



Neste Corporation
Interim Report
January–September 2022

27 October 2022

NESTE
Change runs on renewables

Neste's Interim Report for January–September 2022

Strong performance continued in exceptional markets

Third quarter in brief:

- Comparable EBITDA totaled EUR 979 million (EUR 524 million)
- EBITDA totaled EUR 456 million (EUR 735 million)
- Renewable Products' comparable sales margin was USD 756/ton (USD 679/ton)
- Oil Products' total refining margin was USD 28.0/bbl (USD 9.4/bbl)
- Cash flow before financing activities was EUR -18 million (EUR 171 million)

January-September in brief:

- Comparable EBITDA totaled EUR 2,643 million (EUR 1,329 million)
- EBITDA totaled EUR 2,299 million (EUR 1,919 million)
- Cash flow before financing activities was EUR -986 million (EUR -213 million)
- Cash-out investments were EUR 1,312 million (EUR 1,004 million)
- Return on average capital employed (ROACE)* was 27.6% over the last 12 months (2021: 18.3%)
- Leverage ratio was 16.3% at the end of September (31.12.2021: 0.6%)
- Comparable earnings per share: EUR 2.21 (EUR 1.04)
- Earnings per share: EUR 1.79 (EUR 1.71)

* Calculation formula has been adjusted effective 1 January 2022; and the figure for 2021 restated.

President and CEO Matti Lehmus:

“Neste’s strong performance continued in the third quarter. We posted a comparable EBITDA of EUR 979 million compared to EUR 524 million in the corresponding period last year. The war in Ukraine continued to have a significant impact on international energy markets, leading to high albeit volatile oil product and natural gas prices in Europe. Renewable Products performed well despite an adverse impact from margin hedging and some logistical delays in product deliveries. Oil Products improved its performance as a result of the exceptionally strong refining market. Also Marketing & Services performed very well during the summer period. Our ROACE over the last 12 months was 27.6%, and we had a leverage ratio of 16.3% at the end of September.

Renewable Products posted a comparable EBITDA of EUR 389 million (EUR 357 million) in the third quarter. Due to challenges in outbound logistics, part of the planned end-September product deliveries were postponed to October. Sales volumes were 698,000 tons, impacted by the logistical delays and the scheduled maintenance turnaround at the Singapore refinery. Comparable sales margin averaged USD 756/ton, which was a good achievement considering the volatile product and feedstock markets, the negative impact of our margin hedging, and the delayed sales. Sales margin was higher than in the corresponding period last year, but slightly below our third-quarter guidance range. Successful feedstock mix optimization continued and the share of waste and residue inputs was 96%.

Oil Products posted a comparable EBITDA of EUR 537 million (EUR 125 million) in the third quarter. European oil product and natural gas prices remained exceptionally high. The refining margin was supported particularly by the strong diesel margins. The last shipment of Russian crude oil was received in July, and replacing natural gas with propane at the Porvoo refinery has been successfully executed and economically attractive. Our total refining margin was high at USD 28/bbl and almost at the record level of the second quarter of 2022. This boosted the segment's comparable EBITDA significantly in the third quarter.

Marketing & Services posted a strong comparable EBITDA of EUR 38 million (EUR 32 million) in the third quarter. High price levels have had a negative impact on demand, but we have been able to gain market share and increase our unit margins.

During the third quarter we completed a strategy review, and continued to take important steps in executing our growth strategy. Our ongoing Singapore expansion project is approaching mechanical completion and it is proceeding according to schedule for targeted start-up at the end of the first quarter of 2023. The capital expenditure forecast of the project has been increased from EUR 1.5 billion to EUR 1.65 billion, reflecting recent changes in currency exchange rates and the cost impact of project execution during the pandemic. The Rotterdam expansion project is on track with the majority of the equipment purchases already done as a result of a successful front-end loading procurement.

I am pleased to note that we have also finalized the transaction to establish a 50/50 joint operation for production of renewable fuels with Marathon Petroleum in the United States following satisfaction of all closing conditions. The joint operation called Martinez Renewables is expected to commence production in Martinez, California, in early 2023. Pretreatment capabilities are expected to come online in the second half of 2023, and the facility is expected to be capable of producing 2.1 million tons per year by the end of 2023. In the initial phase, the main feedstock for Martinez Renewables is expected to be primarily sustainably sourced soybean oil, but the share of waste and residue raw materials is expected to increase after the pretreatment capabilities come online. In Neste's global feedstock supply the share of waste and residue raw materials is expected to stay above 90% in the coming years, while in the longer term the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils.

In Finland we launched a strategic study on transitioning our Porvoo refinery to a renewable and circular site and ending crude oil refining in the mid-2030s. Through co-processing and possible retrofitting of units, and benefiting from available refining assets, experience and know-how, we would have the potential to significantly grow our renewables and circular production in Porvoo in the long term.

Our growth strategy and transformation story continues. We remain highly committed to our sustainability targets and vision to become a global leader in renewable and circular solutions.”

Outlook

Visibility in the global economy is low due to high inflation, reduced economic growth expectations and continued geopolitical uncertainty. The war in Ukraine has had significant impacts on global energy markets, and energy prices have risen to high levels. We expect volatility in the oil products and renewable feedstock markets to remain high.

Renewable Products' fourth-quarter sales volumes are expected to be higher than in the previous quarter. Waste and residue markets are anticipated to remain tight and volatile as demand continues to be robust. Our fourth-quarter sales margin is currently expected to be within the range USD 700-800/ton. However, forecasting of the quarterly margin remains challenging due to high market volatility. The segment's fourth-quarter fixed costs are expected to be approximately EUR 55 million higher than in the previous quarter, reflecting the costs related to

Martinez Renewables joint operation and the build-up of capabilities in anticipation of the Singapore expansion start-up.

The utilization rates of our renewables production facilities are forecasted to remain high, except for the scheduled seven-week turnaround at the Rotterdam refinery in the fourth quarter. The Rotterdam turnaround is currently estimated to have a negative impact of approximately EUR 100 million on the segment's comparable EBITDA. Thanks to our mitigation actions via inventories, the sales volume and EBITDA impacts are spread over a period of several quarters.

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

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the fourth quarter. The high price levels are expected to have some negative impact on demand particularly in the consumer segment.

Based on our current estimates and a hedging rate of approximately 85%, Neste's effective EUR/US dollar rate is expected to be within a range of 1.06–1.075 in the fourth quarter of 2022.

Neste estimates the Group's full-year 2022 cash-out capital expenditure to be approximately EUR 1.9 billion, including approximately EUR 0.8 billion for Martinez Renewables. Possible further M&A is excluded from the figure.

According to our understanding, the EU solidarity contribution for the fossil fuel industry approved as part of the Regulation on an Emergency Intervention to Address High Energy Prices on 6 October 2022, would not be applicable to Neste.

Neste's Interim Report, 1 January – 30 September 2022

The Interim Report is unaudited.

