

A young girl with dark hair, wearing a light purple t-shirt and a colorful floral skirt, is running joyfully across a lush green lawn. She has a wide, happy smile. In the background, there are modern buildings and trees, suggesting an urban park or corporate campus setting. The image is framed by a blue curved line that starts from the top left and ends at the bottom right.

Neste Corporation
Half-Year Financial Report
January–June 2022

28 July 2022

NESTE
Change runs on renewables

Neste's Half-Year Financial Report for January–June 2022

Excellent performance in exceptional market conditions

Second quarter in brief:

- Comparable EBITDA totaled EUR 1,085 million (EUR 377 million)
- EBITDA totaled EUR 927 million (EUR 599 million)
- Renewable Products' comparable sales margin was USD 865/ton (USD 700/ton)
- Oil Products total refining margin was USD 30.0/bbl (USD 9.7/bbl)
- Cash flow before financing activities was EUR -8 million (EUR 261 million)

January-June in brief:

- Comparable EBITDA totaled EUR 1,663 million (EUR 806 million)
- EBITDA totaled EUR 1,843 million (EUR 1,184 million)
- Cash flow before financing activities was EUR -968 million (EUR -384 million)
- Cash-out investments were EUR 428 million (EUR 657 million)
- Return on average capital employed (ROACE)* was 24.6% over the last 12 months (2021: 18.3%)
- Leverage ratio was 15.5% at the end of June (31.12.2021: 0.6%)
- Comparable earnings per share: EUR 1.41 (EUR 0.62)
- Earnings per share: EUR 1.61 (EUR 1.05)

* Calculation formula has been adjusted effective 1 January 2022; and the figure for 2021 restated.

President and CEO Matti Lehmus:

“Neste posted an excellent financial performance in the second quarter in exceptional market conditions. Our comparable EBITDA reached a record-high EUR 1,085 (377) million with last year’s comparison figure materially impacted by the scheduled major turnaround at the Porvoo refinery. We raised our second-quarter outlook on 14 June, and the favorable market conditions continued for the rest of the quarter.

The war in Ukraine has had a significant impact on international energy markets, leading to volatile and significantly higher oil product and natural gas prices in Europe. Renewable Products business performance was strong and we achieved an excellent sales margin. Oil Products' strong result was driven by exceptionally high diesel and gasoline margins, and benefited from our ability to maintain high reliability of operations. Marketing & Services also performed strongly with unit margins supported by inventory gains resulting from the continued oil price increase. Our cash flow before financing activities was negatively impacted by inventory build-up to secure business continuity and by the market price increases for feedstock, energy and finished products. A stronger US dollar had a positive impact of EUR 92 million on the Group’s comparable EBITDA year-on-year. We are tracking well against our financial targets: ROACE over the last 12 months was 24.6% (target: over 15%), and our leverage ratio was 15.5% (target: below 40%) at the end of June.

Renewable Products posted a comparable EBITDA of EUR 538 (341) million in the second quarter. The comparable sales margin averaged USD 865/ton, which is a new quarterly record. While the waste and residue feedstock market remained tight as expected, our sales margin was supported by the exceptionally strong diesel market, good sales performance, as well as more favorable feedstock prices than anticipated towards the end of the quarter. This resulted in our sales margin exceeding the previously estimated range. The demand for renewable products remained robust throughout the quarter and our sales volumes were 808,000 tons. We continued to optimize our feedstock mix and the share of waste and residue inputs increased to 96%.

Oil Products posted a comparable EBITDA of EUR 529 (8) million in the second quarter. As stated in our updated outlook on 14 June, the Northwest European gasoline and diesel margins had increased to exceptionally high levels. In addition, our successful mitigation actions to replace Russian crude oil and natural gas enabled us to retain high utilization rates at the Porvoo refinery. Oil Products' second-quarter total refining margin was expected to more than double from the level seen in the first quarter, and that materialized as the total refining margin averaged USD 30.0/bbl. The increase in the total refining margin improved Oil Products' second-quarter comparable EBITDA significantly compared to the first quarter.

Marketing & Services generated a comparable EBITDA of EUR 35 (25) million in the second quarter. Our unit margins were again supported by inventory gains driven by increased oil product prices.

Going forward, we continue to take meaningful steps in executing our growth strategy in renewable and circular solutions. Our strategy is based on global feedstock optimization as well as geographic, product and customer diversification. A new important step in the strategy implementation was the final investment decision announced in June to expand our renewables production capacity in Rotterdam. The Rotterdam refinery expansion investment of approximately EUR 1.9 billion will expand Neste's overall renewables production capacity by 1.3 million tons per annum, bringing our total capacity in Rotterdam to 2.7 million tons annually, of which sustainable aviation fuel (SAF) production capability will be 1.2 million tons. Our target is to start up the new production unit during the first half of 2026.

Our ongoing Singapore expansion project is proceeding according to schedule for start-up by the end of the first quarter of 2023. Significant progress has been made in positioning SAF in the market in preparation for the capacity coming up next year. In March we announced an agreement to establish a 50/50 production joint venture with Marathon Petroleum, which will produce renewable diesel following a conversion project of Marathon's refinery in Martinez, California. We expect the closing of the transaction to happen within the next months. Production of renewable diesel is targeted to come online at the end of 2022, and the facility is planned to reach its full annual nameplate capacity of 2.1 million tons by the end of 2023. The joint venture and the Singapore expansion project are expected to increase our total production capacity of renewable products to 5.5 million tons by the end of 2023, and we will be the only global provider of renewable products with a production footprint in North America, Asia and Europe.

Neste's transformation story continues. We remain highly committed to our sustainability targets and vision to become a global leader in renewable and circular solutions."

Outlook

Visibility in the global economy is low due to high inflation, reduced economic growth expectations and increased geopolitical uncertainty. The war in Ukraine has had significant impacts on global energy markets, and energy prices have risen to high levels. We expect volatility in the oil products and renewable feedstock markets to remain high.

Renewable Products' third-quarter sales volumes are expected to be slightly lower than in the previous quarter. Waste and residue markets are anticipated to remain tight as their demand continues to be robust. Our third-quarter sales margin is currently expected to be within the range USD 775-850/ton. However, forecasting of the quarterly margin remains challenging due to the high market volatility.

The utilization rates of our renewables production facilities are forecasted to remain high, except for the scheduled six-week turnaround at the Singapore refinery in the third quarter, and a seven-week turnaround at the Rotterdam refinery in the fourth quarter of 2022. The Singapore and Rotterdam turnarounds are currently estimated to have a negative impacts of approximately EUR 90 million and EUR 100 million respectively on the segment's comparable EBITDA. Thanks to our mitigation actions via inventories, the sales volume and EBITDA impacts are spread over a period of several quarters.

The market in Oil Products is volatile and impacted by the war in Ukraine, trade sanctions and their possible counter-measures. Based on the current forward market, oil product margins are expected to come down from the levels seen in the second quarter. Our third-quarter total refining margin is expected to remain solid, but lower compared to the exceptional level in the second quarter of 2022. The third-quarter sales volumes are forecasted to be at about the same level as seen in the previous quarter.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the third quarter. The high price levels are expected to have some negative impact on demand particularly in the consumer segment.

Based on our current estimates and a hedging rate of approximately 85%, Neste's effective EUR/US dollar rate is expected to be within a range of 1.09–1.12 in the third quarter of 2022.

Neste estimates the Group's full-year 2022 cash-out capital expenditure to be approximately EUR 1.9 billion, including approximately EUR 0.8 billion for the announced joint venture with Marathon, which is still subject to closing. Other possible M&A is excluded from the figure.

Neste's Half-Year Financial Report, 1 January – 30 June 2022

The Half-Year Financial Report is unaudited.

Figures in parentheses refer to the corresponding period for 2021, unless otherwise stated.

Key Figures

EUR million (unless otherwise noted)

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Revenue	7,039	3,022	5,523	12,562	6,155	15,148
EBITDA	927	599	916	1,843	1,184	2,607
Comparable EBITDA*	1,085	377	578	1,663	806	1,920
Operating profit	769	463	762	1,532	920	2,023
Profit before income taxes	750	465	736	1,485	880	1,962
Net profit	599	431	640	1,238	806	1,774
Comparable net profit	740	240	344	1,084	479	1,179
Earnings per share, EUR	0.78	0.56	0.83	1.61	1.05	2.31
Comparable earnings per share, EUR	0.96	0.31	0.45	1.41	0.62	1.54
Investments	272	349	254	526	872	1,535
Net cash generated from operating activities	254	567	-639	-385	413	1,994

	30 June 2022	30 June 2021	31 Dec 2021
Total equity	7,661	6,041	6,985
Interest-bearing net debt	1,404	506	41
Capital employed	10,230	7,863	8,742
Return on average capital employed after tax (ROACE)**, %	24.6	18.3	18.3
Equity per share, EUR	9.97	7.86	9.09
Leverage ratio, %	15.5	7.7	0.6

* 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. Calculation formula has been adjusted effective 1 January 2022, and figures for 2021 have been restated.

