



Neste Corporation
**Financial Statements
Release**
2022

8 February 2023

NESTE
Change runs on renewables

Neste's Financial Statements Release for 2022

Excellent performance in all businesses

Year 2022 in brief:

- Comparable EBITDA totaled EUR 3,537 million (EUR 1,920 million)
- EBITDA totaled EUR 3,048 million (EUR 2,607 million)
- Cash flow before financing activities totaled EUR -390 million (EUR 511 million)
- Comparable return on average capital employed (Comparable ROACE) was 30.1% over the last 12 months (18.3%)
- Leverage ratio was 13.9% at the end of December (31 Dec 2021: 0.6%)
- Comparable earnings per share were EUR 3.04 (EUR 1.54)
- Earnings per share: EUR 2.46 (EUR 2.31)
- Board of Directors proposes a maximum dividend of EUR 1.52 per share (0.82 per share), consisting of an ordinary dividend of EUR 1.02 per share, an extraordinary dividend of EUR 0.25 per share and a discretionary second extraordinary dividend of EUR 0.25 per share, totaling a maximum of approximately EUR 1,167 million (EUR 630 million)

Fourth quarter in brief:

- Comparable EBITDA totaled EUR 894 million (EUR 591 million)
- EBITDA totaled EUR 748 million (EUR 689 million)
- Renewable Products' comparable EBITDA was EUR 415 million (EUR 418 million)
- Renewable Products' comparable sales margin was USD 783/ton (USD 779/ton)
- Oil Products' comparable EBITDA was EUR 450 million (EUR 168 million)
- Marketing & Services' comparable EBITDA was EUR 21 million (EUR 22 million)

President and CEO Matti Lehmus:

"Neste ended the year 2022 with a strong performance in all its business units as the fourth quarter comparable EBITDA reached EUR 894 million (EUR 591 million). Renewable Products' comparable sales margin for the fourth quarter reached USD 783/ton (USD 779/ton) with sales volume at 779 (774) thousand tons, both slightly above last year and with renewables sales volume increasing from previous quarter's level. In Renewable Products, we were able to continue optimizing our sales mix also towards the end of the year while benefiting simultaneously from somewhat lower feedstock costs. As to Oil Products, our total refining margin was strong at USD 23.5/bbl (USD 10.0/bbl). Yet another highlight for the quarter was the clear improvement in our cash flow and the reduction in our net working capital compared to previous quarters.

The war in Ukraine had a significant impact on international energy markets in 2022. In the exceptional market environment, our full year comparable EBITDA reached an all-time high EUR 3,537 million compared to EUR 1,920 million in the previous year. All our businesses improved their performance in 2022. As to the Group's

financial targets, we reached a Comparable ROACE of 30.1% over the last 12 months and a leverage ratio of 13.9% at the end of the year, both clearly meeting our financial target levels. Cash flow before financing activities was at EUR -390 million in a year of significant investments and M&A transactions. Our solid financial position enables the continued implementation of our growth strategy going forward.

Renewable Products posted a strong full-year comparable EBITDA of EUR 1,762 million (EUR 1,460 million). The renewable diesel demand remained robust, but feedstock markets continued to tighten during 2022. Despite the higher feedstock costs and increasing production costs, we were able to further increase our comparable sales margin, which averaged USD 804/ton (USD 715/ton). This was an excellent achievement driven by a strong diesel market, and optimization of market allocations and feedstock mix. Sales volumes were 3.03 million tons in 2022, in line with the previous year, reflecting good operational performance in a year with multiple scheduled plant shutdowns. The share of waste and residues increased further and averaged 95% (92%) of the total renewable material inputs in 2022.

Oil Products posted a full-year comparable EBITDA of EUR 1,654 million (EUR 353 million). The main product margins improved significantly during the year. Rising production costs were successfully mitigated by optimizing the supply and use of utilities, leading to a total refining margin level of USD 23.4/bbl (9.0/bbl). Sales volumes increased significantly compared to the previous year, as the utilization rate increased to 85% (72%).

Marketing & Services generated a full-year comparable EBITDA of EUR 126 million (EUR 103 million). Despite the overall decline in market demand, we were able to deliver strong unit margins and gain market share in our main products.

During the year we continued to execute our growth strategy in our three renewables businesses – Aviation, Polymers and Chemicals and Road Transportation. A strategic decision was made to invest into new renewable products' production capacity in Rotterdam. The Rotterdam refinery expansion investment of approx. EUR 1.9 billion will expand Neste's overall renewable product capacity by 1.3 million tons per annum by the first half of 2026, bringing our total renewable product capacity in Rotterdam to 2.7 million tons annually, of which sustainable aviation fuel (SAF) production capability will be 1.2 million tons. We also established a 50/50 joint operation with US-based Marathon Petroleum. The joint operation will produce renewable diesel following a conversion project of Marathon's refinery in Martinez, California. Neste's total investment will amount to approx. EUR 0.9 billion (USD 1.0 billion). The project is expected to increase Neste's renewable products capacity by slightly over 1 million tons per annum by the end of 2023. The facility is targeting to reach full Phase I capacity by the end of the first quarter of 2023. At the same time, we continued to implement our sustainability vision in the fields of climate, biodiversity, human rights, our supply chain and raw materials.

Our Singapore renewables capacity expansion investment project reached mechanical completion at the end of 2022 and is currently on schedule for start-up by the end of the first quarter 2023. The expanded Singapore refinery will also include an optionality to produce up to 1 million tons/a of SAF. Together with our Rotterdam SAF optionality project, we target to reach a SAF production capability of 1.5 million tons/a in the beginning of 2024. After commissioning the next world-scale renewables refinery in Rotterdam, our total SAF production capability is projected to increase to 2.2 million tons/a by the end of 2026.

We obtained a credit rating from Moody's (A3), which will enable us funding arrangements to further execute our strategy.

All these actions support our strategic transformation, and we are pleased with the progress on our journey to become a global leader in renewable and circular solutions."

Outlook

Visibility in the global economy continues to be low due to high inflation, reduced economic growth expectations and continued geopolitical uncertainty. The war in Ukraine has had significant impacts on the global energy markets, and energy prices have risen to a high level. We expect volatility in the oil products and renewable feedstock markets to remain high, making the forecasting of margins challenging in both Renewable Products and Oil Products.

Renewable Products' first-quarter sales volumes are expected to be lower than in the previous quarter as sales volume is affected by a one-month shutdown at the Rotterdam refinery due to an occurrence of a fire in a process unit in late December. The expected sales volume also includes first volumes from our joint operation company Martinez Renewables in the USA. Waste and residue markets are anticipated to remain tight and volatile as demand continues to be robust. Our first-quarter comparable sales margin is currently expected to be within the range USD 825-925/ton, supported by attractive waste and residue prices in the beginning of the year. The segment's first-quarter fixed costs are expected to be approx. EUR 10 million higher than in the previous quarter, driven by the build-up of capabilities related to the upcoming start-up of our growth projects.

The utilization rates of our renewables production facilities are forecasted to remain high, except for the one-month shutdown at Rotterdam. The Rotterdam shutdown is expected to have a negative impact of approx. EUR 85 million on the segments' full-year comparable EBITDA based on the estimated production losses and repair costs, mainly affecting the first quarter.

The market in Oil Products remains volatile and impacted by the war in Ukraine. Based on the current forward market, our first-quarter total refining margin is expected to remain solid, but somewhat lower compared to the fourth quarter of 2022. The first-quarter sales volumes are forecasted to be at approximately the same level as in the previous quarter.

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

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

Neste estimates the Group's full-year 2023 cash-out capital expenditure to be approx. EUR 1.8 billion. Possible M&A is excluded from the figure.

Neste's Financial Statements Release, 1 January - 31 December 2022

The Financial Statements Release is unaudited.

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

Key Figures

EUR million (unless otherwise noted)	10-12/22	10-12/21	7-9/22	2022	2021
Revenue	6,562	4,968	6,583	25,707	15,148
EBITDA	748	689	456	3,048	2,607
Comparable EBITDA*	894	591	979	3,537	1,920
Operating profit	589	524	289	2,410	2,023
Profit before income taxes	563	500	231	2,279	1,962
Net profit	514	456	139	1,891	1,774
Comparable net profit	642	377	610	2,336	1,179
Earnings per share, EUR	0.67	0.60	0.18	2.46	2.31
Comparable earnings per share, EUR	0.84	0.49	0.79	3.04	1.54
Investments	668	390	1,025	2,218	1,535
Net cash generated from operating activities	740	1,202	842	1,197	1,994

	31 Dec 2022	31 Dec 2021
Total equity	8,327	6,985
Interest-bearing net debt	1,344	41
Capital employed	10,942	8,742
Comparable return on average capital employed after tax (Comparable ROACE)**, %	30.1	18.3
Equity per share, EUR	10.83	9.09
Leverage ratio, %	13.9	0.6

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

** Last 12 months. Calculation formula has been adjusted effective 1 January 2022, and figures for 2021 have been restated.

The Group's fourth quarter 2022 results

Neste's revenue in the fourth quarter totaled EUR 6,562 million (4,968 million). The growth in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 1.6 billion, and lower sales volumes, which had a negative impact of approx. EUR 0.4 billion on the revenue. Additionally, the stronger US dollar had a positive impact of approx. EUR 0.4 billion on the revenue compared to the corresponding period last year.

