

A young child with dark hair in a ponytail, wearing a white long-sleeved shirt and a dark grey neckerchief, is pointing upwards with their right hand. The child is wearing black and white checkered pants. The background is a blurred cityscape with tall buildings. There are several bubbles floating in the air around the child. A blue curved line is overlaid on the image, starting from the top left and curving around the child.

Neste Corporation
Interim Report
January–September 2021

27 October 2021

NESTE
Change runs on renewables

Neste's Interim Report for January–September 2021

Strong performance in the third quarter amid significantly higher energy prices

Third quarter in brief:

- Comparable operating profit totaled EUR 368 million (EUR 373 million)
- Operating profit totaled EUR 579 million (EUR 425 million)
- Renewable Products' comparable sales margin was USD 679/ton (USD 744/ton)
- Oil Products' total refining margin was USD 9.4/bbl (USD 5.9/bbl)
- Cash flow before financing activities was EUR 171 million (EUR 315 million)

January-September in brief:

- Comparable operating profit totaled EUR 910 million (EUR 1,036 million)
- Operating profit totaled EUR 1,499 million (EUR 830 million)
- Cash flow before financing activities was EUR -213 million (EUR -51 million)
- Cash-out investments were EUR 1,004 million (EUR 751 million)
- Return on average capital employed (ROACE) was 15.4% over the last 12 months (2020: 17.3%)
- Leverage ratio was 5.9% at the end of September (31.12.2020: -4.7%)
- Comparable earnings per share: EUR 1.04 (EUR 1.16)
- Earnings per share: EUR 1.71 (EUR 0.92)

President and CEO Peter Vanacker:

“Neste had a strong performance during the third quarter. We posted a comparable operating profit of EUR 368 million compared to EUR 373 million in the corresponding period last year. Renewable Products achieved high sales volumes and was able to maintain a healthy sales margin despite the tight feedstock market. Oil Products improved its performance as a result of the uplift in refining margin, which was partly offset by substantially higher utility costs driven by high gas prices. Marketing & Services performed very well during the summer period. Our ROACE over the last 12 months was 15.4%, and we had a leverage ratio of 5.9% at the end of September.

Renewable Products posted a comparable operating profit of EUR 300 million (EUR 352 million) in the third quarter. The renewable diesel demand was robust, and the feedstock markets remained tight as expected. Our sales volumes increased to 772,000 tons despite the scheduled maintenance at the Singapore refinery, which was successfully completed slightly ahead of schedule. We were able to maintain a healthy sales margin at USD 679/ton as a result of successful sales performance and margin hedging. Feedstock mix optimization continued and the share of waste and residue inputs was high at 91%.

Oil Products posted a comparable operating profit of EUR 47 million (EUR -1 million) in the third quarter. The global demand continued to recover, but was still impacted by the COVID-19 pandemic. The reference margin, which reflects the general market conditions, increased particularly during the latter part of the quarter. The reference margin increase was partly offset by significantly higher utility costs, and as there was no particular support from contango inventory profits, our additional margin was clearly below last year's third quarter level.

The increased utility costs had a negative impact of EUR 44 million on the segment's comparable operating profit year-on-year. The cost savings measures continued to have a positive impact on the results.

Marketing & Services posted a strong comparable operating profit of EUR 25 million (EUR 26 million) in the third quarter despite aviation and marine fuel demand still being lower. We were able to increase sales volumes while the unit margins were slightly lower than in the corresponding period last year.

Uncertainty on the further development of the COVID-19 pandemic and its impact on the global economy continues. In addition, energy costs have increased substantially. Amid these market turbulences we will continue to focus on our strategy execution. We gave an update on our achievements, views of market developments, and new strategic targets at our Capital Markets Day in September. The Singapore renewables capacity expansion investment project is currently on schedule for start-up by the end of the first quarter 2023. The EUR 1.5 billion investment is planned to increase our renewable products capacity by 1.3 million ton/a, and bring our total production capacity to 4.5 million tons annually. The new production line will also include optionality to produce up to 1 million tons/a Sustainable Aviation Fuels (SAF). Together with our Rotterdam SAF optionality project, we expect to reach SAF production capability of 1.5 million tons/a by the end of 2023. The project for a possible next worldscale renewables refinery in Rotterdam is in the engineering phase, and its scope is similar to the new Singapore unit. We are targeting investment decision readiness in early 2022 to continue to grow our business in renewables. Recently we announced an agreement to acquire Agri Trading in the US to strengthen our feedstock sourcing platform, and an agreement to sell our base oils business to Chevron. All of these actions support our strategy to become a global leader in renewable and circular solutions."

Outlook

Visibility in the global economic development still remains low due to the COVID-19 pandemic. As a consequence, we expect volatility in the oil products and renewable feedstock markets to remain high. Based on our current estimates and a hedging rate of approximately 80%, Neste's effective EUR/US dollar rate is expected to be within the range of 1.18-1.20 in the fourth quarter of 2021.

Renewable Products' sales volumes are expected to remain high in the fourth quarter. Waste and residue markets are anticipated to continue tight as their demand is robust. Our fourth-quarter sales margin is expected to remain healthy based on the current feedstock and product market outlook. Utilization rates of our renewables production facilities are forecast to remain high, except for the scheduled four-week catalyst change at the Rotterdam refinery mainly in November. The Rotterdam catalyst change is currently estimated to have a negative impact of approximately EUR 50 million on the segment's comparable operating profit.

Oil Products' market demand has recovered, but is still impacted by the COVID-19 pandemic. Reference margin has increased due to the ongoing energy crisis, and it is expected to be volatile. The positive impact of the higher reference margin is expected to be fully offset by the very high natural gas and electricity costs in the segment's fourth-quarter comparable operating profit.

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

Neste estimates the Group's full-year 2021 cash-out capital expenditure to be approximately EUR 1.1 billion, excluding M&A.

Neste's Interim Report, 1 January – 30 September 2021

The Interim Report is unaudited.

Figures in parentheses refer to the corresponding period for 2020, unless otherwise stated.

Key Figures

EUR million (unless otherwise noted)

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Revenue	4,026	2,881	3,022	10,181	8,723	11,751
EBITDA	735	552	599	1,919	1,210	1,508
Operating profit	579	425	463	1,499	830	828
Comparable operating profit*	368	373	241	910	1,036	1,416
Profit before income taxes	582	407	465	1,462	807	786
Net profit	512	347	431	1,318	709	714
Comparable net profit**	323	307	240	802	892	1,229
Earnings per share, EUR	0.66	0.45	0.56	1.71	0.92	0.93
Comparable earnings per share, EUR	0.42	0.40	0.31	1.04	1.16	1.60
Investments	273	240	349	1,145	853	1,197
Net cash generated from operating activities	379	497	567	793	751	2,057

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Total equity	6,528	6,315	5,929
Interest-bearing net debt	412	297	-265
Capital employed	8,427	7,590	7,236
Return on average capital employed after tax (ROACE)***, %	15.4	23.1	17.3
Equity per share, EUR	8.49	8.22	7.72
Leverage ratio, %	5.9	4.5	-4.7

* Comparable operating profit is calculated by excluding inventory valuation gains/losses, unrealized changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations, impairments and other adjustments from the reported operating profit.

** Comparable net profit is calculated by deducting total financial income and expense, income tax expense, non-controlling interests and tax on items affecting comparability from the reported comparable operating profit. Comparable earnings per share is based on comparable net profit.

*** Last 12 months

The Group's third quarter 2021 results

Neste's revenue in the third quarter totaled EUR 4,026 million (2,881 million). The change in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 1.2 billion, and lower sales volumes mainly in Oil Products, which had a negative impact of approx. EUR 100 million, also related to the shutdown of the Naantali refinery.

The Group's comparable operating profit was EUR 368 million (373 million). Renewable Products' comparable operating profit was EUR 300 million (352 million), mainly due to a lower sales margin and higher fixed costs due to preparing for future growth. Oil Products' comparable operating profit was EUR 47 million (-1 million), as a result of the improved refining market. Marketing & Services' comparable operating profit was EUR 25 million (26 million). The Others segment's comparable operating profit was EUR -1 million (-5 million).

