

# NEOVA<sup>GROUP</sup>

## **Interim Report 1 January – 30 September 2023**

Board of Directors, 30 November 2023

## Neova Interim Report January–September 2023

The third quarter remained difficult due to the market situation. Demand for growing media, in particular, fell from the previous year. New measures aiming to improve profitability were published during the quarter, but their impact had not yet materialised during this reporting period. Demand for fuel during the third quarter remained lower than in the previous year.

### July–September 2023 in brief:

- Group turnover was EUR 81.1 million (EUR 86.6 million).
- The operating margin (EBITDA) was EUR -0.1 million (EUR 2.1 million), or -0.1% (2.4%) of turnover.
- The comparable operating margin (EBITDA) was EUR 1.1 million (EUR 5.3 million). EBITDA included non-recurring items in the amount of EUR -1.2 million (EUR -3.1 million).
- The operating loss was EUR -9.0 million (EUR -5.3 million), or 11.1% (6.1%) of turnover, including EUR -1.1 million (EUR -3.1 million) in non-recurring items.
- Free cash flow before taxes was EUR -2.7 million (EUR -80.2 million).

### January–September 2023 in brief:

- Group turnover amounted to EUR 373.5 million (EUR 421.3 million), and comparable turnover was EUR 373.5 million (EUR 393.0 million), taking the transfer of the fuel wood business to an associated company into account.
- The operating margin (EBITDA) was EUR 27.7 million (EUR 38.3 million), or 7.4% (9.1%) of turnover.
- The comparable operating margin (EBITDA) was EUR 34.2 million (EUR 42.0 million). EBITDA included non-recurring items in the amount of EUR -6.5 million (EUR -3.9 million), mainly related to the previously announced closure of production plants.
- Operating profit was EUR 0.5 million (EUR 18.7 million), or 0.1% (4.4%) of turnover, including EUR -10.0 million (EUR -1.9 million) in non-recurring items that were mainly related to the previously announced closure of production plants.
- Free cash flow before taxes was EUR 15.6 million (EUR -55.8 million).
- Gross investments were EUR 25.1 million (EUR 136.6 million).
- Earnings per share were EUR -108.1 (EUR -55.1).
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) was 3.7 (2.9).
- Return on invested capital (previous 12 months): 2.6 (1.0).

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

**CEO Vesa Tempakka:****“The appeal of the heating fuel market was no longer able to compensate for decreasing demand in the growing media markets”**

“The operating environment during the third quarter of 2023 did not cause any changes in the situation, which has already persisted for several quarters now. The growing media market continued to decrease, and there were no signs of a market recovery. The consumer market showed a particularly significant downward trend during the third quarter. The landscaping market was at the comparative quarter’s level, while the market for professional growers decreased slightly. The third quarter is typically the slowest of the year in fuel markets. However, the approaching winter and uncertainties in international energy markets had a positive impact on customer behaviour and the accrual of orders.

The Grow&Care division’s sales in the third quarter were approximately 1% lower than in the previous year. However, the decrease of almost 10% in the volume of sold products is a better indicator of the market situation. The cost savings achieved during the first part of the year served to slightly offset the decreased sales volume, while prices could not be increased to any significant extent in this market situation. Kekkilä-BVB already took measures in spring to adapt its production volumes to lower demand. During the second quarter, Kekkilä-BVB closed its Haukineva growing media production plant in Finland and another growing media production plant in Bredaryd in Sweden. In August, Neova and Kekkilä-BVB initiated additional efficiency measures in eight operating countries to improve the company’s profitability by EUR 30 million during 2023 and 2024. Of this amount, some EUR 10 million will be achieved by cutting personnel costs, and EUR 20 million through other efficiency measures.

In the Fuels&Real Estate Development division, fuel delivery volumes were lower than in the comparative period. 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.

Last summer’s peat production proceeded very well until midsummer, after which weather conditions became less favourable in all Neova’s production countries, with overall peat production falling slightly short of the total goal. The volume of horticultural peat is sufficient to meet next year’s needs, while demand for energy and sod peat will probably exceed their supply.

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. Currently, growing trials are in progress with several professional growers to test the usability and mixing ratios of reed canary grass in industrial-scale greenhouses. Decisions on the next season’s growing area will be made based on these trials.

Kekkilä-BVB’s goal is to double the volume of recycled and renewable materials used in growing media by 2027.”

The commissioning of Novactor’s production plant in Ilomantsi started during the third quarter.

**Financial development, July–September 2023**

The Group's reported turnover decreased by 6.4% to EUR 81.1 million (EUR 86.6 million). The development of sales showed a downward trend in both the Grow&Care and Fuels&Real Estate Development divisions. Sales of growing media in the Grow&Care division decreased by 10–15% regarding volumes, depending on the customer segment and market. Only part of the decrease in volumes could be offset with price increases in the declining markets.

Concerning full-year results, the third quarter was also modest in energy operations due to normal seasonality. Lower volumes reduced the Fuels&Real Estate Development division's comparable profitability.

The operating margin was lower than during the comparative period, mainly due to decreasing sales volumes, and amounted to EUR -0.1 million (EUR 2.1 million), or -0.1% (2.4%) of turnover. The Group's comparable operating margin, excluding non-recurring costs arising from adaptation measures, fell from the previous year to EUR 1.1 million (EUR 5.3 million).

The Group's operating loss was EUR -9.0 million (EUR -5.3 million), or -11.1% (-6.1%) of turnover. This was also affected by the significant decrease in sales volumes and the measures taken, especially the adaptation of the Grow&Care production capacity. The comparable operating loss was EUR -7.9 million (EUR -2.1 million), or -9.7% (-2.4%) of turnover. Earnings per share were EUR -240.4 (EUR -400.2).