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

Key Figures

EUR million (unless otherwise noted)

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Revenue	6,583	4,026	7,039	19,145	10,181	15,148
EBITDA	456	735	927	2,299	1,919	2,607
Comparable EBITDA*	979	524	1,085	2,643	1,329	1,920
Operating profit	289	579	769	1,821	1,499	2,023
Profit before income taxes	231	582	750	1,716	1,462	1,962
Net profit	139	512	599	1,377	1,318	1,774
Comparable net profit	610	323	740	1,694	802	1,179
Earnings per share, EUR	0.18	0.66	0.78	1.79	1.71	2.31
Comparable earnings per share, EUR	0.79	0.42	0.96	2.21	1.04	1.54
Investments	1,025	273	272	1,551	1,145	1,535
Net cash generated from operating activities	842	379	254	457	793	1,994

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Total equity	7,748	6,528	6,985
Interest-bearing net debt	1,506	412	41
Capital employed	10,281	8,427	8,742
Return on average capital employed after tax (ROACE)** , %	27.6	18.2	18.3
Equity per share, EUR	10.08	8.49	9.09
Leverage ratio, %	16.3	5.9	0.6

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

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

The Group's third quarter 2022 results

Neste's revenue in the third quarter totaled EUR 6,583 million (4,026 million). The revenue growth resulted from higher market and sales prices, which had a positive impact of approx. EUR 2.4 billion, and lower sales volumes, which had a negative impact of approx. EUR 200 million. Additionally, a stronger US dollar had a positive impact of approx. EUR 400 million.

The Group's comparable EBITDA was EUR 979 million (524 million). Renewable Products' comparable EBITDA was EUR 389 million (357 million), mainly due to a higher sales margin and stronger US dollar compared to the third quarter of 2021. Oil Products' comparable EBITDA was EUR 537 million (125 million), as a result of the exceptionally strong refining market. Marketing & Services' comparable EBITDA was EUR 38 million (32 million). The Others segment's comparable EBITDA was EUR 3 million (10 million).

The Group's EBITDA was EUR 456 million (735 million), which was impacted by inventory valuation losses of EUR 420 million (gains of 63 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -101 million (145 million), mainly related to margin hedging. Profit before income taxes was EUR 231 million (582 million), and net profit EUR 139 million (512 million). Comparable earnings per share were EUR 0.79 (0.42), and earnings per share EUR 0.18 (0.66).

The Group's January–September 2022 results

Neste's revenue in the first nine months totaled EUR 19,145 million (10,181 million). The revenue growth resulted from higher market and sales prices, which had a positive impact of approx. EUR 5.8 billion, and higher sales volumes, which had a positive impact of approx. EUR 2.4 billion. A stronger US dollar had a positive impact of approximately EUR 800 million on the revenue.

The Group's comparable EBITDA was EUR 2,643 million (1,329 million). Renewable Products' nine-month comparable EBITDA was EUR 1,347 million (1,042 million), mainly due to the higher sales margin and a stronger US dollar than in the corresponding period of 2021. Oil Products' nine-month comparable EBITDA was EUR 1,204 million (185 million), mainly as a result of the improved refining market. Also the Porvoo refinery major turnaround had a negative impact on the corresponding period last year. Marketing & Services' comparable EBITDA was EUR 105 million (80 million), as a result of higher unit margins compared to the first nine months of 2021. The Others segment's comparable EBITDA was EUR -8 million (24 million), due to increased common costs related to growth strategy execution.

The Group's EBITDA was EUR 2,299 million (1,919 million), which was impacted by inventory valuation losses of EUR 152 million (gains of 445 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -179 million (139 million), mainly related to margin and utility price hedging. Profit before income taxes was EUR 1,716 million (1,462 million), and net profit EUR 1,377 million (1,318 million). Comparable earnings per share were EUR 2.21 (1.04), and earnings per share EUR 1.79 (1.71).

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
COMPARABLE EBITDA	979	524	1,085	2,643	1,329	1,920
- inventory valuation gains/losses	-420	63	153	-152	445	573
- changes in the fair value of open commodity and currency derivatives	-101	145	-296	-179	139	106
- capital gains/losses	0	-2	5	10	3	3
- other adjustments	-2	5	-20	-22	2	5
EBITDA	456	735	927	2,299	1,919	2,607

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Group's comparable EBITDA, 2021	524	1,329
Sales volumes	-35	96
Sales margin	452	1,153
Currency exchange	111	250
Fixed costs	-62	-128
Others	-11	-58
Group's comparable EBITDA, 2022	979	2,643

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

	7-9	1-9
Group's comparable EBITDA, 2021	524	1,329
Renewable Products	33	305
Oil Products	412	1,019
Marketing & Services	6	25
Others including eliminations	5	-35
Group's comparable EBITDA, 2022	979	2,643

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 September, ROACE calculated over the last 12 months was 27.6%, and leverage ratio remained well within the target area.

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Return on average capital employed after tax (ROACE)*, %	27.6	18.2	18.3
Leverage ratio (net debt to capital), %	16.3	5.9	0.6

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

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 457 million (793 million) during the first nine months of 2022. The difference compared to the corresponding period last year mainly resulted from a significant increase in net working capital due to inventory build-up and price increases of crude oil and renewable feedstock. We were able to release cash from the net working capital in the third quarter. Cash flow before financing activities was EUR -986 million (-213 million) during January-September. The Group's net working capital in days outstanding was 43.7 days (44.6 days) on a rolling 12-month basis at the end of the third quarter.

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
EBITDA	456	735	927	2,299	1,919	2,607
Capital gains/losses	-1	2	6	0	0	0
Other adjustments	82	-177	375	249	-127	-118
Change in net working capital	347	-158	-997	-1,958	-884	-362
Finance cost, net	-8	-1	-12	-34	-25	-39
Income taxes paid	-33	-22	-46	-100	-90	-95
Net cash generated from operating activities	842	379	254	457	793	1,994
Capital expenditure	-884	-347	-233	-1,312	-1,004	-1,298
Other investing activities	-22	139	-29	-132	-2	-186
Free cash flow (Cash flow before financing activities)	-18	171	-8	-986	-213	511

Cash-out investments totaled EUR 1,312 million (1,004 million), and were EUR 660 million (749 million) excluding M&A and Martinez Renewables during January-September. Maintenance investments accounted for EUR 175 million (347 million) and productivity and strategic investments for EUR 1,137 million (658 million). Renewable Products' investments were EUR 1,183 million (664 million), mainly related to the Martinez Renewables joint operation and the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 80 million (312 million), and Marketing & Services' investments totaled EUR 13 million (8 million). Investments in the Others segment were EUR 36 million (20 million), concentrating on IT and business infrastructure upgrades.

Interest-bearing net debt was EUR 1,506 million at the end of September, compared to EUR 41 million at the end of 2021. The average interest rate of borrowing at the end of September was 1.4% (1.4%) and the average maturity 2.7 (3.3) years. At the end of the third quarter the Net debt to EBITDA ratio was 0.5 (0.2) over the last 12 months.

The leverage ratio was 16.3% at the end of September (31 Dec 2021: 0.6%). 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 2,377 million at the end of September (31 Dec 2021: 3,066 million). There are no financial covenants in the Group companies' existing 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 September the Group's foreign currency hedging ratio was approximately 55% of the sales margin for the next 12 months.

US dollar exchange rate	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
EUR/USD, market rate	1.01	1.18	1.07	1.07	1.20	1.18
EUR/USD, effective rate*	1.10	1.19	1.12	1.12	1.17	1.18

* The effective rate includes the impact of currency hedges. Figure for 4-6/22 has been corrected.

