operating activities	-0.9	0.3	0.4
Taxes paid on operating activities	-1.7	-1.9	-4.6
Cash flow from operating activities	2.7	-29.5	-17.1
Cash flow from investing activities			
Investments in tangible and intangible assets	-9.9	-16.0	-45.5
Proceeds from disposal of tangible and intangible assets	2.6	5.3	16.4
Acquisition of subsidiaries, net of cash	-11.8	0.0	0.0
Disposal of subsidiaries, net of cash	0.0	644.0	644.1
Associates' shares sold	19.2	0.0	0
Other investments	17.0	-476.3	-224.9
Cash flow from investing activities	16.9	156.9	390.1
Cash flow before financing	19.7	127.4	373.0
Cash flow from financing activities			
Increase (+)/decrease (-) in short-term loans	-0.1	-50.4	-46.1
Change in long-term loans and other financing items	-2.5	0.1	-33.2
Capital investment by non-controlling interests	0.0	0.0	0.0
Repayments of lease liabilities	-2.8	-5.1	-10.3
Dividends paid	-0.8	0.0	-250.0
Interest paid/hybrid bond	0.0	0.0	-29.9
Repayments of hybrid bond	0.0	-20.1	-20.1
Cash flow from financing activities	-6.2	-55.4	-369.5
Change in cash and cash equivalents	13.4	72.0	3.4
Cash and cash equivalents opening balance	30.4	27.0	27.0
Change in cash and cash equivalents	13.4	72.0	3.4
Effect of changes in exchange rates	0.0	0.0	0.0
Cash and cash equivalents at end of period	43.9	98.9	30.4

Consolidated statement of changes in shareholders' equity

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Hybrid bond	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1 JAN. 2022	50.5	30.5	-3.9	305.5		382.6	43.4	426.0
Changes in shareholders' equity								
Dividend distribution							-0.8	-0.8
Total comprehensive income				9.2		9.2	2.9	12.1
Other changes								
Other changes				-0.6		-0.6	-0.5	-1.1
SHAREHOLDERS' EQUITY 30 APR. 2022	50.5	30.5	-3.9	316.8		391.2	45.0	436.3

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Hybrid bond	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1 JAN. 2021	50.5	30.5	-3.4	58.1	29.9	165.4	41.9	207.3
Changes in shareholders' equity								
Distribution of funds							-1.0	-1.0
Total comprehensive income			-0.3	522.4		522.1	2.7	524.8
Other changes								
Other changes				-0.3		-0.3	-0.1	-0.4
SHAREHOLDERS' EQUITY 30 APR. 2021	50.5	30.5	-3.7	580.3	29.9	687.3	43.4	730.8

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Hybrid bond	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1 JAN. 2021	50.5	30.5	-3.4	58.1	29.9	165.4	41.9	207.3
Changes in shareholders' equity								
Dividend distribution				-250.0		-250.0	-0.0	-250.0
Distribution of funds							-1.0	-1.0
Total comprehensive income			-0.5	499.3		498.8	2.3	501.1
Other changes								
Other changes				-1.9	-29.9	-31.8	0.3	-31.5
SHAREHOLDERS' EQUITY 31 DEC. 2021	50.5	30.5	-3.9	305.5		382.4	43.4	425.9

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

1–4/2022	Fuels&Real Estate Development				Other activities	Total
	Grow&Care		New Businesses			
Products	156.4		70.2		1.5	0.0
Services	2.1		0.2		0.0	2.3
Total	158.5		70.4		1.7	230.4

1–4/2021	Fuels&Real Estate Development				Other activities	Total
	Grow&Care		New Businesses			
Products	130,9		76,8		0,9	222,1
Services	2,9		0,2		0,0	4,9
Total	133,8		77,0		0,9	227,0

2021	Fuels&Real Estate Development				Other activities	Total
	Grow&Care		New Businesses			
Products	329,7		157,0		2,5	502,7
Services	8,9		0,5		0,0	11,9
Total	338,6		157,6		2,5	514,6

