Six-month interim report
1 January – 30 June 2023

Board of Directors, 31 August 2023

Neova six-month interim report January–June 2023

The timing of this year's season made the second quarter a reasonable success, but not enough to bridge the gap left behind by the first quarter. Measures to improve profitability are being taken while the market situation continues to be unstable.

April–June 2023 in brief:

- Turnover amounted to EUR 145.6 million (EUR 169.8 million), and comparable turnover was EUR 143.7 million (EUR 159.7 million), taking the transfer of the fuel wood business to an associated company into account.
- Operating margin (EBITDA) was EUR 17.3 million (EUR 16.5 million), or 11.9% (9.7%) of turnover.
- Comparable operating margin (EBITDA) was EUR 18.3 million (EUR 16.7 million). The operating result includes non-recurring items in the amount of EUR -1.0 million (EUR -0.3 million), mainly related to the previously announced closure of production plants.
- Operating profit was EUR 8.0 million (EUR 10.8 million), or 5.5% (6.4%) of turnover, including EUR -1.0 million (EUR -0.3 million) in non-recurring items that were mainly related to the previously announced closure of production plants.
- Free cash flow before taxes was EUR 38.0 million (EUR 39.8 million).
- Earnings per share were EUR -195.2 (EUR 131.1)

January–June 2023 in brief:

- Turnover amounted to EUR 292.4 million (EUR 334.6 million), and comparable turnover was EUR 290.5 million (EUR 305.2 million), taking the transfer of the fuel wood business to an associated company into account.
- Operating margin (EBITDA) was EUR 27.7 million (EUR 36.2 million), or 9.5% (10.8%) of turnover.
- Comparable operating margin (EBITDA) was EUR 33.0 million (EUR 36.8 million). The operating result includes non-recurring items in the amount of EUR -5.3 million (EUR -0.7 million), mainly related to the previously announced closure of production plants.
- Operating profit was EUR 9.4 million (EUR 24.0 million), or 3.2% (7.2%) of turnover, including EUR -8.8 million (EUR -0.6 million) in non-recurring items that were mainly related to the previously announced closure of production plants.
- Free cash flow before taxes was EUR 43.8 million (EUR 24.4 million).
- Gross investments were EUR 15.5 million (EUR 32.3 million)
- Earnings per share were EUR -104.3 (EUR 343.3)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) was 3.4 (1.2)
- The equity ratio was 41.0% (45.6%)
- Return on invested capital (previous 12 months): 3.2 (0.7)

The figures in brackets refer to the corresponding period in 2022 unless otherwise stated.

CEO Vesa Tempakka:

Heating fuel market continued to do relatively well – demand for growing media decreased in the professional growers' segment

"The second quarter of 2023 did not present any significant changes in Neova Group's operating environment. The growing media market continued to decrease. This appears to be a long-term trend, covering products used by professional growers and home gardeners alike. This year, the late spring shortened the season for consumer and landscaping products. Profitability in the fuel market remained high during the period from April to June, similarly to the first quarter. Many customers wanted to prepare early for the upcoming heating season. This could be seen not only in demand but in higher prices in the solid fuel markets.

The Grow&Care division's sales in the first quarter were approximately 8% lower than in the previous year. The volume of products sold fell by 15%, but price increases and cost savings helped compensate for the lower sales volume. Kekkilä-BVB has started to adjust its production volume to correspond to long-term demand. During the second quarter, Kekkilä-BVB closed its Haukineva growing media production plant in Seinäjoki in Finland and another growing media production plant in Bredaryd in Sweden. These adaptations will also be continued during the second half of the year to improve the company's profitability and competitiveness.

The late spring shortened the sales period for the products of the Retail and Landscaping business units in particular. Kekkilä-BVB expected this year to be stronger than the year before. These expectations did not materialise, which increased stock levels and unit production costs. The wholesale of horticultural peat was significantly lower than during the comparative period.

The Fuels&Real Estate Development division's fuel delivery volumes fell short of the comparative period due to the warm winter and lower electricity prices. The price levels of energy peat and pellets were significantly higher than during the comparative period. Combined with lower fixed costs, this led to an improvement in the division's operating margin.

Test operations at Neova's Novactor activated carbon production plant in Ilomantsi are ending, and it is planned to transfer the plant to commercial production after the summer.

Neova has started to grow reed canary grass in an area of more than 1,000 hectares. It is mainly grown in peat production areas that are no longer in production and used as a renewable raw material in various growing media products".

Financial development, April–June 2023

The Group's turnover decreased by 14.2% to EUR 145.6 million (EUR 169.8 million) during the second quarter. In addition, the comparable turnover decreased by roughly 10% year-on-year. The development of sales during the second quarter showed a decreasing trend in both the Grow&Care and Fuels&Real Estate Development divisions. Although the Grow&Care division's sales to professional farmers were still expected to continue to grow at the beginning of the year, they remained close to the previous year's level during the second quarter, mainly due to high stock levels and distributors' postponed projects. In contrast, sales to retail customers developed positively (+5%) from the comparative year, mainly because the season took place almost entirely during the second quarter.

Concerning full-year results, the second quarter was good in energy operations, and the Grow&Care division also showed an improvement from the previous year. The Grow&Care division's relative operating margin for the second period developed positively from 10.6% to 13.8%. The Fuels&Real Estate Development division's comparable profitability improved by significantly year-on-year.

The operating margin for the second quarter was higher as a result of the improved results of both divisions and the measures taken to adapt the production capacity, amounting to EUR 17.3 million (EUR 16.5 million), comprising 11.9% (9.7%) of turnover. In particular, the Group's comparable operating margin, excluding non-recurring costs arising from adaptation measures, increased from the previous year to EUR 18.3 million (EUR 16.7 million).

