



Neste Corporation
Half-Year Financial Report
January–June 2021

27 July 2021

NESTE
Change runs on renewables

Neste's Half-Year Financial Report for January–June 2021

Solid performance in Renewable Products – Porvoo refinery major turnaround completed

Second quarter in brief:

- Comparable operating profit totaled EUR 241 million (EUR 255 million)
- Operating profit totaled EUR 463 million (EUR 208 million)
- Renewable Products' comparable sales margin was USD 700/ton (USD 625/ton)
- Oil Products sales volumes were over 60% lower than in the second quarter of 2020 due to Porvoo refinery maintenance
- Cash flow before financing activities was EUR 261 million (EUR -246 million)

January-June in brief:

- Comparable operating profit totaled EUR 542 million (EUR 663 million)
- Operating profit totaled EUR 920 million (EUR 405 million)
- Cash flow before financing activities was EUR -384 million (EUR -366 million)
- Cash-out investments were EUR 657 million (EUR 555 million)
- Return on average capital employed (ROACE) was 15.6% over the last 12 months (2020: 17.3%)
- Leverage ratio was 7.7% at the end of June (31.12.2020: -4.7%)
- Comparable earnings per share: EUR 0.62 (EUR 0.76)
- Earnings per share: EUR 1.05 (EUR 0.47)

President and CEO Peter Vanacker:

“Neste had a solid performance during the second quarter. We posted a comparable operating profit of EUR 241 million, compared to EUR 255 million in the corresponding period last year, despite the intensive scheduled turnaround in Porvoo. Renewable Products continued to be resilient and was able to maintain a healthy sales margin. Oil Products' second quarter was characterized by the scheduled Porvoo refinery major turnaround, which was safely and successfully implemented in very challenging pandemic conditions. Marketing & Services performed very well with gradually recovering sales volumes. A weaker US dollar had a negative impact of EUR 45 million on the Group's comparable operating profit year-on-year. Our ROACE over the last 12 months was 15.6%, and we had a leverage ratio of 7.7% at the end of June.

Renewable Products posted a comparable operating profit of EUR 287 million (314 million) in the second quarter. The renewable diesel demand was robust, but the feedstock markets remained very tight as expected. We were able to reach a healthy comparable sales margin of USD 700/ton. Our sales volumes were 732,000 tons, impacted by the scheduled Porvoo units' maintenance and postponement of some end-June deliveries. The Porvoo maintenance had a negative impact of approximately EUR 40 million on the segment's comparable operating profit. Feedstock mix optimization continued, and the share of waste and residue inputs increased to 93%.

Oil Products posted a comparable operating profit of EUR -58 million (-60 million) in the second quarter. The reference margin, which reflects the general market conditions, continued to be impacted by the weak oil product market as a result of the COVID-19 pandemic. For Oil Products, the quarter was mainly characterized by the Porvoo refinery major turnaround, which was implemented within the estimated twelve-week schedule. Some 6,000 persons took part in the turnaround works and over 1.5 million working hours were completed. Safeguarding the health and safety of our employees, contractors and other partners was the highest priority, and, for example, about 61,000 COVID-19 tests were taken to prevent spreading of infections. The turnaround is a significant investment to ensure the safety, availability and competitiveness of the refinery. The total investment of the major turnaround was approximately EUR 630 million, of which approximately EUR 300 million will materialize in 2021. The Porvoo turnaround had a negative impact of approximately EUR 100 million on the segment's comparable operating profit in the second quarter, mainly in the form of lost sales volume and margin.

Marketing & Services generated a comparable operating profit of EUR 18 million (19 million) in the second quarter. Recovering sales volumes and lower fixed costs were offset by normalized unit margins.

Uncertainty on the further development of the COVID-19 pandemic, new variants, and their impact on the global economy continues. We are focusing on the implementation of our growth strategy and continue to make progress in many areas. The Singapore renewables capacity expansion project is proceeding according to the schedule. It should expand our annual renewables production capacity by up to 1.3 million tons during the first quarter of 2023. Our Rotterdam Sustainable Aviation Fuel (SAF) optionality project is also moving ahead, and it is planned to extend our SAF capability by 500,000 tons by the end of 2023. We are now in the definition phase in preparation for a possible next renewable products refinery in Rotterdam, and aim at investment decision readiness late this year or early 2022. Several new partnerships and commercial agreements have been recently announced in both Renewable Aviation and Renewable Polymers and Chemicals businesses. The European Commission recently published its Fit for 55 proposal, which is a roadmap reflecting a higher ambition in climate change mitigation in Europe, and we are pleased to see that SAF mandates are an important part of this package. We see a lot of progress and positive developments in the markets, on which we will give an update in our Capital Markets Day in September."

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 currency hedging rate of approximately 80%, Neste's effective EUR/US dollar rate is expected to be within a range of 1.17-1.20 in the third quarter of 2021.

Sales volumes of renewable diesel in the third quarter are expected to be lower than in the previous quarter due to the large scheduled maintenance at the Singapore refinery that includes some tie-in work with the new facility under construction. Waste and residue markets are anticipated to remain tight as their demand continues to be robust. Our third-quarter sales margin is expected to remain healthy, but to be lower than in the second quarter. Utilization rates of our renewables production facilities are forecast to remain high, except for the scheduled seven-week maintenance turnaround at the Singapore refinery, which started in July. We also plan for 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 90 million, and the Rotterdam catalyst change a negative impact of approximately EUR 50 million on the segment's comparable operating profit.

Oil Products' third-quarter market demand will continue to be depressed as a result of the COVID-19 pandemic. As the market is seen to be generally over-supplied, the reference margin is expected to remain low and volatile. Approximately EUR 20 million of the negative result impact of the Porvoo refinery major turnaround is expected to materialize in the third quarter.

In Marketing & Services, the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the third 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 Half-Year Financial Report, 1 January – 30 June 2021

The Half-Year Financial Report is unaudited.

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

Key Figures

EUR million (unless otherwise noted)

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Revenue	3,022	2,572	3,132	6,155	5,842	11,751
EBITDA	599	333	585	1,184	659	1,508
Operating profit	463	208	458	920	405	828
Comparable operating profit*	241	255	302	542	663	1,416
Profit before income taxes	465	197	415	880	400	786
Net profit	431	161	374	806	362	714
Comparable net profit**	240	200	239	479	585	1,229
Earnings per share, EUR	0.56	0.21	0.49	1.05	0.47	0.93
Comparable earnings per share, EUR	0.31	0.26	0.31	0.62	0.76	1.60
Investments	349	352	523	872	612	1,197
Net cash generated from operating activities	567	61	-153	413	254	2,057

	30 June 2021	30 June 2020	31 Dec 2020
Total equity	6,041	5,919	5,929
Interest-bearing net debt	506	569	-265
Capital employed	7,863	7,185	7,236
Return on average capital employed after tax (ROACE)***, %	15.6	24.5	17.3
Equity per share, EUR	7.86	7.70	7.72
Leverage ratio, %	7.7	8.8	-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 second-quarter 2021 results

Neste's revenue in the second quarter totaled EUR 3,022 million (2,572 million). The change in revenue resulted from higher sales prices, which had a positive impact of approx. EUR 3.0 billion, and lower sales volumes mainly due to the Porvoo refinery major turnaround, which had a negative impact of approx. EUR 2.5 billion. Additionally, a weaker US dollar had a negative impact of approx. EUR 100 million on the revenue compared to the same period last year.

