



Neste Corporation  
**Interim Report**  
January–March 2021

29 April 2021

**NESTE**  
Change runs on renewables

## Neste's Interim Report for January–March 2021

### Resilient Renewable Products business – challenging market in Oil Products continued

#### First quarter in brief:

- Comparable operating profit totaled EUR 302 million (EUR 408 million)
- Operating profit totaled EUR 458 million (EUR 197 million)
- Renewable Products' comparable sales margin was USD 699/ton (USD 685/ton)
- Oil Products' total refining margin was USD 6.73/bbl (USD 11.03/bbl)
- Cash flow before financing activities was EUR -645 million (EUR -120 million)
- Return on average capital employed (ROACE) was 15.3% over the last 12 months (2020: 17.3%)
- Leverage ratio was 7.8% at the end of March (31.12.2020: -4.7%)

#### President and CEO Peter Vanacker:

“Neste’s 2021 started in the same way as the previous year ended: with a resilient Renewable Products business and challenging market in Oil Products. We posted a comparable operating profit of EUR 302 million in the first quarter, compared to EUR 408 million in the corresponding period last year. Renewable Products’ sales margin was healthy, sales volumes were high, and our production facilities reached a new quarterly production record. Oil Products continued to suffer from a weak refining market and oversupply caused by the COVID-19 pandemic. Marketing & Services showed strong performance in a normally low season quarter. A weaker US dollar had a negative impact of EUR 57 million on the Group’s comparable operating profit year-on-year. Our cash flow before financing activities was impacted by a significant inventory build-up in preparation for the Porvoo refinery major turnaround and completion of the acquisition of Bunge’s refinery in Rotterdam.

Renewable Products posted a comparable operating profit of EUR 294 million (EUR 329 million) in the first quarter. The renewable diesel demand was robust, but the feedstock markets remained very tight. In this market situation we were very pleased to reach a healthy comparable sales margin of USD 699/ton, which was higher than in the corresponding period last year. As communicated earlier, we expect a lower contribution from margin hedging compared to 2020, which was an exceptional year. Our global sales volume allocation optimization model enabled us to deliver again good results. Our sales volumes were 743,000 tons, slightly higher than in the corresponding period last year. A weaker US dollar had a negative impact of EUR 37 million on the segment’s comparable operating profit year-on-year. During the first quarter our renewables production facilities operated at an average 104% utilization rate, and reached a new quarterly production record of 829,000 tons. Feedstock mix optimization continued, and the share of waste and residue inputs increased to 90%.

Oil Products posted a comparable operating profit of EUR -8 million (EUR 74 million) in the first quarter. The reference margin, reflecting the general market conditions, was still weak due to the COVID-19 pandemic. The reference margin was significantly lower than in the corresponding period last year, which had a negative impact of EUR 59 million on the comparable operating profit. Sales volumes were also about 18% lower than in the first quarter of 2020 due to lower demand and preparations for the Porvoo refinery major turnaround, and the Naantali

refinery closure in March. The lower sales volumes had a negative impact of EUR 38 million on the comparable operating profit year-on-year. Our short-term cost reduction measures were effective.

Marketing & Services generated a comparable operating profit of EUR 16 million (EUR 8 million) in the first quarter. Although sales volumes were still impacted by the COVID-19 related restrictions, we were able to increase our unit margins, which, together with good cost management lead to an improved result.

Neste continues to take the risks relating to the COVID-19 pandemic seriously. Our primary objective is to ensure the health and safety of our employees, customers, contractors and other partners as well as to ensure the continuity of our operations and secure supply of products to our customers. This is particularly important for the Porvoo refinery major turnaround, which is being implemented during the second quarter.

Uncertainty on the further development of the COVID-19 pandemic and its impact on the global economy continues. However, we are focusing on the implementation of our growth strategy and continue to make progress in many areas. The refinery operations in Naantali were shut down in March, and we will focus the site on terminal and harbor operations. In the second phase of the transformation, the Porvoo refinery will be developed towards co-processing renewable and circular raw materials. In the short term, the focus is on the successful implementation of the Porvoo turnaround.

The Singapore renewables capacity expansion project is proceeding according to the revised schedule. It will expand our annual renewables production capacity by up to 1.3 million tons with full optionality by the first quarter of 2023. The acquisition of Bunge's refinery plant in Rotterdam will increase our raw material pretreatment capacity for the production of renewable products. After a thorough study phase we also announced Rotterdam as the chosen location for our possible next world scale renewable products refinery. We now move to detailed engineering in preparation for a final investment decision late this year or early 2022. We are also very pleased with the final investment decision made on the Rotterdam Sustainable Aviation Fuel (SAF) optionality project. It will extend our SAF capability by 500,000 tons by the end of 2023, and further strengthen our leadership position in the sustainable aviation market.

In March we established a Green Finance Framework to further integrate our sustainability ambitions into our financing, and successfully issued the first EUR 500 million green bond under the framework. We will continue on 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. As a consequence, we expect volatility in the oil products and renewable feedstock markets to remain high. Based on our current estimates and a hedging rate of 85%, Neste's effective EUR/US dollar rate is expected to be within a range of 1.16-1.18 in the second quarter of 2021. The Porvoo refinery major turnaround was started in early April and it is scheduled to last for approximately twelve weeks.

Sales volumes of renewable diesel in the second quarter are expected to be on the same level as in the previous quarter. Waste and residue markets are still anticipated to remain tight as their demand continues to be robust. Our second-quarter sales margin is expected to remain healthy. The margin hedging rate will be lower than normal in the second quarter, and the sales margin is not anticipated to be supported by similar hedging gains as in 2020. Utilization rates of our renewables production facilities are forecasted to remain high, except for the scheduled refinery maintenance. The Porvoo refinery turnaround is currently estimated to have a negative impact of approximately EUR 30 million on the Renewable Products segment's comparable operating profit, mainly in the second quarter. We have also scheduled a seven-week turnaround at the Singapore refinery in the third quarter,

and a four-week catalyst change at the Rotterdam refinery in the fourth quarter of 2021. The Singapore turnaround is currently estimated to have a negative impact of approximately EUR 80 million, and the Rotterdam catalyst change a negative impact of approximately EUR 50 million on the segment's comparable operating profit.

Oil Products' second-quarter market demand will continue to be depressed due to several extended lockdowns as a result of the COVID-19 pandemic. The reference margin is also expected to remain low and volatile. The Porvoo refinery turnaround is currently estimated to have a negative impact of approximately EUR 110 million on the Oil Products segment's comparable operating profit, mainly in the second quarter.

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

Neste estimates the Group's full-year 2021 cash-out capital expenditure to be approximately EUR 1.2 billion, excluding M&A.

## Neste's Interim Report, 1 January – 31 March 2021

The Interim Report is unaudited.

