



Neste Corporation
Interim Report
January–March 2022

29 April 2022

NESTE
Change runs on renewables

Neste's Interim Report for January–March 2022

Strong financial performance amid markets impacted by the Ukraine war

First quarter in brief:

- Comparable EBITDA totaled EUR 578 million (EUR 429 million)
- EBITDA totaled EUR 916 million (EUR 585 million)
- Renewable Products' comparable sales margin was USD 806/ton (USD 699/ton)
- Oil Products' total refining margin was USD 10.3/bbl (USD 6.7/bbl)
- Cash flow before financing activities was EUR -960 million (EUR -645 million)
- Return on average capital employed (ROACE)* was 19.1% over the last 12 months (2021: 18.3%)
- Leverage ratio was 12.0% at the end of March (31.12.2021: 0.6%)

* Calculation formula has been adjusted; and the figure for 2021 restated.

President and CEO Peter Vanacker:

“We at Neste are appalled by and concerned about the war in Ukraine and we strongly condemn the invasion by Russia. We have already mostly replaced Russian crude oil with other crudes, and the remaining supply contracts for Russian crude oil will end in July. We have not bought Russian crude oil on the spot market since the start of the war, nor are we making any new supply agreements for Russian crude oil or fossil feedstocks. Our employees have done an excellent job in replacing Russian crude oil with other grades in a safe way.

Despite the market turmoil, Neste's financial performance was strong in the first quarter. We posted a comparable EBITDA of EUR 578 million, compared to EUR 429 million in the corresponding period last year. Renewable Products' sales margin was exceptionally strong and the sales volumes were high. Oil Products improved its performance year-on-year as a result of a stronger refining market. Marketing & Services also performed well supported by significant inventory gains driven by the oil price surge. Our cash flow before financing activities was negatively impacted by a major inventory build-up to secure business continuity and by the market price increases for feedstock, energy and finished products.

Renewable Products posted a strong comparable EBITDA of EUR 419 million (EUR 344 million) in the first quarter. The renewable diesel demand was robust, but the feedstock markets remained very tight. The Ukraine war has strongly impacted the vegetable oil and oil product markets, whereas the impact on waste and residue markets is taking place with some time delay. In this market situation we reached a record-high comparable sales margin of USD 806/ton. This outstanding achievement was supported by our strong sales performance, margin hedging and the flexibility provided by our global optimization model. Our sales volumes were 747,000 tons, slightly higher than in the corresponding period last year. During the first quarter our renewables production facilities operated at an average 104% utilization rate, and reached a new quarterly production record of 858,000 tons. This production record will help us to manage through the scheduled maintenance shut-down period later this year. Feedstock mix optimization continued, and the share of waste and residue inputs increased to 95%.

Oil Products posted a comparable EBITDA of EUR 137 million (EUR 52 million) in the first quarter. We have replaced most Russian crude oil and feedstock with other crude oils, and have tested ways to replace natural gas

at our Porvoo refinery. Due to the changes in our crude oil supply and the prevailing market volatility, we have discontinued splitting our total refining margin into reference margin and additional margin. Our total refining margin was supported by exceptionally high oil product margins, but burdened by high utility costs driven by very expensive natural gas and electricity. The sales volumes were at par with the corresponding period last year.

Marketing & Services generated a comparable EBITDA of EUR 32 million (EUR 23 million) in the first quarter. Our unit margins were supported by significant inventory gains driven by the surge in oil prices.

We continue to implement our growth strategy, and an important step forward was the announcement to establish a 50/50 production joint venture with US-based Marathon Petroleum. The joint venture will produce renewable diesel following a conversion project of Marathon's refinery in Martinez, California. The closing of the joint venture is subject to customary closing conditions and regulatory approvals, including obtaining the necessary permits, which depend upon certification of a final Environmental Impact Report. Neste's total investment will amount to approximately EUR 0.9 billion and the project is expected to increase our renewable products capacity by slightly over 1 million tons per annum. Production of renewable diesel is expected to come online in the second half of 2022, and the facility is planned to reach its full annual nameplate capacity of 2.1 million tons by the end of 2023. We are committed to helping our customers decrease their greenhouse gas emissions by at least 20 million tons of CO₂eq annually by 2030. This joint venture will help us exceed our commitment as it will bring a substantial amount of renewable diesel to our customers in the US. Our ongoing Singapore expansion project and this joint venture will 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. The project for a possible next worldscale renewables refinery in Rotterdam is in the engineering phase, and we are approaching technical readiness for a final investment decision during the next months. However, the timeline for the decision-making will take into account the current geopolitical situation.

Effective 1 January 2022, comparable EBITDA has replaced comparable operating profit as Neste's main profitability indicator, since we consider comparable EBITDA to better reflect our underlying business performance during a heavy investment period.

As I will shortly be leaving Neste, I feel grateful for having had the opportunity to lead such an amazing company for close to four years. I wish the best of success to Matti Lehmus as the new President and CEO, his leadership team and the whole Neste organization. The company is in great hands with this outstanding team and our strategy remains valid with full Board support. Neste's transformation story continues."

Outlook

Visibility in the global economy is very low due to the war in Ukraine and the continuing COVID-19 pandemic. We expect volatility in the oil products and renewable feedstock markets to remain very high.

Renewable Products' second-quarter sales volumes are expected to be slightly higher than in the previous quarter. Waste and residue markets are anticipated to remain tight as their demand continues to be robust. Following the oil product and renewable feedstock market price increases in the latter part of the first quarter, our second-quarter sales margin is expected to be within the range USD 675-750/ton.

Utilization rates of our renewables production facilities are forecasted to remain high. As announced in February, we have scheduled a 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 turnaround is currently estimated to have a negative impact of approximately EUR 90 million, and the Rotterdam turnaround a negative impact of approximately EUR 100 million on the segment's comparable EBITDA.

Oil Products' market is very volatile and impacted by the war in Ukraine and possible further trade sanctions. Our second-quarter total refining margin is currently expected to be at a roughly similar level as in the first quarter of 2022. The high natural gas market price will impact Neste's production costs with one month delay. Replacing natural gas with other alternatives has been tested. If the replacement proves successful in normal operations, it will enable a significant reduction of natural gas usage at the refinery. The second-quarter sales volumes are forecasted to increase slightly from the level seen in the previous quarter. The sale of our base oils business was completed in early April, and thus it will not contribute to the Oil Products segment's financials as of the second quarter 2022. The impact of the related long-term offtake for Neste's base oils production at the Porvoo refinery will be included in the total refining margin going forward.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the second quarter. The COVID-19 pandemic is anticipated to have some negative impact on the demand and sales volumes.

Based on our current estimates and a hedging rate of approximately 80%, Neste's effective EUR/US dollar rate is expected to be within a range of 1.14–1.16 in the second 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 Interim Report, 1 January – 31 March 2022

The Interim Report is unaudited.