The Group's comparable operating profit was EUR 241 million (255 million). Renewable Products' comparable operating profit was EUR 287 million (314 million), mainly due to the weaker US dollar and lower sales volumes compared to the second quarter of 2020. Oil Products' comparable operating profit was EUR -58 million (-60 million), mainly due to the Porvoo refinery turnaround. Marketing & Services comparable operating profit was EUR 18 million (19 million). The Others segment's comparable operating profit was EUR -7 million (-16 million).

The Group's operating profit was EUR 463 million (208 million), which was impacted by inventory valuation gains of EUR 207 million (127 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 14 million (-172 million). Profit before income taxes was EUR 465 million (197 million), and net profit EUR 431 million (161 million). Comparable earnings per share were EUR 0.31 (0.26), and earnings per share EUR 0.56 (0.21).

The Group's January–June 2021 results

Neste's revenue in the first six months totaled EUR 6,155 million (5,842 million). The change in revenue resulted from higher sales prices, which had a positive impact of approx. EUR 3.5 billion, and lower sales volumes, which had a negative impact of approx. EUR 2.9 billion. A weaker US dollar had a negative impact of approx. EUR 300 million on the revenue.

The Group's comparable operating profit was EUR 542 million (663 million). Renewable Products' six-month comparable operating profit was EUR 580 million (644 million), mainly due to the weaker US dollar than in the corresponding period of 2020. Oil Products' comparable operating profit was EUR -66 million (14 million), mainly due to the weak refining market and the scheduled Porvoo refinery maintenance. Marketing & Services comparable operating profit was EUR 35 million (27 million), as a result of lower fixed costs and higher unit margins compared to the first half of 2020. The Others segment's comparable operating profit was EUR -8 million (-25 million).

The Group's operating profit was EUR 920 million (405 million), which was impacted by inventory valuation gains of EUR 382 million (losses of 166 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -6 million (-91 million). Profit before income taxes was EUR 880 million (400 million), and net profit EUR 806 million (362 million). Comparable earnings per share were EUR 0.62 (0.76), and earnings per share EUR 1.05 (0.47).

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
COMPARABLE OPERATING PROFIT	241	255	302	542	663	1,416
- inventory valuation gains/losses	207	127	175	382	-166	-119
- changes in the fair value of open commodity and currency derivatives	14	-172	-20	-6	-91	-112
- capital gains/losses	0	0	5	5	0	-42
- impairments	0	0	0	0	0	0
- other adjustments	0	-1	-3	-3	-1	-314
OPERATING PROFIT	463	208	458	920	405	828

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Group's comparable operating profit, 2020	255	663
Sales volumes	-72	-105
Sales margin	71	1
Currency exchange	-45	-101
Fixed costs	13	43
Others	19	41
Group's comparable operating profit, 2021	241	542

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

	4-6	1-6
Group's comparable operating profit, 2020	255	663
Renewable Products	-28	-63
Oil Products	2	-80
Marketing & Services	0	8
Others including eliminations	12	14
Group's comparable operating profit, 2021	241	542

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 June, ROACE calculated over the last 12 months was 15.6%, and leverage ratio remained well within the targeted area.

	30 June 2021	30 June 2020	31 Dec 2020
Return on average capital employed after tax (ROACE)*, %	15.6	24.5	17.3
Leverage ratio (net debt to capital), %	7.7	8.8	-4.7

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 413 million (254 million) during the first six months of 2021. The difference mainly resulted from a higher EBITDA of the businesses despite the significant increase in net working capital. Cash flow before financing activities was EUR -384 million (-366 million), including higher capital expenditure compared to the first half of 2020. The Group's net working capital in days outstanding was 44.1 days (52.6 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
EBITDA	599	333	585	1,184	659	1,508
Capital gains/losses	0	0	-1	-1	0	-1
Other adjustments	-48	219	98	49	99	277
Change in net working capital	75	-432	-801	-726	-395	460
Finance cost, net	-18	-19	-6	-24	-19	-54
Income taxes paid	-41	-40	-27	-68	-90	-133
Net cash generated from operating activities	567	61	-153	413	254	2,057
Capital expenditure	-239	-348	-417	-657	-546	-972
Other investing activities	-67	41	-74	-141	-74	-67
Free cash flow (Cash flow before financing activities)	261	-246	-645	-384	-366	1,019

Cash-out investments excluding M&A were EUR 402 million (371 million), and totaled EUR 657 million (555 million) during January-June. Maintenance investments accounted for EUR 197 million (130 million) and productivity and strategic investments for EUR 460 million (425 million). Renewable Products' investments were EUR 508 million (375 million), mainly related to the Singapore refinery capacity expansion project and acquisition of the Bunge refinery in Rotterdam. Oil Products' investments amounted to EUR 133 million (139 million), with the largest projects being the Porvoo refinery turnaround related investments. Marketing & Services' investments totaled EUR 4 million (8 million). Investments in the Others segment were EUR 12 million (33 million), concentrating on IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 506 million at the end of June, compared to EUR -265 million at the end of 2020. The average interest rate of borrowing at the end of June was 1.5% (2.1%) and the average maturity 3.6 (2.7) years. At the end of the second quarter the Net debt to EBITDA ratio was 0.2 (0.2) over the last 12 months.

The leverage ratio was 7.7% (31 Dec 2020: -4.7%) at the end of June. 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 2,667 million at the end of June (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 June the Group's foreign currency hedging ratio was approx. 50% of the sales margin for the next 12 months.

US dollar exchange rate

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
EUR/USD, market rate	1.21	1.10	1.21	1.21	1.10	1.14
EUR/USD, effective rate*	1.17	1.13	1.15	1.16	1.13	1.14

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Renewable Products

Key financials

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Revenue, MEUR	1,332	1,047	1,231	2,563	2,112	4,270
EBITDA, MEUR	497	212	464	961	681	1,423
Comparable operating profit, MEUR	287	314	294	580	644	1,334
Operating profit, MEUR	443	168	413	856	594	1,239
Net assets, MEUR	4,223	3,592	4,099	4,223	3,592	3,470
Return on net assets*, %	39.3	63.7	34.0	39.3	63.7	36.3
Comparable return on net assets*, %	33.3	55.6	36.0	33.3	55.6	39.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2020	314	644
Sales volumes	-24	-17
Sales margin	48	56
Currency exchange	-37	-74
Fixed costs	-4	-11
Others	-11	-18
Comparable operating profit, 2021	287	580

