

**NEOVA** GROUP



**YEAR 2024**

**GROUP AND BUSINESS OPERATIONS  
FINANCIAL STATEMENTS AND  
BOARD OF DIRECTORS REPORT  
SUSTAINABILITY STATEMENT**

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Cover image:

Left: Family Farms is a pioneer in cultivating blueberries in Peru and a valued customer of Kekkilä-BVB. They cultivate over 200 hectares of thriving blueberry plants. Right: An illustration of the Torvmossen solar power project.





# GROUP



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# WE ARE CREATING GREEN GROWTH

Neova is an international company whose aim is to ensure the basic conditions of life for everyone: clean food, clean air and clean water. Our business operations support professional farming and gardening, the construction of attractive living environments and the welfare of animals. We provide local fuels to our customers and produce activated carbon for the purification of air and water.

Neova's most recent business operations are natural growth stimulants, or biostimulants, made from peatland biomass, as well as solar and wind farm projects, which the company mainly develops on old peat production sites it owns.

Our business is divided into two divisions: Kekkilä-BVB and Neova Terra. Both divisions, Kekkilä-BVB and Neova Terra, each contain four business areas. The business operations are served by Group Services functions.

## OUR VALUES

- Focus on customer success.
- Achieving together.
- Trust through respect.
- Courage to renew.

## OUR STRATEGY

- We boost healthy local food production.
- We offer local fuels.
- We are part of the solution for the world's freshwater problem.
- We provide new solutions to purify polluted environments.
- We create well-being.

## FINANCIALS

- We aim for sustainably profitable business growth based on global megatrends such as urbanization, climate change, and digitalization.





# NEOVA GROUP

Financial year  
1 January–  
31 December 2024

Consolidated  
turnover

**469.0**  
EUR million

Consolidated  
operating profit

**25.0**  
EUR million

Balance sheet total

**599.7**  
EUR million

Equity ratio

**49.8**  
percent

Average number  
of employees

**817**  
people

## Owners:

The State of Finland 50.1%  
Suomen Energiavarat Oy 49.9%





# CEO'S REVIEW: PROGRESS OF TRANSFORMATION PROGRAMME IMPROVED PROFITABILITY



Pekka Tennilä, CEO of Neova Oy.

The year 2024 was challenging for the Neova Group in many ways, as turnover and production volume slightly decreased from the previous year, but profitability and cash flow developed favourably thanks to determined development measures.

The rainy and cold gardening season in Central Europe significantly reduced the sales and profitability of Kekkilä-BVB's consumer products in Central Europe during the spring and summer. On the other hand, sales outside Europe increased significantly. The turnover for the last quarter of the year was lower than the comparison period, mainly due to lower fuel sales volumes of Neova Terra, as the quarter was clearly warmer than the previous year.

EBITDA and operating profit were clearly at a higher level than the previous year, assisted by efficiency measures.

During 2024, a significant organisational reform was implemented in the Group. The company's operations were divided into two more independent divisions: Kekkilä-BVB and Neova Terra.

## Kekkilä-BVB's profitability programme yielded results

The business of Kekkilä-BVB, which focuses on growing media, is divided into profit-responsible business areas

according to geographical markets, so that we can respond to the rapidly changing needs of the markets and customers. The current organisational model has proven to be effective and has accelerated decision-making and strategy implementation in different business areas.

During 2023 and 2024, we have implemented structural reforms to improve financial performance in the future. These measures included the closure of four growing media plants and the concentration of production into larger units, the sale of assets, streamlining the organisational structure, improving procurement, and reducing staff by nearly 100 employees. Our goal has been to significantly improve Kekkilä-BVB's profitability during 2024, which we succeeded in. The improvement in our profitability was not due to an improvement in the general market situation but a combination of the aforementioned efficiency measures, which have improved Kekkilä-BVB's cost competitiveness, leading to stronger financial results in the coming years as well.

Kekkilä-BVB's markets developed differently. The Global and Materials business areas performed very well and clearly better than the previous year. This indicates successful business, supported by the growing demand for professional growing media products in Asia and South and North America. The professional growing media business of our largest business area, Central Europe, achieved its goals,

but the sales volumes of consumer products decreased significantly due to the cold and rainy spring in the Netherlands. Also, in the Nordic countries, the sales of consumer products developed poorly, but on the other hand, green construction grew as expected, and its profitability improved.

The year was overall good for Kekkila-BVB. We streamlined and rationalised production and reorganised to improve customer service. Our organisation is now ready for the new year, and we believe we will succeed in it.

## Neova Terra facing new challenges

Neova Terra's year was twofold: the division exceeded its targets in a challenging market situation, although sales were lower than the previous year as expected. Improved profitability is the result of many different measures. The significant reduction in fixed costs from the previous year had a significant impact on improving profitability. The achievement was excellent, as the sales volumes of the division's most profitable product, energy peat, decreased as expected. Although the sale of energy peat is rapidly decreasing, energy peat has maintained its position as a blend fuel better than expected for security of supply reasons, and customers also buy energy peat to prepare for exceptional situations. The pellet market was in decline after its previous record year.

The peat production in 2024 was successful. In Estonia and Finland, production targets were exceeded, and thanks to the production season continuing well into the autumn, also Sweden came close to its target. Successful peat production provides a good foundation for 2025.

Neova Terra manages the Group's land assets in Finland and develops new business related to them. The most visible

business opening is the development of former peat production areas into solar and wind power parks. In November 2024, Neova and the Swedish Rabbalshede Kraft AB signed an agreement under which Neova sold 50 percent of its nine solar and wind power projects to Rabbalshede Kraft. Neova prepares the projects in the planning phase, but Rabbalshede Kraft makes the actual power park investments and buys the completed power parks entirely into its ownership, and Neova will remain as the land lessor for the sites. The agreement had a positive impact on Neova's profitability in 2024.

The commissioning of the Novactor activated carbon production plant in Ilomantsi has progressed during 2024, and the quality level has been stabilised to target values. The demand for high-quality European activated carbon is still growing.

Neova Terra's strategy is to bring high value-added products based on peat to the market. During 2024, two significant successes were achieved. The marketing and sales of the biostimulant, a natural growth stimulator made from peat, began in Southern Europe under the NeoCore brand. Another new product brought to the market is a peat-based animal feed product that supports the intestinal well-being of animals, for which Neova is cooperating with the large feed manufacturer Hankkija. For both products, the goal is to achieve international commercialisation in the best possible way.

## The importance of renewable raw materials and new products will increase in 2025

Kekkila-BVB's strategic goal to increase the share of renewable and circular raw materials in growing media is progressing determinedly. There is a strong demand for

development in this direction, especially from customers in Central Europe. As part of the Group's offering, Neova is growing over 1,500 hectares of reed canary grass for this purpose, which is mixed with other growing media raw materials as a new renewable component. During 2024, the Group also invested in its first wood fibre production line in the Netherlands.

In recent years, we have done significant work to improve our competitiveness, which I believe will enhance our operations already in 2025. The coming years will be more challenging for Neova Terra as the demand for energy peat decreases, and new products do not yet fully replace it. From Kekkila-BVB, positive profitability development and increasing volumes can be expected as the global demand for growing media increases. Even amidst all the changes, one principle does not change: Responsible business will continue to be the key factor in our strategy and operations.

**Pekka Tennilä**  
CEO  
Neova Oy

# NEOVA GROUP STRATEGY

Our business and strategy are based on three global megatrends: climate change, digitalisation and urbanisation. We are guided by a sustainable approach to meeting people's basic needs and creating green growth.

Until a few years ago, Neova Oy was a major energy and fuel company, but we have decisively exited our energy businesses. In early 2021, we sold Nevel Oy, which specialised in the production of heat and electricity. In 2022, we joined forces with the Lassila & Tikanoja-owned Biowatti in the energy wood business. We own 45% of Laania Oy, a company created as a result of a merger.

At the same time, the company has expanded to become a significant international operator in the market for products for professional and amateur farmers. Kekkilä-BVB, created through the merger of Kekkilä Oy and the Dutch BVB-Substrates, is largest operator in its field in Europe.

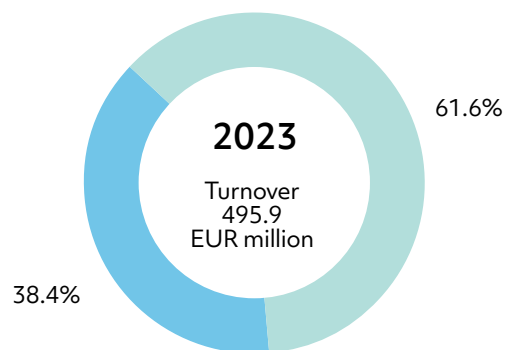
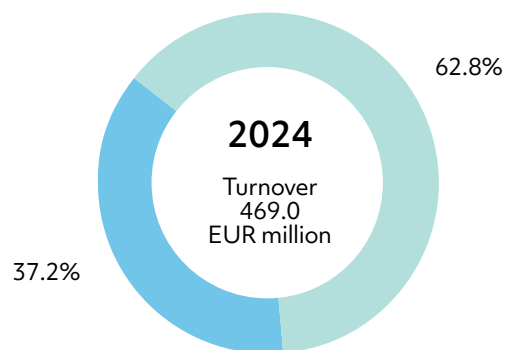
Neova's strategy in its different business areas is based on its own raw materials, raw material expertise, its own research and product development expertise, and its capacity for commercialisation. Today, the majority of the company's peat resources are used as raw material for growing media, animal bedding and raw materials for high-added-value products. In recent years, the company has launched many projects, all aimed at increasing the share of recyclable and renewable raw materials in end products.

Neova is now a multinational company that operates in the global markets and offers products that aim to ensure





## TURNOVER BY BUSINESS SEGMENT, %



● Neova Terra ● Kekkila-BVB

the basic conditions of life for everyone: clean food, clean air, and clean water, heat and energy. In all its business operations, the Group aims to produce more added value with a smaller amount of raw material.

Neova Group's business is divided into two independent business divisions: Kekkila-BVB and Neova Terra.

### Kekkila-BVB

Kekkila-BVB is Europe's leading company in the growing media market and also at the forefront in the global market. With its products and services, Kekkila-BVB serves professional farmers operating in greenhouses, horticultural hobbyists, landscapers and animal farms to whom it delivers bedding.

In its strategy update in spring 2024, Kekkila-BVB updated its business model and streamlined its production plant network. This led to the closure of two production plants in Germany and the Netherlands. Kekkila-BVB's goal is profitable growth in all its market areas, as well as strengthening its position both as a reliable partner for customers and a forerunner in responsibility.

In 2022, we launched Kekkila-BVB's largest research and development project, in which we explore and test new raw materials for our products in cooperation with our customers. Our goal is to double the use of renewable raw materials in our growing media by 2027. As part of this project, we started cultivating sphagnum moss in old peat production areas in 2023. During the project, we have also sown more than 1,500 hectares of reed canary grass to grow in old peat production areas. Reed canary grass grows quickly and binds carbon well, so it is an excellent raw material for many types of growing media.

### Neova Terra

Neova Terra operates in Finland, Sweden and Estonia. In these countries, Neova Group's land assets and peat resources are mainly concentrated in Neova Terra. Neova Terra consists of four business areas: Neova Agro, Novactor, Peat and New Materials and Real Estate Development and Renewable Energy.

Neova Agro develops solutions to global challenges in collaboration with customers and other ecosystems to secure global food production. Neova Agro's strategy is to use its own research and product development as a foundation to refine peat-based biomasses and other organic natural materials into new, high-added-value products for the international market.

In 2024, we began marketing and selling a biostimulant processed from peat, i.e. an organic growth promoter, in several countries such as Spain and Italy under the NeoCore™ brand. NeoCore™ improves root growth, increases microbial activity in the soil and improves soil health, helping plants to make better use of nutrients in the soil, as well as improving plants' resilience to stress, such as salt stress or drought. Cultivation tests have shown that the increase in yield can be up to tens of per cent.

Another new product on the market is our peat-based animal feed product. Here we work with a major feed manufacturer, Hankkija. More than ever, producers are looking for new safe and natural feed products to support animal health and enhance nutrient absorption for optimal growth and production results. Peat is a natural material with unique properties that support the intestinal well-being of animals.

Novactor is a forerunner in the growing market for activated carbon. Activated carbon is used for air and water

purification. It is also needed in industrial processes and food production to adsorb chemicals, metals and odours. Our facility that manufactures active carbon from peat in Ilimantsi is an example of this. During 2024, the plant's waste heat began to be utilised as a heat source for the district heating network of the municipality of Ilimantsi.

Peat and New Materials is responsible for the production, logistics and sales of energy peat to external customers, as well as for the production of raw materials for the production of agricultural peat, bedding peat and high-added-value products for customers within the Group. In addition to peat, our other raw materials include reed canary grass and moss.

Neova Group has a total peat production area of approximately 30,000 hectares in Finland, Sweden and Estonia. The production area has decreased sharply in recent years due to the decrease in demand for energy peat. In Estonia, Neova produces only agricultural peat. In Sweden, energy peat accounts for only a few per cent of total production. In Finland, energy peat accounts for less than half of total production and is decreasing rapidly. There is no need for the company to increase the total production area. In order for the company to be able to meet customer demand for different peat products, it will continue to apply for new production permits to replace areas that are ceasing production in the various production countries.

Russia's invasion of Ukraine changed the European energy market and Neova's strategy. In order for Finland to survive without energy imported from Russia, we decided in March 2022 to restart the production of milled peat, which had already been discontinued, for use as fuel. This decision was motivated by the need to protect the security of supply and delivery reliability of Finland and Finnish energy companies. In ensuring security of supply, Neova cooperates

extensively with the National Emergency Supply Agency. Today, we produce milled energy peat in Finland only for contracts based on binding pre-orders.

Real Estate Development and Renewable Energy develops its land assets in ways that generate new profitable business models. The business area is responsible for solar and wind power projects, land leasing, forest asset management and other property development, as well as the production and sale of energy pellets.

As the demand for energy peat decreases, an increasing number of production areas are used for the production of non-energy peat. In property development, the main focus is on converting areas that have ceased production for new uses as solar and wind energy parks. In 2024, the first significant step in this area was taken when Neova and the Swedish Rabbalshede Kraft AB signed a cooperation agreement, according to which Rabbalshede Kraft will participate in nine renewable energy production projects owned by Neova with a 50% share of ownership.



# OPERATING ENVIRONMENT

The operating environment continued to be challenging in 2024. The transformation of the global economy that began in 2022, with its setback that slowed economic growth, continued throughout 2024. The interest rates remained high, inflation rates were higher than usual and energy prices rose to new levels as a result of Russia's invasion of Ukraine. All of this had a significant impact on our customers' purchasing power and, in turn, our business. High interest rates have nearly stopped the construction of new wind farm projects in Finland. On the other hand, the rising energy and fuel prices and the new-found emphasis on security of supply and delivery reliability offered us new business opportunities.

**D**emand for all available heating fuels remained at a high level throughout 2024. The prices of wood chips, pellets and energy peat continued to increase as demand on the fuel market continues to exceed supply after the imports from Russia ceased.

The decline in demand for growing media, which began in 2022, did not yet turn to a significant increase in Europe in 2024. Demand in the Asian, North and South American markets was clearly growing. During the year, consumers' purchasing power experienced a significant decline due to issues such as higher interest rates, higher energy prices and the general price development caused by inflation. Among professional farmers in Europe, purchasing power has declined mainly due to the increased heating and lighting costs and increased fertiliser prices.

There has been overcapacity in the sector and, as part of the adaptation to the prevailing demand situation, Kekkilä-BVB has closed four growing medium plants and concentrated production at its other plants. Now it seems that the professional farming market in Europe is recovering. The US, South American and Chinese markets devel-



oped significantly more favourably in 2024 than in previous years.

## Fuel prices pushed up by high demand for wood energy

Emissions trading is aimed at shifting energy production from fossil fuels to renewables. In district heating production, all heating plants with a capacity of more than 20 MW are obliged to buy emission allowances on the market if they combust non-renewable fuels. During 2024, the prices of emission rights peaked at around EUR 70 per tonne of carbon dioxide for the whole year.

The high price of emission rights and the rapid transition of the energy sector to renewable fuels have increased the price of roundwood and energy wood. This has also been reflected in the prices of pellets and energy peat. The high price of wood increased the manufacturing costs of pellets and brought more foreign imports to the market, which tightened the competitive situation in the pellet market.

## Demand was strongly affected by exceptional weather conditions

The first quarter of Neova Terra was very good due to weather being colder than usual in Finland, which increased the demand for fuels in the early part of the year. Correspondingly, the last quarter was exceptionally warm and very much warmer than the reference period, which clearly reduced fuel deliveries for the rest of the year.

In Central Europe, we saw a historically cold and rainy spring and summer. In particular, this decreased demand for amateur farming products throughout the short season.

## A stable situation in transport costs and raw material prices

The increase in the prices of road transport in previous years levelled off in 2024. Sea transport prices were also stable, which is a good thing for hauliers, but it is unfortunately also a sign of the economic downturn.

The huge increases in packaging material prices of previous years were no longer seen. The price of plastics, fertilisers and coconut fibre, among others, actually decreased, but all prices still remain higher than before the pandemic. The lower sales volumes were due to the fall in demand, and in this situation, price increases cannot adequately compensate for the fall in volumes. Under the circumstances, Kekkila-BVB was one of the companies that had to close its production facilities and reduce its staff to reduce fixed costs and improve its future competitiveness.

## Finance taxonomy, LULUCF and carbon removal certification framework

In 2024, the European Union's legislative work was suspended for a few months due to the European Parliament elections in June. Since the elections, Neova has approached new MEPs and shared its message on the importance of growing media, agricultural peat and other peat-based products in different sectors. The main target group for Neova in the European Parliament has been the members of the Parliament's Committee on Agriculture and Rural Development and the Environmental Committee. The new European Commission started its work in December under the leadership of President Ursula von der Leyen.

In 2024, the European Commission has focused its work on the EU taxonomy for sustainable finance towards guiding its implementation, and no delegated acts have been adopted for new economic activities. However, the new commissioner responsible for the taxonomy, Maria Luís Albuquerque, stated in her hearing that she is actively working to promote the extension of taxonomy to new sectors in the coming years.

As regards the LULUCF Regulation on emissions and removals in the EU land use sector, the European Commission launched an evaluation of the Regulation this year, resulting in a possible reform proposal by the Commission, if necessary. Neova has been in contact with Commission officials responsible for matters such as measuring the environmental impact of peat production and the lifecycle emissions of peat-based products.

The final approval of the new legislation package concerning the EU carbon removal certification framework was achieved by the member states in November 2024. The aim of the framework is to encourage landowners and industry to develop new innovative solutions for carbon capture and storage and to ensure the sustainability and quality of carbon removal. In particular, Neova has explored new business opportunities for carbon farming activities and peatland restoration in the context of the initiative. The EU Regulation will also support future legislation on the domestic voluntary carbon market.





# BUSINESS OPERATIONS



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# BUSINESS DIVISIONES

Our business is divided into two divisions: Kekkilä-BVB and Neova Terra. The Group services shared by all business operations are managed by the Group Services function.

## KEKKILÄ-BVB

The **Kekkilä-BVB division** comprises four business areas: **Central Europe, Global, Nordics** and **Materials**. It is Europe's leading producer of growing media suitable for professional growing. Its product range also includes products for hobby gardeners and landscapers. Materials is responsible for the sale of bedding and growing peat to customers outside the Group. Kekkilä-BVB's products and services are exported to more than 100 countries around the world.

## NEOVA TERRA

The **Neova Terra division** consists of four business areas: **Real Estate Development and Renewable Energy** develops the land it owns for the next form of land use, such as solar and wind power. **Peat and New Materials** is responsible for the Group's peat production, logistics and sales to external customers. **Novactor** produces activated carbon. **Neova Agro** develops new high-value added products such as biostimulants, and animal feed raw materials.



# KEKKILÄ-BVB IS SEEKING PROFITABLE GROWTH BY GROWING SMARTER FOR HEALTHIER FOOD AND GREENER LIVING

**K**ekkilä-BVB launched the Next Chapter program in the second half of 2023 to support the division in improving its operational efficiency. As a result of the program, a new operating model was launched on 1 January 2024. The division is divided into four business areas: BA Central Europe, BA Nordics, BA Global and BA Materials which are all responsible for all activities within their business areas. Business areas are supported by Kekkilä-BVB's innovation team and Neova Group's shared services.

One part of the Next Chapter has been also optimizing Kekkilä-BVB's fixed costs by optimizing production volumes of all growing media, the location of the production facilities and logistic costs to meet the current and expected market demand in the next few years. As a result, the division continued to review its production facilities and decided to close two of them, one in the Netherlands and one in Germany. The financial impacts of these decisions are expected to become evident in our 2025 financial results.

Kekkilä-BVB revised its strategy in the spring 2024 targeting towards sales growth and improved profitability.



Kekkilä-BVB aims to make the company the most trusted partner for its customers, the forerunner in sustainability, and a strong performer also financially by 2027. Kekkilä-BVB's new vision is "Growing smarter for healthier food and greener living" which leads the division to find solutions to grow more by using fewer resources in all its three business lines: professional growing, landscaping and hobby gardening. There is a big opportunity for Kekkilä-BVB in the growing media market. This industry has an important role in sustainable food production and greener living, and it is expected to grow in the future.

In 2024, Kekkilä-BVB continued to progress its innovation roadmap. Together with the customers, suppliers, science institutions, and other partners, the division continued the work on identifying and testing new circular and renewable raw materials focusing even more on the sustainability of the growing media. The innovation team has been working for a long time with Neova Terra on reed canary grass innovation and in January 2025, Kekkilä-BVB was ready to launch the new raw material to its customers at the trade fair IPM in Essen, Germany. Neova Terra repurposes old peat production areas in Finland to cultivate and harvest reed canary grass, transforming them into sources of new raw materials.

As the customer interest in new circular raw materials is increasing, Kekkilä-BVB decided also to invest in its own wood fibre production line in the Netherlands, which ensures the steady availability and quality of wood fibre for Kekkilä-BVB's products.

In addition, the division continued to build its new ERP system, which is expected to be up and running by the end of 2025.

## Development by the business area

### BA Central Europe

BA Central Europe is responsible for Kekkilä-BVB's operations in Central Europe mainly under the brand BVB Substrates. A cold and wet spring, especially in the Netherlands and Germany, caused challenges for Kekkilä-BVB's business in the retail segment, where the growing season was short. However, the business area was able to balance these effects with a steady performance in professional customer and landscaping segments. At the beginning of the year, Kekkilä-BVB introduced a new bark and mulch sieving line at its Grubbenvorst factory in the Netherlands to ensure better production efficiency and product quality for its versatile customers.

After the optimization of the production network, the business area is in a good position to seek growth in 2025. The production of closed sites is relocated to the business area's other production facilities in the Netherlands, which will secure fast deliveries to customers also in the future.



Also, investments in new circular raw materials, such as wood fibre, reed canary grass, miscanthus and sphagnum moss, will support BA Central's growth ambitions going forward.

### BA Nordics

BA Nordics is responsible for Kekkilä-BVB's operations in the Nordic countries and Baltics mainly under the brands Kekkilä Garden, Hasselfors Garden and Algomin. The first half of 2024 presented challenges for the business area, as production issues, partly due to the timing of machinery and equipment investments in Sweden, hindered the ability to fully meet customer demand. Kekkilä-BVB's professional customers were served under the Kekkilä Professional brand with steady market development after the closures of Haukineva and Bredaryd plants.

Conversely, the Landscaping & Recycling business in Finland and Sweden thrived in 2024. Their innovative "Green City Concept" was enthusiastically received by customers in cities and municipalities. Selecting the right soil is essential





for sustainable urban greenery. The Green City Concept provides customers with guidance on making wise product choices that are functional, circular, and sustainable, with a low environmental footprint.

Growth initiatives for 2025 are bolstered by a new lawn concept, cover material stones, the Green City Concept, and a new fertilizer supply chain model.

### BA Global

BA Global is responsible for Kekkilä-BVB's operations outside the Nordics, Baltics and Central Europe. BA Global serves distributors primarily with Kekkilä Professional's portfolio and growers with BVB Substrate's portfolio.

In 2024, our 'Global' business area implemented a new strategy with a streamlined organization. This strategy placed a strong emphasis on improving the customer experience throughout the customer journey, especially for growers, key global accounts and distributors. We were dedicated to achieving customer excellence through our new way of working. To drive profitability, we optimized production

capacity and adjusted pricing strategies.

The year 2024 was a successful one for BA Global, with remarkable growth, particularly in the Americas and Asia.

### BA Materials

BA Materials is responsible for the sales of peat raw material to customers outside Neova Group. The sold raw material is used for animal bedding and horticultural peat. BA Materials is also responsible of the harbor facility in Papenburg, Germany, which serves customers in Central Europe.

BA Materials had a good year. The demand for animal bedding in Finland is steady, as the material has many animal health and wellbeing improving qualities, which leads to e.g. lower usage of antibiotics. Also demand for horticultural peat outside Kekkilä-BVB has increased. The Business area offers its customers more support in organizing the logistics for the peat deliveries.

BA Materials growth for 2025 will be partly dependent on the success of peat harvesting season in summer 2025 to support the raw material availability.





# NEOVA TERRA

## Real Estate Development and Renewable Energy

The pellet volumes in the Finnish fuel market have increased after the market disruption caused by the Russian war of aggression. The price level has fallen in 2024 due to abundant imports. However, the prices of raw material for pellets have remained high in Finland. The reduction of Neova's pellet business has continued as planned in 2024. The Turenki and Kärämäki factories have been sold and the sales contract for the Vilppula factory has been signed. Despite the above, the profitability of Neova's pellet business has remained good.

In real estate development, the focus in 2024 was on the development of land for new land use needs within and outside the Group. In particular, the supply and demand for the leasing of areas for solar and wind power development has been active. In 2024, Neova did not sell any of its land. In 2024, additional land was also taken into field cultivation use. The land areas are used for the cultivation of reed canary grass for the Group's needs.

In 2024, Neova started a new project to survey its own land areas and chart their potential for commercial carbon sequestration in connection with various restoration measures and land project development measures.

Solar and wind power development has progressed as planned. Numerous projects are in the zoning process, and the first building permits for solar power were obtained in 2024.





In solar and wind power, a joint venture was established with the Swedish company Rabbalshede Kraft AB. Nine solar and hybrid projects were transferred to the joint venture, which will manage the final development and commercialisation of the projects. As part of the arrangement, Vapo Terra will no longer invest in or remain the owner of the projects during their construction phase. Vapo Terra's role will be to continue in the projects as a landowner.

Investigations are also continuing for off-grid wind power projects, in which the electricity produced by wind power is used locally for purposes such as producing hydrogen and other synthetic fuels, without the need to connect the facility to the power grid.

## Novactor

Novactor has established itself as a European manufacturer of activated carbon

2024 was Novactor's first full year of operations as a producer of activated carbon. In addition to activated carbon,



Novactor delivered a significant amount of heat generated as a process side stream to the district heating network of the municipality of Ilomantsi.

In addition to good delivery reliability, we are able to offer our European customers a high-quality product and a good alternative to Asian and North American imports. 2024 was a year of strong development for Novactor. In addition to customer work, we invested in the efficiency and quality development of our production process. Several of our customers also audited the Environmental and Safety processes of our Ilomantsi factory, and we will develop them further in the coming years. We also launched the first further processed products on the market, and this development will continue.

## Neova Agro

The aim of the business area is to refine organic wetland biomass and other renewable natural materials into high-added-value products for the international markets. Together with customers and ecosystems, we develop solutions to



global challenges that secure both local and global food production. In Neova Terra's strategy, which extends to 2030, the share of high-added-value products will increase, and our goal is to produce them using fewer natural resources. From a business perspective, biostimulants and animal feed are currently the furthest along on this path. The NeoCore™ biostimulant and ProHumi animal feed were launched in 2024 and gained a promising foothold in the market.

## Biostimulant business

The objective of the biostimulant business is to improve plant growth in greenhouse and field cultivation, and to help plants adapt to the challenging conditions caused by climate change. For biostimulants, we are focusing on our own branded products and national strategic distributors. Our first product is NeoCore™. During the year, we expanded the NeoCore market from 3 countries to 15 countries with ongoing negotiations, testing, registrations or sales phases with distributors. Customer feedback on NeoCore has been excellent: it has improved root development, plant yield and



soil health. The development of new products that complement NeoCore also progressed well. Our goal in 2025 is to bring products to the market for golf courses and green areas, to improve flowering, and to be used in foliar spraying.

### Animal feed business

Our animal feed business entered the commercial phase in 2024 with the announcement of our strategic partnership with Hankkija. Hankkija launched the peat feed pellet ProHumi, which has garnered very promising positive feedback from Finnish pig farmers, as our product supports the wellbeing of piglets' intestines, provides enrichment and thus improves the growth of piglets in a very concrete manner. Our goal in the future is to expand the product market from Finland to Central Europe. In the feed product portfolio, the development of a liquid peat extract product also proceeds well, as the results of the first feeding experiment were promising. Business Finland awarded a grant for the development of peat extract product for 2025–2026, so we will be able to produce more scientific evidence of the prod-

uct's effectiveness, which is a prerequisite for getting the product to the market.

### Soil conditioners

Soil conditioners are our newest business opportunity, and we investigated the market potential and customer needs for them. A significant proportion of the world's agricultural land contains too little organic matter and carbon. Adding them can improve yields as soil structure, water retention, nutrient availability and microbial activity improve. In 2025, the soil conditioner development project aims to develop the first product to be launched on the international market to improve conditions for food production.

## Peat and New Materials

### Efficiency through reorganisation

The Peat and New Materials business area was established in spring 2025 as part of the reorganisation of Neova Terra. The change was intended to enhance both internal coop-

eration and cooperation with customers and stakeholders. The change has been confirmed to be successful.

Peat and New Materials invests in the production and supply of new raw materials in addition to the production and supply of energy, growth and bedding peat. The cultivated area of reed canary grass in particular has been significantly increased, and the goal is to continue increasing the number of cultivated areas in 2025. Reed canary grass is one of Kekkilä-BVB's new raw materials for the growing medium market.

### Peat production succeeded despite challenging conditions

Peat production reached or exceeded its targets in Finland and Estonia. In Sweden, we remained slightly below the targets. The production volumes can be considered a success, considering the varying weather conditions, especially in the late summer.





# GROUP SERVICES

Group Services is responsible for services shared by all the functions.

## Finance & Business Control

Finance and Business Control is responsible for the financial reporting of the Group and the group companies, financing of the Group, insurance and risk management, as well as communication with financial institutions, the auditors and owners. Internally, the function's responsibilities include controller services for the various businesses, as well as functions and processes related to areas such as accounting, invoicing and credit monitoring.

## ICT

ICT is responsible for the development of IT systems that support the Group's businesses and service functions, the digitalisation of operations, and the production of IT services in all the Group's operating countries. Its duties include the Group's ICT strategy, project management, project planning, the IT architecture, software licences, hardware, software and service purchases, as well as information security.

## HR

HR is responsible for the implementation of the Group-wide HR policy, the creation of consistent operating cultures and business practices, and the harmonisation of HR practices. The main focus is on supporting changes in business operations through management and competence development practices, and the development of operating methods. The promotion of wellbeing and an equal and non-discriminatory operating culture are particular focus areas in HR.

## Group Communications and Public Affairs

Group Communications and Public Affairs is in charge of the Group's internal and external communications, as well as the supervision of the Group's interests. In internal communications, the focus is on the development and maintenance of the intranet and the production of content for the intranet, as well as the organisation of various face-to-face and online press conferences.

