



Neste Corporation  
**Interim Report**  
January–March 2023

28 April 2023

**NESTE**  
Change runs on renewables

# Neste's Interim Report for January–March 2023

## Strong start to 2023

### First quarter in brief:

- Comparable EBITDA totaled EUR 830 million (EUR 578 million)
- EBITDA totaled EUR 463 million (EUR 916 million)
- Renewable Products' comparable sales margin\* was USD 945/ton (USD 783/ton)
- Oil Products' total refining margin was USD 21.8/bbl (USD 10.3/bbl)
- Cash flow before financing activities was EUR -102 million (EUR -960 million)
- Comparable return on average capital employed (Comparable ROACE) was 31.8% over the last 12 months (Q1/2022: 19.1%)
- Leverage ratio was 18.7% at the end of March (31.12.2022: 13.9%)

\* Calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated. Q1/22 comparable sales margin with the previous calculation reached USD 806/ton.

### President and CEO Matti Lehmus:

“We had a strong start to 2023, which will be a year of growth for Neste’s renewables businesses. Our comparable EBITDA in the first quarter was EUR 830 million, up by about 44 per cent compared to EUR 578 million in the corresponding period last year. In Renewable Products our comparable sales margin per ton was at a very high level, in Oil Products a solid total refining margin continued to support our performance while in Marketing & Services our profitability followed the normal seasonality. Our cash flow before financing activities was slightly negative due to our growth investments and decreasing commodity prices.

Renewable Products posted a strong comparable EBITDA of EUR 415 million (EUR 419 million) in the first quarter. The renewable diesel demand was robust and feedstock prices continued at a favorable level, as seen already in late 2022. In this market situation we reached a record-high comparable sales margin of USD 945/ton. This achievement was supported by the flexibility of our global optimization model and taking full advantage of the feedstock market opportunities. Our sales volume for renewable diesel and sustainable aviation fuel (SAF) of 660,000 tons was clearly lower than in the corresponding period last year, impacted by the fire in the Rotterdam refinery in late 2022. During the first quarter our renewables production facilities operated at an average 93% utilization rate and the share of waste and residue inputs was 96%.

Oil Products’ comparable EBITDA totaled EUR 393 million (EUR 137 million) in the first quarter. Our total refining margin was USD 21.8/ton, supported by the still elevated product margins. Our production volume was somewhat lower compared to the previous year, but the sales volume increased clearly as the comparison period was impacted by the start of the war in Ukraine.

Marketing & Services generated a comparable EBITDA of EUR 23 million (EUR 32 million) in the first quarter, as our unit margins were impacted by inventory losses of main products.

We continue to implement our growth strategy in renewable and circular solutions. Our 50/50 joint operation with Marathon in Martinez, California started up its first phase in February and our Singapore expansion started



up production after mid-April. Together, the growth projects are targeting to increase our total nameplate capacity of renewable products to 5.5 million tons by the end of 2023. Also, we are increasing our SAF capabilities both in Singapore and Rotterdam, targeting the optionality to produce annually up to 1.5 Mt of SAF in 2024. Our Rotterdam expansion project is proceeding well, increasing our nameplate capacity in renewable products to 6.8 Mt by the end of 2026, with SAF optionality totaling 2.2 Mt.

In the beginning of the year we completed the acquisition of a used cooking oil (UCO) collection and aggregation business from Crimson Renewable Energy in the United States. The acquisition further strengthens our feedstock platform in waste and residues. In March we issued two green bonds, EUR 500 million each totaling EUR 1,000 million. The proceeds from the issues will be used for our investments as set out in our Green Finance Framework. The investments also support our ambitious sustainability targets.

Looking forward to the second quarter, we have a high ambition to significantly increase our sales volume in Renewable Products. We remain highly committed to our vision of becoming a global leader in renewable and circular solutions. We look forward to sharing more about our strategy at our Capital Markets Day on 20 June in London.”

## Outlook

Visibility in the global economy continues to be low due to high inflation, reduced economic growth expectations and continued geopolitical uncertainty. We expect volatility in oil products and renewable feedstock markets to remain high, making the forecasting of margins challenging in both Renewable Products and Oil Products.

Renewable Products' second-quarter renewable diesel and SAF sales volume is expected to be 30–50% higher than in the first quarter of 2023. The sales volume increase is subject to the ramp-up pace of the capacity expansion in Singapore and Neste's joint operation in Martinez, California.

The waste and residue markets are anticipated to remain volatile. Based on the current outlook, Neste's second-quarter comparable sales margin is expected to be in the range of USD 800–900/ton. The segment's second-quarter fixed costs are expected to be approximately EUR 20 million higher than in the first quarter, driven by the build-up of capabilities related to the start-up of our growth projects.

The second-quarter utilization rates of renewable production facilities are forecasted to remain high, assuming a successful ramp-up of our new facilities both in Martinez, California and in Singapore.

Neste has scheduled a five-week maintenance shutdown at the Singapore original refinery in the third quarter, and a four-week maintenance shutdown at the Rotterdam refinery in the fourth quarter of 2023. The Singapore turnaround is currently estimated to have a negative impact of approximately EUR 85 million, and the Rotterdam turnaround to have a negative impact of approximately EUR 65 million on the segment's comparable EBITDA.

The market in Oil Products is expected to remain volatile. Based on the current forward market, the second-quarter total refining margin is expected to be clearly lower than in the first quarter. The utilization rate in Porvoo is expected to be slightly affected by some unit turnarounds. The second-quarter sales volumes are expected to remain high, supported by the summer driving season.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the second quarter. The slowing economy is expected to have some negative impact on the overall demand.

Based on the current estimates and a hedging rate of approx. 85%, Neste's effective EUR/US dollar rate is expected to be within the range of 1.05–1.07 in the second quarter of 2023.

Neste estimates the Group's full-year 2023 cash-out capital expenditure excluding M&A to be approx. EUR 1.7–1.8 billion.

## Neste's Interim Report, 1 January – 31 March 2023

The Interim Report is unaudited.

Figures in parentheses refer to the corresponding period for 2022, unless otherwise stated.

### Key Figures

EUR million (unless otherwise noted)

	1-3/23	1-3/22	10-12/22	2022
Revenue	5,298	5,523	6,562	25,707
EBITDA	463	916	748	3,048
Comparable EBITDA*	830	578	894	3,537
Operating profit	285	762	589	2,410
Profit before income taxes	276	736	563	2,279
Net profit	238	640	514	1,891
Comparable net profit	553	344	642	2,336
Earnings per share, EUR	0.31	0.83	0.67	2.46
Comparable earnings per share, EUR	0.72	0.45	0.84	3.04
Investments	799	254	668	2,218
Net cash generated from operating activities	377	-639	740	1,197

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Total equity	7,566	7,008	8,327
Interest-bearing net debt	1,736	952	1,344
Capital employed	11,049	8,921	10,942
Comparable return on average capital employed after tax (Comparable ROACE)**, %	31.8	19.1	30.1
Equity per share, EUR	9.84	9.12	10.83
Leverage ratio, %	18.7	12.0	13.9

\* Comparable EBITDA is calculated by excluding inventory valuation gains/losses, unrealized changes in the fair value of open commodity and currency derivatives, capital gains/losses, and other adjustments from the reported EBITDA

\*\* Last 12 months

## The Group's first quarter 2023 results

Neste's revenue in the first quarter totaled EUR 5,298 million (5,523 million). The slight decrease in revenue was driven by lower market and sales prices, which had a negative impact of approx. EUR 0.4 billion. Sales volumes had a positive impact of approx. EUR 0.1 billion in total as Oil Products' volume increase offsets the decrease in Renewable Products' volumes year-over-year. Stronger US dollar had a positive impact of approx. EUR 0.2 billion on the revenue compared to the corresponding period last year. Also other drivers decreased revenue by approx. EUR 0.1 billion including the divestment of the Base Oils business.

The Group's comparable EBITDA was EUR 830 million (578 million). Renewable Products' comparable EBITDA was EUR 415 million (419 million), mostly driven by a higher sales margin, lower sales volume and increased fixed costs compared to the first quarter of 2022. Oil Products' comparable EBITDA totaled EUR 393 million (137 million), following the improved refining market. Marketing & Services comparable EBITDA was EUR 23 million (32 million), mainly as a result of inventory losses and increased fixed costs compared to the first quarter of 2022. The Others segment's comparable EBITDA was EUR 2 million (-1 million).

The Group's EBITDA was EUR 463 million (916 million), which was impacted by inventory valuation losses of EUR -274 million (115 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -98 million (219 million). Profit before income taxes was EUR 276 million (736 million), and net profit EUR 238 million (640 million). Comparable earnings per share were EUR 0.72 (0.45), and earnings per share EUR 0.31 (0.83).

	1-3/23	1-3/22	10-12/22	2022
COMPARABLE EBITDA	830	578	894	3,537
- inventory valuation gains/losses	-274	115	-200	-352
- changes in the fair value of open commodity and currency derivatives	-98	219	48	-131
- capital gains/losses	4	4	1	10
- other adjustments	0	0	6	-16
EBITDA	463	916	748	3,048

Variance analysis (comparison to corresponding period), MEUR	1-3
Group's comparable EBITDA, 2022	578
Sales volumes	-38
Sales margin	355
Currency exchange	33
Fixed costs	-88
Others	-10
Group's comparable EBITDA, 2023	830

Variance analysis by segment (comparison to corresponding period), MEUR	1-3
Group's comparable EBITDA, 2022	578
Renewable Products	-4
Oil Products	256
Marketing & Services	-9
Others, including eliminations	10
Group's comparable EBITDA, 2023	830

## Financial targets

Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio are Neste's key financial targets. The company's long-term Comparable ROACE target is 15%, and the leverage ratio target is below 40%. At the end of March, Comparable ROACE calculated over the last 12 months was 31.8%, and leverage ratio remained well below the 40% target.

	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>	<b>31 Dec 2022</b>
Comparable return on average capital employed after tax (Comparable ROACE)*, %	31.8	19.1	30.1
Leverage ratio (net debt to capital), %	18.7	12.0	13.9

\*Last 12 months.

## Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 377 million (-639 million) during the first quarter of 2023. The corresponding period last year was impacted by a significant increase in net working capital mostly due to the price increase of crude oil and renewable feedstock and the inventory build-up to mitigate potential risks related to the war in Ukraine. Cash flow before financing activities was EUR -102 million (-960 million). The Group's net working capital in days outstanding was 25.7 days (42.2 days) on a rolling 12-month basis at the end of the first quarter.

	<b>1-3/23</b>	<b>1-3/22</b>	<b>10-12/22</b>	<b>2022</b>
EBITDA	463	916	748	3,048
Capital gains/losses	0	-5	0	0
Other adjustments	180	-209	-304	-55
Change in net working capital	-209	-1,308	601	-1,357
Finance cost, net	-23	-13	-8	-42
Income taxes paid	-34	-21	-298	-398
Net cash generated from operating activities	377	-639	740	1,197
Capital expenditure	-550	-195	-446	-1,757
Other investing activities	71	-125	302	170
Free cash flow (Cash flow before financing activities)	-102	-960	596	-390

Cash-out investments excluding M&A were EUR 374 million (195 million), and totaled EUR 550 million (196 million) including M&A in the first quarter of 2023. Maintenance investments accounted for EUR 67 million (51 million) and productivity and strategic investments for EUR 484 million (144 million). Renewable Products' investments were EUR 506 million (154 million), mainly related to the refinery capacity expansion projects. Oil Products' investments amounted to EUR 35 million (23 million), and Marketing & Services' investments totaled EUR 3 million (6 million). Investments in the Others segment were EUR 7 million (14 million).

Interest-bearing net debt was EUR 1,736 million at the end of March 2023, compared to EUR 1,344 million at the end of 2022. The average interest rate of borrowing at the end of March was 3.1% (1.1%) and the average maturity was 4.6 (3.2) years. At the end of the first quarter the Net debt to EBITDA ratio was 0.7 (0.3) over the last 12 months.

In order to support further business growth, Neste established a Euro Medium Term Note (EMTN) program and subsequently completed two green EUR 500 million bond issues under the program. These were the first transactions as a rated A3 issuer. The bonds have maturities of 2029 and 2033 and pay a fixed coupon of 3.875 per cent and 4.250 per cent respectively. Neste also completed a tender offer for the bond maturing in 2024 and agreed to buy back EUR 198.8 million in aggregate nominal amount of notes.

The leverage ratio was 18.7% at the end of March (31 Dec 2022: 13.9%). The Group's strong financial position enables implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 3,347 million at the end of March (31 Dec 2022: 2,871 million). The increase in liquid funds was due to the financing arrangements executed during the first quarter. There are no financial covenants in the Group companies' current loan agreements.

In accordance with the hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of March the Group's foreign currency hedging ratio was approx. 55% of the sales margin for the next 12 months.

#### US dollar exchange rate

	1-3/23	1-3/22	10-12/22	2022
EUR/USD, market rate	1.07	1.12	1.02	1.05
EUR/USD, effective rate*	1.05	1.18	1.07	1.11

\* The effective rate includes the impact of currency hedges

## Segment reviews

Neste's businesses are grouped into four reporting segments: Renewable Products, Oil Products, Marketing & Services and Others.

### Renewable Products

#### Key financials

	1-3/23	1-3/22	10-12/22	2022
Revenue, MEUR	1,842	2,176	2,597	9,905
EBITDA, MEUR	124	546	536	1,328
Comparable EBITDA, MEUR	415	419	415	1,762
Operating profit	36	485	468	1,046
Net assets, MEUR	7,411	5,526	6,433	6,433
Return on net assets*, %	9.7	38.8	18.6	18.6
Comparable return on net assets*, %	23.8	28.1	26.6	26.6
Comparable sales margin, USD/ton**	945	783	755	779

\* Last 12 months

\*\* Calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated



Variance analysis (comparison to corresponding period), MEUR

1-3

Comparable EBITDA, 2022	419
Sales volumes	-65
Sales margin	104
Currency exchange	25
Fixed costs	-68
Others	0
Comparable EBITDA, 2023	415

Key drivers

	1-3/23	1-3/22	10-12/22	2022
Biomass-based diesel (D4) RIN, USD/gal	1.66	1.52	1.82	1.69
California LCFS Credit, USD/ton	66	139	66	99
Palm oil price*, USD/ton	904	1,362	838	1,116
Waste and residues' share of total feedstock, %	96	95	96	95

\* CPO BMD 3<sup>rd</sup>, Crude Palm Oil Bursa Malaysia Derivatives 3<sup>rd</sup> month futures price

Renewable Products' first quarter comparable EBITDA totaled EUR 415 million, compared to EUR 419 million in the first quarter of 2022. The comparable sales margin was exceptionally strong and averaged USD 945/ton. This outstanding margin level reflects the favorable waste and residue market situation and optimization of the full value chain. Margin hedging did not have a material impact on the first-quarter margin. Also, utility costs were more favorable compared to the high levels of previous quarters. The higher sales margin had a positive impact of EUR 104 million on the comparable EBITDA compared to the same period last year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 73 million (EUR 71 million). Our renewable diesel and SAF sales volume was 660,000 tons, below the level year-over-year and impacted by the fire in Rotterdam in late December 2022. During the first quarter approx. 65% (68%) of the renewable diesel and SAF volumes were sold to the European market and 35% (32%) to North America. The share of 100% renewable diesel delivered to end-users was 31% (27%). Our renewable diesel production facilities had an average utilization rate of 93% (104%) during the quarter. The proportion of waste and residue inputs was very high 96% (95%) and showed continued progress in the implementation of our feedstock strategy. A stronger US dollar had a positive impact of EUR 25 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 68 million higher than in the corresponding period of 2022 as we continued to build up our organization to prepare for future growth. Renewable Products' comparable return on net assets was 23.8% (28.1%) at the end of March based on the previous 12 months.

Vegetable oil prices were decreasing driven by rapeseed oil and sunflower oil prices while palm oil price was supported by strong fundamentals. US waste and residue feedstock prices were decreasing which was largely driven by the lower than expected demand for local production. Animal fat prices decreased in the main market areas both due to the slowing economy and decreasing vegetable oil prices. Waste and residue feedstock prices on average showed a larger drop than in vegetable oils. D4 RIN fell in response to weakening soybean oil premium over heating oil despite soy methyl ester margins remaining healthy. The California Low Carbon Fuel Standard (LCFS) credit price started to recover towards the end of the quarter in response to weakening D4 RIN and market expectations towards California Air Resources Board (CARB) to possibly increase CO2 reduction targets.

Production	1-3/23	1-3/22	10-12/22	2022
Renewable Diesel, 1,000 ton	747	815	572	2,831
SAF, 1,000 ton	42	43	44	158
Other products, 1,000 ton	64	73	57	249
Utilization rate*	93	104	75	91

\* Based on nominal capacity of 3.3 Mton/a for RD and SAF

Sales	1-3/23	1-3/22	10-12/22	2022
Renewable Diesel, 1,000 ton	638	740	741	2,927
SAF, 1,000 ton	23	7	39	105
Other products, 1,000 ton	17	22	29	95
Share of RD & SAF sales volumes to Europe, %	65	68	65	67
Share of RD & SAF sales volumes to North America, %	35	32	35	33

## Oil Products

Key financials	1-3/23	1-3/22	10-12/22	2022
Revenue, MEUR	3,174	3,019	3,657	14,596
EBITDA, MEUR	317	348	184	1,619
Comparable EBITDA, MEUR	393	137	450	1,654
Operating profit	246	275	111	1,337
Net assets, MEUR	2,435	2,828	2,652	2,652
Return on net assets*, %	44.4	21.4	46.6	46.6
Comparable return on net assets*, %	55.5	6.0	48.0	48.0
Total refining margin, USD/bbl	21.80	10.28	23.45	23.42

\* Last 12 months.

Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable EBITDA, 2022	137
Sales volumes	27
Total refining margin	251
Currency exchange	8
Fixed costs	-13
Others	-17
Comparable EBITDA, 2023	393

Oil Products' comparable EBITDA totaled EUR 393 million (137 million) in the first quarter. The total refining margin was supported by high product margins, and more normalized natural gas and electricity prices. The total refining margin averaged USD 21.8/bbl compared to USD 10.3/bbl in the first quarter of 2022, which had a positive impact of EUR 251 million on the comparable EBITDA year-on-year. Sales volumes increased compared to the first quarter of 2022. A stronger US dollar had a positive impact of EUR 8 million on the

comparable EBITDA compared to the same period last year. Also, compared to the first quarter previous year, the divestment of the Base Oils business had an impact on comparable EBITDA. Oil Products' comparable return on net assets was 55.5% (6.0%) at the end of March over the previous 12 months.

The average refinery utilization rate was 81% (92%), which reflects some unit maintenance work in Porvoo.

Crude oil prices were volatile during the first quarter and were moving in a range between USD 72-88/bbl, reflecting the changing macro economic outlook and investor sentiment. Prices fell late March to USD 72/bbl as markets were starting to price in a clearly weaker demand outlook.

Key utility prices were clearly lower compared to the fourth quarter. In Europe mild winter weather was driving lower heating demand and many industries were limiting use of natural gas in Europe which kept European natural gas inventories at seasonally high levels. Mild and windy weather also drove electricity prices down in Finland. Overall the utility prices were still significantly above long term averages which affected the refining economics.

Overall, the refining margin landscape was volatile during the first quarter but key product margins were at healthy levels. Diesel margin was high during January but came clearly down in spite of the introduction of the Russian oil product sanctions in February. Mild weather and weakening diesel demand outlook due to the economic weakness had also a material impact on the margins. Opposite to diesel, the gasoline margin was supported by the sanctions as availability of gasoline feedstocks (VGO and naphtha) weakened. Demand for gasoline in the US was healthy despite the weakening economic outlook. This resulted in low inventories and supporting European gasoline margins. French refinery and port strikes during March impacted product flows and supported gasoline margin but caused diesel cargoes to reroute to other European markets which pressured the diesel margin. On average, diesel was the strongest part of the barrel.