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

### Key Figures

EUR million (unless otherwise noted)

	1-3/21	1-3/20	10-12/20	2020
Revenue	3,132	3,270	3,028	11,751
EBITDA	585	326	297	1,508
Operating profit	458	197	-2	828
Comparable operating profit*	302	408	380	1,416
Profit before income taxes	415	203	-21	786
Net profit	374	201	6	714
Comparable net profit**	239	385	337	1,229
Earnings per share, EUR	0.49	0.26	0.01	0.93
Comparable earnings per share, EUR	0.31	0.50	0.44	1.60
Investments	523	260	344	1,197
Net cash generated from operating activities	-153	193	1,307	2,057

	31 March 2021	31 March 2020	31 Dec 2020
Total equity	5,619	6,088	5,929
Interest-bearing net debt	477	-64	-265
Capital employed	7,493	7,374	7,236
Return on average capital employed after tax (ROACE)***, %	15.3	26.7	17.3
Equity per share, EUR	7.31	7.93	7.72
Leverage ratio, %	7.8	-1.1	-4.7

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

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

\*\*\* Last 12 months

## The Group's first quarter 2021 results

Neste's revenue in the first quarter totaled EUR 3,132 million (3,270 million). The change in revenue resulted from higher prices, which had a positive impact approx. EUR 500 million, and lower sales volumes, which had a negative impact of approx. EUR 400 million. Additionally, a weaker US dollar had a negative impact of approx. EUR 200 million on the revenue compared to the corresponding period last year.

The Group's comparable operating profit was EUR 302 million (408 million). Renewable Products' comparable operating profit decreased to EUR 294 million (329 million), mainly due to the weaker US dollar than in the first quarter of 2020. Oil Products' comparable operating profit decreased to EUR -8 million (74 million), due to the continued weak refining market. Marketing & Services comparable operating profit was EUR 16 million (8 million), as a result of higher unit margins compared to the first quarter of 2020. The Others segment's comparable operating profit was EUR -1 million (-9 million).

The Group's operating profit was EUR 458 million (197 million), which was impacted by inventory valuation gains of EUR 175 million (losses of 293 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -20 million (82 million), mainly related to margin hedging. Profit before income taxes was EUR 415 million (203 million), and net profit EUR 374 million (201 million). Comparable earnings per share were EUR 0.31 (0.50), and earnings per share EUR 0.49 (0.26).

	1-3/21	1-3/20	10-12/20	2020
COMPARABLE OPERATING PROFIT	302	408	380	1,416
- inventory valuation gains/losses	175	-293	-21	-119
- changes in the fair value of open commodity and currency derivatives	-20	82	-48	-112
- capital gains/losses	5	0	0	-42
- impairments	0	0	0	0
- other adjustments	-3	0	-312	-314
OPERATING PROFIT	458	197	-2	828

Variance analysis (comparison to corresponding period), MEUR

	1-3
Group's comparable operating profit, 2020	408
Sales volumes	-33
Sales margin	-70
Currency exchange	-57
Fixed costs	30
Others	24
Group's comparable operating profit, 2021	302

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

**1-3**

Group's comparable operating profit, 2020	408
Renewable Products	-36
Oil Products	-82
Marketing & Services	9
Others including eliminations	2
Group's comparable operating profit, 2021	302

## 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 March, ROACE calculated over the last 12 months was 15.3%, and leverage ratio remained well below the 40% target.

	31 Mar 2021	31 Mar 2020	31 Dec 2020
Return on average capital employed after tax (ROACE)*, %	15.3	26.7	17.3
Leverage ratio (net debt to capital), %	7.8	-1.1	-4.7

\*Last 12 months

## Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR -153 million (193 million) during the first quarter of 2021. The difference compared to the corresponding period last year mainly resulted from a significant increase in net working capital due to the inventory build-up in preparation for the Porvoo refinery major turnaround and price increases of renewable feedstock and crude oil. Cash flow before financing activities was EUR -645 million (-120 million). The Group's net working capital in days outstanding was 41.2 days (36.9 days) on a rolling 12-month basis at the end of the first quarter.

	1-3/21	1-3/20	10-12/20	2020
EBITDA	585	326	297	1,508
Capital gains/losses	-1	0	-1	-1
Other adjustments	98	-120	159	277
Change in net working capital	-801	37	872	460
Finance cost, net	-6	0	-17	-54
Income taxes paid	-27	-50	-4	-133
Net cash generated from operating activities	-153	193	1,307	2,057
Capital expenditure	-417	-198	-231	-972
Other investing activities	-74	-115	-7	-67
Free cash flow (Cash flow before financing activities)	-645	-120	1,069	1,019

Cash-out investments excluding M&A were EUR 163 million (198 million), and totaled EUR 418 million (207 million) in the first quarter of 2021. The cash impact of the completed Bunge acquisition was EUR 255 million. Maintenance investments accounted for EUR 28 million (72 million) and productivity and strategic investments for EUR 389 million (135 million). Renewable Products' investments were EUR 390 million (101 million), mainly related to the Bunge acquisition and the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 18 million (81 million), with the largest projects at the Porvoo refinery. Marketing & Services' investments totaled EUR 1 million (4 million). Investments in the Others segment were EUR 8 million (21 million), concentrating on IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 477 million at the end of March 2021, compared to EUR -265 million at the end of 2020. Net financial expenses for the quarter were EUR 43 million (-7 million). The average interest rate of borrowing at the end of March was 1.5% (2.0%) and the average maturity 3.7 (2.9) years. At the end of the first quarter the Net debt to EBITDA ratio was 0.3 (0.0) over the last 12 months.

The leverage ratio was 7.8% at the end of March (31 Dec 2020: -4.7%). The Group's strong financial position enables implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,747 million at the end of March (31 Dec 2020: 2,922 million). There are no financial covenants in the Group companies' current loan agreements.

In accordance with the hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of March the Group's foreign currency hedging ratio was approx. 70% of the sales margin for the next 12 months.

#### US dollar exchange rate

	1-3/21	1-3/20	10-12/20	2020
EUR/USD, market rate	1.21	1.10	1.19	1.14
EUR/USD, effective rate*	1.15	1.13	1.15	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

	1-3/21	1-3/20	10-12/20	2020
Revenue, MEUR	1,231	1,065	1,084	4,270
EBITDA, MEUR	464	469	335	1,423
Comparable operating profit, MEUR	294	329	338	1,334
Operating profit, MEUR	413	426	285	1,239
Net assets, MEUR	4,099	3,165	3,470	3,470
Return on net assets*, %	34.0	75.3	36.3	36.3
Comparable return on net assets*, %	36.0	60.7	39.1	39.1

\* Last 12 months

### Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable operating profit, 2020	329
Sales volumes	7
Sales margin	8
Currency exchange	-37
Fixed costs	-6
Others	-7
Comparable operating profit, 2021	294

### Key drivers

	1-3/21	1-3/20	10-12/20	2020
Comparable sales margin, USD/ton	699	685	760	703
Biomass-based diesel (D4) RIN, USD/gal	1.20	0.47	0.88	0.63
California LCFS Credit, USD/ton	195	206	198	200
Palm oil price*, USD/ton	896	631	781	645
Waste and residues' share of total feedstock, %	90	82	87	83

\* CPO BMD 3<sup>rd</sup>, Crude Palm Oil Bursa Malaysia Derivatives 3<sup>rd</sup> month futures price

Renewable Products' first quarter comparable operating profit totaled EUR 294 million, compared to EUR 329 million in the first quarter of 2020. The comparable sales margin averaged USD 699/ton, and was higher than in the first quarter of 2020. This was a good achievement considering the higher feedstock costs and lower margin hedging result. Particularly our sales performance was high. Our sales volumes were 743,000 tons, slightly higher than in the corresponding period last year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 73 million (EUR 52 million). During the first quarter approx. 65% (75%) of the volumes were sold to the European market and 35% (25%) to North America. This was a result of our sales optimization model. The share of 100% renewable diesel delivered to end-users was 31% (27%). Our renewable diesel production facilities had an average utilization rate of 104% (101%) during the quarter, and we achieved a new quarterly production record of 829,000 tons. The proportion of waste and residue inputs was 90% (82%) on average as a result of our continuous drive to prioritize these feedstock. A weaker US dollar had a negative impact of EUR 37 million on the comparable operating profit year-on-year. The segment's fixed costs were EUR 6 million higher than in the

corresponding period of 2020, mainly due to strengthening of human resources. Renewable Products' comparable return on net assets was 36.0% (60.7%) at the end of March based on the previous 12 months.