## Group Legal Services and Internal Audit

Group Legal Services and Internal Audit is responsible for the Group's legal affairs and coordinates the use of external legal services. The function is responsible for risk management related to agreements signed by the Group and ensures that the Group's interests are appropriately represented in legal proceedings and other situations pertaining to agreements. The function is also responsible for ensuring that the company's governance model and related instructions are always up to date. The coordination of internal audits is also the responsibility of this function.

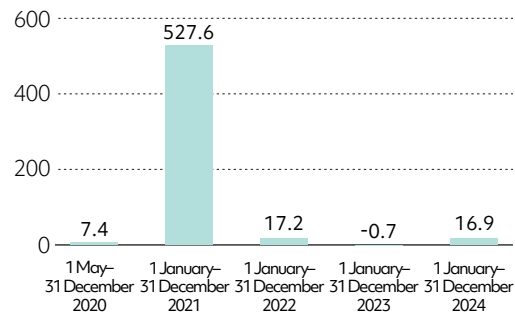


# FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

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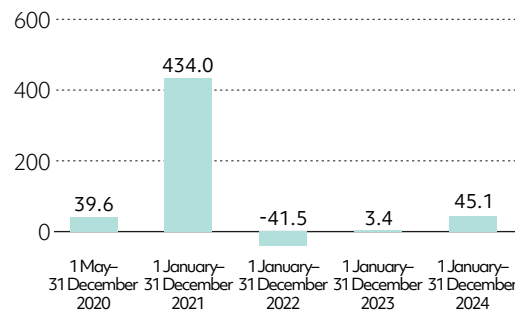
# FINANCIAL STATEMENTS 1 JANUARY TO 31 DECEMBER 2023

## OPERATING RESULT BEFORE IMPAIRMENTS, EUR MILLION



The **operating result** describes the profitability of the operational business and largely determines, among other things, the return on invested capital. In Neova's operations, the operating result of both the Kekkilä-BVB and Neova Terra divisions is significantly affected by the change in the weather and the success of the summer's peat production. The development of the operating result was positively affected by the efficiency actions taken in 2023–2024, the demand for peat and the strong development of the growing media market outside Europe. Largest negative factor was the cold and rainy spring in Central Europe that decreased the demand for consumer gardening products. The reported operating result was negatively affected by significant one-time costs, especially related to the efficiency actions in Kekkilä-BVB. The group's operating profit for the financial period was EUR 14.0 (-5.3) million, and before impairment losses EUR 16.9 (-0.7) million. The operating result includes non-recurring items of EUR -11.1 (-21.8) million, which consisted of restructuring costs related to the efficiency of operations.

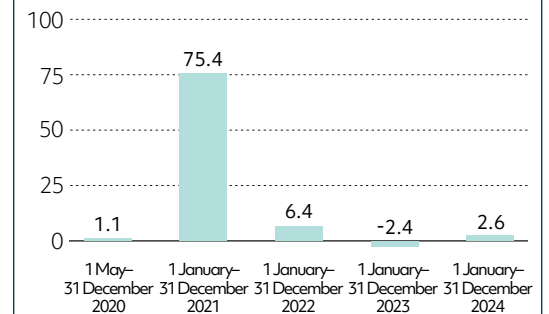
## FREE CASH FLOW BEFORE TAXES, EUR MILLION



In addition to EBITDA, **free cash flow** before taxes and financial items takes into account, among other things, changes in working capital committed to business operations, the effects of asset sales and investments made. The group's free cash flow before taxes in the fiscal year January–December 2024 was EUR 45.1 (3.4) million. The gross investments of the ended financial period were EUR 38.7 (40.2) million, and the net investments (gross investments - sales of assets) were EUR 27.1 (31.2) million.

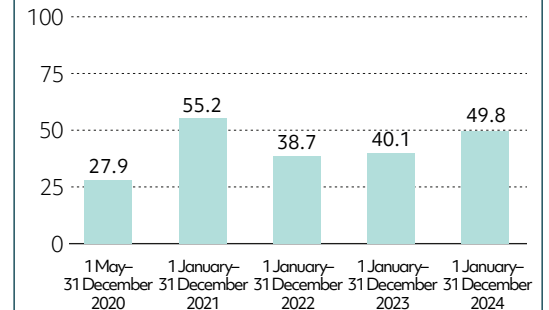
**Return on invested capital (ROIC)** is the most important ratio measuring profitability in Neova's capital-intensive industries, because it takes into account not only operating profit but also committed capital. ROIC describes the company's ability to create value for its owners, i.e. it should be higher than the cost of capital (WACC). At the end of the financial year, Neova's return on invested capital before impairments was 3.2 (-1.3) percent.

## RETURN ON INVESTED CAPITAL BEFORE IMPAIRMENTS %



**The equity ratio**, which measures the company's solvency, tells how much of the company's assets have been financed with equity. The improvement in the profitability of operational activities, the expansion of profitable business activities, the pruning of loss-making activities, the sale of assets can be seen as a strengthening of self-sufficiency in recent years. The group's equity developed favorably and was 49.8 (40.1) percent at the end of the financial year.

## EQUITY RATIO %







# BOARD OF DIRECTORS OF NEOVA OY

## Chairman of the Board of Directors

### Panu Routila

b. 1964, M.Sc. (Econ.)

**Relevant concurrent positions of trust:**  
Chairman of the Board:  
Patria Oyj,  
Fortaco Oyj,  
Fifax Oyj.  
**Member of the Board:**  
Ambientia Oy,  
Ensto Oy,  
Veritas Oy.

**Relevant work experience:**  
Konecranes Oyj, President  
and CEO 2015–2019.  
Ahlström Capital Oy,  
CEO 2008–2015.  
Kuusakoski Alteams,  
CEO 2002–2007.  
Outokumpu, 1995–2002.

**At Neova:**  
Chairman of the Board  
of Directors 2022–  
Member of the Board  
of Directors 2021–

## Vice Chairman of the Board of Directors

### Eeva-Liisa Virkkunen

b. 1957, M.Sc. (Econ.)

**Relevant concurrent positions of trust:**  
Chairperson of the Board of  
Directors and Chairperson of  
the Audit Committee:  
Sotkamo Silver AB.  
**Deputy Chairperson of the  
Board of Directors and  
Chairperson of the Audit  
Committee:**  
Länsirata Oy.  
**Member of the Board of  
Directors and Chairperson of  
the Audit Committee:**  
Rohit Oyj.

**Relevant work experience:**  
Metso Oyj, SVP, Group Finance  
and Control 2014–2020.  
Metso Minerals Oy, SVP,  
Finance and Administration  
2007–2014.  
Metso Automation Oy, SVP,  
Finance and Administration  
2002–2007.  
Rettig Group,  
CFO 1999–2002.  
Sandvik Mining and  
Construction, VP, Finance  
1995–1999.  
Huhtamäki Oyj, Leaf,  
CFO 1992–1995.  
Huhtamäki Oyj, Controller,  
Germany, UK and Switzerland  
1984–1992.

**At Neova:**  
Member of the Board of  
Directors and Chairperson of  
the Audit Committee 2022–  
Vice Chairperson of the Board  
of Directors 2024–

## Members

### Stefan Damlin

b. 1968, M.Sc. (Econ.)

*Managing Director,  
Vaasan Sähkö Oy  
17 September 2018–*

**Relevant concurrent positions of trust:**  
**Member of the Board:**  
EPV Energia,  
Voima Corporation,  
Energiateollisuus ry,  
Vaasan Voima Oy.  
**Deputy member of the Board:**  
Pohjolan Voima.

**Relevant work experience:**  
Wärtsilä Finland Oy, Managing  
Director 2012–2018.  
Wärtsilä Corporation,  
Vice President, Business  
Development Centre,  
Global Industrial Operations  
2011–2012.  
Wärtsilä Corporation, Vice  
President, Business & Finance  
Centre, Global Engine Division  
2005–2010.  
Finn-Power, Group Business  
Controller 2004–2005.  
**Member of the Board:**  
Aktia Bank plc 2016–2020,  
Wärtsilä Yuchai Engine  
Company (China) 2015–2018,  
Wärtsilä Transmashholding  
(Russia) 2012–2014,  
DTS (the Netherlands)  
2008–2011,  
Ostrobothnia Chamber of  
Commerce 2012–2015, 2025–

**At Neova:**  
Member of the Board of  
Directors 2020–2023, 2024–  
Member of the Audit  
Committee 2020–2021  
Member of the Personnel  
Committee 2021–2023

### Dick Hordijk

b. 1967, M.Sc. (Econ.)

*CEO of Topigs Norsvin,  
04-2025–*

**Relevant concurrent positions of trust:**  
**Member of the Board:**  
Achmea Association,  
the Netherlands, June 2022–

**Relevant work experience:**  
Royal Agrifirm Group, CEO  
2016–2024.  
Cargill Nutrition EMEA CEO  
2013–2016.  
Cargill Nutrition EMEA,  
Finance and Operations  
Director 2008–2013.  
Quest International,  
Finance, Supply Chain  
functions 1992–2007.

**At Neova:**  
Member of the Board of  
Directors 2024–  
Member of the Audit  
Committee 2024–

### Jari-Pekka Punkari

b. 1965, M.Sc. (Econ.)

*Ministerial Adviser,  
Prime Minister's Office*

**Relevant concurrent positions of trust:**  
**Member of the Board:**  
Gasum Oy

**Relevant work experience:**  
Skaala IFN Oy, Managing  
Director 2019–2020.  
Talokeskus Yhtiöt Oy,  
Managing Director  
2016–2019.  
Skaala Oy, Managing Director  
2011–2016.  
GS-Hydro Oy, Chief Financial  
Officer 2008–2011.  
Kone Corporation,  
Vice President 2006–2008.  
Kone Corporation,  
various managerial positions  
1991–2006.

**At Neova:**  
Member of the Board of  
Directors 2022–

### Kirsi Puntila

b. 1970, M.Sc. (Econ.)

*Senior Vice President, Spirits  
and International Business,  
Anora Group Oyj*

**Relevant work experience:**  
Altia Oyj, Senior Vice  
President, Marketing  
2014–2021.  
Altia Oyj, Spirits Category  
Director 2015–2016.  
Altia Oyj, Marketing Director,  
own brands 2014–2015.  
The Absolut Company/Pernod  
Ricard, Global Marketing  
Manager 2010–2014.  
Chivas Brothers/Pernod  
Ricard, Global Senior Brand  
Manager 2006–2010.  
Member of Marketing  
Executives Group Inc (MJR)  
2016–

**At Neova:**  
Member of the Board of  
Directors 2018–

The members of the Board of Directors do not own shares in Neova Oy.

# CORPORATE GOVERNANCE STATEMENT 2024

## Applicable rules and regulations

Neova Oy is a Finnish non-listed limited liability company whose decision-making and management comply with the applicable legislation, such as the Finnish Limited Liability Companies Act, the Finnish Accounting Act and the company's Articles of Association (Appendix 1) as well as the Shareholders' Agreement between the company's owners. In addition, Neova Oy complies with the Government Resolution on the handling of Corporate Governance matters in publicly owned and affiliated companies issued by the Ownership Steering Department of the Prime Minister's Office ("Government Resolution on State Ownership Policy, available at <https://vnk.fi/en/ownership-steering-data-bank>) and, where applicable, the Securities Market Association's Finnish Corporate Governance Code, which took effect on 1 January 2025 ("Corporate Governance Code", available at <https://www.cgfinland.fi/en/corporate-governance-code/>).

The company's Articles of Association (Appendix 1) include a redemption clause. Pursuant to the redemption clause, if a share is transferred to an outside party, other than one that exercises control over a shareholder of the company, the other shareholders shall have the right to redeem the transferred shares.

The company publishes this Corporate Governance Statement annually together with the annual report.

## Divisions and business functions

Neova Group's operations consist of the Kekkilä-BVB and the Neova Terra divisions, as well as Group Services functions.

Kekkilä-BVB consists of four business areas: Central Europe, Global, Nordics and Materials. Kekkilä-BVB specialises in growing media, recycling, the wholesale of peat raw material and sales of bedding peat.

The Neova Terra division consists of four business areas. The Real Estate Development and Renewable Energy business is responsible for Neova's land assets and develops the land owned by Neova for further forms of land use, such as wind and solar power. The Peat and New Materials business is responsible for the Group's peat production, logistics and sales to external customers. Novactor is a pioneer in the activated carbon market. The Neova Agro business develops new products from peat and other natural materials.

The Group Services function consists of HR, Finance & Business Control, ICT, Communications & Public Affairs and Legal Services & Internal Audit for the entire Group.

Each division and function is responsible

### Neova Group Corporate Governance

Policies

Audit

### Neova Group Structure

Neova Group Structure (Legal Companies)

Leadership and Management Team



for its operations throughout Neova Group's operating countries and subsidiaries.

## Neova's governing bodies

The highest decision-making power in Neova is exercised by the shareholders at the General Meeting. The management of the Group is the responsibility of the Board of Directors appointed by the

General Meeting and the CEO appointed by the Board of Directors. The work of the Board of Directors and CEO is supervised by the Supervisory Board appointed by the General Meeting. The Group Management Team and other senior management assist the CEO in his duties. The Board of Directors decides on the Group's governance systems and ensures that the company observes good corporate governance.

## General Meeting

The Annual General Meeting shall be held in either Jyväskylä or Helsinki on a date determined by the Board of Directors, no later than six months after the end of the financial year.

An Extraordinary General Meeting may be held if the Board of Directors deems it necessary or there are legal grounds for doing so.

Pursuant to the Articles of Association (Appendix 1), the General Meeting shall be convened by sending a registered letter to each shareholder at the address in the share register or by sending an invitation electronically to the email address given by the shareholder no later than eight days before the meeting.

All shareholders have the right to participate in General Meetings by following the instructions provided in the notice of the General Meeting. Shareholders can participate in the General Meeting themselves or by a proxy representative. Each share confers one vote at the General Meeting.

The General Meeting decides on matters within its authority pursuant to the Limited Liability Companies Act, such as confirming the financial statements, the distribution of profit, discharging the members of the Supervisory Board, the Board of Directors and the CEO from liability and any amendments to the Articles of Association. The General Meeting also appoints the members of the Board of Directors, the members of the Supervisory Board and the company's auditors and decides on their remuneration. In addition, the General Meeting elects the members of the Shareholders' Nomination Board.

The Shareholders' Agreement between the company's owners is also observed in the appointment of the members of the Board of Directors and the Supervisory Board. The Shareholders' Agreement also includes more detailed provisions regarding the decision-making procedure concerning certain decisions.

Due to Neova Oy being a privately held company owned by two shareholders, the company does not publish the minutes of the General Meeting, proposals for resolutions or other meeting documents on its website. In accordance with the owners' instructions, the General Meeting must be attended, at a minimum, by the Chair of the Board of Directors, the CEO and the auditor. Persons nominated for appointment to the Board of Directors for the first time do not necessarily need to be present at the General Meeting deciding on their appointment.

A separate press release shall be published regarding appointments and other significant decisions. The financial statements, notes to the financial statements and the Board of Directors' Report are published on Neova's website.

**Financial year 2024:** Neova Oy's Annual General Meeting was held in Helsinki on 26 March 2024. The Annual General Meeting resolved on matters such as the adoption of the financial statements, the distribution of dividends, the remuneration and election of the members of the Supervisory Board, the Board of Directors, the Shareholders' Nomination Board and the auditor, and the granting of discharge from liability to

the members of the Supervisory Board, the Board of Directors and the CEO. The Annual General Meeting also discussed remuneration and environmental, social and governance (ESG) issues.

All the company's shares and votes were represented at the Annual General Meeting. In addition, one Extraordinary General Meeting was held during the year. On 19 June 2024, the shareholders elected the new Chair of the Shareholders' Nomination Board.

## Shareholders' Nomination Board

The Shareholders' Nomination Board consists of the Chair and one member elected annually by the Annual General Meeting. According to the Rules of Procedure of the Board, the Chair must be a representative of the state owner.

The main task of the Shareholders' Nomination Board is to prepare a proposal on the composition, election and remuneration of the company's Board of Directors. The Board does not have independent decision-making power, so it only prepares proposals for the Annual General Meeting.

**Financial year 2024:** At the Annual General Meeting on March 26, 2024, the decision was made to elect Pekka Hurtola (male) as Chair and Rami Vuola (male) as a member of the Shareholders' Nomination Board. The Annual General Meeting also decided that no remuneration will be paid to the members of the Shareholders' Nomination Board.

On 19 June 2024, the shareholders elected Maija Strandberg (female) as Chair of the Shareholders' Nomination Board in place of Pekka Hurtola.

The Shareholders' Nomination Board met four times during the financial year. All members attended all meetings.

At its meetings, the Shareholders' Nomination Board discussed the election of the members of the Board of Directors and prepared proposals for the composition and remuneration of the Board of Directors to the Annual General Meeting.

## Supervisory Board

The Annual General Meeting of Neova Oy annually appoints a Supervisory Board consisting of a minimum of 8 and a maximum of 10 members elected by the Annual General Meeting for a term of one year in the manner specified in the Shareholders' Agreement between the company's owners. The meetings of the Supervisory Board are also attended by three employee representatives elected by the personnel for a term of two years at a time.

The Supervisory Board operates according to the Limited Liability Companies Act and the Articles of Association, and is tasked with the following:

1. to supervise the administration of the company carried out by the Board of Directors and the Chief Executive Officer
2. to issue a statement to the Annual General Meeting on the financial statements and the auditor's report



3. to provide instructions to the Board of Directors on matters that have far-reaching consequences and involve important primary issues
4. to issue a statement to a General Meeting on issues that require a statement by the Supervisory Board as per the Finnish Companies Act.

| Name   | Meeting attendance 2024 |
|--|-------------------------|
| Antti Kangas, b. 1987, male<br>Chair, Member of Parliament<br>8/2023–          | 4/4                     |
| Heikki Miilumäki, b. 1946, male<br>Vice Chair, D.Sc. (Tech.) h.c.<br>9/2009–   | 4/4                     |
| Harri Hietala, b. 1958, male<br>Member, LL.M.<br>3/2022–                       | 4/4                     |
| Janne Jukkola, b. 1977, male<br>Member, Member of Parliament<br>8/2023–        | 2/4                     |
| Jari Koskela, b.1956, male<br>Member, Member of Parliament<br>8/2023–          | 4/4                     |
| Eero Kubin, b. 1948, male<br>Member, professor<br>9/2009–                      | 4/4                     |
| Esko Kurvinen, b. 1952, male<br>Member, Engineer<br>9/2009–                    | 4/4                     |
| Janne Laine (b.1969, male)<br>Mayor of Savonlinna<br>8/2023–                   | 4/4                     |
| Piritta Rantanen (b. 1962, female)<br>Member, Member of Parliament<br>10/2019– | 4/4                     |
| Eerikki Viljanen (b.1975, male)<br>Member, Member of Parliament<br>8/2023–     | 4/4                     |

**Financial year 2024:** At Neova Oy's Annual General Meeting held on 26 March 2024, the following members were elected to the Supervisory Board: Harri Hietala, Janne Jukkola, Antti Kangas, Jari Koskela, Eero Kubin, Esko Kurvinen, Janne Laine, Heikki Miilumäki, Piritta Rantanen and Eerikki Viljanen. Antti Kangas was elected as Chair and Heikki Miilumäki was elected as Vice Chair.

The Supervisory Board met four times during the financial year. The members' attendance in the meetings of the Supervisory Board is shown in the table below. The main topics discussed by the Supervisory Board were issues related to security of supply and corporate responsibility.

The members of the Supervisory Board do not hold any shares in Neova Oy or its subsidiaries and they are independent of the company and its significant shareholders.

The fees paid to the members of the Supervisory Board are presented in the [Report section](#).

## Board of Directors

The Annual General Meeting of Neova Oy annually appoints a minimum of 4 and a maximum of 8 members to the company's Board of Directors in the manner specified in the Shareholders' Agreement between the company's owners. The chair and vice chair are appointed in the manner stipulated by the Shareholders' Agreement. The company does not deem it necessary to provide information on candidates for membership of the Board of Directors because the company only has two shareholders that participate

in the selection process. The selection of the members of the Board of Directors follows the instructions of the Ownership Steering Department of the Prime Minister's Office on the realisation of diversity, and the General Meeting has appointed a Shareholders' Nomination Board to prepare matters related to the appointment and remuneration of the Board of Directors.

Neova Oy's Board of Directors sees to the administration of the company and the appropriate organisation of its operations. The Board of Directors is also responsible for the appropriate arrangement of the control of the company accounts and assets. Neova Oy's Board of Directors is responsible for managing and supervising Neova in accordance with the Limited Liability Companies Act, the Articles of Association, the Board's charter and the shareholders' instructions in such a way that the decisions are in the company's interest and support the growth of the company's value.

Board members must have the necessary expertise in board work and sufficient time to focus on the task. The Board must ensure that it has adequate information at its disposal to attend to its duties. The Board must ensure that the Group operates in accordance with approved business principles and sets targets in an ethical manner.

The Board appoints and discharges the CEO, supervises the CEO's work and decides on the CEO's remuneration and other terms of employment. The Board also appoints and discharges the CEO's direct subordinates and decides on their remuneration. In addition, the Board decides on the

company's mission, strategy and values, monitors their realisation and approves the company's operating policies.

The Board organises the internal audit and prepares the audit plan in collaboration with the CEO. The Board monitors and assesses its working methods with annual internal reports.

The Board also decides on significant expansions and contractions of operations as well as other significant investments, other long-term expenditure, assignments of property, financing arrangements and the impairment of assets. Board meetings are attended by the CEO, as a presenter, and by the company's Chief Financial Officer. Other members of the Group Management Team and senior management attend the meetings when necessary.

The Chief Legal Officer acts as the Secretary of the Board of Directors.

The main tasks of the Board of Directors are specified in the Board's charter (Appendix 2).

For members of the Board of Directors appointed on proposal by the State, the preferred duration of the term is 5–7 years pursuant to the Government Resolution on State Ownership Policy.

**Financial year 2024:** The Annual General Meeting held on 26 March 2024 appointed the following as members of the Board of Directors: Stefan Damlin, Dick Hordijk, Jari-Pekka Punkari, Kirsi Punttila, Panu Routila and Eeva-Liisa Virkkunen. Panu Routila was elected as Chair and Eeva-Liisa Virkkunen was elected as Vice Chair.

| Name  | Board of Directors membership                    | Meeting attendance for the financial year 2024 | Memberships in committees and meeting attendance for the financial year 2024 |                     |                    |
|---|--|--|--|---------------------|--------------------|
|   |  |  | Audit Committee  | Personnel Committee | Strategy Committee |
| Panu Routila, b. 1964, male, M.Sc. (Econ.), board professional                                      | 7/2021–member<br>3/2022–Chair                    | 16/16  |  | Chair 5/5           | Chair 8/8          |
| Tuomas Hyryläinen, b. 1977, male, M.Sc. (Econ.), Managing Director of Pihlajalinna Oyj              | 2016– 3/2023 member<br>3/2023– 3/2024 Vice Chair | 4/4  |  | member 2/2          | member 1/1         |
| Stefan Damlin, b. 1968, male, M.Sc. (Econ.), Managing Director, Vaasan Sähkö Oy                     | 2020–member<br>(excl. 3/2023–12/2023)            | 16/16  | member 6/6   |                     | member 7/7         |
| Dick Hordijk, b. 1967, male, Professor of Financial Econometrics, Managing Director, Agrifirm Group | 3/2024–member                                    | 10/12  | member 6/6   |                     |                    |
| Jari-Pekka Punkari, b. 1965, male, M.Sc. (Econ.), Ministerial Adviser, Prime Minister's Office      | 3/2022–member                                    | 16/16  | member 3/3   | member 3/3          | member 8/8         |
| Kirsi Punttila, b. 1970, female, M.Sc. (Econ.), Senior Vice President, Anora Group Oyj              | 2018–member                                      | 15/16  |  | member 4/5          |                    |
| Eeva-Liisa Virkkunen, b. 1957, female, M.Sc. (Econ.), board professional                            | 3/2022– 3/2024 member<br>3/2024–Vice Chair       | 16/16  | Chair 9/9  |                     |                    |

The Board of Directors convened 16 times during the financial year. The members' attendance in the meetings of the Board of Directors is shown in the table below. The main topics discussed by the Board were safety, restructuring of the division structure, initiatives concerning operational efficiency as well as the general market, the company's risk management, the demand for and availability of

peat, security of supply issues, EU legislative processes concerning the use and production of peat, the launch of the activated carbon production plant in Ilomantsi, changes in the group's structure, remuneration, corporate responsibility and a review of the strategy.

The members of the Board of Directors do not own shares of Neova Oy or its subsidiaries, and they are independent of the

company. According to the Board of Directors' assessment, Jari-Pekka Punkari is not independent of significant shareholders because he is employed by the state owner. All other members of the Board of Directors are independent of significant shareholders.

The remuneration of the Board of Directors is explained in the [Remuneration Report section](#).

## Board committees

The Board of Directors appoints the members of the Audit Committee, the Personnel Committee and the Strategy Committee from among its members. The Committees of the Board assist it by preparing matters for the Board. The Committees report regularly to the Board of Directors. The Board of Directors has approved charters for the committees to follow.

## Audit Committee

The task of the Audit Committee is to prepare, direct and evaluate financial reporting as well as auditing, internal auditing, risk management, legal risks and internal monitoring systems. The Audit Committee assesses the independence of the auditor and prepares the proposal of the Board of Directors to the Annual General Meeting regarding the appointment of the auditors. The Committee does not have independent decision-making power, so it only prepares proposals for the Annual General Meeting.

The Audit Committee consists of the Chair and two members appointed annually by the Board from among its members. Overall, they must have sufficient knowledge of accounting and auditing. The majority of the members of the Audit Committee shall be independent of the company and at least one member shall be independent of the company's significant shareholders. The Audit Committee meets whenever necessary, but at least four times

per year led by the Chair of the Committee. The Rules of Procedure of the committee are attached (Appendix 3).

**Financial year 2024:** The Audit Committee met 9 times during the financial year. The members' attendance in the committee meetings is shown in the table listing the members of the Board of Directors.

At its meetings, the Audit Committee discussed its statutory matters, matters concerning the reorganisation of business operations, operational efficiency initiatives, changes in the Group's structure, corporate responsibility, reporting and planning of environmental, social and governance issues, corporate sustainability reporting and planning, updates to the ERP system, impairment tests, and internal audit reports and plans. The Audit Committee also discussed the company's financing strategy, risk management, investments and operational efficiency.

## Personnel Committee

The task of the Personnel Committee is to prepare proposals to the Board of Directors regarding the appointment and remuneration of the CEO and the Group Management Team as well as the company's remuneration principles. The Personnel Committee also prepares the remuneration policy and remuneration report of the company's governing bodies. The remuneration policy is based on an advisory vote by the Annual General Meeting. The Committee does not have independent decision-making power,

so it only prepares proposals for the Annual General Meeting.

The Personnel Committee is comprised of a Chair and two members appointed annually by the Board of Directors from among its members. The members shall have appropriate experience pertaining to the terms of employment and remuneration systems of senior management. A majority of the members of the Personnel Committee shall be independent of the company. The CEO and members of the Group Management Team are not eligible to be members of the Personnel Committee. The Personnel Committee convenes when necessary. The Rules of Procedure of the committee are attached (Appendix 4).

**Financial year 2024:** The Personnel Committee convened five times during the financial year. The members' attendance in the committee meetings is shown in the table listing the members of the Board of Directors.

In its meetings, the Personnel Committee discussed the management's long-term and short-term remuneration, the individuals included in the management remuneration system and the general remuneration of the company's personnel. The Personnel Committee also discussed the restructuring of business units, plans related to the development of management and personnel, and the results of the personnel survey.

## Strategy Committee

The task of the Strategy Committee is to prepare, monitor and evaluate matters re-

lated to the strategy and its implementation, as well as matters related to investments. The Committee does not have independent decision-making power, so it only prepares proposals for the Annual General Meeting.

The Strategy Committee consists of the Chair and two members appointed annually by the Board from among its members. The Strategy Committee convenes when necessary and at least three times per year, led by the committee chair. The Rules of Procedure of the committee are attached (Appendix 3).

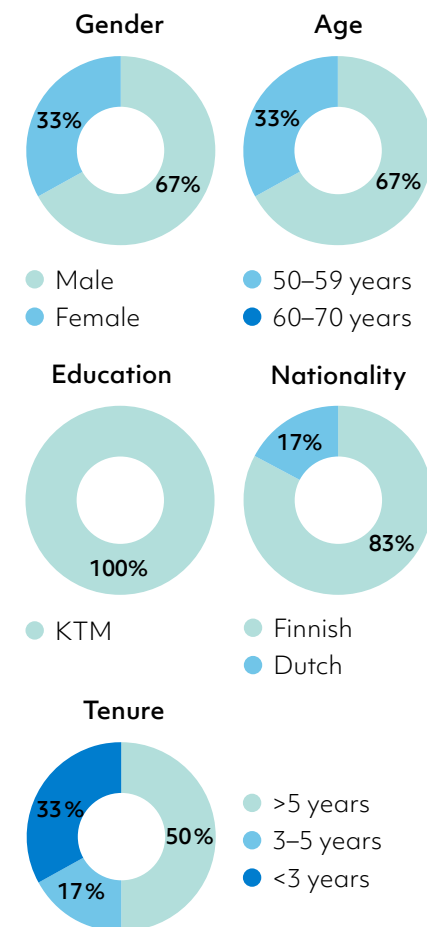
**Financial year 2024:** The Strategy Committee met 8 times during the financial year. The members' attendance in the committee meetings is shown in the table listing the members of the Board of Directors.

At its meetings, the Strategy Committee discussed the portfolio strategy and the strategies of the divisions, as well as measures aimed at operational efficiency.

## Principles regarding the diversity of the Board of Directors

In accordance with the Government Resolution on State Ownership Policy, the key criteria in proposing candidates for Board membership include experience and expertise, assurance of the capacity for co-operation and diversity of competence as well as compliance with the gender equality objectives established by the Government. The State ensures that both genders are adequately represented on the boards of directors of companies.

### BOARD DIVERSITY



## Assessment of board diversity

The Board of Directors seeks to confirm that it is ensuring independence and diversity, and that there is a balanced represen-



tation of women and men on the Board of Directors to promote effective dialogue and objective decision-making. Furthermore, the Board of Directors will appropriately take the applicable regulatory diversity requirements into account.

All members of Neova's Board of Directors have a master's degree in economics. The members of the Board have diverse professional experience and backgrounds in operating in both listed and unlisted companies in different sectors. Many have experience of international growth companies and corporate changes. The members of the Board represent different areas of expertise and have extensive managerial experience.

The Board has a balanced representation of women and men. Five members of the Board are Finnish citizens and one is a Dutch citizen. The term of office on the Board of Directors varies from less than three years to more than five years.

## Management

### CEO

The Board of Directors appoints and discharges the CEO and deputy CEO and decides on their remuneration and other terms of employment.

1. The CEO sees to the daily administration of the company in accordance with the instructions and orders given by the Board of Directors. The CEO is responsible for the day-to-day management of the company and Group as well as drawing up and present-

ing the Group's strategy and business plans to the Board of Directors for approval. The CEO reports to the Board of Directors and the Supervisory Board.

2. The CEO also presents matters to be decided on by the Board of Directors.

The division of tasks between the CEO and the Board of Directors is described in more detail in the Board's charter.

The CEO's remuneration and terms of employment are explained in the Remuneration Report section.