TIMING OF REVENUErecognition

1–4/2022	Fuels & Real Estate Development				New Businesses	Other activities	Total
	Grow & Care	Development					
Goods transferred at a point in time	156.4	70.2		1.5	0.0		228.1
Services transferred at a point in time	2.1	0.2		0.0	0.0		2.3
Total	158.5	70.4		1.5	0.0		230.4

		Fuels&Real Estate	New Businesses	Other activities	Total
1–4/2021	Grow&Care	Development			
Goods transferred at a point in time	130.9	76.8	0.9	13.5	222.1
Services transferred at a point in time	2.9	0.2	0.0	1.9	4.9
Total	133.8	77.0	0.9	15.3	227.0

2021	Fuels&Real Estate Development				New Businesses	Other activities	Total
	Grow&Care						
Goods transferred at a point in time		329.7	157.0		2.5	13.5	502.7
Services transferred at a point in time		8.9	0.5		0	2.5	11.9
Total		338.6	157.6		2.5	15.9	514.6

TURNOVER BY OPERATING SEGMENT

1–4/2022	Fuels&Real Estate Development					Total
	Grow&Care	New Businesses	Other	Eliminations		
External turnover	158.5	70.4	1.5	0.0	0.0	230.4
Internal turnover	0.2	0.6	0.1	0.0	-1.0	0.0
Total	158.7	71.0	1.6	0.0	-1.0	230.4

2021	Fuels & Real Estate Development			New Businesses	Other activities	Total
	Grow & Care	Fuels & Real Estate Development	New Businesses			
External turnover	338.6	157.6	2.5	15.9	0	514.6
Internal turnover	0.3	4.0	0.5	0.0	-4.9	0.0
Total	338.9	161.6	3.0	15.9	-4.9	514.6

Segment information

Neova's segment structure changed on 1 January 2022. The Group has changed the composition of its reporting segments by transferring the business activities of Nevel, which was sold in January 2021, to the other activities segment on 1 January 2022, and by forming a new reporting segment that comprises the Group's fuel businesses, the management and optimisation of the Group's land and real estate assets, and the business functions responsible for wind and solar power projects. Due to the change in segment reporting that took effect on 1 January 2022, the Group's financial comparison figures for 2021 are presented in accordance with the new reporting structure. The change in segment reporting has had no effect on the Group's profitability figures.

Neova Group's reporting segments are (effective from 1 January 2022) Grow&Care, Fuels&Real Estate Development, New Businesses and the other activities segment. The segments' performance is assessed regularly by the senior operative decision-maker to evaluate performance and allocate resources. The operating segments are reported consistently with 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. No operating segments have been combined to create reporting segments.

The management monitors business operations based on products, and the financial performance of the segments is monitored in terms of their comparable operating profit and operating profit. The accounting principles applied in segment reporting are consistent with the accounting principles applied in the preparation of the consolidated financial statements. Pricing between the segments is market-based and eliminated in consolidation. The segments' operating profit includes realised gains and losses from commodity derivatives used to hedge future cash flows, which are recognised in the income statement according to the nature of the hedged item.

Segment assets and liabilities are items that the segment uses in its business operations. Segment assets mainly consist of tangible and intangible assets, shares in associates and joint ventures, inventories and operational receivables. Deferred taxes, interest-bearing receivables and derivatives are not allocated to the segments. Segment liabilities include operational payables, pension obligations and provisions. Taxes, interest-bearing liabilities and derivatives are not allocated to the segments.

