

## Neova Group Remuneration Report 2024

Neova's principles for the remuneration of the company's governing bodies, i.e., the Supervisory Board, the Board of Directors, the CEO and Deputy CEO, are defined in the remuneration policy for governing bodies (the "Remuneration Policy"). This report presents the remuneration of the Supervisory Board, the Board of Directors, CEO and Deputy CEO of the company. In addition, this report presents remuneration terms for other management. This report has been prepared based on the Finnish Corporate Governance Code 2025 (the "Code") issued by the Securities Markets Association and, the Prime Minister's office's guidelines for state owned companies.

## Overview of five-year developments (2020-2024)

The most significant change in the Neova Group's operating environment over the past five years has been the sharp decline in energy peat sales, mainly due to the increase in the price of emission rights and the decrease in the number of customers using peat. While in 2020 the Neova Group sold more than 10 TWh of energy peat, in 2024 the amount was only 3.0 TWh. Russia's attack on Ukraine in 2022 caused a shortage of solid fuels in Finland, which temporarily halted the decline in demand for energy peat and caused the prices of solid fuels to rise. During the past two years, sales have continued to decline despite the fact that Neova has sold significant amounts of energy peat to the national security of supply.

To compensate for the decrease in energy peat sales, the Group has expanded its operations in the international growing media market and increased its investments in research and development to develop new high-value products from peat and other natural materials. The company has invested more than EUR 200 million in sectors other than energy peat since 2020. The latest innovations include natural growth promoters, i.e., biostimulants, made from peat and peat-based animal feed.

The Group has improved its efficiency through reorganisation and various efficiency improvement programmes. A very significant change in Neova Group's business operations was the divestment of the heat and power business (Nevel Oy) in January 2021. The value of the transaction was EUR 656 million, of which the Neova Group received a capital gain of approximately EUR 500 million. In 2022, Neova and Lassila & Tikanoja merged their energy wood business into Laania Oy. Neova owns 45 per cent of Laania.

The turnover of the Group's divisions has changed over the past five years. In 2020, the current Kekkilä-BVB business accounted for slightly more than 50 percent of the consolidated revenue of the Neova Group, and in 2024, Kekkilä-BVB's share was more than 60 percent of the Group's net sales.

Kekkilä-BVB launched a significant efficiency improvement programme at the beginning of 2023. During the program, the growing media production network was optimized, the organisation was lowered, and the number of personnel was also significantly reduced. Thanks to the program, profitability in 2024 improved significantly from the previous year.

Neova Terra's net sales have decreased significantly in five years from almost EUR 250 million to EUR 190 million. Despite the decrease in net sales, Neova Terra's relative profitability has remained at a good level throughout the period.

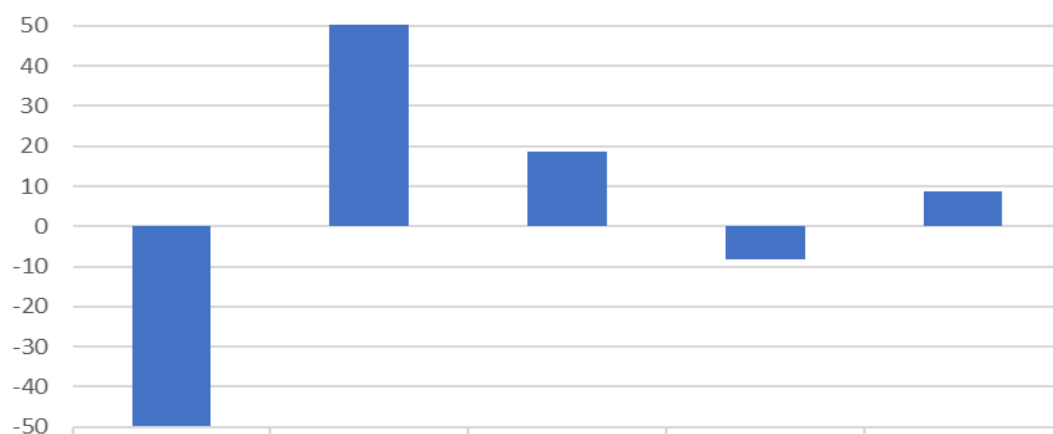
### 2024

Kekkilä-BVB's efficiency improvement programme, which started in 2023, aimed to reduce costs by EUR 30 million annually. As part of the programme, Kekkilä-BVB adopted the new operating model on 1.1.2024. In the reform, organisational levels were reduced and the new independent business areas, Central Europe, Nordics, Global and Materials, are responsible for all business operations in their respective geographical areas. In 2024, Kekkilä-BVB continued to optimize its production network and closed two Central European growing media plants in Georgsdorf and Hardenberg.