The company's CEO as of 4 December 2023 is Pekka Tennilä, M.Sc. (Econ.), b. 1969 (male), and the company's Deputy CEO as of 1 March 2024 is Markus Tykkyläinen, M.Sc. (Tech.), M.Sc. (Tech.), EMBA, b. 1973 (male).

The CEO and Deputy CEO do not own shares in Neova Oy or its subsidiaries.

### Group Management Team

Neova Group has a management team appointed by the Board of Directors of Neova Oy, which supports the CEO in the strategic management of the Group. The CEO acts as the Chair of the Group Management Team and appoints its Secretary.

The management team discusses the following matters in particular:

1. group's financial and sustainability reporting and financing
2. group risk management
3. group personnel policies
4. group IT projects

5. strategic projects
6. group's raw materials matters
7. major investments
8. compliance with the law, and
9. preparation of materials for the Board of Directors and the Supervisory Board.

The Group Management Team meets monthly.

**Financial year 2024:** During the financial year, in addition to the President and CEO, the Group Management Team consisted of:

- from 1 January to 30 April 2024: Jukka Holm (Chief Information Officer, CIO), Petri Järvinen (Chief Supply Chain and Sustainability Officer, SCM), Pasi Koivisto (Director, Fuels), Peter Jan Kuiper (COO Grow&Care), Ahti Martikainen (Director, Communications and Public Affairs), Jaakko Myllymäki (Business Director, Novactor), Jenni Nevasalo (Human Resources Director), Jarmo Santala (CFO) and Mia Suominen (Chief Innovation Officer, Neova Innovation).
- from 1 May to 31 December 2024: Markus Tykkyläinen (Deputy CEO, head of Neova Terra Division), Hannu Nyman (CFO) and Johan Nybergh (Chief Legal Officer, CLO).

The secretary of the management team was Johan Nybergh (General Counsel, CLO).

During the financial year, the Group Management Team met 12 times.

The key topics of the management team's work were the monitoring of strategic objectives and the implementation of the Group's strategy, as well as sustainability.

The members of the Management Team do not own shares in Neova Oy or its subsidiaries.

### Subsidiaries

Neova Group is managed by the Annual General Meeting of Neova Oy, the Supervisory Board, the Board of Directors, the Chief Executive Officer and the directors of its divisions and business functions. Neova Oy's Board of Directors appoints the members of the boards of directors of its most significant subsidiaries, ensuring that the work of the statutory executive bodies supports the operative business.

The operational management of Neova Group's divisions and functions is the responsibility of the director of each division and function. The directors report to Neova Oy's CEO. The management of subsidiaries also takes place through Neova Group's divisions and business functions.

The Chair of the senior governing body of the Group's subsidiaries and the managing director of the company in question are responsible for ensuring that the subsidiary's Board of Directors confirms the decisions of the Group Management Team to implement the decisions made by Neova Oy's Board of Directors, Neova Oy's CEO and Neova Oy's director for the division or function in question, or by the Board of the parent company of the company concerned, to the extent that the applicable legislation requires a decision

by a senior governing body. The decisions made by the governing bodies are recorded in the minutes.

The boards of directors and the managing directors of subsidiaries belonging to the Neova Group are responsible for:

- ensuring that the Group management has enough information at its disposal to carry out its tasks
- ensuring that the company operates in accordance with approved business principles and set targets
- ensuring that the company complies with the Articles of Association and any possible instructions given in company-specific Corporate Governance policies and by Group management
- ensuring that the company complies with local laws and regulations applicable to its business
- monitoring legislation and forwarding information on legislative changes to the Group Management, the CEO of Neova Oy and/or the responsible business area or function manager
- ensuring that all decisions of the Board of Directors and the CEO of Neova Oy are implemented
- ensuring that the company operates in accordance with its ethical principles and carries out corporate responsibility reporting where applicable.

Companies with minority shareholders external to the Group comply, for the most part, with the procedures described above, nevertheless taking into account the rights

of the minority shareholders, and the rules detailed in the Articles of Association and any possible shareholders' agreement.

## Internal control

The Board of Directors is responsible for ensuring that the Group's internal control and risk management are sufficient relative to the scope of the Group's business and that their supervision is appropriate.

The Board of Directors supervises that the CEO manages the company's operative business and administration in accordance with the instructions and orders issued by the Board of Directors. The Board of Directors assesses the Group's financial reports, division-specific reviews and material changes in business operations to ensure that risk management is sufficient. In addition, the Board's Audit Committee evaluates the sufficiency and effectiveness of internal control and risk management.

The Board of Directors' Audit Committee is tasked with monitoring the effectiveness of Neova's internal control, internal auditing and the company's risk management systems. Neova has defined operating principles for internal control and the key controls of processes. The CEO and CFO are responsible for the practical organisation of internal monitoring.

Internal monitoring applies to the entire organisation and its management. Effective internal control supports the achievement of strategic targets and improves the steering of business operations. The aim of internal control is to give the Board of Directors and

acting management adequate assurance of the realisation of the following targets:

- the effectiveness and appropriateness of operations
- the achievement of targets and profitability
- the reliability and completeness of financial reporting and other reporting
- the safeguarding of assets
- compliance with operating principles, plans, guidelines, laws and regulations to prevent errors and misconduct, for example.

Internal control constitutes an essential part of the Group's operations on all levels of the organisation, and is conducted on all organisational levels and in all operations. The methods of internal control include internal guidelines, reporting, ICT systems and standard practices pertaining to the Group's business operations. These help to ensure that the management's instructions are followed and that any risks to the achievement of the Group's targets are responded to in the appropriate manner. Regular control activities include management audits and audits concerning the measurement of operations, the performance of measurements suitable for each sector, physical control, monitoring compliance with agreed approval limits and operational principles and any deviations therefrom, a system of approvals and authorisations, as well as various assurance and integration arrangements.

Operations are managed and monitored on a monthly basis, primarily by business

area. Reviewing the current financial period and rolling monthly forecasts is an essential component of the control and monitoring process.

Control activities are led at the Group level by the Group Management Team and at the business level by the management of divisions, profit centres and business functions. The implementation of monitoring is the responsibility of business controllers appointed for the business areas and profit centres in question operating under the CFO who, together with the CEOs and operational management, see to business transactions being entered in the systems in a timely manner and reported appropriately and efficiently, complying with the separately issued Group guidelines on the content of internal monitoring and reporting.

## Internal auditing

The Board of Directors is responsible for organising internal audit activities and preparing audit plans together with the CEO. The internal audit supports Neova Oy's Board of Directors, the CEO and other senior management in carrying out their supervisory tasks. Internal audit services are purchased from an external service provider in the manner approved by the Board of Directors. Neova Group's Chief Legal Officer controls and supervises the implementation of these services and is responsible for communicating with the Board of Directors, its Audit Committee and the senior management in matters related to the internal audit.

Internal auditing:

- assesses the adequacy and efficiency of the control and supervision measures required to manage the organisation from the perspective of business targets and identified material business risks
- supports the organisation in maintaining effective monitoring and control procedures
- carries out audits that assess the reliability and integrity of business-critical financial and operational information, the effectiveness and efficiency of operations, safeguarding of assets and compliance with legislation, regulations, agreements and the organisation's internal instructions
- prevents risks of misconduct.

The aforementioned is implemented by providing assessment and assurance services independent of the business organisation's management and by way of consulting in a manner that does not compromise independence.

The Chief Legal Officer and the external auditor performing the internal audit report to the Board of Directors, the Audit Committee and the senior management, in addition to the preparing analyses, assessments and development recommendations on the operations of the Group and the Group companies.

## Risk management

Risk management is an integral part of the management of business operations at Neova Group. Comprehensive risk manage-

ment supports the achievement of Neova's strategic and business goals and ensures the continuity of business operations under changing circumstances.

Successful and long-range business requires the proactive identification of business-related risks, managed risk-taking, the active monitoring of risk development and correct measures undertaken at the right time. The members of the Group Management Team are each responsible for the management of different aspects of the risk assessment.

The risk management that implements the aforementioned targets also constitutes a part of the job description of every Neova employee. Risks are managed at different levels of the organisation depending on where they can be influenced. The implementation and effectiveness of risk management is the responsibility of the directors in charge of the business areas. They organise risk management activities in their respective business areas and report the most significant risks and their management methods to their administrative bodies and Neova Oy's Board of Directors at agreed intervals.

The main risks threatening the Group's different businesses and the ways to prepare for these risks are reported in the annual reports published by the Group companies.

## Auditing

Neova shall have one auditor, which shall be an auditing company approved by the Central Chamber of Commerce of Finland. The

auditor is appointed at the Annual General Meeting for a term ending at the conclusion of the next Annual General Meeting.

Auditing consists of auditing the Group's accounting, financial statements and governance for each financial year. The auditor reports regularly to the Audit Committee and issues an auditor's report to the Annual General Meeting. The auditor's report includes a statement on whether the financial statements provide accurate and sufficient information on the result of the Group's operations and its financial position in accordance with the applicable financial statements standards and whether the information provided in the Report of the Board of Directors is consistent with the financial statements. The auditor's report also includes a statement on key issues pertaining to the audit. The auditor's fees are paid in accordance with the decision of the Annual General Meeting.

The Group's auditing is organised so that the parent company's responsible auditor appointed by the Annual General Meeting carries out its auditing through its own international organisation or network throughout Neova Group and is responsible for auditing throughout the Group.

Since 30 March 2021, the auditing firm PricewaterhouseCoopers Oy has acted as the auditor of Neova, with APA Panu Vänskä acting as the principal auditor.

For the financial year 1 January–31 December 2024, Neova's audit fees were 615 thousand euros (467 thousand euros in 2023) and consultancy fees were 61 thousand euros (424 thousand euros in 2023).

## Related party transactions

Transactions carried out with related parties shall relate to the company's normal business operations and shall be in line with the purpose of the company and executed on market or market equivalent terms and practices generally observed and accepted within the industry in question.

If a contemplated transaction should deviate from the company's normal business operations or would not be executed on market or market equivalent terms, the transaction shall be either cancelled or submitted for the Board of Directors' approval.

Information on material transactions concluded between the company and its related parties is available in the Annual Report 2024 in the notes to the company's consolidated financial statements.

**The appendices can be consulted at**

<https://www.neova-group.com/about-us/corporate-governance/appendixes/>

Appendix 1: Articles of Association

Appendix 2: Rules of Procedure of the Board of Directors

Appendix 3: Rules of Procedure of the Audit Committee

Appendix 4: Rules of Procedure of the Personnel Committee

Appendix 5: Rules of Procedure of the Shareholders' Nomination Board

Appendix 6: Principles regarding the diversity of the Board of Directors



# CEO PEKKA TENNILÄ:

## PROGRESS OF TRANSFORMATION PROGRAMME

### IMPROVED PROFITABILITY

The year 2024 was challenging for the Neova Group in many ways, as turnover and production volume slightly decreased from the previous year, but profitability and cash flow developed favourably thanks to determined development measures.

The rainy and cold gardening season in Central Europe significantly reduced the sales and profitability of Kekkila-BVB's consumer products in Central Europe during the spring and summer. On the other hand, sales outside Europe increased significantly. The turnover for the last quarter of the year was lower than the comparison period, mainly due to lower fuel sales volumes of Neova Terra, as the quarter was clearly warmer than the previous year.

EBITDA and operating profit were clearly at a higher level than the previous year, assisted by efficiency measures.

During 2024, a significant organisational reform was implemented in the Group. The company's operations were divided into two more independent divisions: Kekkila-BVB and Neova Terra.

#### Kekkila-BVB's profitability programme yielded results

The business of Kekkila-BVB, which focuses on growing media, is divided into profit-responsible business areas according to geographical markets, so that we can respond to the rapidly changing needs of the markets and customers. The current organisational model has proven to be effective and has accelerated decision-making and strategy implementation in different business areas.

During 2023 and 2024, we have implemented structural reforms to improve financial performance in the future. These measures included the closure of four growing media plants and the concentration of production into larger units, the sale of assets, streamlining the organisational structure, improving procurement, and reducing staff by nearly 100 employees. Our goal has been to significantly improve Kekkila-BVB's profitability during 2024, which we succeeded in. The improvement in our profitability was not due to an improvement in the general market situation but a combination of the

aforementioned efficiency measures, which have improved Kekkila-BVB's cost competitiveness, leading to stronger financial results in the coming years as well.

Kekkila-BVB's markets developed differently. The Global and Materials business areas performed very well and clearly better than the previous year. This indicates successful business, supported by the growing demand for professional growing media products in Asia and South and North America. The professional growing media business of our largest business area, Central Europe, achieved its goals, but the sales volumes of consumer products decreased significantly due to the cold and rainy spring in the Netherlands. Also, in the Nordic countries, the sales of consumer products developed poorly, but on the other hand, green construction grew as expected, and its profitability improved.

The year was overall good for Kekkila-BVB. We streamlined and rationalised production and reorganised to improve customer service. Our organisation is now ready for the new year, and we believe we will succeed in it.

#### Neova Terra facing new challenges

Neova Terra's year was twofold: the division exceeded its targets in a challenging market situation, although sales were lower than the previous year as expected. Improved profitability is the result of many different measures. The significant reduction in fixed costs from the previous year had a significant impact on improving profitability. The achievement was excellent, as the sales volumes of the division's most profitable product, energy peat, decreased as expected. Although the sale of energy peat is rapidly decreasing, energy peat has maintained its position as a blend fuel better than expected for security of supply reasons, and customers also buy energy peat to prepare for exceptional situations. The pellet market was in decline after its previous record year.

The peat production in 2024 was successful. In Estonia and Finland, production targets were exceeded, and thanks to the production season continuing well into the autumn, also Sweden came close to its tar-

get. Successful peat production provides a good foundation for 2025.

Neova Terra manages the Group's land assets in Finland and develops new business related to them. The most visible business opening is the development of former peat production areas into solar and wind power parks. In November 2024, Neova and the Swedish Rabbalshede Kraft AB signed an agreement under which Neova sold 50 percent of its nine solar and wind power projects to Rabbalshede Kraft. Neova prepares the projects in the planning phase, but Rabbalshede Kraft makes the actual power park investments and buys the completed power parks entirely into its ownership, and Neova will remain as the land lessor for the sites. The agreement had a positive impact on Neova's profitability in 2024.

The commissioning of the Novactor activated carbon production plant in Ilomantsi has progressed during 2024, and the quality level has been stabilised to target values. The demand for high-quality European activated carbon is still growing.

Neova Terra's strategy is to bring high value-added products based on peat to the market. During 2024, two significant successes were achieved. The marketing and sales of the biostimulant, a natural growth stimulator made from peat, began in Southern Europe under the NeoCore brand. Another new product brought to the market is a peat-based animal feed product that supports the intestinal well-being of animals, for which Neova is cooperating with the large feed manufacturer Hankkija. For both

products, the goal is to achieve international commercialisation in the best possible way.

## The importance of renewable raw materials and new products will increase in 2025

Kekkilä-BVB's strategic goal to increase the share of renewable and circular raw materials in growing media is progressing determinedly. There is a strong demand for development in this direction, especially from customers in Central Europe. As part of the Group's offering, Neova is growing over 1,500 hectares of reed canary grass for this purpose, which is mixed with other growing media raw materials as a new renewable component. During 2024, the Group also invested in its first wood fibre production line in the Netherlands.

In recent years, we have done significant work to improve our competitiveness, which I believe will enhance our operations already in 2025. The coming years will be more challenging for Neova Terra as the demand for energy peat decreases, and new products do not yet fully replace it. From Kekkilä-BVB, positive profitability development and increasing volumes can be expected as the global demand for growing media increases. Even amidst all the changes, one principle does not change: Responsible business will continue to be the key factor in our strategy and operations.

**Pekka Tennilä**  
CEO  
Neova Oy

# BOARD OF DIRECTORS' REPORT

## 1 JANUARY TO 31 DECEMBER 2024

In 2024, the group underwent a significant organizational restructuring. The company's operations were divided into two more independent divisions: Kekkilä-BVB and Neova Terra. Kekkilä-BVB consists of four business areas: Central Europe, Global, Nordics, and Materials. Kekkilä-BVB specializes in growing media, recycling, wholesale of peat raw materials, and sales of bedding peat. The Neova Terra division includes four business areas. The Real Estate Development and Renewable Energy business manages Neova's land assets and develops Neova-owned lands for future land use such as wind and solar power. The Peat and New Materials business is responsible for the group's peat production, logistics, and sales to external customers. Novactor is a pioneer in the activated carbon market. Neova Agro develops new products from peat and other natural materials.

### Operating environment

In 2024, Neova Group faced many challenges. Economic growth was weak due to geopolitical uncertainty, inflationary pressures, and financial market instability. The company implemented several structural reforms in 2023 and 2024 to improve its financial performance in the future. These

measures included closing four growing media factories and concentrating production in larger units, selling assets, streamlining the organizational structure, enhancing procurement, and reducing staff by nearly 100 employees. The group's revenue and volumes slightly decreased from the previous year, but profitability and cash flow developed favourably thanks to determined development actions.

Sustainability and circular economy were key drivers in Kekkilä-BVB's operating environment. The market for growing media expanded, especially as consumers and businesses moved towards more sustainable and recyclable solutions. At the same time, competition in the industry intensified, and there was pressure in the market to offer increasingly innovative and cost-effective solutions. A rainy and cold gardening season in Central Europe significantly reduced the sales and profitability of Kekkilä-BVB's consumer products in Central Europe during the spring and summer. The market was stable in Europe. In America and Asia, the growing media market continued to grow well in 2024, as an increasing proportion of vegetable and berry cultivation moved to controlled conditions.

Neova Terra's year was twofold: the division exceeded its targets in a challenging

market situation, although sales were lower than the previous year. The significant reduction in fixed costs from the previous year had a major impact on improving profitability. The achievement was excellent, as the sales volumes of the division's most profitable product, energy peat, decreased as expected. Although the use of peat decreased from the previous year, peat maintained its role as a fuel for industrial energy needs and is still a significant part of Finland's energy production. In November 2024, Neova and the Swedish company Rabbalshede Kraft AB signed an agreement under which Neova sold 50 percent of its nine solar and wind power projects to Rabbalshede Kraft. Neova prepares the projects in the planning phase, but Rabbalshede Kraft makes the actual power plant investments and buys the completed power plants entirely, and Neova remains as a land lessor.

### Financial development

#### Net sales

The Group's cumulative net sales was below last year's level at EUR 469.0 million (EUR 495.9 million). Net sales decreased in both divisions due to lower sales volumes. Net sales decreased in Europe and increased in North and South America and Asia. Measured by net sales, the top three countries were Finland, the Netherlands and Germany.

Kekkilä-BVB division's net sales decreased by 2 percent compared to previous year and was EUR 319.4 million (EUR 326.4 million). Net sales and delivery volumes decreased due to the low consumer confidence and the rainy weather during the spring season in the Netherlands and Germany. The Neova Terra division's net sales decreased by 7 percent compared to previous year and was EUR 189.5 million

#### NET SALES BY DIVISION

| EUR million            | 2024         | 2023         | Change |
|------------------------|--------------|--------------|--------|
| Kekkilä-BVB            | 319.4        | 326.4        | -2.2%  |
| Neova Terra            | 189.5        | 203.2        | -6.7%  |
| Other and eliminations | -39.8        | -33.7        |        |
| <b>Total</b>           | <b>469.0</b> | <b>495.9</b> |        |



(EUR 203.2 million). Due to the cold weather at the beginning of the year, the demand for fuels in early part of the year was higher than the previous year, but was clearly below last year in the last quarter. The horticultural peat market developed favourably during the year.

### Result and profitability

The Group's adjusted EBITDA, excluding non-recurring costs arising from restructuring measures, increase by 22 percent to EUR 56.9 million (EUR 46.7 million). EBITDA increase by 67 percent compared to previous year amounting to EUR 48.8 million (EUR 29.2 million), or 10.4 (5.9) percent of net sales.

The Kekkilä-BVB division's comparable EBITDA amounted to EUR 32.1 million

(EUR 28.0 million) and was 10.1 (8.6) percent of the division's net sales. Profitability increased, as the impact from cost efficiency programs' productivity and efficiency improvement actions started to materialise. The Neova Terra division's comparable EBITDA amounted to EUR 27.7 million (EUR 25.4 million) and was 14.6 (12.5) percent of the division's net sales. Profitability increased due to higher sales prices and successful cost control actions.

The Group's comparable operating profit was EUR 25.0 million (EUR 16.5 million) or 5.3 (3.3) percent of net sales. Group's operating profit was EUR 14.0 million (EUR -5.3 million) or 3.0 (-1.1) percent of net sales. The Kekkilä-BVB division's comparable operating profit amounted to EUR 12.8 million (EUR 7.9 million) and was 4.0 (2.4)

percent of the division's net sales. The Neova Terra division's comparable operating profit amounted to EUR 16.8 million (EUR 16.4 million) and was 8.9 (8.1) percent of the division's net sales.

The Group's result for the period was EUR 8.8 million (EUR -8.2 million). Earnings per share were EUR 288 (EUR -272).

### Cash flow, investing and financing

The Group's cash flow before taxes for January–December 2024 was EUR 45.1 million (EUR 3.4 million). The change in working capital affected the cash flow by EUR 23.3 million (EUR 5.4 million). Gross investments January–December 2024 amounted to EUR 38.7 million (EUR 40.2 million) or, 111.8 percent (122.1%) of the amount of depreciations.

Interest-bearing net debt at the end of December amounted to EUR 129.0 million (EUR 144.4 million). The ratio of interest-bearing net debt to EBITDA (net debt/EBITDA) was 2.6 (4.9) on December 2024. Of the Group's interest-bearing debt 42 percent is covered by a covenant related to the company's equity ratio. The terms of the covenant were met at the end of the review period.

Neova agreed during the second quarter on a EUR 150 million syndicated loan facility, including EUR 75 million term loan and EUR 75 million revolving credit facility. The EUR 100 million bond matured in October was paid with the withdrawn loan and cash reserves. The revolving credit facility (undrawn) ensures liquidity in the coming years.

The equity ratio at the end of 31 December was 49.8 percent (40.1%) and the gear-

ing ratio was 43.5 percent (49.3%). The balance sheet total was EUR 599.7 million (EUR 737.3 million). Net financing items were EUR -5.8 million (EUR -6.6 million), or -1.2 percent (-1.3%) of net sales.

### Personnel

In January–December 2024 Group employed an average of 817 (936) employees. At the end of the review period, the number of employees was 777 (880).

In the autumn of 2023, Neova carried out cooperation negotiations and similar processes to improve its profitability and modernise Kekkilä-BVB's operating model in eight of the company's operating countries: Finland, the Netherlands, Sweden, Estonia, Germany, Italy, France and Spain. The negotiations also covered part of Neova Oy's Group Services and Supply Chain Management organisations. The impact on headcount from these actions has materialised during year 2024.

Closing the Hardenberg and Georgsdorf factories in Central Europe during summer 2024 has also had impact on headcount.

### COMPARABLE EBITDA BY DIVISION

| EUR million            | 2024        | 2023        | Change |
|------------------------|-------------|-------------|--------|
| Kekkilä-BVB            | 32.1        | 28.0        | 14.7%  |
| Neova Terra            | 27.7        | 25.4        | 9.0%   |
| Other and eliminations | -2.9        | -6.7        |        |
| <b>Total</b>           | <b>56.9</b> | <b>46.7</b> |        |

### COMPARABLE OPERATING PROFIT BY DIVISION

| EUR million            | 2024        | 2023        | Change |
|------------------------|-------------|-------------|--------|
| Kekkilä-BVB            | 12.8        | 7.9         | 62.2%  |
| Neova Terra            | 16.8        | 16.4        | 2.4%   |
| Other and eliminations | -4.5        | -7.8        |        |
| <b>Total</b>           | <b>25.0</b> | <b>16.5</b> |        |

### NUMBER OF EMPLOYEES BY AVERAGE

|                        | 2024       | 2023       |
|------------------------|------------|------------|
| Kekkilä-BVB            | 558        | 638        |
| Neova Terra            | 222        | 255        |
| Other and eliminations | 36         | 44         |
| <b>Total</b>           | <b>817</b> | <b>936</b> |

## Sustainability

The sustainability work at Neova Group is guided by a sustainability strategy. 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.

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

businesses. Furthermore, we use third-party Responsibly Produced Peat (RPP) certification as an indicator for the sustainability of our peat production. In 2024, we received RPP certification for a total of six new production areas. Currently, 8,700 hectares of our areas have RPP certification. The target coverage of 9,200 hectares by the end of 2024 was not fully achieved. RPP certifications will continue in 2025, with our goal being 15 RPP inspections for new areas to be certified.

At the end of 2024, risk assessments of psychosocial stress factors were completed in Finland and the Netherlands. Team-specific measures were established to reduce these stress factors.

Regarding the safety of the Group's personnel, our target is zero accidents. In the fourth quarter, accident frequencies have increased slightly but remained at a low level. Key factors contributing to the low number of accidents are safety training and risk assessments, as well as active and open communication, reporting and investigation of safety issues, including accidents.

The Group's certified management system, which covers the ISO 9001 quality system, ISO 14001 environmental system, and ISO 45001 occupational health and safety

system, was recertified in 2024 for the quality and environmental systems. Our ISO 9001 and ISO 14001 management system certificates will be updated in these respects in early 2025. The certified management system helps us coordinate and manage our operations to satisfy customer and stakeholder requirements and regulatory obligations, as well as focus on the continuous improvement, profitability and efficiency of our operations.

In September 2023, Kekkilä-BVB Group launched an ERP program that also includes updating the company's business processes and designing compatible ERP processes. The new system will be implemented by the end of 2025. The personnel are informed about the progress of the project in monthly info sessions open to everyone.

## Occupational safety

Neova Group's safety team manages and develops our "safety first!" culture to prevent safety deviations and accidents through effective risk assessment, training of personnel and provision of support to the business functions. In 2024, we continued our systematic work on occupational health and safety by conducting a significant number of risk assessments, safety inspections and safety walks. In Finland, a comprehensive assessment of the psychosocial load factors was carried out for the entire staff.

In 2024, the Group's accident frequency (LTA1f: lost-time accidents per million working hours) decreased considerably compared to the previous year to 4.8 (3.6). We

have now reduced the accident frequency by more than 50 percent across the Group's operations since 2019. Most significantly, we achieved our zero accident target for all operations in Estonia for the third time. A comprehensive four-point action plan to improve safety was realised in Kekkilä-BVB.

Most accidents – serious ones in particular – usually take place in production operations. In 2024, there was one incidents classified as serious near misses involving our own staff. Taking all accidents into account, 50 percent of the accidents did not result in any lost working hours.

We paid special attention to fire and personal safety. We carried out fire and chemical risk assessments in peat production areas and, as in the previous year, the number of fires in peat production remained low (27 in total). We also monitored accidents involving contractors in our operations and conducted accident investigations in cooperation with them. We made 1,533 (1,329) safety observations. Instead of increasing the number of observations, we focused on processing them more efficiently.

The Neova Group has zero tolerance for inappropriate behavior and discrimination, and has a process in place to deal with cases that have arisen. Training on the topic has been organised for line managers and personnel during 2024, and every incident has been handled without delay.

The Neova Group participated in the Great Place to Work employee survey for the sixth time in 2024. Based on the survey, our employee experience improved by two (2) percentage points year-on-year. Our Trust

### KPI

|  | 1-12/2024 | 1-12/2023 |
|--|-----------|-----------|
| Accident frequency R12 (rolling 12 months):<br>All accidents (MTR)                   | 9.7       | 7.6       |
| Accident frequency R12 (rolling 12 months):<br>Accidents leading to lost time (LTA1) | 4.7       | 3.8       |

Index, which measures employee experience, was 67 percent, while in 2023 it was 65 percent. Based on the study, the Neova Group achieved the Great Place to Work certificate in one of its operating countries: Estonia.

## Reporting segments

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

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

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

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

## Kekkilä-BVB

Kekkilä-BVB is Europe's leading producer of growing media suitable for professional and amateur use. Its product range also includes solutions for home gardeners and landscapers. Materials is responsible for the sales of animal bedding and horticultural peat to

customers outside the Group. Kekkilä-BVB's other businesses are recycling and composting. Kekkilä-BVB provides products and services in more than 100 countries worldwide.

Net sales for financial year amounted to EUR 319.4 million (EUR 326.4 million). The Comparable EBITDA was EUR 32.1 million (EUR 28.0 million), or 10.1 percent (8.6%) of net sales. The reported EBITDA was EUR 26.2 million (EUR 15.7 million) and the operating profit was EUR 4.4 million (EUR -8.6 million). Gross investments totalled EUR 23.2 million (EUR 24.0 million). The Operating profit included a total of EUR -8.3 million (EUR -16.5 million) of non-recurring items relating to sales of businesses and efficiency improvements measures. Kekkilä-BVB signed an agreement to sell its closed Georgsdorf site in Germany to Agricon Group in the fourth quarter.

Decline in Net sales in January-December was due to the weaker than usual high-season as cold and wet weather in Central Europe declined demand in consumer markets in second quarter. Demand in consumer segment didn't pick-up during the year and consumer confidence remained

on a low level. Sales to professional growers and sales in Landscaping & Recycling and Materials businesses grew compared to previous year. The growth in comparable operating profit in January-December was due to the measures announced last year related to the improvement of profitability and production efficiency. The impact from profitability improvement measures more than offset the impact of lower volumes on comparable operating profit.

## Neova Terra

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

and other resources by refining and commercialising them for new applications.

Net sales for financial year amounted to EUR 189.5 million (EUR 203.2 million). The EBITDA was EUR 27.1 million (EUR 22.0 million) and the operating profit was EUR 15.6 million (EUR 12.8 million). The operating profit included non-recurring items in the amount of EUR -1.2 million (EUR -3.6 million). Gross investments totalled EUR 15.1 million (EUR 32.0 million).

Neova Terra's net sales in the last quarter of the financial year decreased compared to the previous year, as the sales volumes of energy peat and pellets were significantly lower than in the previous year. Profit remained at the previous year's level. The profit was impacted by the sales profit from the sale of selected solar and wind power projects in November, as well as the better success of peat production than in the previous year and the increased peat production volume. In 2024, peat production succeeded almost as planned.

In the Peat and New Materials business, the horticultural and environmental peat market developed favourably, increasing both delivery volumes and net sales. The energy peat deliveries decreased from the previous year. Good sales price development and successful cost management had a positive impact on profitability.

In Real Estate Development and Renewable Energy, biofuel delivery volumes continued to decline. The conversion of areas released from peat production into solar and wind power parks proceeded according to the project plans. In November 2024 Neova

## KEKKILÄ-BVB

|                                | 2024  | 2023  | Change |
|--------------------------------|-------|-------|--------|
| Net sales (EUR million)        | 319.4 | 326.4 | -2.2%  |
| EBITDA (EUR million)           | 26.2  | 15.7  | 66.5%  |
| Operating profit (EUR million) | 4.4   | -8.6  | 151.6% |
| Investments (EUR million)      | 23.2  | 24.0  | -3.1%  |
| Number of employees            | 558   | 638   | -12.5% |



## NEOVA TERRA

|                                | 2024  | 2023  | Change |
|--------------------------------|-------|-------|--------|
| Net sales (EUR million)        | 189.5 | 203.2 | -6.7%  |
| EBITDA (EUR million)           | 27.1  | 22.0  | 23.5%  |
| Operating profit (EUR million) | 15.6  | 12.8  | 21.6%  |
| Investments (EUR million)      | 15.1  | 32.0  | -53.0% |
| Number of employees            | 222   | 255   | -12.6% |

sold 50 percent of nine solar and wind power development projects to Rabbalshede Kraft AB. Neova manages projects in the planning phase, but Rabbalshede will make the actual investments and will own the finalized power plants, while Neova will lease the land areas for them.