Production	1-3/23	1-3/22	10-12/22	2022
Refinery				
- Production, 1,000 ton	2,730	2,843	2,613	11,176
- Utilization rate, %	81	92	78	85
Refinery production costs, USD/bbl	7.5	7.5	8.8	7.5

Sales from in-house production, by product category (1,000 t)

	1-3/23	%	1-3/22	%	10-12/22	%	2022	%
Middle distillates*	1,390	46	1,270	49	1,332	44	5,403	48
Light distillates**	1,122	37	1,047	40	1,166	38	4,438	39
Heavy fuel oil	371	12	109	4	407	13	930	8
Base oils	60	2	116	4	53	2	296	3
Other products	81	3	78	3	80	3	244	2
<b>TOTAL</b>	<b>3,024</b>	<b>100</b>	<b>2,619</b>	<b>100</b>	<b>3,039</b>	<b>100</b>	<b>11,310</b>	<b>100</b>

\* Diesel, jet fuel, heating oil, low sulphur marine fuels

\*\* Motor gasoline, gasoline components, LPG

## Sales from in-house production, by market area (1,000 t)

	1-3/23	%	1-3/22	%	10-12/22	%	2022	%
Baltic Sea area*	1,786	59	1,544	59	1,819	60	6,843	61
Other Europe	842	28	704	27	775	25	2,897	26
North America	179	6	320	12	231	8	943	8
Other areas	217	7	51	2	215	7	627	6

\* Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Denmark

## Marketing &amp; Services

## Key financials

	1-3/23	1-3/22	10-12/22	2022
Revenue, MEUR	1,290	1,229	1,561	5,876
EBITDA, MEUR	23	33	21	127
Comparable EBITDA, MEUR	23	32	21	126
Operating profit	16	26	13	98
Net assets, MEUR	268	234	227	227
Return on net assets*, %	35.2	38.4	40.8	40.8
Comparable return on net assets*, %	35.0	39.5	40.5	40.5

\* Last 12 months

## Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable EBITDA, 2022	32
Sales volumes	0
Unit margins	-6
Currency exchange	0
Fixed costs	-5
Others	1
Comparable EBITDA, 2023	23

Marketing & Services' comparable EBITDA was EUR 23 million (32 million) in the first quarter. The road transportation and aviation fuel sales volumes increased slightly year-on-year, despite heavy transportation showing signs of slowing down due to the macroeconomic outlook. Heating oil demand decreased slightly compared to the first quarter in the previous year due to warm weather and lower sales to the energy sector. The sales volumes in total were at the same level year-over-year. Our unit margins were impacted by inventory losses caused by the declining oil product prices, while prior year margins were supported significantly by inventory profit. Lower unit margins had a negative impact of EUR -6 million on the comparable EBITDA compared to the same period last year. The segment's fixed costs were EUR 5 million higher year-on-year, driven by high inflation, especially in the Baltic countries. Marketing & Services' comparable return on net assets was 35.0% (39.5%) at the end of March on a rolling 12-month basis.

Sales volumes by main product categories, million liters

	1-3/23	1-3/22	10-12/22	2022
Gasoline station sales	138	130	149	600
Diesel station sales	391	388	414	1,620
Heating oil	211	221	293	907

Net sales by market area, MEUR

	1-3/23	1-3/22	10-12/22	2022
Finland	1,051	954	1,236	4,601
Baltic countries	239	275	326	1,275

## Others

Key financials

	1-3/23	1-3/22	10-12/22	2022
Comparable EBITDA, MEUR	2	-1	4	-4
Operating profit, MEUR	-10	-13	-7	-70

The Others segment consists of Neste's Engineering Solutions and common corporate costs. The comparable EBITDA of the Others segment totaled EUR 2 million (-1 million) in the first quarter.

## Annual General Meeting

Neste Corporation's Annual General Meeting (AGM) was held on 28 March 2023 in Helsinki. The AGM supported all the proposals presented to the meeting and approved the remuneration report. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2022 and discharged the Board of Directors and the President & CEOs from liability for 2022.

### First dividend installment of EUR 0.76 per share and second installment of EUR 0.76 per share at the maximum

The AGM approved the Board of Directors' proposal that an ordinary dividend of EUR 1.02 per share will be paid on the basis of the approved balance sheet for 2022 plus an extraordinary dividend of EUR 0.25 per share, i.e., EUR 1.27 per share in total. The ordinary dividend shall be paid in two installments. In addition, in accordance with the proposal by the Board of Directors, the AGM authorized the Board to decide, in its discretion, on the payment of a second extraordinary dividend of EUR 0.25 per share, by 31 October 2023. The Board expects that this discretionary second extraordinary dividend will be paid, unless there is a significant deterioration in the business environment during 2023.

The first installment of the ordinary dividend, EUR 0.51 per share, and the extraordinary dividend of EUR 0.25 per share, i.e., altogether EUR 0.76 per share, was paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the dividend payment, which was 30



March 2023. The first installment of the ordinary dividend and the extraordinary dividend was paid on 6 April 2023.

The second installment of the ordinary dividend, EUR 0.51 per share, will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the second installment of the ordinary dividend, which shall be 29 September 2023. The second installment of the ordinary dividend will be paid on 6 October 2023. The Board of Directors was authorized to set a new dividend record date and payment date for the second installment of the ordinary dividend, in case the rules and regulations on the Finnish book-entry system would be changed, or otherwise so require.

The Board noted to the AGM that if the Board decides to pay the second extraordinary dividend by virtue of the authorization, the intention of the Board is to set the record date and payment date for the second extraordinary dividend payable on the basis of the authorization so that the dates are the same as for the second installment of the ordinary dividend.

### **Composition and remuneration of the Board of Directors**

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the number of members of the Board of Directors at nine.

The AGM decided that the following were re-elected to serve until the end of the next AGM: Matti Kähkönen, John Abbott, Nick Elmslie, Just Jansz, Jari Rosendal, Eeva Sipilä and Johanna Söderström. Heikki Malinen and Kimmo Viertola were elected as new members.

Matti Kähkönen was re-elected as Chair and Eeva Sipilä was elected as Vice Chair. Board member introductions can be found at the company's web site.

The AGM decided on the remuneration to the Board for the term starting at the end of the 2023 AGM and ending at the end of the 2024 AGM as follows:

- Chair: EUR 95,000
- Vice Chair: EUR 60,000
- Chair of Audit Committee: EUR 60,000 if he or she does not simultaneously act as Chair or Vice Chair of the Board
- Member: EUR 45,000

The AGM decided on the remuneration for committee work as follows:

- other members of the Audit Committee than its Chair will, for such position, be paid EUR 5,000
- the Chair of the Personnel and Remuneration Committee will, for such position, be paid EUR 6,000, and its members will, for such position, be paid EUR 2,500
- the Chair of another committee established based on Board decision will, for such position, be paid EUR 6,000, and its members will, for such position, be paid EUR 2,500.

The AGM decided on the remuneration for participation in Board or committee meetings:

- EUR 1,000 for meetings held in the member's home country;
- EUR 2,000 for meetings held in the same continent as the member's home country; and
- EUR 3,000 for meetings held outside the same continent as the member's home country.

- The meeting fee for meetings held over the telephone or through other means of data communication is paid according to the fee payable for meetings held in each member's home country.
- In addition, compensation for expenses is paid in accordance with the Company's travel guidelines.

The AGM decided that a portion of 40% of the fixed annual fee will be paid in the form of shares and the remainder in cash. Committee and meeting fees will be paid in cash. The shares will be purchased directly on behalf of the Board members within two weeks as of the first trading day of the Helsinki Stock Exchange following the publication of the interim report for the period 1 January to 31 March 2023. If the shares are not purchased and/or delivered based on a reason pertaining to the Company or the Board member, the fee will be in cash in its entirety. The Company is responsible for any transfer tax potentially levied on the purchase.

### **Company Auditor**

In accordance with a proposal by the Board of Directors, KPMG Oy Ab, Authorized Public Accountants, were re-elected as the company's Auditor, with Authorized Public Accountant Leenakaisa Winberg as the principally responsible auditor for Neste Corporation, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

### **Authorizing the Board of Directors to decide the buyback of Company shares**

The AGM approved the authorization, under which the Board is authorized to decide the purchase of and/or take as security a maximum of 23,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 2.99% of the Company's total shares.

Shares may be purchased in one or more lots. The purchase price shall be at least the lowest price paid for Company shares in regulated trading at the time of purchase and no more than the highest price paid for Company shares in regulated trading at the time of purchase. In connection with the buyback of Company shares, derivative, share lending, or other agreements that are normal within the framework of capital markets may take place in accordance with legislative and regulatory requirements and at a price determined by the market. The authorization shall allow the Board to decide to purchase shares otherwise than in proportion to shareholders' current holdings (directed buyback).

Shares so purchased can be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program, or be retained, conveyed, or canceled by the Company.

The Board of Directors shall decide the other terms related to the buyback of Company shares. The buyback authorization shall remain in force for eighteen (18) months from the decision taken by the AGM. The authorization shall revoke the buyback authorization granted to the Board of Directors by the AGM on 30 March 2022.

### **Authorizing the Board of Directors to decide on share issue**

The AGM approved the authorization, under which the Board is authorized to take one or more decisions on the issuance of new shares and/or the conveyance of treasury shares held by the Company, provided that the number of shares thereby issued and/or conveyed totals a maximum of 23,000,000 shares, equivalent to approximately 2.99% of all the Company's shares.

The new shares may be issued and/or the treasury shares held by the Company may be conveyed to the Company's shareholders in proportion to the shares they already own or through a directed share issue that

bypasses shareholders' pre-emptive rights if the Company has a weighty financial reason for doing so, such as using the shares in question as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, or as part of the Company's incentive program.