The Group's operating profit was EUR 579 million (425 million), which was positively impacted by inventory valuation gains of EUR 63 million (68 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 145 million (27 million), mainly related to margin hedging. Profit before income taxes was EUR 582 million (407 million), and net profit EUR 512 million (347 million). Comparable earnings per share were EUR 0.42 (0.40), and earnings per share EUR 0.66 (0.45).

The Group's January–September 2021 results

Neste's revenue in the first nine months totaled EUR 10,181 million (8,723 million). The change in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 4.8 billion, and lower sales volumes mainly due to the Porvoo refinery major turnaround, which had a negative impact of approx. EUR 3.0 billion. Additionally, a weaker US dollar had a negative impact of approximately EUR 300 million on the revenue.

The Group's comparable operating profit was EUR 910 million (1,036 million). Renewable Products' nine-month comparable operating profit was EUR 880 million (996 million), mainly due to the weaker US dollar and higher fixed costs than in the corresponding period of 2020. Oil Products' nine-month comparable operating profit was EUR -19 million (13 million), mainly due to lower sales volumes caused by the scheduled Porvoo refinery major turnaround. Marketing & Services' comparable operating profit was EUR 60 million (53 million), as a result of lower fixed costs and higher unit margins compared to the first nine months of 2020. The Others segment's comparable operating profit was EUR -9 million (-30 million).

The Group's operating profit was EUR 1,499 million (830 million), which was impacted by inventory valuation gains of EUR 445 million (losses of 98 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 139 million (-64 million), mainly related to margin hedging. Profit before income taxes was EUR 1,462 million (807 million), and net profit EUR 1,318 million (709 million). Comparable earnings per share were EUR 1.04 (1.16), and earnings per share EUR 1.71 (0.92).

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
COMPARABLE OPERATING PROFIT	368	373	241	910	1,036	1,416
- inventory valuation gains/losses	63	68	207	445	-98	-119
- changes in the fair value of open commodity and currency derivatives	145	27	14	139	-64	-112
- capital gains/losses	-2	-42	0	3	-42	-42
- impairments	0	0	0	0	0	0
- other adjustments	5	-1	0	2	-2	-314
OPERATING PROFIT	579	425	463	1,499	830	828

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Group's comparable operating profit, 2020	373	1,036
Sales volumes	4	-102
Sales margin	15	16
Currency exchange	-3	-105
Fixed costs	-18	26
Others	-3	39
Group's comparable operating profit, 2021	368	910

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

	7-9	1-9
Group's comparable operating profit, 2020	373	1,036
Renewable Products	-52	-115
Oil Products	47	-32
Marketing & Services	-1	7
Others including eliminations	1	15
Group's comparable operating profit, 2021	368	910

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 company's long-term ROACE target is 15%, and the leverage ratio target is below 40%. At the end of September, ROACE calculated over the last 12 months was 15.4%, and leverage ratio remained well in the targeted area.

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Return on average capital employed after tax (ROACE)*, %	15.4	23.1	17.3
Leverage ratio (net debt to capital), %	5.9	4.5	-4.7

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 793 million (751 million) during the first nine months of 2021. The difference mainly resulted from a higher EBITDA of the businesses despite the significant increase in net working capital. Cash flow before financing activities was EUR -213 million (-51 million), including higher capital expenditure during the first nine months of 2021. The Group's net working capital in days outstanding was 44.6 days (57.7 days) on a rolling 12-month basis at the end of the third quarter.

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
EBITDA	735	552	599	1,919	1,210	1,508
Capital gains/losses	2	0	0	0	0	-1
Other adjustments	-177	19	-48	-127	118	277
Change in net working capital	-158	-17	75	-884	-412	460
Finance cost, net	-1	-18	-18	-25	-37	-54
Income taxes paid	-22	-38	-41	-90	-129	-133
Net cash generated from operating activities	379	497	567	793	751	2,057
Capital expenditure	-347	-195	-239	-1,004	-741	-972
Other investing activities	139	14	-67	-2	-60	-67
Free cash flow (Cash flow before financing activities)	171	315	261	-213	-51	1,019

Cash-out investments excluding M&A were EUR 749 million (566 million), and totaled EUR 1,004 million (751 million) during January-September. Maintenance investments accounted for EUR 347 million (166 million) and productivity and strategic investments for EUR 658 million (585 million). Renewable Products' investments were EUR 664 million (492 million), mainly related to the Singapore refinery capacity expansion project and acquisition of the Bunge refinery in Rotterdam. Oil Products' investments amounted to EUR 312 million (202 million), with the largest projects being the Porvoo refinery turnaround related investments. Marketing & Services' investments totaled EUR 8 million (14 million). Investments in the Others segment were EUR 20 million (43 million), concentrating on IT and business infrastructure upgrades.

Interest-bearing net debt was EUR 412 million at the end of September, compared to EUR -265 million at the end of 2020. The average interest rate of borrowing at the end of September was 1.4% (1.9%) and the average maturity 3.3 (2.4) years. At the end of the third quarter the Net debt to EBITDA ratio was 0.2 (0.1) over the last 12 months.

The leverage ratio was 5.9% (31 Dec 2020: -4.7%) at the end of September. 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 2,836 million at the end of September (31 Dec 2020: 2,922 million). There are no financial covenants in the Group companies' existing 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 September the Group's foreign currency hedging ratio was approximately 50% of the sales margin for the next 12 months.

US dollar exchange rate

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
EUR/USD, market rate	1.18	1.17	1.21	1.20	1.12	1.14
EUR/USD, effective rate*	1.19	1.14	1.17	1.17	1.13	1.14

* 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

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Revenue, MEUR	1,503	1,074	1,332	4,066	3,186	4,270
EBITDA, MEUR	490	407	497	1,451	1,088	1,423
Comparable operating profit, MEUR	300	352	287	880	996	1,334
Operating profit, MEUR	433	360	443	1,289	954	1,239
Net assets, MEUR	4,537	3,695	4,223	4,537	3,695	3,470
Return on net assets*, %	39.3	57.5	39.3	39.3	57.5	36.3
Comparable return on net assets*, %	30.4	52.0	33.3	30.4	52.0	39.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2020	352	996
Sales volumes	25	8
Sales margin	-41	16
Currency exchange	-3	-77
Fixed costs	-24	-35
Others	-10	-27
Comparable operating profit, 2021	300	880

Key drivers

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Comparable sales margin, USD/ton	679	744	700	694	684	703
Biomass-based diesel (D4) RIN, USD/gal	1.60	0.67	1.70	1.50	0.55	0.63
California LCFS Credit, USD/ton	176	196	185	185	201	200
Palm oil price*, USD/ton	1,012	642	935	949	598	645
Waste and residues' share of total feedstock, %	91	86	93	91	82	83

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

Renewable Products' third-quarter comparable operating profit totaled EUR 300 million, compared to EUR 352 million in the third quarter of 2020. The comparable sales margin remained healthy and averaged USD 679/ton. This was an excellent achievement considering the tight feedstock market, but lower than the strong margin level in the third quarter of 2020. The lower sales margin had a negative impact of EUR 41 million on the comparable operating profit year-on-year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 64 million (56 million) in the third quarter. Sales volumes reached a very high level of 772,000 tons despite the maintenance turnaround at the Singapore refinery, which was completed safely and ahead of schedule. The sales volume was higher than in the corresponding period last year, which had a positive impact of EUR 25 million on the comparable operating profit. During the third quarter approximately 71% (72%) of the volumes were sold to the European market and 29% (28%) to North America. The share of 100% renewable diesel delivered to end-users was 25% (31%) in the third quarter. Our renewable diesel production capacity had an average utilization rate of 83% (95%) during the quarter, reflecting the scheduled maintenance at the Singapore refinery. The proportion of waste and residue inputs was 91% (86%). The segment's fixed costs were EUR 24 million higher than in the corresponding period last year as we continued to build up our organization to prepare for future growth. Renewable Products' comparable return on net assets was 30.4% (52.0%) at the end of September based on the previous 12 months.

Waste and residues prices continued their upward trend in the third quarter. The increasing trend was mainly led by the US, where the demand remained high also supported by increasing biofuels production capacity. European used cooking oil prices were showing some softening due to lower biodiesel production. Global animal fat markets remained tight, with European animal fat prices stabilizing towards the end of the quarter as a wide premium over palm oil slowed down demand. Vegetable oils had a mixed picture with palm oil price increasing further due to a weaker than expected production, while soybean oil started to correct downward on the back of a good US crop outlook.