Key drivers

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Comparable sales margin, USD/ton	700	625	699	700	655	703
Biomass-based diesel (D4) RIN, USD/gal	1.70	0.52	1.20	1.45	0.49	0.63
California LCFS Credit, USD/ton	185	201	195	190	204	200
Palm oil price*, USD/ton	935	515	896	916	573	645
Waste and residues' share of total feedstock, %	93	78	90	92	80	83

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

Renewable Products' second-quarter comparable operating profit totaled EUR 287 million, compared to EUR 314 million in the second quarter of 2020. The comparable sales margin remained healthy and averaged USD 700/ton. This was a good achievement considering the tight feedstock market, and was supported by our strong sales performance. The higher sales margin had a positive impact of EUR 48 million on the comparable operating profit year-on-year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 80 million (60 million) in the second quarter. Our sales volumes were 732,000 tons, impacted by the Porvoo units' maintenance and with some deliveries being postponed to the third quarter. The sales volumes were lower than the record-high level in the second quarter of 2020, which had a negative impact of EUR 24 million on the comparable operating profit year-on-year. During the second quarter approx. 61% (71%) of the volumes were sold to the European market and a high share of 39% (29%) to North America. The share of 100% renewable diesel delivered to end-users was 28% (27%) in the second quarter. Our renewable diesel production had an average utilization rate of 96% (90%) during the quarter, reflecting high utilization except for the scheduled Porvoo units' maintenance. The proportion of waste and residue inputs increased further to 93% (78%) enabled by our continued focus on developing global waste and residue sourcing. A weaker US dollar had a negative impact of EUR 37 million on the comparable operating profit compared to the second quarter of 2020. The segment's fixed costs were EUR 4 million higher than in the corresponding period of 2020 as we continued to build up our organization. Renewable Products' comparable return on net assets was 33.3% (55.6%) at the end of June based on the previous 12 months.

Overall renewable raw material prices have continued to surge reflecting strong fundamentals in both vegetable oils and waste and residues. Vegetable oil prices reached all-time-high levels in May–June, with the exception of palm oil, which was showing some signs of relative weakness towards the end of the period. Animal fat (AF) followed the general price trend, also driven by a higher demand especially in the US. Used cooking oil (UCO) price was on a similar path as the European market was still facing low supply caused by the lockdown measures related to the COVID-19 pandemic.

The US Renewable Identification Number (RIN) D4 price continued to increase significantly during the quarter before correcting downwards in response to, among other things, rumors of potential adjustments to biofuel volume obligations in the US. The quarterly average RIN D4 price increased to USD 1.7/gallon. Despite some volatility at the beginning of the period, the California Low Carbon Fuel Standard (LCFS) credit price remained quite stable, but slightly lower than in the previous quarter.

Renewable Products' six-month comparable operating profit was EUR 580 million (644 million). The comparable sales margin was higher than in the first half of 2020. The higher sales margin had a positive impact of EUR 56 million on the comparable operating profit year-on-year. The BTC contribution was EUR 152 million (112 million) during the first six months. Lower sales volumes had a negative impact of EUR 17 million, and a weaker US dollar a negative impact of EUR 74 million on the segment's comparable operating profit compared to the corresponding period last year. The segment's fixed costs were EUR 11 million higher than in the first six months of the previous year, mainly due to the expansion of our Renewable Aviation and Renewable Polymers and Chemicals business units.

Production	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Neste Renewable Diesel, 1,000 ton	764	717	829	1,593	1,512	2,993
Other products, 1,000 ton	39	55	67	106	121	239
Utilization rate*, %	96	90	104	100	95	94

* Based on nominal capacity of 3.2 Mton/a.

Sales	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Neste Renewable Diesel, 1,000 ton	732	773	743	1,475	1,504	2,966
Share of sales volumes to Europe, %	61	71	65	63	73	71
Share of sales volumes to North America, %	39	29	35	27	27	29

Oil Products

Key financials	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Revenue, MEUR	1,331	1,218	1,559	2,890	3,078	6,063
EBITDA, MEUR	73	104	84	157	-61	29
Comparable operating profit, MEUR	-58	-60	-8	-66	14	50
Operating profit, MEUR	8	40	24	31	-195	-396
Net assets, MEUR	2,321	2,579	2,338	2,321	2,579	1,848
Return on net assets*, %	-7.3	0.8	-5.8	-7.3	0.8	-16.8
Comparable return on net assets*, %	-1.3	9.6	-1.3	-1.3	9.6	2.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2020	-60	14
Sales volumes	-51	-89
Reference margin	18	-41
Additional margin	5	-14
Currency exchange	-7	-27
Fixed costs	12	35
Others	25	57
Comparable operating profit, 2021	-58	-66

Key drivers

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Reference margin, USD/bbl	2.23	-0.35	0.87	1.55	1.99	0.61
Additional margin, USD/bbl	7.51	5.11	5.85	6.05	5.98	6.94
Total refining margin, USD/bbl	9.74	4.76	6.73	7.60	7.97	7.55
Urals-Brent price differential, USD/bbl	-2.02	-0.15	-1.43	-1.73	-1.24	-0.62
Urals' share of total refinery input, %	70	67	69	69	71	68

Oil Products' comparable operating profit totaled EUR -58 million (-60 million) in the second quarter. The quarter was characterized by the Porvoo refinery major turnaround, which was implemented within the estimated twelve-week schedule. The turnaround is a significant investment to secure the safety, availability and competitiveness of the refinery. The Porvoo turnaround had a negative impact of approximately EUR 100 million on the segment's comparable operating profit in the second quarter. The reference margin, which reflects the general market

conditions, continued to be impacted by the weak oil product market. The reference margin averaged USD 2.2/bbl compared to USD -0.3/bbl in the second quarter of 2020. The higher reference margin had a positive impact of EUR 18 million on the comparable operating profit year-on-year. Our sales volumes were significantly curtailed by the refinery maintenance, which had a negative impact of EUR 51 million on the comparable operating profit compared to the same period last year. Profitability of our specialty products business improved further. The segment's fixed costs were EUR 12 million lower than in the second quarter of 2020, partly supported by the Naantali refinery closure. Oil Products' comparable return on net assets was -1.3% (9.6%) at the end of June over the previous 12 months.

During the second quarter the use of Russian crude was 70% (67%) of total input. The average refinery utilization rate was only 20% (67%), reflecting the Porvoo refinery major turnaround. The refining operations in Naantali were closed already in March 2021.

Crude oil prices were trending up during the second quarter and Brent price rose from USD 65/bbl level to USD 75/bbl mark at the end of the quarter. Prices were supported by production cuts by the OPEC+ countries and recovering demand driven by the vaccine rollouts. Investors' increasing interest in crude oil also supported prices.

The Russian Export Blend (REB) crude averaged USD 2.0/bbl lower than Brent during the second quarter, and the price differential was volatile. Differential was wider during the early part of the quarter as spring refinery maintenance season impacted demand. OPEC+ production cuts continued to support REB price, but more volumes were gradually brought to the market during the quarter.