The new shares may be issued and/or the treasury shares held by the Company may be conveyed against payment or free of charge. A directed share issue may only be made free of charge if there is a particularly weighty financial reason, in respect of the Company's interests and those of all of its shareholders, for doing so. The new shares may also be issued free of charge to the Company itself.

The Board shall decide on other terms and conditions of share issue. The authorization shall remain in force for eighteen (18) months from the decision taken by the AGM. The authorization shall revoke the authorization granted by the AGM on 18 May 2020 to the Board to decide on share issue.

### **Amendment of Sections 3 and 10 of the Articles of Association**

The AGM approved the Board's proposal to amend the Company's Articles of Association as follows:

Following a technical amendment to Article 3, it will in its entirety read as follows:

*"3 § Book-entry Securities System*

*The Company's shares are included in the book-entry securities system."*

The following amendments to Article 10 ("Notice of a General Meeting of Shareholders"), the heading of Article 10 will in its entirety read as follows:

*"10 § Notice of a General Meeting of Shareholders, registration for the General Meeting of Shareholders, and venue of the General Meeting of Shareholders"*

Further, the third paragraph of Article 10 will in its entirety read as follows, while Article 10 will otherwise remain unchanged:

*"The General Meetings of Shareholders shall be held in Espoo, Helsinki, or Vantaa. However, the Board of Directors may decide that the General Meeting of Shareholders will be held without a meeting venue so that shareholders exercise their decision-making power during the meeting in full in real time using telecommunication connections and technical means (remote meeting)."*

## **Shares, share trading, and ownership**

Neste's shares are listed at Nasdaq Helsinki Ltd. The share price closed the quarter at EUR 45.43, up by 5.6% compared to the end of 2022. At its highest during the quarter, the share price reached EUR 48.50, while the lowest price was EUR 41.14. Market capitalization was EUR 34.9 billion as of 31 March 2023. An average of 0.9 million shares were traded daily, representing 0.1% of the company's shares.

At the end of March 2023, Neste held 1,015,578 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058. As resolved by the AGM held

on 30 March 2022, the Board of Directors was authorized to decide the purchase of and/or take as security a maximum of 23,000,000 Company shares using the Company's unrestricted equity.

The Board of Directors has authorizations to issue and buy back shares, as decided by the AGM held on 28 March 2023.

As of 31 March 2023, the State of Finland owned directly 35.9% (35.9% at the end of 2022) of outstanding shares, foreign institutions 39.2% (38.2%), Finnish institutions 17.2% (17.7%), and households 7.7% (7.8%).

## Personnel

Neste employed an average of 5,673 (4,939) employees in the first quarter, of which 1,995 (1,528) were based outside Finland. At the end of March, the company had 5,824 employees (5,002), of which 2,088 (1,566) were located outside Finland.

## Environmental, Social and Governance (ESG)

### Key figures

	1-3/23	1-3/22	2022
TRIF*	1.9	2.6	2.0
PSER**	1.0	3.3	1.4
GHG reduction, Mton***	2.4	2.6	11.1

\* Total Recordable Incident Frequency, number of cases per million hours worked. Includes both Neste's and contractors' personnel.

\*\* Process Safety Event Rate, number of cases per million hours worked.

\*\*\* Annual greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022.

Neste continues to measure and report TRIF (Total Recordable Incident Frequency) and PSER (Process Safety Event Rate) as the company's primary safety key performance indicators (KPIs). This year the new organizational units in the US, for example Mahoney Environmental, are included in the KPIs while in 2022 they were reported separately due to the ongoing integration process. Therefore the figures are not directly comparable to the previous years. Some of the new US organizations will need longer term focus to reach the targeted safety levels and comprehensive safety improvement programs have been defined.

Neste's occupational safety incident frequency, measured by the key TRIF indicator, improved during the first quarter compared to last year's level and was within the set target level (2.0) including the new US organizations. PSER, the main indicator for process safety incidents, improved during the first quarter compared to last year's level and was within the set target level (1.4) including the new US organizations.

Strong focus on improving safety performance and culture continues, both at Neste group level as well as at business unit level. The focus areas continue to be leadership, competence improvement, contractor safety, process safety, effective learning from incidents, and integration of new activities in the Neste safety management practices. Activities include both short term improvements based on the recent performance as well as long term initiatives. During the first quarter, one of the focus areas was to carry out team safety discussions in all teams across the company with concrete actions to improve safety.

Neste produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the first quarter of 2023 this GHG reduction was 2.4 million tons (2.6 million tons).

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the first quarter of 2023. A total of 1 (0) minor non-compliance cases occurred at Neste's operations with limited local environmental impact only. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

In January Neste was ranked among the most sustainable companies in the world on the Global 100 list for the 17th consecutive time. Neste placed 29th in the index and the first among its industry peers. Neste has been included in the index for longer than any other energy company in the world. Neste was assessed under the Energy sector with 413 companies and was ranked best in the sector.

In March Neste Corporation issued a EUR 500 million green bond with 6-year maturity and a EUR 500 million green bond with 10-year maturity. The proceeds from the issues will be applied for Eligible Projects and Assets as set out in Neste Corporation's Green Finance Framework.

Read more about the topics on [Neste's website](#).

## Main events published during the first quarter

On 13 January, Neste announced that it had completed the acquisition of a used cooking oil collection and aggregation business from Crimson Renewable Energy in the United States. In November 2022, Neste [announced](#) that it would acquire the UCO collection and aggregation business and related assets on the US West Coast from Crimson Renewable Energy Holdings, LLC. The acquisition has been approved by regulatory authorities, and the transaction has been closed.

On 27 January, Neste announced that the Shareholders' Nomination Board had forwarded to the Board of Directors of the Company its proposals to the 2023 AGM. The Nomination Board proposed that Matti Kähkönen be re-elected as the Chair of the Board of Directors. In addition, the current members of the Board, John Abbott, Nick Elmslie, Martina Flöel, Just Jansz, Jari Rosendal, Eeva Sipilä and Johanna Söderström were proposed to be re-elected for a further term of office. The Nomination Board proposes that Eeva Sipilä shall be elected as the Vice Chair of the Board. Further, the Nomination Board proposes that the Board shall have ten members and that Heikki Malinen and Kimmo Viertola shall be elected as new members.

On 6 March, Neste announced that it has established a EUR 2,500,000,000 Euro Medium Term Note (EMTN) programme following approval by the Central Bank of Ireland of the related base prospectus. The net proceeds from notes issued under the EMTN programme will be applied for general corporate purposes or, in the case of Green Bonds, an amount equal to the net proceeds will be applied for Eligible Projects and Assets as set out in Neste's Green Finance Framework.

On 6 March, Neste announced that it invites the holders of the EUR 400,000,000 1.50 per cent notes due June 2024 issued by the Company, to tender their Notes for cash on the terms and conditions set out in the tender offer memorandum dated 6 March 2023. The Company proposed to accept for purchase in the Tender Offer Notes up to an aggregate nominal amount of EUR 200,000,000 validly tendered. The Company also announced its intention to issue new euro-denominated fixed rate notes.



On 9 March, Neste announced that it issues a EUR 500 million green bond with 6-year maturity and a EUR 500 million green bond with 10-year maturity under its EMTN programme established on 6 March, and will pay a fixed coupon of 3.875 per cent and 4.250 per cent, respectively. Neste applied for the listing of the bonds on Euronext Dublin.

On 10 March, Neste announced that Ms. Martina Flöel, a member of the Board of Directors of Neste Corporation, had announced that she will not be available for re-election in the 2023 AGM. The reason for this is a potential conflict of interest relating to Flöel's other engagements which has arisen after the proposal by Neste's Shareholders' Nomination Board. Following Flöel's announcement, the Nomination Board decided to propose that the Board shall have nine members and to keep the proposal published on 27 January valid in all other respects.

On 14 March, Neste announced the final results of the invitation to the holders of its EUR 400,000,000 1.50 per cent. notes due June 2024 to tender their Notes for cash on the terms and conditions set out in the tender offer memorandum dated 6 March 2023. The Company announced that it will accept for purchase EUR 198,800,000 in aggregate nominal amount of the Notes pursuant to the Tender Offer.

## Events published after the reporting period

On 5 April 2023, Neste announced that Mr Thorsten Lange, Executive Vice President, Renewable Aviation since January 2020, steps down as a member of the Executive Committee and leaves the company. The search for his successor has been initiated. Mr Sami Jauhiainen, Vice President, Renewable Aviation, APAC, will take the lead in the Renewable Aviation business on an interim basis. Mr Jauhiainen will not be a member of the Executive Committee, but will report directly to the President and CEO Matti Lehmus.

## Potential risks

Despite recent signs of improvement, the overall market and economic outlook remains fragile with exceptional inflation in Europe and the US, high interest rates, trade tensions, concerns about financial vulnerabilities and high uncertainty generated by the war in Ukraine. Neste's growth and financial performance may be impacted by the general macroeconomic and political uncertainties. In addition, regulatory changes on the European Union or individual member state level or in the US may adversely affect Neste's profitability and growth prospects.

Headline inflation has started declining but still remains elevated. The exceptionally high inflation could have negative impacts on the business environment. Demand for fossil and renewable end products could change as a result of higher prices and additional regulatory measures that relate to the share of renewables in transportation fuels. Inflation could also increase the operating costs and costs of ongoing capital investments that relate to sourcing of feedstock, utilities, labor, services, equipment and materials.

The continuing war in Ukraine has intensified geopolitical risks that could have material impact on the global and European energy markets. The war may result in further trade sanctions, impact supply chains and impact market demand and supply conditions. It could also create further pressure on the prices of feedstock, materials, services and utilities and contribute to the energy crisis, especially in Europe.

Other risks potentially affecting Neste's financial results in the next 12 months include regulatory risks, changes in market prices and competitive situation, counterparty risks, any scheduled or unexpected shutdowns at Neste's refineries, potential strikes, cyber and IT related risks and outcome of legal proceedings.

For more detailed information on Neste's risks and risk management, please refer to the Annual Report and the Notes to the Financial Statements.

## Reporting date for the company's Half Year 2023 results

Neste will publish its Half Year Financial Report on 27 July 2023 at approximately 9:00 a.m. EET.