In Renewable Aviation business we renewed Sustainable Aviation Fuel (SAF) supply contracts with two leading European airlines. We also launched the world's first in-flight emission tests performed with 100% SAF through collaboration between Airbus, Rolls-Royce, DLR and Neste. Demand for bio-based and recycled materials continues to grow. Renewable Polymers and Chemicals business unit had a record sales quarter with existing producing partners starting regular, repeated business. New partnerships were advancing to commercial stage.

During the first quarter animal fat prices continued to increase, mainly driven by vegetable oil strength and good demand. European used cooking oil (UCO) price was also impacted by supply limitations caused by the lockdowns and reduced imports from Asia due to the high freight costs induced by container shortage. Vegetable oil prices firmed to unusually high levels as a result of seasonally low production and high demand globally. Price premiums of waste and residues over crude palm oil (CPO) increased while CPO premium over gasoil eased off slightly during the quarter, but remained high.

The US Renewable Identification Number (RIN) D4 price continued to climb reflecting the widening of soybean oil (SBO) price premium over heating oil (HO), the expected reduction of small refinery exemptions (SRE), and the anticipated growth of federal renewable volume obligations. On the other hand, California Low Carbon Fuel Standard (LCFS) credit price drifted lower reflecting less deficits generated by weaker petroleum demand in line with seasonality and the COVID-19 impact.

#### Production

	1-3/21	1-3/20	10-12/20	2020
Neste MY Renewable Diesel, 1,000 ton	829	795	719	2,993
Other products, 1,000 ton	67	59	62	239
Utilization rate*, %	104	101	90	94

\* Based on nominal capacity of 3.2 Mton/a.

#### Sales

	1-3/21	1-3/20	10-12/20	2020
Neste MY Renewable Diesel, 1,000 ton	743	731	732	2,966
Share of sales volumes to Europe, %	65	75	66	71
Share of sales volumes to North America, %	35	25	34	29

## Oil Products

### Key financials

	1-3/21	1-3/20	10-12/20	2020
Revenue, MEUR	1,559	1,860	1,580	6,063
EBITDA, MEUR	84	-164	-59	29
Comparable operating profit, MEUR	-8	74	37	50
Operating profit, MEUR	24	-234	-287	-396
Net assets, MEUR	2,338	2,439	1,848	1,848
Return on net assets*, %	-5.8	2.3	-16.8	-16.8
Comparable return on net assets*, %	-1.3	15.2	2.1	2.1

\* Last 12 months

### Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable operating profit, 2020	74
Sales volumes	-38
Reference margin	-59
Additional margin	-19
Currency exchange	-20
Fixed costs	23
Others	32
Comparable operating profit, 2021	-8

### Key drivers

	1-3/21	1-3/20	10-12/20	2020
Reference margin, USD/bbl	0.87	4.33	-0.72	0.61
Additional margin, USD/bbl	5.85	6.69	9.02	6.94
Total refining margin, USD/bbl	6.73	11.03	8.30	7.55
Urals-Brent price differential, USD/bbl	-1.43	-2.34	-0.10	-0.62
Urals' share of total refinery input, %	69	74	63	68

Oil Products' comparable operating profit totaled EUR -8 million (74 million) in the first quarter. The reference margin, which reflects general market conditions, continued to be impacted by the weak oil product market. The reference margin averaged USD 0.9/bbl compared to USD 4.3/bbl in the first quarter of 2020. The lower reference margin had a negative impact of EUR 59 million on the comparable operating profit year-on-year. Oil Products' additional margin was supported particularly by currency hedging, but negatively impacted, among other things, by retroactive adjustments related to the SAP system implementation. The additional margin averaged USD 5.9/bbl. The lower additional margin had a negative impact of EUR 19 million on the comparable operating profit year-on-year. Sales volumes were approximately 18% lower than in the first quarter of 2020 mainly due to lower demand, preparations for the Porvoo refinery major turnaround, and the Naantali refinery closure in March. The lower sales volumes had a negative impact of EUR 38 million on the comparable operating profit compared to the first quarter of 2020. A weaker US dollar had a negative impact of EUR 20 million on the comparable operating

profit year-on-year. Profitability of our specialty products business improved, and the segment's fixed costs were EUR 23 million lower than in the first quarter of 2020. Oil Products' comparable return on net assets was -1.3% (15.2%) at the end of March over the previous 12 months.

During the first quarter the use of Russian crude was 69% (74%) of total input. The average refinery utilization rate was 83% (94%), which reflected production not being maximized due to the market conditions.

Crude oil prices were trending up during the first quarter and Brent price rose from USD 50/bbl level close to USD 70/bbl mark in mid-March and closed the quarter at USD 64/bbl. Price was supported by production cuts by the OPEC+ countries led by Saudi Arabia's voluntary extra cut on the top of the existing agreement and investors' increasing interest in crude oil.

The Russian Export Blend (REB) crude averaged USD 1.5/bbl lower than Brent during the first quarter, but the price differential was volatile. The OPEC+ production cuts continued to draw volumes of heavy sour crude oil from the market, which supported REB price during the early part of the quarter. Towards the end of February and in March the European spring refinery maintenance season started to impact the markets, and the differential widened.

Overall, the refining margins remained weak during the first quarter, but traded in positive territory after negative 2020 margins. The COVID-19 pandemic continued to impact physical product demand, and both diesel and gasoline margins continued to be under pressure. Refining margins got some support from very cold winter weather in the US, which temporarily shut down significant amount of refining capacity in February and drove inventories lower. On average diesel margin was lower than gasoline margin as the very weak jet fuel demand added pressure on middle distillates. Neste's reference margin averaged USD 0.9/bbl in the quarter.

Production	1-3/21	1-3/20	10-12/20	2020
Refinery				
- Production, 1,000 ton	2,943	3,703	2,930	12,791
- Utilization rate, %	83	94	86	84
Refinery production costs, USD/bbl	5.6	4.2	4.9	4.7
Bahrain base oil plant production, (Neste's share) 1,000 ton	56	46	49	178

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

	1-3/21	%	1-3/20	%	10-12/20	%	2020	%
Middle distillates*	1,173	44	1,498	45	1,733	49	6,282	47
Light distillates**	968	36	1,167	35	1,250	35	4,510	34
Heavy fuel oil	263	10	336	10	312	9	1,309	10
Base oils	88	3	145	4	98	3	441	3
Other products	170	7	212	6	150	4	813	6
<b>TOTAL</b>	<b>2,663</b>	<b>100</b>	<b>3,358</b>	<b>100</b>	<b>3,542</b>	<b>100</b>	<b>13,354</b>	<b>100</b>

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

\*\* Motor gasoline, gasoline components, LPG

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

	1-3/21	%	1-3/20	%	10-12/20	%	2020	%
Baltic Sea area*	1,636	62	1,879	56	1,901	54	7,830	59
Other Europe	677	25	1,229	37	1,217	34	4,395	33
North America	317	12	132	4	275	8	784	6
Other areas	33	1	117	3	149	4	345	2