SEGMENT DATA 1–4/2022

MEUR	Fuels&Real Estate Development			Other	Eliminations	Group total
	Grow&Care	New Businesses				
External turnover	158.5	70.4	1.5	0.0	0.0	230.4
Internal turnover	0.2	0.6	0.1	0.0	-1.0	0.0
Turnover	158.7	71.0	1.6	0.0	-1.0	230.4
Segment operating profit/loss	11.7	12.1	-1.6	-2.1	0.0	20.0
Financial income and expenses						-4,4
Appropriations and income taxes						-3,4
Profit/loss for the period	11.7	12.1	-1.6	-2.1	0.0	12,2
Segment assets	377.3	133.9	50.5	135.0	-126.5	570.3
Shares in associates	3.1					3.1
Unallocated assets						241.7
Assets total	380.4	133.9	50.5	135.0	-126.5	815.1
Segment debt	38.9	28.0	0.5	2.3	-0.2	69.6
Unallocated debt						309.1
Debt total	38.9	28.0	0.5	2.3	-0.2	378.7
Investments	24.2	0.7	1.7	1.0	0.0	27.4
Depreciation	7.1	1.0	0.3	0.5	0.0	8.9

SEGMENT DATA 1–4/2021

MEUR	Fuels&Real Estate						Group total
	Grow&Care	Development	New Businesses	Other	Eliminations		
External turnover	133.8	77.0	0.9	15.3	0		227.0
Internal turnover	0.1	2.3	0.3	0.0	-2.6		0.0
Turnover	133.9	79.2	1.1	15.3	-2.6		227.0
Segment operating profit/loss	11.9	10.2	-1.7	510.1	0.0		530.4
Financial income and expenses							-1.7
Appropriations and income taxes							-3.5
Profit/loss for the period	11.9	10.2	-1.7	510.1	0.0		525.2
Segment assets	307.1	210.5	44.8	116.4	-122.5		556.3
Shares in associates		19.9					19.9
Unallocated assets							559.7
Assets total	307.1	230.4	44.8	116.4	-122.5		1,135.9
Segment debt	45.0	42.5	0.5	3.1	-0.3		90.8
Unallocated debt							314.4
Debt total	45.0	42.5	0.5	3.1	-0.3		405.2
Investments	8.9	2.1	5.8	33.8	-0.1		50.6
Depreciation	5.3	2.2	0.2	1.8	0.0		9.5

SEGMENT DATA 1–12/2021

MEUR	Fuels&Real Estate						Group total
	Grow&Care	Development	New Businesses	Other	Eliminations		
External turnover	338.6	157.6	2.5	15.9	0		514.6
Internal turnover	0.3	4.0	0.5	0.0	-4.9		0.0
Turnover	338.9	161.6	3.0	15.9	-4.9		514.6
Segment operating profit/loss	11.0	2.0	-5.1	503.3	0.0		511.2
Financial income and expenses							-7.0
Appropriations and income taxes							-3.6
Result for the period	11.0	3.5	-5.1	-15.0	-5.5		500.6
Segment assets	294.4	191.4	48.8	116.6	-104.9		546.4
Unallocated assets							234.4
Assets total	294.4	191.4	48.8	12.3	-2.1		780.9
Segment debt	38.4	29.5	0.6	2.3	-2.8		68.0
Unallocated debt							287.0
Debt total	38.4	29.5	0.6	2.3	-2.8		355.0
Investments	37.5	-2.2	10.4	39.0	-0.1		84.6
Depreciation	21.2	24.8	0.6	4.9	-0.0		51.6

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, for example, 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.

OPERATING PROFIT

MEUR	1–4/2022	1–4/2021	2021
Grow&Care	11.7	11.9	11.0
Fuels&Real Estate Development	12.1	10.2	2.0
New Businesses	-1.6	-1.7	-5.1
Other activities	-2.1	510.1	503.3
Total	20.0	530.4	511.2

ITEMS AFFECTING COMPARABILITY

MEUR	1–4/2022	1–4/2021	2021
Grow&Care	-0.4	0.0	-0.9
Fuels&Real Estate Development	2.0	0.0	-17.7
New Businesses	0.0	0.0	-0.1
Other activities	-0.3	507.3	506.1
Total	1.3	507.6	487.6

COMPARABLE OPERATING PROFIT

MEUR	1–4/2022	1–4/2021	2021
Grow&Care	12.0	11.9	11.9
Fuels&Real Estate Development	10.1	10.2	18.6
New Businesses	-1.6	-1.7	-4.9
Other activities	-1.8	2.8	-2.0
Total	18.6	22.7	23.6