Segment reviews

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

Renewable Products

Key financials	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Revenue, MEUR	2,403	1,503	2,728	7,308	4,066	5,895
EBITDA, MEUR	-39	490	284	792	1,451	1,950
Comparable EBITDA, MEUR	389	357	538	1,347	1,042	1,460
Operating profit, MEUR	-126	433	219	578	1,289	1,723
Net assets, MEUR	5,984	4,537	5,495	5,984	4,537	4,748
Return on net assets*, %	19.2	39.3	32.0	19.2	39.3	40.9
Comparable return on net assets*, %	28.7	30.4	30.3	28.7	30.4	29.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR	7-9	1-9
Comparable EBITDA, 2021	357	1,042
Sales volumes	-50	2
Sales margin	39	193
Currency exchange	89	215
Fixed costs	-45	-106
Others	0	0
Comparable EBITDA, 2022	389	1,347

Key drivers	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Comparable sales margin, USD/ton	756	679	865	812	694	715
Biomass-based diesel (D4) RIN, USD/gal	1.71	1.60	1.70	1.64	1.50	1.50
California LCFS Credit, USD/ton	86	176	104	110	185	178
Palm oil price*, USD/ton	875	1,012	1,389	1,209	949	999
Waste and residues' share of total feedstock, %	96	91	96	95	91	92

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

Renewable Products' third-quarter comparable EBITDA totaled EUR 389 million, compared to EUR 357 million in the third quarter of 2021. Due to challenges in outbound logistics, part of the planned end-September product deliveries were postponed to October. Sales volumes were 698,000 tons, impacted by the logistical delays and the scheduled maintenance turnaround at the Singapore refinery. The comparable sales margin averaged USD 756/ton, which was a good achievement considering the volatile product and feedstock markets, the negative impact of our margin hedging, and the delayed sales. The sales margin was higher than in the corresponding period last year, but slightly below our third-quarter guidance range. The higher sales margin had a positive impact of EUR 39 million on the comparable EBITDA year-on-year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 78 million (64 million) in the third quarter. The sales volumes were lower than in the corresponding period last year, which had a negative impact of EUR 50 million on the comparable EBITDA. During the third quarter approximately 66% (71%) of the volumes were sold to the European market and 34% (29%) to North America. The share of 100% renewable diesel delivered to end-users was 30% (25%) in the third quarter. Our renewable diesel production capacity had an average utilization rate of 80% (83%) during the quarter, reflecting the scheduled maintenance at the Singapore refinery. Successful feedstock mix optimization continued and the share of waste and residue inputs was 96% (91%). A stronger US dollar, excluding currency hedges, had a positive impact of EUR 89 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 45 million higher than in the first nine months of 2021 as we continued to build up our organization to prepare for future growth. Renewable Products' comparable return on net assets was 28.7% (30.4%) at the end of September based on the previous 12 months.

Vegetable oil prices continued to drop during the third quarter led by palm oil as Indonesian palm oil stocks remained high despite some rebound in exports. Prices of waste and residue also declined, but to a lesser extent than palm oil. European used cooking oil (UCO) showed a substantial decline due to narrowing UCOME biodiesel margins. Animal fat (AF) prices dropped only slightly in EU and Asia, but in contrast, US AF prices increased.

The US Renewable Identification Number (RIN) D4 price was volatile, but increased somewhat in line with the widening soybean oil price spread over heating oil. The California Low Carbon Fuel Standard (LCFS) credit price increased temporarily at the beginning of the quarter before resuming its downtrend due to generation of more credits than deficits.

Renewable Products' nine-month comparable EBITDA was EUR 1,347 million (1,042 million). The comparable sales margin was higher than in the first nine months of 2021. The higher sales margin had a positive impact of EUR 193 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 225 million (216 million) during the first nine months. Sales volumes were at similar level as in the previous year. The stronger US dollar had a positive impact of EUR 215 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 106 million higher than in the first nine months of the previous year, as we continued to build up our organization to prepare for future growth, and reflecting a more normal level of activity.

Production	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Neste Renewable Diesel and SAF, 1,000 ton	662	670	852	2,372	2,242	3,005
Other products, 1,000 ton	54	63	65	192	183	256
Utilization rate*, %	80	83	103	96	92	94

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

Sales	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Neste Renewable Diesel and SAF, 1,000 ton	698	772	808	2,252	2,246	3,021
Share of sales volumes to Europe, %	66	71	71	68	66	65
Share of sales volumes to North America, %	34	29	29	32	34	35

Oil Products

Key financials	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Revenue, MEUR	3,877	2,148	4,043	10,939	5,038	7,810
EBITDA, MEUR	443	204	645	1,436	361	546
Comparable EBITDA, MEUR	537	125	529	1,204	185	353
Operating profit, MEUR	381	126	571	1,227	157	263
Net assets, MEUR	3,311	2,515	3,510	3,311	2,515	2,045
Return on net assets*, %	46.9	-5.6	40.8	46.9	-5.6	11.9
Comparable return on net assets*, %	38.3	0.8	25.0	38.3	0.8	3.2

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable EBITDA, 2021	125	185
Sales volumes	15	91
Total refining margin	413	930
Currency exchange	22	35
Fixed costs	-8	16
Others	-30	-53
Comparable EBITDA, 2022	537	1,204

Key drivers

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Total refining margin, USD/bbl	27.96	9.37	29.99	23.37	8.35	8.99
Urals-Brent price differential, USD/bbl	-27.39	-2.30	-34.96	-24.63	-1.92	-1.87
Urals' share of total refinery input, %	9	59	12	22	65	65

Oil Products' comparable EBITDA totaled EUR 537 million (125 million) in the third quarter. As the war in Ukraine continued, the European oil product and natural gas prices remained exceptionally high. Crude oil price came down, but refining margin was supported particularly by the strong diesel margins in the third quarter. The last shipment of Russian crude oil was received in July, and replacing natural gas with propane at the Porvoo refinery has been successfully executed and economically attractive. For the third quarter we had expected a solid, but lower than the exceptionally high total refining margin of the second quarter 2022. The third-quarter total refining margin was high and averaged USD 28.0/bbl, compared to USD 30.0/bbl in the second quarter, and USD 9.4/bbl in the corresponding period last year. The significantly higher total refining margin had a positive impact of EUR 413 million on the segment's comparable EBITDA year-on-year. Our sales volumes were slightly higher than in

the corresponding period last year, which had a positive impact of EUR 15 million on the comparable EBITDA. The stronger US dollar had a positive impact of EUR 22 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 8 million higher than in the corresponding period last year. Oil Products' comparable return on net assets was 38.3% (0.8%) at the end of September over the previous 12 months.

During the third quarter the use of Russian crude oil was 9% (59%) of total input. The last shipment of Russian crude oil was received in July, and the remaining use of Russian crude oil comes from the inventory. The average utilization rate of the Porvoo refinery was 80% (91%), mainly reflecting the scheduled maintenance of the Production Line 4.

Crude oil prices were volatile, but trending down during the third quarter. Brent price fell from USD 110/bbl level to USD 88/bbl. A globally weakening economy outlook, a stronger US dollar and high pump prices of fuels were impacting crude oil demand outlook, which drove crude oil price down. Physical crude oil markets were not as tight as in the second quarter and commercial oil stocks were trending up. In Europe refineries continued to replace Russian crude oil with other sources, but premiums for other crude oils came down from the second-quarter high levels. Seasonally global oil demand was supported by the summer driving and cooling season.

Overall, European refining margins were strong, but somewhat lower than in the exceptional second quarter as weaker gasoline margins and high utility costs were impacting negatively. Diesel margin rose significantly from the second quarter and reached an all-time-high level in August driven by the very expensive natural gas and electricity prices. European diesel inventories continued at tight levels, but gasoline stocks rose counter-seasonally. The spread between propane and natural gas widened significantly from the second quarter. On average, diesel was the strongest part of the barrel during the quarter.