The Group's second-quarter 2022 results

Neste's revenue in the second quarter totaled EUR 7,039 million (3,022 million). The revenue growth resulted from higher market and sales prices, which had a positive impact of approx. EUR 1.4 billion, and higher sales volumes, which had a positive impact of approx. EUR 2.4 billion. In the corresponding period last year Oil Products' sales volumes were negatively impacted by the Porvoo refinery major turnaround. Additionally, a stronger US dollar had a positive impact of approx. EUR 200 million on the revenue compared to the same period last year.

The Group's comparable EBITDA was EUR 1,085 million (377 million). Renewable Products' comparable EBITDA was EUR 538 million (341 million), mainly due to a higher sales margin and a stronger US dollar compared to the second quarter of 2021. Oil Products' comparable EBITDA was EUR 529 million (8 million), driven by the exceptionally strong refining market. Oil Products' second quarter of 2021 was significantly impacted by the scheduled major turnaround at Porvoo. Marketing & Services comparable EBITDA was EUR 35 million (25 million). The Others segment's comparable EBITDA was EUR -10 million (4 million).

The Group's EBITDA was EUR 927 million (599 million), which was impacted by inventory valuation gains of EUR 153 million (207 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -296 million (14 million), mainly related to margin hedging. Profit before income taxes was EUR 750 million (465 million), and net profit EUR 599 million (431 million). Comparable earnings per share were EUR 0.96 (0.31), and earnings per share EUR 0.78 (0.56).

The Group's January–June 2022 results

Neste's revenue in the first six months totaled EUR 12,562 million (6,155 million). The revenue growth resulted from higher market and sales prices, which had a positive impact of approx. EUR 3.5 billion, and higher sales volumes, which had a positive impact of approx. EUR 2.5 billion. A stronger US dollar had a positive impact of approx. EUR 400 million on the revenue.

The Group's comparable EBITDA was EUR 1,663 million (806 million). Renewable Products' six-month comparable EBITDA was EUR 957 million (685 million), mainly due to the higher sales margin and a stronger US dollar than in the corresponding period of 2021. Oil Products' comparable EBITDA was EUR 667 million (60 million), mainly as a result of the improved refining market. Marketing & Services comparable EBITDA was EUR 67 million (49 million), as a result of higher unit margins compared to the first half of 2021. The Others segment's comparable EBITDA was EUR -11 million (14 million).

The Group's EBITDA was EUR 1,843 million (1,184 million), which was impacted by inventory valuation gains of EUR 268 million (382 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -77 million (-6 million), mainly related to utility price and margin hedging. Profit before income taxes was EUR 1,485 million (880 million), and net profit EUR 1,238 million (806 million). Comparable earnings per share were EUR 1.41 (0.62), and earnings per share EUR 1.61 (1.05).

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
COMPARABLE EBITDA	1,085	377	578	1,663	806	1,920
- inventory valuation gains/losses	153	207	115	268	382	573
- changes in the fair value of open commodity and currency derivatives	-296	14	219	-77	-6	106
- capital gains/losses	5	0	4	9	5	3
- other adjustments	-20	0	0	-20	-3	5
EBITDA	927	599	916	1,843	1,184	2,607

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Group's comparable EBITDA, 2021	377	806
Sales volumes	126	131
Sales margin	545	671
Currency exchange	92	139
Fixed costs	-25	-59
Others	-30	-24
Group's comparable EBITDA, 2022	1,085	1,663

Variance analysis by segment (comparison to corresponding period), MEUR

	4-6	1-6
Group's comparable EBITDA, 2021	377	806
Renewable Products	197	272
Oil Products	521	607
Marketing & Services	9	18
Others, including eliminations	-20	-40
Group's comparable EBITDA, 2022	1,085	1,663

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. Effective 1 January 2022, the ROACE calculation formula was adjusted by excluding average assets under construction from the average capital employed. This is seen to better reflect the underlying profitability of the company while it is implementing significant growth investments. The company's long-term ROACE target is over 15%, and the leverage ratio target is below 40%. At the end of June, ROACE calculated over the last 12 months was 24.6%, and leverage ratio remained well within the targeted area.

	30 June 2022	30 June 2021	31 Dec 2021
Return on average capital employed after tax (ROACE)*, %	24.6	18.3	18.3
Leverage ratio (net debt to capital), %	15.5	7.7	0.6

*Last 12 months. Calculation formula adjusted effective 1 January 2022; figures for 2021 restated.

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR -385 million (413 million) during the first six months of 2022. The difference compared to the corresponding period last year mainly resulted from a continued increase in net working capital due to a planned inventory build-up and price increases of crude oil and renewable feedstock. Cash flow before financing activities was EUR -968 million (-384 million). The Group's net working capital in days outstanding was 56.4 days (44.1 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
EBITDA	927	599	916	1,843	1,184	2,607
Capital gains/losses	6	0	-5	2	-1	0
Other adjustments	375	-48	-209	167	49	-118
Change in net working capital	-997	75	-1,308	-2,305	-726	-362
Finance cost, net	-12	-18	-13	-25	-24	-39
Income taxes paid	-46	-41	-21	-67	-68	-95
Net cash generated from operating activities	254	567	-639	-385	413	1,994
Capital expenditure	-233	-239	-195	-428	-657	-1,298
Other investing activities	-29	-67	-125	-155	-141	-186
Free cash flow (Cash flow before financing activities)	-8	261	-960	-968	-384	511

Cash-out investments excluding M&A were EUR 428 million (402 million), and totaled EUR 428 million (657 million) including M&A during January-June. Maintenance investments accounted for EUR 105 million (197 million) and productivity and strategic investments for EUR 323 million (460 million). Renewable Products' investments were EUR 356 million (508 million), mainly related to the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 32 million (133 million), and Marketing & Services' investments totaled EUR 8 million (4 million). Investments in the Others segment were EUR 25 million (12 million), concentrating on IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 1,404 million at the end of June 2022, compared to EUR 41 million at the end of 2021. The average interest rate of borrowing at the end of June was 1.1% (1.5%) and the average maturity 2.8 (3.6) years. At the end of the second quarter the Net debt to EBITDA ratio was 0.4 (0.2) over the last 12 months.

The leverage ratio was 15.5% at the end of June (31 Dec 2021: 0.6%). 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 2,515 million at the end of June (31 Dec 2021: 3,066 million). There are no financial covenants in the Group companies' current loan agreements.

In accordance with its 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 June the Group's foreign currency hedging ratio was approx. 60% of the sales margin for the next 12 months.

US dollar exchange rate

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
EUR/USD, market rate	1.07	1.21	1.12	1.09	1.21	1.18
EUR/USD, effective rate*	1.14	1.17	1.18	1.16	1.16	1.18

* 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

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Revenue, MEUR	2,728	1,332	2,176	4,905	2,563	5,895
EBITDA, MEUR	284	497	546	831	961	1,950
Comparable EBITDA, MEUR	538	341	419	957	685	1,460
Operating profit, MEUR	219	443	485	704	856	1,723
Net assets, MEUR	5,495	4,223	5,526	5,495	4,223	4,748
Return on net assets*, %	32.0	39.3	38.8	32.0	39.3	40.9
Comparable return on net assets*, %	30.3	33.3	28.1	30.3	33.3	29.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable EBITDA, 2021	341	685
Sales volumes	50	52
Sales margin	94	154
Currency exchange	87	126
Fixed costs	-33	-60
Others	0	0
Comparable EBITDA, 2022	538	957

Key drivers

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Comparable sales margin, USD/ton	865	700	806	836	700	715
Biomass-based diesel (D4) RIN, USD/gal	1.70	1.70	1.52	1.61	1.45	1.50
California LCFS Credit, USD/ton	104	185	139	122	190	178
Palm oil price*, USD/ton	1,389	935	1,362	1,375	916	999
Waste and residues' share of total feedstock, %	96	93	95	95	92	92

