



Neste Corporation
Interim Report
January–September 2023

26 October 2023

NESTE
Change runs on renewables

Neste's Interim Report for January–September 2023

Capitalizing on strong margins in Q3

Third quarter in brief:

- Comparable EBITDA totaled EUR 1,047 (979) million
- EBITDA totaled EUR 889 (456) million
- Renewable Products' comparable sales margin* was USD 912 (732)/ton
- Oil Products' total refining margin was USD 26.9 (28.0)/bbl
- Cash flow before financing activities was EUR 403 (-18) million

January–September in brief:

- Comparable EBITDA totaled EUR 2,661 (2,643) million
- EBITDA totaled EUR 1,876 (2,299) million
- Cash flow before financing activities was EUR 277 (-986) million
- Cash-out investments were EUR 1,204 (1,312) million
- Comparable return on average capital employed (Comparable ROACE) was 27.2% over the last 12 months (30.9.2022: 27.6%)
- Leverage ratio was 21.5% at the end of September (31.12.2022: 13.9%)
- Comparable earnings per share: EUR 2.22 (2.21)
- Earnings per share: EUR 1.35 (1.79)

* Calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated. Q3/22 comparable sales margin with the previous calculation reached USD 756/ton.

President and CEO Matti Lehmus:

“Neste posted strong results in the third quarter of 2023 and our comparable EBITDA reached EUR 1,047 (979) million. The improvement in the result versus the corresponding period last year was driven by Renewable Products, which increased its result by approximately 40%, despite the delayed ramp-up of the new production line in Singapore. Cash flow before financing activities was markedly higher year-on-year, despite our substantial continuing growth investments, and reached EUR 403 (-18) million.

Renewable Products posted a comparable EBITDA of EUR 545 (389) million in the third quarter. Our comparable sales margin for renewable products was USD 912 (732)/ton, supported by a strong diesel price and successful global optimization across feedstocks, markets and products. This compensated the increase in waste and residue feedstock prices compared to the second quarter. Sales volumes in renewable diesel and sustainable aviation fuel (SAF) were 860,000 (698,000) tons, in line with our expectations. Following the restart of our Singapore refinery expansion in August, the ramp-up was slowed down due to a shutdown for additional equipment inspection and repair works in September. Production at the new line is expected to restart in the first half of November. At the Martinez Renewables fuels facility, construction activities are progressing. Pretreatment capabilities are increasing through the second half of 2023, and the facility is expected to have a nameplate capacity of 730 million gallons per year by the end of 2023.

Oil Products' comparable EBITDA reached EUR 472 (537) million. As stated in our updated outlook on 12 September, the Northwest European diesel and gasoline margins increased to a high level during the quarter. Oil Products' total refining margin improved significantly to USD 26.9 (28.0)/bbl. In addition to strong product margins, the total refining margin was supported particularly by our successful product mix optimization and smooth operations during the quarter.

Marketing & Services' comparable EBITDA was EUR 42 (38) million. Neste's overall market share remained strong in Finland and inventory gains supported the result.

During the third quarter, we welcomed positive development in regulation as for example the Renewable Energy Directive III (RED III) and ReFuelEU Aviation were adopted by the European Parliament. Also, in the US the California Air Resources Board (CARB) published the Standard Regulatory Impact Assessment (SRIA) of a proposal to possibly tighten future carbon intensity targets.

Going forward, we continue rolling out our global growth strategy, while in parallel focusing on efficiency improvements. Our near-term focus will be on the successful ramp-up of our new production facilities, the global optimization of our term sales for 2024 and in continuing our efficiency and productivity improvements.

Outlook

The outlook in the global economy continues to be uncertain due to high inflation, reduced economic growth expectations and continued geopolitical uncertainty. We expect volatility in oil products and renewable products to remain high.

Renewable Products' fourth-quarter renewable diesel and SAF sales volume is expected to be somewhat lower than in the third quarter of 2023. The sales volume is impacted by the planned maintenance shutdowns in Martinez and in Rotterdam in the fourth quarter. The Singapore new line is targeted to reach approximately 75% capacity utilization by the end of 2023 and to contribute to SAF sales volumes in 2024.

Based on the current outlook, Neste's fourth-quarter comparable sales margin is expected to remain very strong and to be in the range of USD 800–900/ton. The Rotterdam refinery's scheduled 4-week maintenance shutdown is estimated to have an adverse impact of approximately EUR 65 million on the segment's comparable EBITDA.

In Oil Products, the fourth-quarter total refining margin is expected to be lower than in the third quarter. The fourth-quarter sales volumes are expected to be approximately at the same level than in the corresponding period previous year.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the fourth quarter.

Based on the current estimates and an FX hedging rate of approx. 85%, Neste's effective EUR/US dollar rate is expected to be within the range of 1.06–1.08 in the fourth quarter of 2023.

Neste estimates the Group's full-year 2023 cash-out capital expenditure excluding M&A to be approx. EUR 1.5-1.6 billion.

Neste's Interim Report, 1 January – 30 September 2023

The Interim Report is unaudited.

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

Key Figures

EUR million (unless otherwise noted)

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Revenue	5,973	6,583	5,351	16,622	19,145	25,707
EBITDA	889	456	523	1,876	2,299	3,048
Comparable EBITDA*	1,047	979	784	2,661	2,643	3,537
Operating profit	669	289	312	1,266	1,821	2,410
Profit before income taxes	618	231	295	1,189	1,716	2,279
Net profit	539	139	259	1,036	1,377	1,891
Comparable net profit	674	610	482	1,708	1,694	2,336
Earnings per share, EUR	0.70	0.18	0.34	1.35	1.79	2.46
Comparable earnings per share, EUR	0.88	0.79	0.63	2.22	2.21	3.04
Investments	467	1,025	469	1,735	1,551	2,218
Net cash generated from operating activities	796	842	418	1,590	457	1,197

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total equity	8,091	7,748	8,327
Interest-bearing net debt	2,220	1,506	1,344
Capital employed	11,740	10,281	10,942
Comparable return on average capital employed after tax (ROACE)**, %	27.2	27.6	30.1
Equity per share, EUR	10.53	10.08	10.83
Leverage ratio, %	21.5	16.3	13.9

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

** Last 12 months.

The Group's third quarter 2023 results

Neste's revenue in the third quarter totaled EUR 5,973 (6,583) million. Despite higher sales volumes, which had a positive impact of approximately EUR 0.4 billion, revenue decreased due to lower market and sales prices, which had a negative impact of approximately EUR -1.1 billion. Additionally, a weaker US dollar had a negative impact of approximately EUR -0.4 billion, but was offset by an increase in trading activity, positively impacting the revenue by approximately EUR 0.4 billion year-over-year.

The Group's comparable EBITDA was EUR 1,047 (979) million. Renewable Products' comparable EBITDA was EUR 545 (389) million, mainly due to a higher sales margin and higher sales volume compared to the third quarter last year. Oil Products' comparable EBITDA was EUR 472 (537) million, mainly as a result of a slightly lower refining market year-on-year. Marketing & Services' comparable EBITDA was EUR 42 (38) million. The Others segment's comparable EBITDA was EUR -6 (3) million.

The Group's EBITDA was EUR 889 (456) million, which was impacted by changes in the fair value of open commodity and currency derivatives totaling EUR -166 (-101) million, mainly related to margin and utility price hedging. Profit before income taxes was EUR 618 (231) million, and net profit EUR 539 (139) million. Comparable earnings per share were EUR 0.88 (0.79), and earnings per share EUR 0.70 (0.18).