Free cash flow during the reporting period was EUR -2.7 million (EUR -80.2 million). The release of working capital as a result of lower stock levels and the significant decrease in investments from the comparative period had a positive impact on this.

**Financial development, January–September 2023 in brief**

The Group's reported turnover decreased by 11.3% to EUR 373.5 million (EUR 421.3 million). The comparable operating margin decreased by 18.6% to EUR 34.2 million (EUR 42.0 million), or 9.1% (10.0%) of turnover. The Group's reported operating profit fell by 97.5% to EUR 0.5 million (EUR 18.7 million), comprising 0.1% (4.4%) of turnover. The comparable operating profit decreased by 49.1% to EUR 10.5 million (EUR 20.6 million), or 2.8% (4.9%) of turnover. The operating profit included non-recurring items in the amount of EUR -10.0 million (EUR -1.9 million), mainly related to the closure of production plants and the reorganisation of operations.

The impact of exchange rates was EUR -5.5 million on turnover and EUR -0.3 million on operating profit. The Swedish krona (SEK) had the most significant impact.

Earnings per share were EUR -108.1 (EUR -55.1).

The Group's cash flow was EUR 15.6 million (EUR -55.8 million). The decrease in investments from the comparative period and in 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 third quarter was EUR -2.7 million (EUR -80.2 million). Gross investments were EUR 9.6 million (EUR 104.4 million).

The Group's free cash flow before taxes in January–September was EUR 15.6 million (EUR -55.8 million). The change in working capital affected cash flow by EUR 10.2 million (EUR 19.8 million). Smaller investments had the most significant impact on the positive development of cash flow. Gross investments in January–September 2023 amounted to EUR 25.1 million (EUR 136.6 million), or 97.7% (-6.4%) of the amount of depreciation.

Interest-bearing net debt at the end of September amounted to EUR 135.2 million (EUR 145.8 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 30 September 2023 was 3.7 (2.9). Short-term interest-bearing debt amounted to EUR 30.2 million (EUR 60.0 million). Of the Group's long-term interest-bearing debt, 17.2% 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 September was 41.7% (40.0%), and the gearing ratio was 46.4% (49.6%). The balance sheet total was EUR 701.9 million (EUR 737.7 million). Net financing items were EUR -6.2 million (EUR 10.2 million), or -1.7% (2.4%) of turnover.

## Personnel

The Group employed an average of 950 (969) persons in the January–September period.

Number of employees	7–9/2023	7–9/2022	1–9/2023	1–9/2022	1–12/2022
Grow&Care	638	635	649	647	646
Fuels&Real Estate Development	185	194	180	223	215
New Businesses	45	30	46	31	31
Other	78	67	75	68	68
<b>Total</b>	<b>945</b>	<b>926</b>	<b>950</b>	<b>969</b>	<b>958</b>

On 15 August 2023, Neova announced that it would initiate cooperation negotiations and similar processes to improve its profitability and modernise Kekkilä-BVB's operating model in eight of the company's operating countries: Finland, the Netherlands, Sweden, Estonia, Germany, Italy, France and Spain. In addition, the negotiations covered part of Neova Oy's Group Services and Supply Chain Management organisations.

The cooperation negotiations were based on the decreased competitiveness of Kekkilä-BVB, a subsidiary wholly owned by Neova Oy, which mainly resulted from lower demand in international growing media markets. The decrease in demand is caused by factors that have reduced customers' payment capacity, including higher interest rates, inflation and increased logistics costs. The company seeks to improve the efficiency of its operations during 2023 and 2024 by cutting its running costs by roughly EUR 30 million, of which EUR 10 million will be achieved by reducing personnel costs.

The cooperation negotiations and similar local processes targeted a total of 720 of the Group's approximately 1,000 employees. According to initial estimates, the planned measures to improve profitability could have led to the reduction of roughly 100 positions in different countries. The final figure was 85, of which 46 were permanent positions, and 39 resulted from voluntary resignations, the end of fixed-term employment contracts and similar measures. In addition, significant changes will be made in the tasks of some 70 employees.

During the cooperation negotiations and similar processes, the modernisation of Kekkilä-BVB's operating model and organisation, which aims to improve its efficiency was processed. The new organisation and operating model will enter into force on 1 January 2024. In the new operating model, Kekkilä-BVB's operations are divided into four business areas: Central Europe, which covers operations in Central

Europe; Nordics, which covers the Nordic and Baltic markets; Global, which covers global operations; and Materials, which covers the wholesale of horticultural peat and sales of bedding materials. In the new organisation, Central Europe, Nordics and Global will be responsible for all customers in their respective regions: professional growers, retailers and landscaping customers. The operations of Materials will continue unchanged. The new model slims down the organisation, accelerates decision making, and better addresses customer needs in different markets.

**Sustainability**

Sustainability is at the heart of Neova Group’s strategy and targets. It is also a key element of business development. The sustainability strategy was updated in 2021. Our sustainability aim is to create green growth through net positive products and services by considering the impact on the environment, health, society, and knowledge. Our mid-term and long-term goals have been defined for the three areas of sustainability, environmental, social and financial sustainability, with selected themes. 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 goal for 2023 is to prepare nine new RPP applications, five of which had been completed by the end of September.

Regarding the safety of the Group’s personnel, our target is zero accidents. We aim to support the growth of our employees and partners. We also have straightforward processes to address any deficiencies.