The US Renewable Identification Number (RIN) D4 price was volatile and ended the quarter lower due to, among other things, speculation on upcoming decisions on the 2021 and 2022 renewable volume obligations, potential retroactive changes to 2020 volumes, and pending reviews of small refinery exemptions (SREs). California Low Carbon Fuel Standard (LCFS) credit price remained relatively stable before decreasing in the latter part of the quarter due to a potentially weaker than expected fuel demand recovery.

Renewable Products' nine-month comparable operating profit was EUR 880 million (996 million). The comparable sales margin was slightly higher than in the first nine months of 2020. The higher sales margin had a positive impact of EUR 16 million on the comparable operating profit year-on-year. The BTC contribution was EUR 216 million (168 million) during the first nine months. Higher sales volumes had a positive impact of EUR 8 million on the segment's comparable operating profit compared to the corresponding period last year. A significantly weaker US dollar had a negative impact of EUR 77 million on the comparable operating profit compared to the first nine months of 2020. The segment's fixed costs were EUR 35 million higher than in the first nine months of the previous year, mainly due to the expansion our Renewable Aviation and Renewable Polymers and Chemicals business units.

Production	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Neste Renewable Diesel, 1,000 ton	670	762	764	2,242	2,274	2,993
Other products, 1,000 ton	86	57	39	202	177	239
Utilization rate*, %	83	95	96	92	95	94

* Based on nominal capacity of 3.2 Mton/a.

Sales

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Neste Renewable Diesel, 1,000 ton	772	730	732	2,246	2,234	2,966
Share of sales volumes to Europe, %	71	72	61	66	72	71
Share of sales volumes to North America, %	29	28	39	34	28	29

Oil Products
Key financials

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Revenue, MEUR	2,148	1,405	1,331	5,038	4,483	6,063
EBITDA, MEUR	204	148	73	361	88	29
Comparable operating profit, MEUR	47	-1	-58	-19	13	50
Operating profit, MEUR	126	86	8	157	-109	-396
Net assets, MEUR	2,515	2,630	2,321	2,515	2,630	1,848
Return on net assets*, %	-5.6	1.2	-7.3	-5.6	1.2	-16.8
Comparable return on net assets*, %	0.8	5.1	-1.3	0.8	5.1	2.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2020	-1	13
Sales volumes	-22	-111
Reference margin	97	56
Additional margin	-42	-56
Currency exchange	-1	-28
Fixed costs	11	46
Others	4	61
Comparable operating profit, 2021	47	-19

Key drivers

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Reference margin, USD/bbl	4.90	-0.83	2.23	2.67	1.05	0.61
Additional margin, USD/bbl	4.48	6.72	7.51	5.69	6.24	6.94
Total refining margin, USD/bbl	9.37	5.89	9.74	8.35	7.30	7.55
Urals-Brent price differential, USD/bbl	-2.30	0.10	-2.02	-1.92	-0.80	-0.62
Urals' share of total refinery input, %	59	65	70	65	69	68

Oil Products' comparable operating profit totaled EUR 47 million (-1 million) in the third quarter. The reference margin, which reflects general market conditions, strengthened and averaged USD 4.9/bbl (-0.8/bbl) in the quarter. The higher reference margin had a positive impact of EUR 97 million on the comparable operating profit year-on-year. Compared to the third quarter of 2020, Oil Products' additional margin was lower and had a negative impact of EUR 42 million on the comparable operating profit. Our additional margin was burdened by substantially higher utility costs, which had a negative impact of EUR 44 million, and was not supported by similar contango inventory profits compared to the third quarter of 2020. Our sales volumes were lower than in the corresponding period last year, which had a negative impact of EUR 22 million on the comparable operating profit. Profitability of our specialty products business was very high. The segment's fixed costs were EUR 11 million lower than in

the corresponding period last year. Oil Products' comparable return on net assets was 0.8% (5.1%) at the end of September over the previous 12 months.

During the third quarter the use of Russian crude oil was 59% (65%) of total input. The average refinery utilization rate was 91% (87%).

During the third quarter crude oil prices were mostly trading in a range between USD 65/bbl and USD 80/bbl. Brent price trended downwards from USD 75/bbl during the first half of the quarter, but started to recover supported by healthy mobility figures and fuel switching from expensive natural gas to oil in power generation. Price rose towards USD 80/bbl at the end of the quarter. Prices were also supported by oil production cuts by the OPEC+ countries.

The Russian Export Blend (REB) crude averaged USD 2.3/bbl lower than Brent during the third quarter, and the price differential was volatile. Differential was wider during the first half of the quarter, but narrowed temporarily after Hurricane Ida impacted US oil production. Differential widened again towards the end of the quarter as Russian refineries started their maintenance season lowering domestic demand.

Overall, the refining margins strengthened during the quarter. This resulted from increased road mobility during the summer driving season, a strong global economic recovery supporting industrial and transportation demand, and Hurricane Ida causing temporary shutdowns in the US refining system in August. The refining margin increase was partly offset by significantly higher utilities prices. On average gasoline margin was clearly higher than diesel margin as the weak jet fuel demand continued to put pressure on middle distillates. Diesel margin strengthened towards the end of the quarter partly driven by rising natural gas prices, which started to support diesel use in power generation in some locations globally. Neste's reference margin averaged USD 4.9/bbl in the quarter.

Oil Products' nine-month comparable operating profit was EUR -19 million (13 million). The oil market continued to be impacted by the COVID-19 pandemic, but started to recover during the third quarter. The reference margin averaged USD 2.7/bbl (1.1/bbl) during the first nine months of 2021. The higher reference margin had a positive impact of EUR 56 million on the segment's comparable operating profit year-on-year. Our additional margin averaged USD 5.7/bbl (6.2/bbl), which had a negative impact of EUR 56 million compared to the corresponding period last year. As a result of the Porvoo refinery major turnaround implemented in the second quarter, our sales volumes were significantly lower than in the first nine months of 2020. The lower sales volumes had a negative impact of EUR 111 million, and a weaker US dollar a negative impact of EUR 28 million on the comparable operating profit year-on-year. Profitability of our specialty products business was very good. Various cost savings measures have been implemented and the segment's fixed costs were EUR 46 million lower than in the first nine months of 2020, partly supported by the Naantali refinery closure.

Production	7-9/21	7-9/20	4-6/21	1-9/20	1-9/20	2020
Refinery						
- Production, 1,000 ton	2,828	3,302	773	6,544	9,861	12,791
- Utilization rate, %	91	87	20	65	83	84
Refinery production costs, USD/bbl	4.7	4.2	21.5	7.0	4.6	4.7
Bahrain base oil plant production, (Neste's share) 1,000 ton	55	48	49	159	129	178

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

	7-9/21	%	7-9/20	%	4-6/21	%	1-9/21	%	1-9/20	%	2020	%
Middle distillates*	1,403	52	1,540	46	617	51	3,194	49	4,549	46	6,282	47
Light distillates**	791	29	1,133	34	350	29	2,109	32	3,259	33	4,510	34
Heavy fuel oil	338	12	302	9	74	6	675	10	997	10	1,309	10
Base oils	92	3	132	4	95	8	276	4	343	4	441	3
Other products	87	3	216	7	63	5	320	5	663	7	813	6
TOTAL	2,712	100	3,323	100	1,199	100	6,574	100	9,812	100	13,354	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)

	7-9/21	%	7-9/20	%	4-6/21	%	1-9/21	%	1-9/20	%	2020	%
Baltic Sea area*	1,804	67	1,924	58	960	80	4,400	66	5,928	59	7,830	59
Other Europe	674	25	1,068	32	152	13	1,503	23	3,179	29	4,395	33
North America	194	7	266	8	50	4	560	9	509	9	784	6
Other areas	40	1	66	2	37	3	110	2	196	3	345	2

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

Marketing & Services

Key financials

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Revenue, MEUR	999	788	886	2,699	2,298	3,055
EBITDA, MEUR	29	33	25	84	74	96
Comparable operating profit, MEUR	25	26	18	60	53	68
Operating profit, MEUR	23	26	18	63	53	68
Net assets, MEUR	211	208	185	211	208	192
Return on net assets*, %	38.4	36.3	40.4	38.4	36.3	31.0
Comparable return on net assets*, %	36.9	26.1	37.8	36.9	26.1	31.0

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2020	26	53
Sales volumes	1	1
Unit margins	-1	2
Currency exchange	0	0
Fixed costs	-2	3
Others	2	1
Comparable operating profit, 2021	25	60

Marketing & Services' comparable operating profit was EUR 25 million (26 million) in the third quarter. The pandemic related restrictions had still some negative impact on product demand in the aviation and marine sectors. Heavy duty traffic volumes continued to recover. Our sales volumes were slightly higher than in the third

quarter of 2020, which had a positive impact of EUR 1 million on the comparable operating profit. The unit margins were supported by inventory gains, but lower than in the corresponding period last year. The lower unit margins had a negative impact of EUR 1 million on the comparable operating profit. The segment's fixed costs were EUR 2 million higher than in the third quarter of 2020. Marketing & Services' comparable return on net assets was 36.9% (26.1%) at the end of September on a rolling 12-month basis.

