



Neste Corporation
Half-Year Financial Report
January–June 2023

NESTE
Change runs on renewables

27 July 2023

Neste's Half-Year Financial Report for January–June 2023

Growth projects ramping up

Second quarter in brief:

- Comparable EBITDA totaled EUR 784 million (EUR 1,085 million)
- EBITDA totaled EUR 523 million (EUR 927 million)
- Renewable Products' comparable sales margin* was USD 800/ton (USD 841/ton)
- Oil Products' total refining margin was USD 16.7/bbl (USD 30.0/bbl)
- Cash flow before financing activities was EUR -24 million (EUR -8 million)

January–June in brief:

- Comparable EBITDA totaled EUR 1,614 million (EUR 1,663 million)
- EBITDA totaled EUR 986 million (EUR 1,843 million)
- Cash flow before financing activities was EUR -126 million (EUR -968 million)
- Cash-out investments were EUR 945 million (EUR 428 million)
- Comparable return on average capital employed (Comparable ROACE) was 27.4% over the last 12 months (2022: 30.1%)
- Leverage ratio was 24.3% at the end of June (31.12.2022: 13.9%)
- Comparable earnings per share: EUR 1.35 (EUR 1.41)
- Earnings per share: EUR 0.64 (EUR 1.61)

* Calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated. Q2/22 comparable sales margin with the previous calculation reached USD 865/ton.

President and CEO Matti Lehmus:

“Neste’s second-quarter comparable EBITDA reached EUR 784 million (EUR 1,085 million). The ramp-up of production from our renewable growth projects has started, and our renewable diesel and sustainable aviation fuel (SAF) sales volumes increased by 17% compared to the same period last year, totaling 946,000 tons (808,000 tons). Supported by effective working capital management, our cash flow before financing activities improved clearly for the first half of the year compared to last year despite our substantial continuing growth investments and the business ramp-up in renewables.

Renewable Products posted a comparable EBITDA of EUR 513 million (EUR 538 million) in the second quarter. Renewable diesel demand stayed robust and average feedstock prices remained relatively stable. Our comparable sales margin for renewable products was USD 800/ton (USD 841/ton), supported by our global feedstock optimization but reflecting costs related to the ramp-up of our Singapore refinery and a higher amount of sales from our Martinez joint operation with a lower sales margin. The ramp-up of production at our Singapore refinery expansion progressed during the second quarter but was slowed down by a need for an operational shutdown for equipment repairs at the new production line in June. Singapore ramp-up will continue during the rest of the year, SAF production in Singapore is now scheduled to start during the third quarter.

Oil Products' comparable EBITDA was EUR 239 million (EUR 529 million). Our Oil Products' refining margins decreased compared to the previous quarter as expected, and the total refining margin was USD 16.7/bbl (USD 30.0/bbl), as the market situation started to normalize. The total refining margin was supported particularly by gasoline cracks, while diesel cracks stayed at a lower level.

Marketing & Services' comparable EBITDA was EUR 29 million (EUR 35 million). There were still some inventory losses impacting the result, but Neste's overall market share continued to strengthen in Finland. Neste has also started rolling out electric charging at its largest stations. The roll-out will be gradual covering both Finland and the Baltics in the next few years.

Neste outlined its updated strategy at the Capital Markets Day held on June 20 in London. Neste will continue to differentiate itself from competitors with its flexible global operating platform and focus on feedstock growth and expansion in most attractive markets. We remain confident that our flexible business model will continue to deliver a source of sustainable competitive advantage both short term and in the future.

In the second half of 2023, we continue to focus on the ramp-up of our new capacities at Singapore and Martinez and the value creation from our global business platform.

Outlook

Visibility in the global economy continues to be low due to high inflation, reduced economic growth expectations and continued geopolitical uncertainty. We expect volatility in oil products and renewable feedstock markets to continue.

Renewable Products' third-quarter renewable diesel and SAF sales volume is expected to be somewhat lower than in the second quarter of 2023. The sales volume is affected by the continued repair works in the new production line in July, after which the ramp-up of the capacity expansion continues. The sales volume impact from the repair works of the new production line in the second and third quarter is estimated to be approximately 230,000 tons for the second half of 2023 versus plan. Neste expects the ramp-up of the production of the Singapore expansion to be completed by the end of the year and Renewable Products' renewable diesel and SAF sales volumes to grow after the third quarter. The sales volume for the second half of 2023 is also affected by a planned 5-week maintenance shutdown in the Singapore existing production line which is currently estimated to have a negative impact of approximately EUR 85 million on the segment's comparable EBITDA.

Based on the current outlook, Neste's third-quarter comparable sales margin is expected to remain very strong and to be in the range of USD 800–900/ton.

The segment's third-quarter fixed costs are expected to be approximately EUR 15 million higher than in the second quarter, driven by the start-up of production from our growth projects.

Neste has also scheduled a 4-week maintenance shutdown at the Rotterdam refinery in the fourth quarter of 2023 with an estimated negative impact of approximately EUR 65 million on the segment's comparable EBITDA.

The market in Oil Products is expected to remain volatile. Based on the current forward market, the third-quarter total refining margin is expected to be slightly higher than in the second quarter. The third-quarter sales volumes are expected to remain high, supported by the summer driving season.

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

Based on the current estimates and an FX hedging rate of approx. 88%, Neste's effective EUR/US dollar rate is expected to be within the range of 1.06–1.07 in the third quarter of 2023.

Neste estimates the Group's full-year 2023 cash-out capital expenditure excluding M&A to be approx. EUR 1.6–1.7 billion.

Neste's Half-Year Financial Report, 1 January – 30 June 2023

The Half-Year Financial Report is unaudited.

Figures in parentheses refer to the corresponding period for 2022, unless otherwise stated.

Key Figures

EUR million (unless otherwise noted)

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Revenue	5,351	7,039	5,298	10,649	12,562	25,707
EBITDA	523	927	463	986	1,843	3,048
Comparable EBITDA*	784	1,085	830	1,614	1,663	3,537
Operating profit	312	769	285	597	1,532	2,410
Profit before income taxes	295	750	276	571	1,485	2,279
Net profit	259	599	238	497	1,238	1,891
Comparable net profit	482	740	553	1,035	1,084	2,336
Earnings per share, EUR	0.34	0.78	0.31	0.64	1.61	2.46
Comparable earnings per share, EUR	0.63	0.96	0.72	1.35	1.41	3.04
Investments	469	272	799	1,268	526	2,218
Net cash generated from operating activities	418	254	377	794	-385	1,197

	30 June 2023	30 June 2022	31 Dec 2022
Total equity	7,778	7,661	8,327
Interest-bearing net debt	2,496	1,404	1,344
Capital employed	11,313	10,230	10,942
Comparable return on average capital employed after tax (Comparable ROACE)**, %	27.4	24.6	30.1
Equity per share, EUR	10.12	9.97	10.83
Leverage ratio, %	24.3	15.5	13.9

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

** Last 12 months

The Group's second-quarter 2023 results

Neste's revenue in the second quarter totaled EUR 5,351 million (7,039 million). The revenue decreased mostly due to lower market and sales prices, which had a negative impact of approx. EUR 2.1 billion. Higher sales volumes had a positive impact of approx. EUR 0.3 billion. Additionally, a weaker US dollar had a negative impact of approx. EUR 0.1 billion on the revenue compared to the same period last year.

The Group's comparable EBITDA was EUR 784 million (1,085 million). Renewable Products' comparable EBITDA was EUR 513 million (538 million), driven by higher sales volume and higher fixed costs compared to the second quarter of 2022. Oil Products' comparable EBITDA was EUR 239 million (529 million), as refining margins have been normalizing from the high levels in the second quarter of 2022. Marketing & Services comparable EBITDA was EUR 29 million (35 million). The Others segment's comparable EBITDA was EUR 0 million (-10 million).

The Group's EBITDA was EUR 523 million (927 million), which was impacted by inventory valuation losses of EUR 305 million (gains 153 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 38 (-296 million), mainly related to margin hedging. Profit before income taxes was EUR 295 million (750 million), and net profit EUR 259 million (599 million). Comparable earnings per share were EUR 0.63 (0.96), and earnings per share EUR 0.34 (0.78).

The Group's January–June 2023 results

Neste's revenue in the first six months totaled EUR 10,649 million (12,562 million). The revenue decrease resulted from lower market and sales prices, which had a negative impact of approx. EUR 2.5 billion, and higher sales volumes, which had a positive impact of approx. EUR 0.4 billion. A stronger US dollar had a positive impact of approx. EUR 0.1 billion on the revenue.