Oil Products' nine-month comparable EBITDA was EUR 1,204 million (185 million). The refining market was impacted by the war in Ukraine, and the diesel and gasoline margins were exceptionally high during the summer period. The total refining margin averaged USD 23.4/bbl (8.4/bbl) in the first nine months of 2022. The higher total refining margin had a significant positive impact of EUR 930 million on the comparable EBITDA compared to the same period last year. Sales volumes were at planned level, while the corresponding period last year was impacted by the Porvoo refinery major turnaround. The higher sales volumes had a positive impact of EUR 91 million on the comparable EBITDA year-on-year. The stronger US dollar had a positive impact of EUR 35 million on the comparable EBITDA, and the segment's fixed costs were EUR 16 million lower than in the first nine months of 2021.

Production	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Refinery						
- Production, 1,000 ton	2,848	2,828	2,872	8,563	6,544	9,504
- Utilization rate, %	80	91	89	87	65	72
Refinery production costs, USD/bbl	7.2	4.7	6.8	7.1	7.0	6.8

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

	7-9/22	%	7-9/21	%	4-6/22	%	1-9/22	%	1-9/21	%	2021	%
Middle distillates*	1,443	50	1,403	52	1,358	49	4,071	49	3,194	49	4,823	48
Light distillates**	1,110	38	791	29	1,115	40	3,271	40	2,109	32	3,420	34
Heavy fuel oil	195	7	338	12	219	8	522	6	675	10	1,000	10
Base oils	60	2	92	3	67	3	243	3	276	4	386	4
Other products	73	3	87	3	13	0	164	2	320	5	421	4
TOTAL	2,880	100	2,712	100	2,771	100	8,271	100	6,574	100	10,051	100

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

** Motor gasoline, gasoline components, LPG

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

	7-9/22	%	7-9/21	%	4-6/22	%	1-9/22	%	1-9/21	%	2021	%
Baltic Sea area*	1,785	62	1,804	67	1,696	61	5,024	61	4,400	66	6,264	62
Other Europe	736	26	674	25	683	25	2,123	25	1,503	23	2,485	25
North America	109	4	194	7	283	10	712	9	560	9	864	9
Other areas	251	8	40	1	109	4	412	5	110	2	438	4

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

Marketing & Services

Key financials

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Revenue, MEUR	1,604	999	1,481	4,314	2,699	3,803
EBITDA, MEUR	38	29	35	106	84	106
Comparable EBITDA, MEUR	38	32	35	105	80	103
Operating profit, MEUR	31	23	28	84	63	77
Net assets, MEUR	268	211	258	268	211	212
Return on net assets*, %	41.7	38.4	41.2	41.7	38.4	38.1
Comparable return on net assets*, %	41.5	36.9	42.0	41.5	36.9	36.6

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable EBITDA, 2021	32	80
Sales volumes	1	3
Unit margins	8	30
Currency exchange	0	0
Fixed costs	-3	-7
Others	0	-1
Comparable EBITDA, 2022	38	105

Marketing & Services' comparable EBITDA was EUR 38 million (32 million) in the third quarter. Our market share continued to develop positively in Finland, but the total product demand was negatively impacted by the high sales price level particularly in the consumer segment in all market areas. Our third-quarter sales volumes were slightly higher than in the corresponding period last year, which had a positive impact of EUR 1 million on the comparable EBITDA. Unit margins increased and had a positive impact of EUR 8 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 3 million higher than in the third quarter of 2021. Marketing & Services' comparable return on net assets was 41.5% (36.9%) at the end of September on a rolling 12-month basis.

Marketing & Services segment's nine-month comparable EBITDA was EUR 105 million (80 million). Sales volumes were slightly higher compared to the same period last year, which had a positive impact of EUR 3 million on the comparable EBITDA. Average unit margins were significantly higher, which had a positive impact of EUR 30 million on the result year-on-year. The segment's fixed costs were EUR 7 million higher compared to the first nine months of 2021, which reflects a more normal level of activity.

Sales volumes by main product categories, million liters

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Gasoline station sales	167	175	154	451	462	612
Diesel station sales	413	424	405	1,206	1,212	1,629
Heating oil	233	156	160	614	467	663

Net sales by market area, MEUR

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Finland	1,265	750	1,145	3,365	2,056	2,896
Baltic countries	339	250	336	949	644	908

Others

Key financials

	7-9/22	7-9/21	4-6/22	1-9/22	1-9/21	2021
Comparable EBITDA, MEUR	3	10	-10	-8	24	11
Operating profit, MEUR	-8	-1	-42	-63	-9	-34

The Others segment consists of Neste Engineering Solutions, and common corporate costs. The comparable EBITDA of the Others segment totaled EUR 3 million (10 million) in the third quarter. The nine-month comparable EBITDA of the Others segment totaled EUR -8 million (24 million). The lower comparable EBITDA compared to the previous year resulted from increased common costs related to growth strategy execution.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the third quarter at EUR 44.80, up by 6.1% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 52.18, while the lowest share price was EUR 41.61. Market capitalization was EUR 34.5 billion as of 30 September 2022. An average of 0.8 million shares were traded daily, representing 0.1% of the company's shares.

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

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

As of 30 September 2022, the State of Finland owned directly 35.9% (35.9% at the end of the second quarter) of outstanding shares, foreign institutions 39.7% (39.1%), Finnish institutions 16.8% (17.3%), and households 7.6% (7.7%).

Personnel

Neste employed an average of 5,205 (4,898) employees in the first nine months of the year, of which 1,602 (1,280) were based outside Finland. At the end of September, the company had 5,326 employees (4,807), of which 1,725 (1,359) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	7-9/22	7-9/21	1-9/22	1-9/21	2021
TRIF*	1.6	1.5	2.0	1.4	1.4
PSER**	2.3	1.1	1.8	1.4	1.4
GHG reduction, Mton***	2.7	2.8	8.2	8.0	10.9

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

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

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

Neste's occupational safety injury frequency, measured by the key TRIF indicator, was higher during the third quarter and cumulatively in 2022 compared to the corresponding periods last year. Corrective actions focusing especially on contractor safety, and safety in the investment projects, have been defined and initiated to improve the performance. PSER, the main indicator for process safety incidents, was higher during the third quarter and cumulatively in 2022 compared to the corresponding periods last year.

Strong focus on improving safety performance and culture continues. The long-term safety development activities continue with focus areas of leadership, competence improvement, operational discipline, process safety, contractor safety, effective learning from incidents, and integration of new activities into the Neste safety management practices.

Neste produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the third quarter of 2022 this GHG reduction was 2.7 million tons (2.8 million tons).

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

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

Main events published during the third quarter

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

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

On 6 September, Neste announced that the following members had been appointed to Neste's Shareholders' Nomination Board: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Timo Sallinen, Senior Vice President, Investments of Varma Mutual Pension Insurance Company; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors.

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

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

Potential risks

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

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

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

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

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

Reporting date for the company's fourth-quarter and full-year 2022 results

Neste will publish its fourth-quarter and full-year results on 8 February 2023 at approximately 9:00 a.m. EET.