Operating profit was EUR 8.0 million (EUR 10.8 million), or 5.5% (6.4%) of turnover. This was also significantly affected by the measures taken previously in both main business areas, including the adaptation of the production capacity of Grow&Care. The Group's comparable operating result was EUR 9.1 million (EUR 9.1 million), or 6.2% (5.4%) of turnover. Earnings per share were EUR 195.2 (EUR 131.1).

Cash flow during the reporting period was EUR 38.0 million (EUR 39.8 million). The release of working capital through lower stocks had a positive impact on this.

Financial development, January–June 2023 in brief

The Group's turnover decreased by 12.6% to EUR 292.4 million (EUR 334.6 million) during the first half of the year. The Group's comparable operating margin decreased by 10.3% to EUR 33.0 million (EUR 36.8 million), or 11.3% (11.0%) of turnover. The operating result fell by 60.7% to EUR 9.4 million (EUR 24.0 million), comprising 3.2% (7.2%) of turnover. The comparable operating profit decreased by 14.8% to EUR 18.2 million (EUR 21.4 million), or 6.4% (6.4%) of turnover. The operating profit includes non-recurring items in the amount of EUR -8.8 million (EUR 0.6 million), mainly related to the closure of production plants. Earnings per share were EUR 104.3 (EUR 343.3).

Free cash flow was EUR 43.8 million (EUR 24.4 million). The decrease in investments and net working capital had a significant impact on the change in cash flow.

Cash flow, investments and financing

The Group's free cash flow before taxes during the second quarter was EUR 38.0 million (EUR 39.8 million). The change in working capital affected cash flow by EUR 15.5 million (EUR 12.8 million). The Group's gross investments were EUR 7.9 million (EUR 8.3 million).

Free cash flow before taxes in January–June was EUR 43.8 million (EUR 24.4 million). The change in working capital affected cash flow by EUR 3.5 million (EUR 0.2 million). During the first half, smaller investments had the most significant impact on the positive development of cash flow. Gross investments in the reporting period amounted to EUR 15.5 million (EUR 32.3 million), or 93.2% (109.3%) of the amount of depreciation.

At the end of the reporting period, interest-bearing net debt was EUR 132.3 million (EUR 61.2 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) at the end of June was 3.4 (1.2). Short-term interest-bearing debt amounted to EUR 34.5 million (EUR 58.8 million). Of long-term interest-bearing debt, 19% 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 June was 41.0% (45.6%) and the gearing ratio was 44.7% (16.2%). The balance sheet total was EUR 726.8 million (EUR 831.9 million). Net financing items were EUR -4.7 million (EUR -5.1 million), or -1.6% (-1.5%) of turnover.

The impact of exchange rates on sales and costs during the reporting period was attributable to the Swedish krona, whose value had decreased by 6% from the end of the year. However, its net impact on the result is insignificant. At the end of the reporting period, our fully hedged 12-month net positions (SEK, EUR, USD) totaled EUR 54.5 million.

Personnel

The Group employed an average of 952 (990) persons in the second quarter of the financial year.

Personnel	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Grow&Care	657	659	655	653	646
Fuels&Real Estate Development	184	244	178	238	215
New Businesses	47	31	46	31	31
Other	76	69	73	69	68
Total	**964**	**1,003**	**952**	**990**	**958**

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 our impacts on the environment, health, society and the accumulation of knowledge capital into account. We have set medium-term and long-term targets and themes for three areas of sustainability: environmental responsibility; social responsibility; and economic responsibility. Sustainability strategies and programmes are systematically implemented in each business in accordance with customer needs and the UN Sustainable Development Goals. To further increase our personnel's commitment, we have incorporated sustainability into the short-term incentive targets of all our employees since 2022 in all our operating countries and at every level of the organisation.

For the sustainability of peat production, we use third-party Responsibly Produced Peat (RPP) certification as our indicator. At the end of 2022, RPP certification covered 4,165 hectares of our peat production areas. The target coverage for the end of 2023 is 5,655 hectares: 1,147 hectares in Finland; 3,796 hectares in Estonia; and 711 hectares in Sweden. New RPP applications are in the RPP process in Finland and Sweden for a total of six sites, corresponding to a combined area of 2,846 hectares. The target is to prepare nine new RPP applications in 2023.

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. We also have clear processes for addressing any existing deficiencies.

During the spring, we have transitioned towards the new normal in our work. Regarding Covid-19 restrictions, we have begun observing local guidelines and discontinued the Group-level restrictions on travel and in-office work. We are now using 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 beginning of the year, which has met a very enthusiastic response. The groups represent 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 sustainability, we launched the "Helping Hands" programme in 2022 and continued it during 2023. In the programme, teams can participate in voluntary activities of their choice, either for the good of nature or people.

The Group's accident frequency began to increase slightly during the first six months compared to the end of 2022, while remaining at a fairly good level. Key factors contributing to the low accident frequency include increased safety training activities and risk assessments, as well as active and open communication and reporting concerning safety issues.

KPI	1–6/2023	1–6/2022	12/2022
Well-being Pulse survey: My well-being at work is "good"	-	63% (April)	-
Accident frequency R12 (rolling 12 months): All accidents (MTR)	10.3	14.3	11.3
Accident frequency R12 (rolling 12 months): Accidents leading to lost time (LTA1)	3.6	7.7	4.5

The Group's certified management system – which includes the ISO 9001 quality management system, the ISO 14001 environmental management system and the ISO 45001 occupational health and safety system – helps us coordinate and manage our operations to satisfy customer and stakeholder requirements and regulatory obligations, as well as focus on the continuous improvement, profitability and efficiency of our operations. We switched from country-specific and business-specific certification to Group-level certification in 2021. The certification of the management system was expanded at the beginning of 2023 to cover the occupational health and safety system. At the same time, the development of wind and solar power and the environmental management system in Kekkilä-BVB's operations in the Netherlands and peat production in Estonia were included in the certification scope. The Group-level assessment of business functions supports the development of the management of the Group's businesses across national borders.