* CPO BMD 3rd, Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price

Renewable Products' second-quarter comparable EBITDA totaled EUR 538 million, compared to EUR 341 million in the second quarter of 2021. Renewable products demand continued robust despite temporary regulation adjustments in some European countries. The comparable sales margin averaged USD 865/ton, which is a new quarterly record. As expected, the waste and residue feedstock market remained tight. Our sales margin was supported by the exceptionally strong diesel market, good sales performance, as well as more favorable feedstock prices than anticipated towards the end of the quarter. Higher sales margin had a positive impact of EUR 94 million on the comparable EBITDA year-on-year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 76 million (80 million) in the second quarter. Our sales volumes were solid at 808,000 tons. The sales volumes were higher than in the second quarter of 2021, which had a positive impact of EUR 50 million on the comparable EBITDA year-on-year. During the second quarter approx. 71% (61%) of the volumes were sold to the European market and 29% (39%) to North America. The share of 100% renewable diesel delivered to end-users was 24% (28%) in the second quarter. Our renewable diesel production had an average utilization rate of 103% (96%) during the quarter, reflecting continued highly reliable and efficient operations. The proportion of waste and residue inputs increased further to 96% (93%) enabled by our continued focus on developing global waste and residue sourcing. A stronger US dollar had a positive impact of EUR 87 million on the comparable EBITDA compared to the second quarter of 2021. The segment's fixed costs were EUR 33 million higher than in the corresponding period of 2021 as we continued to build up our organization. Renewable Products' comparable return on net assets was 30.3% (33.3%) at the end of June based on the previous 12 months.

During the latter part of the quarter vegetable oil prices dropped significantly led by palm oil as Indonesia lifted its ban on exports, while domestic Indonesian palm oil stocks reached high levels. Prices of waste and residue feedstock increased versus the previous quarter's average, with the exception of palm fatty acid distillate (PFAD). While the largest price increase was in European used cooking oil (UCO), the US experienced the smallest increase as prices were already high in anticipation of new renewable diesel capacity entering the market.

The US Renewable Identification Number (RIN) D4 increased initially as the market reacted positively to the US Environmental Protection Agency's (EPA) final biofuel mandate, but retraced in response to weaker soybean oil (SBO) versus heating oil price at the end of the quarter. California Low Carbon Fuel Standard (LCFS) credit price continued to drift lower due to the stalled draw in credit bank, oil product demand reduction caused by high prices, and the new renewable diesel capacity becoming operational.

Renewable Products' six-month comparable EBITDA was EUR 957 million (685 million). The comparable sales margin was higher than in the first half of 2021. The higher sales margin had a positive impact of EUR 154 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 147 million (152 million) during the first six months. Higher sales volumes had a positive impact of EUR 52 million, and a stronger US dollar a positive impact of EUR 126 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 60 million higher than in the first six months of the previous year, as we continued to build up our organization to prepare for future growth.

Production	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Renewable Diesel and SAF, 1,000 ton	852	764	858	1,710	1,593	3,005
Other products, 1,000 ton	65	53	73	137	120	256
Utilization rate*, %	103	96	104	104	100	94

* Based on nominal capacity of 3.3 Mton/a in 2022 and 3.2 Mton/a in 2021.

Sales

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Renewable Diesel and SAF, 1,000 ton	808	732	747	1,555	1,475	3,021
Share of sales volumes to Europe, %	71	61	68	70	63	65
Share of sales volumes to North America, %	29	39	32	30	37	35

Oil Products
Key financials

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Revenue, MEUR	4,043	1,331	3,019	7,062	2,890	7,810
EBITDA, MEUR	645	73	348	993	157	546
Comparable EBITDA, MEUR	529	8	137	667	60	353
Operating profit, MEUR	571	8	275	846	31	263
Net assets, MEUR	3,510	2,321	2,828	3,510	2,321	2,045
Return on net assets*, %	40.8	-7.3	21.4	40.8	-7.3	11.9
Comparable return on net assets*, %	25.0	-1.3	6.0	25.0	-1.3	3.2

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable EBITDA, 2021	8	60
Sales volumes	77	77
Total refining margin	451	517
Currency exchange	6	13
Fixed costs	20	24
Others	-32	-23
Comparable EBITDA, 2022	529	667

Key drivers

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Total refining margin, USD/bbl	29.99	9.74	10.28	20.67	7.60	8.99
Urals-Brent price differential, USD/bbl	-34.96	-2.02	-11.52	-23.24	-1.73	-1.87
Urals' share of total refinery input, %	12	70	45	29	69	65

Oil Products' comparable EBITDA totaled EUR 529 million (8 million) in the second quarter. The scheduled major turnaround at the Porvoo refinery had a significant negative impact on the second quarter 2021 results. The war in Ukraine, related economic sanctions and their counter-measures have caused an unprecedented market situation, where oil product and natural gas prices have been volatile and exceptionally high. The Northwest European gasoline and diesel margins increased to unforeseen levels during the second quarter. In addition, our successful mitigation actions to replace Russian crude oil and natural gas enabled us to retain high utilization rates at the Porvoo refinery. As stated in our updated outlook on 14 June, Oil Products' second-quarter total refining margin was expected to more than double from the level seen in the first quarter. That materialized as the total refining margin averaged USD 30.0/bbl compared to USD 9.7/bbl in the second quarter of 2021. The higher total refining margin had a significant positive impact of EUR 451 million on the comparable EBITDA year-

on-year. Our sales volumes were also materially higher than in the second quarter of 2021, which was impacted by the Porvoo maintenance. Higher sales volumes had a positive impact of EUR 77 million on the comparable EBITDA compared to the same period last year. The segment's fixed costs were EUR 20 million lower than in the second quarter of 2021. Oil Products' comparable return on net assets was 25.0% (-1.3%) at the end of June over the previous 12 months.

During the second quarter the use of Russian crude was 12% (70%) of total input, which reflects our progress in replacing Russian crude supply with other sources completely by the end of July. The average refinery utilization rate was 89% (20%) in the second quarter.

Crude oil prices were volatile and on a rising trend during the second quarter. Brent price rose from USD 100/bbl level to USD 115/bbl. Supply-demand balance of physical crude oil market continued tight as efforts to replace Russian crude oils directed European refineries to other crude oil sources. This kept other crude oil premiums at high levels. Global oil demand was trending up towards the summer driving season, but high prices started to raise concerns on negative demand impact.

The Russian Export Blend (REB) crude price averaged USD 35/bbl lower than Brent during the second quarter. However, the markets were non-transparent as several buyers were self-sanctioning the use of Russian crude oil.

Overall, European refining margins were strong as key product margins were trending higher during the second quarter. The high product margins were driven by spring refinery maintenance season, adaptation to non-Russian feeds causing lower refinery runs, and low diesel and gasoline inventories. At the same time, high utility prices of primarily natural gas and electricity were negatively impacting refining economics. On average, diesel was the strongest part of the barrel during the quarter, and diesel and gasoline margins were at all time high levels in June.

Oil Products' six-month comparable EBITDA was EUR 667 million (60 million). The refining market was impacted by the war in Ukraine, and the diesel and gasoline margins grew exceptionally high during the second quarter. The total refining margin averaged USD 20.7/bbl (7.6/bbl) in the first six months of 2022. The higher total refining margin had a significant positive impact of EUR 517 million on the comparable EBITDA compared to the same period last year. Sales volumes were at planned level, while the corresponding period last year was impacted by the Porvoo refinery major turnaround. The higher sales volumes had a positive impact of EUR 77 million on the comparable EBITDA year-on-year. A stronger US dollar had a positive impact of EUR 13 million on the comparable EBITDA, and the segment's fixed costs were EUR 24 million lower than in the first half of 2021.