The Group's January–September 2023 results

Neste's revenue in the first nine months totaled EUR 16,622 (19,145) million. Despite higher sales volumes, which had a positive impact of approximately EUR 0.9 billion, revenue decreased due to lower market and sales prices, which had a negative impact of approximately -3.6 billion. A weaker US dollar had a negative impact of approximately EUR -0.3 billion on the revenue and the increasing trading activities impacted positively on the revenue by approximately EUR 0.5 billion.

The Group's comparable EBITDA was EUR 2,661 (2,643) million. Renewable Products' nine-month comparable EBITDA was EUR 1,473 (1,347) million, mainly due to the higher sales margin, higher sales volumes, increased fixed costs and a weaker US dollar than in the corresponding period of 2022. Oil Products' nine-month comparable EBITDA was EUR 1,104 (1,204) million, mainly as a result of the slightly lower refining market, higher sales volumes, increased fixed costs and a weaker US dollar than in the corresponding period of 2022. Marketing & Services' comparable EBITDA was EUR 94 (105) million, mainly as a result of higher fixed costs compared to the first nine months of 2022. The Others segment's comparable EBITDA was EUR -5 (-8) million.

The Group's EBITDA was EUR 1,876 (2,299) million, which was impacted by inventory valuation losses of EUR -572 (-152) million and changes in the fair value of open commodity and currency derivatives totaling EUR -226 (-179) million, mainly related to margin and utility price hedging. Profit before income taxes was EUR 1,189 (1,716) million, and net profit EUR 1,036 (1,377) million. Comparable earnings per share were EUR 2.22 (2.21), and earnings per share EUR 1.35 (1.79).

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
COMPARABLE EBITDA	1,047	979	784	2,661	2,643	3,537
- inventory valuation gains/losses	7	-420	-305	-572	-152	-352
- changes in the fair value of open commodity and currency derivatives	-166	-101	38	-226	-179	-131
- capital gains/losses	1	0	2	7	10	10
- other adjustments	0	-2	5	5	-22	-16
EBITDA	889	456	523	1,876	2,299	3,048

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Group's comparable EBITDA, 2022	979	2,643
Sales volumes	81	123
Sales margin	187	256
Currency exchange	-101	-96
Fixed costs	-82	-260
Others	-17	-4
Group's comparable EBITDA, 2023	1,047	2,661

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

	7-9	1-9
Group's comparable EBITDA, 2022	979	2,643
Renewable Products	155	126
Oil Products	-65	-100
Marketing & Services	4	-12
Others including eliminations	-26	4
Group's comparable EBITDA, 2023	1,047	2,661

Financial targets

Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio are Neste's key financial targets. The company's long-term Comparable ROACE target is over 15%, and the leverage ratio target is below 40%. At the end of September, Comparable ROACE calculated over the last 12 months was 27.2%, and leverage ratio remained well within the target area at 21.5%.

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Comparable return on average capital employed after tax (Comparable ROACE)*, %	27.2	27.6	30.1
Leverage ratio (net debt to capital), %	21.5	16.3	13.9

*Last 12 months.

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 1,590 (457) million during the first nine months of 2023. The increase compared to the corresponding period last year mainly resulted from net working capital change being lower than in 2022. Cash flow before financing activities was EUR 277 (-986) million during January–September. The Group's net working capital in days outstanding was 39.6 days (43.7 days) on a rolling 12-month basis at the end of the third quarter.

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
EBITDA	889	456	523	1,876	2,299	3,048
Capital gains/losses	0	-1	0	0	0	0
Other adjustments	190	82	-36	333	249	-55
Change in net working capital	-268	347	3	-473	-1,958	-1,357
Finance cost, net	4	-8	-33	-52	-34	-42
Income taxes paid	-19	-33	-40	-93	-100	-398
Net cash generated from operating activities	796	842	418	1,590	457	1,197
Capital expenditure	-246	-884	-395	-1,191	-1,312	-1,757
Other investing activities	-147	23	-46	-122	-132	170
Free cash flow (Cash flow before financing activities)	403	-18	-24	277	-986	-390

Cash-out investments totaled EUR 1,204 (1,312) million, and were EUR 1,015 (660) million excluding M&A and Martinez Renewables during January–September. Maintenance investments accounted for EUR 205 (175) million and productivity and strategic investments for EUR 999 (1,137) million. According to Neste's strategy, significant growth investments continued into Renewable Products where investments amounted to EUR 1,068 (1,183) million. Oil Products' investments amounted to EUR 98 (80) million, and Marketing & Services' investments totaled EUR 10 (13) million. Investments in the Others segment were EUR 28 (36) million, concentrating on IT and business infrastructure upgrades.

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

Interest-bearing net debt was EUR 2,220 million at the end of September, compared to EUR 1,344 million at the end of 2022. The average interest rate of borrowing at the end of September was 3.5% (1.4%) and the average maturity 4.3 (2.7) years. At the end of the third quarter the Net debt to EBITDA ratio was 0.8 (0.5) over the last 12 months. The leverage ratio was 21.5% at the end of September (31 Dec 2022: 13.9%).

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 3,330 million at the end of September (31 Dec 2022: 2,871 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	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
EUR/USD, market rate	1.09	1.01	1.09	1.08	1.07	1.05
EUR/USD, effective rate*	1.06	1.10	1.05	1.05	1.12	1.11

* 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	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Revenue, MEUR	2,197	2,403	2,164	6,203	7,308	9,905
EBITDA, MEUR	256	-39	276	656	792	1,328
Comparable EBITDA, MEUR	545	389	513	1,473	1,347	1,762
Operating profit, MEUR	130	-126	158	324	578	1,046
Net assets, MEUR	7,887	5,984	7,868	7,887	5,984	6,433
Return on net assets*, %	11.1	19.2	8.1	11.1	19.2	18.6
Comparable return on net assets*, %	20.9	28.7	21.0	20.9	28.7	26.6
Comparable sales margin, USD/ton**	912	732	800	889	785	779

* Last 12 months

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

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable EBITDA, 2022	389	1,347
Sales volumes	71	81
Sales margin	199	291
Currency exchange	-55	-46
Fixed costs	-59	-200
Others	0	0
Comparable EBITDA, 2023	545	1,473

Key drivers

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Biomass-based diesel (D4) RIN, USD/gal	1.40	1.71	1.51	1.53	1.64	1.69
California LCFS Credit, USD/ton	75	86	81	74	110	99
Palm oil price*, USD/ton	834	875	794	844	1,209	1,116
Waste and residues' share of total feedstock, %	92	96	96	94	95	95

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

Renewable Products' third-quarter comparable EBITDA totaled EUR 545 million, compared to EUR 389 million in the third quarter of 2022. Sales margin reached USD 912 (732)/ton in the third quarter, improving the comparable EBITDA by EUR 199 million compared to the corresponding period last year. This was mainly driven by improved net impact from the market, lower production costs and hedges year-over-year. The US Blender's Tax Credit (BTC) contribution included in the sales margin was EUR 132 (78) million in the third quarter. Compared to the second quarter sales margin USD 800/ton, the sales margin increase was driven by an increase in diesel price and successful sales performance, but this was partially offset by the increase in waste and residue price level and the slightly negative hedging result.

The sales volumes were higher than in the corresponding period last year, which had a positive impact of EUR 71 million on the comparable EBITDA. During the third quarter approximately 55% (66%) of the volumes were sold to the European market and 45% (34%) to North America. The share of 100% renewable diesel delivered to end-users was 26% (30%) in the third quarter. Our renewable diesel production capacity had an average utilization rate of 92% (80%) during the quarter. The share of waste and residue inputs was 92% (96%). A weaker US dollar, excluding currency hedges, had a negative impact of EUR -55 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 59 million higher year-over-year as the growth strategy execution continues. Renewable Products' comparable return on net assets was 20.9% (28.7%) at the end of September based on the previous 12 months.