Overall, the refining margins remained lower than normal during the second quarter due to a still unhealthy supply-demand balance, but traded in more positive territory compared to the first quarter. The COVID-19 pandemic continued to have impact, but demand was recovering as improving mobility figures together with strong GDP recovery were supportive. On average gasoline margin was clearly higher than diesel margin as the weak jet fuel demand put pressure on middle distillates. Neste's reference margin averaged USD 2.2/bbl in the quarter.

Oil Products' six-month comparable operating profit was EUR -66 million (14 million). The oil product market continued to be impacted by the COVID-19 pandemic and was over-supplied. The reference margin averaged USD 1.6/bbl (2.0/bbl) during the first six months of 2021. The lower reference margin had a negative impact of EUR 41 million on the comparable operating profit compared to the same period last year. Our additional margin averaged USD 6.1/bbl, and was at the same level as in the first half of 2020. Sales volumes were significantly impacted by the Porvoo refinery major turnaround implemented in the second quarter. The lower sales volumes had a negative impact of EUR 89 million on the comparable operating profit year-on-year. A weaker USD exchange rate had a negative impact of EUR 27 million on the comparable operating profit compared to the first half of 2020. Profitability of our specialty products business was very good, and the segment's fixed costs were EUR 35 million lower than in the first half of 2020, partly supported by the Naantali refinery closure.

Production

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Refinery						
- Production, 1,000 ton	773	2,856	2,943	3,716	6,559	12,791
- Utilization rate, %	20	67	83	52	80	84
Refinery production costs, USD/bbl	21.5	5.6	5.6	8.8	4.8	4.7
Bahrain base oil plant production, (Neste's share) 1,000 ton	49	36	56	105	81	178

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

	4-6/21	%	4-6/20	%	1-3/21	%	1-6/21	%	1-6/20	%	2020	%
Middle distillates*	617	51	1,511	48	1,173	44	1,790	46	3,009	46	6,282	47
Light distillates**	350	29	960	31	968	36	1,318	34	2,126	33	4,510	34
Heavy fuel oil	74	6	359	11	263	10	337	9	695	11	1,309	10
Base oils	95	8	66	2	88	3	183	5	211	3	441	3
Other products	63	5	235	8	170	7	233	6	448	7	813	6
TOTAL	1,199	100	3,131	100	2,663	100	3,861	100	6,489	100	13,354	100

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

** Motor gasoline, gasoline components, LPG

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

	4-6/21	%	4-6/20	%	1-3/21	%	1-6/21	%	1-6/20	%	2020	%
Baltic Sea area*	960	80	2,125	68	1,636	62	2,596	67	4,004	62	7,830	59
Other Europe	152	13	882	28	677	25	829	21	2,111	32	4,395	33
North America	50	4	111	4	317	12	367	10	244	4	784	6
Other areas	37	3	13	0	33	1	70	2	130	2	345	2

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

Marketing & Services

Key financials

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Revenue, MEUR	886	664	814	1,700	1,510	3,055
EBITDA, MEUR	25	26	29	54	41	96
Comparable operating profit, MEUR	18	19	16	35	27	68
Operating profit, MEUR	18	19	22	40	27	68
Net assets, MEUR	185	206	213	185	206	192
Return on net assets*, %	40.4	34.1	38.2	40.4	34.1	31.0
Comparable return on net assets*, %	37.8	24.7	35.7	37.8	24.7	31.0

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2020	19	27
Sales volumes	2	1
Unit margins	-4	3
Currency exchange	0	0
Fixed costs	1	5
Others	0	0
Comparable operating profit, 2021	18	35

Marketing & Services' comparable operating profit was EUR 18 million (19 million) in the second quarter. The pandemic related restrictions continued to have a negative impact on product demand in the aviation and marine sectors. Road traffic volumes and transportation fuel demand are recovering. Our sales volumes were higher than in the second quarter of 2020, which had a positive impact of EUR 2 million on the comparable operating profit. The unit margins normalized compared to the same period last year, which had a negative impact of EUR 4 million on the comparable operating profit. The cost savings initiatives continued to be successful, and the segment's fixed costs were EUR 1 million lower than in the second quarter of 2020. Marketing & Services' comparable return on net assets was 37.8% (24.7%) at the end of June on a rolling 12-month basis.

Marketing & Services segment's six-month comparable operating profit was EUR 35 million (27 million). Sales volumes were slightly higher compared to the same period last year, which had a positive impact of EUR 1 million on the comparable operating profit. Average unit margins were also higher, which had a positive impact of EUR 3 million on the result year-on-year. The segment's fixed costs were EUR 5 million lower compared to the first six months of 2020 as a result of the cost savings program.

Sales volumes by main product categories, million liters

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Gasoline station sales	159	142	128	287	280	603
Diesel station sales	402	366	386	788	745	1,559
Heating oil	141	173	170	311	345	666

Net sales by market area, MEUR

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Finland	670	506	636	1,306	1,170	2,352
Baltic countries	216	158	178	394	340	703

Others

Key financials

	4-6/21	4-6/20	1-3/21	1-6/21	1-6/20	2020
Comparable operating profit, MEUR	-7	-16	-1	-8	-25	-37
Operating profit, MEUR	-7	-16	-1	-8	-25	-84

The Others segment consists of Neste Engineering Solutions, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -7 million (-16 million) in the second quarter. The six-month comparable operating profit of the Others segment totaled EUR -8 million (-25 million).

Shares, share trading, and ownership

Neste's shares are mainly traded on NASDAQ Helsinki Ltd. The share price closed the second quarter at EUR 51.64, up by 14.1% compared to the end of the first quarter. At its highest during the second quarter, the share price reached EUR 56.64, while the lowest share price was EUR 44.81. Market capitalization was EUR 39.7 billion as of 30 June 2021. An average of 1.0 million shares were traded daily, representing 0.1% of the company's shares.

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

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

As of 30 June 2021, the State of Finland owned directly 35.9% (35.9% at the end of the first quarter) of outstanding shares, foreign institutions 40.1% (40.2%), Finnish institutions 16.6% (16.3%), and households 7.5% (7.5%).

Personnel

Neste employed an average of 4,887 (4,740) employees in the first half of the year, of which 1,255 (910) were based outside Finland. At the end of June, the company had 5,137 employees (5,235), of which 1,300 (1,148) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	4-6/21	4-6/20	1-6/21	1-6/20	2020
TRIF*	1.7	0.9	1.4	1.6	1.3
PSER**	0.0	2.2	1.4	2.0	1.6
GHG reduction, Mton***	2.6	2.4	5.2	5.1	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 injury frequency, measured by the key TRIF indicator, was higher during the second quarter compared to the corresponding period last year. The Porvoo refinery major maintenance and investment turnaround was the main reason for the difference. Cumulative TRIF is slightly higher than in the full year 2020. During the second quarter there were no process safety events i.e. PSER, the main indicator for process safety incidents, was 0. The cumulative PSER is lower compared to the full year 2020 result.