Espoo, 27 April 2023

Neste Corporation  
Board of Directors

### Further information:

Matti Lehmus, President and CEO, tel. +358 10 458 11  
Martti Ala-Härkönen, CFO, tel. +358 40 737 6633  
Investor Relations, tel. +358 50 458 8436

### Conference call

A conference call in English for investors and analysts will be held on 28 April 2023, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. In order to receive the participant dial in numbers and a unique personal PIN, participants are requested to register using this link:

<https://register.vevent.com/register/B195c9b96201814674a64b323be8894306>. The conference call can also be followed [as a webcast](#).

The preceding information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Corporation's or its businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

**NESTE GROUP**  
**JANUARY - MARCH 2023**  
*The interim report is unaudited*

**FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF INCOME**

EUR million	Note	1-3/2023	1-3/2022	1-12/2022	Last 12 months
<b>Revenue</b>	3, 4	<b>5,298</b>	5,523	25,707	25,483
Other income		11	12	54	53
Share of profit (loss) of associates and joint ventures	8	2	1	2	4
Materials and services		-4,537	-4,392	-21,648	-21,792
Employee benefit costs		-152	-121	-545	-576
Depreciation, amortization and impairments	4	-178	-153	-638	-662
Other expenses		-159	-105	-522	-576
<b>Operating profit</b>	4	<b>285</b>	762	2,410	1,933
<b>Financial income and expenses</b>					
Financial income		8	1	9	16
Financial expenses		-22	-12	-60	-70
Exchange rate and fair value gains and losses		5	-16	-80	-59
<b>Total financial income and expenses</b>		<b>-9</b>	-27	-131	-113
<b>Profit before income taxes</b>		<b>276</b>	736	2,279	1,819
Income tax expense		-38	-96	-388	-330
<b>Profit for the period</b>		<b>238</b>	640	1,891	1,489
<b>Profit attributable to:</b>					
Owners of the parent		237	638	1,888	1,486
Non-controlling interests		1	1	3	3
		<b>238</b>	640	1,891	1,489
<b>Earnings per share from profit attributable to the owners of the parent (in euro per share)</b>					
Basic earnings per share		0.31	0.83	2.46	1.93
Diluted earnings per share		0.31	0.83	2.46	1.93

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	1-3/2023	1-3/2022	1-12/2022	Last 12 months
<b>Profit for the period</b>	<b>238</b>	640	1,891	1,489
<b>Other comprehensive income net of tax:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements on defined benefit plans	9	8	18	19
Net change of other investments at fair value	-3	0	-5	-8
Total	6	8	13	11
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences	-39	7	-56	-102
Cash flow hedges				
recorded in equity	35	-28	19	81
transferred to income statement	-22	23	90	45
Share of other comprehensive income of investments accounted for using the equity method	0	6	17	10
Total	-26	9	70	35
<b>Other comprehensive income for the period, net of tax</b>	<b>-20</b>	17	82	46
<b>Total comprehensive income for the period</b>	<b>218</b>	656	1,973	1,535
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	217	655	1,970	1,532
Non-controlling interests	1	1	3	3
	<b>218</b>	656	1,973	1,535

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	7	706	535	570
Property, plant and equipment	7	7,017	5,228	6,570
Investments in associates and joint ventures	8	64	65	63
Non-current receivables	10	114	65	103
Deferred tax assets		78	53	59
Derivative financial instruments	10	4	18	5
Other financial assets	10	40	48	44
<b>Total non-current assets</b>		<b>8,024</b>	<b>6,012</b>	<b>7,413</b>
<b>Current assets</b>				
Inventories		3,812	3,807	3,648
Trade and other receivables		1,740	2,078	2,178
Derivative financial instruments	10	356	696	406
Current investments		0	155	0
Cash and cash equivalents	10	1,747	806	1,271
<b>Total current assets</b>		<b>7,655</b>	<b>7,542</b>	<b>7,504</b>
<b>Assets classified as held for sale</b>		<b>0</b>	<b>186</b>	<b>0</b>
<b>Total assets</b>	4	<b>15,679</b>	<b>13,740</b>	<b>14,917</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the owners of the parent</b>				
Share capital		40	40	40
Other equity		7,521	6,963	8,282
<b>Total</b>		<b>7,561</b>	<b>7,003</b>	<b>8,322</b>
<b>Non-controlling interests</b>		<b>6</b>	<b>5</b>	<b>5</b>
<b>Total equity</b>		<b>7,566</b>	<b>7,008</b>	<b>8,327</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing liabilities	10	2,965	1,380	1,964
Deferred tax liabilities		339	293	336
Provisions		229	231	200
Pension liabilities		108	137	119
Derivative financial instruments	10	14	0	12
Other non-current liabilities		26	44	43
<b>Total non-current liabilities</b>		<b>3,680</b>	<b>2,086</b>	<b>2,674</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	10	518	533	651
Current tax liabilities		50	99	43
Derivative financial instruments	10	299	409	200
Trade and other payables		3,565	3,590	3,022
<b>Total current liabilities</b>		<b>4,432</b>	<b>4,632</b>	<b>3,916</b>
<b>Liabilities related to assets held for sale</b>		<b>0</b>	<b>14</b>	<b>0</b>
<b>Total liabilities</b>	4	<b>8,112</b>	<b>6,732</b>	<b>6,590</b>
<b>Total equity and liabilities</b>		<b>15,679</b>	<b>13,740</b>	<b>14,917</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

<b>EUR million</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>1-12/2022</b>
<b>Cash flows from operating activities</b>			
Profit before income taxes	276	736	2,279
Adjustments, total	367	-33	715
Change in net working capital	-209	-1,308	-1,357
<b>Cash generated from operations</b>	<b>434</b>	<b>-606</b>	<b>1,637</b>
Finance cost, net	-23	-13	-42
Income taxes paid	-34	-21	-398
<b>Net cash generated from operating activities</b>	<b>377</b>	<b>-639</b>	<b>1,197</b>
<b>Cash flows from investing activities</b>			
Capital expenditure	-374	-195	-1,743
Acquisitions of subsidiaries	-176	0	-14
Proceeds from sales of subsidiaries, joint arrangements and other business operations	0	6	157
Proceeds from capital repayments in joint arrangements	0	0	13
Proceeds from sales of property, plant and equipment	0	10	30
Changes in long-term receivables and other investments	71	-141	-31
<b>Cash flows from investing activities</b>	<b>-479</b>	<b>-321</b>	<b>-1,588</b>
<b>Cash flow before financing activities</b>	<b>-102</b>	<b>-960</b>	<b>-390</b>
<b>Cash flows from financing activities</b>			
Net change in loans and other financing activities	582	88	595
Dividends paid to the owners of the parent	0	0	-630
Dividends paid to non-controlling interests	0	0	-2
<b>Cash flows from financing activities</b>	<b>582</b>	<b>88</b>	<b>-37</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>480</b>	<b>-871</b>	<b>-427</b>
Cash and cash equivalents at the beginning of the period	1,271	1,696	1,696
Exchange gains (+) / losses (-) on cash and cash equivalents	-4	3	3
<b>Cash and cash equivalents at the end of the period</b>	<b>1,747</b>	<b>827</b>	<b>1,271</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
<b>Total equity at 1 Jan 2023</b>	<b>40</b>	<b>7</b>	<b>16</b>	<b>-5</b>	<b>98</b>	<b>-78</b>	<b>-66</b>	<b>8,309</b>	<b>8,322</b>	<b>5</b>	<b>8,327</b>
Profit for the period								237	237	1	238
Other comprehensive income for the period, net of tax					10	9	-37		-18	0	-18
Total comprehensive income for the period	0	0	0	0	10	9	-37	237	219	1	220
Transactions with the owners in their capacity as owners											
Dividend decision								-975	-975	0	-975
Share-based compensation				1				-3	-3		-3
Transfer from retained earnings		0					0	-2	-2		-2
<b>Total equity at 31 Mar 2023</b>	<b>40</b>	<b>7</b>	<b>16</b>	<b>-5</b>	<b>108</b>	<b>-69</b>	<b>-103</b>	<b>7,565</b>	<b>7,560</b>	<b>6</b>	<b>7,566</b>

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
<b>Total equity at 1 Jan 2022</b>	<b>40</b>	<b>19</b>	<b>16</b>	<b>-6</b>	<b>-22</b>	<b>-96</b>	<b>-10</b>	<b>7,040</b>	<b>6,981</b>	<b>4</b>	<b>6,985</b>
Profit for the period								638	638	1	640
Other comprehensive income for the period, net of tax					1	8	7		17	0	17
Total comprehensive income for the period	0	0	0	0	1	8	7	638	655	1	656
Transactions with the owners in their capacity as owners											
Dividend decision								-630	-630	0	-630
Share-based compensation				1				-5	-4		-4
Transfer from retained earnings		0					0		0		0
<b>Total equity at 31 Mar 2022</b>	<b>40</b>	<b>19</b>	<b>16</b>	<b>-5</b>	<b>-20</b>	<b>-88</b>	<b>-3</b>	<b>7,043</b>	<b>7,003</b>	<b>5</b>	<b>7,008</b>

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
<b>Total equity at 1 Jan 2022</b>	<b>40</b>	<b>19</b>	<b>16</b>	<b>-6</b>	<b>-22</b>	<b>-96</b>	<b>-10</b>	<b>7,040</b>	<b>6,981</b>	<b>4</b>	<b>6,985</b>
Profit for the period								1,888	1,888	3	1,891
Other comprehensive income for the period, net of tax					120	18	-56		82	0	82
Total comprehensive income for the period	0	0	0	0	120	18	-56	1,888	1,970	3	1,973
Transactions with the owners in their capacity as owners											
Dividend decision								-630	-630	-2	-632
Share-based compensation				1				-1	0		0
Transfer from retained earnings		-12					0	12	0		0
<b>Total equity at 31 Dec 2022</b>	<b>40</b>	<b>7</b>	<b>16</b>	<b>-5</b>	<b>98</b>	<b>-78</b>	<b>-66</b>	<b>8,309</b>	<b>8,322</b>	<b>5</b>	<b>8,327</b>