In vegetable oils, soybean oil led the vegetable oil price movements while palm oil stayed relatively stable. Global waste and residue prices were on an increasing trend with highest price levels in the US where feedstock demand was supported by renewable diesel capacity increases.

The US Renewable Identification Number (RIN) D4 stayed above USD 1.50/gal in the beginning of the quarter supported by SBO price versus heating oil. After that, the SBO-heating oil spread has been on a downward trend, resulting in a lower RIN price. In September the RIN price declined further as trading activity was low. California Low Carbon Fuel Standard (LCFS) credit remained unchanged although California Air Resources Board (CARB) published the Standard Regulatory Impact Assessment (SRIA) of a proposal to possibly tighten future carbon intensity targets.

Renewable Products' nine-month comparable EBITDA was EUR 1,473 (1,347) million. The comparable sales margin was higher than in the first nine months of 2022. The higher sales margin had a positive impact of EUR 291 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 306 (225) million during the first nine months. Sales volumes increased and had an impact of EUR 81 million year-over-year. The weaker US dollar had a negative impact of EUR -46 million on the segment's comparable EBITDA compared to the corresponding period last year. The segment's fixed costs were EUR 200 million higher than in the first nine months of the previous year, as Neste continued to build up its capabilities to support its growth strategy.

Production	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Renewable Diesel*, 1,000 ton	802	621	905	2,453	2,258	2,831
SAF, 1,000 ton	55	74	52	148	195	158
Other products, 1,000 ton	59	54	63	186	192	249
Utilization rate**, own production, %	92	80	107	97	96	91

* Including production from Martinez joint operation.

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

Sales	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Renewable Diesel, 1,000 ton	823	666	905	2,360	2,186	2,927
SAF, 1,000 ton	36	32	40	99	66	105
Other products, 1,000 ton	24	12	11	52	67	95
Share of sales volumes to Europe, %	55	66	60	59	69	67
Share of sales volumes to North America, %	45	34	40	41	31	33

Oil Products

Key financials	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Revenue, MEUR	3,442	3,877	2,919	9,535	10,939	14,596
EBITDA, MEUR	602	443	210	1,128	1,436	1,619
Comparable EBITDA, MEUR	472	537	239	1,104	1,204	1,654
Operating profit, MEUR	527	381	135	908	1,227	1,337
Net assets, MEUR	2,654	3,311	2,394	2,654	3,311	2,652
Return on net assets*, %	37.9	46.9	30.5	37.9	46.9	46.6
Comparable return on net assets*, %	47.0	38.3	46.9	47.0	38.3	48.0
Total refining margin, USD/bbl	26.89	27.96	16.68	21.87	23.37	23.42

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable EBITDA, 2022	537	1,204
Sales volumes	14	44
Total refining margin	-22	-34
Currency exchange	-45	-50
Fixed costs	-20	-51
Others	8	-9
Comparable EBITDA, 2023	472	1,104

Oil Products' comparable EBITDA totaled EUR 472 (537) million in the third quarter. The Northwest European oil product prices increased to a high level. Neste's refining margin was supported particularly by the strong diesel margin. For the third quarter Neste expected a significantly higher total refining margin compared to the second quarter of 2023. The total refining margin was finally USD 26.9/bbl compared to USD 16.7/bbl in the second quarter. Compared to the margin of USD 28.0/bbl in the corresponding period last year, the slightly lower total refining margin had a negative impact of EUR -22 million on the segment's comparable EBITDA year-over-year. Sales volumes were slightly higher than in the corresponding period last year, which had a positive impact of EUR 14 million on the comparable EBITDA. The weaker US dollar had a negative impact of EUR -45 million on the comparable EBITDA year-on-year. The segment's fixed costs were EUR 20 million higher than in the corresponding period last year. Oil Products' comparable return on net assets was 46.9% (38.3%) at the end of September over the previous 12 months. The average utilization rate of the Porvoo refinery was 92% (80%).

Despite a challenging economic outlook, crude oil prices were trending up during the third quarter. During the quarter the Brent price increased from USD 75/bbl to USD 96/bbl. Key utility prices were approximately at the same level compared to the second quarter. In Europe the industrial use of natural gas remained below last year and inventories were building to seasonally high levels which kept the prices relatively low.

Overall, the total refining margin was clearly above long-term averages in the third quarter. Summer heat waves among other issues caused lower refinery operating rates. Diesel and gasoline margins increased clearly during the quarter as outages tightened inventories and gasoline demand during the summer driving season was strong despite a challenging economic outlook and rising cost of living. Industrial diesel demand was impacted by the economic situation in Europe and the US together with China's slower industrial growth and real estate sector challenges. On average, diesel was the strongest part of the barrel.

Oil Products' nine-month comparable EBITDA was EUR 1,104 (1,204) million. The total refining margin averaged USD 21.9/bbl (23.4/bbl) in the first nine months of 2023. The slightly lower total refining margin had a negative

impact of EUR -34 million on the comparable EBITDA compared to the same period last year. Sales volumes were higher year-over-year and this had a positive impact of EUR 44 million on the comparable EBITDA. The weaker US dollar had a negative impact of EUR -50 million on the comparable EBITDA, and the segment's fixed costs were EUR 51 million higher than in the first nine months of 2022.

Production

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Refinery						
- Production, 1,000 ton	2,833	2,848	2,710	8,273	8,563	11,176
- Utilization rate, %	92	80	86	86	87	85
Refinery production costs, USD/bbl	6.2	7.2	6.3	6.7	7.1	7.5

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

	7-9/23	%	7-9/22	%	4-6/23	%	1-9/23	%	1-9/22	%	2022	%
Middle distillates*	1,361	47	1,443	50	1,363	49	4,114	47	4,071	49	5,403	48
Light distillates**	1,124	39	1,110	38	989	36	3,235	37	3,271	40	4,438	39
Heavy fuel oil	298	10	195	7	339	12	1,009	12	522	6	930	8
Base oils	79	3	60	2	77	3	216	2	243	3	296	3
Other products	45	2	73	3	8	0	134	2	164	2	244	2
TOTAL	2,907	100	2,880	100	2,776	100	8,707	100	8,271	100	11,310	100

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

** Motor gasoline, gasoline components, LPG

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

	7-9/23	%	7-9/22	%	4-6/23	%	1-9/23	%	1-9/22	%	2022	%
Baltic Sea area*	1,799	62	1,785	62	1,668	60	5,253	60	5,024	61	6,843	61
Other Europe	600	21	736	26	736	27	2,178	25	2,123	25	2,897	26
North America	310	11	109	4	314	11	802	9	712	9	943	8
Other areas	198	7	251	8	59	2	473	5	412	5	627	6

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

Marketing & Services

Key financials

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Revenue, MEUR	1,315	1,604	1,189	3,794	4,314	5,876
EBITDA, MEUR	42	38	29	93	106	127
Comparable EBITDA, MEUR	42	38	29	94	105	126
Operating profit, MEUR	34	31	21	71	84	98
Net assets, MEUR	235	268	254	235	268	227
Return on net assets*, %	33.9	41.7	31.8	33.9	41.7	40.8
Comparable return on net assets*, %	33.9	41.5	31.8	33.9	41.5	40.5

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable EBITDA, 2022	38	105
Sales volumes	-5	-3
Unit margins	10	-1
Currency exchange	0	0
Fixed costs	-2	-10
Others	0	2
Comparable EBITDA, 2023	42	94

Marketing & Services' comparable EBITDA was EUR 42 (38) million in the third quarter. Diesel and light fuel oil market demand continued the decline in Finland, resulting in lower sales volume than in the corresponding period last year, which had a negative impact of EUR -5 million on the comparable EBITDA. Unit margins increased and together with inventory gains had a positive impact of EUR 10 million on the comparable EBITDA year-over-year. The segment's fixed costs were EUR 2 million higher than in the third quarter of 2022. Marketing & Services' comparable return on net assets was 33.9% (41.5%) at the end of September on a rolling 12-month basis.