Reporting segments

Neova's reporting segments comprise the Group's divisions: Grow&Care, Fuels&Real Estate Development, New Businesses, and other activities.

Grow&Care

Kekkilä-BVB, part of the Grow&Care division, is Europe's leading and most versatile growing media company. The Neova Grow&Care division consists of the Kekkilä-BVB and Materials businesses. Kekkilä-BVB is Europe's leading producer of home gardening and professional growing media. Its product range also includes solutions for home gardeners and landscapers. Kekkilä-BVB's other businesses are recycling and composting. The Materials business produces and sells animal bedding in Finland and is responsible for the Group's horticultural peat wholesale. The Grow&Care division provides products and services in more than 100 countries across the world.

Turnover for the second quarter decreased by 6.0% to EUR 128.2 million (EUR 136.3 million). The comparable operating margin was EUR 17.5 million (EUR 14.6 million), or 13.7% (10.7%) of turnover. The reported operating margin was EUR 17.0 million (EUR 14.9 million), and the operating profit was EUR 11.0 million (EUR 9.3 million). Gross investments were EUR 4.4 million (EUR 6.0 million). The operating result includes non-recurring items in the amount of EUR -0.5 million (EUR -0.2 million).

Turnover for January–June was EUR 229.1 million (EUR 244.0 million). The comparable operating margin was EUR 25.4 million (EUR 27.9 million), or 11.1% (11.4%) of turnover. The reported operating margin was EUR 21.3 million (EUR 27.9 million), and the operating profit was EUR 6.4 million (EUR 17.1 million). Gross investments were EUR 9.3 million (EUR 27.6 million). The operating result includes non-recurring items in the amount of EUR -7.6 million (EUR -0.1 million), related to Kekkilä-BVB's adaptation measures and the closure of production plants.

As a result of the late spring, demand for the Grow&Care division and consumer and landscaping businesses did not start this year until the second quarter. The increase in the comparable operating profit during the second quarter was mainly attributable to the timing of the season and the previously announced measures to improve the efficiency of production. In addition, the impact of rising raw material and other costs on profitability was compensated for through better pricing. Kekkilä-BVB also commenced an efficiency improvement programme, covering all its operations, to seek cost savings of at least EUR 10 million.

Grow&Care	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Turnover (EUR million)	**128.2**	**136.3**	**-6.0%**	**229.1**	**244.0**	**-6.1%**	**381.2**
Operating margin (EUR million)	**17.0**	**14.9**	**14.4%**	**21.3**	**27.9**	**-23.8%**	**26.6**
Operating profit (EUR million)	**11.0**	**9.3**	**18.5%**	**6.4**	**17.1**	**-62.6%**	**2.6**
Investments (EUR million)	**4.4**	**6.0**	**-27.4%**	**9.3**	**27.6**	**-66.4%**	**65.6**
Personnel	**657**	**659**	**-0.3%**	**655**	**653**	**0.3%**	**646**

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 delivers local fuels made from peat and pellets to its customers. The division also manages the Group's real estate assets in Finland and is responsible for Neova's wind and solar power projects. 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 one third of the division's turnover is derived from renewable biofuels.

Turnover for the second quarter was EUR 16.4 million (EUR 33.0 million). The operating margin for the reporting period was EUR 3.7 million (EUR 3.2 million), and the operating profit was EUR 1.1 million (EUR 11.8 million). Gross investments were EUR 2.3 million (EUR 0.7 million). The operating result includes non-recurring items in the amount of EUR 0.0 million (EUR 2.0 million). The previous year's non-recurring items were related to restructuring in the wood business.

Turnover for January–June was EUR 61.6 million (EUR 89.5 million). The division's operating margin was EUR 13.0 million (EUR 12.1 million), and the operating profit was EUR 10.9 million (EUR 11.8 million). Gross investments were EUR 3.4 million (EUR 1.2 million). The operating result includes non-recurring items in the amount of EUR -0.2 million (EUR 2.0 million).

While the turnover and operating profit of the division's businesses decreased, the operating margin improved from the previous year, despite the decrease in the delivery volumes of biofuels and energy peat. The increased selling prices of delivered fuels and cost control had a positive effect on profitability. The high price of emissions allowances has reduced demand for energy peat. The recent crises have highlighted the significance of the security of supply and contributed to the increased use of domestic fuels in energy production which has 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. The warm winter and spring and the transfer of the wood fuels business to Laania affected the Group's reported fuel delivery volumes. Total fuel deliveries were 43% lower than in the comparative period (27% taking into account the transfer of the wood fuels business to Laania Oy).

In real estate development, the conversion of decommissioned peat production sites into wind and solar farms is progressing according to the project plans.

At the beginning of the financial period, Neova Oy's fuel solutions and real estate development businesses in Finland were incorporated into a subsidiary named Vapo Terra Oy.

Fuels&Real Estate Development	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Turnover (EUR million)	16.4	33.0	-50.5%	61.6	89.5	-31.2%	162.3
Operating margin (EUR million)	3.7	3.2	16.8%	13.0	12.1	7.8%	37.6
Operating profit (EUR million)	1.1	3.6	-70.5%	10.9	11.8	-7.3%	43.7
Investments (EUR million)	2.3	0.7	257.6%	3.4	1.2	193.5%	3.0
Personnel	184	244	-24.5%	178.2	238	-25.2%	215

New Businesses

The New Businesses division works together with customers and ecosystems to develop solutions for global challenges that secure the world's food production, and promote healthy living environments and the purification of air and water. The aim is to refine organic wetland biomass and other organic natural materials into high-added-value products for the international markets.