Espoo, 26 October 2022

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 10 458 5292

Conference call

A conference call in English for investors and analysts will be held today, 27 October 2022, 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 the following link:

<https://register.vevent.com/register/BI1729417f55c544c29304af4b5a8ed55a>. The conference call can also be followed as a webcast at the [company's web site](#).

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 - SEPTEMBER 2022
The interim report is unaudited

FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Revenue	3, 4	6,583	4,026	19,145	10,181	15,148	24,113
Other income		11	10	35	33	48	49
Share of profit (loss) of associates and joint ventures	8	1	0	1	1	-3	-3
Materials and services		-5,895	-3,125	-16,157	-7,711	-11,751	-20,197
Employee benefit costs		-126	-88	-383	-305	-431	-509
Depreciation, amortization and impairments	4	-167	-156	-478	-419	-584	-643
Other expenses		-118	-88	-342	-281	-403	-464
Operating profit	4	289	579	1,821	1,499	2,023	2,345
Financial income and expenses							
Financial income		2	1	4	3	4	5
Financial expenses		-17	-11	-42	-39	-55	-57
Exchange rate and fair value gains and losses		-43	14	-67	0	-10	-77
Total financial income and expenses		-58	4	-105	-37	-61	-129
Profit before income taxes		231	582	1,716	1,462	1,962	2,216
Income tax expense		-92	-70	-339	-144	-188	-383
Profit for the period		139	512	1,377	1,318	1,774	1,833
Profit attributable to:							
Owners of the parent		136	507	1,374	1,315	1,771	1,831
Non-controlling interests		3	5	3	3	2	2
		139	512	1,377	1,318	1,774	1,833
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.18	0.66	1.79	1.71	2.31	2.38
Diluted earnings per share		0.18	0.66	1.79	1.71	2.30	2.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million		7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Profit for the period		139	512	1,377	1,318	1,774	1,833
Other comprehensive income net of tax:							
Items that will not be reclassified to profit or loss							
Remeasurements on defined benefit plans		11	-4	49	-4	-30	24
Net change of other investments at fair value		-5	0	-5	0	11	6
Total		5	-4	44	-4	-19	30
Items that may be reclassified subsequently to profit or loss							
Translation differences		54	7	94	14	24	105
Cash flow hedges							
recorded in equity		-110	-32	-200	-81	-99	-218
transferred to income statement		-4	4	66	-28	-9	86
Share of other comprehensive income of investments accounted for using the equity method		4	1	16	2	4	17
Total		-56	-20	-25	-94	-80	-10
Other comprehensive income for the period, net of tax		-51	-24	19	-98	-98	19
Total comprehensive income for the period		88	488	1,396	1,220	1,675	1,852
Total comprehensive income attributable to:							
Owners of the parent		85	483	1,393	1,216	1,673	1,850
Non-controlling interests		3	5	3	3	2	2
		88	488	1,396	1,220	1,675	1,852

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets	7	590	441	516
Property, plant and equipment	7	6,190	4,990	5,152
Investments in associates and joint ventures	8	68	61	60
Non-current receivables		97	63	63
Deferred tax assets		39	38	45
Derivative financial instruments	10	50	12	11
Other financial assets	10	43	33	48
Total non-current assets		7,077	5,637	5,894
Current assets				
Inventories		4,189	2,602	2,618
Trade and other receivables		2,498	1,546	1,677
Derivative financial instruments	10	481	285	243
Current investments		0	21	135
Cash and cash equivalents		1,027	1,465	1,581
Total current assets		8,196	5,919	6,253
Assets classified as held for sale		0	206	270
Total assets	4	15,274	11,762	12,417
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		7,703	6,483	6,941
Total		7,743	6,523	6,981
Non-controlling interests		5	5	4
Total equity		7,748	6,528	6,985
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,898	1,296	1,378
Deferred tax liabilities		266	283	309
Provisions		253	228	210
Pension liabilities		85	110	146
Derivative financial instruments	10	13	1	1
Other non-current liabilities		48	20	43
Total non-current liabilities		2,563	1,937	2,087
Current liabilities				
Interest-bearing liabilities		635	603	379
Current tax liabilities		271	8	12
Derivative financial instruments	10	849	191	161
Trade and other payables		3,207	2,457	2,761
Total current liabilities		4,962	3,258	3,313
Liabilities related to assets held for sale		0	39	32
Total liabilities	4	7,525	5,233	5,432
Total equity and liabilities		15,274	11,762	12,417

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Cash flows from operating activities					
Profit before income taxes	231	582	1,716	1,462	1,962
Adjustments, total	306	-23	833	330	528
Change in net working capital	347	-158	-1,958	-884	-362
Cash generated from operations	884	402	591	908	2,127
Finance cost, net	-8	-1	-34	-25	-39
Income taxes paid	-33	-22	-100	-90	-95
Net cash generated from operating activities	842	379	457	793	1,994
Cash flows from investing activities					
Capital expenditure	-870	-347	-1,298	-749	-976
Acquisitions of subsidiaries	-14	0	-14	-255	-322
Proceeds from sales of subsidiaries, joint arrangements and other business operations	2	0	157	8	8
Proceeds from capital repayments in joint arrangements	6	0	13	0	0
Proceeds from sales of property, plant and equipment	6	6	16	6	6
Changes in long-term receivables and other investments	9	133	-319	-17	-200
Cash flows from investing activities	-861	-209	-1,444	-1,006	-1,483
Cash flow before financing activities	-18	171	-986	-213	511
Cash flows from financing activities					
Net change in loans and other financing activities	-98	74	619	492	240
Dividends paid to the owners of the parent	0	0	-314	-307	-614
Dividends paid to non-controlling interests	-2	-2	-2	-2	-2
Cash flows from financing activities	-100	72	302	183	-377
Net increase (+) / decrease (-) in cash and cash equivalents	-119	243	-684	-30	134
Cash and cash equivalents at the beginning of the period	1,140	1,281	1,696	1,552	1,552
Exchange gains (+) / losses (-) on cash and cash equivalents	6	2	16	3	9
Cash and cash equivalents at the end of the period	1,027	1,525	1,027	1,525	1,696

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2022	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985
Profit for the period								1,374	1,374	3	1,377
Other comprehensive income for the period, net of tax					-123	49	94		19	0	19
Total comprehensive income for the period	0	0	0	0	-123	49	94	1,374	1,393	3	1,396
Transactions with the owners in their capacity as owners											
Dividend decision								-630	-630	-2	-632
Share-based compensation				1				-2	-2		-2
Transfer from retained earnings		-11					0	10	0		0
Total equity at 30 Sep 2022	40	9	16	-5	-145	-47	84	7,792	7,743	5	7,748

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

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2021	40	20	16	-7	71	-66	-35	5,886	5,925	4	5,929
Profit for the period								1,315	1,315	3	1,318
Other comprehensive income for the period, net of tax					-107	-4	14		-98	0	-98
Total comprehensive income for the period	0	0	0	0	-107	-4	14	1,315	1,216	3	1,220
Transactions with the owners in their capacity as owners											
Dividend decision								-614	-614	-2	-617
Share-based compensation			0	1				-5	-4		-4
Transfer from retained earnings		0					0		0		0
Total equity at 30 Sep 2021	40	19	16	-6	-36	-70	-21	6,581	6,523	5	6,528