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

## Marketing & Services

### Key financials

	1-3/21	1-3/20	10-12/20	2020
Revenue, MEUR	814	846	756	3,055
EBITDA, MEUR	29	15	22	96
Comparable operating profit, MEUR	16	8	15	68
Operating profit, MEUR	22	8	15	68
Net assets, MEUR	213	249	192	192
Return on net assets*, %	38.2	33.5	31.0	31.0
Comparable return on net assets*, %	35.7	24.9	31.0	31.0

\* Last 12 months

### Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable operating profit, 2020	8
Sales volumes	-2
Unit margins	7
Currency exchange	0
Fixed costs	4
Others	0
Comparable operating profit, 2021	16

Marketing & Services' comparable operating profit was EUR 16 million (8 million) in the first quarter. The COVID-19 pandemic related restrictions continued to have a negative impact on product demand, particularly in the aviation and marine sectors. Otherwise transportation fuel demand followed a normal winter seasonality pattern. The lower sales volumes had a negative impact totaling EUR 2 million on the comparable operating profit compared to the first quarter of 2020. We were able to increase the unit margins, partly supported by inventory gains, and the higher unit margins had a positive impact of EUR 7 million on the comparable operating profit compared to the same period last year. The cost savings initiatives have been successful, and the segment's fixed costs were EUR 4 million lower year-on-year. Marketing & Services' comparable return on net assets was 35.7% (24.9%) at the end of March on a rolling 12-month basis.

Sales volumes by main product categories, million liters

	1-3/21	1-3/20	10-12/20	2020
Gasoline station sales	128	137	147	603
Diesel station sales	386	380	399	1,559
Heating oil	170	172	168	666

Net sales by market area, MEUR

	1-3/21	1-3/20	10-12/20	2020
Finland	636	664	585	2,352
Baltic countries	178	182	171	703

## Others

Key financials

	1-3/21	1-3/20	10-12/20	2020
Comparable operating profit, MEUR	-1	-9	-7	-37
Operating profit, MEUR	-1	-9	-12	-84

The Others segment consists of Neste Engineering Solutions and common corporate costs. The comparable operating profit of the Others segment totaled EUR -1 million (-9 million) in the first quarter.

## 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 to be 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 will be 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, will be paid to a shareholder registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the second dividend instalment, which shall be 5 October 2021. The second dividend instalment will be paid on 12 October 2021.

The Board of Directors is authorized to set a new dividend record date and payment date for the second instalment of the dividend, in case the rules and regulations on the Finnish book-entry system would be changed, or otherwise so require.

### **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 is 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.

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 shall be 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 will be 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 will be 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 will be 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 will be 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 mainly traded on NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 45.26, down by 23.5% compared to the end of 2020. At its highest during the quarter, the share price reached EUR 64.74, while the lowest price was EUR 44.81. Market capitalization was EUR 34.8 billion as of 31 March 2021. An average of 1.2 million shares were traded daily, representing 0.2% of the company's shares.

At the end of March 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. As resolved by the AGM held on 18 May 2020, the Board of Directors was authorized to decide the purchase of and/or take as security a maximum of 23,000,000 Company shares using the Company's unrestricted equity.

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

As of 31 March 2021, the State of Finland owned directly 35.9% (35.9% at the end of 2020) of outstanding shares, foreign institutions 40.2% (40.2%), Finnish institutions 16.3% (16.4%), and households 7.5% (7.5%).

## Personnel

Neste employed an average of 4,785 (4,519) employees in the first quarter, of which 1,235 (805) were based outside Finland. At the end of March the company had 4,780 employees (4,620), of which 1,247 (856) were located outside Finland.

## Environmental, Social and Governance (ESG)

### Key figures

	1-3/21	1-3/20	2020
TRIF*	0.7	2.4	1.3
PSER**	5.9	1.7	1.6
GHG reduction, Mton***	2.6	2.7	10.0

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

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

\*\*\* Cumulative greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to crude oil based diesel. Calculation method complies with the EU Renewable Energy Directive (RES 2009/28/EU). Since the beginning of 2021 volumes sold are applied in calculation instead of volumes produced earlier.

Neste's occupational safety incident frequency, measured by the key TRIF indicator, was lower during the first quarter compared to the corresponding period last year and also lower than in the full year 2020. PSER, the main indicator for process safety incidents, was significantly worse than the first quarter or full year 2020 result. Several actions have been initiated with the organizations having the biggest challenges. Actions focus on visible leadership and communication, high risk work management and field verification, and safe operation during process changes and upsets.

Strong focus on safety performance and culture will continue during 2021. Ensuring safe and reliable operations, projects and maintenance during the COVID-19 period remains a key activity. The long-term safety development activities continue with earlier defined focus areas of behavior, leadership, operational discipline, process safety, contractor safety, and effective learning from incidents. The roll-out and implementation of the updated safety

leadership principles and more active use of leading indicators drive improvements in awareness and commitment. The occupational safety development continues to focus on contractor safety management. High focus on process safety continues in all operations, for example, by ensuring effective process safety risk management, improving high risk work processes, and by process safety improvement investments.

Neste produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the first quarter of 2021 this GHG reduction was 2.6 million tons (2.7 million tons).

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the first quarter. 0 (1) non-compliance cases occurred at Neste's operations. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

In January Neste was ranked the fourth most sustainable company in the world on the Global 100 list. Neste made it to the list for the 15th consecutive time in 2021. Neste has been included on the list continuously for longer than any other energy company in the world.

In March Neste announced its decision to issue a senior unsecured green bond of EUR 500 million. The green bond was issued under Neste's Green Finance Framework, published in March 2021. According to the Green Finance Framework, proceeds will be used to finance for example the development, operations, maintenance and expansion of renewable and circular solutions to reduce greenhouse gas emissions.

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

## Main events published during the first quarter

On 29 January, Neste announced that the Shareholders' Nomination Board proposes 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 are proposed to be re-elected for a further term of office. The Nomination Board proposes 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 proposes that the Board of Directors shall have nine members and that Mr. John Abbott shall be elected as a new member. The Nomination Board has simultaneously requested the Board of Directors to propose to the AGM that the Articles of Association are amended as set out above.

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 acquisition has been approved by regulatory authorities, and the transaction has been completed on 1 March. 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 has now 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 has 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 has 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 have 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. Neste Corporation will apply for the listing of the bond on the official list of sustainable bonds of Nasdaq Helsinki Ltd. The bond represents 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 is getting ready for the major turnaround starting in April. The duration of the turnaround is approximately 12 weeks. The shutdown of the process units will begin in stages on 5 April 2021. After the maintenance work, the refinery is expected to be operating normally by the end of June. In the major turnaround, the refinery is subject to regulatory inspections, maintenance works and selected asset improvement initiatives that are required for the refinery's operations. The total investments of the Porvoo refinery major turnaround are estimated to be around EUR 330 million.

## Potential risks

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

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

## Reporting date for the company's Half Year 2021 results

Neste will publish its Half Year Financial Report on 27 July 2021 at approximately 9:00 a.m. EET.

Espoo, 28 April 2021

Neste Corporation  
Board of Directors

### **Further information:**

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

### **Conference call**

A conference call in English for investors and analysts will be held today, 29 April 2021, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 2311 3291, rest of Europe: +44 (0) 2071 928338, US: +1 646 7413167, using access code 3537688. The conference call can be followed at the company's website. An instant replay of the call will be available until 6 May 2021 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 3537688.