The Group's comparable EBITDA was EUR 894 million (591 million). Renewable Products' comparable EBITDA was EUR 415 million (418 million), showing very good sales performance in a tight feedstock market. Oil Products' comparable EBITDA was EUR 450 million (168 million) as a result of improved refining market. Marketing & Services comparable EBITDA was EUR 21 million (22 million). The Others segment's comparable EBITDA was EUR 4 million (-13 million).

The Group's EBITDA was EUR 748 million (689 million), which was impacted by inventory valuation losses of EUR 200 million (gains of 128 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 48 million (-33 million). Profit before income taxes was EUR 563 million (500 million), and net profit EUR 514 million (456 million). Comparable earnings per share were EUR 0.84 (0.49), and earnings per share EUR 0.67 (0.60).

The Group's full-year 2022 results

Neste's revenue in 2022 totaled EUR 25,707 million (15,148 million). The growth in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 7.5 billion, and higher sales volumes which had a positive impact of approx. EUR 2.1 billion on the revenue. Additionally, a stronger US dollar had a positive impact of approx. EUR 1.2 billion on the revenue. Also, the revenue was negatively impacted by lower trading volumes and the divestment of the Base Oils business, total impact approx. EUR -0.2 billion.

The Group's comparable EBITDA was EUR 3,537 million (1,920 million). Renewable Products' comparable EBITDA was EUR 1,762 million (1,460 million), higher than in 2021, mainly due to a higher sales margin and stronger US dollar offsetting higher fixed costs. Oil Products reached a comparable EBITDA of EUR 1,654 million (353 million) in the improved refining market and with increased sales volumes. Marketing & Services' comparable EBITDA was EUR 126 million (103 million) as a result of higher sales volumes and unit margins. The Others segment's comparable EBITDA was EUR -4 million (11 million).

The Group's EBITDA was EUR 3,048 million (2,607 million), which was impacted by inventory valuation losses of EUR 352 million (gains of 573 million) and changes in the fair value of open commodity and currency derivatives totaling EUR -131 million (106 million). Profit before income taxes was EUR 2,279 million (1,962 million), and net profit EUR 1,891 million (1,774 million). Comparable earnings per share were EUR 3.04 (1.54), and earnings per share EUR 2.46 (2.31).

	10-12/22	10-12/21	7-9/22	2022	2021
COMPARABLE EBITDA	894	591	979	3,537	1,920
- inventory valuation gains/losses	-200	128	-420	-352	573
- changes in the fair value of open commodity and currency derivatives	48	-33	-101	-131	106
- capital gains/losses	1	0	0	10	3
- other adjustments	6	3	-2	-16	5
EBITDA	748	689	456	3,048	2,607

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Group's comparable EBITDA, 2021	591	1,920
Sales volumes	-28	68
Sales margin	310	1,463
Currency exchange	96	346
Fixed costs	-96	-224
Others	21	-37
Group's comparable EBITDA, 2022	894	3,537

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

	10-12	1-12
Group's comparable EBITDA, 2021	591	1,920
Renewable Products	-3	301
Oil Products	283	1,301
Marketing & Services	-2	23
Others including eliminations	25	-10
Group's comparable EBITDA, 2022	894	3,537

Financial targets

Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio are Neste's key financial targets. The company's long-term Comparable ROACE target is 15%, and the leverage ratio target is below 40%. At the end of December 2022, Comparable ROACE calculated over the last 12 months was 30.1%, and leverage ratio remained well within the targeted area at 13.9%.

	31 Dec 2022	31 Dec 2021
Comparable return on average capital employed after tax (Comparable ROACE)*, %	30.1	18.3
Leverage ratio (net debt to capital), %	13.9	0.6

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

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 1,197 million (1,994 million) in 2022 reflecting the increase in net working capital. Cash flow before financing activities was EUR -390 million (511 million), mainly due to the higher capital expenditure compared to 2021. The Group's net working capital in days outstanding was 35.4 days (33.3 days) on a rolling 12-month basis at the end of 2022.

	10-12/22	10-12/21	7-9/22	2022	2021
EBITDA	748	689	456	3,048	2,607
Capital gains/losses	0	0	-1	0	0
Other adjustments	-304	9	82	-55	-118
Change in net working capital	601	522	347	-1,357	-362
Finance cost, net	-8	-14	-8	-42	-39
Income taxes paid	-298	-5	-33	-398	-95
Net cash generated from operating activities	740	1,202	842	1,197	1,994
Capital expenditure	-446	-294	-884	-1,757	-1,298
Other investing activities	302	-183	23	170	-186
Free cash flow (Cash flow before financing activities)	596	724	-18	-390	511

Cash-out investments excluding M&A and asset acquisitions were EUR 990 million (976 million), and totaled EUR 1,757 (1,298 million) including M&A and asset acquisitions in 2022. Maintenance investments accounted for EUR 249 million (411 million) and productivity and strategic investments for EUR 1,509 million (888 million). Renewable Products' total investments were EUR 1,553 million (877 million), mainly related to the Singapore refinery capacity expansion project, and the asset acquisitions made in the segment. Oil Products' investments amounted to EUR 130 million (380 million). Marketing & Services' investments totaled EUR 21 million (13 million). Investments in the Others segment were EUR 55 million (29 million), concentrating on Innovation and business IT infrastructure upgrades.

Interest-bearing net debt was EUR 1,344 million at the end of December 2022, compared to EUR 41 million at the end of 2021. The average interest rate of borrowing at the end of December was 2.3% (1.2%) and the average maturity 2.5 (3.7) years. At the end of the year the Net debt to EBITDA ratio was 0.4 (0.0).

The leverage ratio was 13.9% at the end of December 2022 (31 Dec 2021: 0.6%). The Group's strong financial position enables Neste to continue with the implementation of its growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,871 million at the end of December 2022 (31 Dec 2021: 3,066 million). There are no financial covenants in the Group companies' existing 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 December 2022, the Group's foreign currency hedging ratio was approx. 55% of the sales margin for the next 12 months.

US dollar exchange rate

	10-12/22	10-12/21	7-9/22	2022	2021
EUR/USD, market rate	1.02	1.14	1.01	1.05	1.18
EUR/USD, effective rate*	1.07	1.18	1.10	1.11	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

	10-12/22	10-12/21	7-9/22	2022	2021
Revenue, MEUR	2,597	1,829	2,403	9,905	5,895
EBITDA, MEUR	536	499	-39	1,328	1,950
Comparable EBITDA, MEUR	415	418	389	1,762	1,460
Operating profit, MEUR	468	434	-126	1,046	1,723
Net assets, MEUR	6,433	4,748	5,984	6,433	4,748
Return on net assets*, %	18.6	40.9	19.2	18.6	40.9
Comparable return on net assets*, %	26.6	29.4	28.7	26.6	29.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Comparable EBITDA, 2021	418	1,460
Sales volumes	2	4
Sales margin	2	195
Currency exchange	70	286
Fixed costs	-78	-183
Others	0	0
Comparable EBITDA, 2022	415	1,762

Key drivers

	10-12/22	10-12/21	7-9/22	2022	2021
Comparable sales margin, USD/ton	783	779	756	804	715
Biomass-based diesel (D4) RIN, USD/gal	1.82	1.50	1.71	1.69	1.50
California LCFS Credit, USD/ton	66	155	86	99	178
Palm oil price*, USD/ton	838	1,150	875	1,116	999
Waste and residue's share of total feedstock, %	96	94	96	95	92

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

Renewable Products' fourth quarter comparable EBITDA totaled EUR 415 million, compared to EUR 418 million in the fourth quarter of 2021. The comparable sales margin was strong and averaged USD 783/ton. This was supported by a strong sales performance including an optimized sales mix. The sales margin had a positive impact of EUR 2 million on the comparable EBITDA compared to the fourth quarter 2021. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 87 million (79 million). Sales volumes again reached a high level of 779,000 tons, approx. at the same level as in the fourth quarter of 2021 despite the scheduled maintenance at the Rotterdam refinery. Rotterdam refinery also had an unplanned shutdown at the end of the quarter, which did not impact fourth-quarter sales volumes. The higher sales volume had a positive impact of EUR 2 million on the comparable EBITDA year-on-year. During the fourth quarter approx. 65% (64%) of the volumes were sold to the European market and 35% (36%) to North America. The share of 100% renewable diesel delivered to end-users was 30% (30%) in the fourth quarter. Our renewable diesel production capacity had an average utilization rate of 75% (93%) during the quarter, which reflected both the planned and unplanned shutdown at the Rotterdam refinery. The proportion of waste and residue inputs was at 96% (94%) and showed continued progress of the feedstock strategy. The segment's fixed costs were EUR 78 million higher than in the corresponding period last year as Neste continued to build up its capabilities to prepare for future growth. Renewable Products' comparable return on net assets was 26.6% (29.4%) at the end of December based on the previous 12 months.

The feedstock market was highly volatile in 2022. Vegetable oil prices increased significantly in the beginning of the year due to the war in Ukraine. Especially rapeseed oil (RSO) and sunflower oil (SFO) experienced severe shortages and the low palm oil (PO) production especially in Malaysia increased prices. Also, Indonesia was restricting exports from March 2022, and this further tightened the market. Prices remained unusually high until May but towards the end of the year 2022 vegetable oil prices decreased. A further decrease was seen particularly at the end of the fourth quarter as a response to the US Environmental Protection Agency's (EPA) blending mandate proposal.

Waste and residue feedstock prices followed the same pattern as vegetable oil prices. However, animal fat (AF) still showed a yearly net gain particularly in the US due to the strong pull from growing Renewable Diesel sector. While Australian AF price also showed a strong increase, European AF prices increased less as certain sectors switched to less costly feedstocks. In contrast, Used Cooking Oil (UCO) ended up lower than end of 2021 particularly in the EU which received large imports especially from China in the latter part of the year.