Marketing & Services segment's nine-month comparable EBITDA was EUR 94 (105) million. Sales volumes were slightly lower compared to the same period last year, which had a negative impact of EUR -3 million on the comparable EBITDA. Average unit margins were slightly lower, and together with more inventory gains in the corresponding period last year this had a negative impact of EUR -1 million on the result year-over-year. The segment's fixed costs were EUR 10 million higher compared to the first nine months of 2022, driven by inflation and IT development costs.

According to its strategy, Marketing & Services also continued rolling out electric charging at its largest stations.

Sales volumes by main product categories, million liters

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Gasoline station sales	167	167	162	467	451	600
Diesel station sales	397	413	397	1,185	1,206	1,620
Heating oil	180	233	179	561	614	907

Net sales by market area, MEUR

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Finland	1,022	1,265	941	3,013	3,365	4,601
Baltic countries	293	339	248	780	949	1,275

Others

Key financials

	7-9/23	7-9/22	4-6/23	1-9/23	1-9/22	2022
Comparable EBITDA, MEUR	-6	3	0	-5	-8	-4
Operating profit, MEUR	-17	-8	-6	-32	-63	-70

The Others segment consists of Engineering Solutions and common corporate costs. The comparable EBITDA of the Others segment totaled EUR -6 million (3 million) in the third quarter. The nine-month comparable EBITDA of the Others segment totaled EUR -5 million (-8 million). The higher comparable EBITDA compared to the previous year resulted from differences in allocations to segments.

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the third quarter at EUR 32.13, down by -8.9% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 38.00, while the lowest share price was EUR 31.71. Market capitalization was EUR 24.7 billion as of 30 September 2023. An average of 0.9 million shares were traded daily, representing 0.1% of the company's shares.

At the end of September 2023, Neste held 1,011,311 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058.

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

As of 30 September 2023, the State of Finland owned directly 44.2% (35.9% at the end of the second quarter) of outstanding shares, reflecting the Finnish Government's decision to return the Climate Fund's (Ilmastorahasto Oy) 8.31% shareholding in Neste Corporation to direct state ownership. Foreign institutions owned 37.1% (39.7%), Finnish institutions 10.4% (16.8%), and households 8.3% (7.6%) of outstanding shares.

Personnel

Neste employed an average of 6,014 (5,205) employees in the third quarter, of which 2,089 (1,602) were based outside Finland. At the end of September, the company had 6,104 employees (5,326), of which 2,189 (1,725) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures	7-9/23	7-9/22	1-9/23	1-9/22	2022
TRIF*	4.5	1.6	2.7	2.0	2.0
PSER**	0.0	2.3	0.9	1.8	1.4
GHG reduction, Mton***	2.5	2.7	8.0	8.2	11.1

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

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

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

Neste's occupational safety incident frequency is measured by the TRIF indicator and year-to-date TRIF increased to 2.7 after the third quarter. No recordable process safety incidents occurred in the third quarter and year-to-date PSER performance is at 0.9.

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

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the third quarter. A total of 3 (1) minor to moderate non-compliance cases occurred at Neste's operations with limited local environmental impact only. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

Neste produces renewable products that enable customers to reduce greenhouse gas (GHG) emissions. During the third quarter of 2023 this GHG reduction was 2.5 million tons (2.7 million tons).

Main events published during the third quarter

On 2 August, Neste announced that Jari Rosendal, a member of the Board of Directors of Neste Corporation, had died after a short illness. Rosendal served on Neste's Board of Directors as of 2018. Neste informed that Neste's Board of Directors would for the time being consist of eight members.

On 15 August, Neste announced that the production of renewable diesel at Neste's Singapore refinery expansion had been restarted in early August according to the company's plans. The production line at the expanded part of the refinery was shut down in June for unexpected equipment repairs.

On 6 September, Neste announced that the following members had been appointed to Neste's Shareholders' Nomination Board: The Chair, Senior Ministerial Adviser, Financial Affairs Maija Strandberg 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 12 September, Neste updated its third-quarter 2023 outlook regarding Oil Products and the status of its Singapore new line ramp-up. The new updated outlook was: "Neste's Oil Products' third-quarter total refining margin is expected to be significantly higher than in the second quarter of 2023 (USD 16.7/bbl)." The status update of Singapore's new line ramp-up was: "Following the restart of the renewable diesel and sustainable aviation fuel (SAF) production at the Singapore refinery expansion in August, the ramp-up has been slowed down due to a recent shutdown at the new line for additional equipment inspection and repair works. The sales volume impact of the ongoing inspection and repair works is estimated to be approximately 100,000 tons for the second half of 2023, mainly impacting the fourth-quarter sales."

On 27 September, Neste announced that the Board of Directors had decided on the payment of a second extraordinary dividend of EUR 0.25 per share. The second extraordinary dividend was paid to a shareholder registered in the Company's shareholder register maintained by Euroclear Finland Oy on the record date for the payment of the second extraordinary dividend, 29 September 2023. The second extraordinary dividend was paid on 6 October 2023.

Potential risks

Despite recent signs of improvement, the overall market and economic outlook remains fragile with high inflation in Europe and the US, high interest rates and trade tensions. Neste's growth and financial performance may be impacted by the general macroeconomic, security-related and political uncertainties and events. In addition, regulatory changes on the European Union or individual member state level or in the US may adversely affect particularly Neste's renewables businesses.

Headline inflation has started declining but still remains elevated. The exceptionally high inflation could have negative impacts on the business environment. Demand for fossil and renewable end products could change as a result of higher prices and additional regulatory measures that relate to the share or calculation 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 and the escalated crisis in the Middle East have intensified geopolitical risks that could have a 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 changes in market prices and competitive situation, counterparty risks, any scheduled or unexpected shutdowns at Neste's refineries, delays in growth projects or in the ramp-up of new production facilities, potential strikes, cyber and IT related risks and outcome of legal proceedings.

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

Reporting date for the company's fourth-quarter and full-year 2023 results

Neste will publish its fourth-quarter and full-year results on 8 February 2024 at approximately 9:00 a.m. EET.

Espoo, 25 October 2023

Neste Corporation
Board of Directors

Further information:

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

Conference call

A conference call in English for investors and analysts will be held today, 26 October 2023, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. In order to receive the participant dial in numbers and a unique personal PIN, participants are requested to register using the following link: <https://register.vevent.com/register/BI3766eb809ea6428ea1758680a315db8a>. The conference call can also be followed as a webcast using the following link: <https://edge.media-server.com/mmc/p/6uweykdz>.