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

**NESTE GROUP**  
**JANUARY - MARCH 2021**  
*The interim report is unaudited*

**FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT**

**CONSOLIDATED STATEMENT OF INCOME**

EUR million	Note	1-3/2021	1-3/2020	1-12/2020	Last 12 months
<b>Revenue</b>	3, 4	<b>3,132</b>	3,270	11,751	11,614
Other income		18	3	17	31
Share of profit (loss) of associates and joint ventures	9	1	0	-38	-37
Materials and services		<b>-2,376</b>	-2,725	-9,253	-8,904
Employee benefit costs		<b>-103</b>	-102	-431	-431
Depreciation, amortization and impairments	4	<b>-127</b>	-129	-680	-677
Other expenses		<b>-88</b>	-120	-538	-507
<b>Operating profit</b>	4	<b>458</b>	197	828	1,089
<b>Financial income and expenses</b>					
Financial income		1	1	4	3
Financial expenses		-15	-11	-45	-49
Exchange rate and fair value gains and losses		-29	17	0	-45
<b>Total financial income and expenses</b>		<b>-43</b>	7	-41	-91
<b>Profit before income taxes</b>		<b>415</b>	203	786	998
Income tax expense		-40	-2	-72	-110
<b>Profit for the period</b>		<b>374</b>	201	714	887
<b>Profit attributable to:</b>					
Owners of the parent		375	201	712	886
Non-controlling interests		0	0	2	1
		<b>374</b>	201	714	887
<b>Earnings per share from profit attributable to the owners of the parent (in euro per share)</b>					
Basic earnings per share		<b>0.49</b>	0.26	0.93	1.15
Diluted earnings per share		<b>0.49</b>	0.26	0.93	1.15

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	1-3/2021	1-3/2020	1-12/2020	Last 12 months
<b>Profit for the period</b>	<b>374</b>	201	714	887
<b>Other comprehensive income net of tax:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements on defined benefit plans	0	3	-6	-9
Net change of other investments at fair value	0	0	5	5
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences	8	-2	4	14
Cash flow hedges				
recorded in equity	-61	-47	73	59
transferred to income statement	-19	11	-12	-42
Share of other comprehensive income of investments accounted for using the equity method	1	0	12	12
<b>Total</b>	<b>-71</b>	-38	77	44
<b>Other comprehensive income for the period, net of tax</b>	<b>-71</b>	-35	76	40
<b>Total comprehensive income for the period</b>	<b>304</b>	167	790	927
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	304	166	788	926
Non-controlling interests	0	0	2	1
	<b>304</b>	167	790	927

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	8	441	138	264
Property, plant and equipment	8	4,692	4,299	4,477
Investments in associates and joint ventures	9	60	23	56
Non-current receivables		63	56	61
Deferred tax assets		37	40	35
Derivative financial instruments	11	2	6	3
Other financial assets	11	33	14	32
<b>Total non-current assets</b>		<b>5,327</b>	4,576	4,928
<b>Current assets</b>				
Inventories		2,278	1,570	1,829
Trade and other receivables		1,485	1,847	1,208
Derivative financial instruments	11	155	487	260
Current investments		27	24	20
Cash and cash equivalents		1,370	1,325	1,552
<b>Total current assets</b>		<b>5,316</b>	5,253	4,869
<b>Assets classified as held for sale</b>	6	<b>14</b>	0	17
<b>Total assets</b>	4	<b>10,657</b>	9,830	9,815
<b>EQUITY</b>				
<b>Capital and reserves attributable to the owners of the parent</b>				
Share capital		40	40	40
Other equity		5,575	6,045	5,885
<b>Total</b>		<b>5,615</b>	6,085	5,925
<b>Non-controlling interests</b>		<b>3</b>	3	4
<b>Total equity</b>		<b>5,619</b>	6,088	5,929
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1,264	1,072	1,050
Deferred tax liabilities		219	248	222
Provisions		246	94	232
Pension liabilities		110	106	111
Derivative financial instruments	11	0	7	1
Other non-current liabilities		21	21	21
<b>Total non-current liabilities</b>		<b>1,860</b>	1,547	1,638
<b>Current liabilities</b>				
Interest-bearing liabilities		609	213	257
Current tax liabilities		16	11	7
Derivative financial instruments	11	215	256	111
Trade and other payables		2,338	1,714	1,872
<b>Total current liabilities</b>		<b>3,178</b>	2,194	2,247
<b>Liabilities related to assets held for sale</b>		<b>0</b>	0	0
<b>Total liabilities</b>	4	<b>5,038</b>	3,741	3,886
<b>Total equity and liabilities</b>		<b>10,657</b>	9,830	9,815

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

<b>EUR million</b>	Note	<b>1-3/2021</b>	1-3/2020	1-12/2020
<b>Cash flows from operating activities</b>				
Profit before income taxes		415	203	786
Adjustments, total		266	3	997
Change in net working capital		-801	37	460
<b>Cash generated from operations</b>				
Finance cost, net		-6	0	-54
Income taxes paid		-27	-50	-133
<b>Net cash generated from operating activities</b>				
		-153	193	2,057
<b>Cash flows from investing activities</b>				
Capital expenditure		-163	-198	-762
Acquisitions of subsidiaries	5	-255	0	-175
Acquisitions of associates and joint ventures		0	0	-35
Proceeds from sales of shares in joint arrangements and business operations	5	8	0	-2
Proceeds from sales of property, plant and equipment		1	0	1
Changes in long-term receivables and other investments		-83	-115	-66
<b>Cash flows from investing activities</b>				
		-492	-313	-1,039
<b>Cash flow before financing activities</b>				
		-645	-120	1,019
<b>Cash flows from financing activities</b>				
Net change in loans and other financing activities		461	-48	-177
Dividends paid to the owners of the parent		0	0	-783
Dividends paid to non-controlling interests		0	0	-1
<b>Cash flows from financing activities</b>				
		461	-48	-961
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>				
		-184	-168	57
Cash and cash equivalents at the beginning of the period		1,552	1,493	1,493
Exchange gains (+) / losses (-) on cash and cash equivalents		2	0	2
<b>Cash and cash equivalents at the end of the period</b>				
		1,370	1,325	1,552

**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
<b>Total equity at 1 Jan 2020</b>	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								201	201	0	201
Other comprehensive income for the period, net of tax					-36	3	-2		-35	0	-35
Total comprehensive income for the period	0	0	0	0	-36	3	-2	201	166	0	167
Transactions with the owners in their capacity as owners											
Dividend decision								0	0	0	0
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
<b>Total equity at 31 Mar 2020</b>	40	19	16	-7	-42	-57	-40	6,157	6,085	3	6,088

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
<b>Total equity at 1 Jan 2020</b>	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
<b>Total equity at 31 Dec 2020</b>	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
<b>Total equity at 1 Jan 2021</b>	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								375	375	0	374
Other comprehensive income for the period, net of tax					-79	0	8		-71	0	-71
Total comprehensive income for the period	0	0	0	0	-79	0	8	375	304	0	304
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	0	-614
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
<b>Total equity at 31 Mar 2021</b>	40	19	16	-6	-7	-66	-27	5,646	5,615	3	5,619