Production	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Refinery						
- Production, 1,000 ton	2,872	773	2,843	5,715	3,716	9,504
- Utilization rate, %	89	20	92	91	52	72
Refinery production costs, USD/bbl	6.8	21.5	7.5	7.2	8.8	6.8

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

	4-6/22	%	4-6/21	%	1-3/22	%	1-6/22	%	1-6/21	%	2021	%
Middle distillates*	1,358	49	617	51	1,270	49	2,628	49	1,790	46	4,823	48
Light distillates**	1,115	40	350	29	1,047	40	2,162	40	1,318	34	3,420	34
Heavy fuel oil	219	8	74	6	109	4	328	6	337	9	1,000	10
Base oils	67	3	95	8	116	4	183	3	183	5	386	4
Other products	13	0	63	5	78	3	91	2	233	6	421	4
TOTAL	2,771	100	1,199	100	2,619	100	5,391	100	3,861	100	10,051	100

* 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)

	4-6/22	%	4-6/21	%	1-3/22	%	1-6/22	%	1-6/21	%	2021	%
Baltic Sea area*	1,696	61	960	80	1,544	59	3,240	60	2,596	67	6,264	62
Other Europe	683	25	152	13	704	27	1,387	26	829	21	2,485	25
North America	283	10	50	4	320	12	603	11	367	10	864	9
Other areas	109	4	37	3	51	2	160	3	70	2	438	4

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

Marketing & Services

Key financials

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Revenue, MEUR	1,481	886	1,229	2,710	1,700	3,803
EBITDA, MEUR	35	25	33	68	54	106
Comparable EBITDA, MEUR	35	25	32	67	49	103
Operating profit, MEUR	28	18	26	54	40	77
Net assets, MEUR	258	185	234	258	185	212
Return on net assets*, %	41.2	40.4	38.4	41.2	40.4	38.1
Comparable return on net assets*, %	42.0	37.8	39.5	42.0	37.8	36.6

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable EBITDA, 2021	25	49
Sales volumes	0	2
Unit margins	12	21
Currency exchange	0	0
Fixed costs	-2	-5
Others	0	-1
Comparable EBITDA, 2022	35	67

Marketing & Services' comparable EBITDA was EUR 35 million (25 million) in the second quarter. Our market share developed favorably in Finland, but the total product demand has been negatively impacted by the high sales price level particularly in the consumer segment in all market areas. Our second-quarter sales volumes were at a similar level as in the corresponding period last year. Our unit margins were again supported by inventory gains, and the higher margins had a positive impact of EUR 12 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 2 million higher than in the second quarter of 2021. Marketing & Services' comparable return on net assets was 42.0% (37.8%) at the end of June on a rolling 12-month basis.

Marketing & Services segment's six-month comparable EBITDA was EUR 67 million (49 million). Sales volumes were slightly higher compared to the same period last year, which had a positive impact of EUR 2 million on the comparable EBITDA. Our average unit margins were significantly higher, which had a positive impact of EUR 21 million on the result year-on-year. The segment's fixed costs were EUR 5 million higher compared to the first six months of 2021, which reflects a more normal level of activity.

Sales volumes by main product categories, million liters

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Gasoline station sales	154	159	130	284	287	612
Diesel station sales	405	402	388	793	788	1,629
Heating oil	160	141	221	381	311	663

Net sales by market area, MEUR

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Finland	1,145	670	954	2,100	1,306	2,896
Baltic countries	336	216	275	610	394	908

Others

Key financials

	4-6/22	4-6/21	1-3/22	1-6/22	1-6/21	2021
Comparable EBITDA, MEUR	-10	4	-1	-11	14	11
Operating profit, MEUR	-42	-7	-13	-55	-8	-34

The Others segment consists of Neste Engineering Solutions, and common corporate costs. The comparable EBITDA of the Others segment totaled EUR -10 million (4 million) in the second quarter. The six-month comparable EBITDA of the Others segment totaled EUR -11 million (14 million). The lower comparable EBITDA compared to the previous year resulted from increased common costs related to growth strategy execution.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the second quarter at EUR 42.24, up by 1.8% compared to the end of the first quarter. At its highest during the quarter, the share price reached EUR 46.25, while the lowest share price was EUR 37.00. Market capitalization was EUR 32.5 billion as of 30 June 2022. An average of 1.1 million shares were traded daily, representing 0.1% of the company's shares.

At the end of June 2022, Neste held 1,127,888 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.

The Board of Directors has no authorization to issue convertible bonds or share options.

As of 30 June 2022, the State of Finland owned directly 35.9% (35.9% at the end of the first quarter) of outstanding shares, foreign institutions 39.1% (38.6%), Finnish institutions 17.3% (17.7%), and households 7.7% (7.8%).

Personnel

Neste employed an average of 5,103 (4,887) employees in the first half of the year, of which 1,563 (1,255) were based outside Finland. At the end of June, the company had 5,501 employees (5,137), of which 1,650 (1,300) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	4-6/22	4-6/21	1-6/22	1-6/21	2021
TRIF*	1.9	1.7	2.2	1.4	1.4
PSER**	0.0	0.0	1.6	1.4	1.4
GHG reduction, Mton***	2.9	2.6	5.5	5.2	10.9

* 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.

*** Greenhouse gas (GHG) emission reduction achieved with Neste's renewable products compared to 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 for volumes sold in the US since the beginning of 2022.

Neste's occupational safety injury frequency, measured by the key TRIF indicator, was higher during the second quarter and cumulatively in 2022 compared to the corresponding period last year. Progress has been made, but there are still areas for improvement. Corrective actions have been defined and are either completed or ongoing to improve the performance. During the second quarter there were no process safety events and hence, PSER, the main indicator for process safety incidents, was 0. The cumulative PSER is still slightly higher compared to the corresponding period last year.

Strong focus on improving safety performance and culture continues. Short-term actions focus on the organizations, which have had unsatisfactory performance, and managing safety in various ongoing projects. The long-term safety development activities continue with focus areas of leadership, competence improvement, operational discipline, process safety, contractor safety, effective learning from incidents, and integration of new activities into the Neste safety management practices.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. During the second quarter of 2022 this GHG reduction was 2.9 million tons (2.6 million tons).

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the second quarter. One non-compliance case (0) occurred at Neste's operations. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

Neste published its first Green Finance Report in June 2022 following the establishment of its Green Finance Framework in 2021 to further integrate the company's sustainability ambitions into its financing. The Green Finance Report, which covers financing activities in 2021, confirms that sustainability is deeply embedded in Neste's everyday business and reiterates our ambitious climate commitments. In March 2021, Neste issued a EUR 500 million 7-year green bond, the first of its kind for Neste, to provide investors the opportunity to support our objective of mitigating climate change globally by reducing greenhouse gas emissions through our renewable and circular solutions. This has been followed in 2022 by a EUR 500 million green term loan agreement.

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

Main events published during the second quarter

On 1 April, Neste announced that the divestment of its base oils business to Chevron had been completed. The transaction includes the NEXBASE™ brand, associated qualifications and approvals, and related sales and marketing business. As part of the divestment, the parties also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. The transaction had been approved by regulatory authorities, and was completed on 1 April 2022. Neste also completed the exit of its base oils joint venture with Bahrain Petroleum Company and Nogaholding.

On 29 April, Neste announced that Neste's Board of Directors had approved a merger plan according to which the company's wholly-owned subsidiary Neste Engineering Solutions Oy will be merged into Neste Corporation. The merger is expected to take place on 30 September 2022 and it will only affect the Finnish operations.

On 10 May, Neste announced that Neste and United Airlines had signed a new purchase agreement that provides United the right to buy up to 160,000 metric tons of Neste MY Sustainable Aviation Fuel™ over the next three years to fuel United flights at Amsterdam Airport Schiphol, and potentially other airports, as well.

On 17 May, Neste announced that Neste introduces co-processed marine fuel in partnership with Nordic Marine Oil – a new solution for the maritime sector enabling up to 80% GHG emission reduction. Neste Marine 0.1 Co-processed marine fuel is produced at Neste's refinery in Porvoo, Finland, where renewable raw materials are co-processed with fossil raw materials in the conventional refining process. The drop-in fuel can be taken in use without any fleet modifications as it has a similar composition to conventional bunker fuels.

On 31 May, Neste announced that Carl Nyberg, M.Sc. (Economics and Business Administration), had been nominated as Executive Vice President, Renewables Platform and member of the Neste Executive Committee. He started in this position on 1 June 2022, and reports to President and CEO Matti Lehmus. In this role he succeeds Matti Lehmus, who was appointed as Neste's President and CEO as of 1 May 2022.

On 1 June, Neste announced about a change in the composition of Neste's Shareholders' Nomination Board. The following members were appointed on 20 September 2021 to the Shareholders' Nomination Board of Neste Corporation: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Deputy CEO, Investments Reima Rytsölä of Varma Mutual Pension Insurance Company; Director General Outi Antila of The Social Insurance Institution of Finland and Matti Kähkönen, the Chair of Neste's Board of Directors. As Mr. Rytsölä will assume duties for a new employer, Timo Sallinen, Senior Vice President, Investments of Varma Mutual Pension Insurance Company, has been appointed as member of the Nomination Board as of 1 June 2022.

On 3 June, Neste announced that it had signed a EUR 500 million green term loan agreement. The proceeds of the loan will be used to finance Eligible Assets and Projects in accordance with Neste's Green Finance Framework. The loan has a tenor of 3 years with two 1-year extension options. Danske Bank A/S and OP Corporate Bank plc acted as coordinating mandated lead arrangers and bookrunners of the loan.