The Group's comparable EBITDA was EUR 1,614 million (1,663 million). Renewable Products' six-month comparable EBITDA was EUR 928 million (957 million), with a higher sales margin offsetting the increased fixed costs. Oil Products' comparable EBITDA was EUR 632 million (667 million). Marketing & Services comparable EBITDA was EUR 52 million (67 million). The Others segment's comparable EBITDA was EUR 1 million (-11 million).

The Group's EBITDA was EUR 986 million (1,843 million), which was impacted by inventory valuation losses of EUR 579 million (gains 268 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -60 million (-77 million), mainly related to utility price and margin hedging. Profit before income taxes was EUR 571 million (1,485 million), and net profit was EUR 497 million (1,238 million). Comparable earnings per share were EUR 1.35 (1.41), and earnings per share were EUR 0.64 (1.61).

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
COMPARABLE EBITDA	784	1,085	830	1,614	1,663	3,537
- inventory valuation gains/losses	-305	153	-274	-579	268	-352
- changes in the fair value of open commodity and currency derivatives	38	-296	-98	-60	-77	-131
- capital gains/losses	2	5	4	6	9	10
- other adjustments	5	-20	0	5	-20	-16
EBITDA	523	927	463	986	1,843	3,048

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Group's comparable EBITDA, 2022	1,085	1,663
Sales volumes	80	42
Sales margin	-274	81
Currency exchange	-28	5
Fixed costs	-90	-178
Others	11	2
Group's comparable EBITDA, 2023	784	1,614

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

	4-6	1-6
Group's comparable EBITDA, 2022	1,085	1,663
Renewable Products	-25	-29
Oil Products	-291	-35
Marketing & Services	-6	-15
Others, including eliminations	20	30
Group's comparable EBITDA, 2023	784	1,614

Financial targets

Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio are Neste's key financial targets. The company's long-term Comparable ROACE target is over 15%, and the leverage ratio target is below 40%. At the end of June, Comparable ROACE calculated over the last 12 months was 27.4%, and leverage ratio remained well below the 40% target at 24.3%.

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Comparable return on average capital employed after tax (Comparable ROACE)*, %	27.4	24.6	30.1
Leverage ratio (net debt to capital), %	24.3	15.5	13.9

*Last 12 months.

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 794 million (-385 million) during the first six months of 2023. This increase is mainly due to the price levels normalizing from the peaks in 2022, lowering the net working capital. Cash flow before financing activities was EUR -126 million (-968 million). The Group's net working capital in days outstanding was 38.7 days (56.4 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
EBITDA	523	927	463	986	1,843	3,048
Capital gains/losses	0	6	0	0	2	0
Other adjustments	-36	375	180	144	167	-55
Change in net working capital	3	-997	-209	-205	-2,305	-1,357
Finance cost, net	-33	-12	-23	-56	-25	-42
Income taxes paid	-40	-46	-34	-74	-67	-398
Net cash generated from operating activities	418	254	377	794	-385	1,197
Capital expenditure	-395	-233	-550	-945	-428	-1,757
Other investing activities	-46	-29	71	25	-155	170
Free cash flow (Cash flow before financing activities)	-24	-8	-102	-126	-968	-390

Cash-out investments excluding M&A were EUR 769 million (428 million), and totaled EUR 945 million (428 million) including M&A during January-June. Maintenance investments accounted for EUR 139 million (105 million) and productivity and strategic investments for EUR 807 million (323 million). Renewable Products' investments were EUR 861 million (356 million). Oil Products' investments amounted to EUR 58 million (32 million), and Marketing & Services' investments totaled EUR 5 million (8 million). Investments in the Others segment were EUR 21 million (25 million), concentrating on IT and business infrastructure upgrade.

In order to support further business growth, Neste has established a Euro Medium Term Note (EMTN) program and has subsequently completed two green EUR 500 million bond issues under the program. These were the first transactions as a rated A3 issuer. The bonds have maturities of 2029 and 2033 and pay a fixed coupon of 3.875 per cent and 4.250 per cent respectively. Neste also completed a tender offer for the bond maturing in 2024 and bought back EUR 198.8 million in aggregate nominal amount of notes.

Interest-bearing net debt was EUR 2,496 million at the end of June 2023, compared to EUR 1,344 million at the end of 2022. The average interest rate of borrowing at the end of June was 3.4% (1.1%) and the average maturity was 4.7 (2.8) years. At the end of the second quarter, the Net debt to EBITDA ratio was 1.1 (0.4) over the last 12 months.

The leverage ratio was 24.3% at the end of June (31 Dec 2022: 13.9%). The Group's strong financial position enables the implementation of the company's growth strategy going forward while maintaining a competitive and over time growing dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,939 million at the end of June (31 Dec 2022: 2,871 million). There are no financial covenants in the Group companies' current loan agreements.

In accordance with its hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of June, the Group's foreign currency hedging ratio was approx. 50% of the sales margin for the next 12 months.

US dollar exchange rate

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
EUR/USD, market rate	1.09	1.07	1.07	1.08	1.09	1.05
EUR/USD, effective rate*	1.05	1.12	1.05	1.05	1.14	1.11

Segment reviews

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

Renewable Products

Key financials	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Revenue, MEUR	2,164	2,728	1,842	4,006	4,905	9,905
EBITDA, MEUR	276	284	124	401	831	1,328
Comparable EBITDA, MEUR	513	538	415	928	957	1,762
Operating profit, MEUR	158	219	36	193	704	1,046
Net assets, MEUR	7,868	5,495	7,411	7,868	5,495	6,433
Return on net assets*, %	8.1	32.0	9.7	8.1	32.0	18.6
Comparable return on net assets*, %	21.0	30.3	23.8	21.0	30.3	26.6
Comparable sales margin, USD/ton**	800	841	945	863	813	779

* Last 12 months

** Calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable EBITDA, 2022	538	957
Sales volumes	75	10
Sales margin	-12	92
Currency exchange	-15	10
Fixed costs	-73	-141
Others	0	0
Comparable EBITDA, 2023	513	928

Key drivers

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Biomass-based diesel (D4) RIN, USD/gal	1.51	1.70	1.66	1.59	1.61	1.69
California LCFS Credit, USD/ton	81	104	66	74	122	99
Palm oil price*, USD/ton	794	1,389	904	849	1,375	1,116
Waste and residues' share of total feedstock, %	96	96	96	96	95	95

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

Renewable Products' second-quarter comparable EBITDA totaled EUR 513 million, compared to EUR 538 million in the second quarter of 2022. The second-quarter sales margin was impacted by costs related to the ramp-up of the new production line at the Singapore refinery and by a higher amount of the Martinez refinery sales with a low sales margin in the absence of pretreatment facilities, which are expected to be available by the end of the year. The sales margin was also impacted by sales mix and certain timing differences in the revenue recognition of biotickets. The waste and residue market remained relatively stable, as expected.

Lower sales margin had a negative impact of EUR -12 million on the comparable EBITDA year-on-year. The BTC contribution included in the sales margin was EUR 102 million (76 million) in the second quarter. Our sales volumes for renewable products developed positively and increased to 957,000 tons. The sales volumes were higher than in the second quarter of 2022, which had a positive impact of EUR 75 million on the comparable EBITDA year-on-year. During the second quarter approx. 60% (71%) of the volumes were sold to the European market and 40% (29%) to North America. The share of 100% renewable diesel delivered to end-users was 27% (24%) in the second quarter. Renewable diesel and SAF production had an average utilization rate of 107% (103%) during the quarter. The proportion of waste and residue inputs was high at 96% (96%), enabled by Neste's continued focus on developing global waste and residue sourcing. A weaker US dollar had a negative impact of EUR -15 million on the comparable EBITDA compared to the second quarter of 2022. The segment's fixed costs were EUR 73 million higher than in the corresponding period of 2022 as Neste continues to build the global platform. Renewable Products' comparable return on net assets was 21.0% (30.3%) at the end of June based on the previous 12 months.

Vegetable oil prices continued to decrease throughout the quarter, first led by soybean oil (SBO) due to good crop prospects in the Americas, continued by palm oil taking the overall complex further down while weather concerns gave some support to SBO. Waste and residue feedstock price developments varied depending on the market area. While US prices resisted the vegetable oil price drop by remaining relatively steady due to new renewable diesel units creating support, in the EU animal fat prices showed a clear decrease and used cooking oil price was also further decreasing. Despite soft demand, palm fatty acid distillate (PFAD) price remained relatively strong due to weak supply.