Kekkilä-BVB's efficiency programme clearly reduced fixed costs and improved the division's profitability, although the implementation of the program also brought significant non-recurring costs. In 2024, Kekkilä-BVB's business areas Global and Materials significantly improved their profitability, reflecting increased global demand. The result of Kekkilä-BVB's largest business area, Central Europe, was disappointing. The most significant reason for the decrease in sales and profitability in this area was the exceptionally cold and rainy spring and summer, which affected especially consumer sales. Business area Nordics suffered from production challenges in Sweden, which meant that it could not fully meet demand. Within Nordics, the recycling and landscaping business developed positively.

In May 2024, Neova Group's organisational model was changed to two reporting divisions: Kekkilä-BVB and Neova Terra.

## NEOVA GROUP NET PROFIT DEVELOPMENT 2020-2024



	FY2020	FY2021	FY2022	FY2023	FY 2024
Net profit development	-108,3	501,4	18,6	-8,2	8,8

\*FY2020 figure includes a write-down of 103 M€, FY2021 includes the gained profit 507 M€ from selling of Nevel

The remuneration and meeting fees of the members of the Board of Directors continued on the previous year's level.

Main reason for the variance in annual remuneration level is based on the number of Board of Directors' meetings or committee meetings during each year.

CEO's remuneration consists of fixed annual salary including fringe benefits, short term, and long-term incentive programs (STI and LTI) and pension plan. In its meeting on 30.11.2023, the Board of Directors appointed Pekka Tennilä as the company's new CEO as of 4.12.2023, and at the same meeting released Vesa Tempakka of his duties as CEO as of 3.12.2023. In 2024 reporting, the CEO remuneration consists of Pekka Tennilä's remuneration and Vesa Tempakka's notice period pay together with other exit-related payments.

In its meeting on 30.11.2023, Board of Directors also appointed Markus Tykkyläinen as the company's Deputy CEO as of 1.3.2024. Deputy CEO carries the overall responsibility of Neova Groups' one of the two divisions, Neova Terra, while CEO focuses on the other one, Kekkilä-BVB, while also having overall Group responsibility.

The development of remuneration of Neova Group personnel over the past five years has been counted as average headcounts and salaries of all operating countries. Salary market development is annually benchmarked in all countries. The overall development of basic salaries mainly follows the development of country level market salaries and is compliant with Neova Group Compensation Policy and existing collective bargaining agreements, which are applied within Neova Group. Part of the variance in development between years comes from changes in the company structure and variable pay, such as short term and long-term incentives. Due to company savings program in 2023-2024 number of personnel is 11% lower at the end of 2024 than a year ago.

Fiscal year	FY 2024	FY 2023	FY2022	FY2021	FY2020
Board of Directors, 1000 €	234,00	276,22	247,45	246,25	278,04
Group CEO, 1000 €	337,35	707,71	523,38	519,69	498,56
Group CEO	Pekka Tennilä	Vesa Tempakka - 3.12.2023 Pekka Tennilä 4.12.2023 -	Vesa Tempakka	Vesa Tempakka	Vesa Tempakka

<b>Deputy CEO, 1000 €</b>	256,44				
<b>Deputy CEO</b>	Markus Tykkyläinen	-	-	-	-
<b>Calendar Year*</b>	FY 2024	FY 2023	FY2022	FY2021	FY2020
<b>Employees (average**), 1000 €</b>	61,4	59,3	57,9	57,3	56,75

\*) employees' remuneration is presented in calendar years

\*\*) Average remuneration of employees is calculated by dividing annual total remuneration with amount of personnel that financial year

#### Decision-making procedure concerning remuneration

Neova Oy's Annual General Meeting appoints the members of the Supervisory Board and resolves on their compensation annually. The Annual General meeting also appoints the members of the Board of Directors and resolves on their compensation annually based on the recommendation of the Shareholders' Nomination Board.