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

Key Figures

EUR million (unless otherwise noted)

	1-3/22	1-3/21	10-12/21	2021
Revenue	5,523	3,132	4,968	15,148
EBITDA	916	585	689	2,607
Comparable EBITDA*	578	429	591	1,920
Operating profit	762	458	524	2,023
Profit before income taxes	736	415	500	1,962
Net profit	640	374	456	1,774
Comparable net profit	344	239	377	1,179
Earnings per share, EUR	0.83	0.49	0.60	2.31
Comparable earnings per share, EUR	0.45	0.31	0.49	1.54
Investments	254	523	390	1,535
Net cash generated from operating activities	-639	-153	1,202	1,994

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Total equity	7,008	5,619	6,985
Interest-bearing net debt	952	477	41
Capital employed	8,921	7,493	8,742
Return on average capital employed after tax (ROACE)**, %	19.1	17.8	18.3
Equity per share, EUR	9.12	7.31	9.09
Leverage ratio, %	12.0	7.8	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 and figures for 2021 have been restated.

The Group's first quarter 2022 results

Neste's revenue in the first quarter totaled EUR 5,523 million (3,132 million). The revenue growth resulted from higher market and sales prices, which had a positive impact of approx. EUR 2.0 billion, and a stronger US dollar, which had a positive impact of approx. EUR 200 million on the revenue compared to the corresponding period last year.

The Group's comparable EBITDA was EUR 578 million (429 million). Renewable Products' comparable EBITDA was EUR 419 million (344 million), mainly as a result of higher sales margin and stronger US dollar than in the first quarter of 2021. Oil Products' comparable EBITDA totaled EUR 137 million (52 million), following the improved refining market. Marketing & Services comparable EBITDA was EUR 32 million (23 million), mainly as a result of higher unit margins compared to the first quarter of 2021. The Others segment's comparable EBITDA was EUR -1 million (10 million).

The Group's EBITDA was EUR 916 million (585 million), which was impacted by inventory valuation gains of EUR 115 million (175 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 219 million (-20 million), mainly related to utility price hedging. Profit before income taxes was EUR 736 million (415 million), and net profit EUR 640 million (374 million). Comparable earnings per share were EUR 0.45 (0.31), and earnings per share EUR 0.83 (0.49).

	1-3/22	1-3/21	10-12/21	2021
COMPARABLE EBITDA	578	429	591	1,920
- inventory valuation gains/losses	115	175	128	573
- changes in the fair value of open commodity and currency derivatives	219	-20	-33	106
- capital gains/losses	4	5	0	3
- other adjustments	0	-3	3	5
EBITDA	916	585	689	2,607

Variance analysis (comparison to corresponding period), MEUR

	1-3
Group's comparable EBITDA, 2021	429
Sales volumes	4
Sales margin	126
Currency exchange	47
Fixed costs	-34
Others	5
Group's comparable EBITDA, 2022	578

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

	1-3
Group's comparable EBITDA, 2021	429
Renewable Products	75
Oil Products	85
Marketing & Services	9
Others, including eliminations	-20
Group's comparable EBITDA, 2022	578

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. The ROACE calculation formula has been adjusted by excluding 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 15%, and the leverage ratio target is below 40%. At the end of March, ROACE calculated over the last 12 months was 19.1%, and leverage ratio remained well below the 40% target.

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Return on average capital employed after tax (ROACE)*, %	19.1	17.8	18.3
Leverage ratio (net debt to capital), %	12.0	7.8	0.6

* Last 12 months. Calculation formula adjusted; figures for 2021 restated.

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR -639 million (-153 million) during the first quarter of 2022. The difference compared to the corresponding period last year mainly resulted from a significant increase in net working capital due to the inventory volume build-up to mitigate potential risks related to the Ukraine war, and price increases of crude oil and renewable feedstock. Cash flow before financing activities was EUR -960 million (-645 million). The Group's net working capital in days outstanding was 42.2 days (41.2 days) on a rolling 12-month basis at the end of the first quarter.

	1-3/22	1-3/21	10-12/21	2021
EBITDA	916	585	689	2,607
Capital gains/losses	-5	-1	0	0
Other adjustments	-209	98	9	-118
Change in net working capital	-1,308	-801	522	-362
Finance cost, net	-13	-6	-14	-39
Income taxes paid	-21	-27	-5	-95
Net cash generated from operating activities	-639	-153	1,202	1,994
Capital expenditure	-195	-417	-294	-1,298
Other investing activities	-125	-74	-183	-186
Free cash flow (Cash flow before financing activities)	-960	-645	724	511

Cash-out investments excluding M&A were EUR 195 million (163 million), and totaled EUR 196 million (418 million) including M&A in the first quarter of 2022. Maintenance investments accounted for EUR 51 million (28 million) and productivity and strategic investments for EUR 144 million (389 million). Renewable Products' investments were EUR 154 million (390 million), mainly related to the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 23 million (18 million), and Marketing & Services' investments totaled EUR 6 million (1 million). Investments in the Others segment were EUR 14 million (8 million), concentrating on IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 952 million at the end of March 2022, compared to EUR 41 million at the end of 2021. The average interest rate of borrowing at the end of March was 1.1% (1.5%) and the average maturity 3.2 (3.7) years. At the end of the first quarter the Net debt to EBITDA ratio was 0.3 (0.3) over the last 12 months.

The leverage ratio was 12.0% at the end of March (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 2,311 million at the end of March (31 Dec 2021: 3,066 million). The reduction in liquid funds was mainly due to the significant increase in net working capital 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. 50% of the sales margin for the next 12 months.

US dollar exchange rate

	1-3/22	1-3/21	10-12/21	2021
EUR/USD, market rate	1.12	1.21	1.14	1.18
EUR/USD, effective rate*	1.18	1.15	1.18	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

	1-3/22	1-3/21	10-12/21	2021
Revenue, MEUR	2,176	1,231	1,829	5,895
EBITDA, MEUR	546	464	499	1,950
Comparable EBITDA, MEUR	419	344	418	1,460
Operating profit	485	413	434	1,723
Net assets, MEUR	5,526	4,099	4,748	4,748
Return on net assets*, %	38.8	34.0	40.9	40.9
Comparable return on net assets*, %	28.1	36.0	29.4	29.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable EBITDA, 2021	344
Sales volumes	2
Sales margin	61
Currency exchange	40
Fixed costs	-28
Others	0
Comparable EBITDA, 2022	419

Key drivers

	1-3/22	1-3/21	10-12/21	2021
Comparable sales margin, USD/ton	806	699	779	715
Biomass-based diesel (D4) RIN, USD/gal	1.52	1.20	1.50	1.50
California LCFS Credit, USD/ton	139	195	155	178
Palm oil price*, USD/ton	1,362	896	1,150	999
Waste and residues' share of total feedstock, %	95	90	94	92

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

Renewable Products' first quarter comparable EBITDA totaled EUR 419 million, compared to EUR 344 million in the first quarter of 2021. The comparable sales margin was exceptionally strong and averaged USD 806/ton. This outstanding achievement reflects the slower adjustment of the waste and residues market compared to the price increases in the oil product and vegetable oil markets during the quarter, and was supported by our strong sales performance and margin hedging. The higher sales margin had a positive impact of EUR 61 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 71 million (EUR 73 million). Our sales volumes were 747,000 tons, practically at the same level as in the corresponding period last year. During the first quarter approx. 68% (65%) of the volumes were sold to the European market and 32% (35%) to North America. The share of 100% renewable diesel delivered to end-users was 27% (31%). Our renewable diesel production facilities had an average utilization rate of 104% (104%) during the quarter, and we achieved a new quarterly production record of 858,000 tons. The proportion of waste and residue inputs was very high 95% (90%) and showed continued progress in the

implementation of our feedstock strategy. A stronger US dollar had a positive impact of EUR 40 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 28 million higher than in the corresponding period of 2021 as we continued to build up our organization to prepare for future growth. Renewable Products' comparable return on net assets was 28.1% (36.0%) at the end of March based on the previous 12 months.