## KEY FIGURES

	31 Mar 2023	31 Mar 2022	31 Dec 2022	Last 12 months
Revenue	5,298	5,523	25,707	25,483
Profit for the period	238	640	1,891	1,489
Earnings per share (EPS), EUR	0.31	0.83	2.46	1.93
<b>Alternative performance measures</b>				
EBITDA, EUR million	463	916	3,048	2,595
Comparable EBITDA, EUR million	830	578	3,537	3,789
Capital employed, EUR million	11,049	8,921	10,942	-
Interest-bearing net debt, EUR million	1,736	952	1,344	-
Capital expenditure and investment in shares, EUR million	799	254	2,218	2,764
Comparable return on average capital employed, after tax, (ROACE) %	31.8	19.1	30.1	-
Return on equity, (ROE) %	19.4	31.7	25.1	-
Equity per share, EUR	9.84	9.12	10.83	-
Cash flow per share, EUR	0.49	-0.83	1.56	2.88
Comparable earnings per share, EUR	0.72	0.45	3.04	3.31
Comparable net profit	553	344	2,336	2,545
Equity-to-assets ratio, %	48.4	51.2	56.3	-
Leverage ratio, %	18.7	12.0	13.9	-
Net working capital in days outstanding	25.7	42.2	35.4	-
Net Debt to EBITDA, %	0.7	0.3	0.4	-
Weighted average number of shares outstanding	768,104,384	767,989,622	768,060,103	768,088,401
Number of shares outstanding at the end of the period	768,195,480	768,083,170	768,083,170	-
Average number of personnel	5,673	4,939	5,244	-

Neste presents Alternative Performance Measures (APM) to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators. The detailed reasons for the use of APMs can be found on Neste's Annual Report 2022 and website [www.neste.com](http://www.neste.com) together with the calculation of key figures.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with Neste's annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS. The accounting policies applied are consistent with those followed in the preparation of Neste's annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new and amended standards as set out below.

Neste has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on 1 January 2023. These standards and interpretations did not have a material impact on the results or financial position of Neste, or the presentation of the condensed interim report.

The condensed interim report is presented in million euros unless otherwise stated. The figures in the tables are subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements.

#### Key accounting considerations related to geopolitical and economical uncertainty

Neste continued to assess the impacts of geopolitical and economical uncertainty by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste's financial position remained strong with liquid funds EUR 1,747 million and committed unutilized credit facilities EUR 1,600 million on 31 March 2023.

### 2. TREASURY SHARES

Neste Corporation has on 15 March 2023 transferred a total of 112,310 treasury shares without consideration to the participants of Neste Group's Performance Share Plan 2020-2022 and the Restricted Share Plan 2020-2022 as share rewards based on the terms and conditions of these plans. The plans are part of the share-based incentive scheme 2019 of Neste, announced with a stock exchange release on 11 December 2018.

The transfer of own shares is implemented as a directed share issue without consideration based on a decision made by the Board of Directors of Neste Corporation. The decision of the Board of Directors is based on a share issue authorization granted by the Annual General Meeting of Shareholders on 18 May 2020.

After this transfer of own shares Neste Corporation holds 1,015,578 own shares.

### 3. REVENUE

#### REVENUE BY CATEGORY

External revenue	1-3/2023					1-3/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	<b>1,568</b>	<b>2,190</b>	<b>1,247</b>	<b>0</b>	<b>5,005</b>	1,912	1,912	1,187	0	5,011
Light distillates	49	815	230	0	1,094	29	974	221	0	1,224
Middle distillates	1,520	1,158	1,016	0	3,693	1,883	755	965	0	3,603
Heavy fuel oil	0	217	1	0	218	0	183	1	0	184
Other products	206	45	30	0	281	206	252	28	0	485
Other services	1	0	3	8	12	0	19	2	5	26
<b>Total</b>	<b>1,776</b>	<b>2,235</b>	<b>1,279</b>	<b>8</b>	<b>5,298</b>	2,118	2,183	1,216	5	5,523

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	8,629	9,570	5,679	0	23,879	8,285	9,848	5,739	0	23,872
Light distillates	162	4,736	1,116	0	6,013	181	4,576	1,125	0	5,883
Middle distillates	8,467	3,899	4,559	0	16,925	8,104	4,302	4,609	0	17,014
Heavy fuel oil	0	936	5	0	941	0	970	5	0	975
Other products	1,008	573	129	0	1,710	1,008	366	131	0	1,505
Other services	4	80	9	26	119	5	60	10	29	105
<b>Total</b>	<b>9,640</b>	<b>10,223</b>	<b>5,818</b>	<b>26</b>	<b>25,707</b>	<b>9,298</b>	<b>10,274</b>	<b>5,881</b>	<b>29</b>	<b>25,483</b>

<sup>1)</sup> Light distillates comprise motor gasoline, gasoline components, LPG, renewable naphtha, and biopropane. Middle distillates comprise diesel, aviation fuels, low sulphur marine fuels, heating oil, renewable fuels, and sustainable aviation fuels. RINs (Renewable Identification Number), LCFS (Low Carbon Fuels Standard) credits, and BTCs (Blender's Tax Credits) are included in the corresponding fuel categories in the Renewable Products segment.

#### TIMING OF REVENUE RECOGNITION

External revenue	1-3/2023					1-3/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,774	2,235	1,276	0	5,286	2,118	2,164	1,215	0	5,497
Services transferred at point in time	1	0	3	0	4	0	19	2	0	21
Services transferred over time	0	0	0	8	8	0	0	0	5	5
<b>Total</b>	<b>1,776</b>	<b>2,235</b>	<b>1,279</b>	<b>8</b>	<b>5,298</b>	2,118	2,183	1,216	5	5,523

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	9,637	10,143	5,809	0	25,589	9,293	10,214	5,871	0	25,378
Services transferred at point in time	4	80	9	1	93	5	60	10	1	77
Services transferred over time	0	0	0	25	25	0	0	0	28	28
<b>Total</b>	<b>9,640</b>	<b>10,223</b>	<b>5,818</b>	<b>26</b>	<b>25,707</b>	<b>9,298</b>	<b>10,274</b>	<b>5,881</b>	<b>29</b>	<b>25,483</b>

**REVENUE BY OPERATING SEGMENT**

1-3/2023	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	1,776	2,235	1,279	8	0	5,298
Internal revenue	66	939	11	22	-1,039	0
<b>Total revenue</b>	<b>1,842</b>	<b>3,174</b>	<b>1,290</b>	<b>31</b>	<b>-1,039</b>	<b>5,298</b>

1-3/2022	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	2,118	2,183	1,216	5	0	5,523
Internal revenue	58	836	13	30	-937	0
<b>Total revenue</b>	<b>2,176</b>	<b>3,019</b>	<b>1,229</b>	<b>35</b>	<b>-937</b>	<b>5,523</b>

1-12/2022	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	9,640	10,223	5,818	26	0	25,707
Internal revenue	265	4,373	58	120	-4,816	0
<b>Total revenue</b>	<b>9,905</b>	<b>14,596</b>	<b>5,876</b>	<b>147</b>	<b>-4,816</b>	<b>25,707</b>

Last 12 months	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	9,298	10,274	5,881	29	0	25,483
Internal revenue	273	4,476	56	113	-4,918	0
<b>Total revenue</b>	<b>9,571</b>	<b>14,751</b>	<b>5,937</b>	<b>142</b>	<b>-4,918</b>	<b>25,483</b>

**REVENUE BY OPERATING DESTINATION**

External revenue	1-3/2023					1-3/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	85	704	1,039	8	1,835	119	701	938	5	1,763
Other Nordic countries	504	284	1	0	789	738	283	0	0	1,021
Baltic Rim	12	119	240	0	371	32	43	277	0	352
Other European countries	446	649	1	0	1,096	411	683	0	0	1,094
North and South America	694	478	0	0	1,172	795	445	0	0	1,240
Other countries	35	0	0	0	35	24	27	0	0	52
<b>Total</b>	<b>1,776</b>	<b>2,235</b>	<b>1,279</b>	<b>8</b>	<b>5,298</b>	<b>2,118</b>	<b>2,183</b>	<b>1,216</b>	<b>5</b>	<b>5,523</b>

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	352	3,547	4,536	24	8,459	318	3,550	4,637	27	8,532
Other Nordic countries	2,930	1,416	2	0	4,348	2,696	1,417	2	0	4,115
Baltic Rim	73	500	1,278	0	1,850	52	576	1,240	0	1,869
Other European countries	2,399	2,729	2	1	5,131	2,435	2,695	2	0	5,133
North and South America	3,685	2,000	0	1	5,685	3,584	2,032	0	1	5,617
Other countries	202	31	0	1	234	212	4	0	1	217
<b>Total</b>	<b>9,640</b>	<b>10,223</b>	<b>5,818</b>	<b>26</b>	<b>25,707</b>	<b>9,298</b>	<b>10,274</b>	<b>5,881</b>	<b>29</b>	<b>25,483</b>

#### 4. SEGMENT INFORMATION

Neste's operations are grouped into four reporting segments: Renewable Products, Oil Products, Marketing & Services, and Others. The Others segment consists of Engineering Solutions and common corporate costs. The performance of the reportable segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess the performance and to decide on allocation of resources.