The Group’s accident frequency began to decrease slightly during the third quarter compared to the last months of 2022. 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	1–9/2023	1–9/2022	12/2022
Well-being Pulse survey: My well-being at work is "good"	-	63% (April)	-
Accident frequency R12 (rolling 12 months): All accidents (MTR)	9.1	12.2	11.3
Accident frequency R12 (rolling 12 months): Accidents leading to lost time (LTA1)	3.6	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 multi-country certification in 2021. The Group-level assessment of business functions supports the development of the management of the Group’s businesses well across national borders. In September, Kekkilä-BVB launched the ERP programme to also modernise the company’s business procedures and plan compatible ERP processes.

## Reporting segments

Neova's reporting segments comprise the Group's divisions: 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. The Neova Grow&Care division includes the Kekkilä-BVB business and the Materials business. 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 third quarter decreased by 0.9% to EUR 69.6 million (EUR 70.2 million). The comparable operating margin was EUR 2.3 million (EUR -0.7 million), or 3.3% (-1.0%) of turnover. The reported operating margin was EUR 1.7 million (EUR -1.3 million), and the operating loss was EUR -4.3 million (EUR -6.5 million). Gross investments were EUR 7.3 million (EUR 13.6 million). The operating loss included non-recurring items in the amount of EUR -0.5 million (EUR -0.6 million).

Turnover for January–September was EUR 298.7 million (EUR 314.2 million). The comparable operating margin was EUR 27.7 million (EUR 27.2 million), or 9.3% (8.7%) of turnover. The reported operating margin was EUR 23.0 million (EUR 26.6 million), and the operating profit was EUR 2.1 million (EUR 10.7 million). Gross investments were EUR 16.6 million (EUR 41.2 million). The operating result included non-recurring items in the amount of EUR -8.1 million (EUR -0.6 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 decreased purchasing power of consumers has also had a negative impact on demand. The increase in the comparable operating profit during the third 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 more effectively than before through pricing. In August, Neova and Kekkilä-BVB initiated additional efficiency measures in eight of its operating countries to improve the company's profitability by EUR 30 million during 2023 and 2024.

Grow&Care	7–9/2023	7–9/2022	Change	1–9/2023	1–9/2022	Change	1–12/2022
Turnover (EUR million)	69.6	70.2	-0.9%	298.7	314.2	-4.9%	381.2
Operating margin (EUR million)	1.7	-1.3	229.7%	23.0	26.6	-13.6%	26.6
Operating profit (EUR million)	-4.3	-6.5	32.9%	2.1	10.7	-80.5%	2.6
Investments (EUR million)	7.3	13.6	-46.6%	16.6	41.2	-59.8%	65.6
Number of employees	638	635	0.5%	649	647	0.4%	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 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: pellets, energy peat, and wind and solar power. Approximately a third of the division's turnover is derived from renewable biofuels.

Turnover for the third quarter amounted to EUR 11.0 million (EUR 16.5 million). The operating margin for the reporting period was EUR 1.4 million (EUR 7.9 million), and the operating loss was EUR -0.8 million (EUR 6.3 million). Gross investments were EUR 1.2 million (EUR 16.6 million). The operating loss included non-recurring

items in the amount of EUR 0.0 million (EUR 1.0 million). The previous year's non-recurring items were related to restructuring in the wood business.

Turnover for January–September was EUR 72.6 million (EUR 106.0 million). The division's operating margin was EUR 14.4 million (EUR 19.9 million), and the operating profit was EUR 10.1 million (EUR 18.1 million). Gross investments were EUR 4.6 million (EUR 17.8 million). The operating loss included non-recurring items in the amount of EUR -0.3 million (EUR 2.9 million).

The turnover, operating margin and operating profit of the division's businesses decreased due to the decrease in the delivery volumes of biofuels and energy peat. The increased selling prices of delivered fuels and the tight cost control had a positive effect on profitability. The security of supply has contributed to the increase in the use of domestic fuels in energy production, while also partly slowing the decrease in demand for energy peat. Customers are replacing 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	7–9/2023	7–9/2022	Change	1–9/2023	1–9/2022	Change	1–12/2022
Turnover (EUR million)	11.0	16.5	-33.3%	72.6	106.0	-31.5%	162.3
Operating margin (EUR million)	1.4	7.9	-82.1%	14.4	19.9	-27.7%	37.6
Operating profit (EUR million)	-0.8	6.3	-113.3%	10.1	18.1	-44.3%	43.7
Investments (EUR million)	1.2	16.6	-92.6%	4.6	17.8	-73.9%	3.0
Number of employees	185	194	-4.5%	180	223	-19.2%	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 humate-based 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 November 2023. During test operations, some 400 tonnes of products have been delivered to customers, 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. Novactor's production plant in Ilomantsi started up during the third quarter.

Turnover for the third quarter amounted to EUR -2.1 million (EUR -0.9 million). Gross investments were EUR 0.9 million (EUR 2.1 million).

Turnover for January–September was EUR 4.4 million (EUR 3.6 million). The operating margin was EUR -5.3 million (EUR -2.6 million), and the operating loss was EUR -5.7 million (EUR -3.4 million). Gross investments were EUR 3.3 million (EUR 4.3 million).

New Businesses	7–9/2023	7–9/2022	Change	1–9/2023	1–9/2022	Change	1–12/2022
Turnover (EUR million)	1.4	1.5	-6.5%	4.4	3.6	23.2%	5.0
Operating margin (EUR million)	-1.9	-0.6	-233.6%	-5.3	-2.6	-102.2%	-4.1
Operating profit (EUR million)	-2.1	-0.9	-118.3%	-5.7	-3.4	-68.6%	-5.1
Investments (EUR million)	0.9	2.1	-54.6%	3.3	4.3	-23.0%	25.0
Number of employees	45	30	47.3%	46	31	47.8%	31

### Other activities

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

The expenses of the Other activities division in July–September were EUR 1.4 million (EUR 4.2 million), including non-recurring items in the amount of EUR -0.6 million (EUR -3.6 million).