Production at Novactor's Ilomantsi activated carbon plant started in September 2023 and deliveries to customers began in February 2024. Production volumes have been increased during the year. The mill's energy efficiency was improved by investing in heat recovery.

In Neova Agro business, the commercialisation of the first new peat- and moss-based innovations, biostimulants and peat-

based animal feed progressed as planned. The first market areas for biostimulants are Spain and Italy, where first distribution agreements are already in place. Cooperation by Neova and Hankkija on the production of peat-based animal feed raw material started during the year. The animal feed business pilot is one of Neova's new high value-added peat biomass product development projects.

## Other and eliminations

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

## OTHER AND ELIMINATIONS

|                                | 2024  | 2023  | Change |
|--------------------------------|-------|-------|--------|
| Net sales (EUR million)        | -39.8 | -33.7 | -18.1% |
| Operating profit (EUR million) | -6.1  | -9.5  | 36.5%  |
| Investments (EUR million)      | 0.5   | -15.8 | 102.9% |
| Number of employees            | 36    | 44    | -18.4% |

The Operating profit for the financial year amounted to EUR -6.1 million (EUR -9.5 million). The operating profit included non-recurring items of EUR -1.5 million (EUR -1.8 million).

## Short term business risks and market uncertainties

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

## Risks related to horticultural peat

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

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

The most important monitored issue is

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

## Risks in the activated carbon business

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

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

## Market risks

Neova's businesses are subject to significant market risks related to end product demand, as well as the prices and availability of raw materials. The demand for wood-based raw materials has grown significantly in the international markets as customers seek environmentally friendly alternatives. Imports of wood-based raw materials from outside of Europe have also increased. As the market grows, the availability of appropriately priced raw material in relation to the price of the end product plays a key role in ensuring competitiveness. The potential expansion of the situation in Ukraine would have impacts in the form of not only higher energy prices and the availability of energy but also the

availability of wood-based and peat-based raw materials. The crisis could also have a significant impact on the availability and cost of sea shipping.

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

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

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

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

value-added uses of peat include activated carbon, growing media and stimulant-based products.

### Weather risks

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

### Damage risks

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

### Political and geopolitical risks

The continuation of the war in Ukraine has increased geopolitical risks, which may have

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

### Financing and commodity risks

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

The company manages its financing risk and maintains liquidity by balancing the

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

### Natural seasonal fluctuation in activities

Kekkilä-BVB's business is sensitive to seasonal fluctuations, with consumer demand peaking in spring and early summer. Demand in the professional grower segment remains more stable, continuing into the autumn. Growing media raw material sales are more stable throughout the year.

The varying seasonal demand for heating brings significant seasonal variation to Neova Terra's business. Demand for energy fuel fluctuates significantly during the year, and the January–March quarter is usually the most significant heating season in our operating countries.

The success of the peat production season in summer plays a central role with regard to raw material reserves for the next year. The peat production season falls almost entirely into the second and third quarters of the year and introduces significant cyclicity to business.

## Research and development

The Group's research and development investments during the financial year 1 January to 31 December 2024 amounted to EUR 8.1 million (9.8) which corresponds to 1.7 (2.0) percent of net sales. Research and development activities focused on supporting the company's strategic renewal in all Neova Group companies. Our innovation work focuses on exploring new business opportunities around raw materials and related technologies. In 2024, we continued our long-term research, development, and innovation work to increase the availability of renewable and recycled raw materials and diversify our raw material selection. We made progress in many of our innovation initiatives, enabling the commercialization of selected high value-added business opportunities. The target is to refine peat biomasses and other organic natural materials into new, high value-added products for international markets.

In Neova Terra's Neova Agro business, the commercialization of new peat and moss-based innovations, biostimulants, and peat-based animal feed progressed as planned. Neova and Hankkija announced an agreement in the second quarter for the production of peat-based animal feed raw material, and deliveries began in the fall of 2024.

In the Neova Refinery concept, raw materials and side streams are utilized comprehensively according to the circular economy principle. High value-added products related to biomass and side streams have enormous potential in the future, as the

world needs new ways to promote sustainable food production, purify water and air, and replace harmful chemicals, oil-based products, and plastics. The Group's innovation and IPR strategy implements the company's goal of developing existing businesses and creating new business. In addition, the strategy manages and protects developed tangible and intangible assets. Key measures include developing staff competence, maintaining an innovation culture, and proactive measures to protect intangible assets.

## Environmental responsibility

Neova is committed to developing responsible environmental practices. We aim to be recognized for our environmental responsibility wherever we operate. In 2024, we systematically implemented measures related to the long-term environmental goals of Neova Group's sustainability strategy and business-specific environmental programs.

We focused on reducing emissions to water bodies and the climate, promoting biodiversity on decommissioned peat production areas, increasing the recyclability of packaging materials, and reducing waste and losses. We continued to implement the Green Factory concept in our growing media, peat, moss, reed canary grass, pellet, and activated carbon operations. Additionally, we developed a life cycle analysis roadmap for Neova Terra products for 2025–2026.

Neova Group's active peat production areas (Finland, Sweden, Estonia) in the sum-

mer of 2024 totalled approximately 24,700 (27,500) hectares, with Finland accounting for 18,000 (20,271) hectares of the total, including stacking areas. To ensure sufficient production capacity due to the increased demand caused by the war in Ukraine, the area under production remained sufficient even though it slightly decreased compared to the previous year.

The closure of peatlands means ending peat production in the area in question and transitioning to the aftercare stage in the production area's lifecycle and the process of voiding the environmental permit. At the end of the financial year, a total of 47 peat production areas were in the post-production aftercare stage. Environmental permits for peat production include aftercare obligations, which is why it is important for aftercare to be carried out responsibly and in line with the provisions of the environmental permit. Centres for Economic Development, Transport and the Environment (ELY Centres) conducted a total of 103 on-site inspections at Neova's peat production areas in 2023. Of these, 23 were decommissioning inspections, 72 regular inspections in accordance with the monitoring plan and 8 other inspections.

A total of 1,695 (1,337) hectares of land owned by the company was transferred to next land use in the Finnish peat production operations during the financial year. A total of 940 (180) hectares were assigned for reforestation and 33 (400) hectares for building wetlands. A total of 6,100 (3,561) hectares were returned to landowners. The company prepares for the subsequent

maintenance of areas released from production by means of an environmental provision that covers the costs associated with post-production obligations.

In accordance with its environmental permit application principles, the Group only applies for new production permits for ditched peatlands. Neova Group's (Finland, Sweden, Estonia) environmental investments in peat production areas in 2024 amounted to EUR 0.4 million (1.0) and were primarily related to the improvement and the building of water treatment structures at peat production sites. Excluding input from the company's own personnel, environmental protection costs for the financial year amounted to EUR 10.9 million (10.8). They primarily consisted of the maintenance of water treatment structures in peat production and impact monitoring.

## Resolutions by the annual General meeting

The Annual General Meeting was held in Helsinki 26 March 2024. The AGM adopted the financial statements and consolidated financial statements for the financial 2023 and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability. The AGM approved the Board proposal to distribute a dividend of EUR 134 per share, or EUR 4,020,000.

The AGM decided that the number of Board members be confirmed as six (6). The AGM decided that Stefan Damlin, Jari-Pekka Punkari, Kirsi Puntila, Panu Routila and Eeva-Liisa Virkkunen would continue



as members of the Board of Directors, and Dick Hordijk was appointed as a new member. Panu Routila will serve as the Chair of the Board of Directors, with Eeva-Liisa Virkunen as Vice Chair.

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

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

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

The Annual General Meeting confirmed the meeting fees of the Supervisory Board as EUR 800 for the Chair, EUR 600 for the Vice Chair and EUR 500 for the ordinary members. The Annual General Meeting re-

solved to pay the auditor's fees against the auditor's reasonable invoice.

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

## Changes in Group Management team

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

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

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

Neova's Group management has moved to an organisational model where the daily business decisions are made in the divisions' management teams. For this reason, there were changes to the structure and tasks of

Neova Group's Group Management Team (GMT) as of 1 May 2024. The responsibilities of the new Management Team will be the Group's financial reporting and financing, Group risk management, Group HR policy, Group IT policy, Group-wide projects, Group-level raw material issues, large investments, legislative compliance and the preparation of materials for the Board of Directors and Supervisory Board. The Chair of the GMT is Neova Oy's CEO Pekka Tennilä, and the members are Deputy CEO Markus Tykkyläinen, CFO Hannu Nyman and CLO Johan Nybergh. The GMT will be supported by Jenni Nevasalo for HR matters, Jukka Holm for ICT matters and Ahti Martikainen with sustainability and communications matters.

## Board of Directors' proposal for the distribution of profits

On 31 December 2024 the parent company's distribution assets amounted to EUR 258.5 million.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1165 (134) per share be paid on the basis of the adopted balance sheet for 2024, amounting to a total of EUR 35.0 million (4.0). The rest of the distributable assets shall be carried forward in retained earnings.

## Events after the review period

There were no significant events after the review period.

## Outlook for 2025

The megatrends of urbanisation, climate change and sustainable production are in many ways beneficial for Neova, and the company believes them to support positive development of the company's businesses. Inflation has slowed down, improving also households' purchasing power, which will improve demand as economy recovers. Demand growth is supported by wage increases and reasonable employment situation.

During the current financial period, Kekkilä-BVB will focus on sales growth as well as improving profitability. The efficiency programs of the past two years have created a good foundation for improving profitability and competitiveness of Kekkilä-BVB.

For Neova Terra, the demand for energy peat as a fuel is expected to continue to decrease. The demand for horticultural peat is expected grow along the growing media market itself. The company will continue the commercialisation of new businesses, and the commercialisation of the first new peat-based innovations is proceeding as planned.

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

## CONSOLIDATED KEY FIGURES

| EUR Million                                     | 1-12/2024 | 1-12/2023 |
|---|-----------|-----------|
| Net sales                                       | 469.0     | 495.9     |
| Operating profit (EBIT)                         | 14.0      | -5.3      |
| % of net sales                                  | 3.0       | -1.1      |
| Operating profit (EBIT) before impairment       | 16.9      | -0.7      |
| % of net sales                                  | 3.6       | -0.1      |
| Profit for the period                           | 8.8       | -8.2      |
| EBITDA  | 48.8      | 29.2      |
| +/- Change in working capital                   | 23.3      | 5.4       |
| - Net investments                               | 27.1      | 31.2      |
| Free cash flow before taxes                     | 45.1      | 3.4       |
| Gross investments                               | 38.7      | 40.2      |
| Return on invested capital %*                   | 3.2       | -1.3      |
| Return on invested capital % before impairment* | 2.6       | -2.4      |
| Return on equity %*                             | 2.9       | -2.7      |
| Total assets                                    | 599.7     | 737.3     |
| Shareholders' equity                            | 296.6     | 293.1     |
| Interest-bearing net debt                       | 129.0     | 144.4     |
| Equity-to-assets ratio %*                       | 49.8      | 40.1      |
| Interest-bearing net debt/EBITDA                | 2.6       | 4.9       |
| Gearing %                                       | 43.5      | 49.3      |
| Average number of employees                     | 817       | 936       |

\* Last 12 months.

## KEY FIGURES FOR PARENT COMPANY NEOVA OY

| EUR Million                                     | 1-12/2024 | 1-12/2023 |
|---|-----------|-----------|
| Net sales                                       | 95.7      | 93.2      |
| Operating profit (EBIT)                         | -22.0     | -35.3     |
| % of net sales                                  | -23.0%    | -37.9%    |
| Operating profit (EBIT) before impairment       | -21.5     | -35.2     |
| % of net sales                                  | -22.4%    | -37.8%    |
| Profit for the period                           | 1.4       | 5.0       |
| Operating margin (EBITDA)                       | -11.8     | -26.3     |
| Return on invested capital %*                   | -8.4      | -12.8     |
| Return on invested capital % before impairment* | -8.7      | 12.9      |
| Return on equity %*                             | 0.5       | 1.7       |
| Total assets                                    | 565.6     | 715.7     |
| Shareholders' equity                            | 309.1     | 311.8     |
| Equity-to-assets ratio %*                       | 54.7      | 43.4      |

\* Last 12 months.



# SIGNATURES TO THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Vantaa, 27 February 2025  
Board of Directors of Neova Oy

**Panu Routila**  
Chair

**Eeva-Liisa Virkkunen**  
Vice Chair

**Stefan Damlin**

**Dick Hordijk**

**Jari-Pekka Punkari**

**Kirsi Puntila**

**Auditor's note**  
A report on the audit  
has been issued today.  
Helsinki, 5 March 2025  
PricewaterhouseCoopers Oy  
Authorised Public Accountants

**Pekka Tennilä**  
CEO

**Panu Vänskä**  
Authorised Public Accountant, KHT



# CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million  | Note | 1-12/2024    | 1-12/2023    |
|--|------|--------------|--------------|
| <b>NET SALES</b>   | 2.1  | <b>469.0</b> | <b>495.9</b> |
| Change in inventories of finished goods and work in progress |      | 1.1          | -2.6         |
| Production for own use                                       |      | 0.0          | 0.1          |
| Other income   | 2.3  | 12.5         | 2.6          |
| Share of profit of associates and joint ventures             |      | 2.7          | 3.0          |
| Materials and services                                       | 2.4  | -302.2       | -326.8       |
| Expenses arising from staff benefits                         | 2.5  | -63.1        | -68.9        |
| Depreciation and amortisation                                | 3.5  | -34.6        | -32.9        |
| Impairments  | 3.5  | -2.9         | -4.6         |
| Other operating expenses                                     | 2.3  | -68.6        | -71.1        |
| <b>OPERATING PROFIT</b>                                      |      | <b>14.0</b>  | <b>-5.3</b>  |
| Financial income   | 5.1  | 11.5         | 11.4         |
| Financial expenses   | 5.1  | -17.3        | -18.0        |
| <b>PROFIT BEFORE INCOME TAXES</b>                            |      | <b>8.2</b>   | <b>-12.0</b> |
| Income tax expense   | 2.6  | 0.6          | 3.8          |
| <b>PROFIT FOR THE PERIOD</b>                                 |      | <b>8.8</b>   | <b>-8.2</b>  |

| EUR million  | Note | 1-12/2024  | 1-12/2023   |
|--|------|------------|-------------|
| <b>OTHER COMPREHENSIVE INCOME ITEMS</b>  |      |            |             |
| <b>Items that will not be reclassified to profit or loss:</b>                                      |      |            |             |
| Remeasurements on defined benefit plans  |      | -0.3       | -0.1        |
| <b>Items that may be subsequently reclassified to profit or loss:</b>                              |      |            |             |
| Cash flow hedges   |      | 0.0        | -0.6        |
| Translation differences  |      | -0.7       | -0.4        |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |      | <b>7.7</b> | <b>-9.3</b> |
| <b>PROFIT FOR THE PERIOD</b>   |      |            |             |
| <b>Profit attributable to:</b>   |      |            |             |
| Owners of the parent   |      | 8.6        | -8.2        |
| Non-controlling interests  |      | 0.1        | 0.1         |
|  |      | 8.8        | -8.2        |
| <b>Total comprehensive income attributable to</b>  |      |            |             |
| Owners of the parent   |      | 7.6        | -9.3        |
| Non-controlling interests  |      | 0.1        | -0.1        |
|  |      | 7.7        | -9.2        |
| <b>Earnings per share from result attributable to the owners of the parent (in euro per share)</b> |      |            |             |
| Earnings per share, EUR  | 2.7  | 288        | -272        |
| No. of shares  |      | 30,000     | 30,000      |

## CONSOLIDATED BALANCE SHEET

| EUR million                             | Note | 31<br>December<br>2024 | 31<br>December<br>2023 |
|---|------|------------------------|------------------------|
| <b>ASSETS</b>                           |      |                        |                        |
| <b>Non-current assets</b>               |      |                        |                        |
| Goodwill                                | 3.1  | 31.3                   | 31.6                   |
| Intangible assets                       | 3.2  | 39.6                   | 37.9                   |
| Property, plant and equipment           | 3.3  | 196.0                  | 206.5                  |
| Right-of-use assets                     | 3.4  | 52.9                   | 37.9                   |
| Shares in associates and joint ventures | 6.3  | 24.4                   | 22.9                   |
| Deferred tax assets                     | 4.5  | 6.1                    | 2.2                    |
| Other financial assets                  | 5.2  | 0.5                    | 0.5                    |
| Other receivables                       | 4.6  | 3.5                    | 3.2                    |
| <b>Total non-current assets</b>         |      | <b>354.2</b>           | <b>342.8</b>           |
| <b>Current assets</b>                   |      |                        |                        |
| Inventories                             | 4.1  | 120.4                  | 127.4                  |
| Trade receivables and other receivables | 4.2  | 72.5                   | 105.1                  |
| Income tax receivables                  |      | 7.1                    | 4.8                    |
| Other financial assets                  | 5.2  | 35.2                   | 151.7                  |
| Other securities                        | 5.2  | 3.0                    | 0.0                    |
| Cash and cash equivalents               | 5.3  | 6.5                    | 5.5                    |
| <b>Total current assets</b>             |      | <b>244.6</b>           | <b>394.5</b>           |
| <b>Assets held for sale</b>             | 6.4  | <b>0.9</b>             | <b>0.0</b>             |
| <b>TOTAL ASSETS</b>                     |      | <b>599.7</b>           | <b>737.3</b>           |

| EUR million   | Note | 31<br>December<br>2024 | 31<br>December<br>2023 |
|---|------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>                                     |      |                        |                        |
| <b>Shareholders' equity</b>                                       |      |                        |                        |
| Share capital   |      | 50.5                   | 50.5                   |
| Fair value fund and other funds                                   |      | 29.8                   | 29.8                   |
| Translation differences   |      | -7.5                   | -6.8                   |
| Retained earnings   |      | 223.4                  | 219.4                  |
| <b>Equity attributable to equity owners of the parent company</b> |      | <b>296.1</b>           | <b>292.8</b>           |
| Attributable to non-controlling interests                         |      | 0.5                    | 0.3                    |
| <b>Total equity</b>   | 5.5  | <b>296.6</b>           | <b>293.1</b>           |
| <b>Non-current liabilities</b>                                    |      |                        |                        |
| Interest-bearing liabilities                                      | 5.2  | 167.7                  | 150.1                  |
| Deferred tax liabilities  | 4.5  | 11.0                   | 8.6                    |
| Pension liabilities   | 4.7  | 4.3                    | 4.2                    |
| Provisions  | 4.4  | 16.4                   | 13.5                   |
| Other non-current-interest-bearing liabilities                    | 5.2  | 0.8                    | 0.3                    |
| <b>Total non-current liabilities</b>                              |      | <b>200.3</b>           | <b>176.7</b>           |
| <b>Current liabilities</b>  |      |                        |                        |
| Interest-bearing liabilities                                      | 5.2  | 9.1                    | 154.7                  |
| Trade payables and other payables                                 | 4.3  | 93.0                   | 111.6                  |
| Income tax liabilities  |      | 0.8                    | 1.1                    |
| <b>Total current liabilities</b>                                  |      | <b>102.9</b>           | <b>267.5</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |      | <b>599.7</b>           | <b>737.3</b>           |

## CONSOLIDATED STATEMENT OF CASH FLOW

| EUR million   | 2024        | 2023        |
|---|-------------|-------------|
| <b>Cash flows from operating activities</b>                       |             |             |
| Profit for the period   | 8.8         | -8.2        |
| Adjustment to the result for the period                           |             |             |
| Depreciation and amortisation                                     | 37.5        | 37.6        |
| Gains and losses from non-current assets                          | -2.9        | -0.8        |
| Share of results of entities consolidated using the equity method | -2.7        | -3.0        |
| Financial income and expenses                                     | 5.8         | 12.6        |
| Income tax expense  | -0.6        | -2.9        |
| Other adjustments   | -1.6        | 4.2         |
| <b>Total adjustments to the result for the period</b>             | <b>35.5</b> | <b>47.7</b> |
| Change in working capital   |             |             |
| Increase/decrease in inventories                                  | 5.7         | 17.2        |
| Increase/decrease in trade receivables and other receivables      | 32.7        | -14.5       |
| Increase/decrease in trade payables and other debts               | -19.2       | 0.9         |
| Change in provisions  | 2.9         | 1.4         |
| <b>Total change in working capital</b>                            | <b>22.1</b> | <b>4.9</b>  |
| Interest paid   | -12.7       | -11.0       |
| Interest received   | 1.1         | 0.4         |
| Other financial items   | 2.8         | 4.0         |
| Taxes paid  | -2.9        | -0.8        |
| <b>Cash flows from operating activities</b>                       | <b>54.7</b> | <b>37.3</b> |

| EUR million   | 2024          | 2023         |
|---|---------------|--------------|
| <b>Cash flows from investing activities</b>                         |               |              |
| Investments in tangible and intangible assets                       | -33.4         | -30.6*       |
| Proceeds from disposals of tangible and intangible assets           | 14.3          | 11.2         |
| Acquisition of subsidiaries, net of cash                            | 0.0           | -0.3         |
| Disposals of subsidiaries, net of cash                              | 3.3           | 0.0          |
| Other investments   | -0.0          | -9.2         |
| Proceeds from disposals or other investments                        | 116.0         | 19.8         |
| Changes in loans receivable   | 0.0           | -2.8         |
| Repayment of loan receivables                                       | -1.1          | -0.0         |
| Dividends received  | 1.5           | 0.0          |
| <b>Cash flows from investing activities</b>                         | <b>100.7</b>  | <b>-11.9</b> |
| <b>Cash flows from financing activities</b>                         |               |              |
| Changes in short-term loans   | -144.4        | 61.9         |
| Proceeds from long-term loans                                       | 75.0          | 0.0          |
| Repayment of long-term loans  | -75.1         | -111.3       |
| Repayment of lease liabilities                                      | -5.9          | -9.0*        |
| Dividends paid  | -4.0          | -9.0         |
| <b>Cash flows from financing activities</b>                         | <b>-154.5</b> | <b>-67.5</b> |
| <b>Net increase (+) / decrease (-) in cash and cash equivalents</b> | <b>0.9</b>    | <b>-42.1</b> |
| Cash and cash equivalents at the beginning of the period            | 5.5           | 47.7         |
| Net increase (+) / decrease (-) in cash and cash equivalents        | 0.9           | -42.1        |
| Cash and cash equivalents at the end of the period                  | 6.5           | 5.5          |

\* Correction of repayment of lease liabilities in comparative information. Company has corrected the error by restating the affected cash flow statement line items for the prior year.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR million                          | Share Capital | Other reserves | Translation differences | Retained earnings | Total        | Non-controlling interests | Total equity |
|--------------------------------------|---------------|----------------|-------------------------|-------------------|--------------|---------------------------|--------------|
| <b>Total equity 1 January 2024</b>   | 50.5          | 29.8           | -6.8                    | 219.4             | 292.8        | 0.3                       | 293.1        |
| <b>Changes in equity</b>             |               |                |                         |                   |              |                           |              |
| Dividends paid                       |               |                |                         | -4.0              | -4.0         |                           | -4.0         |
| Profit for the period                |               |                |                         | 8.6               | 8.6          | 0.1                       | 8.8          |
| Translation differences              |               |                | -0.7                    |                   | -0.7         |                           | -0.7         |
| Actuarial gains/losses               |               |                |                         | -0.3              | -0.3         |                           | -0.3         |
| Other comprehensive income items     |               | -0.0           |                         | 0.0               | 0.0          |                           | 0.0          |
| Total comprehensive income           |               | 0.0            | -0.7                    | 8.3               | 7.6          | 0.1                       | 7.7          |
| <b>Other changes</b>                 |               |                |                         |                   |              |                           |              |
| Other changes                        |               | 0.0            |                         | -0.3              | -0.2         | 0.0                       | -0.2         |
| <b>Total equity 31 December 2024</b> | <b>50.5</b>   | <b>29.8</b>    | <b>-7.5</b>             | <b>223.4</b>      | <b>296.1</b> | <b>0.5</b>                | <b>296.6</b> |

| EUR million                          | Share Capital | Other reserves | Translation differences | Retained earnings | Total        | Non-controlling interests | Total equity |
|--------------------------------------|---------------|----------------|-------------------------|-------------------|--------------|---------------------------|--------------|
| <b>Total equity 1 January 2023</b>   | 50.5          | 30.5           | -5.5                    | 235.5             | 310.9        | 0.3                       | 311.2        |
| <b>Changes in equity</b>             |               |                |                         |                   |              |                           |              |
| Dividends paid                       |               |                |                         | -9.0              | -9.0         |                           | -9.0         |
| Profit for the period                |               |                |                         | -8.2              | -8.2         | 0.1                       | -8.2         |
| Translation differences              |               |                | -0.4                    |                   | -0.4         |                           | -0.4         |
| Actuarial gains/losses               |               |                |                         | -0.1              | -0.1         |                           | -0.1         |
| Other comprehensive income items     |               | -0.6           |                         |                   | -0.6         |                           | -0.6         |
| Total comprehensive income           |               | -0.6           | -0.4                    | -8.3              | -9.3         | 0.1                       | -9.3         |
| <b>Other changes</b>                 |               |                |                         |                   |              |                           |              |
| Other changes                        |               | -0.1           | -0.9                    | 1.3               | 0.3          |                           | 0.3          |
| <b>Total equity 31 December 2023</b> | <b>50.5</b>   | <b>29.8</b>    | <b>-6.8</b>             | <b>219.4</b>      | <b>292.8</b> | <b>0.3</b>                | <b>293.1</b> |

# GROUP KEY FIGURES 2020-2024

| EUR million  | 2020   | 2021  | 2022  | 2023  | 2024  |
|--|--------|-------|-------|-------|-------|
| Net sales  | 544.9  | 514.6 | 544.9 | 495.9 | 469.0 |
| Growth %   | 2.1    | -5.6  | 5.9   | -9.0  | -5.4  |
| EBITDA   | 53.8   | 562.8 | 46.8  | 29.2  | 48.8  |
| % of net sales   | 9.9    | 109.4 | 8.6   | 5.9   | 10.4  |
| Depreciations and amortisations  | -47.2  | -35.3 | -32.3 | -32.9 | -34.6 |
| Impairments  | -102.8 | -16.3 | 12.1  | -4.6  | -2.9  |
| Operating profit (EBIT)  | -95.3  | 511.2 | 29.2  | -5.3  | 14.0  |
| % of net sales   | -17.5  | 99.3  | 5.4   | -1.1  | 3.0   |
| Operating profit (EBIT) before impairments                                 | 7.4    | 527.6 | 17.2  | -0.7  | 16.9  |
| % of net sales   | 1.4    | 102.5 | 3.2   | -0.1  | 3.6   |
| Net financial items  | -12.5  | -7.2  | -10.6 | -6.6  | -5.8  |
| Profit before taxes  | -107.8 | 504.0 | 18.7  | -12.0 | 8.2   |
| Taxes  | -0.3   | -2.5  | 0.0   | 3.8   | 0.6   |
| Profit for the period  | -108.1 | 501.5 | 18.6  | -8.2  | 8.8   |
| Return on invested capital %   | -14.0  | 73.1  | 6.4   | -1.3  | 3.2   |
| Return on invested capital before impairments %                            | 1.1    | 75.4  | 3.8   | -2.4  | 2.6   |
| Restricted capital on average  | 680.9  | 699.4 | 454.9 | 411.3 | 430.4 |
| Turnover of restricted capital (net sales / restricted capital on average) | 0.8    | 0.7   | 1.2   | 1.2   | 1.1   |
| Average working capital  | 125.5  | 172.8 | 138.5 | 112.3 | 92.2  |
| Average working capita % of net sales                                      | 23.0   | 33.6  | 25.4  | 22.6  | 19.7  |
| Restricted capital at the end of the year                                  | 704.4  | 451.3 | 461.2 | 407.5 | 430.3 |
| Working capital at the end of the year                                     | 96.5   | 147.6 | 114.0 | 108.6 | 85.3  |

| EUR million                                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---|--------|--------|--------|--------|--------|
| Gross investments                               | 76.6   | 84.6   | 167.5  | 40.2   | 38.7   |
| % of net sales                                  | 14.1   | 16.4   | 30.7   | 8.1    | 8.3    |
| Gros investments/depreciation and amortisations | 1.6    | 2.4    | 5.2    | 1.2    | 1.1    |
| EBITDA  | 53.8   | 562.8  | 46.8   | 29.2   | 48.8   |
| +/- Change in working capital                   | 44.8   | -51.1  | 48.4   | 5.4    | 23.3   |
| -Net investments                                | 59.1   | 77.7   | 136.7  | 31.2   | 27.1   |
| Free cash flow before taxes                     | 39.6   | 434.0  | -41.5  | 3.4    | 45.1   |
| Total assets                                    | 758.5  | 780.9  | 810.3  | 737.3  | 599.7  |
| Shareholders' equity                            | 207.4  | 427.9  | 311.2  | 293.1  | 296.6  |
| Shareholders' equity (average)                  | 309.7  | 508.2  | 368.5  | 297.1  | 304.0  |
| Interest-bearing liabilities                    | 344.4  | 233.9  | 357.9  | 304.8  | 176.9  |
| Interest-bearing net debt                       | 327.7  | 11.2   | 140.0  | 144.4  | 129.0  |
| Equity ratio, %                                 | 27.9   | 55.2   | 38.7   | 40.1   | 49.8   |
| Gearing %                                       | 158.0  | 2.6    | 45.0   | 49.3   | 43.5   |
| Interest-bearing net debt/EBITDA                | 6.1    | 0.0    | 3.0    | 4.9    | 2.6    |
| Liquidity                                       | 1.8    | 3.1    | 2.6    | 2.1    | 2.2    |
| Return on equity %                              | -34.9  | 98.7   | 5.1    | -2.7   | 2.9    |
| Dividends paid                                  | 4.0    | 250.0  | 60.8   | 9.0    | 4.0    |
| Dividend % of profit                            | -3.7   | 49.8   | 326.2  | -110.3 | 45.8   |
| Average number of employees                     | 1,031  | 922    | 958    | 936    | 817    |
| <b>Key figures per share</b>                    |        |        |        |        |        |
| Number of shares                                | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Earnings per share, EUR*                        | -3,712 | 16,638 | 487    | -272   | 288    |
| Shareholders' equity per share, EUR             | 5,517  | 12,812 | 10,338 | 9,759  | 9,871  |
| Dividend per share, EUR                         | 133    | 8,333  | 2,026  | 300    | 134    |

\* Profit attributable to owners of the parent company

# PRINCIPLES FOR CALCULATING KEY FIGURES

|   |   |  |
|---|---|--|
| <b>EBITDA</b>                               | Operating profit (EBIT) + depreciation and amortisation +/- shares of associates' results   |  |
| <b>Working capital</b>                      | Inventories + non-interest-bearing receivables of businesses – non-interest-bearing liabilities   |  |
| <b>Restricted capital</b>                   | Fixed assets of businesses + working capital  |  |
| <b>Turnover of restricted capital</b>       | $\frac{\text{Net sales floating 12 months}}{\text{Restricted capital (on average)*}}$   |  |
| <b>Return on invested capital, % (ROIC)</b> | $\frac{\text{Operating profit (EBIT) rolling 12 months}}{\text{Restricted capital (on average)*}} \times 100$   |  |
| <b>Return on equity, %</b>                  | $\frac{\text{Profit before taxes rolling 12 months - income tax}}{(\text{Shareholders' equity} + \text{non controlling interests}) \text{ on average*}} \times 100$ |  |
| <b>Liquidity</b>                            | $\frac{\text{Short-term non-interest-bearing receivables}}{\text{Current non-interest-bearing liabilities}}$  |  |
| <b>Equity ratio, %</b>                      | $\frac{\text{Shareholders' equity} + \text{non-controlling interests} + \text{capital loan}}{\text{Total assets} - \text{advances received}} \times 100$            |  |
| <b>Interest-bearing net debt</b>            | Interest-bearing liabilities – interest-bearing loan receivables – cash and cash equivalents  |  |
| <b>Gearing, %</b>                           | $\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity} + \text{non-controlling interests}} \times 100$  |  |
| <b>Free cash flow before taxes</b>          | EBITDA +/- change in working capital – net investments  |  |
| <b>Earnings per share</b>                   | Profit attributable to owners of the parent company / number of shares  |  |
| <b>Shareholders' equity/share</b>           | Parent company's shareholders' equity / number of shares  |  |
| <b>Dividend per share</b>                   | Dividends paid for the financial period / number of shares  |  |
| <b>Dividend / profit, %</b>                 | 100* dividend per share / earnings per share  |  |

\* The calculations are based on average 31 March 2024, 30 June 2024, 30 September 2024 and 31 December 2024.