During the first quarter vegetable oil prices continued to increase, but skyrocketed after the start of the war in Ukraine as it was expected to have a significant negative impact on Ukrainian sunflower oil exports. The increase in waste and residue feedstock prices was lagging the surge in vegetable oils, and the price spreads versus vegetable oils reduced and temporarily turned negative during the quarter. There were material price differences between different markets and different feedstock.

The US Renewable Identification Number (RIN) D4 price dropped initially, but recovered towards the end of the quarter. However, it ended slightly lower than at the end of 2021. California Low Carbon Fuel Standard (LCFS) credit price started strong, but then declined clearly in response to a build in the credit bank, lower fuel demand forecast caused by high oil prices, and anticipated supply increase from new renewable diesel capacity entering the market.

Production

	1-3/22	1-3/21	10-12/21	2021
Renewable Diesel and SAF, 1,000 ton	858	829	742	3,005
Other products, 1,000 ton	73	67	65	256
Utilization rate*, %	104	104	93	94

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

Sales

	1-3/22	1-3/21	10-12/21	2021
Renewable Diesel and SAF, 1,000 ton	747	743	774	3,021
Share of sales volumes to Europe, %	68	65	64	65
Share of sales volumes to North America, %	32	35	36	35

Oil Products

Key financials

	1-3/22	1-3/21	10-12/21	2021
Revenue, MEUR	3,019	1,559	2,772	7,810
EBITDA, MEUR	348	84	185	546
Comparable EBITDA, MEUR	137	52	168	353
Operating profit	275	24	106	263
Net assets, MEUR	2,828	2,338	2,045	2,045
Return on net assets*, %	21.4	-5.8	11.9	11.9
Comparable return on net assets*, %	6.0	-1.3	3.2	3.2

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable EBITDA, 2021	52
Sales volumes	-1
Total refining margin	65
Currency exchange	7
Fixed costs	4
Others	9
Comparable EBITDA, 2022	137

Key drivers

	1-3/22	1-3/21	10-12/21	2021
Total refining margin, USD/bbl	10.28	6.73	9.98	8.99
Urals-Brent price differential, USD/bbl	-11.52	-1.43	-1.72	-1.87
Urals' share of total refinery input, %	45	69	65	65

Oil Products' comparable EBITDA totaled EUR 137 million (52 million) in the first quarter. Due to the changes in our crude oil supply and the prevailing market volatility, we have discontinued splitting our total refining margin into reference margin and additional margin. The total refining margin was supported by exceptionally high product cracks, but on the other hand burdened by high utility costs driven by very expensive natural gas and electricity. The total refining margin averaged USD 10.3/bbl compared to USD 6.7/bbl in the first quarter of 2021, which had a positive impact of EUR 65 million on the comparable EBITDA year-on-year. Sales volumes were roughly at the same level as in the first quarter of 2021. A stronger US dollar had a positive impact of EUR 7 million on the comparable EBITDA compared to the same period last year. The segment's fixed costs were EUR 4 million lower than in the first quarter of 2021. Oil Products' comparable return on net assets was 6.0% (-1.3%) at the end of March over the previous 12 months.

During the first quarter the use of Russian crude was 45% (69%) of total input. Neste stopped making any new purchase agreements for Russian crude oil or other feedstock in late February, and after that their share has been going down rapidly. By the end of March the Russian origin crude oil purchases were reduced by approximately 85%. The average refinery utilization rate was 92% (83%), which reflected smooth operations.

Crude oil prices were extremely volatile during the first quarter. Brent price rose from USD 80/bbl level close to the USD 100/bbl mark before the Russian invasion of Ukraine as the markets were already pricing in rising geopolitical tensions. After the invasion started Brent price surged to USD 130/bbl level and the price volatility was significant. Prices stabilized to around USD 100/bbl at the end of the quarter as the IEA countries decided to release oil inventories to ease price pressures. There were also expectations that high crude oil prices would start to negatively impact demand.

The Russian Export Blend (REB) crude averaged USD 11.5/bbl lower than Brent during the first quarter, but the markets were non-transparent after the invasion began as several buyers started to self-sanction Russian crude oil. Avoidance of Russian crude oil drove physical price premiums of other crude oils clearly higher, and the market was considered tight.

Overall, the refining margin landscape was mixed during the first quarter as key product margins were showing healthy levels already before the Russian invasion. The product margins were driven by cold weather in the US, rising mobility figures and tightening global inventory levels caused by lower refinery runs. However, high utility prices of primarily natural gas and electricity were negatively impacting refining economics. In March diesel margin saw a massive jump higher as very tight physical inventories and very high natural gas prices pushed diesel margin upwards to keep European refineries producing diesel. On average, diesel margin was the strongest part of the barrel.

Production	1-3/22	1-3/21	10-12/21	2021
Refinery				
- Production, 1,000 ton	2,843	2,943	2,960	9,504
- Utilization rate, %	92	83	93	72
Refinery production costs, USD/bbl	7.5	5.6	6.2	6.8

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

	1-3/22	%	1-3/21	%	10-12/21	%	2021	%
Middle distillates*	1,270	49	1,173	44	1,630	47	4,823	48
Light distillates**	1,047	40	968	36	1,311	38	3,420	34
Heavy fuel oil	109	4	263	10	325	9	1,000	10
Base oils	116	4	88	3	110	3	386	4
Other products	78	3	170	7	102	3	421	4
TOTAL	2,619	100	2,663	100	3,477	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)

	1-3/22	%	1-3/21	%	10-12/21	%	2021	%
Baltic Sea area*	1,544	59	1,636	62	1,864	54	6,264	62
Other Europe	704	27	677	25	982	28	2,485	25
North America	320	12	317	12	303	9	864	9
Other areas	51	2	33	1	328	9	438	4

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

Marketing & Services

Key financials

	1-3/22	1-3/21	10-12/21	2021
Revenue, MEUR	1,229	814	1,104	3,803
EBITDA, MEUR	33	29	22	106
Comparable EBITDA, MEUR	32	23	22	103
Operating profit	26	22	14	77
Net assets, MEUR	234	213	212	212
Return on net assets*, %	38.4	38.2	38.1	38.1
Comparable return on net assets*, %	39.5	35.7	36.6	36.6

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable EBITDA, 2021	23
Sales volumes	2
Unit margins	9
Currency exchange	0
Fixed costs	-2
Others	-1
Comparable EBITDA, 2022	32

Marketing & Services' comparable EBITDA was EUR 32 million (23 million) in the first quarter. The road transportation and aviation fuel sales volumes increased year-on-year along with increased traffic, and heating oil demand increased significantly due to the energy crisis and market uncertainty caused by the war in Ukraine. The higher sales volumes had a positive impact totaling EUR 2 million on the comparable EBITDA compared to the first quarter of 2021. Our unit margins were supported by significant inventory gains caused by the surge in crude oil price. Higher unit margins had a positive impact of EUR 9 million on the comparable EBITDA compared to the same period last year. The segment's fixed costs were EUR 2 million higher year-on-year. Marketing & Services' comparable return on net assets was 39.5% (35.7%) at the end of March on a rolling 12-month basis.

