



Neste Corporation
Financial Statements
Release
2021

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NESTE
Change runs on renewables

Neste's Financial Statements Release for 2021

Excellent performance in a year of major scheduled maintenance shutdowns and high input costs

Year 2021 in brief:

- Comparable EBITDA totaled EUR 1,920 million (EUR 1,929 million)
- EBITDA totaled EUR 2,607 million (EUR 1,508 million)
- Comparable operating profit totaled EUR 1,342 million (EUR 1,416 million)
- Operating profit totaled EUR 2,023 million (EUR 828 million)
- Cash flow before financing activities totaled EUR 511 million (EUR 1,019 million)
- Return on average capital employed (ROACE) was 15.5% over the last 12 months (17.3%)
- Leverage ratio was 0.6% at the end of December (31 Dec 2020: -4.7%)
- Comparable earnings per share were EUR 1.54 (EUR 1.60)
- Earnings per share: EUR 2.31 (EUR 0.93)
- Board of Directors will propose a dividend of EUR 0.82 per share (0.80), totaling EUR 630 million (EUR 614 million)

Fourth quarter in brief:

- Comparable EBITDA totaled EUR 591 million (EUR 512 million)
- EBITDA totaled EUR 689 million (EUR 297 million)
- Comparable operating profit totaled EUR 432 million (EUR 380)
- Operating profit totaled EUR 524 million (EUR -2 million)
- Renewable Products' comparable operating profit was EUR 357 million (EUR 338 million)
- Renewable Products' comparable sales margin was USD 779/ton (USD 760/ton)
- Oil Products' comparable operating profit was EUR 90 million (EUR 37 million)
- Marketing & Services' comparable operating profit was EUR 14 million (EUR 15 million)

President and CEO Peter Vanacker:

“Neste ended the year 2021 with an excellent performance in all business units. Our business proved to be very resilient amid the continued COVID-19 pandemic, scheduled maintenance and high utility and feedstock costs in 2021. We posted a solid comparable operating profit of EUR 1,342 million, compared to EUR 1,416 million in the previous year. Renewable Products was able to improve its sales volumes and sales margin despite having several scheduled shutdowns, but was negatively impacted by a weaker US dollar and higher fixed costs. The refining market recovered and Oil Products was able to exceed the previous year's result despite the largest ever turnaround implemented at the Porvoo refinery and the closure of the Naantali refinery. Also Marketing & Services improved its performance compared to the previous year. We reached a ROACE of 15.5% over the last 12 months and a leverage ratio of 0.6% at the end of the year. Our cash flow before financing activities was very solid at EUR 511 million in a year of significant investments and acquisitions. The solid financial position enables the implementation of our growth strategy going forward while continuing to reward our shareholders.

Renewable Products posted a very good full-year comparable operating profit of EUR 1,238 million (EUR 1,334 million) considering the multiple scheduled plant shutdowns. The renewable diesel demand remained robust, but

feedstock markets continued to tighten during 2021. Despite the higher feedstock costs, we were able to further increase our comparable sales margin, which averaged USD 715/ton. This was an excellent achievement driven by the optimization of price premiums, market allocation, feedstock mix and successful margin hedging. Sales volumes were 3.02 million tons in 2021, about 2% higher than in the previous year. The increase in sales was enabled by a new annual production record of 3.01 million tons. Our continued focus on the Neste Excellence program has enabled us to increase our nameplate capacity from 3.2 million to 3.3 million tons while keeping the nameplate capacity target of 4.5 million tons unchanged once the EUR 1.5 billion expansion investment in Singapore has been started up. The share of waste and residues increased further and averaged 92% of the total renewable material inputs in 2021. The term sales negotiations for 2022 have been successfully completed.

Oil Products posted a full-year comparable operating profit of EUR 71 million (EUR 50 million). The reference margin, which reflects the general market conditions, improved significantly during the year. The additional margin was, however, burdened by higher utility costs, which offset a major part of the reference margin improvement. The largest ever turnaround at the Porvoo refinery was successfully and safely executed within the twelve-week schedule in the second quarter. This turnaround was a significant investment to ensure the safety, availability and competitiveness of the refinery going forward. Combined with the Naantali refinery closure in March, the Porvoo major turnaround materially reduced Oil Products' sales volumes in 2021. Substantial cost reduction measures were successfully implemented with an impact of approximately EUR 30 million in 2021, also supported by the Naantali refinery closure.

Marketing & Services generated a full-year comparable operating profit of EUR 74 million (EUR 68 million). Despite the pandemic still impacting product demand particularly in the aviation and marine sectors, we were able to improve our performance by higher sales volumes and successful margin management.

During the year we continued executing our strategy by agreeing on numerous partnerships and acquisitions to grow our three renewables businesses – Aviation, Polymers and Chemicals and Road Transportation – expanding our global access to waste and residue recycling. We also broadened our sustainability vision to include climate, biodiversity, human rights and our supply chain and raw materials. Our safety record was very good despite the heightened risks posed by pandemic and the major turnaround of our Porvoo refinery. As announced in our Capital Markets Day in September, we have set a target to make Porvoo the most sustainable refinery in Europe by 2030. Our Singapore renewables capacity expansion investment project is currently on schedule for start-up by the end of the first quarter 2023. The new production line will also include optionality to produce up to 1 million tons/a Sustainable Aviation Fuels (SAF). Together with our Rotterdam SAF optionality project, we expect to reach SAF production capability of 1.5 million tons/a by the end of 2023. The project for a possible next worldscale renewables refinery in Rotterdam is in the engineering phase, and its scope is relatively similar to the new Singapore unit. We are approaching readiness for a final investment decision during the next months to continue to grow our business in renewables. During 2021 we acquired Bunge's pretreatment facility in Rotterdam, and Agri Trading in the US to strengthen our feedstock sourcing platform, and announced an agreement to sell our base oils business to Chevron. All of these actions support our strategic transformation. Uncertainty on the further development of the COVID-19 pandemic and its impact on the global economy continues. However, we are making good progress in our journey to become a global leader in renewable and circular solutions.”

Outlook

Visibility in the global economic development still remains low due to the COVID-19 pandemic. We expect volatility in the oil products and renewable feedstock markets to remain high.

Renewable Products' first-quarter sales volumes are expected to be on a roughly similar level as in the previous quarter. Waste and residue markets are anticipated to remain tight as their demand continues to be robust. Following the conclusion of the term sales contract negotiations, the share of term sales is expected to be

approximately 75% of sales volumes in 2022. Our first-quarter sales margin is expected to be within the range USD 650-725/ton. The segment's full-year fixed costs, including, among other things, fixed costs relating to the completed acquisitions, are expected to be approximately EUR 140 million higher than in 2021.

Utilization rates of our renewables production facilities are forecasted to remain high. We have scheduled a six-week turnaround at the Singapore refinery in the third quarter, and a seven-week turnaround at the Rotterdam refinery in the fourth quarter of 2022. The Singapore turnaround is currently estimated to have a negative impact of approximately EUR 90 million, and the Rotterdam turnaround a negative impact of approximately EUR 100 million on the segment's comparable EBITDA.

Oil Products' market demand has recovered year-on-year, but is still seen to be negatively impacted by the COVID-19 pandemic. The reference margin is expected to remain volatile and to be lower than in the fourth quarter of 2021. The very high natural gas price is expected to keep depressing the segment's additional margin. The first-quarter sales volumes are forecasted to come down somewhat from the high level seen in the fourth quarter.

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

Based on our current estimates and a hedging rate of 85%, Neste's effective EUR/US dollar rate is expected to be within a range 1.17-1.19 in the first quarter of 2022.

Neste estimates the Group's full-year 2022 cash-out capital expenditure to be approximately EUR 1.1 billion, excluding M&A. Comparable EBITDA will replace comparable EBIT as Neste's main profitability indicator starting from the first quarter of 2022 since we consider comparable EBITDA to better reflect our underlying business performance during a heavy investment period. A comparable EBITDA line has been added to the result tables of this report for information.

Neste's Financial Statements, 1 January - 31 December 2021

The Financial Statements Release is unaudited.

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

Key Figures

EUR million (unless otherwise noted)

	10-12/21	10-12/20	7-9/21	2021	2020
Revenue	4,968	3,028	4,026	15,148	11,751
EBITDA	689	297	735	2,607	1,508
Comparable EBITDA*	591	512	524	1,920	1,929
Operating profit	524	-2	579	2,023	828
Comparable operating profit*	432	380	368	1,342	1,416
Profit before income taxes	500	-21	582	1,962	786
Net profit	456	6	512	1,774	714
Comparable net profit**	377	337	323	1,179	1,229
Earnings per share, EUR	0.60	0.01	0.66	2.31	0.93
Comparable earnings per share**, EUR	0.49	0.44	0.42	1.54	1.60
Investments	390	344	273	1,535	1,197
Net cash generated from operating activities	1,202	1,307	379	1,994	2,057

	31 Dec 2021	31 Dec 2020
Total equity	6,985	5,929
Interest-bearing net debt	41	-265
Capital employed	8,742	7,236
Return on average capital employed after tax (ROACE)***, %	15.5	17.3
Equity per share, EUR	9.09	7.72
Leverage ratio, %	0.6	-4.7

* Comparable operating profit is calculated by excluding inventory valuation gains/losses, unrealized changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations, impairments and other adjustments from the reported operating profit. The adjustments applied in the comparable EBITDA calculation are based on the comparable EBIT calculation.

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

*** Last 12 months

The Group's fourth quarter 2021 results

Neste's revenue in the fourth quarter totaled EUR 4,968 million (3,028 million). The change in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 1.8 billion, and higher sales volumes, which had a positive impact of approx. EUR 100 million on the revenue. Additionally, the stronger US dollar had a positive impact of approx. EUR 100 million on the revenue compared to the corresponding period last year.

The Group's comparable operating profit was EUR 432 million (380 million). Renewable Products' comparable operating profit was EUR 357 million (338 million), showing very good sales performance in a tight feedstock market. Oil Products' comparable operating profit was EUR 90 million (37 million) as a result of improved refining market. Marketing & Services comparable operating profit was EUR 14 million (15 million). The Others segment's comparable operating profit was EUR -26 million (-7 million), mainly due to timing of cost allocations.

The Group's operating profit was EUR 524 million (-2 million), which was impacted by inventory valuation gains of EUR 128 million (losses of 21 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -33 million (-48 million), mainly related to utility price hedging. Profit before income taxes was EUR 500 million (-21 million), and net profit EUR 456 million (6 million). Comparable earnings per share were EUR 0.49 (0.44), and earnings per share EUR 0.60 (0.01).

The Group's full-year 2021 results

Neste's revenue in 2021 totaled EUR 15,148 million (11,751 million). The change in revenue resulted from higher market and sales prices, which had a positive impact of approx. EUR 6.6 billion, and lower sales volumes mainly due to the Porvoo refinery major turnaround, which had a negative impact of approx. EUR 2.9 billion on the revenue. Additionally, a weaker US dollar had a negative impact of approx. EUR 300 million on the revenue.