# SUSTAINABILITY STATEMENT



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# SUSTAINABILITY HIGHLIGHTS 2024



## NeoCore™ biostimulant launched to the market

The NeoCore™ biostimulant developed by Neova increases plant nutrient uptake and root biomass, as well as improving soil health. Depending on the plant species, the yield has increased by an average of 10%, and for blueberries as much as 24%.

## Helping Hands programme continued

In 2024, Neova continued its Helping Hands programme to engage its employees in voluntary work on environmental and social topics in local communities.



## Kekkilä-BVB

participated in several public-private partnership projects, such as Bioschamp, ALTER-PEAT, and Kiertokas, to advance the sustainability efforts of the whole industry.

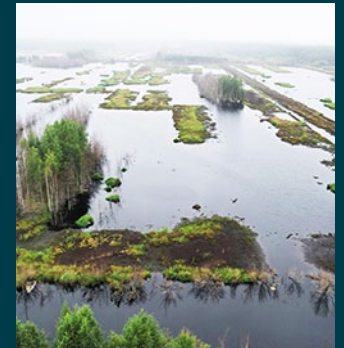
It also introduced new circular landscaping portfolios Zero and Renew. The total volume of circular raw materials in Kekkilä-BVB's own production was

# 1.40

million cubic meters.

## Ropolansuo biodiversity area established

Neova established a 104-hectare biodiversity area in the former peat production area of Ropolansuo in Mikkeli. This is one of Finland's largest wetlands built in former peat production areas.



## Reed canary grass to growing media

Neova currently cultivates 1,500 hectares of reed canary grass to be used as growing media. The first crop was harvested in the spring of 2024.

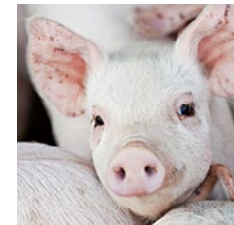
## New collaboration in renewable energy projects

Vapo Terra Oy, a wholly owned subsidiary of Neova Oy, and the Swedish company Rabbalshede Kraft AB signed a cooperation agreement based on which Rabbalshede Kraft will take a 50% stake in Vapo Terra's current renewable energy production project portfolio.



# 83%

of the peat used by Kekkilä-BVB has now Responsibly Produced Peat (RPP) certification. (2023: 64%)



## Neova launched its first animal feed product

Neova launched its first animal feed product in cooperation with Hankkija Oy, part of the Danish Agro Group. The primary use of the Prohumi product is pig feeds and enrichment material use.

# WE AIM TO GROW MORE WITH LESS

**D**ear Reader, at the core of our operations lies a strong commitment to sustainability. Today's megatrends – climate change, urbanisation, ecosystem decline and the need for circular solutions – directly influence our business. Our mission is to provide life's essentials for everyone through our products: clean food, clean air, clean water, heat and energy. As a raw material producer, we have a responsibility to do our business in balance with the nature. We aim to grow more with less and create more value from fewer natural resources.

In the autumn of 2024, our double materiality assessment revealed that our stakeholders' primary concerns were related to climate, biodiversity and water impacts of our operations. They also valued the positive contributions we bring to the society. Our products support the production of healthy food in controlled environments, enhance animal health with bedding peat and animal feed, and purify water and air with activated carbon. Additionally, hobby garden- ing brings joy and can even reduce stress levels.

While we are still widely known for our energy peat production, we decided to end this business in November 2021. Unfortunately, the war in Ukraine made the produc- tion of local fuel relevant again, and we continued energy peat production. Today, the strategic importance of peat for security of supply is recognised in Finland's government programme, but the share of our net sales from energy peat continues to decrease. To support our switch from energy peat to other business opportunities such as renewable energy, we signed our first cooperation agreement with the

Swedish Rabbalshede Kraft AB to develop nine solar and wind energy parks in old peat production areas around Fin- land.

Sustainable and responsible business development sometimes requires tough decisions. In 2024, we closed two Kekkilä-BVB production facilities to optimise our network, resulting in the loss of 43 jobs. As a responsible employer, we must ensure solid financial performance and company development. This includes a strong focus on enhancing our safety culture. Although 2024 saw a setback in our declining occupational accident trend, we are committed to making this an isolated incident.

The year 2025 presents numerous opportunities to turn our sustainability ambitions into tangible actions. One such initiative is introducing reed canary grass as a circular raw material for growing media. After three years of research, including various growing tests with different customers and plants, we will be ready to launch the first substrate mixes containing reed canary grass to European markets later this year. This grass is cultivated in Neova Terra's former peat production areas in Northern Finland and processed fur- ther at Kekkilä-BVB production facilities.

We also anticipate expanding Neova Terra's NeoCore biostimulants to new global markets. The biostimulants have shown excellent results in root development, microbial activity and soil health improvement across over 60 growth trials in different countries.

For years, we have reported transparently on our finan- cial performance and sustainability progress. We actively



engage in stakeholder dialogue, regularly consulting with customers, researchers, regulators and the authorities. We rigorously adhere to all industry laws and regulations. The events of 2024 have underscored the need for such open- ness, and we will continue to maintain fact-based dialogue with our stakeholders. This sustainability statement for 2024 is one example of our commitment. I hope you can find use- ful information from it.

**Susanna Inkinen**

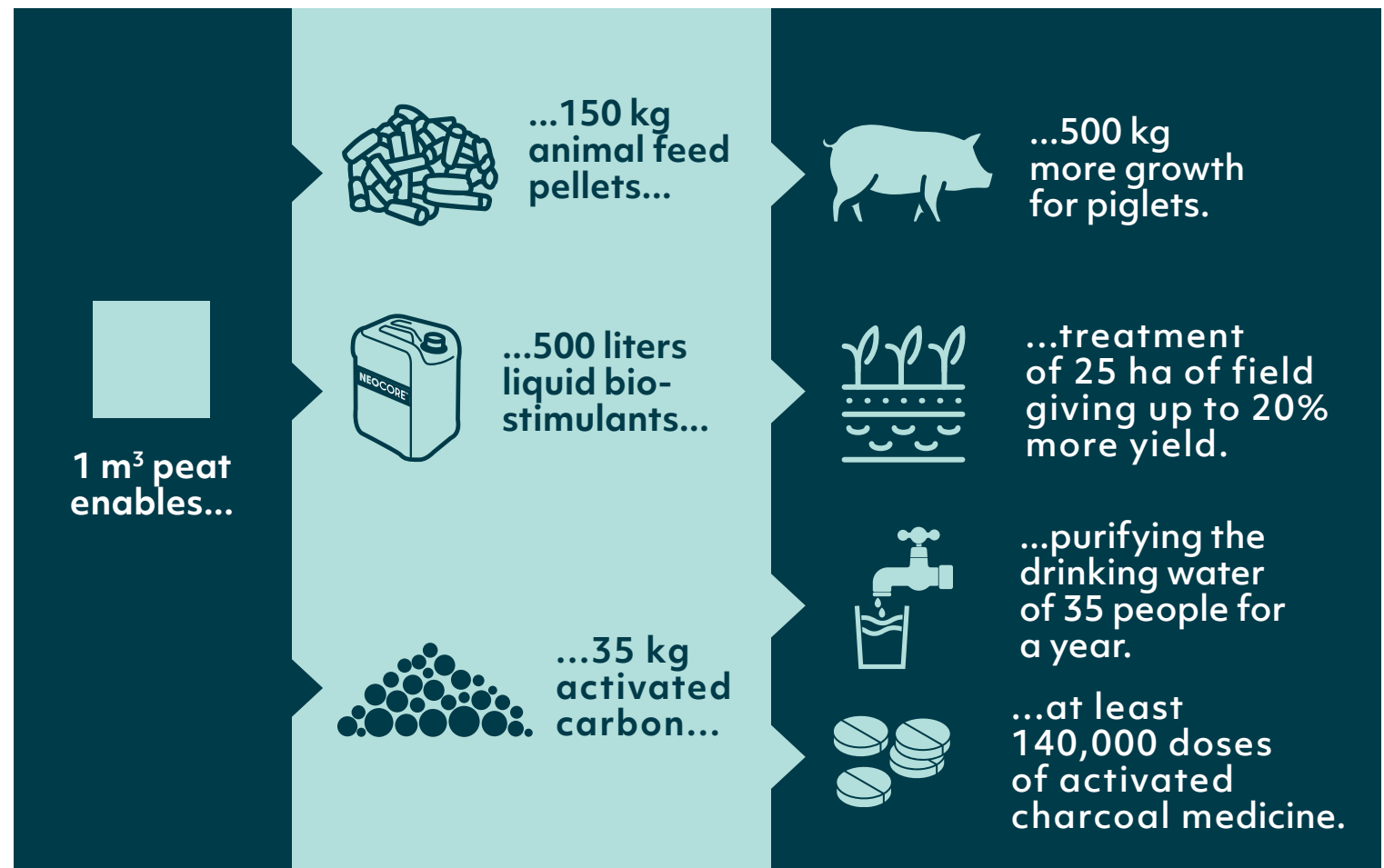
*Chief Sustainability Officer, Neova Group*

# SUSTAINABLE SOLUTIONS FOR VARIOUS NEEDS

The world needs a supply of clean and safe food, a healthy soil, clean water and air, while mitigating the negative effects of climate change. Neova Group's businesses play an important role in solving these global challenges.

## Neova Terra

Neova Terra is transforming from an energy company to refining high value products for the society. Going forward, we will focus more on refining peat into activated carbon solutions for air and water purification, to animal feed that increase health and wellbeing of animals and to biostimulants that increase crop yield and soil health. We will continue as a key supplier of raw materials for growing media and bedding peat.





## Kekkilä-BVB

Kekkilä-BVB is the European leader in horticulture. We have over a hundred years of heritage and expertise from growing in the Netherlands, Finland and Sweden. Today, we are proud to provide products and services for professional greenhouse growers, home gardeners and landscapers to over 100 countries worldwide creating better growth, enabling more joy, better health and beautiful living environments.

Our deep expertise in horticulture powers our path towards more circular growing for decades to come. We are committed to find ways to grow more with less – optimize growth performance, resource-efficiency and the environmental and social sustainability of the entire growing value chain. Our ambition is to be a company, which contributes more to the world than takes from it.

## What does smart growing mean for us?

S = Sustainable for the whole value chain

M = Maximum yield

A = Availability of raw materials

R = Resource efficiency

T = Together with our customers





# GENERAL INFORMATION

## Reporting principles

### Sustainability statement reporting principles

#### Basic information

Neova is a Finnish company operating in global markets. Its business operations promote professional growing and home gardening, the construction of attractive and pleasant living environments, and the wellbeing of animals. It provides corporate and consumer customers with local fuels and develops products for air and water purification, as well as solar and wind power.

Neova Group's business is divided into two divisions, Kekkilä-BVB and Neova Terra. Both divisions, Kekkilä-BVB and Neova Terra, include four business areas each. All businesses are served by Group Services.

The consolidated sustainability reporting covers the parent company, Neova Oy, and all subsidiaries in which the parent company directly or indirectly holds over 50 per cent of the votes carried by shares, or which are otherwise controlled by the parent company, based on the shareholders' agreement, for example. Subsidiaries are consolidated in the consolidated financial statements from the date on which the Group acquires control until the date on which the Group's control over the subsidiary ceases. The only exceptions are Kekkilä-BVB's recycling stations, which operate under a franchising mode in Sweden and Kekkilä-BVB's three peat bogs in Germany. They are not currently included in the reporting.

The sustainability statement is reported annually in the spring. The reporting period corresponds to the financial

reporting year – that is, from 1 January to 31 December.

#### Basis for preparation

The sustainability statement is prepared in accordance with the Global Reporting Initiative (GRI) standard. The company reports in accordance with the Universal Standards GRI 1, GRI 2 and GRI 3 in effect at the beginning of 2023. As of 2025, Neova Group needs to comply with the EU's Corporate Sustainability Reporting Directive (CSRD) and its reporting requirements. These requirements have guided the content and structure of this report.

Neova Group conducted a double materiality assessment in the autumn of 2024, and parts of that work have been utilised in defining the disclosed sustainability matters and key figures. The same principles have been followed with the GRI reporting principles.

### Risk management and internal controls over sustainability reporting

Neova Group's sustainability reporting complies with the Group's common principles and processes for statutory reporting, risk management and internal control.

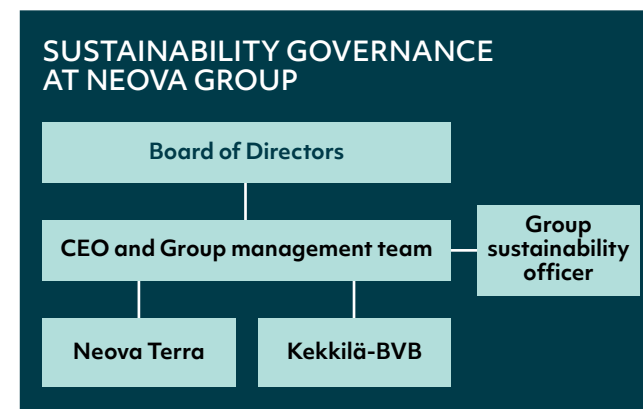
Neova Group's sustainability officer, supported by Group services and businesses, is in charge of the implementation of sustainability reporting.

The risks identified in sustainability reporting include the accuracy of information and the timing of reporting. To mitigate the risk, Neova Group is building a governance model that specifies roles and responsibilities in sustainability reporting.

## Sustainability governance and strategy

### The role of information provided to and sustainability matters addressed by the administrative, management and supervisory bodies

The sustainability statement provides details about sustainability governance. Neova's Corporate Governance Statement provides further information about how the administrative and supervisory bodies have been organised, with general duties, composition, diversity and experience.



### Sustainability governance at Neova Group

Sustainability is strongly integrated into the management and continuous development of the company's business operations in accordance with the expectations of the

stakeholders and changes in the business environment. Sustainability, ethical behaviour and compliance with laws and regulations are at the heart of Neova's operations. The Board of Directors, CEO and Group Management Team are responsible for sustainability-related matters with the divisions' leadership teams.

Neova Group's operations and ways of working are guided by the Group's Code of Conduct, as well as other policies and internal guidelines. The Code of Conduct and other policies are approved by the Board of Directors. Sustainability targets are based on the materiality assessment and both divisions' strategies.

### ***Supervisory Board***

The Annual General Meeting of Neova Oy appoints a Supervisory Board annually, consisting of a minimum of 8 and a maximum of 10 members elected by the Annual General Meeting for a term of one year in the manner specified in the Shareholders' Agreement between the company's owners.

In the 2024 financial period, the Supervisory Board convened 4 times and discussed various sustainability themes, including safety and security of supply.

### ***Board of Directors***

Neova Oy's Board of Directors oversees the company's sustainability work and approves the Group's Code of Conduct and other policies related to ESG matters. The Board of Directors approves the Group's and both divisions' sustainability targets and metrics, supervising their achievement.

The Board of Directors discuss Neova Group's sustainability matters as part of strategy reviews, investment plans, risk analysis and annual planning, and when necessary.

In the 2024 financial period, the Board of Directors convened 16 (21) times and discussed the following sustainability topics:

- Monthly safety reports
- Double materiality assessment
- Circular raw material programme
- Stakeholder engagement related to environmental activism
- The progress of preparation of CSRD reporting

### ***Board Committees***

Neova Oy's Board of Directors appoints an Audit Committee, a Personnel Committee and a Strategy Committee from among its members. The Committees of the Board assist it by preparing matters for the Board. The Committees report regularly to the Board of Directors.

The task of the Audit Committee is to prepare, direct and evaluate financial reporting, as well as auditing, internal audits, risk management, judicial risks and internal auditing systems. In the 2024 financial period, the Audit Committee convened 9 (11) times, discussing the following sustainability topics:

- Double materiality assessment
- Group's SEQ and operating environment review

### ***CEO, Group Management Team and divisions' leadership teams***

Neova Oy's CEO is responsible for implementing sustainability measures in accordance with the Board's guidelines. Sustainability strategy development and coordination between the divisions and functions is led by the Group Management Team. In 2024, the Group Management

Team focused on projects related to building Neova Group's readiness for CSRD reporting, including the double materiality assessment and the Group's sustainability governance model.

However, the majority of the sustainability measures are allocated to the divisions which have the responsibility for Neova's daily business operations and therefore also daily sustainability activities. Business management is in charge of the planning and implementation of the division-specific sustainability roadmaps. In 2024, both divisions' Leadership Teams followed sustainability themes regularly. Both divisions renewed their strategies, where sustainability plays an important role.

The Group's CFO is responsible for the risk management within the Group, and therefore also sustainability risks as part of the company's general risk assessment on an annual basis.

### ***The expertise and skills of Board members regarding sustainability***

The members of the Board have a broad range of skills, experience, perspectives and knowledge of the relevant industries to Neova. Members regularly receive information about and insights into sustainability topics, and external experts and different training are utilised to increase their understanding of the topic if necessary.

### ***Good governance***

Neova Oy is a Finnish unlisted limited liability company whose decision making and management comply with applicable legislation such as the Finnish Limited Liability Companies Act, the Finnish Accounting Act and the company's Articles of Association, as well as the Shareholders' Agreement between the company's owners. Neova Oy also

complies with the Government Resolution on the handling of Corporate Governance matters in publicly owned and affiliated companies issued by the Prime Minister's Office's Ownership Steering Department, and, where applicable, the Securities Market Association's Finnish Corporate Governance Code, which took effect on 1 January 2020.

The company's Articles of Association include a redemption clause. Pursuant to the redemption clause, if a share is transferred to an outside party other than one that exercises control over a shareholder of the company, the other shareholders will have the right to redeem the transferred shares.

### Integration of sustainability-related performance in incentive schemes

Neova Group's personnel are rewarded fairly and in alignment with local market levels, taking the need for business-critical competencies into account. The compensation is planned to attract, retain and motivate employees. Short- and long-term incentives are used to guide the execution of the company's strategy, long-term targets and sustainability ambitions.

The principles of Neova Group's remuneration and the overall remuneration of the administrative, management and supervisory bodies are described in more detail on the company's website: <https://www.neova-group.com/about-us/corporate-governance/remuneration-of-senior-management/>.

Based on the proposal of the Personnel Committee of the Board of Directors, the Board of Directors decides on the CEO's base salary and other benefits, which must be in line with the company's remuneration policy. Neova's Board of Directors also decides on the basic salary and other benefits of the Group Management Team, as well as their short-

and long-term incentive schemes based on a proposal of the Board's Personnel Committee. Neova's Board of Directors approves the Remuneration Policy, which defines key remuneration principles for the Supervisory Board, Board of Directors and the CEO, among other things. The Remuneration Policy is subject to an advisory vote by the Annual General Meeting.

In 2024, a sustainability-related target was set for all Neova Group employees. With the target, the company aims to encourage its employees to drive forward Neova's sustainability efforts. In 2024, the CEO's sustainability-related target included safety and progress in strategically significant sustainability projects.

### Business model, value chain and strategy

#### *Business model and value chain*

Neova is a global conglomerate whose businesses promote clean, local and water-conserving food production. Neova supply local fuels and new products for purifying water and air, and create wellbeing through employment, recycling and the creation of comfortable living environments. Neova Group consists of two divisions – Kekkila-BVB and Neova Terra – and Group services. Kekkila-BVB is responsible for about 65 per cent of the Group's net sales.

Neova Terra manages and develops Neova Group's owned and rented land portfolio in Finland, Sweden and Estonia. Of the Group's portfolio, around 30,000 ha is currently actively used in peat production. Neova Terra also cultivates reed canary grass and sphagnum moss in the old peat production areas. In 2024, Neova Terra concentrated on a new business model which develops possibilities for solar and wind parks in suitable areas – usually areas that have entered the next land-use phase after the end of peat production.

Peat, produced by Neova Terra, is used as energy peat, as Neova plays an important role in the security of supply for Finnish local district heating operators such as local energy companies and industrial operators located outside district heating networks. Peat is also used in Neova Terra's new higher added-value applications such as activated carbon, bio-stimulants and animal feed.

Neova Terra produces wood pellets for energy and bedding, and peat pellets as a raw material for activated carbon, for example. At the end of 2024, peat pellets were produced in 3 factories in Finland. Neova Terra has one activated carbon factory in Ilomantsi in Finland. Neova Terra's animal feed is also produced there.

Neova Terra is Kekkila-BVB's biggest raw material producer. Of Kekkila-BVB's raw material portfolio, peat constitutes the largest part, while circular raw materials such as coir, wood fibre and compost have increased their share during recent years, and this trend is expected even to accelerate going forward.

Kekkila-BVB is a European leader in growing media and offers a wide portfolio of growing media products and services globally to different customer segments under different brands. When measured by the share of net sales, professional growers are the biggest customer group for Kekkila-BVB, followed by retail and consumers, as well as cities and municipalities for landscaping & recycling services. In addition, Kekkila-BVB acts as sales agent for selling raw materials directly to other industry operators and bedding peat to customers operating in agriculture in Finland.

Kekkila-BVB's products are produced in Europe. Kekkila-BVB has 10 production sites in Finland, Sweden, Estonia and the Netherlands. Kekkila-BVB's production site in Germany was closed in the autumn of 2024. Kekkila-BVB's products are transported around the world, Australia being

the furthest export country, while Central Europe is the key market. Kekkilä-BVB's competitiveness is based on over hundred years of experience in growing media, as well as long-term expertise in plants and different growing conditions. Kekkilä-BVB's products are sold to customers directly and with the aid of a retail and distributor network.

Kekkilä-BVB's procurement is responsible for sourcing raw materials and other products and services for production. The procurement team ensures that the supplier network complies with Neova's Supplier Code of Conduct.

Neova Group employs 800 persons in 10 countries, most of whom are in Finland and the Netherlands. Neova Terra utilises subcontractors in peat production and Kekkilä-BVB on its production sites.

### Strategy

Neova is a multinational company operating in the global market, whose business goal is to ensure the basic necessities of life for everyone with its products: clean food; clean air; clean water; heat and energy. In all its businesses, the Group's goal is to produce more added value with less raw materials.

The Neova Group consists of two independent business divisions: Kekkilä-BVB and Neova Terra. Kekkilä-BVB is a leading European company in the growing media market and among the leading companies globally. Neova Terra produces Nordic raw materials and in addition to fuels, focuses on developing them into higher added-value products such as activated carbon, animal feed and biostimulants.

### Interest and views of stakeholders

Neova Group's stakeholder engagement starts at the local level and extends all the way to international activities across national boundaries. Continuous dialogue, feedback and

ongoing cooperation are the key methods for promoting mutual understanding between stakeholders and Neova Group. The company aims to build networks with important parties, as well as to regularly collect and share information relevant for the Group's business and customers. Feedback from stakeholders is one of the inputs considered in the development of products and services, and it also influences how the company operates. Neova also monitors and evaluates public discussion.

The significance of international cooperation is constantly growing in response to the globalisation of markets, research and regulation. Neova Group's companies in various countries are active members of local and international associations (e.g. Growing Media Europe and Peat Alliance). International advocacy work focuses on EU bodies in Brussels.

The table on page 60 summarises Neova's key stakeholders, the tools of engagement and the themes most important to them.

## Material sustainability-related impacts, risks and opportunities

### The identification and assessment of material impacts, risks and opportunities

Neova Group's sustainability-related material impacts, risks and opportunities were identified in a double materiality assessment project in the autumn of 2024. The work aimed to identify risks and opportunities related to sustainability which could have a potentially significant impact on the execution of the company's strategy and the achievement of its long-term goals. In addition, the project helped Neova Group identify and evaluate the significant impacts, risks and opportunities related to sustainability that affect the Groups' upstream and downstream value chain.

The project started with a value chain analysis that led to selected stakeholder interviews. The stakeholder interviews covered representatives from suppliers, regulators, customers and affected communities. Employees' opinions were gathered in internal workshops at which impacts related to sustainability topics were identified and evaluated. The results were evaluated by the leadership teams of Kekkilä-BVB and Neova Terra. Internal working groups then identified and evaluated financial risks and opportunities from the sustainability topics, which were also evaluated by the leadership teams of Kekkilä-BVB and Neova Terra. Ultimately, the final results were approved by the Board of Directors in December.

As a result, 8 material topics were determined. These topics are presented in in Material impacts, risks and opportunities table on page 61.

Neova finalised its double materiality assessment at the end of 2024. The company is currently running a project to update its sustainability strategy and align its metrics and targets with the material topics identified in the double materiality assessment.

The table on page 62, sustainability metrics and targets refers to Neova's current sustainability strategy for 2025, and it is not aligned with the double materiality assessment's results.



## INTERESTS AND VIEWS OF STAKEHOLDERS

| Stakeholders  | Stakeholder engagement   | Themes important to stakeholders  | Impact on operations, business model and strategy  |
|---|--|---|--|
| <b>Own workforce</b>                                      | <ul style="list-style-type: none"> <li>Great place to work survey</li> <li>Pulse surveys</li> <li>Cooperation with employee representatives</li> <li>Safety and health at work and related observations</li> <li>Helping Hands programme</li> <li>Wellbeing programme</li> </ul> | <ul style="list-style-type: none"> <li>Health and safety</li> <li>Equal treatment</li> <li>Competence development and good leadership</li> <li>Working conditions and other work-related rights</li> </ul>  | <ul style="list-style-type: none"> <li>Certified safety management systems</li> <li>Sustainability strategy</li> <li>Online training</li> <li>Development of leadership and key capabilities</li> </ul>  |
| <b>Customers, consumers and end users</b>                 | <ul style="list-style-type: none"> <li>Customer experience surveys</li> <li>Bilateral meetings</li> <li>Events, fairs and training</li> <li>Materiality assessment</li> <li>Website and social media</li> </ul>  | <ul style="list-style-type: none"> <li>Sustainable products</li> <li>Product safety and quality</li> <li>Product information</li> <li>Sustainable production methods</li> <li>Security of supply</li> </ul>   | <ul style="list-style-type: none"> <li>Circular raw materials programme</li> <li>Product safety and quality</li> <li>Certified quality and environmental management systems</li> <li>Responsible peat production RPP certification</li> <li>Sustainability concept for peat</li> </ul>                       |
| <b>Owners</b>   | <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Board meetings</li> <li>Supervisory Board meetings</li> <li>Regular meetings of the CEO and CFO with owners representative</li> </ul>   | <ul style="list-style-type: none"> <li>Climate change and biodiversity</li> <li>Security of supply</li> <li>Management of sustainability risks and good governance</li> <li>Steady financial performance</li> <li>Increase in shareholder value</li> </ul>  | <ul style="list-style-type: none"> <li>Sustainability targets in management remuneration</li> <li>Definition and management of sustainability risks</li> <li>Sustainability strategy</li> <li>Sustainability concept for peat</li> </ul>   |
| <b>Authorities</b>  | <ul style="list-style-type: none"> <li>Regular meetings and inspections</li> <li>Supervisory inspections</li> <li>Water management cooperation groups</li> </ul>   | <ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Management of sustainability risks and good governance</li> </ul>  | <ul style="list-style-type: none"> <li>Sustainability strategy</li> <li>Sustainability concept for peat</li> <li>Permitting processes</li> <li>Open and transparent communication and reporting</li> </ul>   |
| <b>Landowners and land users (if rented out)</b>          | <ul style="list-style-type: none"> <li>Contracts and land lease agreements</li> <li>Bilateral meetings</li> <li>Public events</li> <li>Website and social media</li> </ul>   | <ul style="list-style-type: none"> <li>Future profit expectations</li> <li>Sustainability of operations</li> <li>Strategy and policies</li> <li>Possibilities for new land use e.g. renewable energy, solar and wind, carbon sinks, new raw materials</li> <li>Sustainable and resource-efficient land use</li> </ul> | <ul style="list-style-type: none"> <li>Sustainability concept for peat</li> <li>Biodiversity programme</li> <li>Certified quality and environmental management systems</li> <li>Cooperation with new partners</li> <li>Joint research and development projects</li> </ul>                                    |
| <b>Researchers, educational institutions and students</b> | <ul style="list-style-type: none"> <li>Cooperation projects</li> <li>Cooperation events</li> <li>Meetings</li> <li>Thesis assignments and traineeships</li> <li>Materiality assessment</li> </ul>  | <ul style="list-style-type: none"> <li>Research and development cooperation</li> <li>Education, training and competence development</li> <li>Investments and jobs</li> <li>Working life</li> <li>Diversity, equity and inclusion</li> </ul>   | <ul style="list-style-type: none"> <li>Sustainability Strategy</li> <li>Circular raw materials programme</li> <li>Innovations</li> <li>Joint research and development projects</li> <li>Education and training, cooperation and partnerships</li> <li>Jobs and traineeships</li> </ul>                       |
| <b>NGOs</b>   | <ul style="list-style-type: none"> <li>Bilateral meetings</li> <li>Materiality assessment</li> <li>Project cooperation</li> <li>Whistleblowing channel</li> </ul>  | <ul style="list-style-type: none"> <li>Climate change</li> <li>Biodiversity and impacts on water</li> <li>Protection of peatlands</li> <li>Restoration of peatlands</li> </ul>  | <ul style="list-style-type: none"> <li>Sustainability Strategy</li> <li>Biodiversity programme</li> <li>Circular raw materials programme</li> <li>Permit granting processes and consultations</li> <li>Sustainability concept for peat</li> <li>Open and transparent communications and reporting</li> </ul> |
| <b>Suppliers and service providers, contractors</b>       | <ul style="list-style-type: none"> <li>Events and seminars</li> <li>Training and feedback events for contractors</li> <li>Joint development projects with suppliers</li> <li>Whistleblowing channel</li> </ul>   | <ul style="list-style-type: none"> <li>Safety and health</li> <li>Working conditions and other work-related rights</li> <li>Climate change</li> <li>Biodiversity</li> <li>Sustainable peat production</li> <li>Sustainable supply chain</li> </ul>  | <ul style="list-style-type: none"> <li>Safety management system for the company's own and contractors employees</li> <li>Supplier Code of Conduct</li> </ul>   |
| <b>Policymakers</b>                                       | <ul style="list-style-type: none"> <li>Public hearings</li> <li>Bilateral meetings</li> <li>Events, seminars and panels</li> <li>Materiality assessment</li> </ul>   | <ul style="list-style-type: none"> <li>Circular economy</li> <li>Reducing environmental impacts</li> <li>Climate change mitigation</li> <li>Safeguarding biodiversity</li> <li>Logistics and public infrastructure</li> <li>New products and innovation</li> <li>Renewal and jobs</li> </ul>                          | <ul style="list-style-type: none"> <li>Investments in new business opportunities</li> <li>Fossil free energy</li> <li>Resource-efficient production</li> <li>Waste-free production</li> </ul>  |
| <b>Lobbying and industrial associations</b>               | <ul style="list-style-type: none"> <li>Bilateral meetings</li> <li>Events, seminars and panels</li> <li>Materiality assessment</li> </ul>  | <ul style="list-style-type: none"> <li>Climate change</li> <li>Biodiversity and impacts on water</li> <li>Peatland restoration</li> <li>Advocacy cooperation</li> </ul>   | <ul style="list-style-type: none"> <li>Sustainability strategy</li> <li>Sustainability concept for peat</li> <li>Circular raw materials programme</li> <li>Biodiversity programme</li> </ul>   |