In the beginning of the quarter, the US Renewable Identification Number (RIN) D4 was first supported despite the weakening SBO versus heating oil price (BOHO). RIN ended the quarter unchanged from the end of the first quarter with the price development reflecting the final renewable volume obligation set for 2023 and 2024 released on 21 June. California Low Carbon Fuel Standard (LCFS) credit recovered well, but retraced slightly towards the end of the quarter as future targets are still being reassessed by the California Air Resources Board (CARB).

Renewable Products' six-month comparable EBITDA was EUR 928 million (957 million). The comparable sales margin was higher than in the first half of 2022. The higher sales margin had a positive impact of EUR 92 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 174 million (147 million) during the first six months. Higher sales volumes had a positive impact of EUR 10 million, and a stronger US dollar had a positive impact of EUR 10 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 141 million higher than in the first six months of the previous year as Neste continues to build up its global platform.

Production	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Renewable Diesel*, 1,000 ton	905	823	747	1,652	1,638	2,831
SAF, 1,000 ton	52	29	42	93	72	158
Other products, 1,000 ton	63	65	64	127	137	249
Utilization rate**, own production, %	107	103	93	100	104	91

* Including production from Martinez joint operation

** Based on nameplate capacity of 3.3 Mton/a, nameplate capacity of new production will be included when the Singapore expansion ramp-up has been completed

Sales

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Renewable Diesel, 1,000 ton	905	780	638	1,537	1,520	2,927
SAF, 1,000 ton	40	28	23	63	35	105
Other products, 1,000 ton	11	22	17	28	44	95
Share of sales volumes to Europe, %	60	71	65	61	70	67
Share of sales volumes to North America, %	40	29	35	39	30	33

Oil Products
Key financials

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Revenue, MEUR	2,919	4,043	3,174	6,093	7,062	14,596
EBITDA, MEUR	210	645	317	526	993	1,619
Comparable EBITDA, MEUR	239	529	393	632	667	1,654
Operating profit, MEUR	135	571	246	381	846	1,337
Net assets, MEUR	2,394	3,510	2,435	2,394	3,510	2,652
Return on net assets*, %	30.5	40.8	44.4	30.5	40.8	46.6
Comparable return on net assets*, %	46.9	25.0	55.5	46.9	25.0	48.0
Total refining margin, USD/bbl	16.68	29.99	21.80	19.37	20.67	23.47

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable EBITDA, 2022	529	667
Sales volumes	3	30
Total refining margin	-263	-12
Currency exchange	-13	-5
Fixed costs	-18	-31
Others	0	-18
Comparable EBITDA, 2023	239	632

Oil Products' comparable EBITDA totaled EUR 239 million (529 million) in the second quarter. Total refining margin decreased towards a more normalized level and reached USD 16.7/bbl compared to USD 30.0/bbl in the second quarter of 2022. The lower total refining margin had a negative impact of EUR -263 million on the comparable EBITDA year-on-year. Our sales volumes were at the same level as in the second quarter of 2022 and had a positive impact of EUR 3 million on the comparable EBITDA. The segment's fixed costs were EUR 18 million higher than in the second quarter of 2022. Oil Products' comparable return on net assets was 46.9% (25.0%) at the end of June over the previous 12 months. The average refinery utilization rate was 86% (89%) in the second quarter.

Crude oil prices were volatile during the second quarter but generally on a decreasing trend after a short spike during early April after OPEC+ agreed a voluntary production cut which supported a price level above USD 85/bbl. The weakening economic outlook drove the market below USD 70/bbl level towards the end of the quarter.

Key utility prices were lower compared to the first quarter. In Europe industrial use of natural gas remained below last year and inventories were seasonally high which pushed prices down. Electricity prices in Finland were lower than during the first quarter as winter heating season ended and the Olkiluoto 3 power plant was started together with new wind power capacity ramping up.

Overall, the refining margin was weaker than in the first quarter. Market was volatile but key product margins were still healthy and above long term averages. Diesel margin fell clearly during the quarter as markets were pricing in weakening industrial demand outlook. Physical demand was under pressure in Europe and markets were impacted with the slow industrial recovery in China. Gasoline margin was supported by the summer driving season and some refinery outages in Europe and the US. US gasoline demand was still healthy despite the weakening economic outlook which kept inventories at tight levels and supported European cracks. On average, gasoline was the strongest part of the barrel.

Oil Products' six-month comparable EBITDA was EUR 632 million (667 million). The total refining margin averaged USD 19.4/bbl (20.7/bbl) in the first six months of 2023. The lower total refining margin had a slight negative impact of EUR -12 million on the comparable EBITDA compared to the same period last year. Sales volumes were at a higher level and had a positive impact of EUR 30 million on the comparable EBITDA year-on-year. Fx rates had a negative impact of EUR -5 million on the comparable EBITDA, and the segment's fixed costs were EUR 31 million higher than in the first half of 2022.

Production	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Refinery						
- Production, 1,000 ton	2,710	2,872	2,730	5,440	5,715	11,176
- Utilization rate, %	86	89	81	83	91	85
Refinery production costs, USD/bbl	6.3	6.8	7.7	7.0	7.2	7.5

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

	4-6/23	%	4-6/22	%	1-3/23	%	1-6/23	%	1-6/22	%	2022	%
Middle distillates*	1,363	49	1,358	49	1,390	46	2,753	48	2,628	49	5,403	48
Light distillates**	989	36	1,115	40	1,122	37	2,111	36	2,162	40	4,438	39
Heavy fuel oil	339	12	219	8	371	12	710	12	328	6	930	8
Base oils	77	3	67	3	60	2	137	2	183	3	296	3
Other products	8	0	13	0	81	3	89	1	91	2	244	2
TOTAL	2,776	100	2,771	100	3,024	100	5,800	100	5,391	100	11,310	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)

	4-6/23	%	4-6/22	%	1-3/23	%	1-6/23	%	1-6/22	%	2022	%
Baltic Sea area*	1,668	60	1,696	61	1,786	59	3,454	61	3,240	60	6,843	61
Other Europe	736	27	683	25	842	28	1,578	28	1,387	26	2,897	26
North America	314	11	283	10	179	6	493	9	603	11	943	8
Other areas	59	2	109	4	217	7	276	5	160	3	627	6

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

Marketing & Services

Key financials	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Revenue, MEUR	1,189	1,481	1,290	2,479	2,710	5,876
EBITDA, MEUR	29	35	23	52	68	127
Comparable EBITDA, MEUR	29	35	23	52	67	126
Operating profit, MEUR	21	28	16	37	54	98
Net assets, MEUR	254	258	268	254	258	227
Return on net assets*, %	31.8	41.2	35.2	31.8	41.2	40.8
Comparable return on net assets*, %	31.8	42.0	35.0	31.8	42.0	40.5

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR	4-6	1-6
Comparable EBITDA, 2022	35	67
Sales volumes	2	1
Unit margins	-6	-11
Currency exchange	0	0
Fixed costs	-3	-8
Others	1	3
Comparable EBITDA, 2023	29	52

Marketing & Services' comparable EBITDA was EUR 29 million (35 million) in the second quarter. Sales volumes increased year-over-year, supported mainly by the improved market share in Finland and the recovering aviation sector. Unit margins were on a good level, however decreasing from prior year's exceptional levels. Prior year margins were supported by significant inventory profit, while this year the decrease in global oil product prices resulted in an inventory loss. The segment's fixed costs were higher than in the second quarter of 2022, mostly driven by IT related costs and inflation. Marketing & Services' comparable return on net assets was 31.8% (42.0%) at the end of June on a rolling 12-month basis.

Marketing & Services segment's six-month comparable EBITDA was EUR 52 million (67 million). Sales volumes were slightly higher compared to the same period last year. Our average unit margins were lower, which had a negative impact of EUR -11 million on the result year-over-year. Prior year margins were supported significantly by inventory profits. The segment's fixed costs were EUR 8 million higher compared to the first six months of 2022.