On 14 June, Neste announced that it raises its second quarter 2022 outlook. While the oil markets have been very volatile, impacted by the war in Ukraine, the Northwest European gasoline and diesel margins have increased to exceptionally high levels. In addition, Neste's successful mitigation actions to replace Russian crude oil and natural gas have enabled the company to retain high utilization rates at its Porvoo refinery. Oil Products' second-quarter total refining margin is expected to more than double from the level seen in the first quarter of 2022. Previously, the company estimated Oil Products' second-quarter total refining margin to be at a roughly similar level as in the first quarter of 2022 (USD 10.3/bbl). The increase in the total refining margin is expected to improve the Group's and Oil Products' second-quarter comparable EBITDA significantly compared to the first quarter.

On 27 June, Neste announced that it had made the final investment decision to invest into new renewable products production capacity in Rotterdam. The decision is based on demand for renewable products growing substantially with customers' higher climate ambitions. Neste's current 1.4 million ton capacity for renewable products in Rotterdam is the largest in Europe. The Rotterdam refinery expansion investment of approximately EUR 1.9 billion will expand Neste's overall renewable product capacity by 1.3 million tons per annum, bringing the total renewable product capacity in Rotterdam to 2.7 million tons annually, of which sustainable aviation fuel (SAF) production capability will be 1.2 million tons. The company's target is to start up the new production unit during the first half of 2026.

Potential risks

Increased inflationary pressures create the risk of lower than anticipated economic growth, which could negatively influence demand for oil and renewable products. Inflationary development may also increase costs of feedstock, utilities, labor, services, equipment, and materials. Overall market volatility has increased.

The war in Ukraine has substantially intensified geopolitical risks that relate to sourcing of energy and other products from Russia and Eastern Europe. The war may result in further trade sanctions, impact supply chains or accelerate cost inflation. It may also have a material effect on the global energy markets, development of regulation, cyber risk landscape, and market supply and demand conditions.

Also the global COVID-19 pandemic continues to cause risks and uncertainties for Neste's business. The pandemic may have an impact on Neste's operations, feedstock sourcing and product demand, or delivery of projects.

Other risks potentially affecting Neste's financial results in the next 12 months include regulatory and political risks, changes in market prices and competitive situation, counterparty risks, any scheduled or unexpected shutdowns at Neste's refineries, potential strikes, rising energy costs, cyber and IT related risks, and outcome of legal proceedings. The risks may be realized e.g. as unexpected changes in biofuel regulation, economic recession or intensified trade tensions.

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 third-quarter 2022 results

Neste will publish its third-quarter results on 27 October 2022 at approximately 9:00 a.m. EET.

Espoo, 27 July 2022

Neste Corporation
Board of Directors

Further information:

Matti Lehmus, President and CEO, tel. +358 10 458 11
Marti Ala-Härkönen, CFO, tel. +358 40 737 6633
Investor Relations, tel. +358 10 458 5292

Conference call

A conference call in English for investors and analysts will be held today, 28 July 2022, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 9 3158 2770, UK: +44 1 212 818 004, US: +1 718 705 8796. No access code is needed. The conference call can be followed at the company's web site. A replay of the call will be available until 4 August 2022 at +39 02 802 0987, then pressing 700718# and 718#.

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 - JUNE 2022
The half-year financial report is unaudited
FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
Revenue	3, 4	7,039	3,022	12,562	6,155	15,148	21,556
Other income		12	6	24	24	48	48
Share of profit (loss) of associates and joint ventures	9	-1	0	0	1	-3	-5
Materials and services		-5,870	-2,211	-10,262	-4,586	-11,751	-17,427
Employee benefit costs		-135	-114	-257	-217	-431	-471
Depreciation, amortization and impairments	4	-158	-136	-311	-264	-584	-632
Other expenses		-118	-104	-223	-193	-403	-434
Operating profit	4	769	463	1,532	920	2,023	2,634
Financial income and expenses							
Financial income		1	1	2	2	4	4
Financial expenses		-13	-13	-25	-28	-55	-52
Exchange rate and fair value gains and losses		-8	14	-24	-15	-10	-19
Total financial income and expenses		-20	2	-47	-41	-61	-67
Profit before income taxes		750	465	1,485	880	1,962	2,567
Income tax expense		-151	-33	-247	-74	-188	-362
Profit for the period		599	431	1,238	806	1,774	2,206
Profit attributable to:							
Owners of the parent		600	433	1,238	808	1,771	2,201
Non-controlling interests		-1	-2	0	-2	2	5
		599	431	1,238	806	1,774	2,206
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.78	0.56	1.61	1.05	2.31	2.87
Diluted earnings per share		0.78	0.56	1.61	1.05	2.30	2.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million		4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
Profit for the period		599	431	1,238	806	1,774	2,206
Other comprehensive income net of tax:							
Items that will not be reclassified to profit or loss							
Remeasurements on defined benefit plans		30	0	39	0	-30	9
Net change of other investments at fair value		0	0	0	0	11	11
Total		30	0	39	0	-19	20
Items that may be reclassified subsequently to profit or loss							
Translation differences		32	-1	40	7	24	57
Cash flow hedges							
recorded in equity		-62	11	-90	-50	-99	-139
transferred to income statement		48	-14	70	-33	-9	94
Share of other comprehensive income of investments accounted for using the equity method		5	1	12	2	4	14
Total		23	-4	32	-74	-80	26
Other comprehensive income for the period, net of tax		53	-4	70	-74	-98	46
Total comprehensive income for the period		652	428	1,308	732	1,675	2,252
Total comprehensive income attributable to:							
Owners of the parent		653	429	1,308	734	1,673	2,247
Non-controlling interests		-1	-2	0	-2	2	5
		652	428	1,308	732	1,675	2,252

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 June 2022	30 June 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets	8	566	433	516
Property, plant and equipment	8	5,323	4,892	5,152
Investments in associates and joint ventures	9	59	60	60
Non-current receivables		92	63	63
Deferred tax assets		51	39	45
Derivative financial instruments	11	35	4	11
Other financial assets	11	48	33	48
Total non-current assets		6,172	5,523	5,894
Current assets				
Inventories		4,514	2,416	2,618
Trade and other receivables		2,949	1,475	1,677
Derivative financial instruments	11	508	123	243
Current investments		25	36	135
Cash and cash equivalents		1,140	1,281	1,581
Total current assets		9,136	5,331	6,253
Assets classified as held for sale	6	5	14	270
Total assets	4	15,313	10,867	12,417
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		7,617	5,999	6,941
Total		7,657	6,039	6,981
Non-controlling interests		4	2	4
Total equity		7,661	6,041	6,985
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,882	1,240	1,378
Deferred tax liabilities		290	260	309
Provisions		244	240	210
Pension liabilities		99	109	146
Derivative financial instruments	11	1	0	1
Other non-current liabilities		46	20	43
Total non-current liabilities		2,561	1,870	2,087
Current liabilities				
Interest-bearing liabilities		687	583	379
Current tax liabilities		218	6	12
Derivative financial instruments	11	626	146	161
Trade and other payables		3,559	2,222	2,761
Total current liabilities		5,090	2,957	3,313
Liabilities related to assets held for sale		0	0	32
Total liabilities	4	7,651	4,827	5,432
Total equity and liabilities		15,313	10,867	12,417

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Cash flows from operating activities					
Profit before income taxes	750	465	1,485	880	1,962
Adjustments, total	560	86	527	352	528
Change in net working capital	-997	75	-2,305	-726	-362
Cash generated from operations	312	626	-293	506	2,127
Finance cost, net	-12	-18	-25	-24	-39
Income taxes paid	-46	-41	-67	-68	-95
Net cash generated from operating activities	254	567	-385	413	1,994
Cash flows from investing activities					
Capital expenditure	-233	-239	-428	-402	-976
Acquisitions of subsidiaries	0	0	0	-255	-322
Proceeds from sales of subsidiaries, joint arrangements and other business operations	149	0	155	8	8
Proceeds from capital repayments in joint arrangements	7	0	7	0	0
Proceeds from sales of property, plant and equipment	0	0	10	1	6
Changes in long-term receivables and other investments	-186	-67	-327	-150	-200
Cash flows from investing activities	-262	-306	-583	-798	-1,483
Cash flow before financing activities	-8	261	-968	-384	511
Cash flows from financing activities					
Net change in loans and other financing activities	628	-42	717	418	240
Dividends paid to the owners of the parent	-314	-307	-314	-307	-614
Dividends paid to non-controlling interests	0	0	0	0	-2
Cash flows from financing activities	314	-349	402	111	-377
Net increase (+) / decrease (-) in cash and cash equivalents	306	-89	-566	-273	134
Cash and cash equivalents at the beginning of the period	827	1,370	1,696	1,552	1,552
Exchange gains (+) / losses (-) on cash and cash equivalents	7	0	10	2	9
Cash and cash equivalents at the end of the period	1,140	1,281	1,140	1,281	1,696