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

|             | ESRS-topic                          | Sub-topic   | Identified impacts | Material impacts | Of which identified risks & opportunities | Of which material risks & opportunities |
|-------------|-------------------------------------|---|--------------------|------------------|---|---|
| Environment | ESRS E1: Climate change             | E1.1 Climate change adaptation                          | ●                  | ●                | ●   | ●                                       |
|             |                                     | E1.2 Climate change mitigation                          | ●                  | ●                | ●   | ●                                       |
|             |                                     | E1.3 Energy   | ●                  |                  | ●   | ●                                       |
|             | ESRS E2: Pollution                  | E2.1 Pollution of air                                   | ●                  |                  | ●   |   |
|             |                                     | E2.2 Pollution of water                                 | ●                  |                  |   |   |
|             |                                     | E2.3 Pollution of soil                                  | ●                  |                  | ●   |   |
|             |                                     | E2.4 Pollution of living organisms and food resources   | ●                  |                  |   |   |
|             |                                     | E2.5 Substances of concern                              |                    |                  |   |   |
|             |                                     | E2.6 Substances of very high concern                    |                    |                  |   |   |
|             |                                     | E2.7 Microplastics                                      |                    |                  | ●   |   |
|             | ESRS E3: Water and marine resources | E3.1 Water  |                    |                  | ●   |   |
|             |                                     | E3.2 Marine resources                                   |                    |                  |   |   |
|             | ESRS E4: Biodiversity and ecosystem | E4.1 Direct impact drivers of biodiversity loss         | ●                  | ●                | ●   |   |
|             |                                     | E4.2 Impacts on the state of species                    | ●                  | ●                | ●   |   |
|             |                                     | E4.3 Impacts on the extent and condition of ecosystems  | ●                  | ●                | ●   |   |
|             |                                     | E4.4 Impacts and dependencies on ecosystem services     | ●                  | ●                |   |   |
|             | ESRS E5: Circular economy           | E5.1 Resources inflows, including resource use          | ●                  | ●                | ●   | ●                                       |
|             |                                     | E5.2 Resource outflows related to products and services | ●                  |                  |   |   |
|             |                                     | E5.3 Waste  | ●                  | ●                | ●   |   |

|   | ESRS-topic                             | Sub-topic   | Identified impacts | Material impacts | Of which identified risks & opportunities | Of which material risks & opportunities |
|---|--|---|--------------------|------------------|---|---|
| Social  | ESRS S1:<br>Own workforce              | S1.2 Working conditions   | ●                  | ●                | ●   |   |
|   |  | S1.2 Equal treatment and working opportunities for all                      | ●                  |                  | ●   |   |
|   |  | S1.3 Other working related rights   | ●                  |                  |   |   |
|   | ESRS S2:<br>Workers in the value chain | S2.1 Working conditions   | ●                  | ●                | ●   |   |
|   |  | S2.2 Equal treatment and working opportunities for all                      |                    |                  |   |   |
|   |  | S2.3 Other working related rights   | ●                  |                  | ●   |   |
|   | ESRS S3:<br>Affected communities       | S3.1 Communities' economic, social and cultural rights                      | ●                  | ●                | ●   |   |
|   |  | S3.2 Communities' civil and political rights                                |                    |                  |   |   |
|   |  | S3.3 Rights of indigenous peoples   |                    |                  |   |   |
|   | ESRS S4:<br>Consumers and end-users    | S4.1 Information-related impacts for consumers and/or end-users             | ●                  |                  |   |   |
| S4.2 Personal safety of consumers and/or end-users  |  | ●   | ●                  | ●                | ●   |   |
| S4.3 Social inclusion of consumers and/or end-users |  |   |                    |                  |   |   |
| Governance  | ESRS G1:<br>Business conduct           | G1.1 Corporate culture  | ●                  | ●                | ●   |   |
|   |  | G1.2 Protection of whistle blowers  | ●                  |                  |   |   |
|   |  | G1.3 Animal welfare   | ●                  |                  | ●   |   |
|   |  | G1.4 Political engagement   |                    |                  |   |   |
|   |  | G1.5 Management of relationships with suppliers including payment practices |                    |                  |   |   |
|   |  | G1.6 Corruption and bribery   |                    |                  |   |   |

## SUSTAINABILITY METRICS AND TARGETS

| Key Indicator   | Definition   | Actual in 2023      | Actual in 2024      | Target by 2025      |
|---|--|---------------------|---------------------|---------------------|
| <b>Environment</b>  |  |                     |                     |                     |
| Carbon footprint: CO <sub>2</sub> emissions from our own operations (scope 1+2) | Neova Group level: Reduction from 2018 level (= 852 ktCO <sub>2</sub> -eqv.)*                                | -34%                | -38%                | -50%                |
| Carbon intensity in our value chain (scope 1+2+3)                               | Reduction of carbon intensity (tCO <sub>2</sub> / M€ revenue) from 2020 level (=9,813 tCO <sub>2</sub> / M€) | -22%                | -35%                | -40%                |
| Conversion of closed energy peat bogs to next land use                          | Closed energy peat production areas (hectares) from 2019   | 19,805 ha           | 22,529              | >20,000 ha          |
| Biodiversity of old peat areas (re-wetting/afforestation)                       | Restored area in collaboration with stakeholders (hectares)  | 262 ha              | 599 ha              | 2,000 ha            |
| Circularity of raw materials  | Volume of circular raw materials*  | 1.4 Mm <sup>3</sup> | 1.4 Mm <sup>3</sup> | 1.7 Mm <sup>3</sup> |
| Circularity of packaging materials  | Use of recycled materials in packaging   | 37%                 | 34%                 | 50%                 |
| Impact on watercourses from peat production: Finland                            | Suspended solids reduction from 2008   | -75%                | -77%                | -75%                |
|   | Nitrogen reduction from 2008   | -66%                | -74%                | -75%                |
|   | Phosphorus reduction from 2008   | -71%                | -77%                | -75%                |
| Zero waste in our own operations  | Recovery rate  | 96%                 | 91%                 | 95%                 |
|   | Recycling rate (excluding energy waste)  | 52%                 | 34%                 | 90%                 |
| Responsibly produced peat   | Kekkilä-BVB RPP peat use (own operations / products)   | 64%                 | 83%                 | 80%                 |
| <b>Social</b>   |  |                     |                     |                     |
| Accident frequency: LTA1(resulting in absence)                                  | Group: year-on-year reduction by -20%  | 3.7**               | 4.9                 | < 3                 |
| Accident frequency: MTR (all accidents, incl. commute)                          | Group: year-on-year reduction by -20%  | 7.3**               | 9.7                 | < 6                 |
| Reported inappropriate behaviour case   | Group: zero tolerance; all reported cases investigated and followed up                                       | 9                   | 6                   | 0                   |
| Great Place to Work Trust Index (GPTW)  | Group: increase by +2% points per year   | 65%                 | 67%                 | 78%                 |
| GPTW Engagement Index   | Group: increase by +2% points per year   | 67%                 | 69%                 | 82%                 |
| GPTW Leadership Index   | Group: increase by +2% points per year   | 52%                 | 54%                 | 65%                 |
| GPTW Learning Together Index  | Group increase by +2% points per year  | 54%                 | 53%                 | 67%                 |
| GPTW Equal Treatment Index  | Group increase by +2% points per year  | 87%                 | 87%                 | 89%                 |

\* Circular raw materials definition: Raw materials that are from a renewable source or are given a second life after their first use, like compost from garden waste.

\*\* Figure from 2023 has changed due to the change in the estimated working hours used in 2023 calculations.

# E1 - CLIMATE CHANGE

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

| Sub-topic                 | Impacts   | Risks and opportunities for Neova Group   | Management   |
|---------------------------|---|---|--|
| Climate change adaptation | + Neova Group's products help adapt to climate change, as growing in closed environment is not dependant on weather, and landscaping solutions help to manage extreme weather conditions in cities. | + Managing extreme weather conditions in cities and aiming to increase the comfort of living creates business opportunities for Kekkilä-BVB's landscaping business. | Neova Group has a strategic target of reducing its GHG emissions throughout the value chain. The main tools are increasing energy efficiency and reducing the use of fossil fuels. |
| Climate change mitigation | - Production and logistics movements related to Neova Group's different production facilities and peat bogs produce GHG emissions.  |   | Neova Group is searching for a feasible options to utilise its land portfolio as carbon sinks.   |
|                           | - Use of peat-based products produces GHG emissions.  | - Increased cost of logistics could increase Neova Group's operating costs.   | Neova Group has an active dialogue with policymakers to develop the operating environment.   |
|                           |   | + Food production in arid countries and closer to densely populated urban areas will require growing media and offer business opportunities to Kekkilä-BVB.         | Neova Group has implemented GHG emission reporting in our Group logistics and based on that data created an action plan for logistics GHG reduction.                               |
| Energy                    |   | + Old peat production areas can be rented for renewable energy projects such as solar and wind parks, which will generate income for Neova Terra.                   |  |

## PHYSICAL RISKS RELATED TO CLIMATE CHANGE ADAPTATION AND THEIR MANAGEMENT

| Risks for Neova Group   | Management   |
|---|--|
| <b>Acute hazards</b>  |  |
| Summers that are too rainy or too dry may impact the peat harvesting season and result in challenges in supply and longer transport requirements. | Neova has multiple production areas in Finland, Sweden and Estonia to mitigate local weather risks. In addition, the company can source raw materials from external producers. |
| <b>Chronic</b>  |  |
| Chronic changes in the environment (such as rising temperature, water levels) may disrupt access to raw materials.                                | Neova manages a wide portfolio of raw materials and builds long-term strategic partnerships with suppliers to mitigate the risk and ensure security of supply.                 |

## SUSTAINABILITY TARGETS FOR CLIMATE CHANGE

| Key Indicator  | Definition   | Actual in 2023 | Actual in 2024 | Target by 2025 |
|--|--|----------------|----------------|----------------|
| <b>Carbon footprint: CO<sub>2</sub> emissions from our own operations (Scopes 1 + 2)</b> | Neova Group level: Reduction from 2018 level (= 852 ktCO <sub>2</sub> -eqv.)*                                | -34%           | -38%           | -50%           |
| <b>Carbon intensity in our value chain (Scopes 1 + 2 + 3)</b>                            | Reduction of carbon intensity (tCO <sub>2</sub> / M€ revenue) from 2020 level (=9,813 tCO <sub>2</sub> / €M) | -22%           | -35%           | -40%           |
| <b>Conversion of closed energy peat bogs to next land use</b>                            | Closed energy peat production areas (hectares) from 2019   | 19,805 ha      | 22,529 ha      | >20,000 ha     |



## The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to climate change have been identified in a double materiality assessment. The materiality assessment is discussed on pages 59 and 61.

## Policies

Neova Group is committed to environmental protection in its corporate responsibility policy. Neova monitors and reduces the environmental impacts of operations based on the principles of continuous improvement. The company aims to prevent environmental degradation, and monitor and reduce the environmental burden of its operations.

Neova uses natural resources sustainably and enhances biodiversity, and follows actions and targets set for its environmental responsibility as part of sustainability work. Neova plans and takes actions to advance a carbon-neutral society. Neova boosts the circular economy by enhancing efficient recycling, utilising recycled raw materials and encouraging a circular economy mindset during the innovation stage of new products. Neova develops its environmental responsibility based on open communication and open dialogue with stakeholders.

Neova Group operations are guided by a Code of Conduct. The Code of Conduct outlines the minimum standards employees, management, the Board of Directors, suppliers and their subcontractors are required to comply with when working for or doing business with Neova, in addition to observing all laws and regulations governing their activities. Neova's Supplier Code of Conduct also covers the entire pro-

duction chain, from subcontractors to customer deliveries.

In 2022, the Green Factory concept was implemented in all Neova Group operating units, i.e. Kekkilä-BVB factories, pellet factories, activated carbon factory, and peat & sphagnum moss operations. The focus areas and targets of the Green Factory programme are tailored for our operational staff and site managers. Green Factory concept is an effective way to engage factory management and personnel in tangible activities related to greenhouse gas emissions, biodiversity, circularity and water.

The Kekkilä-BVB Innovation roadmap, which has been running since 2022, aims to double the use of circular materials by 2027. This will help reduce the products' carbon footprint and environmental impacts. The Innovation roadmap guides the work through raw material end-to-end development projects, which target ensuring the availability, safety, quality, cost and performance of the key circular raw materials.

Environmental management and environmental performance are guided by Kekkilä-BVB and Neova Terra's management systems. All Neova's operations are ISO 14001 (environment) certified, and all Neova's operations, except for peat production in Sweden and Estonia, are ISO 9001 certified. Neova's peat production and production facilities require environmental permits, and this process is based on the national laws and regulations of each of Neova's operations.

## Actions

### Greenhouse gas emissions and energy in the company's own operations

Neova Group's biggest source of emissions in its own operations is peat production. Soil emissions result from the decomposition of peat in a peat production area. This

occurs when the carbon stored in the peat is released due to drainage in the area.

The main efforts to reduce emissions in Neova's own operations focus on converting closed peat production areas to the next land use. The closure of peatlands means that peat production in the area will stop and the life cycle of the production area will move on to the aftercare phase and the process of terminating the environmental permit.

During 2024, a total of 47 (42) peat production areas were in the aftercare phase after production in Finland. During 2024, a total of 1,695 hectares of peat production areas owned by Neova Group in Finland were converted to the next land use (940 hectares into afforestation and 33 hectares into wetlands). A total of 6,100 hectares was returned to landowners with the right to decide on the next land use in their areas. Since 2018, the company has reduced peatland soil emissions in Finland 48% and in Group by 41% per cent.

Neova Group's main goals in reducing GHG emissions in Kekkilä-BVB's production facilities are to increase energy efficiency and reduce the use of fossil fuels. In Kekkilä-BVB's own operations, 21 per cent (55%) of GHG emissions are caused by the use of electricity. The division aims to move towards fossil free electricity by 2025.

In Kekkilä-BVB's production facilities in the Netherlands, 12 per cent (12%) of electricity consumption is covered through solar panels. In Sweden, Estonia and Germany the production facilities are 100 per cent covered by green electricity contracts. In 2024, Finnish electricity consumption in the production facilities were 100 per cent covered (0%) by renewable electricity certificates.

### Greenhouse gas emissions in the value chain

Neova Group's main raw material is peat, which is a slowly renewable raw material, and its harvesting and use create a

significant amount of GHG emissions. The company's biggest source of emissions in the value chain is the use of sold products such as energy peat and growing media.

In 2021, an annual process for GHG emissions reporting was implemented with the July–June cycle for Neova Group logistics activities, and based on this data an action plan for logistics GHG reduction is created annually. Overall, the Group's logistics GHG emissions are 1.0 per cent (1.0%) of total Scopes 1+2+3 emissions and 1.3 per cent (1.2%) of total Scope 3 emissions. During July 2023–June 2024, relative logistics CO<sub>2</sub> was 12 kg CO<sub>2</sub> / delivered tonnes. The company's relative logistics GHG emissions did not reduce and was at the same level as in the previous cycle, mainly due to longer bulk peat transport distances and lower transport volumes in bulk peat vessel chartering. Going forward, Neova will continue to work on emissions reduction actions such as increasing payloads and a newer peat and wood bulk road logistics fleet, increasing the share of shortsea container deliveries, and a newer and more efficient bulk sea logistics vessel fleet.

## Products and services

In relation to climate change and climate change adaptation, the biggest impact Neova's products and services have is related to peat, the main raw material used.

Of Neova Group's business divisions, Neova Terra's main business is peat harvesting and energy peat production, and other higher added-value materials from peat, such as growing media, activated carbon, bio-stimulants and animal feed. Of these products, the production of activated carbon requires the most energy.

Neova Group's other business division, Kekkilä-BVB, produces growing media for its customers globally. The main raw material is peat, but through increasing use of circular

raw materials, Kekkilä-BVB can reduce its GHG emissions in the value chain. The demand for growing media is growing rapidly in the global market, and completely new raw materials are needed to fulfil the demand. Kekkilä-BVB aims to double the use of circular raw materials from 2021 to 2027.

Neova Group also provides products and services which help in mitigating and adapting to climate change. Neova Terra's bio-stimulants are designed to improve plant growth, resilience and nutrient uptake, supporting healthier crops and more efficient cultivation practices. The use of bio-stimulants has become more common in agriculture and horticulture because they can be used to reduce the use of fertilisers and to respond better to the extreme weather phenomena caused by the changing climate.

As part of renewable energy development, Neova plans to convert the land areas released from peat production to solar and wind power project planning. Most of the planned projects are hybrid projects that combine the benefits of solar and wind power. The projects support the transition to renewable electricity production. In November 2024, Neova signed its first cooperation agreement with the Swedish company Rabbalshede Kraft AB, based on which Rabbalshede Kraft will take a 50 per cent stake in nine projects of Vapo Terra's current renewable energy production project portfolio.

Kekkilä-BVB's landscaping services help cities and municipalities create green roofs, facades and outside areas, which reduces the risk of flooding and help cool cities in summer. Landscaping services has created a Green City Concept that aims to collaborate with municipalities by offering innovative soil products and focusing on four key areas of environmental and sustainability goals, with reduced emissions, functional soil products, circular solutions and increased biodiversity in Scandinavia.

## Climate change adaptation

Climate change adaptation requires Neova Group to adapt to extreme weather conditions. Neova harvests peat in Finland, Sweden and Estonia, and the peat harvesting season is extremely dependent on weather conditions. Dry weather is generally favourable for peat harvesting, but extreme drought can pose a fire hazard, leading to restrictions on harvesting activities. Excessive wet weather conditions are problematic, as they prevent the peat drying properly and can make the production area too swampy for harvesting.

Neova's other production does not significantly depend on weather, nor are its production facilities located in places where there is a major risk of unexpected weather conditions such as storms and hurricanes.

GREENHOUSE GAS EMISSIONS (SCOPE 1+2) FROM NEOVA GROUP'S OWN OPERATIONS 2023-2024, KT CO<sub>2</sub>E

|                         | Finland    |            | Sweden    |           | The Netherlands |            | Estonia   |           | Germany    |            | Neova Group |            |
|-------------------------|------------|------------|-----------|-----------|-----------------|------------|-----------|-----------|------------|------------|-------------|------------|
|                         | 2023       | 2024       | 2023      | 2024      | 2023            | 2024       | 2023      | 2024      | 2023       | 2024       | 2023        | 2024       |
| Peat operations         | 394        | 356        | 62        | 58        |                 |            | 61        | 61        |            |            | 516         | 474        |
| Kekkilä-BVB operations  | 4.4        | 1.9        | 0.5       | 0.4       | 3.7             | 2.6        | 0.5       | 0.7       | 0.4        | 0.4        | 9.5         | 6          |
| Pellet operations       | 43         | 23         |           |           |                 |            |           |           |            |            | 43          | 23         |
| Power plant (Ilomantsi) | 16         | 0          |           |           |                 |            |           |           |            |            | 16          | 0          |
| Novactor/New Businesses | 3.1        | 40         |           |           |                 |            |           |           |            |            | 3.1         | 40         |
| Shared/Group            | 0.1        |            |           |           |                 |            |           |           |            |            | 0.1         | 0          |
| <b>Total</b>            | <b>460</b> | <b>421</b> | <b>62</b> | <b>58</b> | <b>3.7</b>      | <b>2.6</b> | <b>61</b> | <b>62</b> | <b>0.4</b> | <b>0.4</b> | <b>588</b>  | <b>543</b> |

Neova Group's emissions consists of direct and indirect energy consumption on production sites, fuel use of on-site vehicles, soil and stockpile emissions of peat production areas. The emission factors used to calculate soil emissions of peat production are based on national greenhouse gas inventories. Emissions for direct energy consumption is calculated based on actual fuel consumption figures and fuel-specific emission factor. Direct energy consumption of pellet and power plant operations in Finland includes only fossil fuels. For indirect energy consumption country is used market-based emission factors. Emissions from on-site vehicles are calculated based on fuel use. Emission of peat production machines is estimated based on the total production volume and average fuel consumption in peat production.

GREENHOUSE GAS EMISSIONS 2023-2024, KT CO<sub>2</sub>E

|   | Finland      |              | Sweden     |            | The Netherlands |            | Estonia    |            | Germany   |           | Neova Group  |              | Description   |
|---|--------------|--------------|------------|------------|-----------------|------------|------------|------------|-----------|-----------|--------------|--------------|---|
|   | 2023         | 2024         | 2023       | 2024       | 2023            | 2024       | 2023       | 2024       | 2023      | 2024      | 2023         | 2024         |   |
| SCOPE 1 soil emission                       | 381          | 345          | 60         | 56         |                 |            | 58         | 58         |           |           | 500          | 459          | Emissions from land areas reserved for peat production. Emission from peat stockpiles.  |
| SCOPE 1 other fossil emission               | 52           | 57           | 3          | 2          | 1.4             | 1.4        | 2          | 3          | 0.4       | 0.4       | 59           | 64           | Fuel use in own facilities and production in CO <sub>2</sub> . Fuels consumption of on-site vehicles.                             |
| SCOPE 1 biogenic emission                   | 21           | 6            |            |            |                 |            |            |            |           |           | 21           | 6            | Fuel use in own facilities and production in CO <sub>2</sub> . Not included in total emissions.                                   |
| SCOPE 2 market based electricity emission   | 26           | 19           |            | 0.0        | 2               | 1.2        |            | 0.1        | 0         | 0         | 29           | 20           | Purchased electricity emission as market-based and district heating. Company target setting is based on market based calculation. |
| SCOPE 2 location based electricity emission | 9            | 19           | 0.1        | 0.1        | 2               | 1.7        | 1          | 1          | 0.2       | 0.2       | 13           | 22           | Purchased electricity emission as location-based and district heating.  |
| SCOPE 3 total                               | 2,214        | 1,483        | 330        | 328        | 313             | 291        | 300        | 304        | 58        | 58        | 3,215        | 2,465        | See separate table for detailed breakdown.  |
| <b>Total emissions</b>                      | <b>2,675</b> | <b>1,866</b> | <b>393</b> | <b>386</b> | <b>317</b>      | <b>294</b> | <b>361</b> | <b>365</b> | <b>59</b> | <b>58</b> | <b>3,803</b> | <b>3,008</b> | Including<br>+ SCOPE 1 soil + other fossil emissions<br>+ SCOPE 2 market based emissions  |

GREENHOUSE GAS SCOPE 3 EMISSIONS 2023–2024, KT CO<sub>2</sub>E

| Categories                                    | Finland  |              | Sweden     |            | The Netherlands |            | Estonia    |            | Germany   |           | Neova Group  |              | Description   |
|---|--|--------------|------------|------------|-----------------|------------|------------|------------|-----------|-----------|--------------|--------------|---|
|   | 2023   | 2024         | 2023       | 2024       | 2023            | 2024       | 2023       | 2024       | 2023      | 2024      | 2023         | 2024         |   |
| 1. Purchased goods and services               | 39   | 41           | 7          | 15         | 42              | 64         | 7          | 13         | 5         | 6         | 100          | 138          | Purchased goods and services in the reporting year based on data in amount of materials and when not available, calculation was done based on spend. The main emission source here is purchased horticultural peat.   |
| 2. Capital goods                              | 12   | 1            | 3          | 0.2        | 2               | 0.4        | 1.6        | 0.05       | 11        | 0.05      | 30           | 2            | Capital investments in, e.g. construction and investment projects.  |
| 3. Fuel and energy related activities         | 7  | 6            | 0.7        | 1          | 1               | 1          | 0.7        | 1          | 0.1       | 0.01      | 9            | 8            | Extraction, production, and transportation of fuels and energy purchased or acquired. Calculated based on scope 1 and 2.  |
| 4. Transportation and distribution            | 19   | 10           | 2          | 2          | 10              | 9          | 6          | 10         | 2         | 0.1       | 39           | 36           | Transportation and distribution paid by the company.  |
| 5. Waste generated in operations              | 0.4  | 1            | 0.1        | 0.04       | 0.1             | 0.02       | 0.02       | 0.01       | 0.001     | 0         | 0.5          | 0.7          | Waste and waste water generated by the company.   |
| 6. Business travel                            | 2.7  | 1            | 0.2        | 0.1        | 0.3             | 0.2        | 0.1        | 0.04       | 1.7       | 0.4       | 5            | 2            | Emissions from flights and other business travel as well as hotel stays.  |
| 7. Employee commuting                         | 0.3  | 0.2          | 0.1        | 0.1        | 0.4             | 0.4        | 0.1        | 0.05       | 0.1       | 0         | 1            | 1            | Daily commuting of employees to workplace.  |
| 8. Upstream leased assets                     | 0.7  | 0.1          | 0.1        | 0          | 0.3             | 0          | 0.1        | 0          | 0.04      | 0         | 1.2          | 0.1          | Leased assets not already included in scope 1 or scope 2 inventories and fuel consumption of leased vehicles that was not included in the Scope 1 calculation.  |
| 9. Downstream transportation and distribution | 3.4  | 3            | 4          | 2          | 2.6             | 1          | 3          | 4          | 1.4       | 0.3       | 15           | 10           | Transportation and distribution of sold products not paid by the company (and vehicles and facilities not owned or controlled by the reporting company).  |
| 10. Processing of sold products               | Neova Group companies does not sell intermediate products which would require processing.  |              |            |            |                 |            |            |            |           |           |              |              |   |
| 11. Use and 12. End-of-life of sold products  | 2,130  | 1,421        | 313        | 308        | 254             | 216        | 281        | 276        | 36        | 51        | 3,014        | 2,272        | The use and the total expected end-of-life emissions from all products sold in the year. Categories 11 and 12 were combined, as the emissions for horticultural peat were given as one value and could not be separated. The main emission source here is the use of energy peat. |
| 13. Downstream leased assets                  | Neova Group companies do not have assets leased to others.   |              |            |            |                 |            |            |            |           |           |              |              |   |
| 14. Franchises                                | Neova Group companies do not have franchising business.  |              |            |            |                 |            |            |            |           |           |              |              |   |
| 15. Investments                               | Neova Group has no joint ventures or operations of investments in the reporting year that is not included in scope 1 or scope 2. |              |            |            |                 |            |            |            |           |           |              |              |   |
| <b>Total</b>                                  | <b>2,214</b>   | <b>1,483</b> | <b>330</b> | <b>328</b> | <b>313</b>      | <b>291</b> | <b>300</b> | <b>304</b> | <b>58</b> | <b>58</b> | <b>3,215</b> | <b>2,465</b> |   |





## ENERGY CONSUMPTION 2023–2024, MWH

|   | 2023           | 2024          |
|---|----------------|---------------|
| <b>Kekkilä-BVB</b>                        |                |               |
| <b>Total energy consumption</b>           | <b>35,783</b>  | <b>34,110</b> |
| <b>Direct energy consumption</b>          | <b>21,261</b>  | <b>20,376</b> |
| Non-renewable                             | 4,458          | 2,753         |
| Other renewables                          | 2,157          | 1,485         |
| On-site vehicles                          | 14,646         | 16,137        |
| <b>Indirect energy consumption</b>        | <b>15,091</b>  | <b>14,313</b> |
| Electricity                               | 14,147         | 13,203        |
| Solar panels                              | 453            | 679           |
| Heating                                   | 491            | 430           |
| <b>Energy sold</b>                        | <b>569</b>     | <b>579</b>    |
| <b>Vapo Terra – Pellet production</b>     |                |               |
| <b>Total energy consumption</b>           | <b>110,548</b> | <b>96,58</b>  |
| <b>Direct energy consumption</b>          | <b>80,443</b>  | <b>50,492</b> |
| Non-renewable                             | 70,125         | 36,350        |
| Renewable                                 | 9,432          | 13,645        |
| On-site vehicles                          | 886            | 497           |
| <b>Indirect energy consumption</b>        | <b>69,043</b>  | <b>59,311</b> |
| Electricity                               | 23,838         | 16,333        |
| Heating                                   | 45,205         | 42,978        |
| Steam                                     | 0              | 0             |
| <b>Total energy sold</b>                  | <b>38,938</b>  | <b>13,645</b> |
| <b>Novactor and Ilomantsi power plant</b> |                |               |
| <b>Total energy consumption</b>           | <b>13,746</b>  | <b>17,079</b> |
| <b>Direct energy consumption</b>          | <b>41,564</b>  | <b>32,152</b> |
| Non-renewable                             | 40,356         | 32,000        |
| Renewable                                 | 1,057          | 0             |
| On-site vehicles                          | 152            | 152           |
| <b>Indirect energy consumption</b>        | <b>7,009</b>   | <b>10,822</b> |
| Electricity                               | 7,009          | 10,822        |
| <b>Total energy sold</b>                  | <b>27,818</b>  | <b>25,895</b> |
| <b>Peat production</b>                    |                |               |
| <b>Total energy consumption</b>           | <b>59,616</b>  | <b>54,844</b> |
| <b>Direct energy consumption</b>          | <b>50,718</b>  | <b>46,746</b> |
| On-site vehicles                          | 50,718         | 46,746        |
| <b>Indirect energy consumption</b>        | <b>8,898</b>   | <b>8,098</b>  |
| Electricity                               | 8,898          | 8,098         |

## NUMBER OF ENVIRONMENTAL OBSERVATIONS 2023–2024

|                | Finland    |            | Sweden    |           | The Netherlands |           | Estonia   |          | Germany  |          |
|----------------|------------|------------|-----------|-----------|-----------------|-----------|-----------|----------|----------|----------|
|                | 2023       | 2024       | 2023      | 2024      | 2023            | 2024      | 2023      | 2024     | 2023     | 2024     |
| Neova Terra    | 254        | 131        | 74        | 42        |                 |           | 22        | 5        |          |          |
| Kekkilä-BVB    | 30         | 14         | 16        | 21        | 44              | 17        | 11        | 2        | 1        | 1        |
| Group Services | 14         | 0          | 0         | 0         | 0               | 0         | 1         | 0        | 0        | 0        |
| <b>Total</b>   | <b>298</b> | <b>145</b> | <b>90</b> | <b>63</b> | <b>44</b>       | <b>17</b> | <b>34</b> | <b>7</b> | <b>1</b> | <b>1</b> |

Observation tool for logging environmental observations combines the reporting of various observations, inspections and audits as well as related management and documentation tasks. People outside the organisation can also be authorised to record observations on the system. Deviations to environmental permits are always reported to environmental authority in accordance with the environmental permits, but also in the observation system. The causes of deviations are investigated, and the necessary measures are taken to rectify the situation. Environmental feedback and irregularities are processed by the business area in question and reported to the Board of Directors.