The Group's comparable operating profit was EUR 1,342 million (1,416 million). Renewable Products' comparable operating profit was EUR 1,238 million (1,334 million), lower than in 2020, mainly due to the weaker US dollar and higher fixed costs. Despite the Porvoo refinery major turnaround, Oil Products' reached a comparable operating profit of EUR 71 million (50 million) in the improved refining market. Marketing & Services' comparable operating profit was EUR 74 million (68 million) as a result of higher sales volumes and unit margins. The Others segment's comparable operating profit was EUR -35 million (-37 million).

The Group's operating profit was EUR 2,023 million (828 million), which was impacted by inventory valuation gains of EUR 573 million (losses of 119 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 106 million (-112 million), mainly related to margin hedging. Profit before income taxes was EUR 1,962 million (786 million), and net profit EUR 1,774 million (714 million). Comparable earnings per share were EUR 1.54 (1.60), and earnings per share EUR 2.31 (0.93).

	10-12/21	10-12/20	7-9/21	2021	2020
COMPARABLE OPERATING PROFIT	432	380	368	1,342	1,416
- inventory valuation gains/losses	128	-21	63	573	-119
- changes in the fair value of open commodity and currency derivatives	-33	-48	145	106	-112
- capital gains/losses	0	0	-2	3	-42
- impairments	0	0	0	0	0
- other adjustments	-3	-312	5	-1	-314
OPERATING PROFIT	524	-2	579	2,023	828

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Group's comparable operating profit, 2020	380	1,416
Sales volumes	29	-78
Sales margin	54	76
Currency exchange	29	-75
Fixed costs	-48	-22
Others	-12	25
Group's comparable operating profit, 2021	432	1,342

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

	10-12	1-12
Group's comparable operating profit, 2020	380	1,416
Renewable Products	19	-96
Oil Products	53	21
Marketing & Services	0	6
Others including eliminations	-20	-6
Group's comparable operating profit, 2021	432	1,342

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15%, and the leverage ratio target is below 40%. At the end of December 2021, ROACE calculated over the last 12 months was 15.5%, and leverage ratio remained well below the 40% target.

	31 Dec 2021	31 Dec 2020
Return on average capital employed after tax (ROACE)*, %	15.5	17.3
Leverage ratio (net debt to capital), %	0.6	-4.7

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 1,994 million (2,057 million) in 2021 despite the increase in net working capital. Cash flow before financing activities was EUR 511 million (1,019 million), mainly due to the higher capital expenditure compared to 2020. The Group's net working capital in days outstanding was 33.3 days (35.0 days) on a rolling 12-month basis at the end of 2021.

	10-12/21	10-12/20	7-9/21	2021	2020
EBITDA	689	297	735	2,607	1,508
Capital gains/losses	0	-1	2	0	-1
Other adjustments	9	159	-177	-118	277
Change in net working capital	522	872	-158	-362	460
Finance cost, net	-14	-17	-1	-39	-54
Income taxes paid	-5	-4	-22	-95	-133
Net cash generated from operating activities	1,202	1,307	379	1,994	2,057
Capital expenditure	-294	-231	-347	-1,298	-972
Other investing activities	-183	-7	139	-186	-67
Free cash flow (Cash flow before financing activities)	724	1,069	171	511	1,019

Cash-out investments excluding M&A were EUR 976 million (762 million), and totaled EUR 1,299 (995 million) including M&A in 2021. Maintenance investments accounted for EUR 411 million (190 million) and productivity and strategic investments for EUR 888 million (805 million). Renewable Products' total investments were EUR 877 million (670 million), mainly related to the Singapore refinery capacity expansion project, and the acquisitions made in the segment. Oil Products' investments amounted to EUR 380 million (250 million), with the largest projects being the Porvoo refinery turnaround related investments. Marketing & Services' investments totaled EUR 13 million (17 million). Investments in the Others segment were EUR 29 million (59 million), concentrating on IT and business infrastructure upgrades.

Interest-bearing net debt was EUR 41 million at the end of December 2021, compared to EUR -265 million at the end of 2020. The average interest rate of borrowing at the end of December was 1.2% (1.9%) and the average maturity 3.7 (2.1) years. At the end of the year the Net debt to EBITDA ratio was 0.0 (-0.2).

The leverage ratio was 0.6% at the end of December 2021 (31 Dec 2020: -4.7%). The Group's strong financial position enables us to continue with the implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 3,066 million at the end of December 2021 (31 Dec 2020: 2,922 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 2021 the Group's foreign currency hedging ratio was approximately 50% of the sales margin for the next 12 months.

US dollar exchange rate

	10-12/21	10-12/20	7-9/21	2021	2020
EUR/USD, market rate	1.14	1.19	1.18	1.18	1.14
EUR/USD, effective rate*	1.18	1.15	1.19	1.18	1.14

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Renewable Products

Key financials

	10-12/21	10-12/20	7-9/21	2021	2020
Revenue, MEUR	1,829	1,084	1,503	5,895	4,270
EBITDA, MEUR	499	335	490	1,950	1,423
Comparable EBITDA, MEUR	418	388	357	1,460	1,518
Operating profit, MEUR	434	285	433	1,723	1,239
Comparable operating profit, MEUR	357	338	300	1,238	1,334
Net assets, MEUR	4,748	3,470	4,537	4,748	3,470
Return on net assets*, %	40.9	36.3	39.3	40.9	36.3
Comparable return on net assets*, %	29.4	39.1	30.4	29.4	39.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Comparable operating profit, 2020	338	1,334
Sales volumes	30	33
Sales margin	14	36
Currency exchange	22	-54
Fixed costs	-32	-68
Others	-15	-43
Comparable operating profit, 2021	357	1,238

Key drivers

	10-12/21	10-12/20	7-9/21	2021	2020
Comparable sales margin, USD/ton	779	760	679	715	703
Biomass-based diesel (D4) RIN, USD/gal	1.50	0.88	1.60	1.50	0.63
California LCFS Credit, USD/ton	155	198	176	178	200
Palm oil price*, USD/ton	1,150	781	1,012	999	645
Waste and residue's share of total feedstock, %	94	87	91	92	83

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

Renewable Products' fourth quarter comparable operating profit totaled EUR 357 million, compared to EUR 338 million in the fourth quarter of 2020. The comparable sales margin was very strong and averaged USD 779/ton. This outstanding achievement was supported by our strong sales performance and successful margin hedging. The higher sales margin had a positive impact of EUR 14 million on the comparable operating profit compared to the fourth quarter 2020. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 79 million (63 million). Our sales volumes again reached a very high level of 774,000 tons, about 6% higher than in the fourth quarter of 2020. The higher sales volume had a positive impact of EUR 30 million on the comparable operating profit year-on-year. During the fourth quarter approx. 64% (66%) of the volumes were sold to the European market and 36% (34%) to North America. The share of 100% renewable diesel delivered to end-users was 30% (33%) in the fourth quarter. Our renewable diesel production capacity had an average utilization rate of 93% (90%) during the quarter, which reflected the catalyst change implemented at the Rotterdam refinery. The proportion of waste and residue inputs was high 94% (87%) and showed continued progress with the implementation of our feedstock strategy. The segment's fixed costs were EUR 32 million higher than in the corresponding period last year as we continued to build up our organization to prepare for future growth. Renewable Products' comparable return on net assets was 29.4% (39.1%) at the end of December based on the previous 12 months.

Waste and residue prices were rising during the first half of 2021 following the uptrend in vegetable oils. Over the second half of the year price developments diverged depending on the region. The European animal fat (AF) and used cooking oil (UCO) prices started to come down from the record-high levels in the autumn. On the other hand, US prices continued to increase supported by the growing biofuels production capacity. Asia-Pacific AF markets continued to strengthen due to the combined impact of tight supply and strong demand for exports. Towards the end of the year European waste and residue prices started to rise again on the back of good demand. The vegetable oil prices increased throughout the year led by soybean oil (SBO) first and crude palm oil (CPO) later in the year. The palm oil gasoil price differential (POGO) started the year at a high level and declined mid-year as CPO prices came down significantly due to signs of healthy production recovery. However, this development was short lived as CPO prices moved significantly up again as a result of a weaker production outlook following labor shortages and increasing fertilizer prices.

The US Renewable Identification Number (RIN) D4 price mirrored the SBO price development with a gradual increase through mid-year before coming down during the second half of the year when the market was waiting for the final biofuel mandate for 2021. In December, the US Environmental Protection Agency (EPA) released a proposal for the 2020-22 volume mandates, which gave a small boost to the RIN prices. The California Low Carbon Fuel Standard (LCFS) credit price declined during the year starting from a high level of approximately USD 200/ton and ending at a level of USD 150/ton. This reflected the weaker than expected fuel demand recovery and an outlook for increased supply of renewables to the Californian market.

Renewable Products' full-year comparable operating profit was EUR 1,238 million (1,334 million). The comparable sales margin was slightly higher than in 2020, supported by an outstanding sales performance. The higher sales margin had a positive impact of EUR 36 million on the comparable operating profit year-on-year. The BTC contribution was EUR 295 million (231 million) in 2021. Sales volumes were 3.021 million tons in 2021, about 2% higher than in the previous year, and enabled by a new annual production record. This performance provides the basis for the increase our nameplate production capacity from 3.2 million to 3.3 million tons. Higher sales volumes had a positive impact of EUR 33 million on the comparable operating profit compared to 2020. During 2021 approximately 65% (71%) of sales volume went to Europe and 35% (29%) to North America. The share of 100% renewable diesel delivered to end-users was 27% (30%) of total volumes in full-year 2021. Our feedstock mix optimization continued, and the average proportion of waste and residue inputs increased to 92% (83%). A weaker USD had a negative impact of EUR 54 million on the segment's comparable operating profit compared to 2020. During 2021 the segment's fixed costs were EUR 68 million higher than in the previous year, mainly due to the

expansion of our Renewable Aviation and Renewable Polymers and Chemicals business units and as we continued to build up our organization to prepare for future growth.