The Renewable Identification Number (RIN) D4 price first increased but dropped significantly in December in response to the EPA blending mandate proposal. The California Low Carbon Fuel Standard (LCFS) credit price has been gradually decreasing from 148 USD/ton to the level of approx. 67 USD/ton, which reflects an increasing supply of renewables solutions to the Californian market.

Renewable Products' full-year comparable EBITDA was EUR 1,762 million (EUR 1,460 million). The comparable sales margin was USD 804/ton (715/ton), supported by a successful sales performance. The higher sales margin had a positive impact of EUR 195 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 312 million (295 million) in 2022. Sales volumes were 3.03 million tons in 2022 (3.02). Higher sales volumes had a positive impact of EUR 4 million on the comparable EBITDA compared to 2021. During 2022 approx. 67% (65%) of sales volume went to Europe and 33% (35%) to North America. The share of 100% renewable diesel delivered to end-users was 28% (27%) of total volumes in full-year 2022. The feedstock mix optimization continued, and the average proportion of waste and residue inputs increased to 95% (92%). A stronger USD had a positive impact of EUR 286 million on the segment's comparable EBITDA compared to 2021. In 2022, the fixed costs in Renewable Products were EUR 183 million higher than in the previous year, as Neste continued to build up its capabilities for future growth.

Production

	10-12/22	10-12/21	7-9/22	2022	2021
Renewable Diesel and SAF, 1,000 ton	616	742	662	2,988	3,043
Other products, 1,000 ton	57	65	54	249	247
Utilization rate*, %	75	93	80	91	95

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

Sales

	10-12/22	10-12/21	7-9/22	2022	2021
Renewable Diesel and SAF, 1,000 ton	779	774	698	3,032	3,021
Share of sales volumes to Europe, %	65	64	66	67	65
Share of sales volumes to North America, %	35	36	34	33	35

Oil Products
Key financials

	10-12/22	10-12/21	7-9/22	2022	2021
Revenue, MEUR	3,657	2,772	3,877	14,596	7,810
EBITDA, MEUR	184	185	443	1,619	546
Comparable EBITDA, MEUR	450	168	537	1,654	353
Operating profit, MEUR	111	106	381	1,337	263
Net assets, MEUR	2,652	2,045	3,311	2,652	2,045
Return on net assets*, %	46.6	11.9	46.9	46.6	11.9
Comparable return on net assets*, %	48.0	3.2	38.3	48.0	3.2

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Comparable EBITDA, 2021	168	353
Sales volumes	-29	62
Total refining margin	307	1,237
Currency exchange	25	60
Fixed costs	-26	-10
Others	5	-48
Comparable EBITDA, 2022	450	1,654

Key drivers

	10-12/22	10-12/21	7-9/22	2022	2021
Total refining margin, USD/bbl	23.45	9.98	27.96	23.42	8.99
Urals-Brent price differential, USD/bbl	-27.24	-1.72	-27.39	-25.28	-1.87
Urals' share of total refinery input, %	3	65	9	18	65

Oil Products' comparable EBITDA totaled EUR 450 million (168 million) in the fourth quarter. The total refining margin was strong and averaged USD 23.5/bbl (10.0/bbl) in the quarter. The higher total refining margin had a

positive impact of EUR 307 million on the comparable EBITDA year-on-year. Sales volumes increased from the third quarter but were on a lower level than in the fourth quarter of 2021. Oil Products' comparable return on net assets was 48.0% (3.2%) at the end of December over the previous 12 months.

During the fourth quarter the use of Russian crude was 3% (65%) of total input with all remaining inventories used by the end of the fourth quarter. The average refinery utilization rate was 78% (93%).

Crude oil prices were extremely volatile during 2022, and Brent dated traded between USD 76/bbl and USD 138/bbl. The war in Ukraine caused a rapid increase to the crude price during the first months of the war to 138 USD/bbl level. By summer however, the global recession fears, central banks' monetary tightening and high fuel pump prices started to drive weaker demand outlook for crude oil and the year ended at USD 81/bbl - close to the level where the year started.

Overall, the European refining margins were volatile but strong during 2022. Margins were still lower in the first quarter of the year but increased sharply after the Ukraine war started as many of the refineries changed their supply away from Russia. High natural gas prices impacted negatively on the refinery utilization and drove product margins higher. At the same time global demand for fuels was still healthy as economic recovery from Covid-19 had only begun and especially middle distillate inventories were tight.

Gasoline cracks were exceptionally good during the summer driving season but came down clearly towards the end of the year as high pump prices started to impact demand. Diesel margins remained strong throughout the year as the availability of diesel was tight in Europe and the shift to diesel away from natural gas in power generation and industrial use created extra demand. Strikes in France in November tightened them further and drove diesel margins temporarily to all-time high levels. High utility and hydrogen prices pressured refining economics in Europe for refineries dependent on natural gas.

Oil Products' full-year comparable EBITDA was EUR 1,654 million (353 million). The total refining margin averaged USD 23.4/bbl (9.0/bbl) in 2022. The higher total refining margin had a positive impact of EUR 1,237 million on the comparable EBITDA year-on-year. Due to the Porvoo refinery major turnaround in 2021, our sales volumes were higher in 2022. The higher sales volumes had a positive impact of EUR 62 million on the comparable EBITDA year-on-year. Stronger USD exchange rate had a positive impact of EUR 60 million on the EBITDA compared to 2021. During the year 2022 the segment's fixed costs were EUR 10 million higher than in the previous year due to an increase in personnel and development costs. The divestment of Base Oils business has a negative impact on comparable EBITDA year-over-year.

Production	10-12/22	10-12/21	7-9/22	2022	2021
Refinery					
- Production, 1,000 ton	2,613	2,960	2,848	11,176	9,504
- Utilization rate, %	78	93	80	85	72
Refinery production costs, USD/bbl	8.8	6.2	7.2	7.5	6.8

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

	10-12/22	%	10-12/21	%	7-9/22	%	2022	%	2021	%
Middle distillates*	1,332	44	1,630	47	1,443	50	5,403	48	4,823	48
Light distillates**	1,166	38	1,311	38	1,110	38	4,438	39	3,420	34
Heavy fuel oil	407	13	325	9	195	7	930	8	1,000	10
Base oils	53	2	110	3	60	2	296	3	386	4
Other products	80	3	102	3	73	3	244	2	421	4
TOTAL	3,039	100	3,477	100	2,880	100	11,310	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)

	10-12/22	%	10-12/21	%	7-9/22	%	2022	%	2021	%
Baltic Sea area*	1,819	60	1,864	54	1,785	62	6,843	61	6,264	62
Other Europe	775	25	982	28	736	26	2,897	26	2,485	25
North America	231	8	303	9	109	4	943	8	864	9
Other areas	215	7	328	9	251	8	627	6	438	4

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

Marketing & Services

Key financials

	10-12/22	10-12/21	7-9/22	2022	2021
Revenue, MEUR	1,561	1,104	1,604	5,876	3,803
EBITDA, MEUR	21	22	38	127	106
Comparable EBITDA, MEUR	21	22	38	126	103
Operating profit, MEUR	13	14	31	98	77
Net assets, MEUR	227	212	268	227	212
Return on net assets*, %	40.8	38.1	41.7	40.8	38.1
Comparable return on net assets*, %	40.5	36.6	41.5	40.5	36.6

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Comparable EBITDA, 2021	22	103
Sales volumes	0	3
Unit margins	2	32
Currency exchange	0	0
Fixed costs	-4	-11
Others	0	-1
Comparable EBITDA, 2022	21	126

Marketing & Services segment's comparable EBITDA was EUR 21 million (22 million) in the fourth quarter. The overall road transportation fuel market demand decreased from the corresponding period last year in all market areas, but the impact was offset by an increase in heating oil demand and market share improvement in Finland. The average unit margin was above the fourth-quarter 2021 level and had a positive impact of EUR 2 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 4 million higher compared

to the fourth quarter of 2021. Marketing & Services' comparable return on net assets was 40.5% (36.6%) at the end of December on a rolling 12-month basis.

Marketing & Services segment's full-year comparable EBITDA was EUR 126 million (103 million). The road transportation fuel demand followed a normal seasonality pattern during the year. Aviation fuel demand remained below 2019 levels. Our sales volumes were slightly higher than in the year 2021, which had a positive impact of EUR 3 million on the comparable EBITDA. Average unit margins were supported by inventory gains and the higher margins had a positive impact of EUR 32 million year-on-year. The segments' fixed costs were EUR 11 million higher, reflecting a more normal level of activity.

Sales volumes by main product categories, million liters

	10-12/22	10-12/21	7-9/22	2022	2021
Gasoline, station sales	149	150	167	600	612
Diesel, station sales	414	417	413	1,620	1,629
Heating oil	293	195	233	907	663

Net sales by market area, MEUR

	10-12/22	10-12/21	7-9/22	2022	2021
Finland	1,236	840	1,265	4,601	2,896
Baltic countries	326	264	339	1,275	908

Others

Key financials

	10-12/22	10-12/21	7-9/22	2022	2021
Comparable EBITDA, MEUR	4	-13	3	-4	11
Operating profit, MEUR	-7	-26	-8	-70	-34

The Others segment consists of Neste's Engineering Solutions, and common corporate costs. The comparable EBITDA of the Others segment totaled EUR 4 million (-13 million) in the fourth quarter. The full-year comparable EBITDA of the Others segment totaled EUR -4 million (11 million), due to increased costs related to strategy execution.