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 2023
The interim report is unaudited

FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Revenue	2, 3	5,973	6,583	16,622	19,145	25,707	23,185
Other income		6	11	34	35	54	53
Share of profit (loss) of associates and joint ventures	7	1	1	6	1	2	7
Materials and services		-4,762	-5,895	-13,810	-16,157	-21,648	-19,301
Employee benefit costs		-162	-126	-485	-383	-545	-647
Depreciation, amortization and impairments	3	-220	-167	-609	-478	-638	-769
Other expenses		-167	-118	-492	-342	-522	-672
Operating profit	3	669	289	1,266	1,821	2,410	1,855
Financial income and expenses							
Financial income		11	2	28	4	9	33
Financial expenses		-40	-17	-99	-42	-60	-117
Exchange rate and fair value gains and losses		-22	-43	-6	-67	-80	-19
Total financial income and expenses		-51	-58	-77	-105	-131	-103
Profit before income taxes		618	231	1,189	1,716	2,279	1,752
Income tax expense		-79	-92	-154	-339	-388	-202
Profit for the period		539	139	1,036	1,377	1,891	1,550
Profit attributable to:							
Owners of the parent		538	136	1,033	1,374	1,888	1,547
Non-controlling interests		1	3	3	3	3	3
		539	139	1,036	1,377	1,891	1,550
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.70	0.18	1.35	1.79	2.46	2.01
Diluted earnings per share		0.70	0.18	1.34	1.79	2.46	2.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Profit for the period	539	139	1,036	1,377	1,891	1,550
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	3	11	14	49	18	-17
Net change of other investments at fair value	0	-5	-3	-5	-5	-3
Total	3	5	11	44	13	-20
Items that may be reclassified subsequently to profit or loss						
Translation differences	48	54	8	94	-56	-141
Cash flow hedges						
recorded in equity	-57	-110	-30	-200	19	189
transferred to income statement	-33	-4	-89	66	90	-66
Share of other comprehensive income of investments accounted for using the equity method	2	4	1	16	17	2
Total	-39	-56	-111	-25	70	-16
Other comprehensive income for the period, net of tax	-37	-51	-100	19	82	-37
Total comprehensive income for the period	503	88	936	1,396	1,973	1,513
Total comprehensive income attributable to:						
Owners of the parent	502	85	934	1,393	1,970	1,511
Non-controlling interests	1	3	3	3	3	3
	503	88	936	1,396	1,973	1,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill	6	508	416	401
Intangible assets	6	194	174	169
Property, plant and equipment	6	7,539	6,190	6,570
Investments in associates and joint ventures	7	69	68	63
Non-current receivables	9	123	97	103
Deferred tax assets		144	39	59
Derivative financial instruments	9	0	50	5
Other financial assets	9	53	43	44
Total non-current assets		8,631	7,077	7,413
Current assets				
Inventories		3,839	4,189	3,648
Trade and other receivables		2,187	2,487	2,138
Current tax assets		33	11	40
Derivative financial instruments	9	280	481	406
Current investments		0	0	0
Cash and cash equivalents	9	1,430	1,027	1,271
Total current assets		7,769	8,196	7,504
Total assets	3	16,400	15,274	14,917
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		8,046	7,703	8,282
Total		8,086	7,743	8,322
Non-controlling interests		4	5	5
Total equity		8,091	7,748	8,327
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	9	2,841	1,898	1,964
Deferred tax liabilities		309	266	336
Provisions		264	253	200
Pension liabilities		100	85	119
Derivative financial instruments	9	14	13	12
Other non-current liabilities		26	48	43
Total non-current liabilities		3,555	2,563	2,674
Current liabilities				
Interest-bearing liabilities	9	808	635	651
Current tax liabilities		184	271	43
Derivative financial instruments	9	564	849	200
Trade and other payables		3,199	3,207	3,022
Total current liabilities		4,754	4,962	3,916
Total liabilities	3	8,309	7,525	6,590
Total equity and liabilities		16,400	15,274	14,917

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Cash flows from operating activities					
Profit before income taxes	618	231	1,189	1,716	2,279
Adjustments, total	460	306	1,019	833	715
Change in net working capital	-268	347	-473	-1,958	-1,357
Cash generated from operations	811	884	1,735	591	1,637
Finance cost, net	4	-8	-52	-34	-42
Income taxes paid	-19	-33	-93	-100	-398
Net cash generated from operating activities	796	842	1,590	457	1,197
Cash flows from investing activities					
Capital expenditure	-246	-870	-1,015	-1,298	-1,743
Acquisitions of subsidiaries	0	-14	-176	-14	-14
Proceeds from sales of subsidiaries, joint arrangements and other business operations	0	2	0	157	157
Proceeds from capital repayments in joint arrangements	0	6	0	13	13
Proceeds from sales of property, plant and equipment	0	6	0	16	30
Changes in long-term receivables and other investments	-147	9	-122	-319	-31
Cash flows from investing activities	-393	-861	-1,313	-1,444	-1,588
Cash flow before financing activities	403	-18	277	-986	-390
Cash flows from financing activities					
Net change in loans and other financing activities	53	-59	639	736	752
Repayments of lease liabilities	-70	-39	-170	-117	-157
Dividends paid to the owners of the parent	0	0	-582	-314	-630
Dividends paid to non-controlling interests	0	-2	-3	-2	-2
Cash flows from financing activities	-17	-100	-116	302	-37
Net increase (+) / decrease (-) in cash and cash equivalents	386	-119	160	-684	-427
Cash and cash equivalents at the beginning of the period	1,039	1,140	1,271	1,696	1,696
Exchange gains (+) / losses (-) on cash and cash equivalents	6	6	-1	16	3
Cash and cash equivalents at the end of the period	1,430	1,027	1,430	1,027	1,271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2023	40	7	16	-5	98	-78	-66	8,309	8,322	5	8,327
Profit for the period								1,033	1,033	3	1,036
Other comprehensive income for the period, net of tax					-122	14	8		-100	0	-100
Total comprehensive income for the period	0	0	0	0	-122	14	8	1,033	934	3	936
Transactions with the owners in their capacity as owners								-1,168	-1,168	-3	-1,171
Dividend decision								-1	0	0	0
Share-based compensation				1				-1	-1	-1	-1
Transfer from retained earnings		0					0				
Total equity at 30 September 2023	40	7	16	-5	-23	-64	-58	8,173	8,086	4	8,091

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								-630	-630	-2	-632
Dividend decision								-2	-2	-2	-2
Share-based compensation				1				10	0	0	0
Transfer from retained earnings		-11					0				
Total equity at 30 September 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 2022	40	19	16	-6	-22	-96	-10	7,040	6,981	4	6,985
Profit for the period								1,888	1,888	3	1,891
Other comprehensive income for the period, net of tax					120	18	-56		82	0	82
Total comprehensive income for the period	0	0	0	0	120	18	-56	1,888	1,970	3	1,973
Transactions with the owners in their capacity as owners								-630	-630	-2	-632
Dividend decision								-1	0	0	0
Share-based compensation				1				12	0	0	0
Transfer from retained earnings		-12					0				
Total equity at 31 Dec 2022	40	7	16	-5	98	-78	-66	8,309	8,322	5	8,327

KEY FIGURES

	30 Sep 2023	30 Sep 2022	31 Dec 2022	Last 12 months
Revenue	16,622	19,145	25,707	23,185
Profit for the period	1,036	1,377	1,891	1,550
Earnings per share (EPS), EUR	1.35	1.79	2.46	2.01
Alternative performance measures				
EBITDA, EUR million	1,876	2,299	3,048	2,624
Comparable EBITDA, EUR million	2,661	2,643	3,537	3,555
Capital employed, EUR million	11,740	10,281	10,942	-
Interest-bearing net debt, EUR million	2,220	1,506	1,344	-
Capital expenditure and investment in shares, EUR million	1,735	1,551	2,218	2,402
Comparable return on average capital employed, after tax, (Comparable ROACE) %	27.2	27.6	30.1	-
Return on equity, (ROE) %	19.6	25.5	25.1	-
Equity per share, EUR	10.53	10.08	10.83	-
Cash flow per share, EUR	2.07	0.60	1.56	3.03
Comparable earnings per share, EUR	2.22	2.21	3.04	3.06
Comparable net profit	1,708	1,694	2,336	2,350
Equity-to-assets ratio, %	49.4	51.0	56.3	-
Leverage ratio, %	21.5	16.3	13.9	-
Net working capital in days outstanding	39.6	43.7	35.4	-
Net Debt to EBITDA, %	0.8	0.5	0.4	-
Weighted average number of shares outstanding	768,167,512	768,052,330	768,060,103	768,146,253
Number of shares outstanding at the end of the period	768,199,747	768,083,170	768,083,170	-
Average number of personnel	6,014	5,205	5,244	-

Neste presents Alternative Performance Measures (APM) to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators. The detailed reasons for the use of APMs can be found on Neste's Annual Report 2022 and website www.neste.com together with the calculation of key figures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim report should be read in conjunction with Neste's annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS. The accounting policies applied are consistent with those followed in the preparation of Neste's annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new and amended standards as set out below.