ITEMS AFFECTING COMPARABILITY

MEUR	1–4/2022	1–4/2021	2021
Comparable profit/loss for the period	10.9	17.5	13.7
Items affecting comparability			
Gains/losses on disposals	2.0	507.6	507.6
Inventory measurement gains/losses	0.0	0.0	2.0
Impairment	0.0	0.0	-0.0
Restructuring	-0.6	-0.3	-2.1
Other items	1.3	0.3	-0.4
Items affecting comparability in operating margin	1.3	507.6	507.1
Gains/losses on disposals	0.0	0.0	0.0
Impairment	0.0	0.0	-18.3
Restructuring	0.0	0.0	-1.1
Items affecting comparability in operating profit	1.3	507.6	487.6
Items affecting comparability, total	1.3	507.6	487.6
Profit/loss for the period	12.2	525.2	501.5

Geographical information
TURNOVER BY COUNTRY

MEUR	1–4/2022	1–4/2021	2021
Finland	86.5	105.4	220.3
Other Nordic countries	32.6	30.1	66.7
Europe	91.1	83.5	193.7
America	8.4	2.5	10.4
Other activities	11.8	5.6	23.5
Total	230.4	227.0	514.6

NON-CURRENT ASSETS

MEUR	1–4/2022	1–4/2021	2021
Finland	372.6	203.5	360.0
Other Nordic countries	2.9	36.9	59.2
Europe	103.6	60.9	87.6
Total	479.1	301.3	506.7

INVESTMENTS

MEUR	1–4/2022	1–4/2021	2021
Finland	4.9	42.6	62.2
Other Nordic countries	16.6	5.2	9.6
Europe	5.9	3.5	12.8
Total	27.4	51.4	84.6

Fair values of financial assets and liabilities

MEUR	30 Apr. 2022			30 Apr. 2021			31 Dec. 2021			Net Fair value
	Positive	Fair value	Net	Positive	Fair value	Net	Positive	Fair value	Fair value	
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	
Currency derivatives, no hedge accounting	0.1	-0.3	-0.3	0.3	-0.0	0.3	0.2	-0.1	0.1	
Electricity derivatives, no hedge accounting	4.1	0.0	4.1	0.3	-0.1	0.2	2.1	0.0	2.1	
Emission right derivatives, no hedge accounting	0.0	0.0	0.0	0.5	0.0	0.5	0.0	0.0	0.0	
Fund investments	167.6	0.0	167.6	349.9	0.0	349.9	169.1	0.0	169.1	
Total	171.8	-0.3	171.4	351.0	-0.1	350.9	171.4	-0.1	171.3	

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

Nominal values of derivative agreements

MEUR	30 Apr. 2022	30 Apr. 2021	31 Dec. 2021
Nominal value of currency derivatives	84.6	84.6	77.1
Nominal value of electricity derivatives	3.2	3.4	3.0
Nominal value of emission rights	0.0	0.5	0.0
Total	87.7	88.5	80.1

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

MEUR	30 Apr. 2022			30 Apr. 2021			31 Dec. 2021			Level 1 Total	Level 2 Total	Level 3 Total			
	Total	Level 1	Level 2	Level 3 Total	Level 1	Level 2	Level 3 Total	Level 1 Total	Level 2 Total						
ASSETS MEASURED AT FAIR VALUE															
Available-for-sale financial assets															
Available-for-sale investments	170.1	0.0	170.1	0.0	0.0	0.0	0.0	0.0	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	2.2	0.0	2.2	0	1.8	0.0	1.8	0.0	0.6	0.0	0.6	0.0			
Total	172.3	0.0	172.3	0	1.8	0.0	1.8	0.0	0.6	0.0	0.6	0.0			
LIABILITIES MEASURED AT FAIR VALUE															
Financial liabilities measured at fair value through profit or loss – held for trading															
Derivatives – no hedge accounting	-0.3	0.0	-0.3	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0			
Total	-0.3	0.0	-0.3	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0			