KEY FIGURES

	30 Sep 2022	30 Sep 2021	31 Dec 2021	Last 12 months
Revenue	19,145	10,181	15,148	24,113
Profit for the period	1,377	1,318	1,774	1,833
Earnings per share (EPS), EUR	1.79	1.71	2.31	2.38
Alternative performance measures				
EBITDA, EUR million	2,299	1,919	2,607	2,988
Comparable EBITDA, EUR million	2,643	1,329	1,920	3,234
Capital employed, EUR million	10,281	8,427	8,742	-
Interest-bearing net debt, EUR million	1,506	412	41	-
Capital expenditure and investment in shares, EUR million	1,551	1,145	1,535	1,940
Return on average capital employed, after tax, (ROACE) % ¹⁾	27.6	18.2	18.3	-
Return on equity, (ROE) %	25.5	21.7	28.5	-
Equity per share, EUR	10.08	8.49	9.09	-
Cash flow per share, EUR	0.60	1.03	2.60	2.16
Comparable earnings per share, EUR	2.21	1.04	1.54	2.70
Comparable net profit	1,694	802	1,179	2,071
Equity-to-assets ratio, %	51.0	55.8	56.6	-
Leverage ratio, %	16.3	5.9	0.6	-
Net working capital in days outstanding	43.7	44.6	33.3	-
Net Debt to EBITDA, %	0.5	0.2	0.0	-
Weighted average number of shares outstanding	768,052,330	767,643,112	767,643,112	768,002,749
Number of shares outstanding at the end of the period	768,083,170	767,969,396	767,969,396	-
Average number of personnel	5,205	4,898	4,872	-

Neste presents Alternative Performance Measures (APM) to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators. The detailed reasons for the use of APMs can be found on Neste's Annual Report 2021 and website www.neste.com together with the calculation of key figures.

¹⁾ The ROACE calculation formula has been adjusted in 2022 by excluding assets under construction average from the capital employed average. 2021 comparison numbers have been restated accordingly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with Neste's annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS. The accounting policies applied are consistent with those followed in the preparation of Neste's annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new and amended standards as set out below.

Neste has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on 1 January 2022. These standards and interpretations did not have a material impact on the results or financial position of Neste, or the presentation of the condensed interim report.

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

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

Key accounting considerations related to war in Ukraine

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

Neste's strong performance continued during the third quarter in exceptional market conditions. Neste continued to assess the impacts of war in Ukraine by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste does not have fixed assets in Russia nor in Ukraine. Neste's financial position remained strong with liquid funds EUR 1,027 million and committed unutilized credit facilities EUR 1,350 million on 30 September 2022.

Key accounting considerations related to joint arrangement Martinez Renewables

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

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

The initial investment into Martinez Renewables resulted in EUR 637 million capital expenditure cash flow during the third quarter. The impact to Neste's property, plant and equipment at the end of third quarter is presented in Note 7 Changes in intangible assets and property, plant and equipment, and commitments.

2. TREASURY SHARES

On 15 March 2022 a total of 113,774 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the Performance Share Plan 2019-2021 and in the Restricted Share Plan 2019-2021 of the share-based incentive program 2019 in accordance with the terms and conditions of the program. The directed share issue is based on the authorization granted by the Annual General Meeting of Shareholders on 18 May 2020. The number of treasury shares after the directed share issue is 1,127,888 shares.

3. REVENUE

REVENUE BY CATEGORY

External revenue	7-9/2022					7-9/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,090	2,497	1,556	0	6,142	1,426	1,378	966	0	3,770
Light distillates	51	1,204	341	0	1,596	26	690	252	0	969
Middle distillates	2,039	1,016	1,213	0	4,268	1,400	516	712	0	2,628
Heavy fuel oil	0	277	1	0	278	0	172	1	0	173
Other products	256	118	32	0	406	11	203	23	0	237
Other services	1	27	3	5	35	0	10	2	7	19
Total	2,347	2,641	1,591	5	6,583	1,437	1,591	992	7	4,026

External revenue	1-9/2022					1-9/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	6,351	7,233	4,171	0	17,755	3,863	3,029	2,604	0	9,496
Light distillates	107	3,672	866	0	4,645	95	1,453	643	0	2,191
Middle distillates	6,244	2,856	3,302	0	12,403	3,768	1,271	1,957	0	6,996
Heavy fuel oil	0	704	4	0	708	0	305	4	0	309
Other products	751	463	91	0	1,305	28	533	67	0	628
Other services	1	61	6	16	85	0	29	6	21	57
Total	7,102	7,757	4,269	16	19,145	3,891	3,591	2,677	21	10,181

External revenue	1-12/2021					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	5,517	4,882	3,667	0	14,065	8,004	9,085	5,235	0	22,325
Light distillates	138	2,325	876	0	3,339	149	4,544	1,099	0	5,792
Middle distillates	5,379	2,090	2,786	0	10,255	7,855	3,675	4,131	0	15,662
Heavy fuel oil	0	467	5	0	471	0	866	5	0	871
Other products	141	767	97	0	1,005	864	698	121	0	1,682
Other services	0	41	9	28	78	1	73	9	23	106
Total	5,658	5,690	3,772	28	15,148	8,869	9,857	5,364	23	24,113

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

TIMING OF REVENUE RECOGNITION

External revenue	7-9/2022					7-9/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,346	2,614	1,588	0	6,549	1,437	1,581	989	0	4,007
Services transferred at point in time	1	27	3	0	30	0	10	2	0	12
Services transferred over time	0	0	0	4	4	0	0	0	7	7
Total	2,347	2,641	1,591	5	6,583	1,437	1,591	992	7	4,026

External revenue	1-9/2022					1-9/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	7,102	7,696	4,263	0	19,060	3,891	3,562	2,671	0	10,124
Services transferred at point in time	1	61	6	1	69	0	29	6	1	36
Services transferred over time	0	0	0	16	16	0	0	0	21	21
Total	7,102	7,757	4,269	16	19,145	3,891	3,591	2,677	21	10,181

External revenue	1-12/2021					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	5,658	5,649	3,764	0	15,070	8,868	9,783	5,355	0	24,007
Services transferred at point in time	0	41	9	1	51	1	73	9	1	84
Services transferred over time	0	0	0	27	27	0	0	0	22	22
Total	5,658	5,690	3,772	28	15,148	8,869	9,857	5,364	23	24,113

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
7-9/2022						
External revenue	2,347	2,641	1,591	5	0	6,583
Internal revenue	56	1,236	14	32	-1,339	0
Total revenue	2,403	3,877	1,604	37	-1,339	6,583
7-9/2021						
External revenue	1,437	1,591	992	7	0	4,026
Internal revenue	66	558	7	26	-657	0
Total revenue	1,503	2,148	999	33	-657	4,026
1-9/2022						
External revenue	7,102	7,757	4,269	16	0	19,145
Internal revenue	205	3,182	46	94	-3,526	0
Total revenue	7,308	10,939	4,314	110	-3,526	19,145
1-9/2021						
External revenue	3,891	3,591	2,677	21	0	10,181
Internal revenue	175	1,447	22	107	-1,750	0
Total revenue	4,066	5,038	2,699	128	-1,750	10,181
1-12/2021						
External revenue	5,658	5,690	3,772	28	0	15,148
Internal revenue	237	2,120	31	142	-2,530	0
Total revenue	5,895	7,810	3,803	170	-2,530	15,148
Last 12 months						
External revenue	8,869	9,857	5,364	23	0	24,113
Internal revenue	268	3,855	55	129	-4,306	0
Total revenue	9,137	13,711	5,419	152	-4,306	24,113