Production	10-12/21	10-12/20	7-9/21	2021	2020
Renewable Diesel and SAF, 1,000 ton	742	719	670	3,005	2,993
Other products, 1,000 ton	65	62	86	256	239
Utilization rate*, %	93	90	83	94	94

* Based on nominal capacity of 3.2 Mton/a

Sales	10-12/21	10-12/20	7-9/21	2021	2020
Renewable Diesel and SAF, 1,000 ton	774	732	772	3,021	2,966
Share of sales volumes to Europe, %	64	66	71	65	71
Share of sales volumes to North America, %	36	34	29	35	29

Oil Products

Key financials	10-12/21	10-12/20	7-9/21	2021	2020
Revenue, MEUR	2,772	1,580	2,148	7,810	6,063
EBITDA, MEUR	185	-59	204	546	29
Comparable EBITDA, MEUR	168	102	125	353	312
Operating profit, MEUR	106	-287	126	263	-396
Comparable operating profit, MEUR	90	37	47	71	50
Net assets, MEUR	2,045	1,848	2,515	2,045	1,848
Return on net assets*, %	11.9	-16.8	-5.6	11.9	-16.8
Comparable return on net assets*, %	3.2	2.1	0.8	3.2	2.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	10-12	1-12
Comparable operating profit, 2020	37	50
Sales volumes	-3	-114
Reference margin	180	236
Additional margin	-140	-196
Currency exchange	7	-21
Fixed costs	6	52
Others	3	64
Comparable operating profit, 2021	90	71

Key drivers

	10-12/21	10-12/20	7-9/21	2021	2020
Reference refining margin, USD/bbl	7.02	-0.72	4.90	3.75	0.61
Additional margin, USD/bbl	2.96	9.02	4.48	5.23	6.94
Total refining margin, USD/bbl	9.98	8.30	9.37	8.99	7.55
Urals-Brent price differential, USD/bbl	-1.72	-0.10	-2.30	-1.87	-0.62
Urals' share of total refinery input, %	65	63	59	65	68

Oil Products' comparable operating profit totaled EUR 90 million (37 million) in the fourth quarter. The reference margin, which reflects the general market conditions, continued to strengthen and averaged USD 7.0/bbl (-0.7/bbl) in the quarter. The higher reference margin had a positive impact of EUR 180 million on the comparable operating profit year-on-year. Compared to the fourth quarter of 2020, our additional margin was significantly lower and had a negative impact of EUR 140 million on the comparable operating profit. The additional margin was burdened by significantly higher utility costs, which had a negative impact of approximately EUR 100 million, and was not supported by similar contango inventory profits compared to the fourth quarter of 2020. Our sales volumes increased from the third quarter and were at the same level as in the fourth quarter of 2020. Oil Products' comparable return on net assets was 3.2% (2.1%) at the end of December over the previous 12 months.

During the fourth quarter the use of Russian crude was 65% (63%) of total input. The average refinery utilization rate was 93% (86%).

Crude oil prices were on a rising trend during 2021, and Brent traded between USD 50/bbl and 86/bbl. Oil demand was still under pressure due to the COVID-19 pandemic, but recovered significantly from 2020 supported by increased road mobility and industrial production. OPEC+ countries gradually reduced their oil production cuts. These drivers, together with rising equity markets, gave support to oil prices. Brent price was USD 78/bbl at the year-end after peaking at USD 86/bbl during the early fourth quarter until the new Omicron-variant caused uncertainty in the markets.

The Russian Export Blend (REB) crude averaged USD 1.9/bbl lower than Brent in 2021, and USD 1.7/bbl lower during the fourth quarter. The REB-Brent price differential was again volatile during 2021. As OPEC+ gradually reduced their production cuts during the year, heavier crudes were brought to the market. This combined with the rising crude oil price and weakening fuel oil margins pushed REB prices to lower levels.

Overall the refining margin increased during 2021 as recovering demand and several refinery closures reduced product inventories and supported margins. Margins were still very low during the first half of the year, but increased during the second half. The gasoline margin was the strongest part of the barrel as middle distillate margins only started to increase during the late autumn, when high natural gas prices started to impact diesel production. It is important to note that high natural gas, electricity and emission allowance prices negatively impacted overall refining economics from the summer onwards, partly offsetting the impact of improving reference refining margin. Neste reference margin averaged USD 3.8/bbl in 2021 and USD 7.0/bbl in the fourth quarter.

Oil Products' full-year comparable operating profit was EUR 71 million (50 million). Oil product demand improved year-on-year, but was still negatively impacted by the COVID-19 pandemic especially in the aviation sector. The reference margin averaged USD 3.8/bbl (0.6/bbl) in 2021. The higher reference margin had a positive impact of EUR 236 million on the comparable operating profit year-on-year. Our additional margin was negatively impacted by the significantly higher utility costs and the lack of contango inventory profits, and it averaged USD 5.2/bbl (6.9/bbl). The lower additional margin had a negative impact of EUR 196 million compared to the previous year, and EUR 93 million of that was caused by the high utility costs. Due to the Porvoo refinery major turnaround

implemented in the second quarter and the Naantali refinery closure at the end of March, our sales volumes were significantly lower than in 2020. The lower sales volumes had a negative impact of EUR 114 million on the comparable operating profit year-on-year. Profitability of our specialty products business was strong in 2021. A weaker USD exchange rate had a negative impact of EUR 21 million on the comparable operating profit compared to 2020. During the year 2021 the segment's fixed costs were EUR 52 million lower than in the previous year, also supported by the Naantali refinery closure.

Production	10-12/21	10-12/20	7-9/21	2021	2020
Refinery					
- Production, 1,000 ton	2,960	2,930	2,828	9,504	12,791
- Utilization rate, %	93	86	91	72	84
Refinery production costs, USD/bbl	6.2	4.9	4.7	6.8	4.7
Bahrain base oil plant production, (Neste's share) 1,000 ton	52	49	55	211	178

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

	10-12/21	%	10-12/20	%	7-9/21	%	2021	%	2020	%
Middle distillates*	1,630	47	1,733	49	1,403	52	4,823	48	6,282	47
Light distillates**	1,311	38	1,250	35	791	29	3,420	34	4,510	34
Heavy fuel oil	325	9	312	9	338	12	1,000	10	1,309	10
Base oils	110	3	98	3	92	3	386	4	441	3
Other products	102	3	150	4	87	3	421	4	813	6
TOTAL	3,477	100	3,542	100	2,712	100	10,051	100	13,354	100

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

** Motor gasoline, gasoline components, LPG

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

	10-12/21	%	10-12/20	%	7-9/21	%	2021	%	2020	%
Baltic Sea area*	1,864	54	1,901	54	1,804	67	6,264	62	7,830	59
Other Europe	982	28	1,217	34	674	25	2,485	25	4,395	33
North America	303	9	275	8	194	7	864	9	784	6
Other areas	328	9	149	4	40	1	438	4	345	2

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

Marketing & Services

Key financials	10-12/21	10-12/20	7-9/21	2021	2020
Revenue, MEUR	1,104	756	999	3,803	3,055
EBITDA, MEUR	22	22	29	106	96
Comparable EBITDA, MEUR	22	22	32	103	96
Operating profit, MEUR	14	15	23	77	68
Comparable operating profit, MEUR	14	15	25	74	68
Net assets, MEUR	212	192	211	212	192
Return on net assets*, %	38.1	31.0	38.4	38.1	31.0
Comparable return on net assets*, %	36.6	31.0	36.9	36.6	31.0

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR	10-12	1-12
Comparable operating profit, 2020	15	68
Sales volumes	2	4
Unit margins	3	5
Currency exchange	0	0
Fixed costs	-5	-3
Others	0	1
Comparable operating profit, 2021	14	74

Marketing & Services segment's comparable operating profit was EUR 14 million (15 million) in the fourth quarter. The road transportation fuel and aviation fuel demand improved, but the pandemic continued to have a negative impact on product demand particularly in the marine sector. Our sales volumes were higher than in the corresponding period last year, which had a positive impact of EUR 2 million on the comparable operating profit. The unit margins were also above the fourth-quarter 2020 level, which had a positive impact of EUR 3 million on the comparable operating profit year-on-year. The segment's fixed costs were EUR 5 million higher compared to the fourth quarter of 2020, mainly due to non-recurring items and timing differences. Marketing & Services' comparable return on net assets was 36.6% (31.0%) at the end of December on a rolling 12-month basis.

Marketing & Services segment's full-year comparable operating profit was EUR 74 million (68 million). The road transportation fuel demand followed a normal seasonality pattern during the year, and the volumes generally increased from 2020, which was significantly impacted by the COVID-19 pandemic and related restrictions. The aviation and marine fuel demand were still below the previous year's level. Our sales volumes were higher than in the year 2020, which had a positive impact of EUR 4 million on the comparable operating profit. We were also able to improve our average unit margins, which had a positive impact of EUR 5 million year-on-year. The cost saving programs continued successfully, and the segment's fixed costs were only EUR 3 million higher compared to the low level in 2020.

Sales volumes by main product categories, million liters

	10-12/21	10-12/20	7-9/21	2021	2020
Gasoline, station sales	150	147	175	612	603
Diesel, station sales	417	399	424	1,629	1,559
Heating oil	195	168	156	663	666

Net sales by market area, MEUR	10-12/21	10-12/20	7-9/21	2021	2020
Finland	840	585	750	2,896	2,352
Baltic countries	264	171	250	908	703

Others

Key financials	10-12/21	10-12/20	7-9/21	2021	2020
Operating profit, MEUR	-26	-12	-1	-34	-84
Comparable operating profit, MEUR	-26	-7	-1	-35	-37

The Others segment consists of Neste Engineering Solutions, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -26 million (-7 million) in the fourth quarter, mainly due to adjustments in the timing of cost allocations. The full-year comparable operating profit of the Others segment totaled EUR -35 million (-37 million).

Annual General Meeting

Neste Corporation's Annual General Meeting (AGM) was held under special arrangement at the Company's headquarters in Espoo on 30 March 2021. 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 2020 and discharged the Board of Directors and the President and CEO from liability for 2020.

Dividend of EUR 0.80 per share paid in two instalments

The AGM approved the Board of Directors' proposal that a dividend of EUR 0.80 per share will be paid on the basis of the approved balance sheet for 2020. The dividend was paid in two instalments.

The first instalment of dividend, EUR 0.40 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 2021. The first dividend instalment was paid on 12 April 2021.

The second instalment of dividend, EUR 0.40 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 5 October 2021. The second dividend instalment was paid on 12 October 2021.

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, following the amendment of the Articles of Association to the effect that the maximum number of Board members was increased from eight to ten.

The AGM decided that the following were re-elected to serve until the end of the next AGM: Mr. Matti Kähkönen, Ms. Sonat Burman-Olsson, Mr. Nick Elmslie, Ms. Martina Flöel, Mr. Jean-Baptiste Renard, Mr. Jari Rosendal, Ms. Johanna Söderström and Mr. Marco Wirén. Mr. John Abbott was elected as a new member. Sonat Burman-Olsson announced her resignation from the Board of Directors on 27 July 2021.

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 web site.

Convening right after the AGM, Neste's Board of Directors elected the members of its two Committees. Matti Kähkönen was elected Chair and Martina Flöel, Jean-Baptiste Renard and Johanna Söderström as members of the Personnel and Remuneration Committee. Marco Wirén was elected Chair and John Abbott, Sonat Burman-Olsson, Nick Elmslie and Jari Rosendal as members of the Audit Committee.