Marketing & Services segment's nine-month comparable operating profit was EUR 60 million (53 million). Sales volumes were slightly higher compared to the same period last year, which had a positive impact of EUR 1 million on the comparable operating profit. Average unit margins were also higher, which had a positive impact of EUR 2 million on the result year-on-year. The segment's fixed costs were EUR 3 million lower compared to the first nine months of 2020 as a result of the cost savings program.

Sales volumes by main product categories, million liters

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Gasoline station sales	175	176	159	462	456	603
Diesel station sales	424	414	402	1,212	1,160	1,559
Heating oil	156	154	141	467	498	666

Net sales by market area, MEUR

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Finland	750	597	670	2,056	1,767	2,352
Baltic countries	250	191	216	644	532	703

Others

Key financials

	7-9/21	7-9/20	4-6/21	1-9/21	1-9/20	2020
Comparable operating profit, MEUR	-1	-5	-7	-9	-30	-37
Operating profit, MEUR	-1	-47	-7	-9	-72	-84

The Others segment consists of Neste Engineering Solutions, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -1 million (-5 million) in the third quarter. The nine-month comparable operating profit of the Others segment totaled EUR -9 million (-30 million).

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the third quarter at EUR 48.97, down by 5.2% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 57.02, while the lowest share price was EUR 47.66. Market capitalization was EUR 37.7 billion as of 30 September 2021. An average of 0.8 million shares were traded daily, representing 0.1% of the company's shares.

At the end of September 2021, Neste held 1,241,662 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 September 2021, the State of Finland owned directly 35.9% (35.9% at the end of the second quarter) of outstanding shares, foreign institutions 39.9% (40.1%), Finnish institutions 16.7% (16.6%), and households 7.4% (7.5%).

Personnel

Neste employed an average of 4,898 (4,841) employees in the first nine months of the year, of which 1,280 (986) were based outside Finland. At the end of September, the company had 4,807 (4,890) employees, of which 1,359 (1,183) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures	7-9/21	7-9/20	1-9/21	1-9/20	2020
TRIF*	1.5	0.4	1.4	1.2	1.3
PSER**	1.1	1.5	1.4	1.9	1.6
GHG reduction, Mton***	2.8	2.5	8.0	7.6	10.0

* 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.

*** Cumulative greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to crude oil based diesel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 effective 1 July, 2021. Since the beginning of 2021 volumes sold are applied in calculation instead of volumes produced earlier.

Neste's occupational safety injury frequency, measured by the key TRIF indicator, was higher during the third quarter compared to the corresponding period last year. Cumulative TRIF is slightly higher than in the first nine months of 2020. PSER, the main indicator for process safety incidents, was lower during the third quarter compared to the corresponding period last year. The cumulative PSER is lower compared to the first nine months 2020 result.

Our target is to continuously improve the safety performance. The short term actions include high risk work management with field verification, safe operation during process changes and upsets, and effective winter condition management. The long-term safety development activities continue with earlier defined focus areas of leadership, operational discipline, process safety, contractor safety, and effective learning from incidents. The roll-out and the implementation of the updated safety leadership principles and the more active use of leading indicators continue as planned. The occupational safety development continues to focus on contractor safety management. High focus on process safety continues in all operations, for example, by ensuring effective process safety risk management.

Neste produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the third quarter of 2021 this GHG reduction was 2.8 million tons (2.5 million tons).

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

Neste published a new sustainability vision at its Capital Markets Day 2021 in September, setting high standards for sustainability. Our new broadened sustainability vision covers climate, biodiversity, human rights, supply chain and raw materials. We are committed to transformation towards a carbon neutral value chain. We aim to reduce the emission intensity of sold products, and work with our suppliers and partners to decrease emissions across

our value chain (Scope 3). We are well on track and continue to progress with our existing climate commitments to reduce our own emissions and reach carbon neutral production (Scope 1 & 2) by 2035, and to help our customers to reduce emissions by at least 20 million tons CO₂e annually by 2030.

Neste is increasing the use of renewable electricity in Finland. We have signed a renewable power purchase agreement with Statkraft, Europe's largest producer of renewable energy. Statkraft will begin the wind power deliveries to the Porvoo refinery in mid-2022. In addition to the agreement with Statkraft, our other wind power partners are Ilmatar and Fortum. Neste has been using wind power at the Porvoo refinery since the beginning of 2021. Currently, about 20% of the refinery's electricity consumption is covered by renewable wind power. As a result of these agreements, approximately 40% of the electricity used at the Porvoo refinery will be renewable wind power in 2025.

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

Main events published during the third quarter

On 21 July, Neste announced that Sonat Burman-Olsson has announced her resignation from the Board of Directors of Neste Corporation. The Shareholders' Nomination Board of Neste has assessed that the Board will remain functional after Burman-Olsson's resignation, and that the Board's composition will continue to meet the requirements set out in the Articles of Association.

On 27 July, Neste announced that Markku Korvenranta, M.Sc. (Eng), has been appointed as Executive Vice President, Oil Products business unit and member of the Neste Executive Committee. He will join Neste in January 2022, at the latest, and will report to President and CEO Peter Vanacker.

On 7 September, Neste announced that it has agreed to acquire 100% of Agri Trading, one of the largest independent renewable waste and residue fat and oil traders in the United States, and its affiliate entities. The transaction supports Neste in its efforts to build a solid, resilient and flexible global waste and residue raw material platform that can keep pace with the customer's growing demand for renewable products. The transaction is subject to the completion of customary closing conditions and regulatory approval.

On 20 September, Neste announced that the following members have been appointed to Neste's Shareholders' Nomination Board: 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. The Nomination Board is responsible for drafting and presenting proposals covering the remuneration and number of members of the Board of Directors and for presenting candidates as potential Board members to the AGM. The Nomination Board will forward its proposals for the AGM to the Board of Directors by 31 January 2022.

On 23 September, Neste announced that it is holding its Capital Markets Day 2021 as a webcast under the theme: Delivering on strategy and renewal through innovation. Neste's strategy remains relevant: we aim to be a global leader in renewable and circular solutions.

Demand for renewable products is growing substantially, driven by higher climate ambitions and supportive regulation. We will grow in renewable aviation, renewable polymers and chemicals, and in renewable road transportation, and intend to have three substantial renewables businesses by 2030. Neste has an excellent safety record, and great progress has been made in strategy execution despite

the global pandemic. Innovation will continue to be at the core of our success. We are targeting commercial-scale operations in at least one of our current innovation business platforms by 2030.

Neste's renewable feedstock and production platform has been substantially strengthened through organic growth and recent acquisitions, and we will continue to grow our platform globally. We expect the global waste and residue availability to grow to 40 million tons by 2030. We are focusing on developing new sources while growing the existing feedstock pool. Our target for the share of crude palm oil and refined palm oil grades is to reach zero by the end of 2023, and the share of novel vegetable oils and other new low-ILUC feedstock is expected to grow post 2023.

Great progress has been made with the Neste Excellence program. By the end of 2020, a comparable EBIT improvement totaling EUR 237 million was realized through the program. The improvement targets for the Neste Excellence program have been increased from EUR 225 million to EUR 350 million by the end of 2022, and from EUR 300 million to EUR 500 million by 2030. These improvements are measured compared to the year 2018.