The area in which the most progress has been made consists of biostimulants isolated from organic wetland biomass. These 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. Neova has developed biostimulants for the rapidly growing open field cultivation market. The first biostimulant is now available and in the go-to-market phase. The development of next-generation biostimulant products is continuing in the innovation team and Neova's in-house product development laboratory. In accordance with the Neova Refinery concept, raw materials and side stream products are comprehensively utilised in adherence to the circular economy principle, while minimizing 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, defects were detected in the masonry structures, which made it necessary to rebuild the activation furnace. Demolition was started at the beginning of 2022 and reconstruction in June 2022. The cold testing phase for commissioning was started at the beginning of September 2022, and the hot testing phase at the beginning of 2023. The facility has been in test operations since March 2023, and its final approval and acceptance testing will be conducted in August 2023. During test operations, some 169 tonnes of products have been delivered to customers, and customer feedback has been positive, and market demand high. 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 carbons are sold under the Novactor brand.

The operating for the second quarter was EUR -2.3 million (EUR -1.2 million). Gross investments were EUR 1.0 million (EUR 1.1 million).

Turnover for January–June was EUR 3.1 million (EUR 2.2 million). The operating margin was EUR -3.4 million (EUR -2.0 million), and the operating profit was EUR -3.7 million (EUR -2.5 million). Gross investments were EUR 2.4 million (EUR 2.3 million).

New Businesses	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Turnover (EUR million)	1.6	0.8	99.8%	3.1	2.2	43.3%	5.0
Operating margin (EUR million)	-2.1	-1.0	-114.5%	-3.4	-2.0	-65.6%	-4.1
Operating profit (EUR million)	-2.3	-1.2	-88.5%	-3.7	-2.5	-49.4%	-5.1
Investments (EUR million)	1.0	1.1	-9.6%	2.4	2.3	5.8%	25.0
Personnel	47	31	48.9%	46	31	48.1%	31

Other activities

The Other activities segment consists of Neova Group's administration, strategy and support functions.

The impact of the Other activities segment on the operating result in April–June 2023 was EUR -1.2 million (EUR -0.9 million). The operating result includes non-recurring items in the amount of EUR -0.5 million (EUR - 0.5 million).

The operating result for January–June was EUR -3.7 million (EUR -2.5 million).

Other	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Turnover (EUR million)	0.0	0.1	-99.8%	-0.1	0.2	-134.3%	0.2
Operating profit (EUR million)	-1.2	-0.9	-30.6%	-3.7	-2.5	-47.1%	-12.1
Investments	0.2	0.6	-60.3%	0.8	1.2	-33.7%	74.7
Personnel	76	69	10.1%	73	69	6.6%	68

Notable risks and uncertainty factors

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

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

The use of energy peat is not financially feasible at present, but due to the lack of available alternatives, the decline in demand has slowed slightly. Nevertheless, in the longer term, demand for energy peat will continue to decrease. The development of the price of emissions allowances and energy peat taxes have a very significant impact on demand for energy peat used in heating production. The increase in the price of emissions allowances in recent years 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 are replacing energy peat in energy production.

The declining demand for peat also affects 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 activated carbon and growing media products. It is intended that the first activated carbon production facility will start commercial operations in Ilomantsi after this summer, and this naturally involves significant risks, associated with the start-up of the new production plant.

Political and geopolitical risks

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

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 the Group's internal lending and commercial transactions in currencies other than the Group's home currencies. The most significant currency risk is related to the exchange rate between the euro and the Swedish krona due to Neova having extensive operations in Sweden. The Group actively hedges against currency risks. The Group does not apply hedge accounting to currency derivatives. For electricity derivatives, hedge accounting was adopted starting from 1 January 2023.

The already increased interest rates and especially the potential continuation of the interest increases would have a significant impact on the price of refinancing next year.

Natural seasonal fluctuation in activities

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

Demand for energy fuel fluctuates significantly during the year. The peat production season falling almost entirely in the second and third quarters of the year also introduces significant cyclicality to the fuel business. The closed second quarter mainly focused on selling fuels from the previous years' inventories and on fuel production for the upcoming heating season.

Significant events during the second quarter

The purchase of the operations of Italian Dueemme Marketing was completed on 3 April 2023. The transaction strengthens Kekkilä-BVB's position in the professional growing media market in Italy.

On 6 April 2023, Neova announced that it would join the new circular economy competence hub in Jyväskylä. Its goal is to recover valuable materials from industrial side streams and manufacture end products with a high processing value.

On 27 April 2023, Neova announced it would incorporate the Heinola and Kotka solar power projects as separate limited liability companies. Incorporation makes it possible to find the best operating conditions and implementing parties for the projects so that the local needs and special characteristics of each project can be taken into consideration. The aim is for the implementation of the projects to begin in 2024, and for the solar farms to feed electricity into the network in 2025. Neova Solar Laviassuo Oy in Heinola and Neova Solar Torvmossen Oy in Kotka are entirely located in former peat production areas owned by Neova Oy's subsidiary Vapo Terra Oy.

As announced previously, production at the Haukineva and Bredaryd growing media production plants was discontinued at the end of 2023.

Resolutions by the Annual General Meeting

The Annual General Meeting of Neova Oy was held on 29 March 2023. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 January–31 December 2022 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 300 per share for the financial year that ended on 31 December 2022, corresponding to a total of EUR 9,000,000.

The AGM resolved that Tuomas Hyyryläinen, Jari-Pekka Punkari, Kirsi Puntila, Panu Routila, Markus Tykkyläinen and Eeva-Liisa Virkkunen will continue as members of the Board of Directors of Neova Oy. Panu Routila will serve as the Chairman of the Board of Directors, with Tuomas Hyyryläinen as Vice Chairman.

The AGM decided that Harri Hietala, Antti Häkkänen, Eero Kubin, Esko Kurvinen, Heikki Miilumäki, Mauri Peltokangas, Jenni Pitko, Piritta Rantanen and Juha Sipilä will continue as members of the Supervisory Board. Janne Laine was elected as a new member of the Supervisory Board. Juha Sipilä will continue as the Chairman of the Supervisory Board and Heikki Miilumäki as Vice Chairman.

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

The AGM resolved to elect Pekka Hurtola (Chairman) and Rami Vuola as members of the Shareholders' Nomination Board.