Annual General Meeting

Neste Corporation's Annual General Meeting (AGM) was held on 30 March 2022 under special arrangement at the Company's headquarters in Espoo. 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 & CEO from liability for 2021.

Dividend of EUR 0.82 per share 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 was 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, was 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 was 30 September 2022. The second dividend instalment was 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: Mr. Matti Kähkönen, Mr. John Abbott, Mr. Nick Elmslie, Ms. Martina Flöel, Mr. Jari Rosendal, Ms. Johanna Söderström and Mr. Marco Wirén. Mr. Just Jansz and Ms. Eeva Sipilä were elected as new members.

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

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

Shares so purchased can be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program, or be retained, conveyed, or 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 (18) months from the decision taken by the AGM. The authorization shall revoke the buyback authorization granted to the Board of Directors by the AGM on 30 March 2021.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the year at EUR 43.02, down by 0.8% compared to the end of 2021. The total shareholder return (TSR) was 1.1% (-25.4%) in 2022. At its highest during 2022, the share price reached EUR 52.18, while the lowest price was EUR 30.81. Market capitalization was EUR 33.1 billion as of 31 December 2022. An average of 1.01 million shares were traded daily, representing 0.1% of the company's shares.

At the end of December 2022, Neste held 1,127,888 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058.

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

As of 31 December 2022, the State of Finland owned directly 35.9% (35.9% at the end of 2021) of outstanding shares, foreign institutions 39.7% (39.6%), Finnish institutions 16.8% (17.0%), and households 7.6% (7.5%).

Personnel

Neste employed an average of 5,244 (4,872) employees during 2022, of which 1,642 (1,309) were based outside Finland. At the end of December, the company had 5,428 employees (4,845), of which 1,810 (1,461) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	10-12/22	10-12/21	2022	2021
TRIF*	2.3	1.2	2.0	1.4
PSER**	0.8	1.4	1.4	1.4
GHG emission reduction, Mton***	2.9	2.8	11.1	10.9

* Total Recordable Incident Frequency, number of cases per million hours worked. Includes both Neste's and contractors' personnel, except for Mahoney operations and Singapore expansion, which have been internally reported and followed-up separately in 2022.

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

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

Neste's occupational safety injury frequency, measured by the key TRIF indicator, was higher during the fourth quarter and cumulatively in 2022 compared to the corresponding periods last year. PSER, the main indicator for process safety incidents, was lower during the fourth quarter compared to the corresponding period in 2021. Full year PSER result in 2022 was at the same level as in 2021. The overall safety performance in 2022 was below the target, and several improvement initiatives are ongoing to improve the performance to the targeted level.

Strong focus on improving safety performance and culture continues, both at Neste level as well as business unit level. The focus areas continue to be leadership, competence improvement, contractor safety, process safety, effective learning from incidents, and integration of new activities into the Neste safety management practices. Activities include both short term improvements as well as long term initiatives.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. In 2022, this GHG reduction was 11.1 million tons, which is higher compared to the 10.9 million tons in the previous year.

Emissions from operations at Neste's refineries were in substantial compliance at all sites during 2022. A total of 3 (2) minor non-compliance cases occurred at Neste's operations with limited local environmental impact only. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

Neste made further strong progress with implementing its sustainability vision in 2022. Neste's broadened sustainability vision is an integral part of the new wave of the company's transformation: leading the transformation towards a carbon neutral value chain, while having set aspirational targets for biodiversity, human rights, the supply chain and raw materials.

In 2022, Neste's climate commitments remained strongly integrated into the company's corporate strategy. Neste made several investment decisions to grow renewable and circular solutions, enabling to improve its carbon handprint towards the 2030 target of helping customers to reduce at least 20 million tons of CO₂-equivalent annually. Neste also continued solid progress towards its target to reach carbon neutral production (Scope 1 & 2) by 2035. For example, 100% share of renewable electricity was reached at the Porvoo refinery in 2022. There was also progress with renewable hydrogen projects, such as the feasibility study of a green hydrogen project in Porvoo refinery. For Scope 3 emissions, Neste has a target to reduce use phase emission intensity of sold products by 50% by 2040 compared to 2020. The company is on track with this target, driven by the investments into renewable and circular growth announced in 2022. The Porvoo refinery transformation under study would significantly contribute to this target and other climate targets.

In 2022, Neste's biodiversity work focused on developing methodologies and evaluation of current impacts. The company defined the scope and methodology for creating no net loss (NNL) and net positive impact (NPI) for biodiversity in our direct operations together with Fauna & Flora International (FFI). A materiality analysis for Neste's own operations was conducted and the materiality analysis in the value chain continued. The analysis was conducted according to the current nature draft methodology by Science Based Targets Network (SBTN). In addition, Neste conducted biodiversity inventory projects in the refinery areas of Porvoo and Naantali in Finland to create a baseline. Neste's vision is to achieve a nature positive value chain by 2040, meaning that the positive biodiversity impacts outweigh the negative ones. To support the vision, the company aims at creating net positive impacts (NPI) for biodiversity from new activities from 2025 onwards and targets no net loss (NNL) of biodiversity from all ongoing activities by 2035.

In 2022, Neste completed an internal living wage gap assessment for its own employees in Finland, using data provided by the Fair Wage Network. The results of this assessment enabled the company to verify that all its employees working in Finland receive compensation above the local living wage benchmark. In addition, Neste started using living wage data in sustainability audits for raw materials suppliers, with the dual aim of gaining a better understanding of our supplier wage practices and raising awareness to build supplier knowledge on this topic. In 2023, there is a plan to expand the living wage gap assessments to global locations for own employees, as well as to take further steps to promote living wages in our supply chains.

Neste also continued the implementation of its Supplier Code of Conduct in 2022, organized internal training as well as updated the guide to suppliers. As an example, human rights capacity building training sessions were organized for renewable raw material suppliers in different regions. In order to ensure sustainability of suppliers and business partners, due diligence conducts were continued, including human rights within the supply chain and operations, while assessing all new renewable as well as fossil raw material suppliers against sustainability criteria. The number of sustainability audits was also increased.

Furthermore, Neste also conducted a sustainability materiality assessment in 2022 where the most material sustainability topics for the company were identified based on their relevance to the business and different stakeholders, while also estimating the magnitude of their impacts. Neste conducts a materiality assessment once every two years by engaging key stakeholders internally and externally.

In 2022, Neste also published its first Green Finance Report following the establishment of its Green Finance Framework in 2021 to further integrate the company's sustainability ambitions into its financing. The Green Finance Report, which covers financing activities in 2021, confirms that sustainability is deeply embedded in

Neste's everyday business, and it reiterates the company's ambitious climate commitments. In March 2021, Neste issued a EUR 500 million 7-year green bond, the first of its kind for Neste, to provide investors the opportunity to support the company's objective of mitigating climate change globally by reducing greenhouse gas emissions through renewable and circular solutions. This was followed in 2022 by a EUR 500 million green term loan agreement.

Neste was included in the Dow Jones Sustainability World Index for the 16th consecutive time in 2022. On the CDP Climate Change and Forests assessments, Neste achieved the Leadership level with A- rating and for Water Security, Neste received a B rating. Neste reached AAA rating in 2022 in MSCI ESG Rating Index measuring the company's resilience to long-term ESG risks, and continues to be the leading energy company on the Global 100 list of most sustainable companies by the Corporate Knights.

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

Innovation

Neste's innovation expenditure totaled EUR 85 million (67 million) in 2022. The growth was largely driven by further boosting efforts in developing Innovation business platforms for new sustainable and scalable feedstock pools and by higher R&D investments to support the renewables growth. In 2022 the establishment of a new APAC Innovation center in Singapore progressed as planned, achieving readiness to operate.

In spring 2022 the R&D organization also supported the major change in the Porvoo refinery crude oil portfolio to stop and entirely replace the use of Russian crude oil with other crude oils.

Developing co-operations and preparing for technology demonstrations for scalable sustainable feedstock sources continued in the Innovation business platforms, focusing on feedstock pools such as lignocellulosic feedstocks, algae, municipal waste, carbon dioxide and renewable electricity utilization for green hydrogen production. The MultiPLHY project at the renewable products refinery in Rotterdam completed during 2022 installations with the intention to integrate and operate the world's first high-temperature electrolyzer system to demonstrate production of green hydrogen for the refinery's processes. Another project for introducing a large electrolyzer for green hydrogen production at Porvoo refinery entered the feasibility study phase. In 2022 Neste received IPCEI (Important Project of Common European Interest) status for its hydrogen projects, including a Business Finland award of EUR 27.7 million.

Expanding the use of renewable waste and residue feedstock continued in 2022, and about 3.5 million tons (3.3 million) of waste and residue feedstock was used during the year. Development of advanced technology for feedstock pretreatment progressed well, with continued focus on Renewable Energy Directive (RED) II Annex IX A and other challenging waste and residue feedstock. In addition to increased feedstock flexibility, development efforts were also targeted at the growing product portfolio, supporting growth of sustainable aviation fuels as well as renewable polymer and chemicals businesses from a technical and sustainability assessment perspective.

Neste announced a study on the long-term transformation of its Porvoo refinery to renewable and circular feedstocks. In summer 2022 Neste received a EUR 135 million grant from the Innovation Fund for an investment at its Porvoo refinery into pretreating and upgrading liquefied waste plastic into high-quality petrochemical feedstock. R&D work for substituting fossil crude oil with renewable and circular feeds made significant progress in 2022 both in laboratory and at commercial scale. Both biofeeds and liquefied waste plastic feeds were studied extensively.