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

Chair: EUR 67,900 per annum

Vice Chair: EUR 49,600 per annum

Member: EUR 35,700 per annum

Chair of Audit Committee: EUR 49,600 per annum if he or she does not simultaneously act as Chair or Vice Chair of the Board

In addition to the annual fee, members of the Board of Directors receive a meeting fee of EUR 600 for each meeting held in the member's home country and EUR 1,200 for each meeting held in another country, plus compensation for expenses pertaining to the Company's travel guidelines.

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 Ms. Virpi Halonen 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

Under this buyback authorization, the Board was authorized to decide the purchase of and/or take as security a maximum of 23,000,000 Company shares using the Company's unrestricted equity. The 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.

Amendments to the Articles of Association

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

Article 4 concerning the Board of Directors was amended so that the maximum number of the members of the Board of Directors will be increased from eight (8) to ten (10) members.

Article 9 concerning the Auditors was amended so that it corresponds to the terminology in the existing legislation on auditing as regards wording.

The last sentence of the first paragraph of Article 10 concerning the notice to the General Meeting of Shareholders was amended so that information about the time and location of the General Meeting as well as the address of the Company's web site may be published in one or more newspapers if the Board of Directors so decides. As a result of the amendment, it will not be necessary to publish the abovementioned information in one or more newspapers (nor within the same period of time with the AGM notice), but the power of decision in the matter will be vested in the Board of Directors.

Due to changes in legislation, the second paragraph of Article 11 concerning Annual General Meeting of Shareholders was amended so that, in addition to the matters to be resolved on in the Annual General Meeting of Shareholders in accordance with the second paragraph of Article 11 of the current Articles of Association, the Annual General Meeting shall, if necessary, resolve on approval of the remuneration policy and approval of the remuneration report.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the year at EUR 43.36, down by 26.7% compared to the end of 2020. The total shareholder return (TSR) was -25.4% (94.0%) in 2021. At its highest during 2021, the share price reached EUR 64.74, while the lowest price was EUR 41.17. Market capitalization was EUR 33.4 billion as of 31 December 2021. An average of 0.98 million shares were traded daily, representing 0.1% of the company's shares.

At the end of December 2021, Neste held 1,241,662 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058.

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

As of 31 December 2021, the State of Finland owned directly 35.9% (35.9% at the end of 2020) of outstanding shares, foreign institutions 39.6% (40.2%), Finnish institutions 17.0% (16.4%), and households 7.5% (7.5%).

Personnel

Neste employed an average of 4,872 (4,833) employees during 2021, of which 1,309 (1,035) were based outside Finland. At the end of December, the company had 4,845 employees (4,825), of which 1,461 (1,228) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	10-12/21	10-12/20	2021	2020
TRIF*	1.2	1.4	1.4	1.3
PSER**	1.4	0.7	1.4	1.6
GHG emission reduction, Mton***	2.8	2.4	10.9	10.0

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

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

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

In 2021 Neste's occupational safety incident frequency, measured by the key TRIF indicator, was almost at the same level as in 2020. The major turnaround implemented at the Porvoo refinery in the second quarter had a negative impact on TRIF. Our fourth-quarter safety performance was better than in the corresponding period last year, and the full-year TRIF result 1.4 met the target for 2021. PSER, the main indicator for process safety incidents, was higher than the 2020 result in the fourth quarter, but the full-year PSER result 1.4 was slightly better than full-year PSER in 2020. The PSER target for 2021 was reached.

Our target is to continuously improve the safety performance. The short term actions continue including safe operation during process changes and upsets, effective winter condition management both in operations and in road transportation, and contractor safety in investment projects. The long-term safety development activities continue with earlier defined focus areas of leadership, operational discipline, process safety, contractor safety, and effective learning from incidents. The roll-out and the implementation of the updated safety leadership principle and the more active use of leading indicators continue as planned. The occupational safety development continues to focus on contractor safety management. High focus on process safety continues in all operations, for example, by ensuring effective process safety and asset integrity management, and effective investments to process safety.

Neste produces renewable products that enable our customers to reduce GHG emissions. In 2021 this GHG reduction was 10.9 million tons, which is higher compared to the 10.0 million tons in the previous year and a new record.

Emissions from operations at Neste's refineries were in substantial compliance at all sites during 2021. A total of 2 (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 was included in the Dow Jones Sustainability World Index for the 15th consecutive time in 2021. On the CDP Climate Change and Forests assessments, Neste achieved the Leadership level with A- rating. Neste reached AAA rating in 2021 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.

Our broadened sustainability vision covers climate, biodiversity, human rights, supply chain and raw materials. We are well on track and continue to progress with our existing climate commitments to reduce our own emissions and reach carbon neutral production (Scope 1 & 2) by 2035, and to help our customers reduce their greenhouse gas emissions by at least 20 million tons CO₂e annually by 2030. We are committed to our transformation towards a carbon neutral value chain. We aim to reduce the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels (Scope 3). Neste's climate commitments show leadership and determination to meet the objectives of the Paris Agreement, and Neste has signed the Business Ambition for 1.5°C Commitment Letter. Neste will continue to build on its climate actions so that they are in line with the 1.5°C emission scenarios, and the criteria and recommendations of the Science Based Targets initiative (SBTi). The SBTi is a partnership between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), and it drives ambitious climate action by enabling companies to set science-based emissions reduction targets. The approval process with the SBTi will begin as soon as the sectoral guidance for the Oil and Gas industry is published. The Business Ambition for 1.5°C Commitment Letter, as part of the SBTi, is a letter for companies to commit to taking urgent action aligned with 1.5°C.

In 2021 we established a Green Finance Framework to further integrate the company's sustainability ambitions into its financing. The Green Finance Framework is designed to support financing or refinancing Eligible Assets and Projects, i.e. investments into the development, operations, maintenance and expansion of our renewable and circular solutions with the objective to mitigate climate change globally by reducing greenhouse gas emissions.

During 2021 we continued the implementation of our Supplier Code of Conduct, created an e-learning to train the main elements to all relevant employees and organized online trainings for our suppliers in the areas of health & safety and environmental management. In order to ensure sustainability of our suppliers and business partners, we continued assessing all new renewable raw material suppliers against sustainability criteria, increased the number of sustainability audits and developed a sustainability due diligence process for our Oil Products' suppliers. We provided sustainability training to our suppliers for animal fats, used cooking oils and wastes and residues from vegetable oil processing, as well as some vegetable oils. In 2021 we set a target for the share of crude palm oil and refined palm oil grades to reach zero by the end of 2023.

In 2021, we continued to conduct due diligence, including human rights, within our supply chains and operations. In line with our ambition to advance a rights-based approach in all of Neste's business decisions, in 2021, we strengthened our human rights criteria and assessments required for decision making on strategic business development, investments and innovation projects. We also completed four major human rights assessments.

In 2021, we renewed the Neste Code of Conduct, which sets the framework for our company's global business operations and establishes the ethical practices to guide every Neste employee in their day-to-day business tasks.

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

Innovation

Neste's innovation expenditure totaled EUR 67 million (61 million) in 2021. The growth was largely driven by boosting efforts in developing new innovation business platforms and by higher R&D investments into strategic areas of current renewables businesses. The R&D laboratories were in full operation during the whole year taking necessary precautions due to the continuing pandemic situation.

The new Innovation business platforms, focusing on new feedstock pools such as lignocellulose, algae, municipal waste, carbon dioxide and renewable electricity utilization, continued to grow in 2021, developing co-operations and preparing for technology demonstrations. An example is the MultiPLHY project at the renewable products refinery in Rotterdam, which entered into execution phase to integrate and operate the world's first high-temperature electrolyzer system provided by Sunfire to demonstrate production of green hydrogen for the refinery's processes. At the end of 2021 Neste received a positive grant decision of EUR 88 million from the EU Innovation Fund for our green hydrogen and CO₂ capture & storage project, which is currently in feasibility phase and intends to introduce carbon capture and storage and electrolysis solutions to allow decarbonization of production at the Porvoo refinery, which aims to be carbon neutral by 2035.

In 2021 work also continued to expand the use of waste and residue feedstock, and about 3.3 million tons (2.9 million) of waste and residue feedstock was used during the year. Development of advanced technology for feedstock pretreatment progressed according to plans, with focus on Renewable Energy Directive (RED) II Annex IX A and other challenging waste and residue feedstock. To further boost its innovation capabilities and to support the feedstock expansion Neste announced to set up a new R&D center in Singapore, which is expected to become fully operational in 2023.

Co-processing of renewable feeds to replace part of the crude oil input of the Porvoo refinery was investigated. In addition to co-processing of renewable feeds, chemical recycling of waste plastics was advanced by exploring and developing waste plastic liquefaction and upgrading technologies together with partners. Industrial scale test runs with liquefied waste plastic were successfully conducted at the Porvoo refinery, and products were delivered to polymers and plastics producers. Neste's target is to utilize at least 1 million tons of waste plastic feedstock by 2030.

The benefit of Neste MY Renewable Diesel™ over the whole well-to-wheel lifecycle was demonstrated, and the role of renewable fuels as a vital part of the solution to reduce transport related emissions was emphasized. Expertise was systematically developed and used to support production and sales of new products such as Neste MY Sustainable Aviation Fuel™, where also the use of 100% SAF was investigated in in-flight tests in the ECLIF3 consortium, Neste RE™ renewable and recycled polymers and chemicals for the petrochemical and polymer industry, as well as low sulphur Neste Marine fuels for the shipping industry.

In 2021, we continued to build the Business Finland funded Veturi ecosystem, which gathers Finnish companies, startups, universities and research institutes to jointly build future capabilities needed to establish new technologies and value chains in renewable and circular solutions. The Neste Veturi project aims to develop sustainable, globally scalable raw materials and technology solutions for transportation, and the production of chemicals and polymers. Strategic cooperation with Aalto University, Åbo Akademi and VTT - The Technical Research Centre of Finland continued in 2021, as well as with several existing and new international partners mainly in Europe and the USA.

Main events published during 2021

On 29 January, Neste announced that the Shareholders' Nomination Board had proposed to the AGM to be held on 30 March 2021 that Mr. Matti Kähkönen shall be re-elected as the Chair of the Board of Directors. In addition, the current members of the Board, Ms. Sonat Burman-Olsson, Mr. Nick Elmslie, Ms. Martina Flöel, Mr. Jean-Baptiste Renard, Mr. Jari Rosendal, Ms. Johanna Söderström and Mr. Marco Wirén were proposed to be re-elected for a further term of office. The Nomination Board proposed that Mr. Wirén shall be re-elected as the Vice Chair of the Board. Further, subject to the approval of the AGM of a proposal for amending the Articles of Association to the effect that the maximum number of Board members is increased from eight to ten, the Nomination Board proposed that the Board of Directors shall have nine members and that Mr. John Abbott shall be elected as a new member.

On 2 March, Neste announced that it had completed the acquisition of Bunge Loders Croklaan's refinery plant in Rotterdam, the Netherlands. The refinery plant is located next to Neste's existing biorefinery and it consists of a pretreatment facility, tank farm, jetties and has a pipeline connection to Neste's site. The transition of operations and employees will be implemented in phases with the refinery plant's full and modified pretreatment capacity available for processing Neste's feedstock by the end of 2024.