COLLATERAL, CONTINGENT COMMITMENTS AND OTHER LIABILITIES

MEUR	30 Apr.	30 Apr.	31 Dec.
	2022	2021	2021
Guarantees given on behalf of own commitments			
As collateral for own debt			
Liabilities for own commitments			
Guarantees	9.3	12.8	14.0
Total	9.3	12.8	14.0

Contingent commitments on behalf of Group companies

MEUR	30 Apr.	30 Apr.	31 Dec.
	2022	2021	2021
Guarantees	5.5	5.4	6.5

Acquisitions and divestments

Acquisitions in 2022

Neova Oy's group company Kekkilä-BVB Germany GmbH acquired the German companies Brill Substrate and Brill Papenburg Logistics. The acquisition strengthens Kekkilä-BVB's market position in the major European markets of Germany, Italy and France. The acquisition included a company-owned port and terminal area in Papenburg, Germany. The strategically significant acquisition strengthens Kekkilä-BVB's position as a leading player in its industry in Europe.

The combined turnover of the Brill companies amounted to approximately EUR 25 million in 2021. The acquired businesses employ approximately 60 people in Germany and France. The acquired business has been consolidated in the Group's financial figures from the date of acquisition.

The fair values of the acquired net assets, defined on the basis of preliminary estimates, are presented in the table below. Based on the preliminary allocation of the transaction price, part of the transaction price was allocated to supplier and customer relationships, which are recognised in intangible assets, and part of the transaction price was allocated to tangible assets. The costs associated with the acquisition are included in other operating expenses in the consolidated statement of income. Most of these costs were incurred in 2021.

Acquired net assets and preliminary goodwill related to Brill Substrates and Brill Papenburg Logistics collectively, MEUR

MEUR	2022
Intangible assets	4.1
Tangible assets	8.6
Investments	3.0
Inventories	4.4
Sales and other receivables	5.4
Cash and cash equivalents	5.6
Assets total	31.1
Interest-bearing debt	9.3
Provisions	1.1
Accounts payable and other debt	7.4
Debt total	17.8
Net assets acquired	13.2
Consideration paid	16.6
Net assets acquired	-13.2
Goodwill	3.3
Consideration paid in cash	-16.6
Acquired cash assets	5.6
Acquired and paid liabilities	-2.3
Cash flow effect	13.3

Acquisitions in 2021

Neova did not make any acquisitions in the first third of 2021.

Divestments in 2022

During the first third of the financial year, Neova completed the sale of Scandbio AB shares to Lantmännen ek. The transaction was finalised on 1 April 2022 after approval by the relevant authorities. The transaction has not had a material impact on Neova Group's result for the year.

Divestments in 2021

In January 2021, Neova completed the sale of its wholly-owned subsidiary Nevel Oy to Ardian. Nevel Oy's subsidiaries in Finland, Sweden and Estonia were included in the transaction. The debt-free price (enterprise value) of the transaction was approximately EUR 656 million, and Neova recognised a tax-free sales profit of approximately EUR 507 million in its result for the first third of 2021.

The Group has changed the composition of its reporting segments by transferring the business activities of Nevel, which was sold in January 2021, to the other activities segment. Nevel's turnover for the corresponding period in the comparison year was EUR 14.8 and its operating result was EUR 4.6 million. A summary of the assets and liabilities derecognised from Neova's balance sheet, and the profit on the sale, is presented in the table below.

Subsidiary shares sold, Nevel Oy

MEUR	2021
Intangible assets	29.6
Tangible assets	139.0
Deferred tax assets	0.1
Inventories	4.3
Sales and other receivables	23.2
Cash and cash equivalents	11.9
Assets total	208.2
Interest-bearing debt	147.1
Deferred tax liabilities	4.1
Accounts payable and other debt	27.9
Debt total	179.2
Net assets sold	29.0
Consideration received	536.5
Net assets sold	29.0
Capital gain	507.5
Consideration received in cash	655.9
Cash and cash equivalents	-11.9
Cash flow effect	644.1