Neste has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on 1 January 2023. These standards and interpretations did not have a material impact on the results or financial position of Neste, or the presentation of the condensed interim report.

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

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

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

Key accounting considerations related to geopolitical and economical uncertainty

Neste continued to assess the impacts of geopolitical and economical uncertainty by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Neste's financial position remained strong with liquid funds EUR 1,430 million and committed unutilized credit facilities EUR 1,900 million on 30 September 2023.

2. REVENUE

REVENUE BY CATEGORY

External revenue	7-9/2023					7-9/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,958	2,422	1,276	0	5,655	2,090	2,494	1,556	0	6,139
Middle distillates	1,938	1,319	1,001	0	4,258	2,039	1,357	1,213	0	4,610
Light distillates	19	950	273	0	1,243	51	937	341	0	1,329
Heavy fuel oil	0	153	1	0	154	0	199	1	0	200
Other products	181	91	24	0	296	256	121	32	0	409
Other services	1	16	3	2	22	1	27	3	5	35
Total	2,139	2,529	1,303	2	5,973	2,347	2,641	1,591	5	6,583

External revenue	1-9/2023					1-9/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	5,460	6,528	3,672	0	15,660	6,351	7,205	4,171	0	17,728
Middle distillates	5,368	3,596	2,901	0	11,865	6,244	3,923	3,302	0	13,470
Light distillates	92	2,476	767	0	3,336	107	2,764	866	0	3,736
Heavy fuel oil	0	455	4	0	459	0	518	4	0	522
Other products	547	243	80	0	870	751	491	91	0	1,332
Other services	3	60	9	20	92	1	61	6	16	85
Total	6,010	6,831	3,761	20	16,622	7,102	7,757	4,269	16	19,145

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	8,629	9,538	5,679	0	23,846	7,738	8,860	5,180	0	21,778
Middle distillates	8,467	5,283	4,559	0	18,309	7,590	4,956	4,158	0	16,704
Light distillates	162	3,570	1,116	0	4,848	147	3,282	1,018	0	4,447
Heavy fuel oil	0	685	5	0	690	0	622	5	0	627
Other products	1,008	605	129	0	1,742	804	358	118	0	1,281
Other services	4	80	9	26	119	6	78	12	30	126
Total	9,640	10,223	5,818	26	25,707	8,548	9,296	5,311	30	23,185

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

TIMING OF REVENUE RECOGNITION

External revenue	7-9/2023					7-9/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,138	2,513	1,300	0	5,951	2,346	2,614	1,588	0	6,548
Services transferred at point in time	1	16	3	1	21	1	27	3	0	31
Services transferred over time	0	0	0	1	1	0	0	0	4	4
Total	2,139	2,529	1,303	2	5,973	2,347	2,641	1,591	5	6,583

External revenue	1-9/2023					1-9/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	6,007	6,771	3,752	0	16,530	7,102	7,696	4,263	0	19,060
Services transferred at point in time	3	60	9	1	73	1	61	6	1	69
Services transferred over time	0	0	0	19	19	0	0	0	16	16
Total	6,010	6,831	3,761	20	16,622	7,102	7,757	4,269	16	19,145

External revenue	1-12/2022					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	9,637	10,143	5,809	0	25,589	8,542	9,218	5,298	0	23,058
Services transferred at point in time	4	80	9	1	93	6	78	12	1	98
Services transferred over time	0	0	0	25	25	0	0	0	28	28
Total	9,640	10,223	5,818	26	25,707	8,548	9,296	5,311	30	23,185

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
7-9/2023						
External revenue	2,139	2,529	1,303	2	0	5,973
Internal revenue	58	913	12	15	-998	0
Total revenue	2,197	3,442	1,315	17	-998	5,973
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
1-9/2023						
External revenue	6,010	6,831	3,761	20	0	16,622
Internal revenue	193	2,704	32	58	-2,987	0
Total revenue	6,203	9,535	3,794	78	-2,987	16,622
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
1-12/2022						
External revenue	9,640	10,223	5,818	26	0	25,707
Internal revenue	265	4,373	58	120	-4,816	0
Total revenue	9,905	14,596	5,876	147	-4,816	25,707
Last 12 months						
External revenue	8,548	9,296	5,311	30	0	23,185
Internal revenue	252	3,896	45	85	-4,277	0
Total revenue	8,800	13,192	5,355	115	-4,277	23,185

REVENUE BY OPERATING DESTINATION

	7-9/2023					7-9/2022				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	130	348	1,008	2	1,488	49	1,017	1,251	4	2,320
Other Nordic countries	547	321	0	0	868	653	449	1	0	1,103
Baltic Rim	7	235	293	0	535	2	124	339	0	465
Other European countries	474	726	1	0	1,201	716	607	0	0	1,324
North and South America	969	865	0	0	1,834	880	443	0	0	1,324
Other countries	12	34	0	0	47	47	1	0	1	48
Total	2,139	2,529	1,303	2	5,973	2,347	2,641	1,591	5	6,583
1-9/2023										
External revenue										
Finland	310	1,520	2,977	20	4,827	278	2,677	3,314	14	6,282
Other Nordic countries	1,628	838	1	0	2,467	2,164	1,091	1	0	3,256
Baltic Rim	22	475	781	0	1,278	45	367	952	0	1,364
Other European countries	1,485	2,012	2	0	3,498	1,813	2,023	1	1	3,838
North and South America	2,502	1,948	0	0	4,449	2,670	1,570	0	1	4,241
Other countries	64	40	0	0	103	132	30	0	1	164
Total	6,010	6,831	3,761	20	16,622	7,102	7,757	4,269	16	19,145
1-12/2022										
External revenue										
Finland	352	3,547	4,536	24	8,459	384	2,390	4,199	30	7,003
Other Nordic countries	2,930	1,416	2	0	4,348	2,394	1,163	2	0	3,558
Baltic Rim	73	500	1,278	0	1,850	50	608	1,107	0	1,764
Other European countries	2,399	2,729	2	1	5,131	2,071	2,718	3	0	4,791
North and South America	3,685	2,000	0	1	5,685	3,516	2,377	0	0	5,894
Other countries	202	31	0	1	234	133	40	0	0	173
Total	9,640	10,223	5,818	26	25,707	8,548	9,296	5,311	30	23,185
Last 12 months										
External revenue										
Finland	352	3,547	4,536	24	8,459	384	2,390	4,199	30	7,003
Other Nordic countries	2,930	1,416	2	0	4,348	2,394	1,163	2	0	3,558
Baltic Rim	73	500	1,278	0	1,850	50	608	1,107	0	1,764
Other European countries	2,399	2,729	2	1	5,131	2,071	2,718	3	0	4,791
North and South America	3,685	2,000	0	1	5,685	3,516	2,377	0	0	5,894
Other countries	202	31	0	1	234	133	40	0	0	173
Total	9,640	10,223	5,818	26	25,707	8,548	9,296	5,311	30	23,185