Based on the proposal of the Personnel Committee of the Board of Directors, the Board of Directors decides on the CEO's and Deputy CEO's base salary and other benefits, which shall 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-term and long-term incentive schemes based on a proposal issued by the Board's Personnel Committee.

Neova's Board of Directors approves the Remuneration Policy that defines key remuneration principles for the Supervisory Board, Board of Directors, the CEO and Deputy CEO, among other things. The Remuneration Policy is subject to advisory vote by the Annual General Meeting.

#### Key remuneration principles and fees paid to the members of the Supervisory Board and Board of Directors

##### The Supervisory Board, Members and fees paid in 2024

The fees paid to the members of the Supervisory Board are paid entirely in cash. The term of the members ends at the conclusion of the next Annual General Meeting. The members of Neova's Supervisory Board are not included in incentive schemes, and they are not in an employment relationship with Neova.

The Chairman of the Supervisory Board is paid a meeting fee of EUR 800, the Vice Chairman EUR 600, and the other members EUR 500 per meeting. No changes to the fees have been made during 2024.

##### Total Fees paid to the member, Supervisory Board 2023-2024

	FY2024 (1.1.–31.12.)		FY2023 (1.1.–31.12.)	
	Total amount of fees (€)	Meeting (attendance/total)	Total amount of fees (€)	Meeting (attendance/total)
Kangas Antti, <i>Chairman of the Supervisory Board</i>	3 200	4/4	800	1/2
Miilumäki Heikki, <i>Vice Chairman of the Supervisory Board</i>	2 400	4/4	1 200	2/2
Kubin Eero	2 000	4/4	1 000	2/2
Kurvinen Esko	2 000	4/4	1 000	2/2
Rantanen Piritta	2 000	4/4	1 000	2/2

Hietala Harri	2 000	4/4	1 000	2/2
Jukkola Janne	1 000	2/4	500	1/2
Koskela Jari	2 000	4/4	500	1/2
Laine Janne	2 000	4/4	500	1/2
Viljanen Eerikki	2 000	4/4	500	1/2
Sipilä Juha	-	-	800	1/2
Häkkänen Antti	-	-	500	1/2
Peltokangas Mauri	-	-	500	1/2
Pitko Jenni	-	-	500	1/2
Venäläinen Mikael	-	-	500	1/2
<b>Total</b>	<b>20 600</b>		<b>10 800</b>	

#### The Board of Directors, Members and fees paid in 2024

The fees paid to the members of the Board of Directors are paid entirely in cash. The term of the members ends at the conclusion of the next Annual General Meeting. The members of Neova's Board of Directors are not included in any incentive schemes, and they are not in an employment relationship with Neova.

The Chairman of the Board of Directors is paid EUR 2,750, the Vice Chairman EUR 1,900, and the other members EUR 1,750 per month.

A meeting fee of EUR 600 was paid for both Board and Board committee meetings. Members of the board of directors of the subsidiaries employed by Neova are not paid separately for their membership. In addition, board members who live elsewhere than in Finland are paid an additional meeting fee of 600 euros for attendance meetings held in Finland.

#### Total fees paid to the members of the Board of Directors, EUR

	FY2024 (1.1.–31.12.)				FY2023 (1.1.–31.12.)			
	Total amount of fees (€)	Board of Directors' meetings	Committee Meetings	The Board's Strategy Committee meetings	Total amount of fees (€)	Board of Directors' meetings	Committee Meetings	The Board's Strategy Committee meetings
		(attendance /total)	(attendance /total)	(attendance /total)		(attendance /total)	(attendance /total)	(attendance /total)
Routila Panu, <i>Chairman of the Board of Directors</i>	50 400	16/16	5/5	8/8	58 600	21/21	10/10 and 1/1	5/5
Tykkyläinen Markus	-	-	-	-	39 530	20/21	11/11	
Puntila Kirsi	32 400	15/16	4/5		37 126	20/21	9/10	
Virkkunen Eeva-Liisa, <i>Vice Chairman of the Board Directors</i>	37 373	16/16	9/9		39 126	21/21	11/11	
Punkari Jari-Pekka	39 000	16/16	3/3 and 3/3	8/8	47 326	21/21	10/10 and 3/3	5/5
Damlin Stefan	38 400	16/16	6/6	7/7	9 200	3/4	3/3	
Hordijk Dick (03/2024-)	26 813	10/12	6/6					
Hyryläinen Tuomas	9 615	4/4	2/2	1/1	45 307	21/21	1/1 and 6/7	
<b>Total</b>	<b>234 000</b>				<b>276 215</b>			