Research cooperation was conducted with several universities and research institutes in Europe, USA and Asia. In Finland, strategic cooperation continued particularly with Aalto University, Åbo Akademi and VTT, the Technical Research Centre of Finland, with joint research activities. Overall, Neste continued to grow competences in the area of novel sustainable and scalable solutions both internally and with partners, also through building Business Finland funded ecosystems in this field.

Main events published during 2022

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 approx. 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 approx. 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.

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

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

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

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

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

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

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

On 14 June, Neste announced that it raises its second quarter 2022 outlook. While the oil markets have been very volatile, impacted by the war in Ukraine, the Northwest European gasoline and diesel margins have increased

to exceptionally high levels. In addition, Neste's successful mitigation actions to replace Russian crude oil and natural gas have enabled the company to retain high utilization rates at its Porvoo refinery. Oil Products' second-quarter total refining margin is expected to more than double from the level seen in the first quarter of 2022. Previously, the company estimated Oil Products' second-quarter total refining margin to be at a roughly similar level as in the first quarter of 2022 (USD 10.3/bbl). The increase in the total refining margin is expected to improve the Group's and Oil Products' second-quarter comparable EBITDA significantly compared to the first quarter.

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

On 13 July, Neste announced that it had received a positive grant decision for up to EUR 135 million from the EU Innovation Fund for the company's project to build chemical recycling capacities at its Porvoo refinery in Finland. The PULSE project aims to implement Neste's proprietary technologies to pretreat and upgrade liquefied waste plastic and integrate the technologies into the refinery operations. The project targets pretreatment and upgrading capacities of 400,000 tons per year, contributing to Neste's goal of processing over 1 million tons of waste plastic per year from 2030 onwards. A feasibility study evaluating the investments related to PULSE was announced in March 2022. Investment decision readiness is targeted for 2023 and gradual implementation is expected to start in 2024.

On 26 July, Neste announced that it had agreed to acquire 100% of Walco Foods, an Irish trader of animal fats. Walco Foods was established in 1996 as a family-run business. The in-depth knowledge and market understanding developed over the years has helped Walco Foods become a leading animal fat and by-products trading company in Ireland. Together with the previously announced acquisitions of IH Demeter, Bunge Loders Croklaan and Count Terminal in the Netherlands, and Mahoney Environmental and Agri Trading in the United States, Walco Foods will enhance Neste's supply of global waste and residue raw materials. The transaction was subject to the fulfillment of customary closing conditions and regulatory approval, and it was closed on 1 September.

On 6 September, Neste announced that the following members had 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; Timo Sallinen, Senior Vice President, Investments of Varma Mutual Pension Insurance Company; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors.

On 19 September, Neste announced that it launches a strategic study on transitioning its Porvoo refinery to a renewable and circular site and ending crude oil refining in the mid-2030s. Through co-processing and retrofitting of units, and benefiting from available refining assets, experience and know-how, Neste targets to significantly grow its renewables and circular production in Porvoo long term. The transformation under study would start with the co-processing of both renewable and circular feedstock and could continue with retrofits of existing units at a later stage, with a long-term capacity potential of 2 to 4 million tons per year. The targeted transformation would lead to a discontinuation of crude oil refining in Porvoo in the mid-2030s. Neste will also continue to actively study opportunities of green hydrogen at its Porvoo refinery. These developments would significantly contribute to the realization of Neste's climate commitments, and make Neste a global frontrunner in the transformation of the fossil fuel industry.

On 21 September, Neste announced that it had finalized the transaction to establish a joint venture for production of renewable fuels with Marathon Petroleum in the United States. On 1 March 2022, Neste and Marathon Petroleum Corporation announced an agreement to establish a 50/50 joint venture to produce renewable diesel following a conversion project of Marathon's refinery in Martinez, California. All required closing conditions have been met, and Neste and Marathon have closed the transaction for the establishment of the joint venture to be called Martinez Renewables. Martinez Renewables is expected to commence production in early 2023. Pretreatment capabilities are expected to come online in the second half of 2023 and the facility is expected to be capable of producing 2.1 million tons per year by the end of 2023.

On 25 October, Neste announced that it has agreed to supply the Air France-KLM Group with more than 1,000,000 tons (approx. 1.26 billion liters) of Neste MY Sustainable Aviation Fuel™ over a period of 8 years starting in 2023. This SAF agreement is one of the largest of its kind in the aviation industry and supports the Air France-KLM Group's commitment to a more sustainable aviation sector. Using Neste MY Sustainable Aviation Fuel™ reduces greenhouse gas emissions by up to 80%* over the fuel's life cycle compared to using fossil jet fuel.

On 17 November, Neste announced that it has agreed to acquire the used cooking oil (UCO) collection and aggregation business and related assets in the United States from Crimson Renewable Energy Holdings, LLC. The transaction includes shares in SeSequential Environmental Services, LLC, and Pure, LLC, as well as a UCO processing plant in Salem, Oregon. Together with the previous acquisitions of Mahoney Environmental and Agri Trading in the United States, IH Demeter in the Netherlands, and Walco Foods in Ireland, the transaction continues to enhance Neste's global raw materials sourcing platform. The transaction is subject to the fulfillment of customary closing conditions and regulatory approval.

On 22 November, Neste announced that it delivered over 500,000 gallons (1,500 metric tons) of Neste MY Sustainable Aviation Fuel™ to Los Angeles International Airport (LAX). This SAF delivery was made possible by a close cooperation with LAXFUEL, the consortium of the airlines operating at LAX providing the jet fuel supply infrastructure for the planes at the airport. It is the first time SAF is delivered into LAXFUEL's supply infrastructure using barges for transport.

On 23 November, Neste announced that Moody's Investors Service has assigned an A3 long term issuer rating and a baseline credit assessment (bca) of baa1 to Neste Corporation. Neste's outlook is stable. Moody's rating rationale highlights Neste's strong business profile with high profitability as a global producer of renewable products, the competitive advantage in sourcing waste and residues as main feedstock, and growing end market demand for renewable fuels and renewable raw materials for polymers and chemicals supported by both mandated and voluntary demand in Europe and North America.

On 8 December Neste announced that it has appointed Katja Wodjereck Executive Vice President, Renewable Road Transportation and a member of Neste Executive Committee. She will report to President and CEO Matti Lehmus, and take up the position on 1 April 2023. Katja will transfer to Neste from Dow. She will be following Carl Nyberg in this role as he was appointed EVP, Renewable Platform earlier this year. Neste also announced that in parallel, a new Executive Committee role is established to lead Neste's Investment Management and Execution and Bart Leenders has been appointed Executive Vice President, Investment Management and Execution and a member of Neste's Executive Committee. He will report to President and CEO Matti Lehmus, and take up the position on 1 January 2023. Bart Leenders currently holds the position of Vice President, Production at Neste.

On 22 December Neste announced that the Chair of the Shareholders' Nomination Board of Neste Corporation changes. Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland has been the Chair until 22 December 2022 and as of 23 December 2022, the Chair will be Senior Ministerial Adviser, Financial Affairs Maija Strandberg of the Ownership Steering Department in the Prime

Minister's Office of Finland. In line with the stock exchange release published on 6 September 2022, the other members of the Shareholders' Nomination Board are: Timo Sallinen, Senior Vice President, Investments of Varma Mutual Pension Insurance Company; President and CEO Jouko Pölonen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors.

Events published after the reporting period

On 13 January 2023, Neste announced that its earlier announced acquisition of used cooking oil collection and aggregation business from Crimson Renewable Energy in the United States is completed. The acquisition has been approved by regulatory authorities, and the transaction has been closed.

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

Potential risks

Overall market volatility and economic risk levels have increased during 2022. Neste's growth and financial performance may be impacted by the macroeconomic and political uncertainties that include exceptional inflation in Europe and the US, high interest rates, tightening central bank measures, continuing war in Ukraine and regulatory changes on the European Union or individual member state level or in the US.

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

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

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

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

Dividend distribution proposal

Neste's dividend policy is to distribute at least 50% of its comparable net profit in the form of a dividend. The parent company's distributable funds as of 31 December 2022 amounted to EUR 3,824 million, and there have been no material changes in the company's financial position since the end of the financial year.

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

The first instalment of the ordinary dividend, EUR 0.51 per share, and the extraordinary dividend of EUR 0.25 per share, i.e. altogether EUR 0.76 per share, will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the dividend payment, which shall be Thursday, 30 March 2023. The Board proposes to the AGM that the first instalment of the ordinary dividend and the extraordinary dividend would be paid on Thursday, 6 April 2023.

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

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

The proposed maximum total dividend of EUR 1.52 per share represents a yield of 3.5% (at year-end 2022 share price of EUR 43.02) and 50% of Neste's comparable earnings per share in 2022. The proposed maximum total dividend in 2023 amounts to approximately EUR 1,167 million. In the event the discretionary second extraordinary dividend of EUR 0.25 per share is not paid, the dividend totals EUR 1.27 per share and represents a yield of 3.0% (at year-end 2022 share price of EUR 43.02) and 42% of Neste's comparable earnings per share in 2022, totaling approximately EUR 975 million.

Reporting date for the company's first-quarter 2023 results

Neste will publish its first-quarter 2023 results on 28 April 2023 at approximately 9:00 a.m. EET.