Sales volumes by main product categories,
million liters

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Gasoline station sales	162	154	138	300	284	600
Diesel station sales	397	405	391	788	793	1,620
Heating oil	170	160	211	381	381	907

Net sales by market area, MEUR

	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Finland	941	1,145	1,051	1,992	2,100	4,601
Baltic countries	248	336	239	487	610	1,275

Others

Key financials	4-6/23	4-6/22	1-3/23	1-6/23	1-6/22	2022
Comparable EBITDA, MEUR	0	-10	2	1	-11	-4
Operating profit, MEUR	-6	-42	-10	-15	-55	-70

The Others segment consists of Engineering Solutions and common corporate costs. The comparable EBITDA of the Others segment totaled EUR 0 million (-10 million) in the second quarter. The six-month comparable EBITDA of the Others segment totaled EUR 1 million (-11 million). The higher comparable EBITDA compared to the previous year resulted from differences in allocations to segments.

Shares, share trading and ownership

Neste's shares are listed at Nasdaq Helsinki Ltd. The share price closed the second quarter at EUR 35.26, down by 22.4% compared to the end of first quarter. At its highest during the quarter, the share price reached EUR 46.39, while the lowest share price was EUR 34.06. Market capitalization was EUR 27.1 billion as of 30 June 2023. An average of 1.1 million shares were traded daily, representing 0.1% of the company's shares.

At the end of June 2023, Neste held 1,011,311 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 authorizations to issue and buy back shares, as decided by the Annual General Meeting of Shareholders held on 28 March 2023.

As of 30 June 2023, the State of Finland owned directly 35.9% (35.9% at the end of the first quarter) of outstanding shares, foreign institutions 38.1% (39.2%), Finnish institutions 18.0% (17.2%), and households 8.0% (7.7%).

Personnel

Neste employed an average of 5,896 (5,103) employees in the second quarter, of which 2,053 (1,563) were based outside Finland. At the end of June, the company had 6,396 employees (5,501), of which 2,158 (1,650) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures	4-6/23	4-6/22	1-6/23	1-6/22	2022
TRIF*	1.5	1.8	1.7	2.1	2.0
PSER**	1.8	0.0	1.3	1.5	1.4
GHG reduction, Mton***	2.9	2.9	5.3	5.5	11.1

* 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.

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

Neste continues to measure and report TRIF (Total Recordable Incident Frequency) and PSER (Process Safety Event Rate) as the company's long term safety key performance indicators (KPIs). This year the new organizational units in the US, for example Mahoney Environmental, are included in the KPIs while in 2022 they were reported separately due to the ongoing integration process. The year-on-year figures are therefore not directly comparable.

Neste's occupational safety incident frequency is measured by the TRIF indicator. TRIF performance improved year-on-year, including the newly introduced US organizations. Year-to-date, TRIF is inside the set target level (2.0). PSER result, the main indicator for process safety incidents, was weaker than in the second quarter 2022 but improved relative to last year's overall level and is also within the set target level (1.4).

Strong focus continues on improving safety at Neste. The focus areas continue to be: leadership and competence development, contractor safety, process safety, effective learning from incidents and integration of new activities in the Neste safety management practices. Activities include both short term improvements based on the recent performance as well as long term initiatives.

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the second quarter of 2023. A total of 3 (1) 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 produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the second quarter of 2023 this GHG reduction was 2.9 million tons (2.4 million tons).

In May, Neste was selected to the initial target validation group for science-based targets (SBTs) for nature, by the Science Based Targets Network (SBTN), which is aiming to set the global standard for ambitious and measurable corporate action on nature. Globally, only 17 companies are invited to the target validation group to pilot a global framework for setting targets and measuring and validating organizations' nature work. Neste's biodiversity vision is to achieve a nature positive value chain* by 2040. The aim is to create net positive impacts (NPI) for biodiversity from new activities from 2025 onwards and target no net loss** (NNL) of biodiversity from all ongoing activities by 2035.

In May, Neste published its annual Green Finance Report for 2022. In June 2022, Neste increased its green debt portfolio to EUR 1 billion with a EUR 500 million 3-year green term loan, which includes optionality for two 1-year extensions. This loan further supports Neste's strategy to grow in renewable and circular solutions – a key driver towards achieving the company's climate goals. Accompanied with the unallocated portion of Neste's EUR 500 million 7-year green bond issued in 2021, the proceeds of the green term loan have been fully allocated to investments in renewable products' production capacity.

In June, Neste was awarded with the Platinum EcoVadis Medal, which places Neste among the top 1% of companies assessed by EcoVadis.

In Q2, Neste expanded the living wage gap assessments to its own employees across the global operations, using data provided by the Fair Wage Network. Neste also continued to raise its suppliers' awareness on living wages and carried out worker voice surveys which provide insights on various topics impacting workers in Neste's supply chains, including living wages.

*) Nature positive value chain means that the impacts to nature are minimized and the caused negative impacts are compensated either in the direct value chain or elsewhere.

**) No net loss means net zero impact on biodiversity.

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

Main events published during the second quarter

On 5 April 2023, Neste announced that Thorsten Lange, Executive Vice President, Renewable Aviation since January 2020, steps down as a member of the Executive Committee and leaves the company. The search for his successor has been initiated. Mr Sami Jauhiainen, Vice President, Renewable Aviation, APAC, has taken the lead in the Renewable Aviation business on an interim basis. Mr Jauhiainen is not a member of the Executive Committee, but is reporting directly to the President and CEO Matti Lehmus.

On 17 April, Neste announced a strategic collaboration with Q8 to make Neste MY Renewable Diesel available in the Danish market. A new collaboration between Q8 Denmark and Neste will help Danish transport companies to significantly reduce greenhouse gas emissions of their existing fleet by switching fossil diesel to renewable diesel, which will be made available to heavy transport at nine stations.

On 3 May, Neste announced moving forward in its renewable hydrogen project in Porvoo, Finland. In accordance with its ambition to reach carbon neutral production by 2035, Neste is working on a 120 MW electrolyzer project to produce renewable (i.e. green) hydrogen at its Porvoo refinery in Finland. The company has now decided to proceed to the basic engineering phase with the project. The investment decision readiness is expected to be reached in early 2024. If an investment decision is made, green hydrogen production could start in 2026.

On 17 May, Neste published its annual Green Finance Report for 2022. The Green Finance Report, which covers green financing activities in 2022, demonstrates Neste's commitment to combating climate change and accelerating a shift towards a circular economy. Neste's Green Finance Report 2022 and the Green Finance Framework are available on the company's [website](#).

On 15 June, Neste announced the final investment decision to commence construction of upgrading facilities for liquefied plastic waste at its Porvoo refinery in Finland. With the investment of 111 million euros, Neste will build the capacity to upgrade 150,000 tons of liquefied waste plastic per year. Upgrading is one of the three processing steps turning liquefied waste plastic into high-quality feedstock for new plastics: pretreatment, upgrading and refining. The investment is part of a broader project (PULSE*), which has received an EU Innovation Fund grant of 135 million euros if fully implemented and is targeting a total capacity of 400,000 tons per year.

On 16 June, Neste announced that Mercedes Alonso, Executive Vice President of Neste's Renewable Polymers and Chemicals business unit has decided to leave the company to pursue other opportunities, and she will step down by the beginning of the fourth quarter. The search for Alonso's successor has been initiated.

On 19 June, Neste announced that it is holding its Capital Markets Day 2023 on 20 June in London under the theme "Global growth and value creation continues". Neste's financial targets were unchanged while the dividend policy was updated as follows: "Neste's target is to pay a competitive and over time growing dividend." The former dividend policy was that the company distributes at least 50% of the company's comparable net profit for the year in the form of dividends. The full stock exchange release is available on the company's [website](#).

Potential risks

Despite recent signs of improvement, the overall market and economic outlook remains fragile with exceptional inflation in Europe and the US, high interest rates, trade tensions, concerns about financial vulnerabilities and security risks generated by the war in Ukraine. Neste's growth and financial performance may be impacted by the

general macroeconomic and political uncertainties. In addition, regulatory changes on the European Union or individual member state level or in the US may adversely affect Neste's profitability and growth prospects.

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

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

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

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

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

Neste will publish its third-quarter results on 26 October 2023 at approximately 9:00 a.m. EET.

Espoo, 26 July 2023

Neste Corporation
Board of Directors

Further information:

Matti Lehmus, President and CEO, tel. +358 10 458 11
Martti Ala-Härkönen, CFO, tel. +358 40 737 6633
Investor Relations, tel. +358 50 458 8436

Conference call

A conference call in English for investors and analysts will be held on 27 July 2023, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. In order to receive the participant dial in numbers and a unique personal PIN, participants are requested to register using this link:

<https://register.vevent.com/register/BI33cb6ab84165484f973c73d22c40487e>. The conference call can also be followed [as a webcast](#).