Sales volumes by main product categories, million liters

	1-3/22	1-3/21	10-12/21	2021
Gasoline station sales	130	128	150	612
Diesel station sales	388	386	417	1,629
Heating oil	221	170	195	663

Net sales by market area, MEUR

	1-3/22	1-3/21	10-12/21	2021
Finland	954	636	840	2,896
Baltic countries	275	178	264	908

Others

Key financials

	1-3/22	1-3/21	10-12/21	2021
Comparable EBITDA, MEUR	-1	10	-13	11
Operating profit, MEUR	-13	-1	-26	-34

The Others segment consists of Neste Engineering Solutions and common corporate costs. The comparable EBITDA of the Others segment totaled EUR -1 million (10 million) in the first quarter. The lower comparable EBITDA compared to the corresponding period last year resulted from increased common costs related to growth strategy execution.

Annual General Meeting

Neste Corporation's Annual General Meeting (AGM) was held under special arrangement at the Company's headquarters in Espoo on 30 March 2022. In order to prevent the spread of the COVID-19 pandemic, the AGM was held without shareholders' or their proxy representatives' presence at the venue of the meeting. Shareholders and their proxy representatives had the possibility to participate in the meeting and exercise their shareholder rights by voting in advance and by making counter-proposals and presenting questions in advance.

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 2021 and discharged the Board of Directors and the President and CEO from liability for 2021.

Dividend of EUR 0.82 per share to be paid in two instalments

The AGM approved the Board of Directors' proposal that a dividend of EUR 0.82 per share will be paid on the basis of the approved balance sheet for 2021. The dividend is paid in two instalments.

The first instalment of dividend, EUR 0.41 per share, was paid to a shareholder registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the first dividend instalment, which was 1 April 2022. The first dividend instalment was paid on 8 April 2022.

The second instalment of dividend, EUR 0.41 per share, will be paid to a shareholder registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the second dividend instalment, which shall be 30 September 2022. The second dividend instalment will be paid on 7 October 2022.

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, Martina Flöel, Jari Rosendal, Johanna Söderström and Marco Wirén. Just Jansz and Eeva Sipilä were elected as new members.

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

Convening after the AGM, Neste's Board of Directors elected the members of its two Committees. Matti Kähkönen was elected as Chair and John Abbott, Martina Flöel and Johanna Söderström as members of the Personnel and Remuneration Committee. Marco Wirén was elected as Chair and Nick Elmslie, Just Jansz, Jari Rosendal and Eeva Sipilä as members of the Audit Committee.

The AGM decided on the remuneration to the Board as follows:

- Chair: EUR 78,100 per annum
- Vice Chair: EUR 54,400 per annum
- Member: EUR 37,900 per annum
- Chair of Audit Committee: EUR 54,400 per annum if he or she does not simultaneously act as Chair or Vice Chair of the Board

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 3,000
- the Chair of the Personnel and Remuneration Committee will, for such position, be paid EUR 5,000, and its members will, for such position, be paid EUR 2,000
- the Chair of another committee established based on Board decision will, for such position, be paid EUR 5,000, and its members will, for such position, be paid EUR 2,000.

In addition to the annual fee, members of the Board of Directors receive a meeting fee of EUR 800 for each meeting held in the member's home country, EUR 1,600 for meetings held in the same continent as the member's home country, and EUR 2,400 for meetings held outside the same continent as the member's home country plus compensation for expenses pertaining to the Company's travel guidelines. 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.

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 after the publication of the interim report for the period 1 January to 31 March 2022. 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 appointed 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 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 cancelled 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 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 2021.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 41.48, down by 4.3% compared to the end of 2021. At its highest during the quarter, the share price reached EUR 46.65, while the lowest price was EUR 30.81. Market capitalization was EUR 31.9 billion as of 31 March 2022. An average of 1.6 million shares were traded daily, representing 0.2% of the company's shares.

At the end of March 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. As resolved by the AGM held on 30 March 2021, 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 no authorization to issue convertible bonds or share options.

As of 31 March 2022, the State of Finland owned directly 35.9% (35.9% at the end of 2021) of outstanding shares, foreign institutions 38.6% (39.6%), Finnish institutions 17.7% (17.0%), and households 7.8% (7.5%).

Personnel

Neste employed an average of 4,939 (4,785) employees in the first quarter, of which 1,528 (1,235) were based outside Finland. At the end of March, the company had 5,002 employees (4,780), of which 1,566 (1,247) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	1-3/22	1-3/21	2021
TRIF*	2.6	0.7	1.4
PSER**	3.3	5.9	1.4
GHG reduction, Mton***	2.6	2.6	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 incident frequency, measured by the key TRIF indicator, was clearly higher during the first quarter compared to the corresponding period last year and also compared to the full year 2021. PSER, the main indicator for process safety incidents, was lower than the first quarter of 2021 but clearly higher than the full year 2021 result. Both key indicators were much higher than the target for 2022. Several immediate actions have been initiated with the organizations having the biggest challenges. Actions focus on further improvement of winter conditions management, work risk management in lower risk work and effective field verification.

Strong focus on safety performance and culture will continue during 2022. 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 completed acquisitions into the Neste safety management practices.

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

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the first quarter. 0 (0) non-compliance cases occurred at Neste's operations. 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 16th consecutive time. Neste has been included on the list continuously for longer than any other energy company. In 2022, Neste placed 24th in the list and first among its industry peers.

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

Main events published during the first quarter

On 28 January, Neste announced that the Shareholders' Nomination Board had forwarded to the Board of Directors of the Company its proposals to the 2022 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, Jari Rosendal, Johanna Söderström and Marco Wirén were proposed to be re-elected for a further term of office. The Nomination Board proposed that Marco Wirén shall be re-elected as the Vice Chair of the Board. Further, the Nomination Board proposed that the Board shall have nine members and that Just Jansz and Eeva Sipilä shall be elected as new members.

On 16 February, Neste announced that Neste and ITOCHU Corporation have expanded their partnership to grow the availability of Sustainable Aviation Fuel (SAF) in Japan. In the expanded partnership, ITOCHU acts as the branded distributor of Neste MY Sustainable Aviation Fuel™ in Japan making Neste MY Sustainable Aviation Fuel available first at the two largest Japanese international airports; Tokyo Haneda and Narita.