Events after the review period

On 15 August 2023, Neova announced that it will initiate cooperation negotiations and similar processes to improve its profitability and modernise its operating model regarding Neova and Kekkilä-BVB.

On 17 August 2023, Neova announced that the Finnish State and Suomen Energiavarat Oy, its shareholders, have selected new members of the company's Supervisory Board. Antti Kangas was selected as the Chairman, Heikki Miilumäki as the Vice Chairman, and Harri Hietala, Janne Jukkola, Jari Koskela, Eero Kubin, Esko Kurvinen, Janne Laine, Piritta Rantanen and Eerikki Viljanen as members.

Outlook for the remainder of the financial year to 31 December 2023

Based on the development of demand at the beginning of the year, uncertainties are expected to continue in the markets until the end of this year. Regardless of price increases, the comparable turnover is expected to fall slightly short of the previous year's level, mainly due to the decrease in sales volumes, while the comparable operating margin is expected to decrease, mainly as a result of Kekkilä-BVB's market situation and general cost inflation.

It is expected that the Group's operating environment will be negatively affected this year by the decrease in consumers' purchasing power and potential changes in energy prices through inflation and rising interest rates.

Vantaa, 31 August 2023

Neova Oy

Board of Directors

For further information, please contact:

- Vesa Tempakka, CEO, Neova, tel. +358 400 726 727
- Jarmo Santala, CFO, Neova, tel. +358 40 801 9191
- Ahti Martikainen, Director, Group Communications & Public Relations, Neova, tel. +358 40 680 4723

Consolidated key figures

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Turnover	145.6	169.8	292.4	334.6	544.9
Operating profit (EBIT)	8.0	10.8	9.4	24.0	29.3
% of turnover	5.5	6.4	3.2	7.2	5.4
Operating profit (EBIT) before impairment	8.1	10.8	13.0	24.0	17.2
% of turnover	5.6	6.4	4.4	7.2	3.2
Profit/loss for the period	5.9	7.1	3.2	14.9	18.6
Operating margin (EBITDA)	17.3	16.5	27.7	36.2	46.8
+/- Change in working capital	15.5	12.8	3.5	0.2	48.4
- Net investments	5.2	-10.6	12.6	12.8	-136.7
Free cash flow before taxes	37.8	39.8	43.6	24.4	-41.5
Gross investments	7.9	8.3	15.5	32.3	-167.5
Return on invested capital % *			3.2	0.7	6.4
Return on invested capital % before impairment *			5.1	4.2	3.8
Return on equity % *			6.0	-2.0	5.1
Balance sheet total			726.8	831.9	810.3
Shareholders' equity			296.3	378.6	311.2
Interest-bearing net debt			132.3	61.2	140.0
Equity ratio %**			41.0	45.6	38.7
Interest-bearing net debt/operating margin*			3.4	1.2	3.0
Gearing %			44.7	16.2	45.0
Average number of employees			952	990	958

*) Previous 12 months

1. Interim Report Tables

Basic information

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

Basis of preparation

This unaudited interim report has been prepared in accordance with IAS 34. This interim report should be read together with the consolidated financial statements prepared for the financial year that ended on 31 December 2022, 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 2023. 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 totaled 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 in which the IFRS standards currently in effect include alternative methods of recognition, measurement or presentation.

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

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

Key exchange rates used in the consolidated financial interim report

		Average rate	Average rate	Closing rate	Closing rate
		1–6/2023	**1–6/2022**	**6/2023**	**6/2022**
SEK	Swedish krona	11.3329	10.4796	11.8055	10.7300

Consolidated Financial Statements, IFRS
Condensed consolidated income statement

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Turnover	145.6	169.8	292.4	334.6	544.9
Other operating income	0.5	3.9	1.7	5.6	10.3
Share of profit/loss of associates and joint ventures	0.5	2.0	1.9	2.0	2.6
Operating expenses	-128.9	-157.1	-266.4	-304.1	-508.3
Depreciation and amortization	-9.6	-7.7	-16.6	-14.3	-32.3
Impairments	-0.1	0.0	-3.6	0.0	12.1
OPERATING PROFIT/LOSS	8.0	10.8	9.4	24.0	29.2
Financial income	2.2	6.5	3.2	5.8	8.7
Financial expenses	-4.2	-9.1	-7.9	-11.4	-19.3
PROFIT/LOSS BEFORE TAXES	6.0	8.2	4.7	18.3	18.7
Income taxes	-0.1	-1.1	-1.5	-3.4	0.0
PROFIT/LOSS FOR THE PERIOD	5.9	7.1	3.2	14.9	18.6
OTHER COMPREHENSIVE INCOME ITEMS:					
(items that may not be reclassified subsequently to profit or loss):					
Remeasurements of defined benefit plans	0.0	0.0	0.0	0.4	0.8
Items that may be reclassified to profit or loss:					
Cash flow hedges	-0.3	0.0	-3.4	0.0	
Translation differences from foreign units	-1.7	-1.1	-1.9	-1.5	-1.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3.9	6.0	-2.1	13.8	17.9
Distribution of profit for the period:					
To parent company shareholders	5.9	3.9	3.1	10.3	14.6
To non-controlling interests	-0.1	3.2	0.0	4.6	4.0
	5.9	7.1	3.2	14.9	18.6
Distribution of comprehensive income for the period:					
To parent company shareholders	4.0	2.9	-2.1	9.2	13.8
To non-controlling interests	-0.1	3.1	0.0	4.6	4.0
	3.9	5.9	-2.1	13.8	17.9
Earnings/share, EUR	195.2	131.1	104.3	343.3	486.7
Average number of shares	30,000	30,000	30,000	30,000	30,000