REVENUE BY OPERATING DESTINATION

	7-9/2022					7-9/2021				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue	49	1,017	1,251	4	2,320	132	405	738	5	1,280
Finland	653	449	1	0	1,103	448	313	0	0	761
Other Nordic countries	2	124	339	0	465	0	61	253	0	314
Baltic Rim	716	607	0	0	1,324	329	517	1	0	847
Other European countries	880	443	0	0	1,324	517	274	0	2	793
North and South America	47	1	0	1	48	11	20	0	0	31
Other countries	2,347	2,641	1,591	5	6,583	1,437	1,591	992	7	4,026
Total										
1-9/2022										
External revenue	278	2,677	3,314	14	6,282	288	999	2,022	16	3,325
Finland	2,164	1,091	1	0	3,256	1,280	609	1	0	1,890
Other Nordic countries	45	367	952	0	1,364	9	173	652	0	835
Baltic Rim	1,813	2,023	1	1	3,838	884	1,081	2	2	1,968
Other European countries	2,670	1,570	0	1	4,241	1,400	677	0	4	2,081
North and South America	132	30	0	1	164	30	52	0	0	82
Other countries	7,102	7,757	4,269	16	19,145	3,891	3,591	2,677	21	10,181
Total										
1-12/2021										
External revenue	402	1,604	2,848	22	4,877	392	3,282	4,140	20	7,834
Finland	1,723	878	2	0	2,603	2,608	1,360	2	0	3,970
Other Nordic countries	44	190	921	0	1,155	80	383	1,220	0	1,684
Baltic Rim	1,329	1,789	2	2	3,122	2,258	2,731	2	1	4,992
Other European countries	2,111	1,115	0	4	3,230	3,381	2,008	0	1	5,389
North and South America	48	114	0	0	162	150	93	0	1	244
Other countries	5,658	5,690	3,772	28	15,148	8,869	9,857	5,364	23	24,113
Total										
Last 12 months										
External revenue	402	1,604	2,848	22	4,877	392	3,282	4,140	20	7,834
Finland	1,723	878	2	0	2,603	2,608	1,360	2	0	3,970
Other Nordic countries	44	190	921	0	1,155	80	383	1,220	0	1,684
Baltic Rim	1,329	1,789	2	2	3,122	2,258	2,731	2	1	4,992
Other European countries	2,111	1,115	0	4	3,230	3,381	2,008	0	1	5,389
North and South America	48	114	0	0	162	150	93	0	1	244
Other countries	5,658	5,690	3,772	28	15,148	8,869	9,857	5,364	23	24,113
Total										

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	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	2,403	1,503	7,308	4,066	5,895	9,137
Oil Products	3,877	2,148	10,939	5,038	7,810	13,711
Marketing & Services	1,604	999	4,314	2,699	3,803	5,419
Others	37	33	110	128	170	152
Eliminations	-1,339	-657	-3,526	-1,750	-2,530	-4,306
Total	6,583	4,026	19,145	10,181	15,148	24,113

OPERATING PROFIT	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	-126	433	578	1,289	1,723	1,012
Oil Products	381	126	1,227	157	263	1,333
Marketing & Services	31	23	84	63	77	99
Others	-8	-1	-63	-9	-34	-89
Eliminations	12	-3	-5	-2	-6	-9
Total	289	579	1,821	1,499	2,023	2,345

EBITDA	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	-39	490	792	1,451	1,950	1,291
Oil Products	443	204	1,436	361	546	1,620
Marketing & Services	38	29	106	84	106	128
Others	3	11	-29	25	12	-41
Eliminations	12	0	-5	-2	-6	-10
Total	456	735	2,299	1,919	2,607	2,988

COMPARABLE EBITDA	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	389	357	1,347	1,042	1,460	1,765
Oil Products	537	125	1,204	185	353	1,372
Marketing & Services	38	32	105	80	103	128
Others	3	10	-8	24	11	-21
Eliminations	12	0	-5	-2	-6	-10
Total	979	524	2,643	1,329	1,920	3,234

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	87	57	214	161	227	279
Oil Products	62	78	209	204	283	287
Marketing & Services	8	7	21	21	29	29
Others	11	11	34	33	46	47
Eliminations	0	2	0	0	0	0
Total	167	156	478	419	584	643

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021	Last 12 months
Renewable Products	956	155	1,390	754	1,023	1,659
Oil Products	44	107	102	356	451	197
Marketing & Services	9	5	18	13	22	27
Others	16	6	41	22	39	58
Eliminations	0	0	0	0	0	0
Total	1,025	273	1,551	1,145	1,535	1,940

TOTAL ASSETS	30 Sep 2022	30 Sep 2021	31 Dec 2021
Renewable Products	7,933	5,289	5,724
Oil Products	4,968	4,148	3,992
Marketing & Services	725	542	588
Others	353	343	350
Unallocated assets	1,784	1,735	2,091
Eliminations	-489	-296	-328
Total	15,274	11,762	12,417

	30 Sep 2022	30 Sep 2021	31 Dec 2021
NET ASSETS			
Renewable Products	5,984	4,537	4,748
Oil Products	3,311	2,515	2,045
Marketing & Services	268	211	212
Others	-136	-167	78
Eliminations	-19	-10	-13
Total	9,407	7,087	7,069
TOTAL LIABILITIES			
Renewable Products	2,338	1,077	1,327
Oil Products	1,677	1,663	1,990
Marketing & Services	509	383	429
Others	501	517	281
Unallocated liabilities	2,971	1,880	1,720
Eliminations	-470	-286	-315
Total	7,525	5,233	5,432
RETURN ON NET ASSETS, %			
Renewable Products	19.2	39.3	40.9
Oil Products	46.9	-5.6	11.9
Marketing & Services	41.7	38.4	38.1
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	28.7	30.4	29.4
Oil Products	38.3	0.8	3.2
Marketing & Services	41.5	36.9	36.6

QUARTERLY SEGMENT INFORMATION

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

5. ACQUISITIONS AND DISPOSALS

Disposals

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

Assets and liabilities	Recognized values
Property, plant and equipment	9
Deferred tax assets	2
Inventories	83
Trade and other receivables	70
Cash and cash equivalents	21
Total assets	185
Deferred tax liabilities	1
Pension liabilities	2
Interest-bearing liabilities	8
Current tax liabilities	3
Trade and other payables	3
Total liabilities	18
Sold net assets	167
Total consideration ¹⁾	176
Sold net assets	-167
Gain on sale	9
Cash consideration received	174
Cash and cash equivalents disposed of	-21
Net cash flow	154

¹⁾ Transaction costs are included in total consideration

6. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA AND EBITDA

Group	7-9/2022	7-9/2021	4-6/2022	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	979	524	1,085	2,643	1,329	1,920
inventory valuation gains/losses	-420	63	153	-152	445	573
changes in the fair value of open commodity and currency derivatives	-101	145	-296	-179	139	106
capital gains and losses	0	-2	5	10	3	3
other adjustments	-2	5	-20	-22	2	5
EBITDA	456	735	927	2,299	1,919	2,607
Renewable Products	7-9/2022	7-9/2021	4-6/2022	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	389	357	538	1,347	1,042	1,460
inventory valuation gains/losses	-308	6	67	-269	302	409
changes in the fair value of open commodity and currency derivatives	-120	127	-320	-287	107	81
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
EBITDA	-39	490	284	792	1,451	1,950
Oil Products	7-9/2022	7-9/2021	4-6/2022	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	537	125	529	1,204	185	353
inventory valuation gains/losses	-112	57	86	116	143	164
changes in the fair value of open commodity and currency derivatives	19	18	24	108	32	25
capital gains and losses	0	-2	5	10	-2	-2
other adjustments	-2	7	0	-2	4	6
EBITDA	443	204	645	1,436	361	546
Marketing & Services	7-9/2022	7-9/2021	4-6/2022	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	38	32	35	105	80	103
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	5	5
other adjustments	0	-2	0	1	-2	-2
EBITDA	38	29	35	106	84	106
Others	7-9/2022	7-9/2021	4-6/2022	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	3	10	-10	-8	24	11
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	1	-20	-20	1	1
EBITDA	3	11	-31	-29	25	12