Our estimate for the Group's full-year 2021 cash-out capital expenditure, excluding M&A, has been revised from approximately EUR 1.2 billion to EUR 1.1 billion.

Events after the reporting period

On 4 October, Neste announced that it has signed 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 completion of the divestment is subject to the approval of the competition authorities and customary closing conditions, with estimated completion date by the end of Q1/2022.

Potential risks

The global COVID-19 pandemic continues to cause risks and uncertainties for Neste's business. Key market risks affecting Neste's financial results for the next 12 months include macroeconomic, regulatory and geopolitical risks, such as a prolonged economic recession, possible trade tensions, impacts of the COVID-19 pandemic on Neste's product demand, operations, or delivery of projects, changes in biofuel regulation, market prices, and competitive situation, and any scheduled or unexpected shutdowns at Neste's refineries or potential strikes, and rising energy costs. Outcome of legal proceedings may have an impact on Neste's financial results.

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 fourth-quarter and full-year 2021 results

Neste will publish its fourth-quarter and full-year results on 10 February 2022 at approximately 9:00 a.m. EET.

Espoo, 26 October 2021

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, 27 October 2021, 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: +1 646 741 3167, using access code 8892769. The conference call can be followed at the company's [website](#). An instant replay of the call will be available until 3 November 2021 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 8892769.

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 - SEPTEMBER 2021
The interim report is unaudited

FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
Revenue	3, 4	4,026	2,881	10,181	8,723	11,751	13,208
Other income		10	4	33	13	17	38
Share of profit (loss) of associates and joint ventures	9	0	-39	1	-39	-38	2
Materials and services		-3,125	-2,129	-7,711	-6,868	-9,253	-10,096
Employee benefit costs		-88	-87	-305	-295	-431	-441
Depreciation, amortization and impairments	4	-156	-127	-419	-381	-680	-718
Other expenses		-88	-78	-281	-324	-538	-495
Operating profit	4	579	425	1,499	830	828	1,497
Financial income and expenses							
Financial income		1	1	3	3	4	3
Financial expenses		-11	-11	-39	-35	-45	-50
Exchange rate and fair value gains and losses		14	-7	0	9	0	-9
Total financial income and expenses		4	-18	-37	-23	-41	-56
Profit before income taxes		582	407	1,462	807	786	1,441
Income tax expense		-70	-60	-144	-98	-72	-118
Profit for the period		512	347	1,318	709	714	1,324
Profit attributable to:							
Owners of the parent		507	346	1,315	707	712	1,319
Non-controlling interests		5	0	3	1	2	4
		512	347	1,318	709	714	1,324
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.66	0.45	1.71	0.92	0.93	1.72
Diluted earnings per share		0.66	0.45	1.71	0.92	0.93	1.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
Profit for the period	512	347	1,318	709	714	1,324
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	-4	-5	-4	-3	-6	-8
Net change of other investments at fair value	0	5	0	5	5	0
Items that may be reclassified subsequently to profit or loss						
Translation differences	7	16	14	11	4	7
Cash flow hedges						
recorded in equity	-32	34	-81	6	73	-14
transferred to income statement	4	-14	-28	7	-12	-48
Share of other comprehensive income of investments accounted for using the equity method	1	12	2	12	12	2
Total	-20	47	-94	36	77	-53
Other comprehensive income for the period, net of tax	-24	47	-98	38	76	-61
Total comprehensive income for the period	488	394	1,220	747	790	1,263
Total comprehensive income attributable to:						
Owners of the parent	483	394	1,216	745	788	1,259
Non-controlling interests	5	0	3	1	2	4
	488	394	1,220	747	790	1,263

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets	8	441	268	264
Property, plant and equipment	8	4,990	4,504	4,477
Investments in associates and joint ventures	9	61	22	56
Non-current receivables		63	65	61
Deferred tax assets		38	34	35
Derivative financial instruments	11	12	2	3
Other financial assets	11	33	20	32
Total non-current assets		5,637	4,914	4,928
Current assets				
Inventories		2,602	1,903	1,829
Trade and other receivables		1,546	1,589	1,208
Derivative financial instruments	11	285	173	260
Current investments		21	35	20
Cash and cash equivalents		1,465	944	1,552
Total current assets		5,919	4,644	4,869
Assets classified as held for sale	6	206	14	17
Total assets	4	11,762	9,572	9,815
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		6,483	6,271	5,885
Total		6,523	6,311	5,925
Non-controlling interests		5	4	4
Total equity		6,528	6,315	5,929
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,296	1,056	1,050
Deferred tax liabilities		283	249	222
Provisions		228	101	232
Pension liabilities		110	111	111
Derivative financial instruments	11	1	2	1
Other non-current liabilities		20	21	21
Total non-current liabilities		1,937	1,539	1,638
Current liabilities				
Interest-bearing liabilities		603	220	257
Current tax liabilities		8	8	7
Derivative financial instruments	11	191	59	111
Trade and other payables		2,457	1,430	1,872
Total current liabilities		3,258	1,717	2,247
Liabilities related to assets held for sale		39	0	0
Total liabilities	4	5,233	3,257	3,886
Total equity and liabilities		11,762	9,572	9,815

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Cash flows from operating activities						
Profit before income taxes		582	407	1,462	807	786
Adjustments, total		-23	163	330	521	997
Change in net working capital		-158	-17	-884	-412	460
Cash generated from operations		402	553	908	916	2,244
Finance cost, net		-1	-18	-25	-37	-54
Income taxes paid		-22	-38	-90	-129	-133
Net cash generated from operating activities		379	497	793	751	2,057
Cash flows from investing activities						
Capital expenditure		-347	-195	-749	-566	-762
Acquisitions of subsidiaries	5	0	0	-255	-175	-175
Acquisitions of associates and joint ventures		0	0	0	0	-35
Proceeds from sales of shares in joint arrangements and business operations	5	0	0	8	-2	-2
Proceeds from sales of property, plant and equipment		6	0	6	0	1
Changes in long-term receivables and other investments		133	14	-17	-58	-66
Cash flows from investing activities		-209	-182	-1,006	-801	-1,039
Cash flow before financing activities		171	315	-213	-51	1,019
Cash flows from financing activities						
Net change in loans and other financing activities		74	-23	492	-149	-177
Dividends paid to the owners of the parent		0	0	-307	-353	-783
Dividends paid to non-controlling interests		-2	0	-2	0	-1
Cash flows from financing activities		72	-23	183	-503	-961
Net increase (+) / decrease (-) in cash and cash equivalents		243	292	-30	-553	57
Cash and cash equivalents at the beginning of the period		1,281	650	1,552	1,493	1,493
Exchange gains (+) / losses (-) on cash and cash equivalents		2	2	3	4	2
Cash and cash equivalents at the end of the period ¹⁾		1,525	944	1,525	944	1,552

¹⁾ Including cash and cash equivalents of EUR 60 million classified as held for sale as of 30 September 2021. See Note 6 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 2020	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								707	707	1	709
Other comprehensive income for the period, net of tax					30	-3	11		38	0	38
Total comprehensive income for the period	0	0	0	0	30	-3	11	707	745	1	747
Transactions with the owners in their capacity as owners											
Dividend decision								-353	-353	0	-353
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
Total equity at 30 Sep 2020	40	19	16	-7	23	-63	-28	6,309	6,311	4	6,315

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 2020	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								712	712	2	714
Other comprehensive income for the period, net of tax					77	-6	4		76	0	76
Total comprehensive income for the period	0	0	0	0	77	-6	4	712	788	2	790
Transactions with the owners in their capacity as owners											
Dividend decision								-783	-783	-1	-784
Share-based compensation			0	1				1	2		2
Transfer from retained earnings		0					0		0		0
Total equity at 31 Dec 2020	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929

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								1,315	1,315	3	1,318
Other comprehensive income for the period, net of tax					-107	-4	14		-98	0	-98
Total comprehensive income for the period	0	0	0	0	-107	-4	14	1,315	1,216	3	1,220
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	-2	-617
Share-based compensation			0	1				-5	-4		-4
Transfer from retained earnings		0					0		0		0
Total equity at 30 Sep 2021	40	19	16	-6	-36	-70	-21	6,581	6,523	5	6,528