Expenses in January–September were EUR 5.1 million (EUR 6.7 million) including non-recurring items in the amount of EUR -1.6 million (EUR -4.2 million)

Other	7–9/2023	7–9/2022	Change	1–9/2023	1–9/2022	Change	1–12/2022
Turnover (EUR million)	0.0	0.0	743.8%	-0.1	0.2	-132.5%	0.2
Operating profit (EUR million)	-1.4	-4.2	65.9%	-5.1	-6.7	24.0%	-12.1
Investments	0.2	73.3	-99.7%	1.0	74.5	-98.6%	74.7
Number of employees	78	67	15.3%	75	68	9.5%	68

### Near-term risks and uncertainties

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 no longer 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. The start-up of the activated carbon production facility in Ilomantsi was initiated during the third quarter, and this naturally involves significant risks associated with the start-up of a 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. The currency risk arises mainly from the Group's internal lending and commercial transactions in currencies other than the Group's home currencies. The most significant currency risk is related to the exchange rate between the euro and the Swedish krona due to Neova having extensive operations in Sweden. The Group actively hedges against currency risks. The Group does not apply hedge accounting to currency derivatives. Finnish companies use hedging against the electricity price risk using electricity derivatives, to which cash flow hedge accounting has been applied from 1 January 2023.

The already increased interest rates and especially the potential continuation of the interest increases will 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 cyclicity to the fuel business. The third quarter mainly focused on fuel production for the upcoming heating season.

#### **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 Hyryläinen, Jari-Pekka Punkari, Kirsi Punttila, 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 Hyryläinen 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.

At the extraordinary general meeting held on 15 August 2023, Neova Oy's shareholders – the Government of Finland and Suomen Energiavarat Oy – selected new members for the company's Supervisory Board until the next AGM. Harri Hietala, Janne Jukkola, Antti Kangas, Jari Koskela, Eero Kubin, Esko Kurvinen, Janne Laine, Heikki Miilumäki, Piritta Rantanen and Eerikki Viljanen were selected as members of the Supervisory Board. Antti Kangas was elected as its Chairman, and Heikki Miilumäki as Vice Chairman.

### **Significant events in January–September 2023**

On 15 August 2023, Neova and Kekkilä-BVB announced that they would initiate cooperation negotiations and similar processes to improve their profitability and modernise their operating model in all eight of their significant operating countries. The cooperation negotiations and similar processes carried out in other countries were based on changes in the operating environment that have reduced Neova Group's competitiveness. The Group's goal is to improve profitability by continuing the efficiency programme started in February 2023. Its aim is to assess various efficiency measures that serve to achieve cost savings and increase turnover.

As part of the efficiency programme, Neova Group initiated cooperation negotiations concerning the considered plans whose aim is to improve operational efficiency, including any restructuring, process modernisation and personnel reductions. According to preliminary estimates, the process could have led to the reduction of at most 100 person-years in different countries. In Finland, the process was estimated to result in the reduction of at most 30 full-time positions. The cooperation negotiations and similar processes were estimated to cover 770 persons, 210 of whom were in Finland. In total, Neova Group had almost 1,000 employees at the time, 380 of whom were in Finland. The planned changes announced in August 2023 were estimated to help achieve savings of roughly EUR 30 million during 2023 and 2024.

### **Events after the review period**

On 24 October 2023, Neova announced that it had completed the cooperation negotiations and similar processes in eight of its operating countries, resulting in the reduction of 85 positions globally and causing significant changes in the tasks of 70 employees. The company seeks to improve its operational efficiency by roughly EUR 30 million during 2023 and 2024.

During the cooperation negotiations and similar processes, the modernisation of Kekkilä-BVB's operating model and organisation, which aims to improve its efficiency was processed. In the new operating model, Kekkilä-BVB's operations are divided into four business areas: Central Europe, which covers operations in Central Europe; Nordics, which covers the Nordic and Baltic markets; Global, which covers global operations; and Materials, which covers the wholesale of horticultural peat and sales of bedding materials. The new model slims down the organisation, accelerates decision making, and better addresses customer needs in different markets. The new organisation and operating model will enter into force on 1 January 2024.

**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 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. In the fuel business, demand is expected to remain high.

It is expected that the decrease in consumers' purchasing power through inflation and rising interest rates will have a significant negative impact on the Group's operating environment this year. This will also cause delays in new project investments made by our professional grower customers.

Vantaa, 30 November 2023

Neova Oy

Board of Directors

More information:

- Vesa Tempakka, CEO, Neova, tel. +358 40 072 6727
- Jarmo Santala, CFO, Neova, tel. +358 40 801 9191
- Ahti Martikainen, Director of Communications and Public Affairs, Neova, tel. +358 40 680 4723

## Consolidated key figures

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Turnover	81.1	86.6	373.5	421.3	544.9
Operating profit/loss (EBIT)	-9.0	-5.3	0.5	18.7	29.2
% of turnover	-11.1	-6.1	0.1	4.4	5.4
Operating profit/loss (EBIT) before impairment	-0.9	-5.3	4.0	18.7	17.2
% of turnover	-1.1	-6.1	1.1	4.4	3.2
Profit/loss for the period	-7.3	12.3	-3.3	2.6	18.6
Operating margin (EBITDA)	-0.1	2.1	27.7	38.3	46.8
+/- Change in working capital	6.8	19.5	10.2	19.8	48.4
- Net investments	9.4	101.9	22.2	114.7	-136.7
Free cash flow before taxes	-2.7	-80.2	15.6	-55.8	-41.5
Gross investments	9.6	104.4	25.1	136.6	167.5
Return on invested capital % *			2.6	1.0	6.4
Return on invested capital % before impairment *			4.6	4.5	3.8
Return on equity % *			-6.5	3.3	5.1
Total assets			701.9	737.7	810.3
Shareholders' equity			291.3	294.1	311.2
Interest-bearing net debt			135.2	145.8	140.0
Equity-to-assets ratio %**			41.7	40.0	38.7
Interest-bearing net debt/EBITDA			3.7	2.9	3.0
Gearing %			46.4	49.6	45.0
Average number of employees			950	969	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 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 on the balance sheet, the reporting of contingent assets and liabilities in the notes to the financial statements, and the amounts of income and expenses reported for the financial period. The management may also need to exercise judgement in applying the accounting principles used in the preparation of the financial statements. This particularly concerns situations in which the IFRS standards currently in effect include alternative methods of recognition, measurement or presentation.