Strong focus on safety performance and culture continues. The actions started during the first quarter will continue focusing on visible leadership and communication, high-risk work management and field verification, and safe operation during process changes and upsets. The long-term safety development activities continue with earlier defined focus areas of leadership, operational discipline, process safety, contractor safety, and effective learning from incidents. The roll-out and 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 and improving high-risk work processes.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. During the second quarter of 2021 this GHG reduction was 2.6 million tons (2.4 million tons).

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

Neste aims for 100% renewable electricity use globally by 2023. Neste will increase the use of renewable electricity at its Porvoo refinery and has signed a new wind power agreement with a wind power company Ilmatar. The newly-signed long-term wind power agreement with Ilmatar corresponds to approximately 200 GWh/a, representing some 17% of the electricity consumption at Neste's refinery in Porvoo. Ilmatar's wind power deliveries are expected to begin in early 2025. In addition to the wind power agreements, Neste will increase the share of renewable electricity with so-called Guarantees of Origin, based on existing renewable electricity generation capacity. Guarantees of Origin will help increase the share of renewable electricity to 100% of Neste's electricity needs by 2023.

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

Main events published during the second quarter

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

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

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

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

On 17 June, Neste announced that Neste and LyondellBasell have made a long-term commercial agreement under which LyondellBasell will source Neste RE™, a feedstock from Neste that has been produced from 100%

renewable feedstock from bio-based sources, such as waste and residue oils and fats. This feedstock will be processed through the cracker at LyondellBasell's Wesseling, Germany, plant into polymers and sold under the CirculenRenew brand name. Through their collaboration, Neste and LyondellBasell are jointly contributing to the development of the European market for more sustainable polymers and chemicals solutions. By ensuring continuity with significant industrial-scale volumes of renewable polymers produced with renewable feedstock from bio-based sources, the companies wish to enable sustainability-focused brands to develop more sustainable products and offerings.

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

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

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

Events after the reporting period

On 21 July, Neste announced that Sonat Burman-Olsson has announced her resignation from the Board of Directors of Neste Corporation. The reason for the resignation is her election as a member of the Board of Directors of the Brazilian energy company Raizen S.A. The Shareholders' Nomination Board of Neste has assessed that the Board will remain functional after Burman-Olsson's resignation, and that the Board's composition will continue to meet the requirements set out in the Articles of Association.

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

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 third-quarter 2021 results

Neste will publish its third-quarter results on 27 October 2021 at approximately 9:00 a.m. EET.

Espoo, 26 July 2021

Neste Corporation
Board of Directors

Further information:

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

Conference call

A conference call in English for investors and analysts will be held today, 27 July 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 2157346. The conference call can be followed at the company's [website](#). An instant replay of the call will be available until 3 August 2021 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 2157346.

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 2021
The half-year financial report is unaudited
FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Revenue	3, 4	3,022	2,572	6,155	5,842	11,751	12,064
Other income		6	5	24	9	17	32
Share of profit (loss) of associates and joint ventures	9	0	0	1	0	-38	-37
Materials and services		-2,211	-2,014	-4,586	-4,739	-9,253	-9,101
Employee benefit costs		-114	-105	-217	-208	-431	-440
Depreciation, amortization and impairments	4	-136	-124	-264	-254	-680	-690
Other expenses		-104	-126	-193	-245	-538	-485
Operating profit	4	463	208	920	405	828	1,343
Financial income and expenses							
Financial income		1	1	2	2	4	3
Financial expenses		-13	-12	-28	-23	-45	-50
Exchange rate and fair value gains and losses		14	0	-15	16	0	-31
Total financial income and expenses		2	-12	-41	-5	-41	-77
Profit before income taxes		465	197	880	400	786	1,266
Income tax expense		-33	-36	-74	-38	-72	-108
Profit for the period		431	161	806	362	714	1,158
Profit attributable to:							
Owners of the parent		433	160	808	361	712	1,159
Non-controlling interests		-2	1	-2	1	2	-1
		431	161	806	362	714	1,158
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.56	0.21	1.05	0.47	0.93	1.51
Diluted earnings per share		0.56	0.21	1.05	0.47	0.93	1.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Profit for the period	431	161	806	362	714	1,158
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	0	-1	0	2	-6	-8
Net change of other investments at fair value	0	0	0	0	5	5
Items that may be reclassified subsequently to profit or loss						
Translation differences	-1	-3	7	-5	4	16
Cash flow hedges						
recorded in equity	11	19	-50	-28	73	51
transferred to income statement	-14	10	-33	21	-12	-66
Share of other comprehensive income of investments accounted for using the equity method	1	0	2	0	12	13
Total	-4	26	-74	-11	77	14
Other comprehensive income for the period, net of tax	-4	25	-74	-9	76	11
Total comprehensive income for the period	428	186	732	353	790	1,169
Total comprehensive income attributable to:						
Owners of the parent	429	185	734	351	788	1,170
Non-controlling interests	-2	1	-2	1	2	-1
	428	186	732	353	790	1,169

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 June 2021	30 June 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets	8	433	276	264
Property, plant and equipment	8	4,892	4,410	4,477
Investments in associates and joint ventures	9	60	22	56
Non-current receivables		63	64	61
Deferred tax assets		39	36	35
Derivative financial instruments	11	4	2	3
Other financial assets	11	33	14	32
Total non-current assets		5,523	4,824	4,928
Current assets				
Inventories		2,416	1,775	1,829
Trade and other receivables		1,475	1,616	1,208
Derivative financial instruments	11	123	197	260
Current investments		36	47	20
Cash and cash equivalents		1,281	650	1,552
Total current assets		5,331	4,284	4,869
Assets classified as held for sale	6	14	14	17
Total assets	4	10,867	9,122	9,815
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		5,999	5,876	5,885
Total		6,039	5,916	5,925
Non-controlling interests		2	4	4
Total equity		6,041	5,919	5,929
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,240	1,065	1,050
Deferred tax liabilities		260	250	222
Provisions		240	100	232
Pension liabilities		109	106	111
Derivative financial instruments	11	0	3	1
Other non-current liabilities		20	21	21
Total non-current liabilities		1,870	1,545	1,638
Current liabilities				
Interest-bearing liabilities		583	201	257
Current tax liabilities		6	17	7
Derivative financial instruments	11	146	139	111
Trade and other payables		2,222	1,301	1,872
Total current liabilities		2,957	1,658	2,247
Liabilities related to assets held for sale		0	0	0
Total liabilities	4	4,827	3,202	3,886
Total equity and liabilities		10,867	9,122	9,815