KEY FIGURES

	30 Sep 2021	30 Sep 2020	31 Dec 2020	Last 12 months
Revenue	10,181	8,723	11,751	13,208
Profit for the period	1,318	709	714	1,324
Earnings per share (EPS), EUR	1.71	0.92	0.93	1.72
Alternative performance measures				
EBITDA, EUR million	1,919	1,210	1,508	2,216
Capital employed, EUR million	8,427	7,590	7,236	-
Interest-bearing net debt, EUR million	412	297	-265	-
Capital expenditure and investment in shares, EUR million	1,145	853	1,197	1,489
Return on average capital employed, after tax, (ROACE) %	15.4	23.1	17.3	-
Return on equity, (ROE) %	21.7	28.2	11.8	-
Equity per share, EUR	8.49	8.22	7.72	-
Cash flow per share, EUR	1.03	0.98	2.68	2.74
Comparable earnings per share, EUR	1.04	1.16	1.60	1.48
Comparable net profit	802	892	1,229	1,139
Equity-to-assets ratio, %	55.8	66.4	61.1	-
Leverage ratio, %	5.9	4.5	-4.7	-
Weighted average number of shares outstanding	767,643,112	767,794,749	767,370,423	767,643,112
Number of shares outstanding at the end of the period	767,969,396	767,836,640	767,836,640	-
Average number of personnel	4,898	4,841	4,833	-

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 2020 and website www.neste.com together with the calculation of key figures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with Neste's annual consolidated financial statements for the year ended 31 December 2020, 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 2020 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 2021. 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 COVID-19 pandemic

Neste has assessed the impacts of COVID-19 pandemic by reviewing the carrying values of the balance sheet items. The review did not indicate a need for asset impairments. Neste's liquid funds were 1,486 EUR million and committed unutilized credit facilities 1,350 EUR million on 30 September 2021.

2. TREASURY SHARES

On 15 March 2021 a total of 132,756 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the earning period 2018-2020 of the share-based incentive program 2016 according to 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 1,241,662 shares.

3. REVENUE

REVENUE BY CATEGORY

External revenue	7-9/2021					7-9/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,426	1,378	966	0	3,770	1,042	877	756	0	2,676
Light distillates	26	690	252	0	969	27	438	210	0	675
Middle distillates	1,400	516	712	0	2,628	1,015	347	545	0	1,907
Heavy fuel oil	0	172	1	0	173	0	92	1	0	94
Other products	11	203	23	0	237	12	154	24	0	190
Other services	0	10	2	7	19	0	9	3	5	16
Total	1,437	1,591	992	7	4,026	1,055	1,039	783	5	2,881

External revenue	1-9/2021					1-9/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	3,863	3,029	2,604	0	9,496	3,049	2,851	2,202	0	8,103
Light distillates	95	1,453	643	0	2,191	76	1,302	545	0	1,923
Middle distillates	3,768	1,271	1,957	0	6,996	2,973	1,338	1,653	0	5,965
Heavy fuel oil	0	305	4	0	309	0	212	3	0	215
Other products	28	533	67	0	628	28	462	71	0	562
Other services	0	29	6	21	57	0	30	7	22	59
Total	3,891	3,591	2,677	21	10,181	3,077	3,344	2,280	22	8,723

External revenue	1-12/2020					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	4,076	3,933	2,927	0	10,937	4,890	4,111	3,329	0	12,330
Light distillates	97	1,820	720	0	2,636	116	1,972	817	0	2,905
Middle distillates	3,979	1,813	2,204	0	7,996	4,774	1,746	2,507	0	9,027
Heavy fuel oil	0	300	4	0	304	0	393	5	0	398
Other products	38	604	94	0	736	38	674	90	0	802
Other services	0	41	9	28	78	0	40	9	28	76
Total	4,114	4,578	3,031	28	11,751	4,928	4,825	3,428	28	13,208

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	7-9/2021					7-9/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,437	1,581	989	0	4,007	1,055	1,031	780	0	2,865
Services transferred at point in time	0	10	2	0	12	0	9	3	0	11
Services transferred over time	0	0	0	7	7	0	0	0	4	4
Total	1,437	1,591	992	7	4,026	1,055	1,039	783	5	2,881

External revenue	1-9/2021					1-9/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	3,891	3,562	2,671	0	10,124	3,077	3,314	2,273	0	8,664
Services transferred at point in time	0	29	6	1	36	0	30	7	1	38
Services transferred over time	0	0	0	21	21	0	0	0	21	21
Total	3,891	3,591	2,677	21	10,181	3,077	3,344	2,280	22	8,723

External revenue	1-12/2020					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	4,114	4,537	3,021	0	11,673	4,928	4,785	3,419	0	13,132
Services transferred at point in time	0	41	9	1	52	0	40	9	1	50
Services transferred over time	0	0	0	26	26	0	0	0	26	26
Total	4,114	4,578	3,031	28	11,751	4,928	4,825	3,428	28	13,208

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
7-9/2021						
External revenue	1,437	1,591	992	7	0	4,026
Internal revenue	66	558	7	26	-657	0
Total revenue	1,503	2,148	999	33	-657	4,026
7-9/2020						
External revenue	1,055	1,039	783	5	0	2,881
Internal revenue	20	365	6	27	-418	0
Total revenue	1,074	1,405	788	32	-418	2,881
1-9/2021						
External revenue	3,891	3,591	2,677	21	0	10,181
Internal revenue	175	1,447	22	107	-1,750	0
Total revenue	4,066	5,038	2,699	128	-1,750	10,181
1-9/2020						
External revenue	3,077	3,344	2,280	22	0	8,723
Internal revenue	109	1,139	18	115	-1,381	0
Total revenue	3,186	4,483	2,298	137	-1,381	8,723
1-12/2020						
External revenue	4,114	4,578	3,031	28	0	11,751
Internal revenue	156	1,485	24	149	-1,813	0
Total revenue	4,270	6,063	3,055	177	-1,813	11,751
Last 12 months						
External revenue	4,928	4,825	3,428	28	0	13,208
Internal revenue	221	1,793	28	141	-2,183	0
Total revenue	5,149	6,618	3,455	168	-2,183	13,208

REVENUE BY OPERATING DESTINATION

	7-9/2021					7-9/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	132	405	738	5	1,280	18	274	587	4	883
Other Nordic countries	448	313	0	0	761	328	179	0	0	508
Baltic Rim	0	61	253	0	314	4	33	194	0	231
Other European countries	329	517	1	0	847	452	379	1	0	832
North and South America	517	274	0	2	793	249	153	0	0	402
Other countries	11	20	0	0	31	4	21	0	0	25
Total	1,437	1,591	992	7	4,026	1,055	1,039	783	5	2,881
1-9/2021										
External revenue										
Finland	288	999	2,022	16	3,325	96	927	1,737	16	2,775
Other Nordic countries	1,280	609	1	0	1,890	1,001	522	3	0	1,526
Baltic Rim	9	173	652	0	835	8	154	539	0	702
Other European countries	884	1,081	2	2	1,968	1,217	1,319	1	4	2,541
North and South America	1,400	677	0	4	2,081	742	345	0	1	1,088
Other countries	30	52	0	0	82	13	77	0	0	91
Total	3,891	3,591	2,677	21	10,181	3,077	3,344	2,280	22	8,723
1-12/2020										
External revenue										
Finland	169	1,260	2,313	21	3,763	361	1,332	2,599	21	4,313
Other Nordic countries	1,287	691	4	0	1,982	1,566	778	2	0	2,345
Baltic Rim	36	181	712	0	930	37	201	825	0	1,063
Other European countries	1,509	1,809	2	4	3,323	1,176	1,570	2	2	2,750
North and South America	1,089	512	0	2	1,603	1,747	844	0	5	2,596
Other countries	24	125	0	0	150	41	100	0	0	141
Total	4,114	4,578	3,031	28	11,751	4,928	4,825	3,428	28	13,209
Last 12 months										
External revenue										
Finland	169	1,260	2,313	21	3,763	361	1,332	2,599	21	4,313
Other Nordic countries	1,287	691	4	0	1,982	1,566	778	2	0	2,345
Baltic Rim	36	181	712	0	930	37	201	825	0	1,063
Other European countries	1,509	1,809	2	4	3,323	1,176	1,570	2	2	2,750
North and South America	1,089	512	0	2	1,603	1,747	844	0	5	2,596
Other countries	24	125	0	0	150	41	100	0	0	141
Total	4,114	4,578	3,031	28	11,751	4,928	4,825	3,428	28	13,209

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.