The preceding information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Corporation's or its businesses' actual results, levels of activity, performance or

achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

NESTE GROUP
JANUARY - JUNE 2023
The half-year financial report is unaudited
FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Revenue	3, 4	5,351	7,039	10,649	12,562	25,707	23,795
Other income		17	12	28	24	54	57
Share of profit (loss) of associates and joint ventures	8	3	-1	5	0	2	7
Materials and services		-4,511	-5,870	-9,048	-10,262	-21,648	-20,434
Employee benefit costs		-170	-135	-323	-257	-545	-611
Depreciation, amortization and impairments	4	-212	-158	-389	-311	-638	-716
Other expenses		-166	-118	-325	-223	-522	-624
Operating profit	4	312	769	597	1,532	2,410	1,475
Financial income and expenses							
Financial income		9	1	17	2	9	24
Financial expenses		-37	-13	-59	-25	-60	-94
Exchange rate and fair value gains and losses		11	-8	16	-24	-80	-40
Total financial income and expenses		-17	-20	-26	-47	-131	-111
Profit before income taxes		295	750	571	1,485	2,279	1,365
Income tax expense		-36	-151	-74	-247	-388	-215
Profit for the period		259	599	497	1,238	1,891	1,150
Profit attributable to:							
Owners of the parent		258	600	495	1,238	1,888	1,145
Non-controlling interests		1	-1	2	0	3	4
		259	599	497	1,238	1,891	1,150
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.34	0.78	0.64	1.61	2.46	1.49
Diluted earnings per share		0.34	0.78	0.64	1.61	2.46	1.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Profit for the period	259	599	497	1,238	1,891	1,150
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	3	30	12	39	18	-9
Net change of other investments at fair value	0	0	-3	0	-5	-8
Total	3	30	9	39	13	-17
Items that may be reclassified subsequently to profit or loss						
Translation differences	-3	32	-40	40	-56	-136
Cash flow hedges						
recorded in equity	-9	-62	27	-90	19	135
transferred to income statement	-35	48	-57	70	90	-37
Share of other comprehensive income of investments accounted for using the equity method	0	5	-1	12	17	5
Total	-47	23	-72	32	70	-34
Other comprehensive income for the period, net of tax	-45	53	-63	70	82	-51
Total comprehensive income for the period	214	652	434	1,308	1,973	1,099
Total comprehensive income attributable to:						
Owners of the parent	213	653	432	1,308	1,970	1,094
Non-controlling interests	1	-1	2	0	3	4
	214	652	434	1,308	1,973	1,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 June 2023	30 June 2022	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets	7	698	566	570
Property, plant and equipment	7	7,269	5,323	6,570
Investments in associates and joint ventures	8	66	59	63
Non-current receivables	10	123	92	103
Deferred tax assets		113	51	59
Derivative financial instruments	10	3	35	5
Other financial assets	10	41	48	44
Total non-current assets		8,313	6,172	7,413
Current assets				
Inventories		3,725	4,514	3,648
Trade and other receivables		1,906	2,949	2,178
Derivative financial instruments	10	285	508	406
Current investments		0	25	0
Cash and cash equivalents	10	1,039	1,140	1,271
Total current assets		6,954	9,136	7,504
Assets classified as held for sale		0	5	0
Total assets	4	15,268	15,313	14,917
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		7,734	7,617	8,282
Total		7,774	7,657	8,322
Non-controlling interests		4	4	5
Total equity		7,778	7,661	8,327
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	10	2,809	1,882	1,964
Deferred tax liabilities		330	290	336
Provisions		250	244	200
Pension liabilities		104	99	119
Derivative financial instruments	10	7	1	12
Other non-current liabilities		26	46	43
Total non-current liabilities		3,526	2,561	2,674
Current liabilities				
Interest-bearing liabilities	10	726	687	651
Current tax liabilities		93	218	43
Derivative financial instruments	10	267	626	200
Trade and other payables		2,878	3,559	3,022
Total current liabilities		3,964	5,090	3,916
Liabilities related to assets held for sale		0	0	0
Total liabilities	4	7,490	7,651	6,590
Total equity and liabilities		15,268	15,313	14,917

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Cash flows from operating activities					
Profit before income taxes	295	750	571	1,485	2,279
Adjustments, total	192	560	559	527	715
Change in net working capital	3	-997	-205	-2,305	-1,357
Cash generated from operations	491	312	925	-293	1,637
Finance cost, net	-33	-12	-56	-25	-42
Income taxes paid	-40	-46	-74	-67	-398
Net cash generated from operating activities	418	254	794	-385	1,197
Cash flows from investing activities					
Capital expenditure	-395	-233	-769	-428	-1,743
Acquisitions of subsidiaries	0	0	-176	0	-14
Proceeds from sales of subsidiaries, joint arrangements and other business operations	0	149	0	155	157
Proceeds from capital repayments in joint arrangements	0	7	0	7	13
Proceeds from sales of property, plant and equipment	0	0	0	10	30
Changes in long-term receivables and other investments	-46	-186	25	-327	-31
Cash flows from investing activities	-442	-262	-921	-583	-1,588
Cash flow before financing activities	-24	-8	-126	-968	-390
Cash flows from financing activities					
Net change in loans and other financing activities	-97	628	486	717	595
Dividends paid to the owners of the parent	-582	-314	-582	-314	-630
Dividends paid to non-controlling interests	-3	0	-3	0	-2
Cash flows from financing activities	-681	314	-99	402	-37
Net increase (+) / decrease (-) in cash and cash equivalents	-705	306	-226	-566	-427
Cash and cash equivalents at the beginning of the period	1,747	827	1,271	1,696	1,696
Exchange gains (+) / losses (-) on cash and cash equivalents	-3	7	-7	10	3
Cash and cash equivalents at the end of the period	1,039	1,140	1,039	1,140	1,271

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 2023	40	7	16	-5	98	-78	-66	8,309	8,322	5	8,327
Profit for the period								495	495	2	497
Other comprehensive income for the period, net of tax					-34	12	-40		-63	0	-63
Total comprehensive income for the period	0	0	0	0	-34	12	-40	495	432	2	434
Transactions with the owners in their capacity as owners											
Dividend decision								-975	-975	-3	-978
Share-based compensation				1				-2	-2		-2
Transfer from retained earnings		0					0	-2	-2		-2
Total equity at 30 June 2023	40	7	16	-5	64	-67	-106	7,824	7,774	4	7,778

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2022	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985
Profit for the period								1,238	1,238	0	1,238
Other comprehensive income for the period, net of tax					-8	39	40		70	0	70
Total comprehensive income for the period	0	0	0	0	-8	39	40	1,238	1,308	0	1,308
Transactions with the owners in their capacity as owners											
Dividend decision								-630	-630	0	-630
Share-based compensation				1				-3	-3		-3
Transfer from retained earnings		-10					0	10	0		0
Total equity at 30 June 2022	40	9	16	-5	-30	-58	30	7,655	7,657	4	7,661

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

KEY FIGURES

	30 June 2023	30 June 2022	31 Dec 2022	Last 12 months
Revenue	10,649	12,562	25,707	23,795
Profit for the period	497	1,238	1,891	1,150
Earnings per share (EPS), EUR	0.64	1.61	2.46	1.49
Alternative performance measures				
EBITDA, EUR million	986	1,843	3,048	2,191
Comparable EBITDA, EUR million	1,614	1,663	3,537	3,488
Capital employed, EUR million	11,313	10,230	10,942	-
Interest-bearing net debt, EUR million	2,496	1,404	1,344	-
Capital expenditure and investment in shares, EUR million	1,268	526	2,218	2,960
Comparable return on average capital employed, after tax, (ROACE) %	27.4	24.6	30.1	-
Return on equity, (ROE) %	14.7	32.2	25.1	-
Equity per share, EUR	10.12	9.97	10.83	-
Cash flow per share, EUR	1.03	-0.50	1.56	3.09
Comparable earnings per share, EUR	1.35	1.41	3.04	2.98
Comparable net profit	1,035	1,084	2,336	2,287
Equity-to-assets ratio, %	51.1	50.4	56.3	-
Leverage ratio, %	24.3	15.5	13.9	-
Net working capital in days outstanding	38.7	56.4	35.4	-
Net Debt to EBITDA, %	1.1	0.4	0.4	-
Weighted average number of shares outstanding	768,151,127	768,036,655	768,060,103	768,116,401
Number of shares outstanding at the end of the period	768,199,747	768,083,170	768,083,170	-
Average number of personnel	5,896	5,103	5,244	-

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 2022 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 2022, 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 2022 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 2023. 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.