	1-3/2023	1-3/2022	1-12/2022	Last 12 months
<b>REVENUE</b>				
Renewable Products	1,842	2,176	9,905	9,571
Oil Products	3,174	3,019	14,596	14,751
Marketing & Services	1,290	1,229	5,876	5,937
Others	31	35	147	142
Eliminations	-1,039	-937	-4,816	-4,918
<b>Total</b>	<b>5,298</b>	<b>5,523</b>	<b>25,707</b>	<b>25,483</b>
<b>OPERATING PROFIT</b>				
Renewable Products	36	485	1,046	596
Oil Products	246	275	1,337	1,308
Marketing & Services	16	26	98	88
Others	-10	-13	-70	-66
Eliminations	-3	-10	-1	6
<b>Total</b>	<b>285</b>	<b>762</b>	<b>2,410</b>	<b>1,933</b>
<b>EBITDA</b>				
Renewable Products	124	546	1,328	905
Oil Products	317	348	1,619	1,588
Marketing & Services	23	33	127	117
Others	2	-1	-24	-22
Eliminations	-3	-10	-1	6
<b>Total</b>	<b>463</b>	<b>916</b>	<b>3,048</b>	<b>2,595</b>
<b>COMPARABLE EBITDA</b>				
Renewable Products	415	419	1,762	1,757
Oil Products	393	137	1,654	1,910
Marketing & Services	23	32	126	117
Others	2	-1	-4	-1
Eliminations	-3	-10	-1	6
<b>Total</b>	<b>830</b>	<b>578</b>	<b>3,537</b>	<b>3,789</b>
<b>DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>				
Renewable Products	89	61	282	309
Oil Products	71	73	282	279
Marketing & Services	7	7	29	29
Others	11	12	46	45
Eliminations	0	0	0	0
<b>Total</b>	<b>178</b>	<b>153</b>	<b>638</b>	<b>662</b>
<b>CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES</b>				
Renewable Products	713	204	1,952	2,461
Oil Products	71	34	180	217
Marketing & Services	5	4	24	25
Others	11	12	62	60
Eliminations	0	0	0	0
<b>Total</b>	<b>799</b>	<b>254</b>	<b>2,218</b>	<b>2,764</b>
<b>TOTAL ASSETS</b>		<b>31 Mar 2023</b>	<b>31 Mar 2022</b>	<b>31 Dec 2022</b>
Renewable Products		8,836	6,811	7,894
Oil Products		3,947	4,956	4,493
Marketing & Services		613	669	704
Others		358	347	351
Unallocated assets		2,272	1,381	1,932
Eliminations		-348	-424	-458
<b>Total</b>		<b>15,679</b>	<b>13,740</b>	<b>14,917</b>



	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>NET ASSETS</b>			
Renewable Products	7,411	5,526	6,433
Oil Products	2,435	2,828	2,652
Marketing & Services	268	234	227
Others	-894	-536	141
Eliminations	-19	-27	-14
<b>Total</b>	<b>9,201</b>	<b>8,025</b>	<b>9,440</b>
<b>TOTAL LIABILITIES</b>			
Renewable Products	2,084	1,649	1,909
Oil Products	1,572	2,164	1,866
Marketing & Services	399	489	529
Others	1,262	893	221
Unallocated liabilities	3,125	1,934	2,510
Eliminations	-329	-397	-444
<b>Total</b>	<b>8,112</b>	<b>6,732</b>	<b>6,590</b>
<b>RETURN ON NET ASSETS, %</b>			
Renewable Products	9.7	38.8	18.6
Oil Products	44.4	21.4	46.6
Marketing & Services	35.2	38.4	40.8
<b>COMPARABLE RETURN ON NET ASSETS, %</b>			
Renewable Products	23.8	28.1	26.6
Oil Products	55.5	6.0	48.0
Marketing & Services	35.0	39.5	40.5

**QUARTERLY SEGMENT INFORMATION**

<b>QUARTERLY REVENUE</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	1,842	2,597	2,403	2,728	2,176
Oil Products	3,174	3,657	3,877	4,043	3,019
Marketing & Services	1,290	1,561	1,604	1,481	1,229
Others	31	37	37	38	35
Eliminations	-1,039	-1,290	-1,339	-1,251	-937
<b>Total</b>	<b>5,298</b>	6,562	6,583	7,039	5,523

<b>QUARTERLY OPERATING PROFIT</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	36	468	-126	219	485
Oil Products	246	111	381	571	275
Marketing & Services	16	13	31	28	26
Others	-10	-7	-8	-42	-13
Eliminations	-3	4	12	-6	-10
<b>Total</b>	<b>285</b>	589	289	769	762

<b>QUARTERLY EBITDA</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	124	536	-39	284	546
Oil Products	317	184	443	645	348
Marketing & Services	23	21	38	35	33
Others	2	4	3	-31	-1
Eliminations	-3	4	12	-6	-10
<b>Total</b>	<b>463</b>	748	456	927	916

<b>QUARTERLY COMPARABLE EBITDA</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	415	415	389	538	419
Oil Products	393	450	537	529	137
Marketing & Services	23	21	38	35	32
Others	2	4	3	-10	-1
Eliminations	-3	4	12	-6	-10
<b>Total</b>	<b>830</b>	894	979	1,085	578

<b>QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	89	68	87	66	61
Oil Products	71	73	62	74	73
Marketing & Services	7	7	8	7	7
Others	11	11	11	12	12
Eliminations	0	0	0	0	0
<b>Total</b>	<b>178</b>	160	167	158	153

<b>QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	713	563	956	229	204
Oil Products	71	78	44	25	34
Marketing & Services	5	7	9	5	4
Others	11	21	16	13	12
Eliminations	0	0	0	0	0
<b>Total</b>	<b>799</b>	668	1,025	272	254

<b>QUARTERLY NET ASSETS</b>	<b>1-3/2023</b>	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	7,411	6,433	5,984	5,495	5,526
Oil Products	2,435	2,652	3,311	3,510	2,828
Marketing & Services	268	227	268	258	234
Others	-894	141	-136	-180	-536
Eliminations	-19	-14	-19	-32	-27
<b>Total</b>	<b>9,201</b>	9,440	9,407	9,050	8,025

## 5. ACQUISITIONS AND DISPOSALS

### Acquisitions

On 13 January 2023 Neste acquired SeQuential Environmental Services, LLC, and Pure SQ, LLC from Crimson Renewable Energy Holdings, LLC. Through the transaction, Neste acquired used cooking oil collection and aggregation business and an UCO processing plant in US West Coast.

The fair value of acquired net assets, based on preliminary assessment, are presented in the table below. Based on the preliminary purchase price allocation, a portion of the purchase price was allocated to supplier and customer relations that have been recognized as intangible assets. The recognized goodwill represents the value of acquired business knowledge and synergies, and is deductible for income tax purposes. The purchase price was paid fully in cash and includes approximately EUR 18 million of contingent consideration. The final amount of the contingent consideration depends on how certain targets are achieved during 2023. The transaction costs of the acquisition are included in other expenses in the consolidated statement of income. The acquisition does not have a material impact on the Group's revenue nor profit.

<b>Assets and liabilities</b>	<b>Estimated values</b>
Intangible assets	43
Property, plant and equipment	27
Inventories	3
Trade and other receivables	2
<b>Total assets</b>	<b>76</b>
Interest-bearing liabilities	6
Trade and other payables	10
<b>Total liabilities</b>	<b>16</b>
<b>Fair value of acquired net assets</b>	<b>60</b>
Consideration transferred	165
Fair value of acquired net assets	-60
<b>Goodwill</b>	<b>105</b>
<b>Cash flows of the acquisition</b>	
Consideration, paid in cash	-165
Acquiree's liabilities paid off at closing	-1
Transaction costs of the acquisition	-1
<b>Net cash flow on acquisition</b>	<b>-167</b>

## 6. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

### RECONCILIATION BETWEEN COMPARABLE EBITDA, EBITDA AND OPERATING PROFIT

<b>Group</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>10-12/2022</b>	<b>1-12/2022</b>
<b>COMPARABLE EBITDA</b>	<b>830</b>	<b>578</b>	<b>894</b>	<b>3,537</b>
inventory valuation gains/losses	-274	115	-200	-352
changes in the fair value of open commodity and currency derivatives	-98	219	48	-131
capital gains and losses	4	4	1	10
other adjustments	0	0	6	-16
<b>EBITDA</b>	<b>463</b>	<b>916</b>	<b>748</b>	<b>3,048</b>
depreciation, amortization and impairments	-178	-153	-160	-638
<b>OPERATING PROFIT</b>	<b>285</b>	<b>762</b>	<b>589</b>	<b>2,410</b>
<b>Renewable Products</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>10-12/2022</b>	<b>1-12/2022</b>
<b>COMPARABLE EBITDA</b>	<b>415</b>	<b>419</b>	<b>415</b>	<b>1,762</b>
inventory valuation gains/losses	-219	-27	-30	-299
changes in the fair value of open commodity and currency derivatives	-72	154	151	-135
capital gains and losses	0	0	0	0
other adjustments	0	0	0	0
<b>EBITDA</b>	<b>124</b>	<b>546</b>	<b>536</b>	<b>1,328</b>
depreciation, amortization and impairments	-89	-61	-68	-282
<b>OPERATING PROFIT</b>	<b>36</b>	<b>485</b>	<b>468</b>	<b>1,046</b>
<b>Oil Products</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>10-12/2022</b>	<b>1-12/2022</b>
<b>COMPARABLE EBITDA</b>	<b>393</b>	<b>137</b>	<b>450</b>	<b>1,654</b>
inventory valuation gains/losses	-55	142	-169	-53
changes in the fair value of open commodity and currency derivatives	-26	65	-104	4
capital gains and losses	4	4	1	10
other adjustments	0	0	6	4
<b>EBITDA</b>	<b>317</b>	<b>348</b>	<b>184</b>	<b>1,619</b>
depreciation, amortization and impairments	-71	-73	-73	-282
<b>OPERATING PROFIT</b>	<b>246</b>	<b>275</b>	<b>111</b>	<b>1,337</b>
<b>Marketing &amp; Services</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>10-12/2022</b>	<b>1-12/2022</b>
<b>COMPARABLE EBITDA</b>	<b>23</b>	<b>32</b>	<b>21</b>	<b>126</b>
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	0	0	0	0
other adjustments	0	0	0	1
<b>EBITDA</b>	<b>23</b>	<b>33</b>	<b>21</b>	<b>127</b>
depreciation, amortization and impairments	-7	-7	-7	-29
<b>OPERATING PROFIT</b>	<b>16</b>	<b>26</b>	<b>13</b>	<b>98</b>
<b>Others</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>10-12/2022</b>	<b>1-12/2022</b>
<b>COMPARABLE EBITDA</b>	<b>2</b>	<b>-1</b>	<b>4</b>	<b>-4</b>
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	0	0	0	0
other adjustments	0	0	0	-20
<b>EBITDA</b>	<b>2</b>	<b>-1</b>	<b>4</b>	<b>-24</b>
depreciation, amortization and impairments	-11	-12	-11	-46
<b>OPERATING PROFIT</b>	<b>-10</b>	<b>-13</b>	<b>-7</b>	<b>-70</b>

**RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT**

	1-3/2023	1-3/2022	1-12/2022
COMPARABLE EBITDA	830	578	3,537
depreciation, amortization and impairments	-178	-153	-638
items in depreciation, amortization and impairments affecting comparability	0	0	27
total financial income and expenses	-9	-27	-131
income tax expense	-38	-96	-388
non-controlling interests	-1	-1	-3
tax on items affecting comparability	-52	43	-68
<b>COMPARABLE NET PROFIT</b>	<b>553</b>	<b>344</b>	<b>2,336</b>

**RECONCILIATION OF COMPARABLE RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %**

	31 Mar 2023	31 Mar 2022	31 Dec 2022
COMPARABLE EBITDA, LAST 12 MONTHS	3,789	2,070	3,537
depreciation, amortization and impairments	-662	-610	-638
items in depreciation, amortization and impairments affecting comparability	27	5	27
financial income	16	4	9
exchange rate and fair value gains and losses	-59	3	-80
income tax expense	-330	-244	-388
tax on other items affecting comparable ROACE	-172	105	-76
Comparable net profit, net of tax	2,609	1,333	2,391
Capital employed average	10,285	8,289	9,823
Assets under construction average	-2,094	1,308	-1,880
<b>COMPARABLE RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %</b>	<b>31.8</b>	<b>19.1</b>	<b>30.1</b>

**RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %**

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Total equity	7,566	7,008	8,327
Total assets	15,679	13,740	14,917
Advances received	-52	-56	-138
<b>EQUITY-TO-ASSETS RATIO, %</b>	<b>48.4</b>	<b>51.2</b>	<b>56.3</b>

**RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING**

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Operative receivables	1,567	1,850	1,902
Inventories	3,812	3,807	3,648
Operative liabilities	-3,582	-3,629	-3,057
Net working capital	1,797	2,028	2,494
Revenue, last 12 months	25,483	17,539	25,707
<b>NET WORKING CAPITAL IN DAYS OUTSTANDING</b>	<b>25.7</b>	<b>42.2</b>	<b>35.4</b>

## 7. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, AND COMMITMENTS

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Opening balance</b>	<b>7,140</b>	<b>5,667</b>	<b>5,667</b>
Additions	615	253	2,217
Acquisitions	175	0	10
Depreciation, amortization and impairments	-178	-153	-638
Disposals	-6	-23	-90
Assets held for sale	0	10	24
Translation differences	-22	8	-52
<b>Closing balance</b>	<b>7,723</b>	<b>5,763</b>	<b>7,140</b>
<b>COMMITMENTS</b>			
Commitments to purchase property, plant and equipment, and intangible assets	699	242	810
Other commitments	8	9	8
<b>Total</b>	<b>706</b>	<b>251</b>	<b>818</b>

Capital commitments are mainly related to the expansion projects in Netherlands, USA and Singapore which will extend Neste's renewable products overall capacity.

## 8. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>			
<b>Opening balance</b>	<b>63</b>	<b>60</b>	<b>60</b>
Share of profit (loss) of associates and joint ventures	2	1	2
Share of other comprehensive income of investments accounted for using the equity method	0	6	17
Translation differences	-1	-1	1
Capital repayments	0	0	-13
Dividends	0	0	-15
Investments	0	0	12
Other changes	0	0	-1
<b>Closing balance</b>	<b>64</b>	<b>65</b>	<b>63</b>

## 9. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>INTEREST-BEARING NET DEBT</b>			
Non-current interest-bearing liabilities <sup>1)</sup>	2,965	1,380	1,964
Current interest-bearing liabilities <sup>2)</sup>	518	533	651
<b>Interest-bearing liabilities</b>	<b>3,483</b>	<b>1,913</b>	<b>2,615</b>
Current investments	0	-155	0
Cash and cash equivalents	-1,747	-806	-1,271
<b>Liquid funds</b>	<b>-1,747</b>	<b>-961</b>	<b>-1,271</b>
<b>Interest-bearing net debt</b>	<b>1,736</b>	<b>952</b>	<b>1,344</b>

<sup>1)</sup> Including EUR 626 million of lease liabilities at 31 Mar 2023 (31 Mar 2022: EUR 336 million, 31 Dec 2022: EUR 425 million)

On 6 March 2023, Neste announced that it invites the holders of its EUR 400 million 1.50 per cent notes due June 2024 to tender their notes for cash on the terms and conditions set out in the tender offer memorandum. On 14 March Neste accepted purchase of EUR 199 million in aggregate nominal amount of the notes pursuant to the tender offer.

On March 2023 Neste issued EUR 500 million green bond with 6-year maturity and a EUR 500 million green bond with 10-year maturity under its EMTN (Euro Medium Term Note) programme established on 6 March 2023, and will pay a fixed coupon of 3.875% and 4.250%, respectively. The proceeds from the issues will be applied for eligible projects and assets as set out in Neste Corporation's Green Finance Framework.

<sup>2)</sup> Including EUR 156 million of lease liabilities at 31 Mar 2023 (31 Mar 2022: EUR 123 million, 31 Dec 2022: EUR 110 million)

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS</b>			
Liquid funds	1,747	961	1,271
Unused committed credit facilities	1,600	1,350	1,600
<b>Total</b>	<b>3,347</b>	<b>2,311</b>	<b>2,871</b>
In addition: Unused commercial paper program (uncommitted)	188	400	54



## 10. FINANCIAL INSTRUMENTS

No significant changes were made to Neste's risk management policies during the reporting period. Aspects of Neste's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements 2022.

	31 Mar 2023		31 Mar 2022		31 Dec 2022	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
<b>Interest rate and currency derivatives</b>						
Interest rate swaps						
Hedge accounting	250	4	0	0	0	0
Non-hedge accounting	0	0	0	0	0	0
Currency derivatives						
Hedge accounting	3,634	108	3,477	-45	3,925	90
Non-hedge accounting	2,763	22	3,018	18	3,083	91

	31 Mar 2023			31 Mar 2022			31 Dec 2022		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
<b>Commodity derivatives</b>									
Sales contracts									
Non-hedge accounting	26	36	101	127	28	-232	18	25	0
Purchase contracts									
Non-hedge accounting	2,771	32	-188	4,415	24	563	2,616	19	18

Commodity derivative contracts include oil, vegetable oil, electricity, freight, and gas derivatives.

The fair values of derivative financial instruments subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivative financial instruments are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative financial instruments are mainly used to manage Neste's currency, interest rate and price risk.

### Financial assets and liabilities by measurement categories and fair value hierarchy as of March 31, 2023

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Non-current financial assets</b>								
Non-current receivables			114	114	114			
Derivative financial instruments		4		4	4		4	
Other financial assets	34	7		40	40			40
<b>Current financial assets</b>								
Trade and other receivables <sup>1)</sup>			1,667	1,667	1,667			
Derivative financial instruments	120	236		356	356	54	302	
Cash and cash equivalents			1,747	1,747	1,747			
<b>Financial assets</b>	154	246	3,527	3,928	3,928			
<b>Non-current financial liabilities</b>								
Interest-bearing liabilities			2,965	2,965	2,917	1,647	1,270	
Derivative financial instruments		14		14	14		14	
Other non-current liabilities <sup>1)</sup>			27	27	27			
<b>Current financial liabilities</b>								
Interest-bearing liabilities			518	518	518		518	
Derivative financial instruments	12	287		299	299	60	239	
Trade and other payables <sup>1)</sup>			3,455	3,455	3,455			
<b>Financial liabilities</b>	12	300	6,964	7,276	7,229			

<sup>1)</sup> excluding non-financial items

Derivative financial instruments under Fair value through OCI -category meet criteria for hedge accounting.

Financial instruments that are measured at fair value in the balance sheet and the interest-bearing liabilities are presented according to fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that is not based on observable market data.

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted other investments of EUR 7 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 34 million. Fair values are determined in accordance with IFRS 13.

During the reporting period there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## 11. RELATED PARTY TRANSACTIONS

Neste has a related party relationship with its subsidiaries, joint arrangements and the entities controlled by Neste's controlling shareholder the State of Finland. Related party includes also the members of the Board of Directors, the President and CEO and other members of the Neste Executive Committee (key management persons), close members of the families of the mentioned key management persons and entities controlled or jointly controlled by the mentioned key management persons or close members of those persons' families.

Parent company of Neste is Neste Corporation. The transactions between the Company, its subsidiaries and joint operations, which are related parties of the Company, have been eliminated during consolidation and are not disclosed in this note. Details of transactions between Neste and other related parties are disclosed below. All related party transactions are on an arm's length basis.

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Transactions carried out with joint ventures and other related parties</b>			
Sales of goods and services	92	84	430
Purchases of goods and services	82	49	503
Financial income and expenses	1	1	3
Receivables	172	131	160
Liabilities	21	12	22

## 12. CONTINGENT LIABILITIES

	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Contingent liabilities</b>			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	38	56	49
Total	64	81	75
On behalf of joint arrangements			
Pledged assets	100	47	89
Total	100	47	89
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
<b>Total</b>	<b>164</b>	<b>129</b>	<b>164</b>

## 13. DISPUTES AND POTENTIAL LITIGATIONS

Neste is involved in legal proceedings and disputes incidental to its business. In management's opinion, the outcome of these cases is difficult to predict but not likely to have material effect on the Neste's financial position.

## 14. EVENTS AFTER THE REPORTING PERIOD

No significant events took place in Neste after the reporting period.



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