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

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

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

	Average rate	Average rate	Closing rate	Closing rate
	1–9/2023	1–9/2022	9/2023	9/2022
SEK Swedish krona	11.4789	10.8993	11.5325	10.5274

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

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>TURNOVER</b>	81.1	86.6	373.5	421.3	544.9
Other income	0.1	1.3	1.8	6.9	10.3
Share of profit (loss) of associates and joint ventures	0.2	-0.1	2.1	1.9	2.6
Operating expenses	-81.3	-85.8	-347.6	-389.9	-508.3
Depreciation and amortisation	-9.1	-7.3	-25.7	-21.5	-32.3
Impairments	0.0	0.0	-3.6	0.0	12.1
<b>OPERATING PROFIT/LOSS</b>	-9.0	-5.3	0.5	18.7	29.2
Financial income	0.3	0.4	3.6	7.8	8.7
Financial expenses	-1.8	-4.9	-9.8	-18.0	-19.3
<b>PROFIT/LOSS BEFORE INCOME TAXES</b>	-10.5	-9.8	-5.8	8.5	18.7
Income tax expense	3.2	-2.5	2.5	-5.9	0.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	-7.3	-12.3	-3.3	2.6	18.6
<b>OTHER COMPREHENSIVE INCOME NET OF TAX:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements on defined benefit plans	0.0	0.2	0.0	0.6	0.8
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Cash flow hedges	-1.5	0.0	-5.7	0.0	0.0
Translation differences	0.5	-0.4	-1.4	-1.9	-1.6
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-8.3	-12.5	-10.4	1.3	17.9
<b>Profit attributable to:</b>					
Owners of the parent	-7.2	-12.0	-3.2	-1.7	14.6
Non-controlling interests	-0.1	-0.3	-0.1	4.2	4.0
	-7.3	-12.3	-3.3	2.6	18.6
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	-8.4	-12.2	-10.4	-3.0	13.8
Non-controlling interests	0.1	-0.3	0.1	4.2	4.0
	-8.3	-12.5	-10.4	1.3	17.9
Earnings per share	-240.4	-400.2	-108.1	-55.1	486.7
No. of shares	30,000	30,000	30,000	30,000	30,000

**Condensed consolidated balance sheet**

EUR million	30 September 2023	30 September 2022	31 December 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	31.4	26.8	31.4
Other intangible assets	37.6	35.4	38.0
Property, plant & equipment	244.5	236.9	255.8
Investments	22.4	185.0	187.4
Other financial assets	3.2	4.8	0.0
Deferred tax assets	2.0	3.8	3.7
<b>TOTAL NON-CURRENT ASSETS</b>	<b>341.2</b>	<b>492.8</b>	<b>516.2</b>
<b>CURRENT ASSETS</b>			
Inventories	133.4	142.1	145.2
Trade receivables and other receivables	72.1	78.0	98.5
Income tax assets	3.5	0.9	2.6
Other securities	149.4	11.8	0.0
Cash and cash equivalents	2.4	12.1	47.7
<b>TOTAL CURRENT ASSETS</b>	<b>360.7</b>	<b>244.9</b>	<b>294.1</b>
<b>TOTAL ASSETS</b>	<b>701.9</b>	<b>737.7</b>	<b>810.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to equity owners of the parent company	291.1	293.6	310.9
Non-controlling interests	0.2	0.5	0.3
<b>TOTAL EQUITY</b>	<b>291.3</b>	<b>294.1</b>	<b>311.2</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	10.3	12.3	14.0
Interest-bearing liabilities	260.0	267.9	264.7
Other non-current liabilities	0.1	0.0	0.0
Provisions	12.4	13.0	12.0
Pension liabilities	4.0	5.1	4.2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>286.8</b>	<b>298.3</b>	<b>294.9</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	30.2	60.0	93.2
Trade payables and other payables	93.4	83.7	111.3
Income tax liabilities	0.1	1.5	-1.8
Provisions	0.0	0.1	1.4
<b>TOTAL CURRENT LIABILITIES</b>	<b>123.7</b>	<b>145.3</b>	<b>204.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>701.9</b>	<b>737.7</b>	<b>810.3</b>