Condensed consolidated balance sheet

MEUR	30 June 2023	30 June 2022	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	31.3	26.8	31.4
Other intangible assets	38.5	36.4	38.0
Property, plant and equipment	242.7	233.7	255.8
Investments	22.2	170.9	187.4
Other receivables	1.3	5.0	0.0
Deferred tax asset	2.9	3.0	3.7
TOTAL NON-CURRENT ASSETS	339.0	475.8	516.2
CURRENT ASSETS			
Inventories	123.2	147.6	145.2
Trade and other receivables	102.7	106.2	98.5
Income tax receivables	3.5	2.0	2.6
Other securities	148.3	8.8	0.0
Cash and cash equivalents	10.1	91.4	47.7
TOTAL CURRENT ASSETS	387.8	356.0	294.1
TOTAL ASSETS	726.8	831.9	810.3
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity owners of the parent company	299.7	331.6	310.9
Non-controlling interests	0.3	47.0	0.3
TOTAL EQUITY	300.0	378.6	311.2
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11.4	15.8	14.0
Interest-bearing liabilities	259.4	266.2	264.7
Non-interest-bearing liabilities	0.1	0.0	0.0
Provisions	11.8	11.3	12.0
Pension liabilities	4.1	5.2	4.2
TOTAL NON-CURRENT LIABILITIES	286.8	298.4	294.9
CURRENT LIABILITIES			
Interest-bearing liabilities	34.5	58.8	93.2
Trade and other payables	103.1	93.2	111.3
Provisions	2.4	2.9	-0.4
TOTAL CURRENT LIABILITIES	140.0	154.9	204.2
TOTAL EQUITY AND LIABILITIES	726.8	831.9	810.3

Condensed consolidated cash flow statement

MEUR	1–6/2023	1–6/2022	1–12/2022
Cash flow from operating activities			
Profit/loss for the period	3.2	14.9	18.6
Adjustments to the result for the period	25.9	16.3	16.5
Change in working capital	3.1	1.0	17.9
Cash flow from operating activities before financial items and taxes	**32.2**	**32.2**	**53.0**
Interest received from operating activities	0.2	1.2	1.6
Interest paid from operating activities	-4.3	-5.8	-10.8
Other financial items from operating activities	-0.8	0.4	2.6
Taxes paid on operating activities	-0.1	-1.9	-3.3
Cash flow from operating activities	**27.1**	**25.9**	**43.1**
Cash flow from investing activities			
Investments in tangible and intangible assets	-15.3	-17.1	-39.8
Proceeds from disposal of tangible and intangible assets	3.7	6.3	13.4
Acquisition of subsidiaries, net of cash	-0.3	-16.6	-20.3
Proceeds from the disposal of investments consolidated using the equity method	0.0	16.8	16.6
Other investments	0.0	4.8	0.0
Proceeds from disposal of other investments	18.7	0.0	21.3
Changes in loans receivable	-2.5	0.0	10.2
Cash flow from investment activities	**4.3**	**-5.8**	**1.4**
Cash flow before financing	**31.4**	**20.1**	**44.5**
Cash flow from financing activities			
Increase (+)/decrease (-) in short-term loans	-57.9	55.7	70.8
Change in long-term loans and other financing items	-2.0	47.0	43.7
Repayments of lease liabilities	-0.1	-1.0	-8.8
Transactions with non-controlling interests			-72.0
Dividends paid	-9.0	-60.8	-60.9
Cash flow from financing activities	**-69.0**	**40.9**	**-27.2**
Change in cash and cash equivalents	**-37.6**	**61.0**	**17.3**
Cash and cash equivalents opening balance	47.7	30.4	30.4
Change in cash and cash equivalents	-37.6	61.0	17.3
Effect of changes in exchange rates	0.0	-0.1	0.0
Cash and cash equivalents at the end of period	10.1	91.4	47.7

Consolidated statement of changes in shareholders’ equity

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling shareholders	Total
TOTAL EQUITY, 1 JANUARY 2023	50.5	30.5	-5.5	235.5	310.9	0.3	311.2
Changes in shareholders’ equity							
Dividend distribution				-9.0	-9.0		-9.0
Profit/loss for the period				3.2	3.2	-0.0	3.2
Translation difference			-1.9		-1.9		-1.9
Actuarial gains/losses				0.0	0.0		0.0
Other comprehensive income items		-3.4			-3.4		-3.4
Total comprehensive income		-3.4	-1.9	3.2	-2.1	-0.0	-2.1
Other changes							
Other changes				0.0	0.0	0.0	0.0
TOTAL EQUITY, 30 JUNE 2023	**50.5**	**27.1**	**-7.4**	**229.6**	**299.7**	**0.3**	**300.0**

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling shareholders	Total
TOTAL EQUITY, 1 JANUARY 2022	50.5	30.5	-4.0	307.4	384.4	43.5	427.9
Changes in shareholders’ equity							
Dividend distribution				-60.0	-60.0	-0.8	-60.8
Transfers between items				-0.0	-0.0		-0.0
Profit/loss for the period				10.3	10.3	4.6	14.9
Translation difference			-1.5		-1.5		-1.5
Actuarial gains/losses				0.4	0.4		0.4
Total comprehensive income			-1.5	10.7	9.2	4.6	13.8
Other changes							
Other changes	-0.0	-0.0		-1.9	-1.9	-0.3	-2.2
TOTAL EQUITY, 30 JUNE 2022	**50.5**	**30.5**	**-5.5**	**256.3**	**331.6**	**47.0**	**378.6**

MEUR	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling shareholders	Total
TOTAL EQUITY, 1 JANUARY 2022	50.5	30.5	-4.0	307.4	384.4	43.5	427.9
Changes in shareholders’ equity							
Dividend distribution				-60.0	-60.0	-0.8	-60.8
Profit/loss for the period				14.6	14.6	4.0	18.6
Translation difference			-1.6		-1.6		-1.6
Actuarial gains/losses				0.8	0.8		0.8
Total comprehensive income			-1.6	15.5	13.8	4.0	17.9
Other changes							
Other changes				-1.7	-1.7	-0.3	-1.9
Transactions with non-controlling interests				-25.9	-25.9	-46.2	-72.0
TOTAL EQUITY, 31 DECEMBER 2022	**50.5**	**30.5**	**-5.5**	**235.5**	**310.9**	**0.3**	**311.2**