Espoo, 7 February 2023

Neste Corporation
Board of Directors

Further information:

Matti Lehmus, President and CEO, tel. +358 10 458 11

Martti Ala-Härkönen, CFO, tel. +358 40 737 6633

Investor Relations, tel. +358 50 458 8436

Conference call

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

<https://register.vevent.com/register/BI9035cc84e0b64e77b8be4000ae8ea40b>. The conference call can also be followed [as a webcast](#).

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

NESTE GROUP
JANUARY - DECEMBER 2022
The financial statements release is unaudited
FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue	3, 4	6,562	4,968	25,707	15,148
Other income		18	14	54	48
Share of profit (loss) of associates and joint ventures	8	1	-4	2	-3
Materials and services		-5,491	-4,040	-21,648	-11,751
Employee benefit costs		-162	-126	-545	-431
Depreciation, amortization and impairments	4	-160	-165	-638	-584
Other expenses		-181	-123	-522	-403
Operating profit	4	589	524	2,410	2,023
Financial income and expenses					
Financial income		5	1	9	4
Financial expenses		-18	-16	-60	-55
Exchange rate and fair value gains and losses		-13	-10	-80	-10
Total financial income and expenses		-26	-24	-131	-61
Profit before income taxes		563	500	2,279	1,962
Income tax expense		-49	-44	-388	-188
Profit for the period		514	456	1,891	1,774
Profit attributable to:					
Owners of the parent		514	457	1,888	1,771
Non-controlling interests		0	-1	3	2
		514	456	1,891	1,774
Earnings per share from profit attributable to the owners of the parent (in euro per share)					
Basic earnings per share		0.67	0.60	2.46	2.31
Diluted earnings per share		0.67	0.59	2.46	2.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit for the period	514	456	1,891	1,774
Other comprehensive income net of tax:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	-31	-26	18	-30
Net change of other investments at fair value	0	11	-5	11
Total	-31	-14	13	-19
Items that may be reclassified subsequently to profit or loss				
Translation differences	-149	11	-56	24
Cash flow hedges				
recorded in equity	219	-18	19	-99
transferred to income statement	23	20	90	-9
Share of other comprehensive income of investments accounted for using the equity method	1	1	17	4
Total	94	14	70	-80
Other comprehensive income for the period, net of tax	63	0	82	-98
Total comprehensive income for the period	577	456	1,973	1,675
Total comprehensive income attributable to:				
Owners of the parent	577	457	1,970	1,673
Non-controlling interests	0	-1	3	2
	577	456	1,973	1,675

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	7	570	516
Property, plant and equipment	7	6,570	5,152
Investments in associates and joint ventures	8	63	60
Non-current receivables		103	63
Deferred tax assets		59	45
Derivative financial instruments	10	5	11
Other financial assets	10	44	48
Total non-current assets		7,413	5,894
Current assets			
Inventories		3,648	2,618
Trade and other receivables		2,178	1,677
Derivative financial instruments	10	406	243
Current investments		0	135
Cash and cash equivalents		1,271	1,581
Total current assets		7,504	6,253
Assets classified as held for sale		0	270
Total assets	4	14,917	12,417
EQUITY			
Capital and reserves attributable to the owners of the parent			
Share capital		40	40
Other equity		8,282	6,941
Total		8,322	6,981
Non-controlling interests		5	4
Total equity		8,327	6,985
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		1,964	1,378
Deferred tax liabilities		336	309
Provisions		200	210
Pension liabilities		119	146
Derivative financial instruments	10	12	1
Other non-current liabilities		43	43
Total non-current liabilities		2,674	2,087
Current liabilities			
Interest-bearing liabilities		651	379
Current tax liabilities		43	12
Derivative financial instruments	10	200	161
Trade and other payables		3,022	2,761
Total current liabilities		3,916	3,313
Liabilities related to assets held for sale		0	32
Total liabilities	4	6,590	5,432
Total equity and liabilities		14,917	12,417

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flows from operating activities				
Profit before income taxes	563	500	2,279	1,962
Adjustments, total	-118	198	715	528
Change in net working capital	601	522	-1,357	-362
Cash generated from operations	1,046	1,220	1,637	2,127
Finance cost, net	-8	-14	-42	-39
Income taxes paid	-298	-5	-398	-95
Net cash generated from operating activities	740	1,202	1,197	1,994
Cash flows from investing activities				
Capital expenditure	-445	-227	-1,743	-976
Acquisitions of subsidiaries	0	-67	-14	-322
Proceeds from sales of subsidiaries, joint arrangements and other business operations	0	0	157	8
Proceeds from capital repayments in joint arrangements	0	0	13	0
Proceeds from sales of property, plant and equipment	14	0	30	6
Changes in long-term receivables and other investments	288	-183	-31	-200
Cash flows from investing activities	-144	-477	-1,588	-1,483
Cash flow before financing activities	596	724	-390	511
Cash flows from financing activities				
Net change in loans and other financing activities	-23	-252	595	240
Dividends paid to the owners of the parent	-316	-307	-630	-614
Dividends paid to non-controlling interests	0	0	-2	-2
Cash flows from financing activities	-339	-560	-37	-377
Net increase (+) / decrease (-) in cash and cash equivalents	257	165	-427	134
Cash and cash equivalents at the beginning of the period	1,027	1,525	1,696	1,552
Exchange gains (+) / losses (-) on cash and cash equivalents	-13	6	3	9
Cash and cash equivalents at the end of the period	1,271	1,696	1,271	1,696

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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	0	-3
Transfer from retained earnings		0					0		0	0	0
Total equity at 31 Dec 2021	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985

KEY FIGURES

	31 Dec 2022	31 Dec 2021
Revenue	25,707	15,148
Profit for the period	1,891	1,774
Earnings per share (EPS), EUR	2.46	2.31
Alternative performance measures		
EBITDA, EUR million	3,048	2,607
Comparable EBITDA, EUR million	3,537	1,920
Capital employed, EUR million	10,942	8,742
Interest-bearing net debt, EUR million	1,344	41
Capital expenditure and investment in shares, EUR million	2,218	1,535
Comparable return on average capital employed, after tax, (ROACE) % ¹⁾	30.1	18.3
Return on equity, (ROE) %	25.1	28.5
Equity per share, EUR	10.83	9.09
Cash flow per share, EUR	1.56	2.60
Comparable earnings per share, EUR	3.04	1.54
Comparable net profit	2,336	1,179
Equity-to-assets ratio, %	56.3	56.6
Leverage ratio, %	13.9	0.6
Net working capital in days outstanding	35.4	33.3
Net Debt to EBITDA, %	0.4	0.0
Dividend per share	1.52 ²⁾	0.82
Dividend payout ratio, %	61.8 ²⁾	35.5
Dividend yield, %	3.5 ²⁾	1.9
Price/earnings ratio (P/E)	17.50	18.79
Weighted average number of shares outstanding	768,060,103	767,643,112
Number of shares outstanding at the end of the period	768,083,170	767,969,396
Average number of personnel	5,244	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 Comparable 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.

²⁾ Board of Directors proposal to the Annual General Meeting. 2022 key figures include an ordinary dividend of EUR 1.02 per share, an extraordinary dividend of EUR 0.25 per share, and a discretionary second extraordinary dividend of EUR 0.25 per share.

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

The war in Ukraine significantly impacts international energy markets, and oil product and natural gas prices in Europe have been very volatile and exceptionally high. The increase of crude oil prices have increased the inventory value, working capital and revenue during 2022. The last shipment of Russian crude oil was received in July.

Neste ended the year 2022 with a solid performance during the fourth quarter. Neste continued to assess the impacts of war in Ukraine by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste does not have fixed assets in Russia nor in Ukraine. Neste's financial position remained strong with liquid funds EUR 1,271 million and committed unutilized credit facilities EUR 1,600 million on 31 December 2022.

Key accounting considerations related to joint arrangement Martinez Renewables

On 21st of September Neste finalized a transaction to establish a joint arrangement, called Martinez Renewables, for production of renewable fuels together with Marathon Petroleum. Through the transaction, Neste obtained a 50% interest in Martinez Renewables. Production is expected to commence in early 2023 following a conversion project of Marathon's refinery in Martinez, California. Upon completion, Martinez Renewables is expected to increase Neste's renewable products capacity by slightly over 1 million tons per annum.

Neste has treated the establishment and initial investment into the joint arrangement as an asset acquisition as the site is currently under construction and production has not yet commenced. Neste has classified the joint arrangement as a joint operation as Neste and Marathon Petroleum have a joint control over the arrangement's relevant activities, and the production output will be divided evenly between Neste and Marathon Petroleum. As a result of the joint operation classification, Neste recognises its 50% share of Martinez Renewables' assets, liabilities, revenues and expenses.

The investments into Martinez Renewables resulted in EUR 753 million capital expenditure cash flow during the year 2022. The impact to Neste's property, plant and equipment at the end of 2022 is presented in Note 7 Changes in intangible assets and property, plant and equipment, and commitments.