3. SEGMENT INFORMATION

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

REVENUE	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	2,197	2,403	6,203	7,308	9,905	8,800
Oil Products	3,442	3,877	9,535	10,939	14,596	13,192
Marketing & Services	1,315	1,604	3,794	4,314	5,876	5,355
Others	17	37	78	110	147	115
Eliminations	-998	-1,339	-2,987	-3,526	-4,816	-4,277
Total	5,973	6,583	16,622	19,145	25,707	23,185

OPERATING PROFIT	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	130	-126	324	578	1,046	792
Oil Products	527	381	908	1,227	1,337	1,019
Marketing & Services	34	31	71	84	98	85
Others	-17	-8	-32	-63	-70	-39
Eliminations	-6	12	-5	-5	-1	-1
Total	669	289	1,266	1,821	2,410	1,855

EBITDA	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	256	-39	656	792	1,328	1,192
Oil Products	602	443	1,128	1,436	1,619	1,312
Marketing & Services	42	38	93	106	127	114
Others	-4	3	2	-29	-24	7
Eliminations	-6	12	-5	-5	-1	-1
Total	889	456	1,876	2,299	3,048	2,624

COMPARABLE EBITDA	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	545	389	1,473	1,347	1,762	1,888
Oil Products	472	537	1,104	1,204	1,654	1,554
Marketing & Services	42	38	94	105	126	114
Others	-6	3	-5	-8	-4	-1
Eliminations	-6	12	-5	-5	-1	-1
Total	1,047	979	2,661	2,643	3,537	3,555

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	125	87	333	214	282	401
Oil Products	75	62	220	209	282	293
Marketing & Services	7	8	22	21	29	30
Others	13	11	35	34	46	46
Eliminations	0	0	0	0	0	0
Total	220	167	609	478	638	769

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022	Last 12 months
Renewable Products	386	956	1,487	1,390	1,952	2,050
Oil Products	58	44	177	102	180	255
Marketing & Services	8	9	33	18	24	40
Others	15	16	37	41	62	58
Eliminations	0	0	0	0	0	0
Total	467	1,025	1,735	1,551	2,218	2,402

TOTAL ASSETS	30 Sep 2023	30 Sep 2022	31 Dec 2022
Renewable Products	9,066	7,933	7,894
Oil Products	4,291	4,968	4,493
Marketing & Services	666	725	704
Others	720	353	351
Unallocated assets	2,066	1,784	1,932
Eliminations	-409	-489	-458
Total	16,400	15,274	14,917

	30 Sep 2023	30 Sep 2022	31 Dec 2022
NET ASSETS			
Renewable Products	7,887	5,984	6,433
Oil Products	2,654	3,311	2,652
Marketing & Services	235	268	227
Others	-454	-136	141
Eliminations	-19	-19	-14
Total	10,304	9,407	9,440
TOTAL LIABILITIES			
Renewable Products	1,990	2,338	1,909
Oil Products	1,700	1,677	1,866
Marketing & Services	486	509	529
Others	1,182	501	221
Unallocated liabilities	3,342	2,971	2,510
Eliminations	-391	-470	-444
Total	8,309	7,525	6,590
RETURN ON NET ASSETS, %			
Renewable Products	11.1	19.2	18.6
Oil Products	37.9	46.9	46.6
Marketing & Services	33.9	41.7	40.8
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	20.9	28.7	26.6
Oil Products	47.0	38.3	48.0
Marketing & Services	33.9	41.5	40.5

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	2,197	2,164	1,842	2,597	2,403	2,728	2,176
Oil Products	3,442	2,919	3,174	3,657	3,877	4,043	3,019
Marketing & Services	1,315	1,189	1,290	1,561	1,604	1,481	1,229
Others	17	30	31	37	37	38	35
Eliminations	-998	-951	-1,039	-1,290	-1,339	-1,251	-937
Total	5,973	5,351	5,298	6,562	6,583	7,039	5,523
QUARTERLY OPERATING PROFIT	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	130	158	36	468	-126	219	485
Oil Products	527	135	246	111	381	571	275
Marketing & Services	34	21	16	13	31	28	26
Others	-17	-6	-10	-7	-8	-42	-13
Eliminations	-6	4	-3	4	12	-6	-10
Total	669	312	285	589	289	769	762
QUARTERLY EBITDA	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	256	276	124	536	-39	284	546
Oil Products	602	210	317	184	443	645	348
Marketing & Services	42	29	23	21	38	35	33
Others	-4	5	2	4	3	-31	-1
Eliminations	-6	4	-3	4	12	-6	-10
Total	889	523	463	748	456	927	916
QUARTERLY COMPARABLE EBITDA	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	545	513	415	415	389	538	419
Oil Products	472	239	393	450	537	529	137
Marketing & Services	42	29	23	21	38	35	32
Others	-6	0	2	4	3	-10	-1
Eliminations	-6	4	-3	4	12	-6	-10
Total	1,047	784	830	894	979	1,085	578
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	125	119	89	68	87	66	61
Oil Products	75	74	71	73	62	74	73
Marketing & Services	7	8	7	7	8	7	7
Others	13	11	11	11	11	12	12
Eliminations	0	0	0	0	0	0	0
Total	220	212	178	160	167	158	153
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Renewable Products	385	390	713	563	956	229	204
Oil Products	58	48	71	78	44	25	34
Marketing & Services	8	20	5	7	9	5	4
Others	15	11	11	21	16	13	12
Eliminations	0	0	0	0	0	0	0
Total	467	469	799	668	1,025	272	254
QUARTERLY NET ASSETS	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Renewable Products	7,887	7,868	7,411	6,433	5,984	5,495	5,526
Oil Products	2,654	2,394	2,435	2,652	3,311	3,510	2,828
Marketing & Services	235	254	268	227	268	258	234
Others	-454	-300	-894	141	-136	-180	-536
Eliminations	-19	-14	-19	-14	-19	-32	-27
Total	10,304	10,202	9,201	9,440	9,407	9,050	8,025

4. ACQUISITIONS AND DISPOSALS

Acquisitions

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

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

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

5. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE EBITDA, EBITDA AND OPERATING PROFIT

Group	7-9/2023	7-9/2022	4-6/2023	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	1,047	979	784	2,661	2,643	3,537
inventory valuation gains/losses	7	-420	-305	-572	-152	-352
changes in the fair value of open commodity and currency derivatives	-166	-101	38	-226	-179	-131
capital gains and losses	1	0	2	7	10	10
other adjustments	0	-2	5	5	-22	-16
EBITDA	889	456	523	1,876	2,299	3,048
depreciation, amortization and impairments	-220	-167	-212	-609	-478	-638
OPERATING PROFIT	669	289	312	1,266	1,821	2,410
Renewable Products	7-9/2023	7-9/2022	4-6/2023	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	545	389	513	1,473	1,347	1,762
inventory valuation gains/losses	-129	-308	-280	-628	-269	-299
changes in the fair value of open commodity and currency derivatives	-160	-120	43	-189	-287	-135
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
EBITDA	256	-39	276	656	792	1,328
depreciation, amortization and impairments	-125	-87	-119	-333	-214	-282
OPERATING PROFIT	130	-126	158	324	578	1,046
Oil Products	7-9/2023	7-9/2022	4-6/2023	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	472	537	239	1,104	1,204	1,654
inventory valuation gains/losses	136	-112	-25	56	116	-53
changes in the fair value of open commodity and currency derivatives	-6	19	-5	-37	108	4
capital gains and losses	-1	0	2	5	10	10
other adjustments	0	-2	0	0	-2	4
EBITDA	602	443	210	1,128	1,436	1,619
depreciation, amortization and impairments	-75	-62	-74	-220	-209	-282
OPERATING PROFIT	527	381	135	908	1,227	1,337
Marketing & Services	7-9/2023	7-9/2022	4-6/2023	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	42	38	29	94	105	126
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
other adjustments	0	0	0	0	1	1
EBITDA	42	38	29	93	106	127
depreciation, amortization and impairments	-7	-8	-8	-22	-21	-29
OPERATING PROFIT	34	31	21	71	84	98
Others	7-9/2023	7-9/2022	4-6/2023	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	-6	3	0	-5	-8	-4
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	2	0	0	2	0	0
other adjustments	0	0	5	5	-20	-20
EBITDA	-4	3	5	2	-29	-24
depreciation, amortization and impairments	-13	-11	-11	-35	-34	-46
OPERATING PROFIT	-17	-8	-6	-32	-63	-70