# E4 – BIODIVERSITY AND ECOSYSTEMS

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

| Sub-topic   | Impacts   | Management  |
|---|---|---|
| Direct impact drivers of biodiversity loss        | - The production of peat and other raw materials used by Neova Group creates negative biodiversity impacts from land use and land-use changes and temporary losses to biodiversity in the peatlands from where the peat is harvested. | Neova Group's peat production requires environmental permits in all its operating countries.                  |
|   | + Products and services produced by Kekkilä-BVB, such as landscaping solutions, growing media used for plant and tree nurseries contribute to an increase in biodiversity.  | Neova Group's peat production complies with Neova's sustainability concept for peat.                          |
|   | + The next land use phase, where Neova Terra's old peat production areas are e.g. rewetted or reforested, improves the biodiversity of the area and its surroundings.   | Neova Group has a strategic biodiversity programme targeting the restoration of old peat production areas.    |
| Impacts on the state of species                   | - Peat harvesting may generate emissions to water (suspended solids, nitrogen and phosphorous emissions) and may negatively affect the living conditions of local species through eutrophication and darkening of waters.             | Neova Group utilises best available techniques (BAT) in its water treatment systems in peat production areas. |
| Impacts on the extent and condition of ecosystems | + Kekkilä-BVB's products offer possibilities to grow food in a controlled environment, which decreases land degradation and leakages of nutrients into the environment, as well as the use of pesticides.                             |   |
| Impacts and dependencies on ecosystem services    | - Neova Group is dependent on ecosystem services, as the majority of the raw materials comes from natural resources.  |   |

## SUSTAINABILITY TARGETS FOR BIODIVERSITY

| Key Indicator  | Definition  | 2023   | 2024   | Target by 2025 |
|--|---|--------|--------|----------------|
| <b>Biodiversity of old peat areas (re-wetting/afforestation)</b> | Restored area in collaboration with stakeholders (hectares) | 262 ha | 599 ha | 2,000 ha       |
| <b>Impact on watercourses from peat production: Finland</b>      | Suspended solids reduction from 2008                        | -75%   | -77%   | -75%           |
|  | Nitrogen reduction from 2008                                | -66%   | -74%   | -75%           |
|  | Phosphorus reduction from 2008                              | -71%   | -77%   | -75%           |
| <b>Responsibly produced peat</b>                                 | Kekkilä-BVB RPP peat use (own operations/products)          | 64%    | 83%    | 80%            |

## The identification and assessment of material impacts, risks and opportunities

The material impacts, risk and opportunities related to biodiversity and ecosystems have been identified in a double materiality assessment, which is described in more detail on pages 59 and 61.

Neova Group's biggest impacts on biodiversity take place through its land use, which is related to peat production in Finland, Sweden and Estonia. In all these countries, peat production is strictly regulated and subject to environmental permitting and environmental impact assessments.

Peat production may also affect waters near production areas through leakages of suspended solids, nitrogen and phosphorous emissions. Neova Group's business operations therefore use best available techniques for water treatment in the area. During the harvesting, both Neova's own specialist and external authorities monitor the fulfilment of requirements in the environmental permits.

Regulatory risks related to peat production and the use of peat are assessed and managed in cooperation with business operations and Communications and Public Affairs services.

## Policies

Neova Group has a clearly defined management systems, including corporate and business governance, policies, operating procedures, and instructions. They are ISO 14001 (Environmental management system) certified. The Group's policies such as the Code of Conduct, Supplier Code of Conduct and Corporate Responsibility Policy set rules and limits for how Neova and its subcontractors operate in the peat production areas.

In 2024, on 8,700 ha of Neova's peat production areas have a certification from Responsibly Produced Peat (RPP), which requires a third-party audit. The certification ensures that 1) peat producers comply with all EU and local laws and regulations, 2) have clear after-use plans available for production sites, and 3) the relevant public authorities and affected communities are heard in the process.

In Neova's operating countries, the most common forms of next land use are afforestation, wetland creation or restoration. In Finland, also agriculture is used, e.g. for reed canary grass cultivation.

Neova Group is committed to enhancing biodiversity through its biodiversity programme and has set ambitious targets for converting closed production areas to the next land use, as well as implementing restoration measures through wetlands and afforestation on selected sites.

## Actions

### Direct impact drivers of biodiversity loss

Neova Group harvests peat in Finland, Sweden and Estonia. Peat production is strictly regulated and subject to environmental permitting. The impact of peat production on biodiversity is mitigated by strict environmental regulation. Peat production permits are not granted for areas with significant natural values. Peat is only produced on peatlands that are no longer in their natural state. All the peat production areas operate under environmental permits issued by national environmental permitting authorities. During peat production, Neova Group's environmental specialists, independent environmental experts and the authorities monitor the fulfilment and implementation of environmental permit requirements and ensure that they are reported with agreed guidelines.

In 2024, Neova had 30,000 ha active peat production areas in Finland, Sweden and Estonia.

### Impacts on the state of species

Peat production areas leach solids, nutrients and humus into waterways nearby production areas. Although the share of peat production in the phosphorus and nitrogen load entering waterways is small when examined nationally compared to agriculture, for example, peat production may have significant local impacts on the state of waterways and their species. The load on waterways caused by peat production is reduced by conducting all runoff water through water treatment systems. The water treatment systems in Neova's peat production in all countries are well managed and based on best available techniques (BAT).

Neova Group aims to reduce suspended solids, nitrogen, and phosphorus emissions by 75 percent in peat production areas in Finland by the end of 2025, compared to 2008 levels. In 2024, the load of solid matter and phosphorus was 77 percent lower than in 2008. The reduction in total nitrogen load is also nearly at the target level, at 74 percent.

### Impacts on the extent and condition of ecosystems

Neova Group has established a biodiversity programme to increase biodiversity by restoring (rewetting or afforestation) 2,000 hectares (during 2021–2025) of old peat production areas in collaboration with local stakeholders. By the end of 2024, the company has completed the restoration of 599 (262) hectares since 2021 in old peat production areas in Estonia, Sweden and Finland.

During 2024, Neova Group continued activities to close unneeded peat production areas and converted 2,724 (4,129) hectares in total for next land use in Finland. The

company has now cumulatively converted 22,529 (19,805) hectares into next land use between 2020–2024 and reached its 2025 target a year early. In 2024, Neova continued its biodiversity programme, finalising restoration with the following sites:

- The Ropolansuo wetland construction area in Mikkeli in Finland consists of two parts: Big-Ropola is 50 hectares of wetland, and Little-Ropola is 6 hectares. In addition, pine saplings have been planted on the edge of the wetland in an area of about 5 hectares. The total biodiversity area is 104 hectares. During 2023 and 2024, birdhouses, duck nest tubes and boxes have been installed in the wetland and its vicinity, and a bird investigation has been carried out. A bird tower has also been built in the area.
- Töttja wetland construction part 2 is ready in Ljungby in southern Sweden. The total biodiversity area is 14 hectares.
- The Sjulsmur wetland construction in Gävle in northern Sweden, with a total area of 40 hectares, is ready and approved. In one part, 4 hectares are mainly for birds with islands, bird nests and a birdwatching tower; the rest of the area is mostly wetland and self-seeded forest.
- The 24-hectare Skrottmyren is ready in Ljusdal. The area is a wetland, with a surrounding self-seeded forest.
- The 61-hectare Blackfärd mosse in Askersund and Motala has a 15-hectare wetland with open water after treatment, while the rest of the area is self-seeded with forest containing small wetland areas.
- The 94-hectare Skallemosse wetland area is ready in Askersund. After treatment, this area is wetland, with only small forest areas in the surroundings.

Neova is building increased understanding of restoration activities for biodiversity. In new biodiversity areas, the company has carried out bird monitoring in wetlands with the aid of a local bird association that has monitored the nesting bird population in the area and its possible changes during and after the project.

In addition, Kekkila-BVB's growing media is used for cultivation in controlled environments such as greenhouses. These cultivation methods need fewer resources such as water, nutrients and pesticides, which reduces the pressure on local biodiversity. The use of a controlled environment also reduces the pressure for land use and land degradation.

### Impacts and dependencies on ecosystem services

Peat production is the most important ecosystem service for Neova Group, as most of the Group's business depends on peat and other natural resources. In addition to all laws and regulations, Neova follows its principles of responsible peat production in its peat production areas to safeguard the sustainable use of this natural resource. Neova aims to transfer all old peat production areas to the next land use within two years of the end of production. The form of the next land use depends on the landowners and the type of area, but the most common forms of next land use in Finland, Sweden and Estonia are afforestation, wetland creation or restoration. In the next land use, the areas return to carbon-accumulating ecosystems as the forest starts to grow, or new peat begins to form as a result of restoration.

According to IPCC, peat is a slowly renewable raw material. Neova's annual harvesting levels do not exceed the annual accumulation of new peat. Today, less than 1 per cent of peatlands in Finland are under peat production.



# E5 - RESOURCE USE AND THE CIRCULAR ECONOMY

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO RESOURCE USE AND THE CIRCULAR ECONOMY

| Sub-topic                                | Impacts   | Risks and opportunities for Neova Group  | Management  |
|--|---|--|---|
| Resource inflows, including resource use | + Kekkilä-BVB's landscaping and recycling services support upcycling of raw materials.  | + Re-use of growing media taken back from Kekkilä-BVB's customers and the use of circular raw materials and waste streams in new products offer new business opportunities to Kekkilä-BVB. | Kekkilä-BVB's circular raw materials programme concentrates on innovating new circular and renewable raw materials for growing media. |
|  | + Kekkilä-BVB invents, tests and uses an increasing amount of circular raw materials.   |  | Kekkilä-BVB's recycling services follow all local legislation and regulations in managing and producing compost.                      |
|  | - Fossil, mineral and peat-related raw materials are still needed in Kekkilä-BVB's products and packaging.  |  |   |
| Waste                                    | + Kekkilä-BVB supports municipalities and cities to recycle their waste and other material streams with its Green City Concept service.                                     |  |   |
|  | - Parts of plastics, glass and other impurities from biowaste will remain in the compost that Kekkilä-BVB uses, and they can increase the share of microplastics in nature. |  |   |

## SUSTAINABILITY TARGETS FOR RESOURCE USE AND THE CIRCULAR ECONOMY

| Key Indicator                      | Definition                              | 2023                | 2024                | Target by 2025      |
|------------------------------------|---|---------------------|---------------------|---------------------|
| Circularity of raw materials       | Volume of circular raw materials*       | 1.4 Mm <sup>3</sup> | 1.4 Mm <sup>3</sup> | 1.7 Mm <sup>3</sup> |
| Circularity of packaging materials | Use of recycled materials in packaging  | 37%                 | 34%                 | 50%                 |
| Zero waste in Neova's operations   | Recovery rate                           | 96%                 | 91%                 | 95%                 |
|                                    | Recycling rate (excluding energy waste) | 52%                 | 34%                 | 50%                 |

\*Circular raw materials definition: Raw materials that are from a renewable source or are given a second life after their first use, like compost from garden waste.

## Progress in targets

Neova Group aims to have zero waste by 2030, meaning all the company's waste is reused, recycled or recovered. Neova aims to increase the use of recycled materials in its packaging and other operations, but the progress has been slow partly due to the availability and price level challenges. In 2024, the proportion of recycled material in plastic packaging was 34%.

The second target is directed at Kekkilä-BVB to double the volume of circular raw materials used in own productions by 2027 compared to 2021. In recent years, Kekkilä-BVB has invested in renewable raw materials like miscanthus and reed canary grass. In 2024, the volume of circular raw materials in Kekkilä-BVB's own production was 1.40 (1.37) million cubic meters.

## The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to resource use and the circular economy have been identified in a double materiality assessment. The materiality assessment is described on pages 59 and 61.

Neova Group's most used raw material is peat, which the company harvests itself, and of which it produces different applications such as growing media, fuel, bedding peat and activated carbon. In addition to peat, Kekkilä-BVB also uses coir, wood fibre, bark, perlite and sand for its growing media products. Neova Terra also uses wood as a raw material for pellets.

For all Neova Group's packaging, virgin and recycled plastics are key input materials.

## Policies

In its corporate responsibility policy, Neova Group is committed to boost the circular economy by enhancing efficient recycling, utilising recycled raw materials and encouraging a circular economy mindset during new products' innovations stage.

Neova Group's divisions have their own management systems, of which Kekkilä-BVB's management system is both ISO 9001 (quality) and ISO 14001 (environment) certified. Neova Terra's management system in Finland also has ISO 9001 (quality) and ISO 14001 (environment) certifications. Kekkilä-BVB's operations are also RHP certified. RHP is a Dutch non-profit organisation whose quality mark assures compliance with several growing media quality requirements.

Neova Group holds PEFC (Programme for the Endorsement of Forest Certification) certifications for its wood supply in Finland and the Netherlands.

In addition, the Green Factory concept was implemented in all Neova Group operating units, i.e. Kekkilä-BVB factories, pellet factories, activated carbon factory and peat & sphagnum operations in 2022. The focus areas and targets of the Green Factory programme are tailored for operational staff and site managers and include tangible activities related to advancing the circular economy.

## Actions

### Resource inflows, including resource use

For Neova Group, the most important circularity activity is to increase the volume of circular raw materials in its division's Kekkilä-BVB's product portfolio. For growing media to be sustainable, it must match the specific crop's needs to grow effectively. Kekkilä-BVB calls this "fit for purpose".

Optimising the growing process and substrate can be time-consuming, but using a growing media in which a plant grows poorly is a waste of resources, energy and labour – the opposite of what a circular economy stands for. Many aspects are considered when selecting raw materials for Kekkilä-BVB's growing media recipes. The company first examines the physical, chemical and biological performance of raw materials or a mix. It is important that the growing media solution has consistent performance and is safe to use, with low risks of impurities and diseases.

Kekkilä-BVB has undertaken the following activities to accelerate the transition to a circular economy in 2024:

- Further development of reed canary grass, and sphagnum moss value chain, from growing to ready-to-use growing media constituent – a joint project of Kekkilä-BVB and Neova Terra
- Further development of the miscanthus value chain
- Sales of products containing hygienised spent strawberry substrate for the consumer market
- Investment in Kekkilä-BVB's own wood fibre facility in the Netherlands
- Development and market introduction of mushroom casing soil with 30 per cent circular content.
- Active involvement in several public-private partnerships, among them:
  - Bioschamp, to increase the sustainability of mushroom growing and circularity of casing soil in particular
  - Circular Growing Media: Total Use of Organic Waste Streams, to increase the use of low-value organic waste streams
  - AlterPeat, to develop circular materials that can be used for ornamentals, soft fruit and/or mushroom growing

- Kiertokas: pesticide residues, to better manage pesticide residues in organic fertilisers and substrates and determine thresholds
- Custom nutrition soil to enable increased use of local soil for landscaping projects
- Recycling of spent substrates at our own composting facilities in Finland
- Introduction of RENEW portfolio for Landscaping, containing sphagnum moss
- Roll-out of Green City Concept in Sweden and Finland, offering circular, climate adaptive and nature positive landscaping solutions.

Neova Terra is also seeking circular solutions. For example, Neova Terra is exploring possibilities to use ash produced during the activated carbon manufacturing process as a soil improver.

## Waste

In its operations, Neova Group aims for zero waste by 2030. The target will be achieved by increasing material efficiency, utilising recycled materials in the Group's operations, and implementing efficient recycling of waste streams like packaging and mixed waste with the Group's suppliers and processors. Barely any waste goes to landfill. Currently, the Group's biggest waste fraction in terms of volume is old peat stock pile plastic, which is difficult to replace with other materials (4,200 tonnes collected in 2024). These plastics can be recycled going forward. Other big waste streams are pallets and used plastic packaging.

Neova's raw material waste is already below 1 per cent. For example, Kekkilä-BVB offers off-spec batches for less specific applications to prevent any raw materials going

to waste. Anything else left of the raw materials goes to composting. Kekkilä-BVB delivers growing media to professional growers in bulk, reducing the need for packaging materials. Only dirty plastic waste and residual waste (e.g. from the office canteen) cannot be recycled and must be recovered.

## WASTE VOLUME

|                         | 2023         | 2024         |
|-------------------------|--------------|--------------|
| <b>Recovery, tonnes</b> | <b>7,961</b> | <b>8,538</b> |
| Energy, tonnes          | 3,621        | 5,347        |
| Recycling, tonnes       | 4,340        | 3,191        |
| <b>Disposal, tonnes</b> | <b>339</b>   | <b>884</b>   |
| Landfill, tonnes        | 200          | 703          |
| Other disposal, tonnes  | 139          | 181          |
| <b>Total, tonnes</b>    | <b>8,300</b> | <b>9,422</b> |
| Recycling rate, %       | 52           | 34           |
| Recovery rate, %        | 96           | 91           |

# S1 - OWN WORKFORCE

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO OWN WORKFORCE AND ECOSYSTEMS

| Sub-topic          | Impacts   | Management   |
|--------------------|---|--|
| Working conditions | <div> <div>+</div> <div>The majority of Neova Group's operations have the ISO45001 occupational health and safety certificate, which supports the building of a safe workplace and the reduction of accidents.</div> </div> | Neova Group follows all local legislation and regulation in its operations.                            |
|                    | <div> <div>-</div> <div>There are health and safety risks in Neova's own operations and a possibility of serious injury on the production sites.</div> </div>   | Kekkilä-BVB and Neova Terra's management systems support safe ways of working.                         |
|                    |   | All accidents and near misses are reported, and root causes are analysed and discussed with employees. |

## SUSTAINABILITY TARGETS FOR OWN WORKFORCE

| Key indicator  | Definition  | 2023 | 2024 | Target by 2025 |
|--|---|------|------|----------------|
| Accident frequency: LTA1 (resulting in absence)        | Year-on-year reduction by -20%                                  | 3.7* | 4.9  | <3             |
| Accident frequency: MTR (all accidents, incl. commute) | Year-on-year reduction by -20%                                  | 7.3* | 9.7  | <6             |
| Reported inappropriate behaviour cases                 | Zero tolerance; all reported cases investigated and followed up | 9    | 6    | 0              |
| Great Place to Work Trust Index                        | Increase by +2% points per year                                 | 65%  | 67%  | 78%            |
| GPTW Engagement Index                                  | Increase by +2% points per year                                 | 67%  | 69%  | 82%            |
| GPTW Leadership Index                                  | Increase by +2% points per year                                 | 52%  | 54%  | 65%            |
| GPTW Learning Together Index                           | Increase by +2% points per year                                 | 54%  | 53%  | 67%            |
| GPTW Equal Treatment Index                             | Increase by +2% points per year                                 | 87%  | 87%  | 89%            |

\*Figure from 2023 has changed due to the change in the estimated working hours used in 2023 calculations.



## Progress in targets

In 2024, Neova Group's accident frequency did not progress as planned due to increased accidents. There were 14 (12) accidents: seven resulting in absence (LTA1) compared to six in 2023, and seven other accidents requiring medical treatment (MTR, 6 in 2023). Of the seven LTA1s, six occurred in production, and one involved an office worker. For the MTRs, two incidents happened to production workers, and five to office workers.

The number of reported inappropriate behaviour cases decreased by three compared to the previous year, resulting in a total of six cases in 2024.

The goal was to increase all Great Place to Work personnel survey key indexes by two percentage points in 2024. Regarding the Trust, Engagement and Leadership indexes, the goal was reached, but the Learning together and Equal treatment indexes did not progress in the desired direction.

## The identification and assessment of material impacts, risks and opportunities

The material impacts, risk and opportunities related to own workforce have been identified in a double materiality assessment, which is described in more detail on pages 59 and 61.

## Policies

Neova Group's employees' ways of working and ethical behaviour are guided by Neova Group's different policies, which are approved by the Board of Directors. Of these, the Code of Conduct is the most important. Policies are comple-

mented by instructions and guidelines, as well as Kekkilä-BVB's and Neova Terra's own management systems. Occupational safety training is compulsory for all Neova Group employees, suppliers and leased labour.

### Equal treatment and opportunities for all

Neova Group is committed to the fair treatment of its personnel, which is guided by Equal Opportunities guidelines. The company is actively seeking ways to improve diversity, equity and inclusion (DEI). It has zero tolerance for inappropriate behaviour and discrimination based on race, national or ethnic origin, citizenship, skin colour, language, gender, age, family conditions, sexual orientation, health, religion, social opinions, political or professional activism, or any other comparable reason.

According to the comparative Great Place to Work data, the company is very close to the best workplaces in Europe in terms of equal treatment.

### Training and skills development

Neova Group's personnel's competence development is guided by the Personnel Policy. Neova Group is applying the 70-20-10 principle in competence development. This means that 70 per cent of learning should be based on on-the-job learning through new assignments, projects or internal job rotation. Learning through internal or external knowledge sharing should constitute 20 per cent of learning. Formal training courses and self-studying are considered to be 10 per cent of learning and development.

Every employee discusses their own development needs and future aspirations with their line managers. According to the company guidelines, this is part of the annual target-setting and development discussions. The progress of development plans is monitored every six months.

### Working conditions

Neova Group is a responsible employer in all its operating countries, following local law, regulations, and fair and just employment practices. The company respects and observes international human and labour rights, including the UN Universal Declaration on Human Rights and the Fundamental Conventions of the International Labour Organization.

Ninety-nine per cent of Neova Group's employees are located in EU countries that have high statutory requirements concerning working conditions like working hours and annual leave. Every year, HR conducts a salary review using external salary market analysis and wage data to ensure not only a living wage but also a competitive salary in the markets. Neova Group's employees can choose whether they belong to a trade union.

### Health and safety

In Neova Group, occupational health and safety is guided by Kekkilä-BVB's and Neova Terra's safety management systems and complementary instructions and guidelines. The Group's management systems comply with each operating country's legislation. Neova Group's safety teams are responsible for leading and developing a Safety first! Culture to prevent safety deviations and accidents through effective risk reduction, training and supporting business operations. All Kekkilä-BVB's operations in Finland, the Netherlands, Sweden and Estonia are ISO 45001 (Occupational Health and Safety Management System) certified. Neova Terra's operations, excluding peat operations, also have the ISO 45001 certification. All Neova employees need to participate regularly in safety training.

Health and wellbeing topics are guided by the Personnel Policy. Neova Group supports its employees' wellbeing in

various ways and encourages employees to emphasise their work-life balance. Flexible ways of working are supported when possible, including a hybrid model. Group's wellbeing team promotes wellbeing activities regularly in internal communications channels.

Neova Group organises healthcare for its employees in accordance with each operating country's laws and regulations.

### Other work-related rights

According to its Code of Conduct, Neova Group respects and observes international human and labour rights, including the UN Universal Declaration on Human Rights and the Fundamental Conventions of the International Labour Organization. Neova Group does not allow forced or child labour in its operations. Neova Group is also committed to the UN Global Compact initiative and its principles of human rights and employee relations.

The Compensation Policy supports Neova Group's strategy and competitiveness. It aims to ensure that Neova's employees are rewarded fairly, and that their remuneration is aligned with local market practices, ensuring the company's ability to retain and attract professionals with business-critical competencies.

## Engaging with the workforce and workforce representatives about impacts

### Collective agreements

Neova Group complies with the principles of the Cooperative Act in each country of operation. The applicable collective agreement depends on the sector of activity and the duties of the personnel. Each employee's employment

contract specifies which collective agreement applies to him.

### Cooperative activities

Neova Group complies with local legislation and the applicable collective agreements in all its operating countries. Cooperation with employee representatives and trade unions is carried out according to the legislation of each country. In Finland, the Netherlands and Sweden, the personnel have elected representatives. Each country has cooperation forums in accordance with local legislation, where personnel representatives have the opportunity to influence their work, working conditions and position in the company.

### Employee surveys

Neova Group conducts a larger employee survey, measuring employee experience every year. The Great Place to Work survey is the responsibility of the HR function, which supports the company management in handling the survey results and addressing the development areas.

Neova Group's Trust Index, which measures employee experience, was 67 per cent (65%) in 2024. The Great Place to Work Survey provides Engagement, Leadership, Learning together and Equal treatment indexes. The Engagement and Leadership indexes improved by two percentage points, but the Learning together and Equal treatment indexes did not improve as planned.

The results are discussed at different organisational levels and with employee representatives. Line managers are trained to process the results and prepare development actions with their teams. HR and the management of business areas monitor the implementation of development measures.

Neova Group measures employees' wellbeing at work and their views on current changes with the Wellbeing Pulse Survey, conducted two or three times a year. The results of the Pulse Surveys are used as indicators for strategy implementation and wellbeing.

## Processes to remediate negative impacts and channels for the company's own employees to raise concerns

### Whistleblowing channel

Neova Group's whistleblowing channel provides an opportunity to report suspicions of misconduct – anything that is not in line with the company's values and policies for all stakeholders. The whistleblowing channel is an early warning system to reduce risks. It is an important tool for fostering high ethical standards and maintaining customer and public confidence. The service is managed externally by WhistleB, Whistleblowing Center, in Sweden. In 2024 Neova Group received three messages through the channel.

### Guidelines regarding inappropriate behaviour and discrimination

Neova Group has guidelines and processes to prevent inappropriate behaviour and discrimination. The guidelines are reviewed occasionally. In 2024, HR organised four training sessions for the personnel in different countries.

### Psychosocial risk assessment

Neova Group conducted a psychosocial load factors risk assessment in 2024 for the first time in Finland due to a clarification made to the Occupational Safety and Health Act in 2023, according to which employers must assess not

only physical stress factors but also psychosocial workload factors as part of the assessment of occupational hazards. In 2024, 99 per cent of teams with Finnish employees completed the assessment. In Sweden, conducting the risk assessment has already been part of significant changes before this.

## Working conditions

Guru is the Neova Group's tool for workplace observations and inspections. Employees can raise concerns, as well as expressing opinions and development ideas regarding occupational safety and wellbeing by recording their observations and ideas in the Guru system. In 2024, Neova Group received 2,791 (3,206) safety, environment, quality and success observations through the system.

## Early support model

As part of workability management, Neova Group has updated the early support model during 2024 and organised trainings about it for the personnel in Finland. The early support model includes monitoring sickness absences, intervention in possible health- and wellbeing-related problems, a substance abuse prevention programme and support for returning to work after long sick leaves. A similar model is used in other operating countries as well.

## Actions

### Working conditions

#### *Working time*

Neova Group complies with local laws regarding working hours. The company supports work-life balance and high performance by enabling a hybrid working model for office workers in those positions where it is possible.

### *Adequate wages*

The Compensation Policy ensures that Neova's employees are rewarded fairly, and that their remuneration is aligned with local market practices. The company's HR conducts an annual salary review using external salary market analysis and wage data. In the internal salary analysis, attention is paid to overall salary development against external salary development and gender equality. Total compensation is based on the requirements and content of the position, individual performance in the job, and the affordability for the company.

### *Social dialogue*

The Group maintains a discussion culture by regularly inviting employees to local gatherings. In 2024, 18 strategy workshops were held in Finland, the Netherlands, Sweden and Estonia, covering all employees from all operating countries.

### *Work-life balance*

The work-life balance of the company's own workforce is supported in Neova Group by prioritising work, clarifying roles, wellbeing campaigns and the hybrid work model.

### *Health and safety*

In 2024, HR conducted four training sessions on guidelines for inappropriate behaviour and discrimination for personnel across various countries. In Finland, seven occupational safety card trainings were held, with 66 participants. In the Netherlands, 13 classroom safety training events were organised, attracting 134 participants. Additionally, 32 individuals in Finland and 48 in the Netherlands received first aid training.

Preventive safety measures encompass emergency exercises, safety walks and various safety campaigns. In

total, 26 emergency exercises were conducted. The Group organised 35 management safety walks, mainly in production premises, and all planned walks were successfully completed. Additionally, there were 24 different Group-wide safety campaigns, with 12 focusing on fire safety.

## Other working-related rights

### *Privacy*

The Neova Group ensures compliance with the Data Privacy Policy and the Information Security Policy by monitoring adherence through the completion of the relevant online courses the company offers and regularly reminding personnel about data protection and security, as well as the importance of taking the courses.

**SHARE OF PERSONNEL, 31.12.**

Total number of personnel in all countries 2023–2024

|                | Finland    |            | Sweden     |           | The Netherlands |            | Estonia   |           | Germany   |           | Spain    |          | Italy    |          | France   |          | China    |          | USA      |          |
|----------------|------------|------------|------------|-----------|-----------------|------------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|                | 2023       | 2024       | 2023       | 2024      | 2023            | 2024       | 2023      | 2024      | 2023      | 2024      | 2023     | 2024     | 2023     | 2024     | 2023     | 2024     | 2023     | 2024     | 2023     | 2024     |
| Kekkilä-BVB    | 111        | 116        | 72         | 64        | 299             | 282        | 20        | 23        | 52        | 20        | 6        | 5        | 4        | 1        | 5        | 4        | 3        | 3        | 1        | 1        |
| Neova Terra    | 81         | 153        | 16         | 19        | 6               | 0          | 14        | 13        | 0         | 0         | 1        | 1        | 0        | 1        | 0        | 0        | 0        | 0        | 0        | 0        |
| Group Services | 52         | 52         | 18         | 8         | 13              | 11         | 21        | 22        | 5         | 2         | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>   | <b>344</b> | <b>321</b> | <b>106</b> | <b>91</b> | <b>318</b>      | <b>293</b> | <b>55</b> | <b>58</b> | <b>57</b> | <b>22</b> | <b>7</b> | <b>6</b> | <b>4</b> | <b>2</b> | <b>5</b> | <b>4</b> | <b>3</b> | <b>3</b> | <b>1</b> | <b>1</b> |

**PERSONNEL COVERED BY BY COLLECTIVE BARGAINING AGREEMENTS (CBAS) 2023–2024, %**

|                 | Number of personnel |      | Personnel covered by CBAs, % |      | Number of CBAs |      |
|-----------------|---------------------|------|------------------------------|------|----------------|------|
|                 | 2023                | 2024 | 2023                         | 2024 | 2023           | 2024 |
| Finland         | 344                 | 321  | 32                           | 31   | 2              | 2    |
| Sweden          | 106                 | 91   | 95                           | 100  | 2              | 2    |
| The Netherlands | 318                 | 293  | 7                            | 9    | 1              | 1    |
| Estonia         | 55                  | 58   | 0                            | 0    | 0              | 0    |
| Germany         | 57                  | 22   | 0                            | 0    | 0              | 0    |
| Spain           | 7                   | 6    | 100                          | 100  | 1              | 1    |
| Italy           | 4                   | 2    | 0                            | 0    | 0              | 0    |
| France          | 5                   | 4    | 0                            | 0    | 0              | 0    |
| China           | 3                   | 3    | 0                            | 0    | 0              | 0    |
| USA             | 1                   | 1    | 0                            | 0    | 0              | 0    |



## TYPE OF EMPLOYMENT 2023–2024

|                   | 2023       |              | 2024        |              |
|-------------------|------------|--------------|-------------|--------------|
| <b>Permanent</b>  | <b>833</b> | <b>92.6%</b> | <b>741*</b> | <b>92.5%</b> |
| Female            | 271        | 30.1%        | 243         | 30.3%        |
| Male              | 562        | 62.4%        | 497         | 62.0%        |
| Other             |            |              | 1           | 0.1%         |
| <b>Fixed term</b> | <b>67</b>  | <b>7.4%</b>  | <b>60**</b> | <b>7.5%</b>  |
| Female            | 21         | 2.3%         | 22          | 2.7%         |
| Male              | 46         | 5.1%         | 38          | 4.7%         |
| <b>Total</b>      | <b>900</b> | <b>100%</b>  | <b>801</b>  | <b>100%</b>  |

\* Region: FI 313, NL 255, SWE 80, EST 55, GER 22, SP 6, FR 4, CH 3, IT 2, US 1

\*\* Region: NL 38, SWE 11, FI 8, EST 3

## TYPE OF EMPLOYMENT 2023–2024

|                  | 2023       |              | 2024        |              |
|------------------|------------|--------------|-------------|--------------|
| <b>Full time</b> | <b>805</b> | <b>89.4%</b> | <b>721*</b> | <b>90.0%</b> |
| Female           | 236        | 26.2%        | 236         | 26.2%        |
| Male             | 570        | 63.3%        | 570         | 63.3%        |
| <b>Part time</b> | <b>95</b>  | <b>10.6%</b> | <b>80**</b> | <b>10.0%</b> |
| Female           | 64         | 7.1%         | 56          | 7.0%         |
| Male             | 43         | 4.8%         | 39          | 4.9%         |
| <b>Total</b>     | <b>900</b> | <b>100%</b>  | <b>801</b>  | <b>100%</b>  |

\* Region: FI 314, NL 229, SWE 86, EST 58, GER 19, SP 5, FR 4, CH 3, IT 2, USA 1

\*\* Region: NL 64, FI 7, SWE 5, GER 3, SP 1

## GENDER DISTRIBUTION 2023–2024

|              | 2023       |             | 2024       |             |
|--------------|------------|-------------|------------|-------------|
| Women        | 292        | 32%         | 265        | 33%         |
| Men          | 608        | 68%         | 535        | 67%         |
| Other        | N/A        |             | 1          | 0.1%        |
| <b>Total</b> | <b>900</b> | <b>100%</b> | <b>801</b> | <b>100%</b> |

## DURATION OF EMPLOYMENT 2023–2024, %

|               | 2023 | 2024 |
|---------------|------|------|
| Under 5 years | 41%  | 39%  |
| 5–10 years    | 20%  | 25%  |
| 10–20 years   | 23%  | 22%  |
| over 20 years | 16%  | 14%  |

## EMPLOYEE TURNOVER 2023–2024

|                               | 2023 |     | 2024** |     |
|-------------------------------|------|-----|--------|-----|
| Employee turnover (outgoing)* | 14%  | 128 | 15%    | 118 |

\* Includes all causes of employment termination.