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	10-12/2022					10-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,277	2,338	1,508	0	6,123	1,653	1,852	1,063	0	4,569
Light distillates	55	1,063	250	0	1,368	42	872	234	0	1,147
Middle distillates	2,223	1,043	1,257	0	4,522	1,611	819	829	0	3,259
Heavy fuel oil	0	232	1	0	233	0	162	1	0	162
Other products	257	110	38	0	405	113	235	29	0	377
Other services	3	18	3	10	34	0	12	2	7	21
Total	2,538	2,465	1,549	10	6,562	1,766	2,099	1,095	7	4,968

External revenue	1-12/2022					1-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	8,629	9,570	5,679	0	23,879	5,517	4,882	3,667	0	14,065
Light distillates	162	4,736	1,116	0	6,013	138	2,325	876	0	3,339
Middle distillates	8,467	3,899	4,559	0	16,925	5,379	2,090	2,786	0	10,255
Heavy fuel oil	0	936	5	0	941	0	467	5	0	471
Other products	1,008	573	129	0	1,710	141	767	97	0	1,005
Other services	4	80	9	26	119	0	41	9	28	78
Total	9,640	10,223	5,818	26	25,707	5,658	5,690	3,772	28	15,148

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	10-12/2022					10-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,535	2,447	1,546	0	6,528	1,766	2,087	1,093	0	4,946
Services transferred at point in time	3	18	3	0	24	0	12	2	0	15
Services transferred over time	0	0	0	10	10	0	0	0	7	7
Total	2,538	2,465	1,549	10	6,562	1,766	2,099	1,095	7	4,968

External revenue	1-12/2022					1-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	9,637	10,143	5,809	0	25,589	5,658	5,649	3,764	0	15,070
Services transferred at point in time	4	80	9	1	93	0	41	9	1	51
Services transferred over time	0	0	0	25	25	0	0	0	27	27
Total	9,640	10,223	5,818	26	25,707	5,658	5,690	3,772	28	15,148

REVENUE BY OPERATING SEGMENT

10-12/2022	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	2,538	2,465	1,549	10	0	6,562
Internal revenue	59	1,191	12	27	-1,290	0
Total revenue	2,597	3,657	1,561	37	-1,290	6,562

10-12/2021	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	1,766	2,099	1,095	7	0	4,968
Internal revenue	63	673	9	35	-780	0
Total revenue	1,829	2,772	1,104	42	-780	4,968

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

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

REVENUE BY OPERATING DESTINATION

	10-12/2022					10-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	74	871	1,222	10	2,177	114	605	826	6	1,552
Other Nordic countries	766	325	0	0	1,091	443	269	0	0	713
Baltic Rim	28	133	326	0	487	35	17	268	0	320
Other European countries	586	706	1	0	1,293	445	708	1	0	1,154
North and South America	1,015	430	0	0	1,445	710	438	0	0	1,149
Other countries	69	0	0	0	70	18	62	0	0	80
Total	2,538	2,465	1,549	10	6,562	1,766	2,099	1,095	7	4,968

	1-12/2022					1-12/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	352	3,547	4,536	24	8,459	402	1,604	2,848	22	4,877
Other Nordic countries	2,930	1,416	2	0	4,348	1,723	878	2	0	2,603
Baltic Rim	73	500	1,278	0	1,850	44	190	921	0	1,155
Other European countries	2,399	2,729	2	1	5,131	1,329	1,789	2	2	3,122
North and South America	3,685	2,000	0	1	5,685	2,111	1,115	0	4	3,230
Other countries	202	31	0	1	234	48	114	0	0	162
Total	9,640	10,223	5,818	26	25,707	5,658	5,690	3,772	28	15,148

4. SEGMENT INFORMATION

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

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
REVENUE				
Renewable Products	2,597	1,829	9,905	5,895
Oil Products	3,657	2,772	14,596	7,810
Marketing & Services	1,561	1,104	5,876	3,803
Others	37	42	147	170
Eliminations	-1,290	-780	-4,816	-2,530
Total	6,562	4,968	25,707	15,148
OPERATING PROFIT				
Renewable Products	468	434	1,046	1,723
Oil Products	111	106	1,337	263
Marketing & Services	13	14	98	77
Others	-7	-26	-70	-34
Eliminations	4	-5	-1	-6
Total	589	524	2,410	2,023
EBITDA				
Renewable Products	536	499	1,328	1,950
Oil Products	184	185	1,619	546
Marketing & Services	21	22	127	106
Others	4	-13	-24	12
Eliminations	4	-5	-1	-6
Total	748	689	3,048	2,607
COMPARABLE EBITDA				
Renewable Products	415	418	1,762	1,460
Oil Products	450	168	1,654	353
Marketing & Services	21	22	126	103
Others	4	-13	-4	11
Eliminations	4	-5	-1	-6
Total	894	591	3,537	1,920
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS				
Renewable Products	68	65	282	227
Oil Products	73	79	282	283
Marketing & Services	7	8	29	29
Others	11	13	46	46
Eliminations	0	0	0	0
Total	160	165	638	584
CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES				
Renewable Products	563	269	1,952	1,023
Oil Products	78	94	180	451
Marketing & Services	7	9	24	22
Others	21	17	62	39
Eliminations	0	0	0	0
Total	668	390	2,218	1,535
TOTAL ASSETS			31 Dec	31 Dec
Renewable Products			2022	2021
Oil Products			7,894	5,724
Marketing & Services			4,493	3,992
Others			704	588
Unallocated assets			351	350
Unallocated assets			1,932	2,091
Eliminations			-458	-328
Total			14,917	12,417

	31 Dec 2022	31 Dec 2021
NET ASSETS		
Renewable Products	6,433	4,748
Oil Products	2,652	2,045
Marketing & Services	227	212
Others	141	78
Eliminations	-14	-13
Total	9,440	7,069
TOTAL LIABILITIES		
Renewable Products	1,909	1,327
Oil Products	1,866	1,990
Marketing & Services	529	429
Others	221	281
Unallocated liabilities	2,510	1,720
Eliminations	-444	-315
Total	6,590	5,432
RETURN ON NET ASSETS, %		
Renewable Products	18.6	40.9
Oil Products	46.6	11.9
Marketing & Services	40.8	38.1
COMPARABLE RETURN ON NET ASSETS, %		
Renewable Products	26.6	29.4
Oil Products	48.0	3.2
Marketing & Services	40.5	36.6

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	2,597	2,403	2,728	2,176	1,829	1,503	1,332	1,231
Oil Products	3,657	3,877	4,043	3,019	2,772	2,148	1,331	1,559
Marketing & Services	1,561	1,604	1,481	1,229	1,104	999	886	814
Others	37	37	38	35	42	33	48	47
Eliminations	-1,290	-1,339	-1,251	-937	-780	-657	-574	-519
Total	6,562	6,583	7,039	5,523	4,968	4,026	3,022	3,132
QUARTERLY OPERATING PROFIT	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	468	-126	219	485	434	433	443	413
Oil Products	111	381	571	275	106	126	8	24
Marketing & Services	13	31	28	26	14	23	18	22
Others	-7	-8	-42	-13	-26	-1	-7	-1
Eliminations	4	12	-6	-10	-5	-3	0	0
Total	589	289	769	762	524	579	463	458
QUARTERLY EBITDA	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	536	-39	284	546	499	490	497	464
Oil Products	184	443	645	348	185	204	73	84
Marketing & Services	21	38	35	33	22	29	25	29
Others	4	3	-31	-1	-13	11	4	10
Eliminations	4	12	-6	-10	-5	0	-1	-1
Total	748	456	927	916	689	735	599	585
QUARTERLY COMPARABLE EBITDA	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	415	389	538	419	418	357	341	344
Oil Products	450	537	529	137	168	125	8	52
Marketing & Services	21	38	35	32	22	32	25	23
Others	4	3	-10	-1	-13	10	4	10
Eliminations	4	12	-6	-10	-5	0	-1	-1
Total	894	979	1,085	578	591	524	377	429
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	68	87	66	61	65	57	54	51
Oil Products	73	62	74	73	79	78	66	60
Marketing & Services	7	8	7	7	8	7	7	7
Others	11	11	12	12	13	11	11	11
Eliminations	0	0	0	0	0	2	-1	-1
Total	160	167	158	153	165	156	136	127
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	563	956	229	204	269	155	133	466
Oil Products	78	44	25	34	94	107	205	45
Marketing & Services	7	9	5	4	9	5	5	3
Others	21	16	13	12	17	6	7	10
Eliminations	0	0	0	0	0	0	0	0
Total	668	1,025	272	254	390	273	349	523
QUARTERLY NET ASSETS	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Renewable Products	6,433	5,984	5,495	5,526	4,748	4,537	4,223	4,099
Oil Products	2,652	3,311	3,510	2,828	2,045	2,515	2,321	2,338
Marketing & Services	227	268	258	234	212	211	185	213
Others	141	-136	-180	-536	78	-167	-174	-468
Eliminations	-14	-19	-32	-27	-13	-10	-8	-9
Total	9,440	9,407	9,050	8,025	7,069	7,087	6,547	6,172

5. ACQUISITIONS AND DISPOSALS

Disposals

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

Assets and liabilities	Recognized values
Property, plant and equipment	9
Deferred tax assets	2
Inventories	83
Trade and other receivables	70
Cash and cash equivalents	21
Total assets	185
Deferred tax liabilities	1
Pension liabilities	2
Interest-bearing liabilities	8
Current tax liabilities	3
Trade and other payables	3
Total liabilities	18
Sold net assets	167
Total consideration ¹⁾	176
Sold net assets	-167
Gain on sale	9
Cash consideration received	176
Cash and cash equivalents disposed of	-21
Net cash flow	156

¹⁾ Transaction costs are included in total consideration

6. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA, EBITDA AND OPERATING PROFIT