On 15 March, Neste announced that it had chosen Rotterdam as the location for its possible next world scale renewable products refinery. Neste announced in March 2020 an intention to increase its renewable products production capacity in Europe according to the company strategy. The company had concluded a thorough study phase concerning the two possible locations, Porvoo, Finland and Rotterdam in the Netherlands. Neste has existing sites in both locations. While there are many positive drivers for both sites, the difference between the costs is significant in favor of Rotterdam.

On 16 March, Neste announced that it had established a Green Finance Framework to further integrate the company's sustainability ambitions into its financing. The Green Finance Framework is designed to support financing or refinancing Eligible Assets and Projects, i.e. investments into the development, operations, maintenance and expansion of our renewable and circular solutions with the objective to mitigate climate change globally by reducing greenhouse gas emissions. The environmental objectives targeted with proceeds allocated relate to the reduction of the carbon emissions by the expansion and development of Neste's production capacity for renewable products, which provide a sustainable and direct drop-in alternative to fossil fuels and products.

On 18 March, Neste announced that a team of aerospace specialists had launched the world's first in-flight emissions study using 100% sustainable aviation fuel (SAF) on a wide-body commercial passenger aircraft. Airbus, German research centre DLR, Rolls-Royce and SAF producer Neste teamed up to start the pioneering 'Emission and Climate Impact of Alternative Fuels' (ECLIF3) project looking into the effects of 100% SAF on aircraft emissions and performance.

On 18 March, Neste announced that it issues a EUR 500 million green bond. The 7-year bond carries a coupon of 0.75 per cent. The bond offering was allocated to approximately 120 investors. The bond represented the first issuance under the newly established Green Finance Framework.

On 25 March, Neste announced that it had submitted an application for the EUR 500 million green bond to be admitted to trading on the official list of sustainable bonds of NASDAQ Helsinki Ltd. Trading on the green bond commenced on 29 March 2021 under the trading code "NESJ075028".

On 31 March, Neste announced that its Porvoo refinery was getting ready for the major turnaround starting in April. The duration of the turnaround was approximately 12 weeks. The shutdown of the process units began in stages on 5 April 2021. After the maintenance work, the refinery was expected to be operating normally by the end of June. In the major turnaround, the refinery was subject to regulatory inspections, maintenance works and selected asset improvement initiatives that are required for the refinery's operations.

On 13 April, Neste announced that it was joining forces with Finnair to reduce carbon emissions related to Neste employees' business travel by using Sustainable Aviation Fuel (SAF). Neste had recently made 300 tons of Neste MY Sustainable Aviation Fuel™ available at Helsinki Airport in Finland for Finnair's use. By replacing a part of the fossil jet fuel with SAF on its flights departing from Helsinki Airport, Finnair will reduce its greenhouse gas emissions by 900 tons of CO₂ equivalent. The collaboration between Neste and Finnair also serves as a showcase for other businesses, since it offers a clear solution on how to reduce business air travel emissions. Neste's aim is to make this solution available for businesses, public institutions and other organizations with ambitious climate commitments.

On 29 April, Neste announced that it will modify its existing renewables production capacity in Rotterdam, the Netherlands, to enable production of Sustainable Aviation Fuel (SAF). Currently the refinery produces mainly Neste MY Renewable Diesel™. The modifications to the refinery, an investment of approximately EUR 190 million, will enable Neste to optionally produce up to 500,000 tons of SAF per annum as part of the existing capacity. Neste expects the project to be completed in the second half of 2023.

On 20 May, Neste announced that Neste, Mitsui Chemicals, Inc. and Toyota Tsusho Corp. were joining forces to enable Japan's first industrial-scale production of renewable plastics and chemicals from 100% bio-based hydrocarbons. In this collaboration, Mitsui Chemicals will use Neste RE™, 100% bio-based hydrocarbons produced by Neste, to replace a part of the fossil feedstock in the production of a variety of plastics and chemicals at its crackers within Osaka Works during 2021. In doing so, Mitsui Chemicals will become Japan's first company to use bio-based feedstock in its crackers. The collaboration between Neste, Mitsui Chemicals and Toyota Tsusho will enable brand owners and other potential clients in the Asian market, particularly in Japan, to start incorporating renewable plastics and chemicals into their products and offerings.

On 11 June, Neste announced that as part of its effort to reach carbon neutrality in its production by 2035, Neste aims for 100% renewable electricity use globally by 2023. In order to proceed with this target, Neste will increase the use of renewable electricity at its Porvoo refinery and has signed a new wind power agreement with a wind power company Ilmatar. Renewable electricity produced by wind power is one of the key ways to reduce greenhouse gas emissions related to the electricity purchases of production facilities.

On 17 June, Neste announced that Neste and LyondellBasell had made a long-term commercial agreement under which LyondellBasell will source Neste RE™, a feedstock from Neste that has been produced from 100% renewable feedstock from bio-based sources, such as waste and residue oils and fats. This feedstock will be processed through the cracker at LyondellBasell's Wesseling, Germany, plant into polymers and sold under the CirculenRenew brand name. Through their collaboration, Neste and LyondellBasell are jointly contributing to the development of the European market for more sustainable polymers and chemicals solutions. By ensuring continuity with significant industrial-scale volumes of renewable polymers produced with renewable feedstock from bio-based sources, the companies wish to enable sustainability-focused brands to develop more sustainable products and offerings.

On 17 June, Neste announced that Neste and Boston Consulting Group (BCG) had signed a new agreement for the purchase of Neste MY Sustainable Aviation Fuel™, to be delivered to airlines SAS and Finnair, covering the volume of all the flights with these carriers taken by BCG employees in the Nordics. Through this new partnership, BCG expects to significantly reduce greenhouse gas emissions on flights with these airlines.

On 24 June, Neste announced that the scheduled major turnaround at Neste's Porvoo refinery in Finland was successfully completed and production had started at the refinery. The major turnaround is a significant investment to secure safety, availability and competitiveness of the refinery. The total investment of the Porvoo refinery major turnaround was approximately EUR 630 million, of which approximately EUR 300 million was realized in 2021. In 2020, only the most critical maintenance work was executed at the refinery as the corona pandemic delayed the turnaround by a year.

On 25 June, Neste announced that it had set up a supply of Neste MY Sustainable Aviation Fuel™ at Cologne Bonn Airport. By doing so, Neste is helping to meet increasing levels of demand from air freight and corporate customers at Cologne Bonn Airport. AFS, the leading provider for aviation fueling services in Germany, supports Neste to serve this market. As a forerunner in sustainability, Cologne Bonn Airport is one of the first German airports where Neste MY Sustainable Aviation Fuel (SAF) is now available for all airlines.

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

On 27 July, Neste announced that Markku Korvenranta, M.Sc. (Eng), had been appointed as Executive Vice President, Oil Products business unit and member of the Neste Executive Committee. He was to join Neste in January 2022, at the latest, and reports to President and CEO Peter Vanacker. Korvenranta transferred to Neste from Marquard & Bahls, Germany, and is based in Finland. Marko Pekkola, who had been leading the Oil Products business, had decided to continue his career outside Neste.

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

On 20 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; Deputy CEO, Investments Reima Rytsölä of Varma Mutual Pension Insurance Company; Director General Outi Antila of The Social Insurance Institution of Finland and Matti Kähkönen, the Chair of Neste's Board of Directors. The Nomination Board is responsible for drafting and presenting proposals covering the remuneration and number of members of the Board of Directors and for presenting candidates as potential Board members to the AGM.

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

Demand for renewable products is growing substantially, driven by higher climate ambitions and supportive regulation. We will grow in renewable aviation, renewable polymers and chemicals, and in renewable road transportation, and intend to have three substantial renewables businesses by 2030. Neste has an excellent safety record, and great progress has been made in strategy execution despite the global pandemic. Innovation will continue to be at the core of our success. We are targeting commercial-scale operations in at least one of our current innovation business platforms by 2030.

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

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

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

On 4 October, Neste announced that it had signed an agreement to sell its existing base oils business to Chevron Corporation. The agreement covers a combination of share and asset deals forming Neste's entire global base oils business. As part of the divestment, the parties had also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. With the same date, Neste signed an agreement to exit its base oils joint venture with Bahrain Petroleum Company and Nogaholding. The completion of the divestment is subject to the approval of the competition authorities and customary closing conditions, with estimated completion date by the end of Q1/2022.

On 20 October, Neste announced that Neste and Ravago aimed to establish a joint venture to build an industrial facility for chemical recycling in North Sea Port in Vlissingen, the Netherlands. The facility is intended to be the starting point of joint global chemical recycling activities, built upon the advancement of the thermochemical liquefaction technology of US-based Alterra Energy. With this, Neste and Ravago plan to demonstrate and advance the commercialization of chemical recycling. The transaction is awaiting for and subject to regulatory approval.

On 27 October, Neste announced that it had extended its climate commitments. Neste has two existing and ambitious climate commitments: reaching carbon neutral production (Scope 1 & 2) by 2035 and helping its customers reduce their greenhouse gas emissions by at least 20 million tons of CO₂e annually by 2030. This work is well on track. Neste decided to also set a concrete target for Scope 3 emissions to reduce the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels. This target will be achieved through Neste's transformation towards increasing the share of renewable and circular solutions as well as working with suppliers and partners to reduce emissions across the value chain. Neste's climate commitments show leadership and determination to meet the objectives of the Paris Agreement and Neste later signed the Business Ambition for 1.5°C Commitment Letter. Neste will continue to build on its climate actions so that they are in line with the 1.5°C emission scenarios, the criteria and recommendations of the Science Based Targets initiative (SBTi). The approval process with the SBTi will begin as soon as the sectoral guidance for the Oil and Gas industry is published.

On 2 November, Neste announced that the Agri Trading acquisition, announced in September 2021, had been approved by regulatory authorities, and the deal had been closed.

On 9 November, Neste announced that Martti Ala-Härkönen Dr.Sc. (Econ.), Lic.Sc. (Tech.) had been appointed as Chief Financial Officer (CFO), Strategy and IT and member of the Neste Executive Committee. He will report

to President and CEO Peter Vanacker, and take up the position on 8 May 2022, at the latest. Neste's current CFO Jyrki Mäki-Kala will retire during the spring 2022 after serving the company for nine years.

On 15 November, Neste announced that it exercised its right to redeem in full its outstanding 2.125 per cent unsecured fixed rate notes due in 2022 on the redemption date of 17 December 2021 in accordance with the terms and conditions of the notes. The outstanding nominal principal amount of the notes was EUR 321 million. On the redemption date, Neste paid the holders of the notes a redemption price equal to 100 per cent of the outstanding nominal principal amount of each note together with any accrued but unpaid interest to but excluding the date of redemption in accordance with the terms and conditions of the notes. The notes were listed on the official list of NASDAQ Helsinki Ltd. Neste applied to remove the notes from trading in connection with the redemption of the notes.