Neste is preparing for the adoption of Pillar 2 minimum tax rules in the beginning of 2024 and will disclose qualitative and quantitative information about the impacts in 2023 financial statements according to IAS 12.

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 geopolitical and economical uncertainty

Neste continued to assess the impacts of geopolitical and economical uncertainty 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 with liquid funds EUR 1,039 million and committed unutilized credit facilities EUR 1,900 million on 30 June 2023.

2. TREASURY SHARES

Neste Corporation has on 15 March 2023 transferred a total of 112,310 treasury shares without consideration to the participants of Neste Group's Performance Share Plan 2020-2022 and the Restricted Share Plan 2020-2022 as share rewards based on the terms and conditions of these plans. The plans are part of the share-based incentive scheme 2019 of Neste, announced with a stock exchange release on 11 December 2018. The transfer of own shares is implemented as a directed share issue without consideration based on a decision made by the Board of Directors of Neste Corporation. The decision of the Board of Directors is based on a share issue authorization granted by the Annual General Meeting of Shareholders on 18 May 2020.

Neste Corporation has on 22 May 2023 transferred 4,267 treasury shares to a key person participating in the Performance Share Plan 2020-2022 and Restricted Share Plan 2020-2022 of Neste Corporation. The shares were transferred as a share reward without consideration in accordance with the terms and conditions of the plans. The plans are part of the share-based incentive scheme 2019 of Neste, announced with a stock exchange release on 11 December 2018 and consisting of separately launched individual plans. The transfer of own shares is implemented as a directed share issue without consideration based on a decision made by the Board of Directors of Neste Corporation. The decision of the Board of Directors is based on a share issue authorization granted by the Annual General Meeting of Shareholders on 18 May 2020. The number of treasury shares after the directed share issue is 1,011,311 shares.

3. REVENUE

REVENUE BY CATEGORY

External revenue	4-6/2023					4-6/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,934	2,065	1,149	0	5,148	2,556	2,824	1,429	0	6,808
Light distillates	24	763	264	0	1,051	27	1,494	304	0	1,824
Middle distillates	1,910	1,205	884	0	3,998	2,528	1,086	1,124	0	4,738
Heavy fuel oil	0	98	1	0	99	0	245	2	0	246
Other products	160	2	26	0	188	82	94	31	0	207
Other services	1	0	4	10	14	0	15	2	7	24
Total	2,095	2,067	1,179	10	5,351	2,637	2,933	1,462	7	7,039

External revenue	1-6/2023					1-6/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	3,502	4,255	2,396	0	10,153	4,467	4,736	2,616	0	11,819
Light distillates	73	1,578	494	0	2,145	56	2,468	524	0	3,048
Middle distillates	3,429	2,362	1,900	0	7,691	4,411	1,841	2,088	0	8,341
Heavy fuel oil	0	315	3	0	317	0	428	3	0	431
Other products	366	47	56	0	469	288	345	59	0	692
Other services	3	0	6	18	27	0	34	4	12	50
Total	3,871	4,302	2,459	18	10,649	4,756	5,116	2,678	12	12,562

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	8,629	9,570	5,679	0	23,879	7,664	9,089	5,460	0	22,212
Light distillates	162	4,736	1,116	0	6,013	179	3,845	1,086	0	5,110
Middle distillates	8,467	3,899	4,559	0	16,925	7,485	4,420	4,370	0	16,275
Heavy fuel oil	0	936	5	0	941	0	823	5	0	828
Other products	1,008	573	129	0	1,710	1,086	274	126	0	1,487
Other services	4	80	9	26	119	6	45	12	32	96
Total	9,640	10,223	5,818	26	25,707	8,756	9,408	5,598	32	23,795

¹⁾ Light distillates comprise motor gasoline, gasoline components, LPG, renewable naphtha, and biopropane. Middle distillates comprise diesel, aviation fuels, low sulphur marine fuels, heating oil, renewable fuels, and sustainable aviation 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	4-6/2023					4-6/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,094	2,067	1,176	0	5,336	2,637	2,918	1,460	0	7,015
Services transferred at point in time	1	0	4	0	5	0	15	2	0	18
Services transferred over time	0	0	0	10	10	0	0	0	6	6
Total	2,095	2,067	1,179	10	5,351	2,637	2,933	1,462	7	7,039

External revenue	1-6/2023					1-6/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	3,868	4,302	2,452	0	10,622	4,756	5,082	2,675	0	12,512
Services transferred at point in time	3	0	6	0	9	0	34	4	1	39
Services transferred over time	0	0	0	18	18	0	0	0	11	11
Total	3,871	4,302	2,459	18	10,649	4,756	5,116	2,678	12	12,562

External revenue	1-12/2022					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	9,637	10,143	5,809	0	25,589	8,749	9,363	5,586	0	23,699
Services transferred at point in time	4	80	9	1	93	6	45	12	1	64
Services transferred over time	0	0	0	25	25	0	0	0	32	32
Total	9,640	10,223	5,818	26	25,707	8,756	9,408	5,598	32	23,795

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
4-6/2023						
External revenue	2,095	2,067	1,179	10	0	5,351
Internal revenue	69	852	9	21	-951	0
Total revenue	2,164	2,919	1,189	30	-951	5,351
4-6/2022						
External revenue	2,637	2,933	1,462	7	0	7,039
Internal revenue	91	1,110	19	31	-1,251	0
Total revenue	2,728	4,043	1,481	38	-1,251	7,039
1-6/2023						
External revenue	3,871	4,302	2,459	18	0	10,649
Internal revenue	135	1,791	20	43	-1,990	0
Total revenue	4,006	6,093	2,479	61	-1,990	10,649
1-6/2022						
External revenue	4,756	5,116	2,678	12	0	12,562
Internal revenue	149	1,946	32	61	-2,188	0
Total revenue	4,905	7,062	2,710	73	-2,188	12,562
1-12/2022						
External revenue	9,640	10,223	5,818	26	0	25,707
Internal revenue	265	4,373	58	120	-4,816	0
Total revenue	9,905	14,596	5,876	147	-4,816	25,707
Last 12 months						
External revenue	8,756	9,408	5,598	32	0	23,795
Internal revenue	251	4,219	46	102	-4,618	0
Total revenue	9,007	13,627	5,644	135	-4,618	23,795

REVENUE BY OPERATING DESTINATION

	4-6/2023					4-6/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	95	468	930	10	1,503	111	959	1,125	5	2,200
Other Nordic countries	577	232	0	0	810	773	358	1	0	1,132
Baltic Rim	3	121	248	0	372	11	200	336	0	546
Other European countries	564	636	1	0	1,201	686	732	1	1	1,420
North and South America	838	605	0	0	1,443	995	681	0	1	1,677
Other countries	17	5	0	0	22	61	2	0	0	64
Total	2,095	2,067	1,179	10	5,351	2,637	2,933	1,462	7	7,039
1-6/2023										
External revenue										
Finland	180	1,172	1,969	18	3,338	229	1,660	2,063	10	3,962
Other Nordic countries	1,081	516	1	0	1,599	1,511	642	1	0	2,154
Baltic Rim	15	240	488	0	743	43	243	613	0	899
Other European countries	1,011	1,285	1	0	2,297	1,097	1,415	1	1	2,514
North and South America	1,533	1,082	0	0	2,615	1,790	1,126	0	1	2,917
Other countries	52	5	0	0	57	85	30	0	0	116
Total	3,871	4,302	2,459	18	10,649	4,756	5,116	2,678	12	12,562
1-12/2022										
External revenue										
Finland	352	3,547	4,536	24	8,459	303	3,059	4,442	32	7,835
Other Nordic countries	2,930	1,416	2	0	4,348	2,500	1,291	2	0	3,793
Baltic Rim	73	500	1,278	0	1,850	45	497	1,152	0	1,694
Other European countries	2,399	2,729	2	1	5,131	2,313	2,599	2	0	4,914
North and South America	3,685	2,000	0	1	5,685	3,428	1,956	0	0	5,384
Other countries	202	31	0	1	234	168	6	0	1	175
Total	9,640	10,223	5,818	26	25,707	8,756	9,408	5,598	32	23,795
Last 12 months										
External revenue										
Finland	352	3,547	4,536	24	8,459	303	3,059	4,442	32	7,835
Other Nordic countries	2,930	1,416	2	0	4,348	2,500	1,291	2	0	3,793
Baltic Rim	73	500	1,278	0	1,850	45	497	1,152	0	1,694
Other European countries	2,399	2,729	2	1	5,131	2,313	2,599	2	0	4,914
North and South America	3,685	2,000	0	1	5,685	3,428	1,956	0	0	5,384
Other countries	202	31	0	1	234	168	6	0	1	175
Total	9,640	10,223	5,818	26	25,707	8,756	9,408	5,598	32	23,795