2. Turnover

Turnover by category, external

MEUR	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Goods	**143.1**	**167.3**	**287.7**	**330.6**	**535.7**
Grow&Care	125.9	134.0	225.4	240.2	373.4
Fuels&Real Estate development	15.7	32.6	59.6	88.5	158.2
New Businesses	1.5	0.7	2.6	1.9	4.0
Other	0.0	0.0	0.0	0.0	0.1
Services	**2.5**	**2.5**	**4.7**	**4.0**	**9.2**
Grow&Care	2.1	2.2	3.5	3.7	7.8
Fuels&Real Estate development	0.5	0.2	1.2	0.3	1.3
New Businesses	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.1
Total	**145.6**	**169.8**	**292.4**	**334.6**	**544.9**

Turnover by operating segment

MEUR	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
External turnover	**144.6**	**169.8**	**292.4**	**334.6**	**544.9**
Grow&Care	99.5	136.2	228.9	243.9	381.2
Fuels&Real Estate Development	44.0	32.8	60.9	88.8	159.5
New Businesses	1.1	0.7	2.6	1.9	4.0
Other	0.0	0.0	0.0	0.1	0.2
Internal turnvover	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Grow&Care	0.2	0.1	0.2	0.1	0.5
Fuels&Real Estate Development	0.2	0.2	0.7	0.7	2.8
New Businesses	0.2	0.1	0.5	0.2	1.0
Other	0.0	0.1	0.0	0.1	0.0
Eliminations	-0.6	-0.5	-1.3	-1.1	-4.2
Total	**145.6**	**169.8**	**292.4**	**334.6**	**544.9**

Turnover by country

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Finland	37.1	52.3	94.1	119.6	213.6
Other Nordic countries	24.2	21.7	36.4	35.5	57.7
Europe	69.9	75.0	135.1	143.5	223.6
America	3.3	7.8	8.6	13.7	21.2
Other	11.1	13.0	18.3	22.4	28.8
Total	**145.6**	**169.8**	**292.4**	**334.7**	**544.9**

3. Segment information

Neova's reporting segments are (effective from 1January 2022) Grow&Care, Fuels&Real Estate Development, New Businesses, and the Other 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 in the manner they are reported to the senior operative decision maker. The senior operative decision maker, who is responsible for allocating resources to the operating segments and assessing their results, is the Group's Chief Executive Officer. No operating segments have been combined to create reporting segments.

Turnover

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	128.2	136.3	229.1	244.0	381.7
Fuels&Real Estate Development	16.4	33.0	61.6	89.5	162.3
New Businesses	1.6	0.8	3.1	2.2	5.0
Other	0.0	0.1	-0.8	-0.4	0.2
Eliminations	-0.6	-0.5	-0.6	-0.5	-4.2
Total	**145.6**	**169.8**	**292.4**	**334.6**	**544.9**

Operating profit

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	11.0	9.3	6.4	17.1	2.6
Fuels&Real Estate Development	1.1	3.6	10.9	11.8	43.7
New Businesses	-2.3	-1.2	-3.7	-2.5	-5.1
Other	-1.2	-0.9	-3.7	-1.6	-12.1
Eliminations	-0.6	0.0	-0.6	0.0	0.1
Total	**8.0**	**10.8**	**9.4**	**24.0**	**29.2**

Items affecting comparability

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	-0.5	0.2	-7.6	-0.1	-1.2
Fuels&Real Estate Development	0.0	2.0	-0.2	2.0	15.0
New Businesses	0.0	0.0	0.0	0.0	0.0
Other	-0.5	-0.5	-1.0	0.7	-5.1
Total	**-1.0**	**1.7**	**-8.8**	**2.6**	**8.8**

Comparable operating profit

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	10.8	9.1	14.1	17.2	3.8
Fuels&Real Estate Development	1.1	1.7	11.1	9.8	28.7
New Businesses	-2.3	-1.2	-3.7	-2.5	-5.1
Other	-0.7	-0.5	-2.7	-1.6	-7.0
Eliminations	-0.6	0.0	-0.6	0.0	0.1
Total	**8.4**	**9.1**	**18.2**	**21.4**	**20.5**

Operating margin EBITDA

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	17.0	14.9	21.3	27.9	26.9
Fuels&Real Estate Development	3.7	3.2	13.0	12.1	34.4
New Businesses	-2.1	-1.0	-3.4	-2.0	-4.1
Other	-0.7	-0.6	-2.6	-1.7	-10.4
Eliminations	-0.6	0.0	-0.6	0.0	0.1
Total	**17.3**	**16.5**	**27.7**	**36.2**	**46.8**

Items affecting comparability (EBITDA)

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	-0.5	0.2	-4.2	0.0	-1.2
Fuels&Real Estate Development	0.0	0.0	-0.2	0.0	1.0
New Businesses	0.0	0.0	0.0	0.0	0.0
Other	-0.5	-0.5	-1.0	-0.7	-5.1
Total	**-1.0**	**-0.3**	**-5.3**	**-0.7**	**-5.3**

Comparable operating margin

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	17.5	14.6	25.4	27.9	28.1
Fuels&Real Estate Development	3.7	3.2	13.2	12.1	33.4
New Businesses	-2.1	-1.0	-3.4	-2.0	-4.1
Other	-0.2	-0.1	-1.6	-1.1	-5.4
Eliminations	-0.6	0.0	-0.6	0.0	0.1
Total	**18.3**	**16.7**	**33.0**	**36.8**	**52.1**