## KEY FIGURES

	31 Mar 2021	31 Mar 2020	31 Dec 2020	Last 12 months
Revenue	3,132	3,270	11,751	11,614
Profit for the period	374	201	714	887
Earnings per share (EPS), EUR	0.49	0.26	0.93	1.15
<b>Alternative performance measures</b>				
EBITDA, EUR million	585	326	1,508	1,766
Capital employed, EUR million	7,493	7,374	7,236	-
Interest-bearing net debt, EUR million	477	-64	-265	-
Capital expenditure and investment in shares, EUR million	523	260	1,197	1,460
Return on average capital employed, after tax, (ROACE) %	15.3	26.7	17.3	-
Return on equity, (ROE) %	14.9	32.1	11.8	-
Equity per share, EUR	7.31	7.93	7.72	-
Cash flow per share, EUR	-0.20	0.25	2.68	2.23
Comparable earnings per share, EUR	0.31	0.50	1.60	1.41
Comparable net profit	239	385	1,229	1,083
Equity-to-assets ratio, %	52.9	62.2	61.1	-
Leverage ratio, %	7.8	-1.1	-4.7	-
Weighted average number of shares outstanding	767,643,112	767,710,508	767,370,423	767,643,112
Number of shares outstanding at the end of the period	767,969,396	767,836,640	767,836,640	-
Average number of personnel	4,785	4,519	4,833	-

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

The Group 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 the Group, 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

The Group has assessed the impacts of COVID-19 pandemic by reviewing the carrying values of the balance sheet items. The review did not indicate a need for asset impairments. The Group's liquid funds were 1,397 EUR million and committed unutilized credit facilities 1,350 EUR million on 31 March 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	1-3/2021					1-3/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	1,170	973	783	0	2,926	998	1,234	814	0	3,046
Light distillates	25	498	170	0	693	27	581	177	0	784
Middle distillates	1,146	385	611	0	2,142	972	591	636	0	2,198
Heavy fuel oil	0	89	1	0	91	0	63	1	0	64
Other products	0	166	22	0	188	0	180	22	0	202
Other services	0	10	2	6	18	0	9	2	10	21
<b>Total</b>	<b>1,170</b>	<b>1,149</b>	<b>807</b>	<b>6</b>	<b>3,132</b>	<b>998</b>	<b>1,423</b>	<b>838</b>	<b>10</b>	<b>3,270</b>

External revenue	1-12/2020					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	4,114	3,933	2,927	0	10,975	4,286	3,672	2,897	0	10,855
Light distillates	97	1,820	720	0	2,636	95	1,737	714	0	2,546
Middle distillates	4,017	1,813	2,204	0	8,034	4,191	1,608	2,179	0	7,978
Heavy fuel oil	0	300	4	0	304	0	327	4	0	331
Other products	0	604	94	0	698	0	590	93	0	684
Other services	0	41	9	28	78	0	42	9	24	75
<b>Total</b>	<b>4,114</b>	<b>4,578</b>	<b>3,031</b>	<b>28</b>	<b>11,751</b>	<b>4,286</b>	<b>4,304</b>	<b>2,999</b>	<b>24</b>	<b>11,614</b>

<sup>1)</sup> 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 Renewable Products segment.

#### TIMING OF REVENUE RECOGNITION

External revenue	1-3/2021					1-3/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,170	1,139	805	0	3,114	998	1,414	836	0	3,248
Services transferred at point in time	0	10	2	0	12	0	9	2	0	11
Services transferred over time	0	0	0	6	6	0	0	0	10	10
<b>Total</b>	<b>1,170</b>	<b>1,149</b>	<b>807</b>	<b>6</b>	<b>3,132</b>	<b>998</b>	<b>1,423</b>	<b>838</b>	<b>10</b>	<b>3,270</b>

External revenue	1-12/2020					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	4,114	4,537	3,021	0	11,673	4,286	4,262	2,990	0	11,538
Services transferred at point in time	0	41	9	1	52	0	42	9	1	53
Services transferred over time	0	0	0	26	26	0	0	0	23	23
<b>Total</b>	<b>4,114</b>	<b>4,578</b>	<b>3,031</b>	<b>28</b>	<b>11,751</b>	<b>4,286</b>	<b>4,304</b>	<b>2,999</b>	<b>24</b>	<b>11,614</b>

**REVENUE BY OPERATING SEGMENT**

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

1-3/2020	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	998	1,423	838	10	0	3,270
Internal revenue	66	437	8	49	-560	0
<b>Total revenue</b>	<b>1,065</b>	<b>1,860</b>	<b>846</b>	<b>59</b>	<b>-560</b>	<b>3,270</b>

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
<b>Total revenue</b>	<b>4,270</b>	<b>6,063</b>	<b>3,055</b>	<b>177</b>	<b>-1,813</b>	<b>11,751</b>

Last 12 months	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
External revenue	4,286	4,304	2,999	24	0	11,614
Internal revenue	149	1,458	24	141	-1,772	0
<b>Total revenue</b>	<b>4,436</b>	<b>5,762</b>	<b>3,023</b>	<b>165</b>	<b>-1,772</b>	<b>11,614</b>

**REVENUE BY OPERATING DESTINATION**

External revenue	1-3/2021					1-3/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	62	331	626	5	1,024	55	408	651	5	1,120
Other Nordic countries	474	145	0	0	620	351	195	2	0	548
Baltic Rim	9	85	180	0	275	2	61	184	0	248
Other European countries	225	349	0	1	575	370	601	0	4	976
North and South America	393	223	0	1	616	210	109	0	0	320
Other countries	7	16	0	0	23	9	49	0	0	58
<b>Total</b>	<b>1,170</b>	<b>1,149</b>	<b>807</b>	<b>6</b>	<b>3,132</b>	<b>998</b>	<b>1,423</b>	<b>838</b>	<b>10</b>	<b>3,270</b>

External revenue	1-12/2020					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Finland	169	1,260	2,313	21	3,763	176	1,183	2,288	20	3,667
Other Nordic countries	1,287	691	4	0	1,982	1,410	641	2	0	2,053
Baltic Rim	36	181	712	0	930	43	205	708	0	956
Other European countries	1,509	1,809	2	4	3,323	1,364	1,557	2	1	2,923
North and South America	1,089	512	0	2	1,603	1,272	626	0	2	1,900
Other countries	24	125	0	0	150	22	93	0	0	115
<b>Total</b>	<b>4,114</b>	<b>4,578</b>	<b>3,031</b>	<b>28</b>	<b>11,751</b>	<b>4,286</b>	<b>4,304</b>	<b>2,999</b>	<b>24</b>	<b>11,614</b>

#### 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.

<b>REVENUE</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>	<b>Last 12 months</b>
Renewable Products	1,231	1,065	4,270	4,436
Oil Products	1,559	1,860	6,063	5,762
Marketing & Services	814	846	3,055	3,023
Others	47	59	177	165
Eliminations	-519	-560	-1,813	-1,772
<b>Total</b>	<b>3,132</b>	<b>3,270</b>	<b>11,751</b>	<b>11,614</b>

<b>OPERATING PROFIT</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>	<b>Last 12 months</b>
Renewable Products	413	426	1,239	1,226
Oil Products	24	-234	-396	-138
Marketing & Services	22	8	68	82
Others	-1	-9	-84	-75
Eliminations	0	7	1	-5
<b>Total</b>	<b>458</b>	<b>197</b>	<b>828</b>	<b>1,089</b>

<b>COMPARABLE OPERATING PROFIT</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>	<b>Last 12 months</b>
Renewable Products	294	329	1,334	1,298
Oil Products	-8	74	50	-32
Marketing & Services	16	8	68	76
Others	-1	-9	-37	-28
Eliminations	0	7	1	-5
<b>Total</b>	<b>302</b>	<b>408</b>	<b>1,416</b>	<b>1,309</b>