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
Total equity at 1 Jan 2022	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985
Profit for the period								1,238	1,238	0	1,238
Other comprehensive income for the period, net of tax					-8	39	40		70	0	70
Total comprehensive income for the period	0	0	0	0	-8	39	40	1,238	1,308	0	1,308
Transactions with the owners in their capacity as owners											
Dividend decision								-630	-630	0	-630
Share-based compensation				1				-3	-3		-3
Transfer from retained earnings		-10					0	10	0		0
Total equity at 30 June 2022	40	9	16	-5	-30	-58	30	7,655	7,657	4	7,661

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
Total equity at 1 Jan 2021	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								1,771	1,771	2	1,774
Other comprehensive income for the period, net of tax					-93	-30	24		-98	0	-98
Total comprehensive income for the period	0	0	0	0	-93	-30	24	1,771	1,673	2	1,675
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	-2	-617
Share-based compensation				1				-4	-3		-3
Transfer from retained earnings		0					0		0		0
Total equity at 31 Dec 2021	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985

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
Total equity at 1 Jan 2021	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								808	808	-2	806
Other comprehensive income for the period, net of tax					-81	0	7		-74	0	-74
Total comprehensive income for the period	0	0	0	0	-81	0	7	808	734	-2	732
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	0	-614
Share-based compensation			0	1				-7	-6		-6
Transfer from retained earnings		0					0		0		0
Total equity at 30 June 2021	40	19	16	-6	-10	-66	-28	6,073	6,039	2	6,041

KEY FIGURES

	30 June 2022	30 June 2021	31 Dec 2021	Last 12 months
Revenue	12,562	6,155	15,148	21,556
Profit for the period	1,238	806	1,774	2,206
Earnings per share (EPS), EUR	1.61	1.05	2.31	2.87
Alternative performance measures				
EBITDA, EUR million	1,843	1,184	2,607	3,267
Comparable EBITDA, EUR million	1,663	806	1,920	2,778
Capital employed, EUR million	10,230	7,863	8,742	-
Interest-bearing net debt, EUR million	1,404	506	41	-
Capital expenditure and investment in shares, EUR million	526	872	1,535	1,188
Return on average capital employed, after tax, (ROACE) % ¹⁾	24.6	18.3	18.3	-
Return on equity, (ROE) %	32.2	19.4	28.5	-
Equity per share, EUR	9.97	7.86	9.09	-
Cash flow per share, EUR	-0.50	0.54	2.60	1.56
Comparable earnings per share, EUR	1.41	0.62	1.54	2.32
Comparable net profit	1,084	479	1,179	1,784
Equity-to-assets ratio, %	50.4	55.9	56.6	-
Leverage ratio, %	15.5	7.7	0.6	-
Net working capital in days outstanding	56.4	44.1	33.3	-
Net Debt to EBITDA, %	0.4	0.2	0.0	-
Weighted average number of shares outstanding	768,036,655	767,643,112	767,643,112	768,002,749
Number of shares outstanding at the end of the period	768,083,170	767,969,396	767,969,396	-
Average number of personnel	5,103	4,887	4,872	-

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 2021 and website www.neste.com together with the calculation of key figures.

¹⁾ The ROACE calculation formula has been adjusted in 2022 by excluding assets under construction average from the capital employed average. 2021 comparison numbers have been restated accordingly.

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 2021, 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 2021 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 2022. 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 war in Ukraine and COVID-19 pandemic

The war in Ukraine has had a significant impact on international energy markets, leading to volatile and significantly higher oil product and natural gas prices in Europe. The increase of crude oil prices have increased feedstock costs, revenue, inventory value and other working capital items. Neste has already replaced most Russian crude oil and feedstock with other crude oils. Also the global COVID-19 pandemic continues to cause risks and uncertainties for Neste's business.

Neste posted an excellent financial performance in the second quarter in exceptional market conditions. Neste continued to assess the impacts of war in Ukraine and COVID-19 pandemic by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste does not have fixed assets in Russia nor in Ukraine. Neste's financial position remained strong with liquid funds EUR 1,165 million and committed unutilized credit facilities EUR 1,350 million on 30 June 2022.

2. TREASURY SHARES

On 15 March 2022 a total of 113,774 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the Performance Share Plan 2019-2021 and in the Restricted Share Plan 2019-2021 of the share-based incentive program 2019 in accordance with the terms and conditions of the program. The directed share issue is based on the authorization granted by the Annual General Meeting of Shareholders on 18 May 2020. The number of treasury shares after the directed share issue is 1,127,888 shares.

3. REVENUE

REVENUE BY CATEGORY

External revenue	4-6/2022					4-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,556	2,824	1,429	0	6,808	1,276	678	855	0	2,809
Light distillates	27	1,494	304	0	1,824	45	265	220	0	530
Middle distillates	2,528	1,086	1,124	0	4,738	1,232	370	633	0	2,234
Heavy fuel oil	0	245	2	0	246	0	43	2	0	45
Other products	82	94	31	0	207	8	164	22	0	194
Other services	0	15	2	7	24	0	9	2	8	20
Total	2,637	2,933	1,462	7	7,039	1,284	851	879	8	3,022

External revenue	1-6/2022					1-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	4,467	4,736	2,616	0	11,819	2,437	1,651	1,638	0	5,726
Light distillates	56	2,468	524	0	3,048	69	763	391	0	1,223
Middle distillates	4,411	1,841	2,088	0	8,341	2,368	755	1,244	0	4,368
Heavy fuel oil	0	428	3	0	431	0	133	3	0	136
Other products	288	345	59	0	692	17	330	44	0	391
Other services	0	34	4	12	50	0	19	4	14	38
Total	4,756	5,116	2,678	12	12,562	2,454	2,000	1,686	14	6,155

External revenue	1-12/2021					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	5,517	4,882	3,667	0	14,065	7,547	7,967	4,645	0	20,159
Light distillates	138	2,325	876	0	3,339	124	4,030	1,010	0	5,164
Middle distillates	5,379	2,090	2,786	0	10,255	7,422	3,176	3,630	0	14,228
Heavy fuel oil	0	467	5	0	471	0	762	5	0	766
Other products	141	767	97	0	1,005	412	783	112	0	1,306
Other services	0	41	9	28	78	0	56	8	26	90
Total	5,658	5,690	3,772	28	15,148	7,959	8,806	4,765	26	21,556

¹⁾ Light distillates comprise motor gasoline, gasoline components, LPG, renewable naphtha, and biopropane. Middle distillates comprise diesel, jet fuels, low sulphur marine fuels, heating oil, renewable fuels, and renewable jet 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	4-6/2022					4-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,637	2,918	1,460	0	7,015	1,284	842	877	0	3,002
Services transferred at point in time	0	15	2	0	18	0	9	2	0	11
Services transferred over time	0	0	0	6	6	0	0	0	9	9
Total	2,637	2,933	1,462	7	7,039	1,284	851	879	8	3,022

External revenue	1-6/2022					1-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	4,756	5,082	2,675	0	12,512	2,454	1,981	1,682	0	6,117
Services transferred at point in time	0	34	4	1	39	0	19	4	0	23
Services transferred over time	0	0	0	11	11	0	0	0	14	14
Total	4,756	5,116	2,678	12	12,562	2,454	2,000	1,686	14	6,155

External revenue	1-12/2021					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	5,658	5,649	3,764	0	15,070	7,959	8,750	4,757	0	21,465
Services transferred at point in time	0	41	9	1	51	0	56	8	2	66
Services transferred over time	0	0	0	27	27	0	0	0	24	24
Total	5,658	5,690	3,772	28	15,148	7,959	8,806	4,765	26	21,556

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
4-6/2022						
External revenue	2,637	2,933	1,462	7	0	7,039
Internal revenue	91	1,110	19	31	-1,251	0
Total revenue	2,728	4,043	1,481	38	-1,251	7,039

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
4-6/2021						
External revenue	1,284	851	879	8	0	3,022
Internal revenue	48	480	7	39	-574	0
Total revenue	1,332	1,331	886	48	-574	3,022

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
1-6/2022						
External revenue	4,756	5,116	2,678	12	0	12,562
Internal revenue	149	1,946	32	61	-2,188	0
Total revenue	4,905	7,062	2,710	73	-2,188	12,562