**Consolidated cash flow statement**

EUR million	1-9/2023	1-9/2022	1-12/2022
<b><u>Cash flows from operating activities</u></b>			
Profit/loss for the period	-3.3	2.6	18.6
Adjustments to the profit/loss for the period	29.6	31.3	16.5
Change in working capital	8.5	7.7	17.9
<b>Cash generated from operations</b>	<b>34.8</b>	<b>41.6</b>	<b>53.0</b>
Interest received from operating activities	0.8	1.3	1.6
Interest paid from operating activities	-4.4	-8.5	-10.8
Other financial items from operating activities	-0.8	-1.9	2.6
Taxes paid on operating activities	-0.1	-2.7	-3.3
<b>Cash flows from operating activities</b>	<b>30.3</b>	<b>29.8</b>	<b>43.1</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure	-24.5	-24.9	-39.8
Proceeds from disposal of tangible and intangible assets	3.8	5.2	13.4
Acquisitions of subsidiaries, net of cash	-0.6	-16.6	-20.3
Proceeds from disposal of investments consolidated using the equity	0.0	16.8	16.6
Proceeds from disposal of other investments	19.8	15.0	21.3
Changes in loans receivable	0.0	0.0	10.2
<b>Cash flows from investment activities</b>	<b>-1.6</b>	<b>-4.4</b>	<b>1.4</b>
<b>Cash flow before financing activities</b>	<b>28.7</b>	<b>25.4</b>	<b>44.5</b>
<b><u>Cash flows from financing activities</u></b>			
Increase (+)/decrease (-) in short-term loans	-63.2	46.9	70.8
Change in long-term loans and other financing items	-2.3	42.9	43.7
Repayments of lease liabilities	0.6	-0.7	-8.8
Transactions with non-controlling interests		-72.0	-72.0
Dividends paid	-9.0	-60.8	-60.9
<b>Cash flows from financing activities</b>	<b>-73.9</b>	<b>-43.7</b>	<b>-27.2</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-45.2</b>	<b>-18.3</b>	<b>17.3</b>
Cash and cash equivalents at the beginning of the period	47.7	30.4	30.4
Net increase (+) / decrease (-) in cash and cash equivalents	-45.2	-18.3	17.3
Effect of changes in exchange rates	0.0	-0.1	0.0
Cash and cash equivalents at the end of the period	2.4	12.0	47.7

**Consolidated statement of changes in equity**

EUR million	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling interests	Total
<b>TOTAL EQUITY, 1 JANUARY 2023</b>	50.5	30.5	-5.5	235.5	310.9	0.3	311.2
<b>Changes in equity</b>							
Dividends paid				-9.0	-9.0		-9.0
Profit/loss for the period				-3.2	-3.2	-0.1	-3.3
Translation differences			-1.4		-1.4		-1.4
Actuarial gains/losses				0.0	0.0		0.0
Other comprehensive income items		-5.7			-5.7		-5.7
Total comprehensive income	-0.0	-5.7	-1.4	-3.3	-10.4	-0.1	-10.4
<b>Other changes</b>							
Other changes				-0.4	-0.4		-0.4
<b>TOTAL EQUITY, 30 SEPTEMBER 2023</b>	<b>50.5</b>	<b>24.8</b>	<b>-6.9</b>	<b>222.8</b>	<b>291.1</b>	<b>0.2</b>	<b>291.3</b>

EUR million	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling interests	Total
<b>TOTAL EQUITY, 1 JANUARY 2022</b>	50.5	30.5	-4.0	307.4	384.4	43.5	427.9
<b>Changes in equity</b>							
Dividends paid				-60.0	-60.0	-0.8	-60.8
Transfers between items		0.0			0.0		0.0
Profit/loss for the period				-1.7	-1.7	4.2	2.6
Translation differences			-1.9		-1.9		-1.9
Actuarial gains/losses				0.6	0.6		0.6
Total comprehensive income		0.0	-1.9	-1.1	-3.0	4.2	1.3
<b>Other changes</b>							
Other changes				-1.9	-1.9	-0.3	-2.3
Transactions with non-controlling interests				-25.9	-25.9	-46.2	-72.0
<b>TOTAL EQUITY, 30 SEPTEMBER 2022</b>	<b>50.5</b>	<b>30.5</b>	<b>-5.9</b>	<b>218.5</b>	<b>293.6</b>	<b>0.5</b>	<b>294.1</b>

EUR million	Share capital	Other funds	Translation differences	Retained earnings	Total	Non-controlling interests	Total
<b>TOTAL EQUITY, 1 JANUARY 2022</b>	50.5	30.5	-4.0	307.4	384.4	43.5	427.9
<b>Changes in equity</b>							
Dividends paid				-60.0	-60.0	-0.8	-60.8
Profit/loss for the period				14.6	14.6	4.0	18.6
Translation differences			-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
<b>Other changes</b>							
Other changes				-1.7	-1.7	-0.3	-1.9
Transactions with non-controlling interests				-25.9	-25.9	-46.2	-72.0
<b>TOTAL EQUITY, 31 DECEMBER 2022</b>	<b>50.5</b>	<b>30.5</b>	<b>-5.5</b>	<b>235.5</b>	<b>310.9</b>	<b>0.3</b>	<b>311.2</b>

## 2. Turnover

### Turnover by category, external

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
<b>Products</b>	<b>79.1</b>	<b>84.3</b>	<b>366.8</b>	<b>414.9</b>	<b>535.7</b>
Grow&Care	67.8	67.9	293.3	308.1	373.4
Fuels&Real Estate development	9.9	15.1	69.5	103.6	158.2
New Businesses	1.4	1.3	4.0	3.2	4.0
Other	0.0	0.0	0.0	0.0	0.1
<b>Services</b>	<b>2.0</b>	<b>2.3</b>	<b>6.8</b>	<b>6.3</b>	<b>9.2</b>
Grow&Care	1.7	2.0	5.2	5.7	7.8
Fuels&Real Estate development	0.3	0.2	1.6	0.5	1.3
New Businesses	0.0	0.0	0.0	0.0	0
Other	0.0	0.1	0.0	0.1	1.3
<b>Total</b>	<b>81.1</b>	<b>86.6</b>	<b>373.5</b>	<b>421.3</b>	<b>544.9</b>