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
REVENUE						
Renewable Products	1,503	1,074	4,066	3,186	4,270	5,149
Oil Products	2,148	1,405	5,038	4,483	6,063	6,618
Marketing & Services	999	788	2,699	2,298	3,055	3,455
Others	33	32	128	137	177	168
Eliminations	-657	-418	-1,750	-1,381	-1,813	-2,183
Total	4,026	2,881	10,181	8,723	11,751	13,208

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
OPERATING PROFIT						
Renewable Products	433	360	1,289	954	1,239	1,575
Oil Products	126	86	157	-109	-396	-130
Marketing & Services	23	26	63	53	68	77
Others	-1	-47	-9	-72	-84	-20
Eliminations	-3	0	-2	4	1	-5
Total	579	425	1,499	830	828	1,497

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
COMPARABLE OPERATING PROFIT						
Renewable Products	300	352	880	996	1,334	1,219
Oil Products	47	-1	-19	13	50	18
Marketing & Services	25	26	60	53	68	74
Others	-1	-5	-9	-30	-37	-16
Eliminations	-3	0	-2	4	1	-5
Total	368	373	910	1,036	1,416	1,290

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS						
Renewable Products	57	47	161	134	184	211
Oil Products	78	63	204	197	425	433
Marketing & Services	7	7	21	21	28	28
Others	11	10	33	29	43	47
Eliminations	2	0	0	0	0	0
Total	156	127	419	381	680	718

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020	Last 12 months
CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES						
Renewable Products	155	155	754	572	804	985
Oil Products	107	71	356	222	307	441
Marketing & Services	5	5	13	13	26	25
Others	6	9	22	45	60	38
Eliminations	0	0	0	0	0	0
Total	273	240	1,145	853	1,197	1,489

	30 Sep 2021	30 Sep 2020	31 Dec 2020
TOTAL ASSETS			
Renewable Products	5,289	4,175	3,998
Oil Products	4,148	3,634	3,402
Marketing & Services	542	484	476
Others	343	354	349
Unallocated assets	1,735	1,156	1,839
Eliminations	-296	-230	-249
Total	11,762	9,572	9,815

	30 Sep 2021	30 Sep 2020	31 Dec 2020
NET ASSETS			
Renewable Products	4,537	3,695	3,470
Oil Products	2,515	2,630	1,848
Marketing & Services	211	208	192
Others	-167	189	149
Eliminations	-10	-5	-6
Total	7,087	6,718	5,653
TOTAL LIABILITIES			
Renewable Products	1,077	771	825
Oil Products	1,663	1,038	1,600
Marketing & Services	383	334	339
Others	517	170	206
Unallocated liabilities	1,880	1,169	1,160
Eliminations	-286	-225	-243
Total	5,233	3,257	3,886
RETURN ON NET ASSETS, %			
Renewable Products	39.3	57.5	36.3
Oil Products	-5.6	1.2	-16.8
Marketing & Services	38.4	36.3	31.0
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	30.4	52.0	39.1
Oil Products	0.8	5.1	2.1
Marketing & Services	36.9	26.1	31.0

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	1,503	1,332	1,231	1,084	1,074	1,047	1,065
Oil Products	2,148	1,331	1,559	1,580	1,405	1,218	1,860
Marketing & Services	999	886	814	756	788	664	846
Others	33	48	47	40	32	45	59
Eliminations	-657	-574	-519	-433	-418	-403	-560
Total	4,026	3,022	3,132	3,028	2,881	2,572	3,270
QUARTERLY OPERATING PROFIT	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	433	443	413	285	360	168	426
Oil Products	126	8	24	-287	86	40	-234
Marketing & Services	23	18	22	15	26	19	8
Others	-1	-7	-1	-12	-47	-16	-9
Eliminations	-3	0	0	-3	0	-3	7
Total	579	463	458	-2	425	208	197
QUARTERLY COMPARABLE OPERATING PROFIT	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	300	287	294	338	352	314	329
Oil Products	47	-58	-8	37	-1	-60	74
Marketing & Services	25	18	16	15	26	19	8
Others	-1	-7	-1	-7	-5	-16	-9
Eliminations	-3	0	0	-3	0	-3	7
Total	368	241	302	380	373	255	408
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	57	54	51	50	47	43	44
Oil Products	78	66	60	229	63	64	70
Marketing & Services	7	7	7	7	7	7	7
Others	11	11	11	14	10	10	9
Eliminations	2	-1	-1	0	0	0	0
Total	156	136	127	299	127	124	129
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	155	133	466	232	155	284	134
Oil Products	107	205	45	85	71	50	101
Marketing & Services	5	5	3	12	5	6	3
Others	6	7	10	15	9	13	22
Eliminations	0	0	0	0	0	0	0
Total	273	349	523	344	240	352	260
QUARTERLY NET ASSETS	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	4,537	4,223	4,099	3,470	3,695	3,592	3,165
Oil Products	2,515	2,321	2,338	1,848	2,630	2,579	2,439
Marketing & Services	211	185	213	192	208	206	249
Others	-167	-174	-468	149	189	208	226
Eliminations	-10	-8	-9	-6	-5	-7	2
Total	7,087	6,547	6,172	5,653	6,718	6,578	6,082

5. ACQUISITIONS AND DISPOSALS

Acquisitions

Bunge Loders Croklaan's refinery plant

On 1 March 2021 Neste acquired Bunge Loders Croklaan's refinery plant located in Rotterdam, the Netherlands. The refinery plant is located next to Neste's existing biorefinery and it consists of a pretreatment facility, tank farm, jetties, and has a pipeline connection to Neste's site. The name of the acquired company was changed from Bunge Loders Croklaan Oils B.V. to Neste Pretreatment Rotterdam B.V. The transition of operations and employees will be implemented in phases with the refinery plant's full and modified pretreatment capacity available for processing Neste's feedstock by the end of 2024. The acquisition is consolidated into the Renewable Products segment.

The acquisition of the refinery plant supports Neste's global growth strategy in renewables. It allows Neste to accelerate the scaling up of renewable raw material pretreatment capacity, which is an important driver for expanding the use of waste and residue feedstocks and increasing Neste's feedstock flexibility.

The fair values of the acquired net assets are presented in the table below. Based on the purchase price allocation, a portion of the purchase price was allocated to property, plant & equipment. Goodwill represents synergies arising from expanding the use of waste and residue feedstocks, increasing feedstock flexibility, and the plant's location next to Neste's existing refinery. Goodwill is not deductible in taxation.

The transaction costs of the acquisition are included in other expenses in the consolidated statement of income. The acquisition does not have a material impact on the Neste's revenue nor profit. The purchase price was paid fully in cash.

Values of acquired assets and liabilities at time of acquisition:	Fair value
Intangible assets	1
Property, plant and equipment	104
Inventories	1
Total assets	107
Interest-bearing liabilities	10
Deferred tax liabilities	11
Current tax liabilities	3
Trade and other payables	1
Total liabilities	25
Net assets acquired	81
Consideration transferred	255
Net assets acquired	-81
Goodwill	173
Cash flows of acquisition:	1-9/2021
Consideration, paid in cash	-255
Cash and cash equivalents in acquiree	0
Transaction costs of the acquisition	-2
Net cash flow on acquisition	-257

Disposals

On 15 January 2021 Neste sold its liquefied petroleum gas (LPG) cylinder business and its 50 percent shareholding in the bottling plant Oy Innogas Ab to Oy Linde Gas Ab (formerly AGA). Liquefied petroleum gas (LPG) cylinder business and Oy Innogas Ab were part of the Marketing & Services segment. The divestment does not have a material impact on Neste's revenue nor profit.