Segment assets

MEUR	1–6/2023	1–6/2022	2022
Grow&Care	378.3	378.5	385.3
Fuels&Real Estate Development	105.5	132.2	125.1
New Businesses	51.8	51.2	53.7
Other	204.6	102.7	189.7
Eliminations	-195.4	-108.8	-184.7
Total	**544.8**	**555.8**	**569.2**

Segment liabilities

MEUR	1–6/2023	1–6/2022	2022
Grow&Care	40.5	31.6	31.8
Fuels&Real Estate Development	26.0	31.1	54.8
New Businesses	0.0	1.4	0.6
Other	3.6	3.0	-1.7
Eliminations	1.2	17.2	-8.8
Total	**71.3**	**63.9**	**76.6**

Depreciation, amortisation and impairments

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	6.2	0.2	15.0	0.2	24.5
Fuels&Real Estate Development	2.9	1.5	3.8	2.2	-6.9
New Businesses	0.2	0.4	0.4	0.6	1.0
Other	0.5	0.4	1.0	6.0	1.6
Eliminations	0.0	5.2	0.0	5.2	0.0
Total	**9.7**	**7.7**	**20.2**	**14.3**	**20.2**

Capital expenditure and investments in shares

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Grow&Care	4.4	6.0	9.3	27.6	65.6
Fuels&Real Estate Development	2.3	0.7	3.4	1.2	3.0
New Businesses	1.0	1.1	2.4	2.3	25.0
Other	0.2	0.6	0.8	1.2	74.7
Eliminations	0.0	0.0	-0.4	0.0	-0.6
Total	**7.9**	**8.3**	**15.5**	**32.3**	**167.7**

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

Items affecting comparability

MEUR	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
Comparable profit/loss for the period	**3.2**	**5.4**	**10.9**	**14.4**	**9.9**
Items affecting comparability					
Gains/losses on disposals	0.0	0.0	0.0	0.0	2.0
Inventory measurement gains/losses	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Restructuring	-0.6	-0.3	-2.8	-0.7	-4.7
Other items	-0.5	0.0	-2.5	0.0	-0.6
Items affecting comparability in operating margin	-1.0	-0.3	-5.3	-0.7	-3.3
Gains/losses on disposals	0.0	2.0	0.0	2.0	0.0
Impairment	0.0	0.0	-3.5	0.0	12.1
Restructuring	-0.6	-0.3	-2.8	-0.7	0.0
Other items	-0.5	0.0	0.0	0.0	0.0
Items affecting comparability in operating profit	-1.0	1.7	-8.8	0.6	8.8
Items affecting comparability, total	**-1.0**	**1.7**	**-8.8**	**0.6**	**8.8**
Profit/loss for the period	**2.2**	**7.1**	**2.2**	**14.9**	**18.6**

NEOVA GROUP

4. Fair values of financial assets and liabilities

MEUR	30 June 2023 Positive fair value	Negative fair value	Net Fair value	30 June 2022 Positive Fair value	Negative Fair value	Net Fair value	31 December 2022 Positive Fair value	Negative Fair value	Net Fair value
Currency derivatives, no hedge accounting	0.4	0.0	0.4	1.1	0.0	1.0	0.0	0.0	0.0
Electricity derivatives, no hedge accounting	0.0	0.0	0.0	8.8	0.0	8.8	6.1	0.0	6.1
Electricity derivatives, hedge accounting	2.0	-0.1	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Fund investments	148.3	0.0	148.3	166.3	0.0	166.3	167.0	0.0	167.0
Short-term derivative agreements	150.7	-0.1	150.6	176.2	0.0	176.1	173.1	0.0	173.1

For electricity derivatives, hedge accounting was adopted starting from 1 January 2023. Changes in the fair value of derivatives are shown in income statement items as changes in the hedging reserve and as changes in equity in the statement of changes in equity.

5. Derivatives

Nominal values of derivative agreements

MEUR	30 June 2023	30 June 2022	31 December 2022
Nominal value of currency derivatives	53.1	51.8	52.0
Nominal value of electricity derivatives	3.3	3.2	2.5
Short-term	56.4	55.0	54.5

Fair value hierarchy levels

Neova determines and presents the fair value classification of financial instruments in accordance with the following hierarchy:
- Level 1. Financial instruments for which 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.

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

Level 2 includes derivatives and fund investments.

	30 June 2023				30 June 2022				31 December 2022			
MEUR	**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	148.3	0.0	148.3	0.0	166.3	0.0	166.3	0.0	167.0	0.0	167.0	0.0
Financial assets measured at fair value through profit or loss – held for trading												
Derivatives – no hedge accounting	0.4	0.0	0.4	0.0	9.9	0.0	9.9	0.0	6.1	0.0	6.1	0.0
Derivatives - hedge accounting	2.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**150.7**	**0.0**	**150.7**	**0.0**	**176.2**	**0.0**	**176.2**	**0.0**	**173.1**	**0.0**	**173.1**	**0.0**
Liabilities measured at fair value												
Financial liabilities measured at fair value through profit or loss – held for trading												
Derivatives - hedge accounting	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**-0.1**	**0.0**	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

6. Contingent commitments

MEUR	30 June 2023	30 June 2022	31 December
Liabilities for own commitments			
Guarantees	5.8	9.3	5.7
Contingent commitments on behalf of Group companies			
Guarantees	5.7	5.5	5.7
Contingent commitments on behalf of non-Group companies			
Guarantees	17.9	0.0	21.9

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

Interest-bearing receivables			
Long-term receivables from others	3.2	3.2	3.2
Total	3.2	3.2	3.2

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

7. Acquisitions and divestments

Acquisitions in 2023

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

Acquisitions in 2022

Neova Oy's group company Kekkilä-BVB Germany GmbH acquired the German companies Brill Substrate and Brill Papenburg Logistics. The acquisition strengthened 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 strengthened 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 since the date of acquisition.

Divestments in 2023

Neova did not make any divestments in the first quarter of 2023.

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 materi