On 23 November, Neste announced that it was entering into execution phase with its partners in the MultiPLHY consortium. The MultiPLHY project aims at installing, integrating and operating the world's first high-temperature electrolyzer system in multi-megawatt-scale at Neste's renewable products refinery in Rotterdam to demonstrate production of green hydrogen for the refinery's processes. The technology of the high-temperature electrolyzer is provided by Sunfire.

On 9 December, Neste announced that its President and CEO Peter Vanacker had given notice of his resignation from the company. He will leave his position at Neste at the latest in June 2022. The search for Vanacker's successor started immediately.

On 22 December, Neste announced that its aim of 100% renewable electricity use will be achieved ahead of schedule in Finland. Neste had signed its first renewable hydropower purchase agreement with Vattenfall, one of Europe's largest producers and retailers of electricity and heat. Vattenfall delivers the hydropower from its Nordic hydropower plants and the deliveries started at the beginning of January 2022.

Events published after the reporting period

On 28 January 2022, 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 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, 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 Janz and Eeva Sipilä shall be elected as new members.

Potential risks

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

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

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 equity as of 31 December 2021 amounted to EUR 2,800 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 will propose to the Annual General Meeting that a dividend of EUR 0.82 per share (0.80), totaling EUR 630 million (614 million), shall be paid on the basis of the approved balance sheet for 2021. The dividend shall be paid in two installments.

The first installment of dividend, EUR 0.41 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 first dividend installment, which shall be 1 April 2022. The Board proposes to the AGM that the first dividend installment would be paid on 8 April 2022. The second installment of dividend, EUR 0.41 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 dividend installment, which shall be 30 September 2022. The Board proposes to the AGM that the second dividend installment would be paid on 7 October 2022. The Board of Directors is authorized to set a new dividend record date and payment date for the second installment of the dividend, in case the rules and regulations on the Finnish book-entry system would be changed, or otherwise so require.

The proposed dividend represents a yield of 1.9% (at year-end 2021 share price of EUR 43.36) and 53% of the comparable net profit in 2021.

Reporting date for the company's first-quarter 2022 results

Neste will publish its first-quarter results on 29 April 2022 at approximately 9:00 a.m. EET.

Espoo, 9 February 2022

Neste Corporation
Board of Directors

Further information:

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

Conference call

A conference call in English for investors and analysts will be held today, 10 February 2022, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 2311 3291, rest of Europe: +44 (0) 20 7192 8338, US: +1 646 741 3167, using access code 6341079. The conference call can be followed at the company's [website](#). An instant replay of the call will be available until 17 February 2022 at +44 (0) 3333 009785 for Europe and +1 866 331 1332 for the US, using access code 6341079.

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 2021
The financial statements release is unaudited
FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	3, 4	4,968	3,028	15,148	11,751
Other income		14	4	48	17
Share of profit (loss) of associates and joint ventures	9	-4	1	-3	-38
Materials and services		-4,040	-2,385	-11,751	-9,253
Employee benefit costs		-126	-136	-431	-431
Depreciation, amortization and impairments	4	-165	-299	-584	-680
Other expenses		-123	-214	-403	-538
Operating profit	4	524	-2	2,023	828
Financial income and expenses					
Financial income		1	1	4	4
Financial expenses		-16	-11	-55	-45
Exchange rate and fair value gains and losses		-10	-9	-10	0
Total financial income and expenses		-24	-19	-61	-41
Profit before income taxes		500	-21	1,962	786
Income tax expense		-44	26	-188	-72
Profit for the period		456	6	1,774	714
Profit attributable to:					
Owners of the parent		457	5	1,771	712
Non-controlling interests		-1	1	2	2
		456	6	1,774	714
Earnings per share from profit attributable to the owners of the parent (in euro per share)					
Basic earnings per share		0.60	0.01	2.31	0.93
Diluted earnings per share		0.59	0.01	2.30	0.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Profit for the period	456	6	1,774	714
Other comprehensive income net of tax:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	-26	-3	-30	-6
Net change of other investments at fair value	11	0	11	5
Items that may be reclassified subsequently to profit or loss				
Translation differences	11	-7	24	4
Cash flow hedges				
recorded in equity	-18	67	-99	73
transferred to income statement	20	-19	-9	-12
Share of other comprehensive income of investments accounted for using the equity method	1	0	4	12
Total	14	41	-80	77
Other comprehensive income for the period, net of tax	0	38	-98	76
Total comprehensive income for the period	456	43	1,675	790
Total comprehensive income attributable to:				
Owners of the parent	457	43	1,673	788
Non-controlling interests	-1	1	2	2
	456	43	1,675	790

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	8	516	264
Property, plant and equipment	8	5,152	4,477
Investments in associates and joint ventures	9	60	56
Non-current receivables		63	61
Deferred tax assets		45	35
Derivative financial instruments	11	11	3
Other financial assets	11	48	32
Total non-current assets		5,894	4,928
Current assets			
Inventories		2,618	1,829
Trade and other receivables		1,677	1,208
Derivative financial instruments	11	243	260
Current investments		135	20
Cash and cash equivalents		1,581	1,552
Total current assets		6,253	4,869
Assets classified as held for sale	6	270	17
Total assets	4	12,417	9,815
EQUITY			
Capital and reserves attributable to the owners of the parent			
Share capital		40	40
Other equity		6,941	5,885
Total		6,981	5,925
Non-controlling interests		4	4
Total equity		6,985	5,929
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		1,378	1,050
Deferred tax liabilities		309	222
Provisions		210	232
Pension liabilities		146	111
Derivative financial instruments	11	1	1
Other non-current liabilities		43	21
Total non-current liabilities		2,087	1,638
Current liabilities			
Interest-bearing liabilities		379	257
Current tax liabilities		12	7
Derivative financial instruments	11	161	111
Trade and other payables		2,761	1,872
Total current liabilities		3,313	2,247
Liabilities related to assets held for sale		32	0
Total liabilities	4	5,432	3,886
Total equity and liabilities		12,417	9,815

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flows from operating activities					
Profit before income taxes		500	-21	1,962	786
Adjustments, total		198	476	528	997
Change in net working capital		522	872	-362	460
Cash generated from operations		1,220	1,328	2,127	2,244
Finance cost, net		-14	-17	-39	-54
Income taxes paid		-5	-4	-95	-133
Net cash generated from operating activities		1,202	1,307	1,994	2,057
Cash flows from investing activities					
Capital expenditure		-227	-195	-976	-762
Acquisitions of subsidiaries	5	-67	0	-322	-175
Acquisitions of associates and joint ventures		0	-35	0	-35
Proceeds from sales of shares in joint arrangements and business operations	5	0	0	8	-2
Proceeds from sales of property, plant and equipment		0	1	6	1
Changes in long-term receivables and other investments		-183	-7	-200	-66
Cash flows from investing activities		-477	-237	-1,483	-1,039
Cash flow before financing activities		724	1,069	511	1,019
Cash flows from financing activities					
Net change in loans and other financing activities		-252	-28	240	-177
Dividends paid to the owners of the parent		-307	-430	-614	-783
Dividends paid to non-controlling interests		0	-1	-2	-1
Cash flows from financing activities		-560	-459	-377	-961
Net increase (+) / decrease (-) in cash and cash equivalents		165	611	134	57
Cash and cash equivalents at the beginning of the period		1,525	944	1,552	1,493
Exchange gains (+) / losses (-) on cash and cash equivalents		6	-2	9	2
Cash and cash equivalents at the end of the period ¹⁾		1,696	1,552	1,696	1,552

¹⁾ Including cash and cash equivalents of EUR 115 million classified as held for sale as of 31 December 2021. See Note 6 for more information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2020	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								712	712	2	714
Other comprehensive income for the period, net of tax					77	-6	4		76	0	76
Total comprehensive income for the period	0	0	0	0	77	-6	4	712	788	2	790
Transactions with the owners in their capacity as owners											
Dividend decision								-783	-783	-1	-784
Share-based compensation			0	1				1	2		2
Transfer from retained earnings		0					0		0		0
Total equity at 31 Dec 2020	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2021	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								1,771	1,771	2	1,774
Other comprehensive income for the period, net of tax					-93	-30	24		-98	0	-98
Total comprehensive income for the period	0	0	0	0	-93	-30	24	1,771	1,673	2	1,675
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	-2	-617
Share-based compensation				1				-4	-3		-3
Transfer from retained earnings		0					0		0		0
Total equity at 31 Dec 2021	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985

KEY FIGURES

	31 Dec 2021	31 Dec 2020
Revenue	15,148	11,751
Profit for the period	1,774	714
Earnings per share (EPS), EUR	2.31	0.93
Alternative performance measures		
EBITDA, EUR million	2,607	1,508
Comparable EBITDA, EUR million	1,920	1,929
Capital employed, EUR million	8,742	7,236
Interest-bearing net debt, EUR million	41	-265
Capital expenditure and investment in shares, EUR million	1,535	1,197
Return on average capital employed, after tax, (ROACE) %	15.5	17.3
Return on equity, (ROE) %	28.5	11.8
Equity per share, EUR	9.09	7.72
Cash flow per share, EUR	2.60	2.68
Comparable earnings per share, EUR	1.54	1.60
Comparable net profit	1,179	1,229
Equity-to-assets ratio, %	56.6	61.1
Leverage ratio, %	0.6	-4.7
Net working capital in days outstanding	33.3	35.0
Net Debt to EBITDA, %	0.0	-0.2
Dividend per share	0.82 ¹⁾	0.80
Dividend payout ratio, %	35.5 ¹⁾	86.2
Dividend yield, %	1.9 ¹⁾	1.4
Price/earnings ratio (P/E)	18.79	63.75
Weighted average number of shares outstanding	767,643,112	767,370,423
Number of shares outstanding at the end of the period	767,969,396	767,836,640
Average number of personnel	4,872	4,833

¹⁾ Board of Directors proposal to the Annual General Meeting.

Neste presents Alternative Performance Measures (APM) to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators. The detailed reasons for the use of APMs can be found on Neste's Annual Report 2020 and website www.neste.com together with the calculation of key figures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with Neste's annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS. The accounting policies applied are consistent with those followed in the preparation of Neste's annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new and amended standards as set out below.

Neste has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on 1 January 2021. These standards and interpretations did not have a material impact on the results or financial position of Neste, or the presentation of the condensed interim report.

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

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

Key accounting considerations related to COVID-19 pandemic

Neste proved to be very resilient amid the continued pandemic, scheduled maintenance and high energy and feedstock costs in 2021. Oil demand was still under pressure due to the COVID-19 pandemic, but recovered significantly from 2020. Neste continued to assess the impacts of COVID-19 pandemic by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste's financial position remained strong. Neste's liquid funds were EUR 1,716 million and committed unutilized credit facilities EUR 1,350 million on 31 December 2021.