<b>DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>	<b>Last 12 months</b>
Renewable Products	51	44	184	191
Oil Products	60	70	425	416
Marketing & Services	7	7	28	29
Others	11	9	43	44
Eliminations	-1	0	0	-2
<b>Total</b>	<b>127</b>	<b>129</b>	<b>680</b>	<b>677</b>

<b>CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>	<b>Last 12 months</b>
Renewable Products	466	134	804	1,136
Oil Products	45	101	307	250
Marketing & Services	3	3	26	26
Others	10	22	60	47
Eliminations	0	0	0	0
<b>Total</b>	<b>523</b>	<b>260</b>	<b>1,197</b>	<b>1,460</b>

<b>TOTAL ASSETS</b>	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>	<b>31 Dec 2020</b>
Renewable Products	4,699	3,897	3,998
Oil Products	3,733	3,715	3,402
Marketing & Services	498	505	476
Others	343	358	349
Unallocated assets	1,625	1,597	1,839
Eliminations	-242	-243	-249
<b>Total</b>	<b>10,657</b>	<b>9,830</b>	<b>9,815</b>

	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>NET ASSETS</b>			
Renewable Products	4,099	3,165	3,470
Oil Products	2,338	2,439	1,848
Marketing & Services	213	249	192
Others	-468	226	149
Eliminations	-9	2	-6
<b>Total</b>	<b>6,172</b>	<b>6,082</b>	<b>5,653</b>
<b>TOTAL LIABILITIES</b>			
Renewable Products	940	1,020	825
Oil Products	1,444	1,331	1,600
Marketing & Services	339	318	339
Others	817	139	206
Unallocated liabilities	1,731	1,178	1,160
Eliminations	-232	-245	-243
<b>Total</b>	<b>5,038</b>	<b>3,741</b>	<b>3,886</b>
<b>RETURN ON NET ASSETS, %</b>			
Renewable Products	34.0	75.3	36.3
Oil Products	-5.8	2.3	-16.8
Marketing & Services	38.2	33.5	31.0
<b>COMPARABLE RETURN ON NET ASSETS, %</b>			
Renewable Products	36.0	60.7	39.1
Oil Products	-1.3	15.2	2.1
Marketing & Services	35.7	24.9	31.0

**QUARTERLY SEGMENT INFORMATION**

<b>QUARTERLY REVENUE</b>	<b>1-3/2021</b>	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	1,231	1,084	1,074	1,047	1,065
Oil Products	1,559	1,580	1,405	1,218	1,860
Marketing & Services	814	756	788	664	846
Others	47	40	32	45	59
Eliminations	-519	-433	-418	-403	-560
<b>Total</b>	<b>3,132</b>	<b>3,028</b>	<b>2,881</b>	<b>2,572</b>	<b>3,270</b>

<b>QUARTERLY OPERATING PROFIT</b>	<b>1-3/2021</b>	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	413	285	360	168	426
Oil Products	24	-287	86	40	-234
Marketing & Services	22	15	26	19	8
Others	-1	-12	-47	-16	-9
Eliminations	0	-3	0	-3	7
<b>Total</b>	<b>458</b>	<b>-2</b>	<b>425</b>	<b>208</b>	<b>197</b>

<b>QUARTERLY COMPARABLE OPERATING PROFIT</b>	<b>1-3/2021</b>	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	294	338	352	314	329
Oil Products	-8	37	-1	-60	74
Marketing & Services	16	15	26	19	8
Others	-1	-7	-5	-16	-9
Eliminations	0	-3	0	-3	7
<b>Total</b>	<b>302</b>	<b>380</b>	<b>373</b>	<b>255</b>	<b>408</b>

<b>QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>	<b>1-3/2021</b>	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	51	50	47	43	44
Oil Products	60	229	63	64	70
Marketing & Services	7	7	7	7	7
Others	11	14	10	10	9
Eliminations	-1	0	0	0	0
<b>Total</b>	<b>127</b>	<b>299</b>	<b>127</b>	<b>124</b>	<b>129</b>

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

<b>QUARTERLY NET ASSETS</b>	<b>1-3/2021</b>	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Renewable Products	4,099	3,470	3,695	3,592	3,165
Oil Products	2,338	1,848	2,630	2,579	2,439
Marketing & Services	213	192	208	206	249
Others	-468	149	189	208	226
Eliminations	-9	-6	-5	-7	2
<b>Total</b>	<b>6,172</b>	<b>5,653</b>	<b>6,718</b>	<b>6,578</b>	<b>6,082</b>

## 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 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, based on a preliminary assessment, are presented in the table below. Based on the preliminary 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 Group's revenue nor profit. The purchase price was paid fully in cash and material adjustments to purchase price are not expected.

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

### 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 the Group's revenue nor profit.

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

## 6. ASSETS HELD FOR SALE

### Neste and Futura vessels

The assets classified as held for sale as of 31 March 2021 relate to replacing the vessels Neste and Futura with new product tankers. Neste and Futura vessels are planned to be divested within the next 12 months. The vessels are consolidated into Oil Products segment.

<b>Assets classified as held for sale</b>	<b>Neste and Futura vessels</b>
	<b>31 Mar 2021</b>
Property, plant and equipment	14
Total	14

## 7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

### RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

<b>Group</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>10-12/2020</b>	<b>1-12/2020</b>
<b>COMPARABLE OPERATING PROFIT</b>	<b>302</b>	<b>408</b>	<b>380</b>	<b>1,416</b>
inventory valuation gains/losses	175	-293	-21	-119
changes in the fair value of open commodity and currency derivatives	-20	82	-48	-112
capital gains and losses	5	0	0	-42
impairments	0	0	0	0
other adjustments	-3	0	-312	-314
<b>OPERATING PROFIT</b>	<b>458</b>	<b>197</b>	<b>-2</b>	<b>828</b>
<b>Renewable Products</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>10-12/2020</b>	<b>1-12/2020</b>
<b>COMPARABLE OPERATING PROFIT</b>	<b>294</b>	<b>329</b>	<b>338</b>	<b>1,334</b>
inventory valuation gains/losses	115	81	-9	10
changes in the fair value of open commodity and currency derivatives	4	15	-44	-105
capital gains and losses	0	0	0	0
impairments	0	0	0	0
other adjustments	0	0	0	0
<b>OPERATING PROFIT</b>	<b>413</b>	<b>426</b>	<b>285</b>	<b>1,239</b>
<b>Oil Products</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>10-12/2020</b>	<b>1-12/2020</b>
<b>COMPARABLE OPERATING PROFIT</b>	<b>-8</b>	<b>74</b>	<b>37</b>	<b>50</b>
inventory valuation gains/losses	59	-374	-12	-130
changes in the fair value of open commodity and currency derivatives	-24	67	-4	-7
capital gains and losses	0	0	0	0
impairments	0	0	0	0
other adjustments	-3	0	-308	-310
<b>OPERATING PROFIT</b>	<b>24</b>	<b>-234</b>	<b>-287</b>	<b>-396</b>
<b>Marketing &amp; Services</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>10-12/2020</b>	<b>1-12/2020</b>
<b>COMPARABLE OPERATING PROFIT</b>	<b>16</b>	<b>8</b>	<b>15</b>	<b>68</b>
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	5	0	0	0
impairments	0	0	0	0
other adjustments	0	0	0	0
<b>OPERATING PROFIT</b>	<b>22</b>	<b>8</b>	<b>15</b>	<b>68</b>
<b>Others</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>10-12/2020</b>	<b>1-12/2020</b>
<b>COMPARABLE OPERATING PROFIT</b>	<b>-1</b>	<b>-9</b>	<b>-7</b>	<b>-37</b>
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	0	0	0	-42
impairments	0	0	0	0
other adjustments	0	0	-5	-5
<b>OPERATING PROFIT</b>	<b>-1</b>	<b>-9</b>	<b>-12</b>	<b>-84</b>



**RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT**

	1-3/2021	1-3/2020	1-12/2020
COMPARABLE OPERATING PROFIT	302	408	1,416
total financial income and expenses	-43	7	-41
income tax expense	-40	-2	-72
non-controlling interests	0	0	-2
tax on items affecting comparability	20	-27	-71
COMPARABLE NET PROFIT	239	385	1,229

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

	31 Mar 2021	31 Mar 2020	31 Dec 2020
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,309	1,991	1,416
financial income	3	9	4
exchange rate and fair value gains and losses	-45	-23	0
income tax expense	-110	-226	-72
tax on other items affecting ROACE	-30	9	-77
Comparable net profit, net of tax	1,127	1,761	1,271
Capital employed average	7,376	6,599	7,326
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	15.3	26.7	17.3

**RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %**

	31 Mar 2021	31 Mar 2020	31 Dec 2020
Total equity	5,619	6,088	5,929
Total assets	10,657	9,830	9,815
Advances received	-34	-45	-104
EQUITY-TO-ASSETS RATIO, %	52.9	62.2	61.1

**RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING**

	31 Mar 2021	31 Mar 2020	31 Dec 2020
Operative receivables	1,385	1,712	1,179
Inventories	2,278	1,570	1,829
Operative liabilities	-2,353	-1,729	-1,883
Net working capital	1,310	1,552	1,125
Revenue, last 12 months	11,614	15,340	11,751
NET WORKING CAPITAL IN DAYS OUTSTANDING	41.2	36.9	35.0

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

	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Opening balance</b>	<b>4,741</b>	<b>4,322</b>	<b>4,322</b>
Capital expenditure	268	251	964
Acquisitions	278	0	219
Depreciation, amortization and impairments	-127	-129	-680
Disposals	-37	-7	-48
Assets held for sale	0	0	-14
Translation differences	9	1	-22
<b>Closing balance</b>	<b>5,133</b>	<b>4,437</b>	<b>4,741</b>
<b>COMMITMENTS</b>			
Commitments to purchase property, plant and equipment, and intangible assets	558	841	616
Other commitments	9	0	10
<b>Total</b>	<b>568</b>	<b>841</b>	<b>626</b>

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 Mar 2021	31 Mar 2020	31 Dec 2020
<b>INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>			
<b>Opening balance</b>	<b>56</b>	<b>22</b>	<b>22</b>
Share of profit (loss) of associates and joint ventures	1	0	-38
Share of other comprehensive income of investments accounted for using the equity method	1	0	12
Investments	0	0	35
Translation differences	1	0	26
<b>Closing balance</b>	<b>60</b>	<b>23</b>	<b>56</b>

## 10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>INTEREST-BEARING NET DEBT</b>			
Non-current interest-bearing liabilities <sup>1) 3)</sup>	1,264	1,072	1,050
Current interest-bearing liabilities <sup>2)</sup>	609	213	257
<b>Interest-bearing liabilities</b>	<b>1,874</b>	<b>1,286</b>	<b>1,307</b>
Current investments	-27	-24	-20
Cash and cash equivalents	-1,370	-1,325	-1,552
<b>Liquid funds</b>	<b>-1,397</b>	<b>-1,350</b>	<b>-1,572</b>
<b>Interest-bearing net debt</b>	<b>477</b>	<b>-64</b>	<b>-265</b>

<sup>1)</sup> Including EUR 331 million of lease liabilities at 31 March 2021 (31 Mar 2020: EUR 309 million, 31 Dec 2020: EUR 289 million)

<sup>2)</sup> Including EUR 116 million of lease liabilities at 31 March 2021 (31 Mar 2020: EUR 104 million, 31 Dec 2020: EUR 114 million)

<sup>3)</sup> 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 Mar 2021	31 Mar 2020	31 Dec 2020
<b>LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS</b>			
Liquid funds	1,397	1,350	1,572
Unused committed credit facilities	1,350	1,350	1,350
<b>Total</b>	<b>2,747</b>	<b>2,700</b>	<b>2,922</b>
In addition: Unused commercial paper program (uncommitted)	400	400	400

## 11. FINANCIAL INSTRUMENTS

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

	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
<b>Interest rate and currency derivatives</b>						
Currency derivatives						
Hedge accounting	2,855	-4	2,317	-26	3,057	93
Non-hedge accounting	2,087	-32	367	1	1,212	32

	31 Mar 2021			31 Mar 2020			31 Dec 2020		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
<b>Commodity derivatives</b>									
Sales contracts									
Non-hedge accounting	0	26	-129	0	24	463	0	22	-79
Purchase contracts									
Non-hedge accounting	3,429	17	108	3,409	19	-208	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 the Group's currency, interest rate and price risk.

### Financial assets and liabilities by measurement categories and fair value hierarchy as of March 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
<b>Non-current financial assets</b>								
Non-current receivables		2	61	63	63			
Derivative financial instruments	1	1		2	2		2	
Other financial assets	28	5		33	33			33
<b>Current financial assets</b>								
Trade and other receivables <sup>1)</sup>			1,480	1,480	1,480			
Derivative financial instruments	20	135		155	155	7	148	
Current investments			27	27	27			
Cash and cash equivalents			1,370	1,370	1,370			
<b>Financial assets</b>	49	143	2,938	3,130	3,130			
<b>Non-current financial liabilities</b>								
Interest-bearing liabilities			1,264	1,264	1,285	914	372	
Derivative financial instruments		0		0	0		0	
Other non-current liabilities			21	21	21			
<b>Current financial liabilities</b>								
Interest-bearing liabilities			609	609	615	326	289	
Derivative financial instruments	25	190		215	215	20	195	
Trade and other payables			2,338	2,338	2,338			
<b>Financial liabilities</b>	25	190	4,233	4,447	4,473			

<sup>1)</sup> excluding non-financial items

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

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

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

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

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

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted shares of EUR 5 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 28 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

The group 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 the Group 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 the Group and other related parties are disclosed below. All related party transactions are on arm's length basis.

	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Transactions carried out with joint arrangements and other related parties</b>			
Sales of goods and services	50	56	273
Purchases of goods and services	33	44	170
Receivables	122	111	90
Financial income and expenses	1	0	2
Liabilities	1	7	1

## 13. CONTINGENT LIABILITIES

	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Contingent liabilities</b>			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	61	31	62
Total	87	57	88
On behalf of joint arrangements			
Pledged assets	40	38	40
Total	40	38	40
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
<b>Total</b>	<b>129</b>	<b>95</b>	<b>128</b>

## 14. DISPUTES AND POTENTIAL LITIGATIONS

Some Group companies are involved in legal proceedings or disputes incidental to their business. In management's opinion, the outcome of these cases is difficult to predict but not likely to have a material effect on the Group's financial position.

## 15. EVENTS AFTER THE REPORTING PERIOD

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

**NESTE**

Change runs on renewables