\*\* Women 43 (36%), Men 75 (64%)

Under 30: 15 (13%), 30–50 years: 44 (37%), over 50 v: 59 (50%)

Country: Netherlands 32, Sweden 19, Estonia 3, Germany 25, Finland 32, France 2, Italy 4, Spain 1

## NUMBER OF ALL ACCIDENTS 2023–2024 (MTR\*)

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Spain |      | Total     |           |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|-------|------|-----------|-----------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023  | 2024 | 2023      | 2024      |
| Kekkilö-BVB    | 0       | 3    | 3      | 2    | 3               | 7    | 0       | 0    | 3       | 0    | 0     | 0    | 9         | 12        |
| Neova Terra    | 2       | 2    | 0      | 0    | N/A             | N/A  | 0       | 0    | N/A     | N/A  | N/A   | N/A  | 2         | 2         |
| Group Services | 1       | 0    | 0      | 0    | 0               | 0    | 0       | 0    | N/A     | N/A  | N/A   | N/A  | 1         | 0         |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      |       |      | <b>12</b> | <b>14</b> |

\* MTR count includes all workplace accidents, including those that did not lead to absence from work. It also includes accidents during commute (between the home and workplace).

## NUMBER OF ACCIDENTS THAT LEAD TO ABSENCE FROM WORK 2023–2024 (LTA1\*)

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Spain |      | Total    |          |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|-------|------|----------|----------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023  | 2024 | 2023     | 2024     |
| Kekkilö-BVB    | 0       | 1    | 1      | 0    | 2               | 5    | 0       | 0    | 3       | 0    | 0     | 0    | 6        | 6        |
| Neova Terra    | 0       | 1    | 0      | 0    | N/A             | N/A  | 0       | 0    | N/A     | N/A  | N/A   | N/A  | 0        | 1        |
| Group Services | 0       | 0    | 0      | 0    | 0               | 0    | 0       | 0    | N/A     | N/A  | N/A   | N/A  | 0        | 0        |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      |       |      | <b>6</b> | <b>7</b> |

\* LTA1 count includes those workplace accidents that lead to a minimum of one day of absence from work. It also includes accidents during commute (between the home and workplace).

## ACCIDENT FREQUENCY OVER 1 MILLION WORKING HOURS 2023–2024 (MTRF\*)

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Spain |      | Total      |            |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|-------|------|------------|------------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023  | 2024 | 2023       | 2024       |
| Kekkilö-BVB    | 0.0     | 13.8 | 22.7   | 20.2 | 5.5             | 14.4 | 0.0     | 0.0  | 33.4    | 0.0  | 0.0   | 0.0  | 9.0        | 12.8       |
| Neova Terra    | 4.0     | 6.2  | 0.0    | 0.0  |                 |      | 0.0     | 0.0  |         |      |       |      | 4.0        | 5.4        |
| Group Services | 6.8     | 0.0  | 0.0    | 0.0  |                 |      | 0.0     | 0.0  |         |      |       |      | 6.8        | 0.0        |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      |       |      | <b>7.3</b> | <b>9.6</b> |

\* MTRF accident frequency reflects count of workplace accidents over million working hours. It includes all workplace accidents including those that did not lead to absence from work.



## ACCIDENT FREQUENCY OVER 1 MILLION WORKING HOURS 2023–2024 (LTA1F\*)

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Spain |      | Total |      |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|-------|------|-------|------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023  | 2024 | 2023  | 2024 |
| Kekkilö-BVB    | 0.0     | 4.6  | 7.6    | 0.0  | 3.7             | 10.3 | 0.0     | 0.0  | 33.4    | 0.0  | 0.0   | 0.0  | 6.0   | 6.4  |
| Neova Terra    | 0.0     | 3.1  | 0.0    | 0.0  |                 |      | 0.0     | 0.0  |         |      |       |      | 0.0   | 2.7  |
| Group Services | 0.0     | 0.0  | 0.0    | 0.0  |                 |      | 0.0     | 0.0  |         |      |       |      | 0.0   | 0.0  |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      |       |      | 3.7   | 4.8  |

\* LTA1f accident frequency reflects count of workplace accidents over million working hours. It includes those workplace accidents that lead to a minimum of one day of absence from work.

## NUMBER OF RECORDED SAFETY OBSERVATIONS 2023–2024

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Spain |      | Total |       |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|-------|------|-------|-------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023  | 2024 | 2023  | 2024  |
| Kekkilö-BVB    | 203     | 241  | 140    | 136  | 535             | 287  | 46      | 79   | 24      | 15   | 0     | 1    | 948   | 759   |
| Neova Terra    | 852     | 650  | 79     | 71   | N/A             | N/A  | 32      | 19   | N/A     | N/A  | N/A   | N/A  | 963   | 740   |
| Group Services | 81      | 26   | 1      | 1    | 6               | 0    | 5       | 7    | 0       | 0    | 0     | 0    | 93    | 34    |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      |       |      | 2,004 | 1,533 |

Safety observations are done by all own personnel as well as by our contractors working in Neova's production/operations sites.

## MAIN TYPES OF WORKPLACE INJURIES 2023–2024, %

|   | 2023 | 2024 |
|---|------|------|
| Fall, slip, trip (impact with fixed object)   | 30%  | 18%  |
| Collision, hit, pressure (impact with moving object)  | 20%  | 20%  |
| Crush, compression, contusion (caused by object)  | 15%  | 23%  |
| Cut, stab, sting (caused by object)   | 12%  | 1%   |
| Shock, burn, poisoning, pressure (impact of electrical voltage, temperature, noise, hazardous substances) | 2%   | 7%   |
| Sprain, Stretch, Rupture  | 12%  | 16%  |
| Other   | 9%   | 15%  |

Statistics also include injuries from accidents during commute (between the home and workplace).

**CONTRACTORS – NUMBER OF ALL ACCIDENTS 2023–2024 (MTR\*)**

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Total    |          |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|----------|----------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023     | 2024     |
| Kekkilö-BVB    | 0       | 0    | 2      | 3    | 1               | 2    | 0       | 0    | 1       | 0    | 4        | 5        |
| Neova Terra    | 4       | 3    | 0      | 1    | N/A             | N/A  | 0       | 0    | N/A     | N/A  | 4        | 4        |
| Group Services | N/A     | N/A  | N/A    | N/A  | N/A             | N/A  | N/A     | N/A  | N/A     | N/A  | 0        | 0        |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      | <b>8</b> | <b>9</b> |

\* MTR count includes all workplace accidents that have been reported to us, including those that did not lead to absence from work.

**CONTRACTORS – NUMBER OF ACCIDENTS THAT LEAD TO ABSENCE FROM WORK 2023–2024 (LTA1\*)**

|                | Finland |      | Sweden |      | The Netherlands |      | Estonia |      | Germany |      | Total    |          |
|----------------|---------|------|--------|------|-----------------|------|---------|------|---------|------|----------|----------|
|                | 2023    | 2024 | 2023   | 2024 | 2023            | 2024 | 2023    | 2024 | 2023    | 2024 | 2023     | 2024     |
| Kekkilö-BVB    | 0       | 0    | 2      | 2    | 1               | 2    | 0       | 0    | 1       | 0    | 4        | 4        |
| Neova Terra    | 3       | 2    | 0      | 1    | N/A             | N/A  | 0       | 0    | N/A     | N/A  | 3        | 3        |
| Group Services | N/A     | N/A  | N/A    | N/A  | N/A             | N/A  | N/A     | N/A  | N/A     | N/A  | 0        | 0        |
| <b>Total</b>   |         |      |        |      |                 |      |         |      |         |      | <b>7</b> | <b>7</b> |

\* LTA1 count includes those workplace accidents that lead to a minimum of one day of absence from work that have been reported to Neova.

# S4 - CONSUMERS AND END USERS

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CONSUMERS AND END USERS

| Sub-topic                                     | Impacts   | Risks and opportunities for Neova Group   | Management  |
|---|---|---|---|
| Personal safety of consumers and/or end-users | + Neova Group contributes to global food safety by enabling secure and healthy food production, even in harsh conditions. |   | Kekkilä-BVB's circular raw materials programme has concentrated on innovating new circular raw materials for growing media. |
| Other   |   | + Consumer and retail preference move towards non-peat products may increase the sales of Kekkilä-BVB's new circular raw material products.                                   |   |
|   |   | - Consumer and retail preference move towards non-peat products may decrease the sales of Kekkilä-BVB if the new circular raw material products are unavailable or undesired. |   |

### The identification and assessment of material impacts risks and opportunities

The material impacts, risks and opportunities related to consumers and end users have been identified in a double materiality assessment based on the principles of the company's risk management process. The materiality assessment is described on pages 59 and 61.

#### Growing smarter for healthier food and greener living

Kekkilä-BVB is the European leader in horticulture. Growing media are needed to safely and efficiently feed the world. Greenhouse production yields are up to c. 10 times higher per unit area than those of field production. It can reduce water use by up to 50 per cent and fertiliser use by up to 60 per cent. Horticulture enables food to be produced closer

to urban areas, requiring less transport. It can also ensure food safety and hygiene.

Trees, shrubs and urban meadow areas reduce the risk of flooding and help cool cities in summer. A green environment contributes to better health and wellbeing, enabling social cohesion. In the present biodiversity loss crisis, urban green areas also support biodiversity.

Hobby gardening is good for both physical and mental health. Green eating and working in a garden, big or small, improve one's physical health and stamina. Handling plants and working in a green environment help relieve stress and improve mindfulness and resilience – all aspects supporting a good life.

#### Enabling the essentials of life while using less natural resources

Neova Terra develops solutions to global challenges in collaboration with customers and other ecosystems to secure

global food production and access to energy, promote healthy and comfortable living environments, and develop means of purifying air and water. Neova Terra aims to refine peat-based biomass and other organic natural materials into new high value-added products for international markets. Its land assets are developed for solar and wind power projects, and the cultivation of reed canary grass and sphagnum moss.

#### Progress in targets

In 2024, Neova Group passed its ISO 9001 and RHP audits with no significant remarks or deviations, showcasing the company's efforts to build and maintain a strict quality process.

To ensure that Kekkilä-BVB can fulfil its customers' demand for new circular raw materials, the division has set a target of doubling the volumes of its circular raw materials



between 2021 and 2027. In 2024, the volume of circular raw materials in Kekkilä-BVB's own production was 1.40 (1.37) million cubic meters.

## Policies

Neova Group's operations and ways of working are guided by the Group's Code of Conduct and Supplier Code of Conduct, which emphasises the Group's commitment to international human and labour rights. Both Codes of Conduct are supplemented by other policies and guidelines such as the Group's Corporate Responsibility Policy, which also includes quality. The policies and their implementation are directed by the Group's management systems, values and strategic goals. Neova's operations are developed through continuous improvement, and the company encourages all its employees, partners and customers to make observations and improvement proposals.

Neova addresses the diverse needs of its customers to ensure maximum customer loyalty and create value for them together. Neova Terra and Kekkilä-BVB have their own management systems, and with the exception of peat operations in Estonia and Sweden, the management systems have the ISO 9001 quality certificate. An additional quality evaluation of Kekkilä-BVB is performed by RHP, which ensures that raw material transport, storage and processing of growing media raw materials is done according to the highest industry quality standards. Kekkilä-BVB also holds the Foundation Quality Mark Good Soil (QMGS) quality mark in its Dutch operations. The quality mark is for potting soils for consumer markets.

The fertilisers Kekkilä-BVB uses and sells are regulated by REACH (the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals). Kek-

kilä-BVB purchases fertilisers and their raw materials from strategic supply partners, who are responsible for importing the materials to Europe and administrative processes related to REACH.

## Engaging with consumers and end users about impacts

The majority of Neova Group's customers are corporate customers. Neova's consumer customers are served mainly through wholesalers and Kekkilä-BVB's consumer brands' Kekkilä Garden and Hasselfors Garden webpages. Some block peat, energy pellets and animal bedding are also sold directly to consumers. The main channels for Neova's direct engagement with consumers are customer service and websites.

Neova develops its products and services through active dialogue with its customers. This creates a wider understanding of the needs of both consumers and end users. The channels for this dialogue are in-person meetings, customer surveys and customer feedback forms.

## Processes to remediate negative impacts and channels for consumers and end users to raise concerns

All feedback from corporate customers, consumers and end users is handled in the part of Neova's organisation responsible for the relevant product or service. Feedback and development ideas are taken into account in product and service development.

All product complaints are investigated, and any corrective measures are taken in the case of quality deviations. Neova's operating units have internal measurements and

KPIs for quality, which are monitored and analysed regularly.

Neova's whistleblowing channel is open for all internal and external stakeholders to raise concerns about Neova's operations, ways of working, and offered products and services.

## Actions

### Product quality, health and safety

Kekkilä-BVB's external quality certificates (ISO 9001 and RHP) assure growers of the highest possible quality products for their cultivation. Kekkilä-BVB has two of its own laboratories to support the development and optimisation of new and existing substrates. The laboratories are capable of conducting analyses of substrates and raw materials using state-of-the-art equipment. Kekkilä-BVB also owns two phytotrons (trial greenhouses) where all developments related to substrates and raw materials are subject to rigorous testing. All specialised substrates have been developed based on years of experience, multiple trials and feedback from researchers, advisers and growers. With this rigid process, Kekkilä-BVB ensures the quality, health and safety of its products for its customers.

With the aim of increasing the share of circular raw materials, the risk of contamination also increases. Quickly renewable raw materials need to be hygienised to mitigate phytosanitary risks, for example. Composts, to name another example, need a careful assessment of potential contamination of input materials before they can be accepted in growing media. The use of new materials also sets new requirements for Kekkilä-BVB's quality process. The quality team is constantly working on this alongside the development of new raw materials.

Neova Group invests in the high quality and hygiene level of production and raw materials in all its business units:

- **Animal bedding:** Neova sells animal bedding in Finland and Sweden. As animal bedding, peat is safe for both animals and their breeders. As an antiseptic, acidic and mould-free product, peat is too acidic for bacteria to live in and multiply in animal shelters. It keeps platforms dry, soft and warm, and animals clean.
- **Activated carbon:** Activated carbon: Novactor's efficient production unit in Ilomantsi in Finland is based on modern and clean technology. Novactor's products are suitable for various end-use applications, including gas, water and air purification.
- **Bio-stimulants:** With a strong knowledge and direct access to Nordic raw materials, Neova develops innovative bio-stimulants which are designed to improve plant growth, resilience and nutrient uptake, supporting healthier crops and more efficient practices. Process and product development has been carried through Neova's own R&D laboratory at Jyväskylä University. Several field trials have proved the effectiveness of solutions.
- **Animal feed:** Neova has launched its first peat-based animal feed product in collaboration with Hankkija Oy, a company that is part of the Danish Agro Group. ProHumi, made of special feed quality peat, has been developed for pig feed and environmental enrichment material use. ProHumi supports animals' intestinal wellbeing. The production process includes a hygienisation phase to hygienise the product and ensure animal safety.

## NEOVA GROUP'S TOTAL TAX CONTRIBUTION: INFORMATION BY COUNTRY, FIGURES FOR THE FINANCIAL YEAR 1.1.2024-31.12.2024

|   | Finland    | Sweden     | The Netherlands | Estonia    | Germany    | Other countries |
|---|------------|------------|-----------------|------------|------------|-----------------|
| Unrelated party revenue   | 226.3      | 57.6       | 157.6           | 10.2       | 43.6       | 4.1             |
| Related party revenue   | 90.0       | 7.5        | 47.5            | 37.8       | 5.8        | 2.4             |
| Total revenue   | 316.3      | 65.1       | 205.0           | 48.1       | 49.4       | 6.0             |
| Profit/(loss) before income tax                                   | 11.0       | -1.8       | 3.7             | 4.4        | 3.0        | 1.5             |
| Income tax paid (on cash basis)                                   | 0.9        | -0.1       | 0.8             | 0.0        | 1.0        | 0.2             |
| Income tax accrued — current year                                 | 0.8        | 0.2        | 0.0             | 0.0        | 0.6        | 0.2             |
| Stated capital  | 260.0      | 25.2       | 21.7            | 19.5       | 1.4        | 1.2             |
| Accumulated earnings  | 182.3      | -1.2       | 14.3            | 32.1       | 8.6        | 4.4             |
| Number of employees   | 327        | 86         | 270             | 57         | 21         | 16.0            |
| Tangible Assets other than cash and cash equivalents              | 184.4      | 54.3       | 86.2            | 43.4       | 9.6        | 0.1             |
| <b>Direct taxes payable for the financial year, EUR million</b>   |            |            |                 |            |            |                 |
| Income taxes  | 0.9        | -0.1       | -0.7            | 0.0        | 0.6        | 0.2             |
| Employer contributions  | 0.3        | 1.5        | 2.7             | 0.6        | 0.6        | 0.3             |
| Property taxes  | 0.2        | 0.0        | 0.0             | 0.0        | 0.1        | 0.0             |
| Other taxes   | 0.0        | 0.2        | 0.3             | 0.7        | 0.3        | 0.0             |
| <b>Indirect taxes payable for the financial year, EUR million</b> |            |            |                 |            |            |                 |
| Excise taxes  | 0.3        | 0.0        | 0.0             | 0.0        | 0.0        | 0.0             |
| <b>Taxes remitted for the financial year, EUR million</b>         |            |            |                 |            |            |                 |
| Payroll taxes   | 6.6        | 1.4        | 7.1             | 0.4        | 0.7        | 0.1             |
| Value added tax, net  | -1.2       | 1.0        | 4.7             | 1.8        | 1.7        | 0.0             |
| Value added tax. sales  | 29.8       | 13.6       | 18.1            | 7.0        | 8.4        | 0.4             |
| Value added tax. purchases  | -31.0      | -12.7      | -13.4           | -5.2       | -6.7       | -0.4            |
| Other taxes   | 0.0        | 0.0        | 0.0             | 0.1        | 0.0        | 0.0             |
| <b>Total</b>  | <b>6.9</b> | <b>4.0</b> | <b>14.2</b>     | <b>3.7</b> | <b>4.1</b> | <b>0.7</b>      |



# GRI INDEX

| GRI Standard and Content   | Location  | Omissions   |
|--|---|---|
| <b>GRI 2: GENERAL DISCLOSURES 2021</b>   |   |   |
| 2-1 Organizational details   | Group p.4–6, <a href="#">About us</a>   |   |
| 2-2 Entities included in the organization's sustainability reporting             | Neova Oy (Finland) and its companies located in Sweden, Estonia, the Netherlands and Germany.   |   |
| 2-3 Reporting period, frequency and contact point"                               | Sustainability Statement p. 56, Sustainability and the sustainability strategy and targets: Susanna Inkinen, Chief Communications & Sustainability Officer, Environmental sustainability: Teija Hartikka, Senior Manager, SEQ, Economical sustainability: Hannu Nyman, CFO, Social sustainability: Jenni Nevasalo, Chief HR Officer |   |
| 2-4 Restatements of information  | The figures presented in the sustainability report represent the entire Neova Group to the extent that the data was available. Any changes to previous reports are included in the topic-specific disclosures.  |   |
| 2-5 External assurance   |   | This report has not been externally assured. Emission calculation logic and emission factors used in Neova Group's 2020 Scope 1 & 2 emission calculation have been checked by Gaia consulting Oy. Scope 3 emission calculation 2020 and 2021 has been done by third party, Gaia Consulting Oy. The emission calculation for 2024 has been done with the same bases as previous years. |
| 2-6 Activities, value chain and other business relationships                     | Sustainability Statement p. 58–59   |   |
| 2-7 Employees  | Sustainability Statement p. 75–82   |   |
| 2-8 Workers who are not employees  |   | Not reported.   |
| 2-9 Governance structure and composition   | Corporate Governance p. 25–31   |   |
| 2-10 Nomination and selection of the highest governance body                     | Corporate Governance p. 25–32   |   |
| 2-11 Chair of the highest governance body  | Corporate Governance p. 25–32   | Chairman of the Board does not work for the company.  |
| 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance p. 25–32   |   |
| 2-13 Delegation of responsibility for managing impacts                           | Sustainability Statement p. 56–57   |   |



| GRI Standard and Content   | Location  | Omissions     |
|--|---|---------------|
| 2-14 Role of the highest governance body in sustainability reporting | Sustainability Statement p. 57  |               |
| 2-15 Conflicts of interest   | Corporate Governance p. 25–32   |               |
| 2-16 Communication of critical concerns                              | Sustainability Statement p. 57–58   |               |
| 2-17 Collective knowledge of the highest governance body             | Responsibility is incorporated into CEO's reporting to the Board of Directors. Separate training has not been organised because the Board of Directors' level of knowledge has been sufficient for decision-making. |               |
| 2-18 Evaluation of the performance of the highest governance body    | Corporate Governance p. 26  |               |
| 2-19 Remuneration policies   | <a href="#">Remuneration</a>  |               |
| 2-20 Process to determine remuneration                               | <a href="#">Remuneration</a>  |               |
| 2-21 Ratio of highest annual remuneration to average remuneration    |   | Not reported. |
| 2-22 Statement on sustainable development strategy                   | Sustainability Statement p. 53  |               |
| 2-23 Policy commitments  | Sustainability statement: The policies guiding activities in each area of sustainability are listed under Policies in each section.   |               |
| 2-24 Embedding policy commitments                                    | Sustainability statement: The embedding of policies is separately described in each section.  |               |
| 2-25 Processes to remediate negative impacts                         | Sustainability Statement p. 77, 85  |               |
| 2-26 Mechanisms for seeking advice and raising concerns              | Sustainability Statement p. 77  |               |
| 2-27 Compliance with laws and regulations                            | No incidents of non-compliance.   |               |
| 2-28 Membership associations   | <a href="#">Memberships</a>   |               |
| 2-29 Approach to stakeholder engagement                              | Sustainability Statement p. 53, 59–60   |               |
| 2-30 Collective bargaining agreements                                | Sustainability Statement p. 77, 79  |               |





| GRI Standard and Content   | Location  | Omissions   |
|--|---|---|
| <b>GRI 3: MATERIAL TOPICS 2021</b>   |   |   |
| 3-1 Process to determine material topics   | Sustainability Statement p. 59  |   |
| 3-2 List of material topics  | Sustainability Statement p. 61–62   |   |
| 3-3 Management of material topics  | Described in the chapter describing the operation of each aspect of sustainability.   |   |
| <b>GRI 201: ECONOMIC PERFORMANCE 2016</b>  |   |   |
| 201-1 Direct economic value generated and distributed                                  | CEO's review p. 6, Financial Statements and Board of Directors' Report p. 35, 38–39, 43   |   |
| 201-2 Financial implications and other risks and opportunities due to climate change   | Sustainability Statement p. 53, 63  |   |
| <b>GRI 205: ANTI-CORRUPTION 2016</b>   |   |   |
| 205-2 Communication and training about anticorruption policies and procedures.         | Anti-corruption is part of the mandatory CoC training.  |   |
| 205-3 Confirmed incidents of corruption and actions taken.                             | No reported incidents.  |   |
| <b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016</b>  |   |   |
| 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices. | No reported incidents.  |   |
| <b>GRI 207: TAXES 2019</b>   |   |   |
| 207-4 Country-by-country reporting   | Sustainability Statement p. 87  |   |
| <b>GRI 301: MATERIALS 2016</b>   |   |   |
| 301-2 Recycled input materials used  | Sustainability statement p. 52, 73–74   | Circular raw materials have been reported for Kekkilä-BVB's growing media production. |
| <b>GRI 302: ENERGY 2016</b>  |   |   |
| 302-1 Energy consumption within the organization                                       | Sustainability statement p. 68  |   |
| 302-3 Energy intensity   | The energy intensity in 2024 on 0,4 kWh/€ (2023: 0,4 kWh/€). The energy intensity is calculated in relation to the Group revenue. In the intensity ratio is included the fuel consumption in production and on-site machinery as well as consumption of electricity, heating and steam. |   |

| GRI Standard and Content  | Location  | Omissions   |
|---|---|---|
| <b>GRI 303: WATER AND EFFLUENTS 2018</b>  |   |   |
| 303-1 Interactions with water as a shared resource  | Sustainability statement p. 69–70   | For emissions into waterways, report nitrogen, phosphorus and solid matter emissions from Finnish peat operations where environmental permits include the obligation to calculate the annual load. The calculations are based on samples.   |
| 303-2 Management of water discharge-related impacts   | <a href="#">Sustainability Concept for Peat</a>   | Environmental permit is required for peat production. At peat production areas, the best available techniques (BAT) are defined on a case-by-case basis taking into account the particular conditions at each production area and the remaining operational time. The profile of the receiving waterbody is considered in permit processes. |
| <b>GRI 304: BIODIVERSITY 2016</b>   |   |   |
| 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Sustainability statement p. 69–71   | Reported partly. All peat production areas in Neova Group operate under environmental permits. Risks of peat production to nature are always assessed beforehand and the permits are not applied for areas classified in high natural state.  |
| 304-2 Significant impacts of activities, products and services on biodiversity  | Sustainability statement p. 52, 71–74   |   |
| 304-3 Habitats protected or restored  | Sustainability statement p. 71–73   |   |
| Own indicators: Reforestation and wetland development   | Sustainability statement p. 64, 70–71, <a href="#">3,500 hectares of wetlands to protect biodiversity</a> |   |
| <b>GRI 305: EMISSIONS 2016</b>  |   |   |
| 305-1 Direct (Scope 1) GHG emissions  | Sustainability statement p. 66  |   |
| 305-2 Energy indirect (Scope 2) GHG emissions   | Sustainability statement p. 66  |   |
| 305-3 Other indirect (Scope 3) GHG emissions  | Sustainability statement p. 66–67   |   |
| 305-4 GHG emissions intensity   | Sustainability statement p. 63  |   |
| <b>GRI 306: WASTE 2020</b>  |   |   |
| 306-1 Waste generation and significant waste-related impacts  | Sustainability statement p. 73–74   |   |
| 306-2 Management of significant waste-related impacts   | Sustainability statement p. 73–74   |   |
| 306-3 Waste generated   | Sustainability statement p. 74  |   |
| 306-4 Waste diverted from disposal  | Sustainability statement p. 74  |   |
| 306-5 Waste directed to disposal  | Sustainability statement p. 74  |   |



| GRI Standard and Content  | Location  | Omissions        |
|---|---|------------------|
| <b>GRI 401: EMPLOYMENT 2016</b>   |   |                  |
| 401-1 New employee hires and employee turnover  | Sustainability statement p. 80, Departure turnover 15% (118 people) and arrival turnover 3.4% (27 people).  | Reported partly. |
| <b>GRI 402: LABOUR/MANAGEMENT RELATIONS 2016</b>  |   |                  |
| 402-1 Minimum notice periods regarding operational changes  | Arrangements compliant to legislation.  |                  |
| <b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>   |   |                  |
| 403-1 Occupational health and safety management system  | Sustainability Statement p. 37  |                  |
| 403-2 Hazard identification, risk assessment, and incident investigation                                    | Financial Statements and Board of Directors' Report p. 37–38, Sustainability statement p. 75–76, 81–82  |                  |
| 403-3 Occupational health services  | The Neova group provides its entire personnel with occupational health care, which includes preventive, statutory occupational health care. Statutory occupational health care includes health examinations, health counselling and activities that support work ability and functional capacity. Statutory occupational health care applies to everyone from the beginning of the employment relationship. |                  |
| 403-4 Employee participation, consultation and communication on occupational health and occupational safety | Employees and partners participate in risk assessments. Finland has an active occupational safety and health organisation that cooperates closely with occupational health services. The Group distributes a monthly safety report to all personnel.  |                  |
| 403-5 Worker training on occupational health and safety   | Sustainability Statement p. 76, 78  |                  |
| 403-8 Workers covered by an occupational health and safety management system                                | All personnel and partners operating in our areas.  |                  |
| 403-9 Work related injuries   | Sustainability Statement p. 81–82   |                  |



| GRI Standard and Content  | Location   | Omissions        |
|---|--|------------------|
| <b>GRI 404: TRAINING AND EDUCATION 2016</b>   |  |                  |
| 404-2 Programs for upgrading employee skills and transition assistance programs                     | Sustainability Statement p. 76   | Reported partly. |
| 404-3 Percentage of employees receiving regular performance and career development reviews          | All personnel.   |                  |
| <b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>  |  |                  |
| 405-1 Diversity of governance bodies and employees  | <b>Board of Directors:</b> 6 members total: 2 women (33%) and 4 men (67%). under 30 yrs: 0, 30-50 yrs: 0, over 50 yrs: 6 (100%)<br><b>Group Management Team:</b> 4 members, 0 women (0%) and 4 men (100%), under 30 yrs: 0, 30-50 yrs: 1 (25%), over 50 yrs: 3 (75%) |                  |
| <b>GRI 406: NON-DISCRIMINATION 2016</b>   |  |                  |
| 406-1 Incidents of discrimination and corrective actions taken                                      | No reported cases in 2024.   |                  |
| <b>GRI 415: PUBLIC POLICY 2016</b>  |  |                  |
| 415-1 Political contributions   | Neova does not support any political parties.  |                  |
| <b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>   |  |                  |
| 416-1 Assessment of the health and safety impacts of product and service categories                 | Sustainability Statement p. 85–86  |                  |
| 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | No reported incidents in 2024.   |                  |
| <b>GRI 417: MARKETING AND LABELLING 2016</b>  |  |                  |
| 417-1 Requirements for product and service information and labelling                                | Sustainability Statement p. 84–86  |                  |
| 417-2 Incidents of non-compliance information and labelling   | No incidents of non-compliance.  |                  |
| 417-3 Incidents of non-compliance concerning marketing communications                               | No incidents of non-compliance.  |                  |
| <b>419 SOCIOECONOMIC COMPLIANCE 2016</b>  |  |                  |
| 419-1 Non-compliance with laws and regulations in the social and economic area                      | No incidents of non-compliance.  |                  |



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