Sale of LPG cylinder business and stake in Oy Innogas Ab	Recognized values
Total consideration	9
Sold net assets	-4
Gain on sale	5
Cash consideration received	9
Cash and cash equivalents disposed of	-1
Net cash flow of the disposal	8

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

The assets classified as held for sale as of 30 Sep 2021 relate to replacing the vessel Futura with new product tanker. Futura vessel 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 Sep 2021
Property, plant and equipment	5
Total	5

Base oils business

The assets held for sale at 30 September 2021 relate to an agreement to sell its existing base oils business to Chevron Corporation. As part of the divestment, the parties have also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. In connection with the divestment, Neste has signed an agreement to exit its base oils joint arrangement with Bahrain Petroleum Company and Nogaholding. The completion of the divestment is subject to the approval of the competition authorities and customary closing conditions, with estimated completion date by the end of Q1/2022. Base oils business is consolidated as part of the Oil Products segment.

Assets classified as held for sale	Base oils business 30 Sep 2021
Property, plant and equipment	10
Deferred tax assets	1
Inventories	66
Trade and other receivables	65
Cash and cash equivalents	60
Total	202
Liabilities related to assets held for sale	30 Sep 2021
Non-current interest-bearing liabilities	4
Pension liabilities	3
Current interest-bearing liabilities	9
Trade and other payables	23
Total	39

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	7-9/2021	7-9/2020	4-6/2021	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	368	373	241	910	1,036	1,416
inventory valuation gains/losses	63	68	207	445	-98	-119
changes in the fair value of open commodity and currency derivatives	145	27	14	139	-64	-112
capital gains and losses	-2	-42	0	3	-42	-42
impairments	0	0	0	0	0	0
other adjustments	5	-1	0	2	-2	-314
OPERATING PROFIT	579	425	463	1,499	830	828
Renewable Products	7-9/2021	7-9/2020	4-6/2021	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	300	352	287	880	996	1,334
inventory valuation gains/losses	6	5	181	302	19	10
changes in the fair value of open commodity and currency derivatives	127	2	-24	107	-61	-105
capital gains and losses	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	433	360	443	1,289	954	1,239
Oil Products	7-9/2021	7-9/2020	4-6/2021	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	47	-1	-58	-19	13	50
inventory valuation gains/losses	57	62	27	143	-117	-130
changes in the fair value of open commodity and currency derivatives	18	25	39	32	-3	-7
capital gains and losses	-2	0	0	-2	0	0
impairments	0	0	0	0	0	0
other adjustments	7	-1	0	4	-2	-310
OPERATING PROFIT	126	86	8	157	-109	-396
Marketing & Services	7-9/2021	7-9/2020	4-6/2021	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	25	26	18	60	53	68
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	5	0	0
impairments	0	0	0	0	0	0
other adjustments	-2	0	0	-2	0	0
OPERATING PROFIT	23	26	18	63	53	68
Others	7-9/2021	7-9/2020	4-6/2021	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	-1	-5	-7	-9	-30	-37
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	-42	0	0	-42	-42
impairments	0	0	0	0	0	0
other adjustments	1	0	0	1	0	-5
OPERATING PROFIT	-1	-47	-7	-9	-72	-84

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
COMPARABLE OPERATING PROFIT	368	373	910	1,036	1,416
total financial income and expenses	4	-18	-37	-23	-41
income tax expense	-70	-60	-144	-98	-72
non-controlling interests	-5	0	-3	-1	-2
tax on items affecting comparability	27	12	76	-21	-71
COMPARABLE NET PROFIT	323	307	802	892	1,229

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

	30 Sep 2021	30 Sep 2020	31 Dec 2020
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,290	1,817	1,416
financial income	3	5	4
exchange rate and fair value gains and losses	-9	2	0
income tax expense	-118	-195	-72
tax on other items affecting ROACE	20	7	-77
Comparable net profit, net of tax	1,186	1,637	1,271
Capital employed average	7,722	7,098	7,326
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	15.4	23.1	17.3

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Total equity	6,528	6,315	5,929
Total assets	11,762	9,572	9,815
Advances received	-66	-54	-104
EQUITY-TO-ASSETS RATIO, %	55.8	66.4	61.1

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Operative receivables	1,480	1,561	1,179
Inventories	2,602	1,903	1,829
Operative liabilities	-2,468	-1,445	-1,883
Net working capital	1,613	2,019	1,125
Revenue, last 12 months	13,208	12,776	11,751
NET WORKING CAPITAL IN DAYS OUTSTANDING	44.6	57.7	35.0

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

	30 Sep 2021	30 Sep 2020	31 Dec 2020
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	4,741	4,322	4,322
Capital expenditure	890	669	964
Acquisitions	278	218	219
Depreciation, amortization and impairments	-419	-381	-680
Disposals	-70	-25	-48
Assets held for sale	-1	-14	-14
Translation differences	12	-18	-22
Closing balance	5,431	4,772	4,741
COMMITMENTS			
Commitments to purchase property, plant and equipment, and intangible assets	390	719	616
Other commitments	9	0	10
Total	400	719	626

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 Sep 2021	30 Sep 2020	31 Dec 2020
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	56	22	22
Share of profit (loss) of associates and joint ventures	1	-39	-38
Share of other comprehensive income of investments accounted for using the equity method	2	12	12
Investments	0	0	35
Translation differences	2	26	26
Closing balance	61	22	56

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 Sep 2021	30 Sep 2020	31 Dec 2020
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ^{1) 3)}	1,296	1,056	1,050
Current interest-bearing liabilities ²⁾	603	220	257
Interest-bearing liabilities	1,898	1,275	1,307
Current investments	-21	-35	-20
Cash and cash equivalents	-1,465	-944	-1,552
Liquid funds	-1,486	-979	-1,572
Interest-bearing net debt	412	297	-265

¹⁾ Including EUR 312 million of lease liabilities at 30 Sep 2021 (30 Sep 2020: EUR 295 million, 31 Dec 2020: EUR 289 million)

²⁾ Including EUR 90 million of lease liabilities at 30 Sep 2021 (30 Sep 2020: EUR 95 million, 31 Dec 2020: EUR 114 million)

³⁾ EUR 500 million (nominal value) green bond was issued on March 2021 under the Green Finance Framework. The 7-year bond carries a coupon of 0.75%. The proceeds from the issue will be used in accordance with the Green Finance Framework.

	30 Sep 2021	30 Sep 2020	31 Dec 2020
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,486	979	1,572
Unused committed credit facilities	1,350	1,350	1,350
Total	2,836	2,329	2,922
In addition: Unused commercial paper program (uncommitted)	400	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 2020.

	30 Sep 2021		30 Sep 2020		31 Dec 2020	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Currency derivatives						
Hedge accounting	2,522	-40	2,015	36	3,057	93
Non-hedge accounting	2,187	-22	1,373	-6	1,212	32

	30 Sep 2021			30 Sep 2020			31 Dec 2020		
	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	0	20	-102	0	23	56	0	22	-79
Purchase contracts									
Non-hedge accounting	3,900	17	270	3,393	13	28	3,258	18	104

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 Sep 30, 2021

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	60	63	63			
Derivative financial instruments	0	12		12	12		12	
Other financial assets	27	5		33	33			33
Current financial assets								
Trade and other receivables ¹⁾			1,520	1,520	1,520			
Derivative financial instruments	10	275		285	285	2	282	
Current investments			21	21	21			
Cash and cash equivalents			1,465	1,465	1,465			
Financial assets	38	294	3,067	3,399	3,399			
Non-current financial liabilities								
Interest-bearing liabilities			1,296	1,296	1,315	912	402	
Derivative financial instruments		1		1	1		1	
Other non-current liabilities			20	20	20			
Current financial liabilities								
Interest-bearing liabilities			603	603	604	323	282	
Derivative financial instruments	51	140		191	191	29	161	
Trade and other payables			2,457	2,457	2,457			
Financial liabilities	51	141	4,375	4,566	4,587			

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 shares of EUR 5 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 27 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 Sep	30 Sep	31 Dec
	2021	2020	2020
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	141	159	273
Purchases of goods and services	114	131	170
Receivables	131	104	90
Financial income and expenses	2	2	2
Liabilities	14	14	1

13. CONTINGENT LIABILITIES

	30 Sep	30 Sep	31 Dec
	2021	2020	2020
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	63	29	62
Total	89	55	88
On behalf of joint arrangements			
Pledged assets	43	39	40
Total	43	39	40
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	133	95	128

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