### Turnover by operating segment

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
<b>External turnover</b>	<b>81.1</b>	<b>86.6</b>	<b>373.5</b>	<b>421.3</b>	<b>544.9</b>
Grow&Care	69.5	70.0	298.4	313.8	381.2
Fuels&Real Estate development	10.2	15.3	72.6	104.1	159.5
New Businesses	1.4	1.3	4.4	3.2	4.0
Other	0.0	0.1	0.0	0.2	0.2
<b>Internal turnover</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Grow&Care	0.1	0.3	0.3	0.4	0.5
Fuels&Real Estate development	0.8	1.2	1.5	1.9	2.8
New Businesses	0.0	0.1	0.5	0.4	1.0
Other	0.0	-0.1	0.0	0.0	0.0
Eliminations	-1.0	-1.6	-2.2	-2.7	-4.2
<b>Total</b>	<b>81.1</b>	<b>86.6</b>	<b>373.5</b>	<b>421.3</b>	<b>544.9</b>

### Turnover by country

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Finland	21.9	27.7	116.0	147.3	213.6
Other Nordic countries	9.4	8.3	45.8	43.7	57.7
Europe	32.4	39.6	167.4	183.1	223.6
America	4.5	4.7	13.1	18.3	21.2
Other	12.9	6.4	31.1	28.8	28.8
<b>Total</b>	<b>81.1</b>	<b>86.6</b>	<b>373.5</b>	<b>421.3</b>	<b>544.9</b>

### 3. Segment information

Neova's reporting segments are (effective from 1 January 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

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	69.6	70.2	298.7	314.2	381.7
Fuels&Real Estate Development	11.0	16.5	72.6	106.0	162.3
New Businesses	1.4	1.5	4.4	3.6	5.0
Other	0.0	0.0	-0.1	0.2	0.2
Eliminations	-1.0	-1.6	-2.2	-2.7	-4.2
<b>Total</b>	<b>81.1</b>	<b>86.6</b>	<b>373.5</b>	<b>421.3</b>	<b>544.9</b>

#### Operating profit/loss

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	-4.3	-6.5	2.1	10.7	2.6
Fuels&Real Estate Development	-0.8	6.3	10.1	18.1	43.7
New Businesses	-2.1	-0.9	-5.7	-3.4	-5.1
Other	-1.4	-4.2	-5.1	-6.7	-12.1
Eliminations	-0.3	0.0	-0.9	0.0	0.1
<b>Total</b>	<b>-9.0</b>	<b>-5.3</b>	<b>0.5</b>	<b>18.7</b>	<b>29.2</b>

#### Items affecting comparability (EBIT)

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	-0.5	-0.6	-8.1	-0.6	-1.2
Fuels&Real Estate Development	0.0	1.0	-0.3	2.9	15.0
New Businesses	0.0	0.0	0.0	0.0	0.0
Other	-0.6	-3.6	-1.6	-4.2	-5.1
Eliminations	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-1.1</b>	<b>-3.1</b>	<b>-10.0</b>	<b>-1.9</b>	<b>8.8</b>

#### Comparable operating profit/loss

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	-3.8	-5.9	10.2	11.3	3.8
Fuels&Real Estate Development	-0.8	5.3	10.4	15.2	28.7
New Businesses	-2.1	-0.9	-5.7	-3.4	-5.1
Other	-0.8	-0.6	-3.5	-2.5	-7.1
Eliminations	-0.3	0.0	-0.9	0.0	0.1
<b>Total</b>	<b>-7.9</b>	<b>-2.1</b>	<b>10.5</b>	<b>20.6</b>	<b>20.4</b>

**Operating margin EBITDA**

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	1.7	-1.3	23.0	26.6	26.9
Fuels&Real Estate Development	1.4	7.9	14.4	19.9	34.4
New Businesses	-1.9	-0.6	-5.3	-2.6	-4.1
Other	-1.0	-3.9	-3.6	-5.6	-10.4
Eliminations	-0.3	0.0	-0.9	0.0	0.1
<b>Total</b>	<b>-0.1</b>	<b>2.1</b>	<b>27.7</b>	<b>38.3</b>	<b>46.8</b>

**Items affecting comparability (EBITDA)**

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	-0.6	-0.6	-4.7	-0.6	-1.2
Fuels&Real Estate Development	0.0	1.0	-0.2	1.0	1.0
New Businesses	0.0	0.0	0.0	0.0	0.0
Other	-0.6	-3.6	-1.6	-4.2	-5.1
Eliminations	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-1.2</b>	<b>-3.1</b>	<b>-6.5</b>	<b>-3.9</b>	<b>-5.3</b>

**Comparable operating margin**

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	2.3	-0.7	27.7	27.2	28.1
Fuels&Real Estate Development	1.4	6.9	14.6	18.9	33.4
New Businesses	-1.9	-0.6	-5.3	-2.6	-4.1
Other	-0.4	-0.3	-2.0	-1.4	-5.3
Eliminations	-0.3	0.0	-0.9	0.0	0.1
<b>Total</b>	<b>1.1</b>	<b>5.3</b>	<b>34.2</b>	<b>42.0</b>	<b>52.1</b>

**Segment assets**

EUR million	1-9/2023	1-9/2022	2022
Grow&Care	348.3	312.9	382.2
Fuels&Real Estate Development	119.7	165.8	108.4
New Businesses	53.5	53.5	53.7
Other	204.8	172.2	189.7
Eliminations	-195.8	-177.7	-184.7
<b>Total</b>	<b>530.5</b>	<b>526.8</b>	<b>549.3</b>

**Segment debt**

EUR million	1-9/2023	1-9/2022	2022
Grow&Care	29.5	29.9	31.8
Fuels&Real Estate Development	26.2	38.2	54.8
New Businesses	0.6	1.8	0.6
Other	4.2	-24.5	-1.7
Eliminations	1.0	17.9	-8.8
<b>Total</b>	<b>61.6</b>	<b>63.3</b>	<b>76.6</b>