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
1-6/2021						
External revenue	2,454	2,000	1,686	14	0	6,155
Internal revenue	109	889	14	81	-1,093	0
Total revenue	2,563	2,890	1,700	95	-1,093	6,155

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
1-12/2021						
External revenue	5,658	5,690	3,772	28	0	15,148
Internal revenue	237	2,120	31	142	-2,530	0
Total revenue	5,895	7,810	3,803	170	-2,530	15,148

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
Last 12 months						
External revenue	7,959	8,806	4,765	26	0	21,556
Internal revenue	278	3,176	48	123	-3,625	0
Total revenue	8,237	11,983	4,813	148	-3,625	21,556

REVENUE BY OPERATING DESTINATION

	4-6/2022					4-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	111	959	1,125	5	2,200	94	263	659	6	1,021
Other Nordic countries	773	358	1	0	1,132	358	150	0	0	509
Baltic Rim	11	200	336	0	546	0	27	219	0	246
Other European countries	686	732	1	1	1,420	330	215	1	1	546
North and South America	995	681	0	1	1,677	490	180	0	2	672
Other countries	61	2	0	0	64	13	15	0	0	28
Total	2,637	2,933	1,462	7	7,039	1,284	851	879	8	3,022

	1-6/2022					1-6/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	229	1,660	2,063	10	3,962	155	594	1,284	11	2,045
Other Nordic countries	1,511	642	1	0	2,154	832	296	1	0	1,128
Baltic Rim	43	243	613	0	899	9	112	400	0	521
Other European countries	1,097	1,415	1	1	2,514	555	564	1	1	1,121
North and South America	1,790	1,126	0	1	2,917	883	403	0	2	1,288
Other countries	85	30	0	0	116	19	32	0	0	51
Total	4,756	5,116	2,678	12	12,562	2,454	2,000	1,686	14	6,155

	1-12/2021					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	402	1,604	2,848	22	4,877	476	2,670	3,627	21	6,794
Other Nordic countries	1,723	878	2	0	2,603	2,402	1,224	2	0	3,628
Baltic Rim	44	190	921	0	1,155	78	320	1,134	0	1,532
Other European countries	1,329	1,789	2	2	3,122	1,871	2,640	2	2	4,515
North and South America	2,111	1,115	0	4	3,230	3,017	1,839	0	2	4,858
Other countries	48	114	0	0	162	114	112	0	0	227
Total	5,658	5,690	3,772	28	15,148	7,959	8,806	4,765	26	21,556

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 Neste 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.

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
REVENUE						
Renewable Products	2,728	1,332	4,905	2,563	5,895	8,237
Oil Products	4,043	1,331	7,062	2,890	7,810	11,983
Marketing & Services	1,481	886	2,710	1,700	3,803	4,813
Others	38	48	73	95	170	148
Eliminations	-1,251	-574	-2,188	-1,093	-2,530	-3,625
Total	7,039	3,022	12,562	6,155	15,148	21,556

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
OPERATING PROFIT						
Renewable Products	219	443	704	856	1,723	1,571
Oil Products	571	8	846	31	263	1,078
Marketing & Services	28	18	54	40	77	91
Others	-42	-7	-55	-8	-34	-82
Eliminations	-6	0	-17	1	-6	-24
Total	769	463	1,532	920	2,023	2,634

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
EBITDA						
Renewable Products	284	497	831	961	1,950	1,820
Oil Products	645	73	993	157	546	1,382
Marketing & Services	35	25	68	54	106	119
Others	-31	4	-32	14	12	-34
Eliminations	-6	-1	-17	-2	-6	-21
Total	927	599	1,843	1,184	2,607	3,267

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
COMPARABLE EBITDA						
Renewable Products	538	341	957	685	1,460	1,732
Oil Products	529	8	667	60	353	960
Marketing & Services	35	25	67	49	103	121
Others	-10	4	-11	14	11	-14
Eliminations	-6	-1	-17	-2	-6	-21
Total	1,085	377	1,663	806	1,920	2,778

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS						
Renewable Products	66	54	127	104	227	249
Oil Products	74	66	147	126	283	304
Marketing & Services	7	7	14	14	29	29
Others	12	11	24	22	46	48
Eliminations	0	-1	0	-2	0	2
Total	158	136	311	264	584	632

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021	Last 12 months
CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES						
Renewable Products	229	133	433	599	1,023	857
Oil Products	25	205	59	249	451	260
Marketing & Services	5	5	9	8	22	23
Others	13	7	25	16	39	48
Eliminations	0	0	0	0	0	0
Total	272	349	526	872	1,535	1,188

	30 June 2022	30 June 2021	31 Dec 2021
TOTAL ASSETS			
Renewable Products	7,107	4,923	5,724
Oil Products	5,719	3,754	3,992
Marketing & Services	713	503	588
Others	365	341	350
Unallocated assets	1,898	1,631	2,091
Eliminations	-488	-285	-328
Total	15,313	10,867	12,417

	30 June 2022	30 June 2021	31 Dec 2021
NET ASSETS			
Renewable Products	5,495	4,223	4,748
Oil Products	3,510	2,321	2,045
Marketing & Services	258	185	212
Others	-180	-174	78
Eliminations	-32	-8	-13
Total	9,050	6,547	7,069
TOTAL LIABILITIES			
Renewable Products	1,986	1,027	1,327
Oil Products	2,237	1,474	1,990
Marketing & Services	507	371	429
Others	555	521	281
Unallocated liabilities	2,822	1,711	1,720
Eliminations	-456	-278	-315
Total	7,651	4,827	5,432
RETURN ON NET ASSETS, %			
Renewable Products	32.0	39.3	40.9
Oil Products	40.8	-7.3	11.9
Marketing & Services	41.2	40.4	38.1
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	30.3	33.3	29.4
Oil Products	25.0	-1.3	3.2
Marketing & Services	42.0	37.8	36.6

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	2,728	2,176	1,829	1,503	1,332	1,231
Oil Products	4,043	3,019	2,772	2,148	1,331	1,559
Marketing & Services	1,481	1,229	1,104	999	886	814
Others	38	35	42	33	48	47
Eliminations	-1,251	-937	-780	-657	-574	-519
Total	7,039	5,523	4,968	4,026	3,022	3,132
QUARTERLY OPERATING PROFIT	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	219	485	434	433	443	413
Oil Products	571	275	106	126	8	24
Marketing & Services	28	26	14	23	18	22
Others	-42	-13	-26	-1	-7	-1
Eliminations	-6	-10	-5	-3	0	0
Total	769	762	524	579	463	458
QUARTERLY EBITDA	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	284	546	499	490	497	464
Oil Products	645	348	185	204	73	84
Marketing & Services	35	33	22	29	25	29
Others	-31	-1	-13	11	4	10
Eliminations	-6	-10	-5	0	-1	-1
Total	927	916	689	735	599	585
QUARTERLY COMPARABLE EBITDA	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	538	419	418	357	341	344
Oil Products	529	137	168	125	8	52
Marketing & Services	35	32	22	32	25	23
Others	-10	-1	-13	10	4	10
Eliminations	-6	-10	-5	0	-1	-1
Total	1,085	578	591	524	377	429
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	66	61	65	57	54	51
Oil Products	74	73	79	78	66	60
Marketing & Services	7	7	8	7	7	7
Others	12	12	13	11	11	11
Eliminations	0	0	0	2	-1	-1
Total	158	153	165	156	136	127
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	229	204	269	155	133	466
Oil Products	25	34	94	107	205	45
Marketing & Services	5	4	9	5	5	3
Others	13	12	17	6	7	10
Eliminations	0	0	0	0	0	0
Total	272	254	390	273	349	523
QUARTERLY NET ASSETS	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	5,495	5,526	4,748	4,537	4,223	4,099
Oil Products	3,510	2,828	2,045	2,515	2,321	2,338
Marketing & Services	258	234	212	211	185	213
Others	-180	-536	78	-167	-174	-468
Eliminations	-32	-27	-13	-10	-8	-9
Total	9,050	8,025	7,069	7,087	6,547	6,172

5. ACQUISITIONS AND DISPOSALS

Disposals

On 1 April 2022 Neste sold its existing base oils business to Chevron Global Energy Inc., a wholly owned subsidiary of Chevron Corporation. The transaction includes the NEXBASE™ brand, associated qualifications and approvals, and related sales and marketing business. As part of the divestment, the parties also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. In connection with the divestment, Neste has also completed the exit of its base oils joint arrangement with Bahrain Petroleum Company and Nogaholding. Base oils business was consolidated as part of the Oil Products segment.