## Key remuneration principles of CEO, Deputy CEO and other management

In accordance with the Remuneration Policy approved by the Board of Directors dealt with at the Annual General Meeting, the fixed salary of the CEO, Deputy CEO and the members of other management is defined as a total monthly salary that includes fringe benefits. They are also included in short-term and long-term incentive programs.

A fixed monthly salary refers to an individual's total monthly salary determined based on the level of competence required for the position as well as the individual's experience and performance.

The Group CEO, Deputy CEO and other management may be eligible for a car benefit, mobile phone benefit and medical insurance as part of their total remuneration.

Neova's Board of Directors decides annually or within any other timeline as may be the case for any given program on the performance indicators and targets for the short-term and long-term incentive schemes of the CEO, Deputy CEO, other management and any other individual or unit as may be relevant. They are aimed at supporting the achievement of the company's strategic targets, including sustainability.

The incentive bonuses are paid in cash in accordance with the payment schedule of the incentive program in question. The bonuses paid under the various incentive schemes cannot under any circumstances exceed 80% of the fixed annual salary. Based on a proposal by the CEO, the Board of Directors decides on the achievement of the targets set relative to the performance indicators and the amount of remuneration.

## Short-term variable pay

The CEO's, Deputy CEO's and other management's short-term variable pay is based on the possibility of earning an annual incentive bonus. The amount of incentive pay depends on the achievement of the financial and operational targets set at the beginning of the fiscal year. Neova Group's senior management is divided into two incentive pay groups that determine the maximum incentive pay percentage for each individual. The incentive pay group is determined based on the role and its impact on the Group's business.

Majority of the incentive pay is based on financial targets and the remainder on operational targets and sustainability. The payment of incentive bonuses is also subject to the achievement of a certain minimum level in terms of the financial performance of the company.

The maximum incentive pay corresponds to 40% of the annual salary for the CEO, and 30% of the annual salary of the Deputy CEO and members of other management.

## Long-term variable pay

The CEO's, Deputy CEO's and other management's long-term incentive scheme currently in force is a multiple-year plan 2019-2026, which consists of several two-year earnings periods (2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026). The incentive scheme provides the participants with the opportunity to earn a monetary bonus for achieving earning criteria set separately for each earning period by the Board of Directors. Targets consist of financial and other strategic targets, which includes sustainability target. The Board sets a minimum, target, and maximum level for each earning criteria.

The maximum incentive pay corresponds to 40% of the annual salary for the CEO of Neova Group and 30% of the annual salary for the Deputy CEO and members of other management.

## Pension plans

The Group CEO, Deputy CEO and the other management are, depending on the country the respective person works in, covered by a pension scheme pursuant to the Employees' Pensions Act in Finland. In addition, those members of other management whose managerial employment agreement entered into effect with Neova Oy before 23 November 2017 are entitled to a defined contribution collective supplementary pension insurance to which the employer contributes an amount equivalent to 10% of their total annual salary (12 x monthly salary), excluding bonuses, every year. The company has an agreement

with a pension insurance company on said supplementary pension rights. The supplementary pension program for senior management was closed on 23 November 2017. Members of management, including CEO and Deputy CEO appointed after the date will no longer have the right to a supplementary pension as part of their contract terms.

#### Terms and compensation for termination of employment

The contractual period of notice of the Group's CEO is six months. If the contract is terminated by the company, the CEO shall have the right to a lump sum compensation for termination, corresponding to the CEO's total salary for six months.