Group	10-12/2022	10-12/2021	7-9/2022	1-12/2022	1-12/2021
COMPARABLE EBITDA	894	591	979	3,537	1,920
inventory valuation gains/losses	-200	128	-420	-352	573
changes in the fair value of open commodity and currency derivatives	48	-33	-101	-131	106
capital gains and losses	1	0	0	10	3
other adjustments	6	3	-2	-16	5
EBITDA	748	689	456	3,048	2,607
depreciation, amortization and impairments	-160	-165	-167	-638	-584
OPERATING PROFIT	589	524	289	2,410	2,023
Renewable Products	10-12/2022	10-12/2021	7-9/2022	1-12/2022	1-12/2021
COMPARABLE EBITDA	415	418	389	1,762	1,460
inventory valuation gains/losses	-30	107	-308	-299	409
changes in the fair value of open commodity and currency derivatives	151	-26	-120	-135	81
capital gains and losses	0	0	0	0	0
other adjustments	0	0	0	0	0
EBITDA	536	499	-39	1,328	1,950
depreciation, amortization and impairments	-68	-65	-87	-282	-227
OPERATING PROFIT	468	434	-126	1,046	1,723
Oil Products	10-12/2022	10-12/2021	7-9/2022	1-12/2022	1-12/2021
COMPARABLE EBITDA	450	168	537	1,654	353
inventory valuation gains/losses	-169	21	-112	-53	164
changes in the fair value of open commodity and currency derivatives	-104	-7	19	4	25
capital gains and losses	1	0	0	10	-2
other adjustments	6	3	-2	4	6
EBITDA	184	185	443	1,619	546
depreciation, amortization and impairments	-73	-79	-62	-282	-283
OPERATING PROFIT	111	106	381	1,337	263
Marketing & Services	10-12/2022	10-12/2021	7-9/2022	1-12/2022	1-12/2021
COMPARABLE EBITDA	21	22	38	126	103
inventory valuation gains/losses	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0
capital gains and losses	0	0	0	0	5
other adjustments	0	0	0	1	-2
EBITDA	21	22	38	127	106
depreciation, amortization and impairments	-7	-8	-8	-29	-29
OPERATING PROFIT	13	14	31	98	77
Others	10-12/2022	10-12/2021	7-9/2022	1-12/2022	1-12/2021
COMPARABLE EBITDA	4	-13	3	-4	11
inventory valuation gains/losses	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0
capital gains and losses	0	0	0	0	0
other adjustments	0	0	0	-20	1
EBITDA	4	-13	3	-24	12
depreciation, amortization and impairments	-11	-13	-11	-46	-46
OPERATING PROFIT	-7	-26	-8	-70	-34

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
COMPARABLE EBITDA	894	591	3,537	1,920
depreciation, amortization and impairments	-160	-165	-638	-584
items in depreciation, amortization and impairments affecting comparability	2	5	27	5
total financial income and expenses	-26	-24	-131	-61
income tax expense	-49	-44	-388	-188
non-controlling interests	0	1	-3	-2
tax on items affecting comparability	-19	12	-68	89
COMPARABLE NET PROFIT	642	377	2,336	1,179

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

	Restated ¹⁾	
	31 Dec 2022	31 Dec 2021
COMPARABLE EBITDA, LAST 12 MONTHS	3,537	1,920
depreciation, amortization and impairments	-638	-584
items in depreciation, amortization and impairments affecting comparability	27	5
financial income	9	4
exchange rate and fair value gains and losses	-80	-10
income tax expense	-388	-188
tax on other items affecting comparable ROACE	-76	82
Comparable net profit, net of tax	2,391	1,229
Capital employed average	9,823	7,952
Assets under construction average	-1,880	-1,250
COMPARABLE RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), % ¹⁾	30.1	18.3

¹⁾ The Comparable 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 Dec 2022	31 Dec 2021
Total equity	8,327	6,985
Total assets	14,917	12,417
Advances received	-138	-86
EQUITY-TO-ASSETS RATIO, %	56.3	56.6

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	31 Dec 2022	31 Dec 2021
Operative receivables	1,902	1,561
Inventories	3,648	2,618
Operative liabilities	-3,057	-2,795
Net working capital	2,494	1,384
Revenue, last 12 months	25,707	15,148
NET WORKING CAPITAL IN DAYS OUTSTANDING	35.4	33.3

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

	31 Dec 2022	31 Dec 2021
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		
Opening balance	5,667	4,741
Additions	2,217	1,212
Acquisitions	10	366
Depreciation, amortization and impairments	-638	-584
Disposals	-90	-78
Assets held for sale	24	-10
Translation differences	-52	22
Closing balance	7,140	5,667

Property, plant and equipment includes an increase of EUR 853 million from joint operation Martinez Renewables on 31 December 2022 (mainly assets under construction and machinery and equipment).

	31 Dec 2022	31 Dec 2021
COMMITMENTS		
Commitments to purchase property, plant and equipment, and intangible assets	810	289
Other commitments	8	9
Total	818	298

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

8. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 Dec 2022	31 Dec 2021
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
Opening balance	60	56
Share of profit (loss) of associates and joint ventures	2	-3
Share of other comprehensive income of investments accounted for using the equity method	17	4
Translation differences	1	4
Capital repayments	-13	0
Dividends	-15	0
Investments	12	0
Other changes	-1	0
Closing balance	63	60

9. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Dec 2022	31 Dec 2021
INTEREST-BEARING NET DEBT		
Non-current interest-bearing liabilities ¹⁾	1,964	1,378
Current interest-bearing liabilities ²⁾	651	379
Interest-bearing liabilities	2,615	1,757
Current investments	0	-135
Cash and cash equivalents	-1,271	-1,581
Liquid funds	-1,271	-1,716
Interest-bearing net debt	1,344	41

¹⁾ Including EUR 425 million of lease liabilities at 31 Dec 2022 (31 Dec 2021: EUR 333 million)

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

	31 Dec 2022	31 Dec 2021
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS		
Liquid funds	1,271	1,716
Unused committed credit facilities	1,600	1,350
Total	2,871	3,066
In addition: Unused commercial paper program (uncommitted)	54	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 Dec 2022		31 Dec 2021	
	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives				
Currency derivatives				
Hedge accounting	3,925	90	2,544	-39
Non-hedge accounting	3,083	91	1,730	-3

	31 Dec 2022			31 Dec 2021		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives						
Sales contracts						
Non-hedge accounting	18	25	0	0	23	-29
Purchase contracts						
Non-hedge accounting	2,616	19	18	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 Dec 31, 2022

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Fair value hierarchy		
						Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables			103	103	103			
Derivative financial instruments		5		5	5		5	
Other financial assets	37	7		44	44			44
Current financial assets								
Trade and other receivables ¹⁾			2,101	2,101	2,101			
Derivative financial instruments	120	287		406	406	17	389	
Cash and cash equivalents			1,271	1,271	1,271			
Financial assets	157	298	3,475	3,930	3,930			
Non-current financial liabilities								
Interest-bearing liabilities			1,964	1,964	1,880	811	1,070	
Derivative financial instruments	0	12		12	12		12	
Other non-current liabilities ¹⁾			43	43	43			
Current financial liabilities								
Interest-bearing liabilities			651	651	651		651	
Derivative financial instruments	29	170		200	200	41	159	
Trade and other payables ¹⁾			2,879	2,879	2,879			
Financial liabilities	29	182	5,537	5,749	5,665			

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 7 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 37 million. Fair values are determined in accordance with IFRS 13.

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

11. RELATED PARTY TRANSACTIONS

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

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

	31 Dec 2022	31 Dec 2021
Transactions carried out with joint ventures and other related parties		
Sales of goods and services	430	229
Purchases of goods and services	503	171
Financial income and expenses	3	2
Receivables	160	162
Liabilities	22	17

12. CONTINGENT LIABILITIES

	31 Dec 2022	31 Dec 2021
Contingent liabilities		
On own behalf for commitments		
Real estate mortgages	26	26
Other contingent liabilities	49	59
Total	75	85
On behalf of joint arrangements		
Pledged assets	89	44
Total	89	44
On behalf of others		
Guarantees	1	1
Total	1	1
Total	164	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

The acquisition of shares in SeQuential Environmental Services, LLC, and Pure, LLC, as well as a UCO processing plant in Salem, Oregon has been approved by regulatory authorities, and the transaction has been closed 13.1.2023. Through the transaction, Neste acquired a leading used cooking oil (UCO) collection and recycling business and related assets on the US West Coast from Crimson Renewable Energy Holdings, LLC.

The preliminary estimate of the acquisition is presented in the table below. Based on the preliminary purchase price allocation, a portion of the purchase price was allocated to customer and supplier relations that have been recognized as intangible assets. The goodwill represents the value of acquired business knowledge and synergies, and goodwill's depreciations of the recognized goodwill are deductible for income tax purposes.

The purchase price was paid fully in cash. Consideration transferred includes approx. 18 million euros of contingent consideration. The final amount depends on how certain targets are achieved during 2023. The transaction costs of the acquisition are included in other expenses in the consolidated statement of income. The acquisition does not have a material impact on the Group's revenue nor profit.

Values of acquired assets and liabilities at time of acquisition	Estimated values
Intangible assets	32
Property, plant and equipment	31
Inventories	2
Trade and other receivables	1
Cash and cash equivalents	0
Total assets	67
Interest-bearing liabilities	7
Trade and other payables	9
Total liabilities	16
Fair value of acquired net assets	51
Consideration transferred	164
Fair value of acquired net assets	-51
Goodwill	113
Cash flows of acquisition	2022
Consideration, paid in cash	-164
Cash and cash equivalents in acquiree	0
Acquiree's liabilities paid off at closing	-1
Transaction costs of the acquisition	-1
Net cash flow on acquisition	-166

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

NESTE
Change runs on renewables