2. TREASURY SHARES

On 15 March 2021 a total of 132,756 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the earning period 2018-2020 of the share-based incentive program 2016 according to the terms and conditions of the program. The directed share issue is based on the authorization granted by the Annual General Meeting of Shareholders on 18 May 2020. The number of treasury shares after the directed share issue is 1,241,662 shares.

3. REVENUE

REVENUE BY CATEGORY

External revenue	10-12/2021					10-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,653	1,852	1,063	0	4,569	1,027	1,082	725	0	2,834
Light distillates	42	872	234	0	1,147	21	518	174	0	713
Middle distillates	1,611	819	829	0	3,259	1,006	475	550	0	2,031
Heavy fuel oil	0	162	1	0	162	0	89	1	0	89
Other products	113	235	29	0	377	10	142	23	0	174
Other services	0	12	2	7	21	0	11	3	6	20
Total	1,766	2,099	1,095	7	4,968	1,037	1,234	750	6	3,028

External revenue	1-12/2021					1-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	5,517	4,882	3,667	0	14,065	4,076	3,933	2,927	0	10,937
Light distillates	138	2,325	876	0	3,339	97	1,820	720	0	2,636
Middle distillates	5,379	2,090	2,786	0	10,255	3,979	1,813	2,204	0	7,996
Heavy fuel oil	0	467	5	0	471	0	300	4	0	304
Other products	141	767	97	0	1,005	38	604	94	0	736
Other services	0	41	9	28	78	0	41	9	28	78
Total	5,658	5,690	3,772	28	15,148	4,114	4,578	3,031	28	11,751

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	10-12/2021					10-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,766	2,087	1,093	0	4,946	1,037	1,223	748	0	3,008
Services transferred at point in time	0	12	2	0	15	0	11	3	0	14
Services transferred over time	0	0	0	7	7	0	0	0	6	6
Total	1,766	2,099	1,095	7	4,968	1,037	1,234	750	6	3,028

External revenue	1-12/2021					1-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	5,658	5,649	3,764	0	15,070	4,114	4,537	3,021	0	11,673
Services transferred at point in time	0	41	9	1	51	0	41	9	1	52
Services transferred over time	0	0	0	27	27	0	0	0	26	26
Total	5,658	5,690	3,772	28	15,148	4,114	4,578	3,031	28	11,751

REVENUE BY OPERATING SEGMENT

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

10-12/2020	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	1,037	1,234	750	6	0	3,028
Internal revenue	47	346	6	34	-433	0
Total revenue	1,084	1,580	756	40	-433	3,028

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

1-12/2020	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	4,114	4,578	3,031	28	0	11,751
Internal revenue	156	1,485	24	149	-1,813	0
Total revenue	4,270	6,063	3,055	177	-1,813	11,751

REVENUE BY OPERATING DESTINATION

External revenue	10-12/2021					10-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	114	605	826	6	1,552	74	333	576	5	988
Other Nordic countries	443	269	0	0	713	286	169	0	0	456
Baltic Rim	35	17	268	0	320	28	27	173	0	228
Other European countries	445	708	1	0	1,154	292	490	0	0	782
North and South America	710	438	0	0	1,149	347	167	0	1	515
Other countries	18	62	0	0	80	11	48	0	0	59
Total	1,766	2,099	1,095	7	4,968	1,037	1,234	750	6	3,028

External revenue	1-12/2021					1-12/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	402	1,604	2,848	22	4,877	169	1,260	2,313	21	3,763
Other Nordic countries	1,723	878	2	0	2,603	1,287	691	4	0	1,982
Baltic Rim	44	190	921	0	1,155	36	181	712	0	930
Other European countries	1,329	1,789	2	2	3,122	1,509	1,809	2	4	3,323
North and South America	2,111	1,115	0	4	3,230	1,089	512	0	2	1,603
Other countries	48	114	0	0	162	24	125	0	0	150
Total	5,658	5,690	3,772	28	15,148	4,114	4,578	3,031	28	11,751

4. SEGMENT INFORMATION

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

REVENUE	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	1,829	1,084	5,895	4,270
Oil Products	2,772	1,580	7,810	6,063
Marketing & Services	1,104	756	3,803	3,055
Others	42	40	170	177
Eliminations	-780	-433	-2,530	-1,813
Total	4,968	3,028	15,148	11,751
OPERATING PROFIT	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	434	285	1,723	1,239
Oil Products	106	-287	263	-396
Marketing & Services	14	15	77	68
Others	-26	-12	-34	-84
Eliminations	-5	-3	-6	1
Total	524	-2	2,023	828
COMPARABLE OPERATING PROFIT	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	357	338	1,238	1,334
Oil Products	90	37	71	50
Marketing & Services	14	15	74	68
Others	-26	-7	-35	-37
Eliminations	-5	-3	-6	1
Total	432	380	1,342	1,416
COMPARABLE EBITDA	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	418	388	1,460	1,518
Oil Products	168	102	353	312
Marketing & Services	22	22	103	96
Others	-13	3	11	3
Eliminations	-5	-3	-6	1
Total	591	512	1,920	1,929
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	65	50	227	184
Oil Products	79	229	283	425
Marketing & Services	8	7	29	28
Others	13	14	46	43
Eliminations	0	0	0	0
Total	165	299	584	680
CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Renewable Products	269	232	1,023	804
Oil Products	94	85	451	307
Marketing & Services	9	12	22	26
Others	17	15	39	60
Eliminations	0	0	0	0
Total	390	344	1,535	1,197
TOTAL ASSETS			31 Dec 2021	31 Dec 2020
Renewable Products			5,724	3,998
Oil Products			3,992	3,402
Marketing & Services			588	476
Others			350	349
Unallocated assets			2,091	1,839
Eliminations			-328	-249
Total			12,417	9,815

	31 Dec	31 Dec
	2021	2020
NET ASSETS		
Renewable Products	4,748	3,470
Oil Products	2,045	1,848
Marketing & Services	212	192
Others	78	149
Eliminations	-13	-6
Total	7,069	5,653
	31 Dec	31 Dec
	2021	2020
TOTAL LIABILITIES		
Renewable Products	1,327	825
Oil Products	1,990	1,600
Marketing & Services	429	339
Others	281	206
Unallocated liabilities	1,720	1,160
Eliminations	-315	-243
Total	5,432	3,886
	31 Dec	31 Dec
	2021	2020
RETURN ON NET ASSETS, %		
Renewable Products	40.9	36.3
Oil Products	11.9	-16.8
Marketing & Services	38.1	31.0
	31 Dec	31 Dec
	2021	2020
COMPARABLE RETURN ON NET ASSETS, %		
Renewable Products	29.4	39.1
Oil Products	3.2	2.1
Marketing & Services	36.6	31.0

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	1,829	1,503	1,332	1,231	1,084	1,074	1,047	1,065
Oil Products	2,772	2,148	1,331	1,559	1,580	1,405	1,218	1,860
Marketing & Services	1,104	999	886	814	756	788	664	846
Others	42	33	48	47	40	32	45	59
Eliminations	-780	-657	-574	-519	-433	-418	-403	-560
Total	4,968	4,026	3,022	3,132	3,028	2,881	2,572	3,270

QUARTERLY OPERATING PROFIT	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	434	433	443	413	285	360	168	426
Oil Products	106	126	8	24	-287	86	40	-234
Marketing & Services	14	23	18	22	15	26	19	8
Others	-26	-1	-7	-1	-12	-47	-16	-9
Eliminations	-5	-3	0	0	-3	0	-3	7
Total	524	579	463	458	-2	425	208	197

QUARTERLY COMPARABLE OPERATING PROFIT	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	357	300	287	294	338	352	314	329
Oil Products	90	47	-58	-8	37	-1	-60	74
Marketing & Services	14	25	18	16	15	26	19	8
Others	-26	-1	-7	-1	-7	-5	-16	-9
Eliminations	-5	-3	0	0	-3	0	-3	7
Total	432	368	241	302	380	373	255	408

QUARTERLY COMPARABLE EBITDA	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	418	357	341	344	388	399	358	373
Oil Products	168	125	8	52	102	62	4	143
Marketing & Services	22	32	25	23	22	33	26	15
Others	-13	10	4	10	3	5	-6	0
Eliminations	-5	0	-1	-1	-3	0	-3	7
Total	591	524	377	429	512	500	379	537

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	65	57	54	51	50	47	43	44
Oil Products	79	78	66	60	229	63	64	70
Marketing & Services	8	7	7	7	7	7	7	7
Others	13	11	11	11	14	10	10	9
Eliminations	0	2	-1	-1	0	0	0	0
Total	165	156	136	127	299	127	124	129

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	269	155	133	466	232	155	284	134
Oil Products	94	107	205	45	85	71	50	101
Marketing & Services	9	5	5	3	12	5	6	3
Others	17	6	7	10	15	9	13	22
Eliminations	0	0	0	0	0	0	0	0
Total	390	273	349	523	344	240	352	260

QUARTERLY NET ASSETS	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	4,748	4,537	4,223	4,099	3,470	3,695	3,592	3,165
Oil Products	2,045	2,515	2,321	2,338	1,848	2,630	2,579	2,439
Marketing & Services	212	211	185	213	192	208	206	249
Others	78	-167	-174	-468	149	189	208	226
Eliminations	-13	-10	-8	-9	-6	-5	-7	2
Total	7,069	7,087	6,547	6,172	5,653	6,718	6,578	6,082

5. ACQUISITIONS AND DISPOSALS

Acquisitions

Bunge Loders Croklaan's refinery plant

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

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

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

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

Values of acquired assets and liabilities at time of acquisition:	Fair value
Intangible assets	1
Property, plant and equipment	104
Inventories	1
Total assets	107
Interest-bearing liabilities	10
Deferred tax liabilities	11
Current tax liabilities	3
Trade and other payables	1
Total liabilities	25
Net assets acquired	81
Consideration transferred	255
Net assets acquired	-81
Goodwill	173
Cash flows of acquisition:	1-12/2021
Consideration, paid in cash	-255
Transaction costs of the acquisition	-2
Net cash flow on acquisition	-257

Agri Trading

On 1 November 2021 Neste acquired 100% of Agri Trading, one of the largest independent renewable waste and residue fat and oil traders in the United States. The acquisition is consolidated into the Renewable Products segment.

Neste's feedstock strategy is focusing on waste and residues growth and the development of new feedstock sources. Agri Trading is an important partner for Neste as an industry leader in trading animal fat waste, used cooking oil, technical corn oil, and other vegetable oils in North America. The completion of this transaction is an important step forward in delivering on Neste's growth strategy in renewables and in strengthening our global renewable raw material platform. Additionally, Agri Trading's established logistics networks and assets will enable Neste to source and transport raw material efficiently with a lower carbon footprint and, ultimately, enable Neste to maintain its leadership position in the global raw material market.