If the CEO resigns, the period of notice is six months. Irrespective of the provisions, the CEO's contract shall be terminated without separate notice at the end of the month in which the CEO reaches the lower limit for old-age pension stipulated by the Employees' Pensions Act. The lower limit of the old-age pension is determined in accordance with the Pensions Act in force at any given time. The period of notice for the Deputy CEO and other members of the Group Management Team is three months. If their contract is terminated by the company, the Deputy CEO and other members of the Group Management Team shall have the right to a lump sum compensation for termination, corresponding to their total salary for three months. For contracts that entered into effect in Neova Oy before 2013, the compensation for termination of members of the Group Management Team corresponds to nine months' total salary.

#### Options and other share-based incentive schemes

The company does not have option plans or other share-based incentive schemes.

#### Compensation of CEO and Deputy CEO in 2024

The Board of Directors of Neova Oy appointed Pekka Tennilä as the new CEO as of 4.12.2023. Former CEO Vesa Tempakka's CEO contract ended after notice period on 30.5.2024, until which time he was paid a fixed monthly salary including fringe benefits. In addition, he was paid severance pay equal to 6 months' salary at the end of his executive contract.

Vesa Tempakka was paid a fixed monthly salary of EUR 33,000 including fringe benefits. Pekka Tennilä's fixed monthly salary is EUR 27 500 including fringe benefits.

Pekka Tennilä was not eligible for Short Term Incentive plan during the earnings period FY2023 or 2022-2023 Long Term Incentives, and did not receive variable pay during 2024. Board of Directors made a decision to not pay 2023 Short Term incentives or 2022-2023 Long Term Incentives for Vesa Tempakka in 2024.

Vesa Tempakka was entitled to statutory pension benefits as well as a defined contribution group pension scheme for senior management until the end of his executive agreement, 30.5.2024. The amount paid into the defined contribution pension plan corresponded to 10% of total pay (12 x monthly salary) excluding bonuses. The mentioned supplementary pension plan was closed on 23.11.2017, due to which the current CEO is not included in the plan.

Board of Directors appointed Markus Tykkyläinen as a Deputy CEO at the same time as the above-mentioned CEO change. Markus Tykkyläinen started in his role as of 1.3.2024. Fixed monthly salary of Deputy CEO is EUR 25 500 including fringe benefits. Due to the appointment to the role in 2024, no Short- or Long-Term Incentives were paid based on such plans the set forth for FY2023. Deputy CEO is not included in the abovementioned supplementary pension plan.

Compensation of other management is presented in Neova Group internet pages.

#### CEO salary and payments 2023–2024, Pekka Tennilä 4.12.2023 onwards

##### **CEO salary and payments 2023-2024**

	<b>FY2024 (1.1.-31.12.)</b>	<b>FY2023 (1.1.-31.12.)</b>
Monetary salary	324 457,52	25 917,23
Fringe benefits	12 892,00	131,94
Total fixed salary	337 349,52	26 049,17
One-off bonus	-	-
Short-term incentive (STI)	-	-
Long-term incentive (LTI)	-	-
<b>Total</b>	<b>337 349,52</b>	<b>26 049,17</b>

#### CEO salary and payments 2023-2024, Vesa Tempakka – until 3.12.2023

##### **CEO salary and payments 2023-2024**

	<b>FY2024 (1.1.-31.12.) *</b>	<b>FY2023 (1.1.-3.12.)</b>
Monetary salary	-	348 563,79
Fringe benefits	-	16 296,55
Total fixed salary	-	364 860,34
One-off bonus	-	-
Short-term incentive (STI)	-	197 604,00
Long-term incentive (LTI)	-	119 196,00
<b>Total</b>	<b>-</b>	<b>681 660,34</b>

\* In 2024 Vesa Tempakka was paid notice period salary until 30.5.2024 and severance pay corresponding to 6 months total salary

#### Deputy CEO salary and payments 2024 – Markus Tykkyläinen

##### **DEPUTY CEO salary and payments 2024**

	<b>FY2024 (1.3.-31.12.)</b>
Monetary salary	245 232,00
Fringe benefits	11 208,49
Total fixed salary	256 440,49
One-off bonus	-
Short-term incentive (STI)	-
Long-term incentive (LTI)	-
<b>Total</b>	<b>256 440,49</b>