RECONCILIATION BETWEEN COMPARABLE EBITDA AND COMPARABLE NET PROFIT

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
COMPARABLE EBITDA	1,047	979	2,661	2,643	3,537
depreciation, amortization and impairments	-220	-167	-609	-478	-638
items in depreciation, amortization and impairments affecting comparability	0	22	0	25	27
total financial income and expenses	-51	-58	-77	-105	-131
income tax expense	-79	-92	-154	-339	-388
non-controlling interests	-1	-3	-3	-3	-3
tax on items affecting comparability	-22	-71	-110	-49	-68
COMPARABLE NET PROFIT	674	610	1,708	1,694	2,336

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

	30 Sep 2023	30 Sep 2022	31 Dec 2022
COMPARABLE EBITDA, LAST 12 MONTHS	3,555	3,234	3,537
depreciation, amortization and impairments	-769	-643	-638
items in depreciation, amortization and impairments affecting comparability	2	31	27
financial income	33	5	9
exchange rate and fair value gains and losses	-19	-77	-80
income tax expense	-202	-383	-388
tax on other items affecting comparable ROACE	-146	-44	-76
Comparable net profit, net of tax	2,454	2,123	2,391
Capital employed average	11,065	9,320	9,823
Assets under construction average	-2,035	-1,626	-1,880
COMPARABLE RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (COMPARABLE ROACE), %	27.2	27.6	30.1

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total equity	8,091	7,748	8,327
Total assets	16,400	15,274	14,917
Advances received	-35	-78	-138
EQUITY-TO-ASSETS RATIO, %	49.4	51.0	56.3

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Operative receivables	1,871	1,947	1,902
Inventories	3,839	4,189	3,648
Operative liabilities	-3,193	-3,250	-3,057
Net working capital	2,518	2,887	2,494
Revenue, last 12 months	23,185	24,113	25,707
NET WORKING CAPITAL IN DAYS OUTSTANDING	39.6	43.7	35.4

6. CHANGES IN GOODWILL, INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND COMMITMENTS

	30 Sep 2023	30 Sep 2022	31 Dec 2022
CHANGES IN GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	7,140	5,667	5,667
Additions	1,545	1,550	2,217
Acquisitions	176	10	10
Depreciation, amortization and impairments	-609	-478	-638
Disposals	-31	-74	-90
Assets held for sale	0	24	24
Translation differences	21	81	-52
Closing balance	8,241	6,780	7,140
COMMITMENTS			
	30 Sep 2023	30 Sep 2022	31 Dec 2022
Commitments to purchase property, plant and equipment, and intangible assets	593	691	810
Other commitments	7	8	8
Total	600	699	818

Capital commitments are mainly related to an expansion project in the refinery in Netherlands which will extend Neste's renewable products overall capacity.

7. CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 Sep 2023	30 Sep 2022	31 Dec 2022
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES			
Opening balance	63	60	60
Share of profit (loss) of associates and joint ventures	6	1	2
Share of other comprehensive income of investments accounted for using the equity method	1	16	17
Translation differences	0	7	1
Capital repayments	0	-13	-13
Dividends	0	-14	-15
Investments	0	12	12
Other changes	0	0	-1
Closing balance	69	68	63

8. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 Sep 2023	30 Sep 2022	31 Dec 2022
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	2,841	1,898	1,964
Current interest-bearing liabilities ²⁾	808	635	651
Interest-bearing liabilities	3,650	2,533	2,615
Current investments	0	0	0
Cash and cash equivalents	-1,430	-1,027	-1,271
Liquid funds	-1,430	-1,027	-1,271
Interest-bearing net debt	2,220	1,506	1,344

¹⁾ Including EUR 744 million of lease liabilities at 30 Sep 2023 (30 Sep 2022: EUR 358 million, 31 Dec 2022: EUR 425 million)

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

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

²⁾ Including EUR 193 million of lease liabilities at 30 Sep 2023 (30 Sep 2022: EUR 114 million, 31 Dec 2022: EUR 110 million)

	30 Sep 2023	30 Sep 2022	31 Dec 2022
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	1,430	1,027	1,271
Unused committed credit facilities	1,900	1,350	1,600
Total	3,330	2,377	2,871
In addition: Unused commercial paper program (uncommitted)	154	189	54

9. FINANCIAL INSTRUMENTS

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

	30 Sep 2023		30 Sep 2022		31 Dec 2022	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Interest rate swaps						
Hedge accounting	250	-5	0	0	0	0
Non-hedge accounting	0	0	0	0	0	0
Currency derivatives						
Hedge accounting	3,053	-49	5,657	-211	3,925	90
Non-hedge accounting	2,080	-30	4,084	-87	3,083	91

	30 Sep 2023			30 Sep 2022			31 Dec 2022		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives									
Sales contracts									
Non-hedge accounting	19	48	-200	200	25	62	18	25	0
Purchase contracts									
Non-hedge accounting	2,772	45	-14	3,271	19	-96	2,616	19	18

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

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

Financial assets and liabilities by measurement categories and fair value hierarchy as of September 30, 2023

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Fair value hierarchy		
						Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables			123	123	123			
Derivative financial instruments		0		0	0		0	
Other financial assets	46	7		53	53			53
Current financial assets								
Trade and other receivables ¹⁾			2,133	2,133	2,133			
Derivative financial instruments	14	266		280	280	152	128	
Cash and cash equivalents			1,430	1,430	1,430			
Financial assets	60	273	3,687	4,020	4,020			
Non-current financial liabilities								
Interest-bearing liabilities			2,841	2,841	2,778	1,423	1,355	
Derivative financial instruments		14		14	14		14	
Other non-current liabilities ¹⁾		9	18	27	27			9
Current financial liabilities								
Interest-bearing liabilities			808	808	805	198	607	
Derivative financial instruments	64	500		564	564	143	420	
Trade and other payables ¹⁾		9	3,063	3,072	3,072			9
Financial liabilities	64	532	6,731	7,327	7,260			

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 7 million. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 46 million. Other financial liabilities in fair value through profit and loss category consist contingent consideration of acquisition made in prior years EUR 18 million. Fair values are determined in accordance with IFRS 13.

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

10. RELATED PARTY TRANSACTIONS

Neste has a related party relationship with its subsidiaries, joint arrangements, associates 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 2023	30 Sep 2022	31 Dec 2022
Transactions carried out with joint ventures and other related parties			
Sales of goods and services	206	330	430
Purchases of goods and services	203	419	503
Financial income and expenses	4	171	3
Receivables	153	4	160
Liabilities	14	38	22

11. CONTINGENT LIABILITIES

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Pledged assets	0	0	0
Other contingent liabilities	26	35	49
Total	52	61	75
On behalf of joint arrangements			
Pledged assets	110	83	89
Total	110	83	89
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	163	144	164

12. 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.

13. EVENTS AFTER THE REPORTING PERIOD

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

NESTE

Change runs on renewables