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Cash flows from operating activities						
Profit before income taxes		465	197	880	400	786
Adjustments, total		86	355	352	358	997
Change in net working capital		75	-432	-726	-395	460
Cash generated from operations		626	120	506	363	2,244
Finance cost, net		-18	-19	-24	-19	-54
Income taxes paid		-41	-40	-68	-90	-133
Net cash generated from operating activities		567	61	413	254	2,057
Cash flows from investing activities						
Capital expenditure		-239	-173	-402	-371	-762
Acquisitions of subsidiaries	5	0	-175	-255	-175	-175
Acquisitions of associates and joint ventures		0	0	0	0	-35
Proceeds from sales of shares in joint arrangements and business operations	5	0	-2	8	-2	-2
Proceeds from sales of property, plant and equipment		0	0	1	0	1
Changes in long-term receivables and other investments		-67	44	-150	-72	-66
Cash flows from investing activities		-306	-307	-798	-620	-1,039
Cash flow before financing activities		261	-246	-384	-366	1,019
Cash flows from financing activities						
Net change in loans and other financing activities		-42	-79	418	-126	-177
Dividends paid to the owners of the parent		-307	-353	-307	-353	-783
Dividends paid to non-controlling interests		0	0	0	0	-1
Cash flows from financing activities		-349	-432	111	-479	-961
Net increase (+) / decrease (-) in cash and cash equivalents		-89	-678	-273	-845	57
Cash and cash equivalents at the beginning of the period		1,370	1,325	1,552	1,493	1,493
Exchange gains (+) / losses (-) on cash and cash equivalents		0	2	2	2	2
Cash and cash equivalents at the end of the period		1,281	650	1,281	650	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
Total equity at 1 Jan 2020	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								361	361	1	362
Other comprehensive income for the period, net of tax					-7	2	-5		-9	0	-9
Total comprehensive income for the period	0	0	0	0	-7	2	-5	361	351	1	353
Transactions with the owners in their capacity as owners											
Dividend decision								-353	-353	0	-353
Share-based compensation			0	1				-3	-2		-2
Transfer from retained earnings		0					0		0		0
Total equity at 30 June 2020	40	19	16	-7	-13	-58	-44	5,962	5,916	4	5,919

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

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2021	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								808	808	-2	806
Other comprehensive income for the period, net of tax					-81	0	7		-74	0	-74
Total comprehensive income for the period	0	0	0	0	-81	0	7	808	734	-2	732
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	0	-614
Share-based compensation			0	1				-7	-6		-6
Transfer from retained earnings		0					0		0		0
Total equity at 30 June 2021	40	19	16	-6	-10	-66	-28	6,073	6,039	2	6,041

KEY FIGURES

	30 June 2021	30 June 2020	31 Dec 2020	Last 12 months
Revenue	6,155	5,842	11,751	12,064
Profit for the period	806	362	714	1,158
Earnings per share (EPS), EUR	1.05	0.47	0.93	1.51
Alternative performance measures				
EBITDA, EUR million	1,184	659	1,508	2,033
Capital employed, EUR million	7,863	7,185	7,236	-
Interest-bearing net debt, EUR million	506	569	-265	-
Capital expenditure and investment in shares, EUR million	872	612	1,197	1,456
Return on average capital employed, after tax, (ROACE) %	15.6	24.5	17.3	-
Return on equity, (ROE) %	19.4	28.5	11.8	-
Equity per share, EUR	7.86	7.70	7.72	-
Cash flow per share, EUR	0.54	0.33	2.68	2.89
Comparable earnings per share, EUR	0.62	0.76	1.60	1.46
Comparable net profit	479	585	1,229	1,123
Equity-to-assets ratio, %	55.9	65.4	61.1	-
Leverage ratio, %	7.7	8.8	-4.7	-
Weighted average number of shares outstanding	767,643,112	767,773,574	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	4,887	4,740	4,833	-

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with 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 1,317 EUR million and committed unutilized credit facilities 1,350 EUR million on 30 June 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	4-6/2021					4-6/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,284	678	855	0	2,817	1,024	740	632	0	2,397
Light distillates	45	265	220	0	530	22	283	159	0	464
Middle distillates	1,239	370	633	0	2,242	1,002	400	472	0	1,875
Heavy fuel oil	0	43	2	0	45	0	56	1	0	57
Other products	0	164	22	0	186	0	129	25	0	154
Other services	0	9	2	8	20	0	12	2	7	21
Total	1,284	851	879	8	3,022	1,024	881	659	7	2,572

External revenue	1-6/2021					1-6/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,454	1,651	1,638	0	5,743	2,023	1,974	1,446	0	5,443
Light distillates	69	763	391	0	1,223	49	864	335	0	1,248
Middle distillates	2,385	755	1,244	0	4,385	1,974	991	1,108	0	4,073
Heavy fuel oil	0	133	3	0	136	0	119	2	0	121
Other products	0	330	44	0	374	0	309	47	0	356
Other services	0	19	4	14	38	0	22	4	17	43
Total	2,454	2,000	1,686	14	6,155	2,023	2,305	1,498	17	5,842

External revenue	1-12/2020					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	4,114	3,933	2,927	0	10,975	4,546	3,610	3,119	0	11,275
Light distillates	97	1,820	720	0	2,636	118	1,719	775	0	2,611
Middle distillates	4,017	1,813	2,204	0	8,034	4,428	1,577	2,340	0	8,345
Heavy fuel oil	0	300	4	0	304	0	314	4	0	318
Other products	0	604	94	0	698	0	625	91	0	716
Other services	0	41	9	28	78	0	39	9	26	73
Total	4,114	4,578	3,031	28	11,751	4,546	4,274	3,219	26	12,064

¹⁾ Light distillates comprise motor gasoline, gasoline components, LPG, renewable naphtha, and biopropane. Middle distillates comprise diesel, jet fuels, low sulphur marine fuels, heating oil, renewable fuels, and renewable jet fuels. RINs (Renewable Identification Number), LCFS (Low Carbon Fuels Standard) credits, and BTCs (Blender's Tax Credits) are included in the corresponding fuel categories in Renewable Products segment.

TIMING OF REVENUE RECOGNITION

External revenue	4-6/2021					4-6/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,284	842	877	0	3,002	1,024	869	657	0	2,551
Services transferred at point in time	0	9	2	0	11	0	12	2	0	15
Services transferred over time	0	0	0	8	8	0	0	0	7	7
Total	1,284	851	879	8	3,022	1,024	881	659	7	2,572

External revenue	1-6/2021					1-6/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,454	1,981	1,682	0	6,117	2,023	2,283	1,493	0	5,799
Services transferred at point in time	0	19	4	0	23	0	22	4	0	26
Services transferred over time	0	0	0	14	14	0	0	0	17	17
Total	2,454	2,000	1,686	14	6,155	2,023	2,305	1,498	17	5,842

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	4,546	4,235	3,210	0	11,990
Services transferred at point in time	0	41	9	1	52	0	39	9	1	49
Services transferred over time	0	0	0	26	26	0	0	0	24	24
Total	4,114	4,578	3,031	28	11,751	4,546	4,274	3,219	26	12,064