4. SEGMENT INFORMATION

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

REVENUE	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	2,164	2,728	4,006	4,905	9,905	9,007
Oil Products	2,919	4,043	6,093	7,062	14,596	13,627
Marketing & Services	1,189	1,481	2,479	2,710	5,876	5,644
Others	30	38	61	73	147	135
Eliminations	-951	-1,251	-1,990	-2,188	-4,816	-4,618
Total	5,351	7,039	10,649	12,562	25,707	23,795

OPERATING PROFIT	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	158	219	193	704	1,046	535
Oil Products	135	571	381	846	1,337	872
Marketing & Services	21	28	37	54	98	81
Others	-6	-42	-15	-55	-70	-30
Eliminations	4	-6	1	-17	-1	17
Total	312	769	597	1,532	2,410	1,475

EBITDA	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	276	284	401	831	1,328	897
Oil Products	210	645	526	993	1,619	1,152
Marketing & Services	29	35	52	68	127	111
Others	5	-31	7	-32	-24	14
Eliminations	4	-6	1	-17	-1	17
Total	523	927	986	1,843	3,048	2,191

COMPARABLE EBITDA	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	513	538	928	957	1,762	1,732
Oil Products	239	529	632	667	1,654	1,619
Marketing & Services	29	35	52	67	126	111
Others	0	-10	1	-11	-4	8
Eliminations	4	-6	1	-17	-1	17
Total	784	1,085	1,614	1,663	3,537	3,488

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	119	66	207	127	282	362
Oil Products	74	74	145	147	282	280
Marketing & Services	8	7	15	14	29	30
Others	11	12	22	24	46	44
Eliminations	0	0	0	0	0	0
Total	212	158	389	311	638	716

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	Last 12 months
Renewable Products	390	229	1,102	433	1,952	2,622
Oil Products	48	25	118	59	180	240
Marketing & Services	20	5	25	9	24	40
Others	11	13	22	25	62	59
Eliminations	0	0	0	0	0	0
Total	469	272	1,268	526	2,218	2,960

TOTAL ASSETS	30 June 2023	30 June 2022	31 Dec 2022
Renewable Products	9,194	7,107	7,894
Oil Products	3,905	5,719	4,493
Marketing & Services	703	713	704
Others	365	365	351
Unallocated assets	1,585	1,898	1,932
Eliminations	-485	-488	-458
Total	15,268	15,313	14,917

	30 June 2023	30 June 2022	31 Dec 2022
NET ASSETS			
Renewable Products	7,868	5,495	6,433
Oil Products	2,394	3,510	2,652
Marketing & Services	254	258	227
Others	-300	-180	141
Eliminations	-14	-32	-14
Total	10,202	9,050	9,440
TOTAL LIABILITIES			
Renewable Products	2,078	1,986	1,909
Oil Products	1,575	2,237	1,866
Marketing & Services	505	507	529
Others	673	555	221
Unallocated liabilities	3,129	2,822	2,510
Eliminations	-471	-456	-444
Total	7,490	7,651	6,590
RETURN ON NET ASSETS, %			
Renewable Products	8.1	32.0	18.6
Oil Products	30.5	40.8	46.6
Marketing & Services	31.8	41.2	40.8
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	21.0	30.3	26.6
Oil Products	46.9	25.0	48.0
Marketing & Services	31.8	42.0	40.5

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	2,164	1,842	2,597	2,403	2,728	2,176
Oil Products	2,919	3,174	3,657	3,877	4,043	3,019
Marketing & Services	1,189	1,290	1,561	1,604	1,481	1,229
Others	30	31	37	37	38	35
Eliminations	-951	-1,039	-1,290	-1,339	-1,251	-937
Total	5,351	5,298	6,562	6,583	7,039	5,523
QUARTERLY OPERATING PROFIT	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	158	36	468	-126	219	485
Oil Products	135	246	111	381	571	275
Marketing & Services	21	16	13	31	28	26
Others	-6	-10	-7	-8	-42	-13
Eliminations	4	-3	4	12	-6	-10
Total	312	285	589	289	769	762
QUARTERLY EBITDA	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	276	124	536	-39	284	546
Oil Products	210	317	184	443	645	348
Marketing & Services	29	23	21	38	35	33
Others	5	2	4	3	-31	-1
Eliminations	4	-3	4	12	-6	-10
Total	523	463	748	456	927	916
QUARTERLY COMPARABLE EBITDA	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	513	415	415	389	538	419
Oil Products	239	393	450	537	529	137
Marketing & Services	29	23	21	38	35	32
Others	0	2	4	3	-10	-1
Eliminations	4	-3	4	12	-6	-10
Total	784	830	894	979	1,085	578
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	119	89	68	87	66	61
Oil Products	74	71	73	62	74	73
Marketing & Services	8	7	7	8	7	7
Others	11	11	11	11	12	12
Eliminations	0	0	0	0	0	0
Total	212	178	160	167	158	153
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	390	713	563	956	229	204
Oil Products	48	71	78	44	25	34
Marketing & Services	20	5	7	9	5	4
Others	11	11	21	16	13	12
Eliminations	0	0	0	0	0	0
Total	469	799	668	1,025	272	254
QUARTERLY NET ASSETS	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	7,868	7,411	6,433	5,984	5,495	5,526
Oil Products	2,394	2,435	2,652	3,311	3,510	2,828
Marketing & Services	254	268	227	268	258	234
Others	-300	-894	141	-136	-180	-536
Eliminations	-14	-19	-14	-19	-32	-27
Total	10,202	9,201	9,440	9,407	9,050	8,025

5. ACQUISITIONS AND DISPOSALS

Acquisitions

On 13 January 2023, Neste acquired Sequential Environmental Services, LLC, and Pure SQ, LLC from Crimson Renewable Energy Holdings, LLC. Through the transaction, Neste acquired used cooking oil collection and aggregation business and an UCO processing plant in US West Coast.

The fair value of acquired net assets, based on preliminary assessment, are presented in the table below. Based on 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 represents the value of acquired business knowledge and synergies, and is deductible for income tax purposes. The purchase price was paid fully in cash and includes approximately EUR 18 million of contingent consideration. The final amount of the contingent consideration depends on how certain targets are achieved during 2023. The transaction costs of the acquisition are included in other expenses in the consolidated statement of income. The acquisition does not have a material impact on the Group's revenue nor profit.

Assets and liabilities	Estimated values
Intangible assets	43
Property, plant and equipment	29
Inventories	3
Trade and other receivables	2
Total assets	77
Interest-bearing liabilities	6
Trade and other payables	10
Total liabilities	16
Fair value of acquired net assets	61
Consideration transferred	165
Fair value of acquired net assets	-61
Goodwill	104
Cash flows of the acquisition	
Consideration, paid in cash	-165
Acquiree's liabilities paid off at closing	-1
Transaction costs of the acquisition	-1
Net cash flow on acquisition	-167

6. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA, EBITDA AND OPERATING PROFIT

Group	4-6/2023	4-6/2022	1-3/2023	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	784	1,085	830	1,614	1,663	3,537
inventory valuation gains/losses	-305	153	-274	-579	268	-352
changes in the fair value of open commodity and currency derivatives	38	-296	-98	-60	-77	-131
capital gains and losses	2	5	4	6	9	10
other adjustments	5	-20	0	5	-20	-16
EBITDA	523	927	463	986	1,843	3,048
depreciation, amortization and impairments	-212	-158	-178	-389	-311	-638
OPERATING PROFIT	312	769	285	597	1,532	2,410

Renewable Products	4-6/2023	4-6/2022	1-3/2023	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	513	538	415	928	957	1,762
inventory valuation gains/losses	-280	67	-219	-498	40	-299
changes in the fair value of open commodity and currency derivatives	43	-320	-72	-29	-166	-135
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
EBITDA	276	284	124	401	831	1,328
depreciation, amortization and impairments	-119	-66	-89	-207	-127	-282
OPERATING PROFIT	158	219	36	193	704	1,046