The fair value of acquired net assets, based on preliminary assessment, are presented in the table below. Based on preliminary purchase price allocation, a portion of the purchase price was allocated to supplier and customer relations that have been recognized as intangible assets. The recognized goodwill is deductible for income tax purposes, and represents the value of acquired business knowledge and synergies. Transactions costs of the acquisition have been recognized as other expenses in the consolidated statement of income. Agri Trading contributed revenue of EUR 103 million to Neste's revenue during the two months under Neste's ownership. If the acquisition had occurred on 1 January 2021, the management estimates that consolidated revenue would have been EUR 415 million more. The acquisition does not have a material impact on Neste's result.

Purchase price was paid fully in cash and as part of the purchase agreement with the previous owners of Agri Trading, a contingent consideration has been agreed. There will be additional cash payments to the previous owners if they meet certain predefined financial targets for 2022-2024. The additional cash payments will be paid during 2023-2025. As at the acquisition date, the fair value of the contingent consideration was estimated to be EUR 23 million. The future changes in the fair value of contingent consideration are recognized through profit or loss. The purchase price will be also adjusted by net working capital and other provisional adjustments amounting to EUR 3 million, which Neste expects to receive during 2022. In connection with the closing of the acquisition, the interest bearing liabilities of the acquiree were paid off, and the related cash flow impact is presented in cash flows from financing activities.

Values of acquired assets and liabilities at time of acquisition:	Fair value
Intangible assets	23
Property, plant and equipment	32
Inventories	28
Trade and other receivables	27
Cash and cash equivalents	5
Total assets	115
Interest-bearing liabilities	33
Provisions	1
Trade and other payables	23
Total liabilities	56
Net assets acquired	59
Consideration transferred	72
Adjustment to consideration in 2022	-3
Fair value of contingent consideration	23
Fair value of acquired net assets	-59
Goodwill	33
Cash flows of acquisition:	1-12/2021
Consideration, paid in cash	-72
Cash and cash equivalents in acquiree	5
Acquiree's liabilities paid off at Closing	-21
Transaction costs of the acquisition	-4
Net cash flow on acquisition	-91

Disposals

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

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

6. ASSETS HELD FOR SALE

Futura and Mastera tankers

The assets classified as held for sale as of 31 Dec 2021 relate to the sale of the tankers Futura and Mastera. Futura and Mastera tankers are planned to be divested within the next 12 months. The vessels are consolidated into the Oil Products segment.

Assets classified as held for sale	Futura and Mastera vessels
	31 Dec 2021
Property, plant and equipment	15
Total	15

Base oils business

The assets held for sale at 31 Dec 2021 relate to an agreement to sell its existing base oils business to Chevron Corporation. As part of the divestment, the parties have also agreed on a long-term offtake for Neste's base oils supply from Porvoo, Finland. In connection with the divestment, Neste has signed an agreement to exit its base oils joint arrangement with Bahrain Petroleum Company and Nogaholding. The completion of the divestment is subject to the approval of the competition authorities and customary closing conditions, with estimated completion date by the end of Q1/2022. Base oils business is consolidated as part of the Oil Products segment.

Assets classified as held for sale	Base oils business
	31 Dec 2021
Property, plant and equipment	9
Deferred tax assets	2
Inventories	64
Trade and other receivables	64
Cash and cash equivalents	115
Total	255
Liabilities related to assets held for sale	
	31 Dec 2021
Non-current interest-bearing liabilities	3
Deferred tax liabilities	1
Pension liabilities	2
Current interest-bearing liabilities	7
Trade and other payables	18
Total	32

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	10-12/2021	10-12/2020	7-9/2021	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	432	380	368	1,342	1,416
inventory valuation gains/losses	128	-21	63	573	-119
changes in the fair value of open commodity and currency derivatives	-33	-48	145	106	-112
capital gains and losses	0	0	-2	3	-42
impairments	0	0	0	0	0
other adjustments	-3	-312	5	-1	-314
OPERATING PROFIT	524	-2	579	2,023	828
Renewable Products	10-12/2021	10-12/2020	7-9/2021	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	357	338	300	1,238	1,334
inventory valuation gains/losses	107	-9	6	409	10
changes in the fair value of open commodity and currency derivatives	-26	-44	127	81	-105
capital gains and losses	0	0	0	0	0
impairments	0	0	0	0	0
other adjustments	-4	0	0	-4	0
OPERATING PROFIT	434	285	433	1,723	1,239
Oil Products	10-12/2021	10-12/2020	7-9/2021	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	90	37	47	71	50
inventory valuation gains/losses	21	-12	57	164	-130
changes in the fair value of open commodity and currency derivatives	-7	-4	18	25	-7
capital gains and losses	0	0	-2	-2	0
impairments	0	0	0	0	0
other adjustments	2	-308	7	5	-310
OPERATING PROFIT	106	-287	126	263	-396
Marketing & Services	10-12/2021	10-12/2020	7-9/2021	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	14	15	25	74	68
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	5	0
impairments	0	0	0	0	0
other adjustments	0	0	-2	-2	0
OPERATING PROFIT	14	15	23	77	68
Others	10-12/2021	10-12/2020	7-9/2021	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	-26	-7	-1	-35	-37
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	-42
impairments	0	0	0	0	0
other adjustments	0	-5	1	1	-5
OPERATING PROFIT	-26	-12	-1	-34	-84

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE EBITDA

	10-12/2021	10-12/2020	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	432	380	1,342	1,416
depreciation, amortization and impairments	165	299	584	680
items in depreciation, amortization and impairments affecting comparability	-5	-167	-5	-167
COMPARABLE EBITDA	591	512	1,920	1,929

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	10-12/2021	10-12/2020	1-12/2021	1-12/2020
COMPARABLE OPERATING PROFIT	432	380	1,342	1,416
total financial income and expenses	-24	-19	-61	-41
income tax expense	-44	26	-188	-72
non-controlling interests	1	-1	-2	-2
tax on items affecting comparability	12	-50	89	-71
COMPARABLE NET PROFIT	377	337	1,179	1,229

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

	31 Dec 2021	31 Dec 2020
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,342	1,416
financial income	4	4
exchange rate and fair value gains and losses	-10	0
income tax expense	-188	-72
tax on other items affecting ROACE	82	-77
Comparable net profit, net of tax	1,229	1,271
Capital employed average	7,952	7,326
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	15.5	17.3

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	31 Dec 2021	31 Dec 2020
Total equity	6,985	5,929
Total assets	12,417	9,815
Advances received	-86	-104
EQUITY-TO-ASSETS RATIO, %	56.6	61.1

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	31 Dec 2021	31 Dec 2020
Operative receivables	1,561	1,179
Inventories	2,618	1,829
Operative liabilities	-2,795	-1,883
Net working capital	1,384	1,125
Revenue, last 12 months	15,148	11,751
NET WORKING CAPITAL IN DAYS OUTSTANDING	33.3	35.0

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

	31 Dec 2021	31 Dec 2020
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		
Opening balance	4,741	4,322
Capital expenditure	1,212	964
Acquisitions	366	219
Depreciation, amortization and impairments	-584	-680
Disposals	-78	-48
Assets held for sale	-10	-14
Translation differences	22	-22
Closing balance	5,667	4,741
COMMITMENTS		
Commitments to purchase property, plant and equipment, and intangible assets	289	616
Other commitments	9	10
Total	298	626

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

9. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 Dec 2021	31 Dec 2020
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
Opening balance	56	22
Share of profit (loss) of associates and joint ventures	-3	-38
Share of other comprehensive income of investments accounted for using the equity method	4	12
Investments	0	35
Translation differences	4	26
Closing balance	60	56

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Dec 2021	31 Dec 2020
INTEREST-BEARING NET DEBT		
Non-current interest-bearing liabilities ^{1) 3)}	1,378	1,050
Current interest-bearing liabilities ²⁾	379	257
Interest-bearing liabilities	1,757	1,307
Current investments	-135	-20
Cash and cash equivalents	-1,581	-1,552
Liquid funds	-1,716	-1,572
Interest-bearing net debt	41	-265

¹⁾ Including EUR 333 million of lease liabilities at 31 Dec 2021 (31 Dec 2020: EUR 289 million)

²⁾ Including EUR 111 million of lease liabilities at 31 Dec 2021 (31 Dec 2020: EUR 114 million)

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

	31 Dec 2021	31 Dec 2020
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS		
Liquid funds	1,716	1,572
Unused committed credit facilities	1,350	1,350
Total	3,066	2,922
In addition: Unused commercial paper program (uncommitted)	400	400

11. FINANCIAL INSTRUMENTS

No significant changes were made to Neste's risk management policies during the reporting period. Aspects of Neste's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements 2020.

	31 Dec 2021		31 Dec 2020	
	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives				
Currency derivatives				
Hedge accounting	2,544	-39	3,057	93
Non-hedge accounting	1,730	-3	1,212	32

	31 Dec 2021			31 Dec 2020		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives						
Sales contracts						
Non-hedge accounting	0	23	-29	0	22	-79
Purchase contracts						
Non-hedge accounting	3,906	19	163	3,258	18	104

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

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

Financial assets and liabilities by measurement categories and fair value hierarchy as of Dec 31, 2021

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables		2	60	63	63			
Derivative financial instruments	0	11		11	11		11	
Other financial assets	42	6		48	48			48
Current financial assets								
Trade and other receivables ¹⁾			1,664	1,664	1,664			
Derivative financial instruments	20	224		243	243	1	242	
Current investments			135	135	135			
Cash and cash equivalents			1,581	1,581	1,581			
Financial assets	62	243	3,440	3,744	3,744			
Non-current financial liabilities								
Interest-bearing liabilities			1,378	1,378	1,393	909	484	
Derivative financial instruments		1		1	1		1	
Other non-current liabilities ¹⁾			43	43	43			
Current financial liabilities								
Interest-bearing liabilities			379	379	379		379	
Derivative financial instruments	59	102		161	161	25	136	
Trade and other payables ¹⁾			2,656	2,656	2,656			
Financial liabilities	59	103	4,456	4,618	4,634			

¹⁾ excluding non-financial items

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

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

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

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

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

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted other investments of EUR 6 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 42 million. Fair values are determined in accordance with IFRS 13.

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

12. RELATED PARTY TRANSACTIONS

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

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

	31 Dec 2021	31 Dec 2020
Transactions carried out with joint arrangements and other related parties		
Sales of goods and services	229	273
Purchases of goods and services	171	170
Receivables	162	90
Financial income and expenses	2	2
Liabilities	17	1

13. CONTINGENT LIABILITIES

	31 Dec 2021	31 Dec 2020
Contingent liabilities		
On own behalf for commitments		
Real estate mortgages	26	26
Other contingent liabilities	59	62
Total	85	88
On behalf of joint arrangements		
Pledged assets	44	40
Total	44	40
On behalf of others		
Guarantees	1	1
Total	1	1
Total	130	128

14. DISPUTES AND POTENTIAL LITIGATIONS

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

15. EVENTS AFTER THE REPORTING PERIOD

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