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
4-6/2021						
External revenue	1,284	851	879	8	0	3,022
Internal revenue	48	480	7	39	-574	0
Total revenue	1,332	1,331	886	48	-574	3,022
4-6/2020						
External revenue	1,024	881	659	7	0	2,572
Internal revenue	23	337	5	39	-403	0
Total revenue	1,047	1,218	664	45	-403	2,572
1-6/2021						
External revenue	2,454	2,000	1,686	14	0	6,155
Internal revenue	109	889	14	81	-1,093	0
Total revenue	2,563	2,890	1,700	95	-1,093	6,155
1-6/2020						
External revenue	2,023	2,305	1,498	17	0	5,842
Internal revenue	89	773	13	88	-963	0
Total revenue	2,112	3,078	1,510	105	-963	5,842
1-12/2020						
External revenue	4,114	4,578	3,031	28	0	11,751
Internal revenue	156	1,485	24	149	-1,813	0
Total revenue	4,270	6,063	3,055	177	-1,813	11,751
Last 12 months						
External revenue	4,546	4,274	3,219	26	0	12,064
Internal revenue	175	1,601	26	142	-1,944	0
Total revenue	4,721	5,875	3,244	167	-1,944	12,064

REVENUE BY OPERATING DESTINATION

	4-6/2021					4-6/2020				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	94	263	659	6	1,021	23	244	499	6	772
Other Nordic countries	358	150	0	0	509	322	148	0	0	470
Baltic Rim	0	27	219	0	246	2	60	160	0	222
Other European countries	330	215	1	1	546	394	339	0	0	734
North and South America	490	180	0	2	672	277	83	0	0	361
Other countries	13	15	0	0	28	6	7	0	0	13
Total	1,284	851	879	8	3,022	1,024	881	659	7	2,572
1-6/2021										
External revenue										
Finland	155	594	1,284	11	2,045	78	652	1,150	12	1,892
Other Nordic countries	832	296	1	0	1,128	673	343	3	0	1,019
Baltic Rim	9	112	400	0	521	5	121	345	0	471
Other European countries	555	564	1	1	1,121	765	940	1	4	1,710
North and South America	883	403	0	2	1,288	487	193	0	1	680
Other countries	19	32	0	0	51	15	56	0	0	71
Total	2,454	2,000	1,686	14	6,155	2,023	2,305	1,498	17	5,842
1-12/2020										
External revenue										
Finland	169	1,260	2,313	21	3,763	247	1,201	2,448	20	3,917
Other Nordic countries	1,287	691	4	0	1,982	1,446	644	2	0	2,092
Baltic Rim	36	181	712	0	930	40	173	767	0	980
Other European countries	1,509	1,809	2	4	3,323	1,299	1,433	2	1	2,735
North and South America	1,089	512	0	2	1,603	1,485	723	0	4	2,211
Other countries	24	125	0	0	150	29	101	0	0	129
Total	4,114	4,578	3,031	28	11,751	4,546	4,274	3,219	26	12,064
Last 12 months										
External revenue										
Finland	169	1,260	2,313	21	3,763	247	1,201	2,448	20	3,917
Other Nordic countries	1,287	691	4	0	1,982	1,446	644	2	0	2,092
Baltic Rim	36	181	712	0	930	40	173	767	0	980
Other European countries	1,509	1,809	2	4	3,323	1,299	1,433	2	1	2,735
North and South America	1,089	512	0	2	1,603	1,485	723	0	4	2,211
Other countries	24	125	0	0	150	29	101	0	0	129
Total	4,114	4,578	3,031	28	11,751	4,546	4,274	3,219	26	12,064

4. SEGMENT INFORMATION

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

REVENUE	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Renewable Products	1,332	1,047	2,563	2,112	4,270	4,721
Oil Products	1,331	1,218	2,890	3,078	6,063	5,875
Marketing & Services	886	664	1,700	1,510	3,055	3,244
Others	48	45	95	105	177	167
Eliminations	-574	-403	-1,093	-963	-1,813	-1,944
Total	3,022	2,572	6,155	5,842	11,751	12,064

OPERATING PROFIT	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Renewable Products	443	168	856	594	1,239	1,501
Oil Products	8	40	31	-195	-396	-170
Marketing & Services	18	19	40	27	68	81
Others	-7	-16	-8	-25	-84	-67
Eliminations	0	-3	1	4	1	-2
Total	463	208	920	405	828	1,343

COMPARABLE OPERATING PROFIT	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Renewable Products	287	314	580	644	1,334	1,270
Oil Products	-58	-60	-66	14	50	-30
Marketing & Services	18	19	35	27	68	76
Others	-7	-16	-8	-25	-37	-20
Eliminations	0	-3	1	4	1	-2
Total	241	255	542	663	1,416	1,295

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Renewable Products	54	43	104	87	184	202
Oil Products	66	64	126	134	425	417
Marketing & Services	7	7	14	14	28	28
Others	11	10	22	19	43	45
Eliminations	-1	0	-2	0	0	-3
Total	136	124	264	254	680	690

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020	Last 12 months
Renewable Products	133	284	599	418	804	985
Oil Products	205	50	249	151	307	405
Marketing & Services	5	6	8	8	26	25
Others	7	13	16	35	60	41
Eliminations	0	0	0	0	0	0
Total	349	352	872	612	1,197	1,456

TOTAL ASSETS	30 June 2021	30 June 2020	31 Dec 2020
Renewable Products	4,923	4,091	3,998
Oil Products	3,754	3,535	3,402
Marketing & Services	503	468	476
Others	341	376	349
Unallocated assets	1,631	896	1,839
Eliminations	-285	-245	-249
Total	10,867	9,122	9,815

	30 June 2021	30 June 2020	31 Dec 2020
NET ASSETS			
Renewable Products	4,223	3,592	3,470
Oil Products	2,321	2,579	1,848
Marketing & Services	185	206	192
Others	-174	208	149
Eliminations	-8	-7	-6
Total	6,547	6,578	5,653
TOTAL LIABILITIES			
Renewable Products	1,027	789	825
Oil Products	1,474	1,000	1,600
Marketing & Services	371	323	339
Others	521	174	206
Unallocated liabilities	1,711	1,155	1,160
Eliminations	-278	-238	-243
Total	4,827	3,202	3,886
RETURN ON NET ASSETS, %			
Renewable Products	39.3	63.7	36.3
Oil Products	-7.3	0.8	-16.8
Marketing & Services	40.4	34.1	31.0
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	33.3	55.6	39.1
Oil Products	-1.3	9.6	2.1
Marketing & Services	37.8	24.7	31.0

QUARTERLY SEGMENT INFORMATION

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

5. ACQUISITIONS AND DISPOSALS

Acquisitions

Bunge Loders Croklaan's refinery plant

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

Values of acquired assets and liabilities at time of acquisition:	Fair value
Intangible assets	1
Property, plant and equipment	104
Inventories	1
Total assets	107
Interest-bearing liabilities	10
Deferred tax liabilities	11
Current tax liabilities	3
Trade and other payables	1
Total liabilities	25
Net assets acquired	81
Consideration transferred	255
Net assets acquired	-81
Goodwill	173
Cash flows of acquisition:	1-6/2021
Consideration, paid in cash	-255
Cash and cash equivalents in acquiree	0
Transaction costs of the acquisition	-2
Net cash flow on acquisition	-257

Disposals

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

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

6. ASSETS HELD FOR SALE

Neste and Futura vessels

The assets classified as held for sale as of 30 June 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.