Oil Products	4-6/2023	4-6/2022	1-3/2023	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	239	529	393	632	667	1,654
inventory valuation gains/losses	-25	86	-55	-80	228	-53
changes in the fair value of open commodity and currency derivatives	-5	24	-26	-31	89	4
capital gains and losses	2	5	4	6	9	10
other adjustments	0	0	0	0	0	4
EBITDA	210	645	317	526	993	1,619
depreciation, amortization and impairments	-74	-74	-71	-145	-147	-282
OPERATING PROFIT	135	571	246	381	846	1,337

Marketing & Services	4-6/2023	4-6/2022	1-3/2023	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	29	35	23	52	67	126
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	1	1
EBITDA	29	35	23	52	68	127
depreciation, amortization and impairments	-8	-7	-7	-15	-14	-29
OPERATING PROFIT	21	28	16	37	54	98

Others	4-6/2023	4-6/2022	1-3/2023	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	0	-10	2	1	-11	-4
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
other adjustments	5	-20	0	5	-20	-20
EBITDA	5	-31	2	7	-32	-24
depreciation, amortization and impairments	-11	-12	-11	-22	-24	-46
OPERATING PROFIT	-6	-42	-10	-15	-55	-70

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
COMPARABLE EBITDA	784	1,085	1,614	1,663	3,537
depreciation, amortization and impairments	-212	-158	-389	-311	-638
items in depreciation, amortization and impairments affecting comparability	0	4	0	4	27
total financial income and expenses	-17	-20	-26	-47	-131
income tax expense	-36	-151	-74	-247	-388
non-controlling interests	-1	1	-2	0	-3
tax on items affecting comparability	-36	-21	-88	22	-68
COMPARABLE NET PROFIT	482	740	1,035	1,084	2,336

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

	30 June 2023	30 June 2022	31 Dec 2022
COMPARABLE EBITDA, LAST 12 MONTHS	3,488	2,778	3,537
depreciation, amortization and impairments	-716	-632	-638
items in depreciation, amortization and impairments affecting comparability	23	9	27
financial income	24	4	9
exchange rate and fair value gains and losses	-40	-19	-80
income tax expense	-215	-362	-388
tax on other items affecting comparable ROACE	-191	55	-76
Comparable net profit, net of tax	2,373	1,833	2,391
Capital employed average	10,763	8,837	9,823
Assets under construction average	-2,119	-1,369	-1,880
COMPARABLE RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	27.4	24.6	30.1

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 June 2023	30 June 2022	31 Dec 2022
Total equity	7,778	7,661	8,327
Total assets	15,268	15,313	14,917
Advances received	-55	-122	-138
EQUITY-TO-ASSETS RATIO, %	51.1	50.4	56.3

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 June 2023	30 June 2022	31 Dec 2022
Operative receivables	1,684	2,418	1,902
Inventories	3,725	4,514	3,648
Operative liabilities	-2,888	-3,603	-3,057
Net working capital	2,521	3,329	2,494
Revenue, last 12 months	23,795	21,556	25,707
NET WORKING CAPITAL IN DAYS OUTSTANDING	38.7	56.4	35.4

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

	30 June 2023	30 June 2022	31 Dec 2022
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	7,140	5,667	5,667
Additions	1,091	539	2,217
Acquisitions	176	0	10
Depreciation, amortization and impairments	-389	-311	-638
Disposals	-22	-58	-90
Assets held for sale	0	19	24
Translation differences	-28	31	-52
Closing balance	7,967	5,888	7,140
COMMITMENTS			
	30 June 2023	30 June 2022	31 Dec 2022
Commitments to purchase property, plant and equipment, and intangible assets	624	238	810
Other commitments	7	8	8
Total	631	247	818

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

8. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2023	30 June 2022	31 Dec 2022
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	63	60	60
Share of profit (loss) of associates and joint ventures	5	0	2
Share of other comprehensive income of investments accounted for using the equity method	-1	12	17
Translation differences	-1	3	1
Capital repayments	0	-13	-13
Dividends	0	-14	-15
Investments	0	12	12
Other changes	0	0	-1
Closing balance	66	59	63

9. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 June 2023	30 June 2022	31 Dec 2022
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	2,809	1,882	1,964
Current interest-bearing liabilities ²⁾	726	687	651
Interest-bearing liabilities	3,535	2,569	2,615
Current investments	0	-25	0
Cash and cash equivalents	-1,039	-1,140	-1,271
Liquid funds	-1,039	-1,165	-1,271
Interest-bearing net debt	2,496	1,404	1,344

¹⁾ Including EUR 704 million of lease liabilities at 30 Jun 2023 (30 Jun 2022: EUR 341 million, 31 Dec 2022: EUR 425 million)

On 6 March 2023, Neste announced that it invites the holders of its EUR 400 million 1.50 per cent notes due June 2024 to tender their notes for cash on the terms and conditions set out in the tender offer memorandum. On 14 March, Neste accepted purchase of EUR 199 million in aggregate nominal amount of the notes pursuant to the tender offer.

On March 2023, Neste issued EUR 500 million green bond with 6-year maturity and a EUR 500 million green bond with 10-year maturity under its EMTN (Euro Medium Term Note) programme established on 6 March 2023, and will pay a fixed coupon of 3.875% and 4.250%, respectively. The proceeds from the issues will be applied for eligible projects and assets as set out in Neste Corporation's Green Finance Framework.

²⁾ Including EUR 177 million of lease liabilities at 30 Jun 2023 (30 Jun 2022: EUR 123 million, 31 Dec 2022: EUR 110 million)

	30 June 2023	30 June 2022	31 Dec 2022
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,039	1,165	1,271
Unused committed credit facilities	1,900	1,350	1,600
Total	2,939	2,515	2,871
In addition: Unused commercial paper program (uncommitted)	218	136	54

10. FINANCIAL INSTRUMENTS

No significant changes were made to Neste's risk management policies during the reporting period. Aspects of Neste's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements 2022.

	30 June 2023		30 June 2022		31 Dec 2022	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Interest rate swaps						
Hedge accounting	250	3	0	0	0	0
Non-hedge accounting	0	0	0	0	0	0
Currency derivatives						
Hedge accounting	3,098	57	4,186	-99	3,925	90
Non-hedge accounting	2,265	-7	4,289	-48	3,083	91

	30 June 2023			30 June 2022			31 Dec 2022		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives									
Sales contracts									
Non-hedge accounting	19	49	16	330	25	-143	18	25	0
Purchase contracts									
Non-hedge accounting	2,804	44	-55	3,802	15	206	2,616	19	18

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 June 30, 2023

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			123	123	123			
Derivative financial instruments		3		3	3		3	
Other financial assets	34	7		41	41			41
Current financial assets								
Trade and other receivables ¹⁾			1,811	1,811	1,811			
Derivative financial instruments	72	213		285	285	36	249	
Cash and cash equivalents			1,039	1,039	1,039			
Financial assets	106	223	2,972	3,301	3,301			
Non-current financial liabilities								
Interest-bearing liabilities			2,809	2,809	2,754	1,438	1,316	
Derivative financial instruments		7		7	7		7	
Other non-current liabilities ¹⁾	9	18		27	27			9
Current financial liabilities								
Interest-bearing liabilities			726	726	721	196	525	
Derivative financial instruments	15	252		267	267	77	190	
Trade and other payables ¹⁾		9	2,755	2,764	2,764			9
Financial liabilities	15	277	6,308	6,599	6,540			

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

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

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

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

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted other investments of EUR 7 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 34 million. Other financial liabilities in fair value through profit and loss category consist contingent consideration of acquisition made in prior years EUR 18 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 or out of Level 3 fair value measurements.

11. RELATED PARTY TRANSACTIONS

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

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

	30 June 2023	30 June 2022	31 Dec 2022
Transactions carried out with joint ventures and other related parties			
Sales of goods and services	149	227	430
Purchases of goods and services	151	271	503
Financial income and expenses	2	3	3
Receivables	138	187	160
Liabilities	9	16	22

12. CONTINGENT LIABILITIES

	30 June 2023	30 June 2022	31 Dec 2022
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Pledged assets	0	0	0
Other contingent liabilities	26	39	49
Total	52	65	75
On behalf of joint arrangements			
Pledged assets	109	74	89
Total	109	74	89
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	161	139	164

13. DISPUTES AND POTENTIAL LITIGATIONS

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

14. EVENTS AFTER THE REPORTING PERIOD

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

NESTE

Change runs on renewables