On 1 March, Neste announced that it had signed definitive agreements for the establishment of a 50/50 joint venture with US-based Marathon Petroleum. The joint venture will produce renewable diesel following a conversion project of Marathon's refinery in Martinez, California. The closing of the joint venture is subject to customary closing conditions and regulatory approvals, including obtaining the necessary permits, which depend upon certification of a final Environmental Impact Report. Neste's total investment will amount to approximately EUR 0.9 billion (USD 1.0 billion), inclusive of half of the total project development costs projected through the completion of the project. The project is expected to increase Neste's renewable products capacity by slightly over 1 million tons per annum. Production of renewable diesel is expected to come online in the second half of 2022. The facility is planned to reach its full annual nameplate capacity of 2.1 million tons by the end of 2023.

On 21 March, Neste and DHL Express announced a significant step towards decarbonizing aviation logistics by expanding their existing cooperation with a new strategic collaboration. In the next five years, Neste will supply DHL with approximately 320,000 tons of Neste MY Sustainable Aviation Fuel. The agreement is Neste's largest for Sustainable Aviation Fuel to date and one of the largest SAF agreements in the aviation industry. Neste and DHL have been working together since 2020 making Neste MY Sustainable Aviation Fuel available for DHL's operations.

On 23 March, Neste announced that Neste Corporation's Board of Directors had appointed Matti Lehmus (born 1974) as President and CEO as of 1 May 2022. He succeeds Peter Vanacker, who will hold the position until 30 April 2022. Matti Lehmus holds a M. Sc. in chemical engineering and an eMBA. He joined Neste in 1998, and has held several key leadership positions during his career in both the oil products business and renewables. He has been a member of the Neste Executive Committee since 2009, and currently serves as Executive Vice President, Renewables Platform.

On 29 March, Neste announced that to proceed on the target of commercializing chemical recycling of waste plastic, it is conducting a feasibility study to examine investing in capacity for processing liquefied waste plastic at its refinery in Porvoo, Finland. The goal is to scale up processing capabilities for liquefied waste plastic by implementing proprietary technologies to pretreat and upgrade liquefied waste plastic and integrating the technologies into the refinery operations. The targeted pretreatment and upgrading capacity of this first step is 400,000 tons per year. This development would be a major step towards Neste's target to process over 1 million tons of waste plastic per year from 2030 onwards. To develop and build up the capabilities at its Porvoo refinery, Neste will evaluate possible options for innovation funding and work together closely with local authorities

supervising environmental aspects of the investment. Following the feasibility study, investment decision readiness is targeted for 2023 and the gradual implementation is expected to start in 2024.

Potential risks

The war in Ukraine has substantially intensified geopolitical risks that relate to sourcing from Russia and Eastern Europe. The war may have an impact on further trade sanctions and counterparty risks as well as the availability and cost inflation of feedstock, investments, services, utilities, equipment and materials. 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 affecting Neste's financial results for the next 12 months include macroeconomic, regulatory and political risks, changes in market prices and competitive situation, any scheduled or unexpected shutdowns at Neste's refineries, potential strikes, rising energy costs 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 Half Year 2022 results

Neste will publish its Half Year Financial Report on 28 July 2022 at approximately 9:00 a.m. EET.

Espoo, 28 April 2022

Neste Corporation
Board of Directors

Further information:

Peter Vanacker, President and CEO, tel. +358 10 458 11
Jyrki Mäki-Kala, CFO, tel. +358 10 458 4098
Investor Relations, tel. +358 10 458 5292

Conference call

A conference call in English for investors and analysts will be held today, 29 April 2022, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 2311 3291, rest of Europe: +44 (0) 2071 928338, US: +1 646 7413167, using access code 7073525. The conference call can be followed at [the company's website](#). An instant replay of the call will be available until 6 May 2022 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 7073525.

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 2022
The interim report is unaudited

FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Revenue	3, 4	5,523	3,132	15,148	17,539
Other income		12	18	48	41
Share of profit (loss) of associates and joint ventures	8	1	1	-3	-4
Materials and services		-4,392	-2,376	-11,751	-13,768
Employee benefit costs		-121	-103	-431	-449
Depreciation, amortization and impairments	4	-153	-127	-584	-610
Other expenses		-105	-88	-403	-420
Operating profit	4	762	458	2,023	2,328
Financial income and expenses					
Financial income		1	1	4	4
Financial expenses		-12	-15	-55	-52
Exchange rate and fair value gains and losses		-16	-29	-10	3
Total financial income and expenses		-27	-43	-61	-45
Profit before income taxes		736	415	1,962	2,283
Income tax expense		-96	-40	-188	-244
Profit for the period		640	374	1,774	2,039
Profit attributable to:					
Owners of the parent		638	375	1,771	2,035
Non-controlling interests		1	0	2	4
		640	374	1,774	2,039
Earnings per share from profit attributable to the owners of the parent (in euro per share)					
Basic earnings per share		0.83	0.49	2.31	2.65
Diluted earnings per share		0.83	0.49	2.30	2.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Profit for the period	640	374	1,774	2,039
Other comprehensive income net of tax:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	8	0	-30	-22
Net change of other investments at fair value	0	0	11	11
Total	8	0	-19	-10
Items that may be reclassified subsequently to profit or loss				
Translation differences	7	8	24	24
Cash flow hedges				
recorded in equity	-28	-61	-99	-66
transferred to income statement	23	-19	-9	33
Share of other comprehensive income of investments accounted for using the equity method	6	1	4	9
Total	9	-71	-80	0
Other comprehensive income for the period, net of tax	17	-71	-98	-11
Total comprehensive income for the period	656	304	1,675	2,028
Total comprehensive income attributable to:				
Owners of the parent	655	304	1,673	2,024
Non-controlling interests	1	0	2	4
	656	304	1,675	2,028

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets	7	535	441	516
Property, plant and equipment	7	5,228	4,692	5,152
Investments in associates and joint ventures	8	65	60	60
Non-current receivables		65	63	63
Deferred tax assets		53	37	45
Derivative financial instruments	10	18	2	11
Other financial assets	10	48	33	48
Total non-current assets		6,012	5,327	5,894
Current assets				
Inventories		3,807	2,278	2,618
Trade and other receivables		2,078	1,485	1,677
Derivative financial instruments	10	696	155	243
Current investments		155	27	135
Cash and cash equivalents		806	1,370	1,581
Total current assets		7,542	5,316	6,253
Assets classified as held for sale	5	186	14	270
Total assets	4	13,740	10,657	12,417
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		6,963	5,575	6,941
Total		7,003	5,615	6,981
Non-controlling interests		5	3	4
Total equity		7,008	5,619	6,985
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,380	1,264	1,378
Deferred tax liabilities		293	219	309
Provisions		231	246	210
Pension liabilities		137	110	146
Derivative financial instruments	10	0	0	1
Other non-current liabilities		44	21	43
Total non-current liabilities		2,086	1,860	2,087
Current liabilities				
Interest-bearing liabilities		533	609	379
Current tax liabilities		99	16	12
Derivative financial instruments	10	409	215	161
Trade and other payables		3,590	2,338	2,761
Total current liabilities		4,632	3,178	3,313
Liabilities related to assets held for sale	5	14	0	32
Total liabilities	4	6,732	5,038	5,432
Total equity and liabilities		13,740	10,657	12,417