Assets and liabilities	Recognized values
Property, plant and equipment	9
Deferred tax assets	2
Inventories	83
Trade and other receivables	70
Cash and cash equivalents	21
Total assets	185
Deferred tax liabilities	1
Pension liabilities	2
Interest-bearing liabilities	8
Current tax liabilities	3
Trade and other payables	3
Total liabilities	18
Sold net assets	167
Total consideration ¹⁾	176
Sold net assets	-167
Gain on sale	9
Cash consideration received	174
Cash and cash equivalents disposed of	-21
Net cash flow	154

¹⁾ Transaction costs are included in total consideration

6. ASSETS HELD FOR SALE

Futura vessel

The assets classified as held for sale as of 30 June 2022 relate to planned sale of Futura vessel that is planned to be divested within the next 12 months. The vessel is consolidated into the Oil Products segment.

Assets classified as held for sale	Futura vessel 30 June 2022
Property, plant and equipment	5
Total	5

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA AND EBITDA

Group	4-6/2022	4-6/2021	1-3/2022	1-6/2022	1-6/2021	1-12/2021
Group						
COMPARABLE EBITDA	1,085	377	578	1,663	806	1,920
inventory valuation gains/losses	153	207	115	268	382	573
changes in the fair value of open commodity and currency derivatives	-296	14	219	-77	-6	106
capital gains and losses	5	0	4	9	5	3
other adjustments	-20	0	0	-20	-3	5
EBITDA	927	599	916	1,843	1,184	2,607
Renewable Products						
COMPARABLE EBITDA	538	341	419	957	685	1,460
inventory valuation gains/losses	67	181	-27	40	296	409
changes in the fair value of open commodity and currency derivatives	-320	-24	154	-166	-20	81
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
EBITDA	284	497	546	831	961	1,950
Oil Products						
COMPARABLE EBITDA	529	8	137	667	60	353
inventory valuation gains/losses	86	27	142	228	86	164
changes in the fair value of open commodity and currency derivatives	24	39	65	89	14	25
capital gains and losses	5	0	4	9	0	-2
other adjustments	0	0	0	0	-3	6
EBITDA	645	73	348	993	157	546
Marketing & Services						
COMPARABLE EBITDA	35	25	32	67	49	103
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	5	5
other adjustments	0	0	0	1	0	-2
EBITDA	35	25	33	68	54	106
Others						
COMPARABLE EBITDA	-10	4	-1	-11	14	11
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
other adjustments	-20	0	0	-20	0	1
EBITDA	-31	4	-1	-32	14	12

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
COMPARABLE EBITDA	1,085	377	1,663	806	1,920
depreciation, amortization and impairments	-158	-136	-311	-264	-584
items in depreciation, amortization and impairments affecting comparability	4	0	4	0	5
total financial income and expenses	-20	2	-47	-41	-61
income tax expense	-151	-33	-247	-74	-188
non-controlling interests	1	2	0	2	-2
tax on items affecting comparability	-21	29	22	49	89
COMPARABLE NET PROFIT	740	240	1,084	479	1,179

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

	30 June 2022	Restated ¹⁾ 30 June 2021	Restated ¹⁾ 31 Dec 2021
COMPARABLE EBITDA, LAST 12 MONTHS	2,778	1,818	1,920
depreciation, amortization and impairments	-632	-690	-584
items in depreciation, amortization and impairments affecting comparability	9	167	5
financial income	4	3	4
exchange rate and fair value gains and losses	-19	-31	-10
income tax expense	-362	-108	-188
tax on other items affecting ROACE	55	5	82
Comparable net profit, net of tax	1,833	1,165	1,229
Capital employed average	8,837	7,474	7,952
Assets under construction average	-1,369	-1,120	-1,250
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), % ¹⁾	24.6	18.3	18.3

¹⁾ The ROACE calculation formula has been adjusted in 2022 by excluding assets under construction average from the capital employed average. 2021 comparison numbers have been restated accordingly.

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 June 2022	30 June 2021	31 Dec 2021
Total equity	7,661	6,041	6,985
Total assets	15,313	10,867	12,417
Advances received	-122	-61	-86
EQUITY-TO-ASSETS RATIO, %	50.4	55.9	56.6

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 June 2022	30 June 2021	31 Dec 2021
Operative receivables	2,418	1,279	1,561
Inventories	4,514	2,416	2,618
Operative liabilities	-3,603	-2,239	-2,795
Net working capital	3,329	1,457	1,384
Revenue, last 12 months	21,556	12,064	15,148
NET WORKING CAPITAL IN DAYS OUTSTANDING	56.4	44.1	33.3

8. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, AND COMMITMENTS

	30 June 2022	30 June 2021	31 Dec 2021
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	5,667	4,741	4,741
Additions	539	617	1,212
Acquisitions	0	278	366
Depreciation, amortization and impairments	-311	-264	-584
Disposals	-58	-54	-78
Assets held for sale	19	0	-10
Translation differences	31	6	22
Closing balance	5,888	5,325	5,667
COMMITMENTS			
Commitments to purchase property, plant and equipment, and intangible assets	238	521	289
Other commitments	8	9	9
Total	247	530	298

Capital commitments are mainly related to the Singapore expansion project which will extend Neste's renewable product overall capacity in Singapore.

9. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2022	30 June 2021	31 Dec 2021
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	60	56	56
Share of profit (loss) of associates and joint ventures	0	1	-3
Share of other comprehensive income of investments accounted for using the equity method	12	2	4
Translation differences	3	1	4
Capital repayments	-13	0	0
Dividends	-14	0	0
Investments	12	0	0
Closing balance	59	60	60

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 June 2022	30 June 2021	31 Dec 2021
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	1,882	1,240	1,378
Current interest-bearing liabilities ²⁾	687	583	379
Interest-bearing liabilities	2,569	1,823	1,757
Current investments	-25	-36	-135
Cash and cash equivalents	-1,140	-1,281	-1,581
Liquid funds	-1,165	-1,317	-1,716
Interest-bearing net debt	1,404	506	41

¹⁾ Including EUR 341 million of lease liabilities at 30 June 2022 (30 June 2021: EUR 318 million, 31 Dec 2021: EUR 333 million)

²⁾ Including EUR 123 million of lease liabilities at 30 June 2022 (30 June 2021: EUR 110 million, 31 Dec 2021: EUR 111 million)

	30 June 2022	30 June 2021	31 Dec 2021
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,165	1,317	1,716
Unused committed credit facilities	1,350	1,350	1,350
Total	2,515	2,667	3,066
In addition: Unused commercial paper program (uncommitted)	136	400	400

11. 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 2021.

	30 June 2022		30 June 2021		31 Dec 2021	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Currency derivatives						
Hedge accounting	4,186	-99	2,766	-7	2,544	-39
Non-hedge accounting	4,289	-48	1,900	-22	1,730	-3

	30 June 2022			30 June 2021			31 Dec 2021		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives									
Sales contracts									
Non-hedge accounting	330	25	-143	0	28	-60	0	23	-29
Purchase contracts									
Non-hedge accounting	3,802	15	206	3,360	21	69	3,906	19	163

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 June 30, 2022

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Fair value hierarchy		
						Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables		3	89	92	92			
Derivative financial instruments		35		35	35		35	
Other financial assets	42	6		48	48			48
Current financial assets								
Trade and other receivables ¹⁾			2,940	2,940	2,940			
Derivative financial instruments	39	470		508	508	95	414	
Current investments			25	25	25			
Cash and cash equivalents			1,140	1,140	1,140			
Financial assets	80	514	4,193	4,787	4,787			
Non-current financial liabilities								
Interest-bearing liabilities			1,882	1,882	1,828	841	988	
Derivative financial instruments		1		1	1		1	
Other non-current liabilities ¹⁾			46	46	46			
Current financial liabilities								
Interest-bearing liabilities			687	687	687		687	
Derivative financial instruments	138	488		626	626	53	573	
Trade and other payables ¹⁾			3,454	3,454	3,454			
Financial liabilities	138	489	6,069	6,696	6,642			

¹⁾ 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 6 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 42 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.

12. 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 and its subsidiaries, 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.

	30 June 2022	30 June 2021	31 Dec 2021
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	227	88	229
Purchases of goods and services	271	32	171
Receivables	187	144	162
Financial income and expenses	3	1	2
Liabilities	16	5	17

13. CONTINGENT LIABILITIES

	30 June 2022	30 June 2021	31 Dec 2021
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	39	62	59
Total	65	88	85
On behalf of joint arrangements			
Pledged assets	74	42	44
Total	74	42	44
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	139	131	130

14. 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.

15. EVENTS AFTER THE REPORTING PERIOD

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

NESTE

Change runs on renewables