## Depreciation and impairment

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Grow&Care	6.0	0.4	21.0	0.8	24.5
Fuels&Real Estate Development	2.5	1.3	6.3	3.5	-6.9
New Businesses	0.2	0.3	0.5	1.1	1.0
Other	0.4	0.0	1.5	0.0	1.6
Eliminations	0.0	5.2	0.0	16.1	0.0
<b>Total</b>	<b>9.0</b>	<b>7.3</b>	<b>29.3</b>	<b>21.5</b>	<b>20.2</b>

## Investments

EUR million	1-9/2023	1-9/2022	2022
Grow&Care	16.6	41.2	65.6
Fuels&Real Estate Development	4.6	17.8	3.0
New Businesses	3.3	4.3	25.0
Other	1.0	74.5	74.5
Eliminations	-0.4	-1.2	-0.6
<b>Total</b>	<b>25.1</b>	<b>136.6</b>	<b>167.5</b>

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

## Items affecting comparability

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
<b>Comparable profit/loss for the period</b>	<b>-6.2</b>	<b>-9.2</b>	<b>6.7</b>	<b>4.5</b>	<b>9.8</b>
<b>Items affecting comparability</b>					
Gains/losses on disposals	0.0	0.0	0.0	0.0	0.0
Inventory measurement gains/losses	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Restructuring	-0.6	-2.9	-3.3	-3.6	-4.7
Other items	-0.6	-0.3	-3.2	-0.3	-0.6
<b>Items affecting comparability in operating margin</b>	<b>-1.2</b>	<b>-3.1</b>	<b>-6.5</b>	<b>-3.9</b>	<b>-3.3</b>
Gains/losses on disposals	0.0	0.0	0.0	2.0	2.0
Impairment	0.0	0.0	-3.5	0.0	12.1
Restructuring	-0.6	-2.9	-3.3	-3.6	0.0
Other items	-3.2	-0.3	-3.2	-0.3	0.0
<b>Items affecting comparability in operating profit</b>	<b>-1.1</b>	<b>-3.1</b>	<b>-10.0</b>	<b>-1.9</b>	<b>8.8</b>
<b>Items affecting comparability, total</b>	<b>-1.1</b>	<b>-3.1</b>	<b>-10.0</b>	<b>-1.9</b>	<b>8.8</b>
<b>Profit/loss for the period</b>	<b>-7.3</b>	<b>-12.3</b>	<b>-3.3</b>	<b>2.6</b>	<b>18.6</b>

#### 4. Fair values of financial assets and liabilities

EUR million	30 September 2023		30 September 2022			31 December 2022			Net Fair value
	Positive	Negative	Net	Positive	Negative	Net	Positive	Negative	
	fair value	fair value	Fair value	Fair value	Fair value	value	Fair value	Fair value	
Currency derivatives, no hedge accounting	0.1	-0.3	-0.2	0.8	-0.4	0.4	0.0	0.0	0.0
Electricity derivatives, no hedge accounting	0.0	0.0	0.0	11.3	0.0	11.3	6.1	0.0	6.1
Electricity derivatives, hedge accounting	0.6	-0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Fund investments	149.4	0.0	149.4	165.2	0.0	165.2	167.0	0.0	167.0
<b>Financial assets and liabilities</b>	<b>150.1</b>	<b>-0.5</b>	<b>149.6</b>	<b>177.3</b>	<b>-0.4</b>	<b>176.9</b>	<b>173.1</b>	<b>0.0</b>	<b>173.1</b>

Cash flow hedge accounting was adopted in Finnish companies 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

EUR million	30 September 2023	30 September 2022	31 December 2022
Nominal value of currency derivatives	45.0	44.1	52.0
Nominal value of electricity derivatives	3.6	2.9	2.5
<b>Short-term</b>	<b>48.6</b>	<b>47.0</b>	<b>54.5</b>

##### Fair value hierarchy levels

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

- Level 1. Financial instruments for which 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.

EUR million	30 September 2023				30 September 2022				31 December 2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>												
<b>Available-for-sale financial assets</b>												
Available-for-sale investments	149.4	0.0	149.4	0.0	165.2	0.0	165.2	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	0.1	0.0	0.1	0.0	12.1	0.0	12.1	0.0	6.1	0.0	6.1	0.0
Derivatives – hedge accounting	0.6	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>150.1</b>	<b>0.0</b>	<b>150.1</b>	<b>0.0</b>	<b>177.3</b>	<b>0.0</b>	<b>177.3</b>	<b>0.0</b>	<b>173.1</b>	<b>0.0</b>	<b>173.1</b>	<b>0.0</b>

**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	-0.4	0.0	-0.4	0.0	0.0	0.0	0.0	0.0
Derivatives – hedge accounting	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-0.5</b>	<b>0.0</b>	<b>-0.5</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 6. Contingent commitments

<b>EUR million</b>	<b>30 September 2023</b>	<b>30 September 2022</b>	<b>31 December 2022</b>
<b>Liabilities for own commitments</b>			
Guarantees	5.8	14.8	5.7
<b>Contingent commitments on behalf of Group companies</b>			
Guarantees	5.7	4.1	5.7
<b>Contingent commitments on behalf of non-Group companies</b>			
Guarantees	19.4	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
<b>Total</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>

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

## 7. Acquisitions and 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 made public, 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 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 since the date of acquisition.

### Divestments in 2023

Neova did not make any divestments in January–September 2023.

### Divestments in 2022

During January–September 2022, 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 did not have a material impact on Neova Group's result in 2022.