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3/2022	1-3/2021	1-12/2021
Cash flows from operating activities			
Profit before income taxes	736	415	1,962
Adjustments, total	-33	266	528
Change in net working capital	-1,308	-801	-362
Cash generated from operations	-606	-120	2,127
Finance cost, net	-13	-6	-39
Income taxes paid	-21	-27	-95
Net cash generated from operating activities	-639	-153	1,994
Cash flows from investing activities			
Capital expenditure	-195	-163	-976
Acquisitions of subsidiaries	0	-255	-322
Proceeds from sales of shares in joint arrangements and business operations	6	8	8
Proceeds from sales of property, plant and equipment	10	1	6
Changes in long-term receivables and other investments	-141	-83	-200
Cash flows from investing activities	-321	-492	-1,483
Cash flow before financing activities	-960	-645	511
Cash flows from financing activities			
Net change in loans and other financing activities	88	461	240
Dividends paid to the owners of the parent	0	0	-614
Dividends paid to non-controlling interests	0	0	-2
Cash flows from financing activities	88	461	-377
Net increase (+) / decrease (-) in cash and cash equivalents	-871	-184	134
Cash and cash equivalents at the beginning of the period	1,696	1,552	1,552
Exchange gains (+) / losses (-) on cash and cash equivalents	3	2	9
Cash and cash equivalents at the end of the period ¹⁾	827	1,370	1,696

¹⁾ Including cash and cash equivalents of EUR 21 million classified as held for sale as of 31 March 2022. See Note 5 for more information.

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								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
Total equity at 31 Mar 2022	40	19	16	-5	-20	-88	-3	7,043	7,003	5	7,008

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								375	375	0	374
Other comprehensive income for the period, net of tax					-79	0	8		-71	0	-71
Total comprehensive income for the period	0	0	0	0	-79	0	8	375	304	0	304
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	0	-614
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
Total equity at 31 Mar 2021	40	19	16	-6	-7	-66	-27	5,646	5,615	3	5,619

KEY FIGURES

	31 Mar 2022	31 Mar 2021	31 Dec 2021	Last 12 months
Revenue	5,523	3,132	15,148	17,539
Profit for the period	640	374	1,774	2,039
Earnings per share (EPS), EUR	0.83	0.49	2.31	2.65
Alternative performance measures				
EBITDA, EUR million	916	585	2,607	2,938
Comparable EBITDA, EUR million	578	429	1,920	2,070
Capital employed, EUR million	8,921	7,493	8,742	-
Interest-bearing net debt, EUR million	952	477	41	-
Capital expenditure and investment in shares, EUR million	254	523	1,535	1,265
Return on average capital employed, after tax, (ROACE) % ¹⁾	19.1	17.8	18.3	-
Return on equity, (ROE) %	31.7	14.9	28.5	-
Equity per share, EUR	9.12	7.31	9.09	-
Cash flow per share, EUR	-0.83	-0.20	2.60	1.97
Comparable earnings per share, EUR	0.45	0.31	1.54	1.67
Comparable net profit	344	239	1,179	1,284
Equity-to-assets ratio, %	51.2	52.9	56.6	-
Leverage ratio, %	12.0	7.8	0.6	-
Net working capital in days outstanding	42.2	41.2	33.3	-
Net Debt to EBITDA, %	0.3	0.3	0.0	-
Weighted average number of shares outstanding	767,989,622	767,643,112	767,643,112	767,974,383
Number of shares outstanding at the end of the period	768,083,170	767,969,396	767,969,396	-
Average number of personnel	4,939	4,785	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 caused significant market disruptions. Crude oil prices were extremely volatile during the first quarter. Brent price rose from USD 80/bbl level up to USD 130/bbl and stabilized to around USD 100/bbl at the end of the quarter. The increase of crude oil prices have increased the inventory value, working capital and revenue. 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.

Despite the turmoil, Neste's financial performance was strong in the first quarter. 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 Ukraine. Neste's financial position remained strong with liquid funds EUR 961 million and committed unutilized credit facilities EUR 1,350 million on 31 March 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	1-3/2022					1-3/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,912	1,912	1,187	0	5,011	1,161	973	783	0	2,917
Light distillates	29	974	221	0	1,224	25	498	170	0	693
Middle distillates	1,883	755	965	0	3,603	1,136	385	611	0	2,133
Heavy fuel oil	0	183	1	0	184	0	89	1	0	91
Other products	206	252	28	0	485	9	166	22	0	197
Other services	0	19	2	5	26	0	10	2	6	18
Total	2,118	2,183	1,216	5	5,523	1,170	1,149	807	6	3,132

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	6,267	5,821	4,071	0	16,160
Light distillates	138	2,325	876	0	3,339	142	2,801	927	0	3,870
Middle distillates	5,379	2,090	2,786	0	10,255	6,126	2,460	3,140	0	11,725
Heavy fuel oil	0	467	5	0	471	0	560	5	0	565
Other products	141	767	97	0	1,005	338	852	103	0	1,293
Other services	0	41	9	28	78	0	50	8	27	86
Total	5,658	5,690	3,772	28	15,148	6,605	6,724	4,182	27	17,539

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	1-3/2022					1-3/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,118	2,164	1,215	0	5,497	1,170	1,139	805	0	3,114
Services transferred at point in time	0	19	2	0	21	0	10	2	0	12
Services transferred over time	0	0	0	5	5	0	0	0	6	6
Total	2,118	2,183	1,216	5	5,523	1,170	1,149	807	6	3,132

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	6,605	6,674	4,173	0	17,453
Services transferred at point in time	0	41	9	1	51	0	50	8	1	60
Services transferred over time	0	0	0	27	27	0	0	0	26	26
Total	5,658	5,690	3,772	28	15,148	6,605	6,724	4,182	27	17,539

REVENUE BY OPERATING SEGMENT

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
Total revenue	2,176	3,019	1,229	35	-937	5,523

1-3/2021	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	1,170	1,149	807	6	0	3,132
Internal revenue	60	410	7	41	-519	0
Total revenue	1,231	1,559	814	47	-519	3,132

1-12/2021	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
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

Last 12 months	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	6,605	6,724	4,182	27	0	17,539
Internal revenue	235	2,546	36	130	-2,949	0
Total revenue	6,841	9,270	4,218	158	-2,949	17,539

REVENUE BY OPERATING DESTINATION

External revenue	1-3/2022					1-3/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	119	701	938	5	1,763	62	331	626	5	1,024
Other Nordic countries	738	283	0	0	1,021	474	145	0	0	620
Baltic Rim	32	43	277	0	352	9	85	180	0	275
Other European countries	411	683	0	0	1,094	225	349	0	1	575
North and South America	795	445	0	0	1,240	393	223	0	1	616
Other countries	24	27	0	0	52	7	16	0	0	23
Total	2,118	2,183	1,216	5	5,523	1,170	1,149	807	6	3,132

External revenue	1-12/2021					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	402	1,604	2,848	22	4,877	459	1,974	3,160	22	5,616
Other Nordic countries	1,723	878	2	0	2,603	1,987	1,016	2	0	3,005
Baltic Rim	44	190	921	0	1,155	67	148	1,018	0	1,232
Other European countries	1,329	1,789	2	2	3,122	1,515	2,123	2	2	3,641
North and South America	2,111	1,115	0	4	3,230	2,512	1,338	0	3	3,854
Other countries	48	114	0	0	162	66	125	0	0	191
Total	5,658	5,690	3,772	28	15,148	6,605	6,724	4,182	27	17,539

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.