Assets classified as held for sale	Neste and Futura vessels 30 June 2021
Property, plant and equipment	14
Total	14

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	4-6/2021	4-6/2020	1-3/2021	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	241	255	302	542	663	1,416
inventory valuation gains/losses	207	127	175	382	-166	-119
changes in the fair value of open commodity and currency derivatives	14	-172	-20	-6	-91	-112
capital gains and losses	0	0	5	5	0	-42
impairments	0	0	0	0	0	0
other adjustments	0	-1	-3	-3	-1	-314
OPERATING PROFIT	463	208	458	920	405	828
Renewable Products	4-6/2021	4-6/2020	1-3/2021	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	287	314	294	580	644	1,334
inventory valuation gains/losses	181	-68	115	296	14	10
changes in the fair value of open commodity and currency derivatives	-24	-78	4	-20	-63	-105
capital gains and losses	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	443	168	413	856	594	1,239
Oil Products	4-6/2021	4-6/2020	1-3/2021	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	-58	-60	-8	-66	14	50
inventory valuation gains/losses	27	194	59	86	-180	-130
changes in the fair value of open commodity and currency derivatives	39	-94	-24	14	-27	-7
capital gains and losses	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	-1	-3	-3	-1	-310
OPERATING PROFIT	8	40	24	31	-195	-396
Marketing & Services	4-6/2021	4-6/2020	1-3/2021	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	18	19	16	35	27	68
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	5	5	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	18	19	22	40	27	68
Others	4-6/2021	4-6/2020	1-3/2021	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	-7	-16	-1	-8	-25	-37
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	-42
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	-5
OPERATING PROFIT	-7	-16	-1	-8	-25	-84

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
COMPARABLE OPERATING PROFIT	241	255	542	663	1,416
total financial income and expenses	2	-12	-41	-5	-41
income tax expense	-33	-36	-74	-38	-72
non-controlling interests	2	-1	2	-1	-2
tax on items affecting comparability	29	-6	49	-34	-71
COMPARABLE NET PROFIT	240	200	479	585	1,229

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

	30 June 2021	30 June 2020	31 Dec 2020
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,295	1,879	1,416
financial income	3	7	4
exchange rate and fair value gains and losses	-31	-21	0
income tax expense	-108	-209	-72
tax on other items affecting ROACE	5	3	-77
Comparable net profit, net of tax	1,165	1,659	1,271
Capital employed average	7,474	6,777	7,326
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	15.6	24.5	17.3

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 June 2021	30 June 2020	31 Dec 2020
Total equity	6,041	5,919	5,929
Total assets	10,867	9,122	9,815
Advances received	-61	-71	-104
EQUITY-TO-ASSETS RATIO, %	55.9	65.4	61.1

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 June 2021	30 June 2020	31 Dec 2020
Operative receivables	1,279	1,540	1,179
Inventories	2,416	1,775	1,829
Operative liabilities	-2,239	-1,319	-1,883
Net working capital	1,457	1,996	1,125
Revenue, last 12 months	12,064	13,856	11,751
NET WORKING CAPITAL IN DAYS OUTSTANDING	44.1	52.6	35.0

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

	30 June 2021	30 June 2020	31 Dec 2020
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	4,741	4,322	4,322
Capital expenditure	617	428	964
Acquisitions	278	218	219
Depreciation, amortization and impairments	-264	-254	-680
Disposals	-54	-10	-48
Assets held for sale	0	-14	-14
Translation differences	6	-5	-22
Closing balance	5,325	4,686	4,741
COMMITMENTS			
Commitments to purchase property, plant and equipment, and intangible assets	521	1,274	616
Other commitments	9	0	10
Total	530	1,274	626

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

9. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2021	30 June 2020	31 Dec 2020
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	56	22	22
Share of profit (loss) of associates and joint ventures	1	0	-38
Share of other comprehensive income of investments accounted for using the equity method	2	0	12
Investments	0	0	35
Translation differences	1	0	26
Closing balance	60	22	56

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 June 2021	30 June 2020	31 Dec 2020
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ^{1) 3)}	1,240	1,065	1,050
Current interest-bearing liabilities ²⁾	583	201	257
Interest-bearing liabilities	1,823	1,266	1,307
Current investments	-36	-47	-20
Cash and cash equivalents	-1,281	-650	-1,552
Liquid funds	-1,317	-696	-1,572
Interest-bearing net debt	506	569	-265

¹⁾ Including EUR 318 million of lease liabilities at 30 June 2021 (30 June 2020: EUR 303 million, 31 Dec 2020: EUR 289 million)

²⁾ Including EUR 110 million of lease liabilities at 30 June 2021 (30 June 2020: EUR 97 million, 31 Dec 2020: EUR 114 million)

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

	30 June 2021	30 June 2020	31 Dec 2020
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,317	696	1,572
Unused committed credit facilities	1,350	1,350	1,350
Total	2,667	2,046	2,922
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.

	30 June 2021		30 June 2020		31 Dec 2020	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Currency derivatives						
Hedge accounting	2,766	-7	2,079	9	3,057	93
Non-hedge accounting	1,900	-22	1,292	-4	1,212	32

	30 June 2021			30 June 2020			31 Dec 2020		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives									
Sales contracts									
Non-hedge accounting	0	28	-60	0	30	94	0	22	-79
Purchase contracts									
Non-hedge accounting	3,360	21	69	3,402	22	-42	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 June 30, 2021

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables		2	61	63	63			
Derivative financial instruments	1	3		4	4		4	
Other financial assets	28	5		33	33			33
Current financial assets								
Trade and other receivables ¹⁾			1,433	1,433	1,433			
Derivative financial instruments	10	113		123	123	1	121	
Current investments			36	36	36			
Cash and cash equivalents			1,281	1,281	1,281			
Financial assets	38	123	2,811	2,972	2,972			
Non-current financial liabilities								
Interest-bearing liabilities			1,240	1,240	1,259	912	347	
Derivative financial instruments		0		0	0		0	
Other non-current liabilities			20	20	20			
Current financial liabilities								
Interest-bearing liabilities			583	583	586	324	262	
Derivative financial instruments	17	129		146	146	15	131	
Trade and other payables			2,222	2,222	2,222			
Financial liabilities	17	129	4,066	4,211	4,234			

¹⁾ excluding non-financial items

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

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

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

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

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

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

	30 June	30 June	31 Dec
	2021	2020	2020
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	88	107	273
Purchases of goods and services	32	128	170
Receivables	144	102	90
Financial income and expenses	1	1	2
Liabilities	5	20	1

13. CONTINGENT LIABILITIES

	30 June	30 June	31 Dec
	2021	2020	2020
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	62	29	62
Total	88	55	88
On behalf of joint arrangements			
Pledged assets	42	39	40
Total	42	39	40
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	131	95	128

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