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
COMPARABLE EBITDA	979	524	2,643	1,329	1,920
depreciation, amortization and impairments	-167	-156	-478	-419	-584
items in depreciation, amortization and impairments affecting comparability	22	0	25	0	5
total financial income and expenses	-58	4	-105	-37	-61
income tax expense	-92	-70	-339	-144	-188
non-controlling interests	-3	-5	-3	-3	-2
tax on items affecting comparability	-71	27	-49	76	89
COMPARABLE NET PROFIT	610	323	1,694	802	1,179

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

		Restated ¹⁾	Restated ¹⁾
	30 Sep	30 Sep	31 Dec
	2022	2021	2021
COMPARABLE EBITDA, LAST 12 MONTHS	3,234	1,842	1,920
depreciation, amortization and impairments	-643	-718	-584
items in depreciation, amortization and impairments affecting comparability	31	167	5
financial income	5	3	4
exchange rate and fair value gains and losses	-77	-9	-10
income tax expense	-383	-118	-188
tax on other items affecting ROACE	-44	20	82
Comparable net profit, net of tax	2,123	1,186	1,229
Capital employed average	9,320	7,722	7,952
Assets under construction average	-1,626	-1,199	-1,250
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), % ¹⁾	27.6	18.2	18.3

¹⁾ The ROACE calculation formula has been adjusted in 2022 by excluding assets under construction average from the capital employed average. 2021 comparison numbers have been restated accordingly.

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 Sep	30 Sep	31 Dec
	2022	2021	2021
Total equity	7,748	6,528	6,985
Total assets	15,274	11,762	12,417
Advances received	-78	-66	-86
EQUITY-TO-ASSETS RATIO, %	51.0	55.8	56.6

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 Sep	30 Sep	31 Dec
	2022	2021	2021
Operative receivables	1,947	1,480	1,561
Inventories	4,189	2,602	2,618
Operative liabilities	-3,250	-2,468	-2,795
Net working capital	2,887	1,613	1,384
Revenue, last 12 months	24,113	13,208	15,148
NET WORKING CAPITAL IN DAYS OUTSTANDING	43.7	44.6	33.3

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

	30 Sep 2022	30 Sep 2021	31 Dec 2021
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	5,667	4,741	4,741
Additions	1,550	890	1,212
Acquisitions	10	278	366
Depreciation, amortization and impairments	-478	-419	-584
Disposals	-74	-70	-78
Assets held for sale	24	-1	-10
Translation differences	81	12	22
Closing balance	6,780	5,431	5,667

Property, plant and equipment includes an increase of EUR 768 million from joint operation Martinez Renewables on 30 September 2022 (mainly assets under construction).

	30 Sep 2022	30 Sep 2021	31 Dec 2021
COMMITMENTS			
Commitments to purchase property, plant and equipment, and intangible assets	691	390	289
Other commitments	8	9	9
Total	699	400	298

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

8. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 Sep 2022	30 Sep 2021	31 Dec 2021
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	60	56	56
Share of profit (loss) of associates and joint ventures	1	1	-3
Share of other comprehensive income of investments accounted for using the equity method	16	2	4
Translation differences	7	2	4
Capital repayments	-13	0	0
Dividends	-14	0	0
Investments	12	0	0
Closing balance	68	61	60

9. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 Sep 2022	30 Sep 2021	31 Dec 2021
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	1,898	1,296	1,378
Current interest-bearing liabilities ²⁾	635	603	379
Interest-bearing liabilities	2,533	1,898	1,757
Current investments	0	-21	-135
Cash and cash equivalents	-1,027	-1,465	-1,581
Liquid funds	-1,027	-1,486	-1,716
Interest-bearing net debt	1,506	412	41

¹⁾ Including EUR 358 million of lease liabilities at 30 Sep 2022 (30 Sep 2021: EUR 312 million, 31 Dec 2021: EUR 333 million)

²⁾ Including EUR 114 million of lease liabilities at 30 Sep 2022 (30 Sep 2021: EUR 90 million, 31 Dec 2021: EUR 111 million)

	30 Sep 2022	30 Sep 2021	31 Dec 2021
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,027	1,486	1,716
Unused committed credit facilities	1,350	1,350	1,350
Total	2,377	2,836	3,066
In addition: Unused commercial paper program (uncommitted)	189	400	400

10. FINANCIAL INSTRUMENTS

No significant changes were made to Neste's risk management policies during the reporting period. Aspects of Neste's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements 2021.

	30 Sep 2022		30 Sep 2021		31 Dec 2021	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Currency derivatives						
Hedge accounting	5,657	-211	2,522	-40	2,544	-39
Non-hedge accounting	4,084	-87	2,187	-22	1,730	-3

	30 Sep 2022			30 Sep 2021			31 Dec 2021		
	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	200	25	62	0	20	-102	0	23	-29
Purchase contracts									
Non-hedge accounting	3,271	19	-96	3,900	17	270	3,906	19	163

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

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

Financial assets and liabilities by measurement categories and fair value hierarchy as of Sep 30, 2022

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			97	97	97			
Derivative financial instruments		50		50	50		50	
Other financial assets	36	6		43	43			43
Current financial assets								
Trade and other receivables ¹⁾			2,487	2,487	2,487			
Derivative financial instruments	45	436		481	481	50	431	
Cash and cash equivalents			1,027	1,027	1,027			
Financial assets	82	492	3,612	4,186	4,186			
Non-current financial liabilities								
Interest-bearing liabilities			1,898	1,898	1,818	815	1,004	
Derivative financial instruments		13		13	13		13	
Other non-current liabilities ¹⁾			49	49	49			
Current financial liabilities								
Interest-bearing liabilities			635	635	635		635	
Derivative financial instruments	256	593		849	849	19	830	
Trade and other payables ¹⁾			3,102	3,102	3,102			
Financial liabilities	256	606	5,683	6,545	6,466			

¹⁾ excluding non-financial items

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

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

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

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

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

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted other investments of EUR 6 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 36 million. Fair values are determined in accordance with IFRS 13.

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

11. RELATED PARTY TRANSACTIONS

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

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

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Transactions carried out with joint ventures and other related parties			
Sales of goods and services	330	141	229
Purchases of goods and services	419	114	171
Receivables	171	131	162
Financial income and expenses	4	2	2
Liabilities	38	14	17

12. CONTINGENT LIABILITIES

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	35	63	59
Total	61	89	85
On behalf of joint arrangements			
Pledged assets	83	43	44
Total	83	43	44
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	144	133	130

13. DISPUTES AND POTENTIAL LITIGATIONS

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

14. EVENTS AFTER THE REPORTING PERIOD

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

NESTE

Change runs on renewables