REVENUE	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	2,176	1,231	5,895	6,841
Oil Products	3,019	1,559	7,810	9,270
Marketing & Services	1,229	814	3,803	4,218
Others	35	47	170	158
Eliminations	-937	-519	-2,530	-2,949
Total	5,523	3,132	15,148	17,539

OPERATING PROFIT	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	485	413	1,723	1,796
Oil Products	275	24	263	514
Marketing & Services	26	22	77	81
Others	-13	-1	-34	-46
Eliminations	-10	0	-6	-17
Total	762	458	2,023	2,328

EBITDA	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	546	464	1,950	2,033
Oil Products	348	84	546	810
Marketing & Services	33	29	106	110
Others	-1	10	12	1
Eliminations	-10	-1	-6	-16
Total	916	585	2,607	2,938

COMPARABLE EBITDA	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	419	344	1,460	1,535
Oil Products	137	52	353	438
Marketing & Services	32	23	103	112
Others	-1	10	11	0
Eliminations	-10	-1	-6	-16
Total	578	429	1,920	2,070

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	61	51	227	237
Oil Products	73	60	283	296
Marketing & Services	7	7	29	29
Others	12	11	46	48
Eliminations	0	-1	0	1
Total	153	127	584	610

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	1-3/2022	1-3/2021	1-12/2021	Last 12 months
Renewable Products	204	466	1,023	761
Oil Products	34	45	451	440
Marketing & Services	4	3	22	23
Others	12	10	39	41
Eliminations	0	0	0	0
Total	254	523	1,535	1,265

TOTAL ASSETS	31 Mar 2022	31 Mar 2021	31 Dec 2021
Renewable Products	6,811	4,699	5,724
Oil Products	4,956	3,733	3,992
Marketing & Services	669	498	588
Others	347	343	350
Unallocated assets	1,381	1,625	2,091
Eliminations	-424	-242	-328
Total	13,740	10,657	12,417

	31 Mar 2022	31 Mar 2021	31 Dec 2021
NET ASSETS			
Renewable Products	5,526	4,099	4,748
Oil Products	2,828	2,338	2,045
Marketing & Services	234	213	212
Others	-536	-468	78
Eliminations	-27	-9	-13
Total	8,025	6,172	7,069
TOTAL LIABILITIES			
Renewable Products	1,649	940	1,327
Oil Products	2,164	1,444	1,990
Marketing & Services	489	339	429
Others	893	817	281
Unallocated liabilities	1,934	1,731	1,720
Eliminations	-397	-232	-315
Total	6,732	5,038	5,432
RETURN ON NET ASSETS, %			
Renewable Products	38.8	34.0	40.9
Oil Products	21.4	-5.8	11.9
Marketing & Services	38.4	38.2	38.1
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	28.1	36.0	29.4
Oil Products	6.0	-1.3	3.2
Marketing & Services	39.5	35.7	36.6

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	2,176	1,829	1,503	1,332	1,231
Oil Products	3,019	2,772	2,148	1,331	1,559
Marketing & Services	1,229	1,104	999	886	814
Others	35	42	33	48	47
Eliminations	-937	-780	-657	-574	-519
Total	5,523	4,968	4,026	3,022	3,132

QUARTERLY OPERATING PROFIT	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	485	434	433	443	413
Oil Products	275	106	126	8	24
Marketing & Services	26	14	23	18	22
Others	-13	-26	-1	-7	-1
Eliminations	-10	-5	-3	0	0
Total	762	524	579	463	458

QUARTERLY EBITDA	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	546	499	490	497	464
Oil Products	348	185	204	73	84
Marketing & Services	33	22	29	25	29
Others	-1	-13	11	4	10
Eliminations	-10	-5	0	-1	-1
Total	916	689	735	599	585

QUARTERLY COMPARABLE EBITDA	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	419	418	357	341	344
Oil Products	137	168	125	8	52
Marketing & Services	32	22	32	25	23
Others	-1	-13	10	4	10
Eliminations	-10	-5	0	-1	-1
Total	578	591	524	377	429

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	61	65	57	54	51
Oil Products	73	79	78	66	60
Marketing & Services	7	8	7	7	7
Others	12	13	11	11	11
Eliminations	0	0	2	-1	-1
Total	153	165	156	136	127

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	204	269	155	133	466
Oil Products	34	94	107	205	45
Marketing & Services	4	9	5	5	3
Others	12	17	6	7	10
Eliminations	0	0	0	0	0
Total	254	390	273	349	523

QUARTERLY NET ASSETS	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	5,526	4,748	4,537	4,223	4,099
Oil Products	2,828	2,045	2,515	2,321	2,338
Marketing & Services	234	212	211	185	213
Others	-536	78	-167	-174	-468
Eliminations	-27	-13	-10	-8	-9
Total	8,025	7,069	7,087	6,547	6,172

5. ASSETS HELD FOR SALE**Futura vessel**

The assets classified as held for sale as of 31 March 2022 relate to planned sale of Futura 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 31 Mar 2022
Property, plant and equipment	5
Total	5

Base oils business

The assets held for sale at 31 March 2022 relate to an agreement to sell its existing base oils business to Chevron Corporation. The agreement covers a combination of share and asset deals forming Neste's entire global base oils business. As part of the divestment, the parties have also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. With the same date, Neste has signed an agreement to exit its base oils joint venture with Bahrain Petroleum Company and Nogaholding. The transaction has been approved by regulatory authorities, and has been completed on 1 April 2022. Base oils business is consolidated as part of the Oil Products segment.

Assets classified as held for sale	Base oils business 31 Mar 2022
Property, plant and equipment	9
Deferred tax assets	2
Inventories	80
Trade and other receivables	70
Cash and cash equivalents	21
Total	182
Liabilities related to assets held for sale	
	31 Mar 2022
Deferred tax liabilities	1
Pension liabilities	2
Current interest-bearing liabilities	5
Current tax liabilities	3
Trade and other payables	3
Total	14

6. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA AND EBITDA

Group	1-3/2022	1-3/2021	10-12/2021	1-12/2021
COMPARABLE EBITDA	578	429	591	1,920
inventory valuation gains/losses	115	175	128	573
changes in the fair value of open commodity and currency derivatives	219	-20	-33	106
capital gains and losses	4	5	0	3
other adjustments	0	-3	3	5
EBITDA	916	585	689	2,607
Renewable Products	1-3/2022	1-3/2021	10-12/2021	1-12/2021
COMPARABLE EBITDA	419	344	418	1,460
inventory valuation gains/losses	-27	115	107	409
changes in the fair value of open commodity and currency derivatives	154	4	-26	81
capital gains and losses	0	0	0	0
other adjustments	0	0	0	0
EBITDA	546	464	499	1,950
Oil Products	1-3/2022	1-3/2021	10-12/2021	1-12/2021
COMPARABLE EBITDA	137	52	168	353
inventory valuation gains/losses	142	59	21	164
changes in the fair value of open commodity and currency derivatives	65	-24	-7	25
capital gains and losses	4	0	0	-2
other adjustments	0	-3	3	6
EBITDA	348	84	185	546
Marketing & Services	1-3/2022	1-3/2021	10-12/2021	1-12/2021
COMPARABLE EBITDA	32	23	22	103
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	5	0	5
other adjustments	0	0	0	-2
EBITDA	33	29	22	106
Others	1-3/2022	1-3/2021	10-12/2021	1-12/2021
COMPARABLE EBITDA	-1	10	-13	11
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
EBITDA	-1	10	-13	12

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	1-3/2022	1-3/2021	1-12/2021
COMPARABLE EBITDA	578	429	1,920
depreciation, amortization and impairments	-153	-127	-584
items in depreciation, amortization and impairments affecting comparability	0	0	5
total financial income and expenses	-27	-43	-61
income tax expense	-96	-40	-188
non-controlling interests	-1	0	-2
tax on items affecting comparability	43	20	89
COMPARABLE NET PROFIT	344	239	1,179

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

	31 Mar 2022	Restated ¹⁾ 31 Mar 2021	Restated ¹⁾ 31 Dec 2021
COMPARABLE EBITDA, LAST 12 MONTHS	2,070	1,820	1,920
depreciation, amortization and impairments	-610	-677	-584
items in depreciation, amortization and impairments affecting comparability	5	167	5
financial income	4	3	4
exchange rate and fair value gains and losses	3	-45	-10
income tax expense	-244	-110	-188
tax on other items affecting ROACE	105	-30	82
Comparable net profit, net of tax	1,333	1,127	1,229
Capital employed average	8,289	7,376	7,952
Assets under construction average	1,308	1,040	1,250
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), % ¹⁾	19.1	17.8	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, %

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Total equity	7,008	5,619	6,985
Total assets	13,740	10,657	12,417
Advances received	-56	-34	-86
EQUITY-TO-ASSETS RATIO, %	51.2	52.9	56.6

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Operative receivables	1,850	1,385	1,561
Inventories	3,807	2,278	2,618
Operative liabilities	-3,629	-2,353	-2,795
Net working capital	2,028	1,310	1,384
Revenue, last 12 months	17,539	11,614	15,148
NET WORKING CAPITAL IN DAYS OUTSTANDING	42.2	41.2	33.3

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

	31 Mar 2022	31 Mar 2021	31 Dec 2021
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	5,667	4,741	4,741
Capital expenditure	253	268	1,212
Acquisitions	0	278	366
Depreciation, amortization and impairments	-153	-127	-584
Disposals	-23	-37	-78
Assets held for sale	10	0	-10
Translation differences	8	9	22
Closing balance	5,763	5,133	5,667
COMMITMENTS			
Commitments to purchase property, plant and equipment, and intangible assets	242	558	289
Other commitments	9	9	9
Total	251	568	298

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

8. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 Mar 2022	31 Mar 2021	31 Dec 2021
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	60	56	56
Share of profit (loss) of associates and joint ventures	1	1	-3
Share of other comprehensive income of investments accounted for using the equity method	6	1	4
Translation differences	-1	1	4
Closing balance	65	60	60

9. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Mar 2022	31 Mar 2021	31 Dec 2021
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	1,380	1,264	1,378
Current interest-bearing liabilities ²⁾	533	609	379
Interest-bearing liabilities	1,913	1,874	1,757
Current investments	-155	-27	-135
Cash and cash equivalents	-806	-1,370	-1,581
Liquid funds	-961	-1,397	-1,716
Interest-bearing net debt	952	477	41

¹⁾ Including EUR 336 million of lease liabilities at 31 Mar 2022 (31 Mar 2021: EUR 331 million, 31 Dec 2021: EUR 333 million)

²⁾ Including EUR 123 million of lease liabilities at 31 Mar 2022 (31 Mar 2021: EUR 116 million, 31 Dec 2021: EUR 111 million)

	31 Mar 2022	31 Mar 2021	31 Dec 2021
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	961	1,397	1,716
Unused committed credit facilities	1,350	1,350	1,350
Total	2,311	2,747	3,066
In addition: Unused commercial paper program (uncommitted)	400	400	400

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 2021.

	31 Mar 2022		31 Mar 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	3,477	-45	2,855	-4	2,544	-39
Non-hedge accounting	3,018	18	2,087	-32	1,730	-3

	31 Mar 2022			31 Mar 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	127	28	-232	0	26	-129	0	23	-29
Purchase contracts									
Non-hedge accounting	4,415	24	563	3,429	17	108	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 March 31, 2022

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
Non-current financial assets								
Non-current receivables		2	63	65	65			
Derivative financial instruments		18		18	18		18	
Other financial assets	42	6		48	48			48
Current financial assets								
Trade and other receivables ¹⁾			2,075	2,075	2,075			
Derivative financial instruments	21	675		696	696	48	647	
Current investments			155	155	155			
Cash and cash equivalents			806	806	806			
Financial assets	62	701	3,099	3,863	3,863			
Non-current financial liabilities								
Interest-bearing liabilities			1,380	1,380	1,360	875	486	
Derivative financial instruments		0		0	0		0	
Other non-current liabilities ¹⁾			44	44	44			
Current financial liabilities								
Interest-bearing liabilities			533	533	533		533	
Derivative financial instruments	66	343		409	409	4	406	
Trade and other payables ¹⁾			3,590	3,590	3,590			
Financial liabilities	66	344	5,547	5,957	5,937			

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.

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 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.

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	84	50	229
Purchases of goods and services	49	33	171
Receivables	131	122	162
Financial income and expenses	1	1	2
Liabilities	12	1	17

12. CONTINGENT LIABILITIES

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	56	61	59
Total	81	87	85
On behalf of joint arrangements			
Pledged assets	47	40	44
Total	47	40	44
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	129	129	130

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

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. Preliminary estimate of the divestment is presented in the table below. Base oils business is consolidated as part of the Oil Products segment.

Assets and liabilities	Estimated 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⁾	175
Sold net assets	-167
Gain on sale	8
Cash consideration received	175
Cash and cash equivalents disposed of	-21
Net cash flow	154

¹⁾ Total consideration includes transaction costs

NESTE

Change runs on renewables