

NESTE

Annual Report 2023

Business review



Business review

2023 in brief	5
CEO's review	6
Strategy	9
Innovation	11
Our businesses	13
Key events 2023	18
Key figures 2023 and financial targets	21
Information for investors	23



Neste creates solutions for combating climate change and accelerating a shift to a circular economy. We refine waste, residues, vegetable oils and innovative raw materials into renewable fuels and sustainable feedstock for polymers and chemicals.

On a global scale, the year was marked by a volatile business environment, geopolitical turbulence and several regulatory changes. Despite a challenging business environment we continue to lead the way towards a sustainable future. Our objective is to deliver outstanding value with renewable and circular solutions with a focus on growth and efficiency as outlined in our strategy, “Taking charge of change.”

➤ Read more about key events in 2023 on [page 18](#) and sustainability highlights on [page 27](#).

▶ Watch this [video](#) to discover the highlights of the year.

Revenue

22,926 MEUR

3,458 MEUR Comparable EBITDA

1.20 EUR Our dividend proposal for 2024 per share

23.9% Comparable return on average capital employed after tax (Comparable ROACE)

22.7% Leverage ratio

Investments

2,351 MEUR

278 Safe days

6,018 Average number of personnel

11.0 Mt CO₂e Our renewable products helped reduce greenhouse gas emissions

92% The share of waste and residues of Neste's total renewable raw material inputs globally



2023 – Focus on growth and efficiency

For Neste, 2023 was a year of continuing implementation of our renewables growth strategy “Taking charge of change.”

On a global scale, the year was marked by a volatile business environment, geopolitical turbulence and several regulatory changes.

Despite a challenging business environment, we were able to deliver a strong financial result. Our focus was on ramping up two major renewables growth projects and the continued strengthening of our global renewable feedstock platform. During the year, we reached many significant milestones, including the opening of our Singapore refinery expansion and the ramping up of our joint operation with Marathon Petroleum in California, acquisitions and new partnerships related to our feedstock sourcing platform, and progress in opening new markets by expanding our customer base.

Our growth strategy focused on growth in sustainable solutions, and value creation for our stakeholders remains firmly in place. In late 2023, we also introduced a simplified organizational structure designed to support our long-term competitiveness and to create a strong foundation for our future success.

2023 highlights

The year was marked by several significant achievements, enabled by the dedication and commitment of our employees.

We successfully completed the EUR 1.6 billion Singapore Expansion project, and celebrated its opening in May. The project not only expands Neste’s renewables production capacity but will also enable the production of up to one million tons of sustainable aviation fuel (SAF), thereby strengthening our position as the world’s leading SAF producer. The project also includes enhanced raw material pretreatment capacity and increases Neste’s capability to process more challenging waste and residue raw materials. As the ramp-up of our Singapore expansion encountered some challenges and delays, we made tremendous efforts to resolve them and to ensure safe and reliable operation going forward.

To strengthen our position in the US, we ramped up our joint operations with Marathon Petroleum to produce renewable diesel following a conversion project at Marathon’s refinery in Martinez, California.

With these substantial capacity increases during the year, Neste expects to reach a nameplate capacity of 5.5 million tons of renewable products in 2024 and has production on three continents.



We are also investing in more capacity in Rotterdam. The expansion of our renewable products refinery in Rotterdam will increase the production capacity by 1.3 million tons annually. The Rotterdam expansion is expected to be operational in 2026, increasing our global nameplate capacity to 6.8 million tons of renewable products. Combined with our ongoing SAF optionality project in Rotterdam, the project aims to increase the refinery's production capability for sustainable aviation fuel to 1.2 million tons annually.

In the aviation sector, we continued our efforts to build a foundation for business growth in the coming years and expanded our cooperation with airports, airlines and transportation companies around the world. The ability to supply our aviation customers in the Americas, EMEA and the Asia-Pacific region is an important enabler for supporting the global aviation industry's decarbonization efforts. The renewable aviation business has significant growth potential, as both regulatory and voluntary demand will evolve in the coming years.

We continued to support our road transportation customers in reducing their greenhouse gas emissions and meeting their sustainability obligations. We expanded our customer base, strengthening our position with key customers in North America especially and continuing our efforts to expand into the off-road market segments.

We further continued our efforts to grow the market

The global aviation industry has set a target of achieving a goal of net-zero emissions by 2050. Sustainable aviation Fuel will play a crucial role in decarbonizing the aviation industry in the near term.

for feedstocks for the polymers and chemicals industry by co-creating renewable and circular solutions through strong partnerships along the value chain. We also reached an important milestone in our chemical recycling growth strategy by starting the construction of a liquefied waste plastic upgrading facility at our Porvoo refinery in Finland.

Neste also continued the development of its offering of lower-emission solutions by expanding its electric vehicle public charging station network across Finland and the Baltics.

We continued to strengthen our renewable feedstock sourcing platform through acquisitions and by expanding into new markets to ensure the availability of renewable raw materials. We expanded our terminal capacity globally, and a new commercial office in India was opened to drive our renewable raw material growth. We acquired a used cooking oil collection and aggregation business from Crimson Renewable Energy in the US. In Europe, we increased our ownership of Neste Demeeter B.V. to 80% of the company and agreed to acquire the remaining shares over the next few years, as agreed with the minority shareholders.

Journey to becoming a 100% renewable and circular solutions provider

We completed the strategic study launched in September 2022 and decided to launch a gradual transformation of our oil refinery in Porvoo, Finland, into a leading renewable and circular solutions refining hub. The planned transformation will proceed in phases and will require multiple separate investment decisions during the next decade before its targeted completion in the mid-2030s. As an example of planned first steps in the transformation, we are in the basic engineering phase of a large green hydrogen facility in the Porvoo refinery.

Our direction is clear: We want to be at the forefront of accelerating the green transition with our renewable and circular solutions and to create value for our stakeholders. The long-term transformation of the Porvoo refinery is a key element in our renewables growth strategy, completing Neste's journey to becoming a 100% renewable and circular solutions provider when finalized. This will further strengthen our position in serving the future needs of our customers.

Ambitious innovations

Our innovation work focuses on exploring new business opportunities around scalable future raw materials and related technologies. Throughout its history, Neste has invested in developing unique capabilities to work with demanding raw materials, and it is on this expertise that our systematic innovation entity is now based.

In 2023, we continued our persistent research, development and innovation work to increase the availability of renewable and recycled raw materials and to further develop technologies to diversify our raw materials portfolio. We made progress with many of our innovation initiatives to enable the commercialization of selected technologies in the coming years. We also strengthened our global innovation and research capabilities by opening an Innovation Center in Singapore.

Simplified organization to strengthen competitiveness

In November, to improve efficiency and long-term competitiveness, we announced our plan to simplify our organizational structure. We merged our Renewable Aviation, Renewable Road Transportation, and Renewable Polymers and Chemicals business units into a single Renewable Products business unit. As part of our transition journey, this decision aims to clarify roles and responsibilities and our ability to adjust to rapid market changes, staying ahead of the curve – and to focus on servicing our customers' needs.

With the simplified organization, we will strengthen accountabilities and support efficient decision making. This will enable us to be more agile and will support us in reaching our target of annual cost savings of 50 million euros.

Safety integrated into everyday operations

In 2023, Neste continued to emphasize shared responsibility for safety, integrating it into everyday operations.

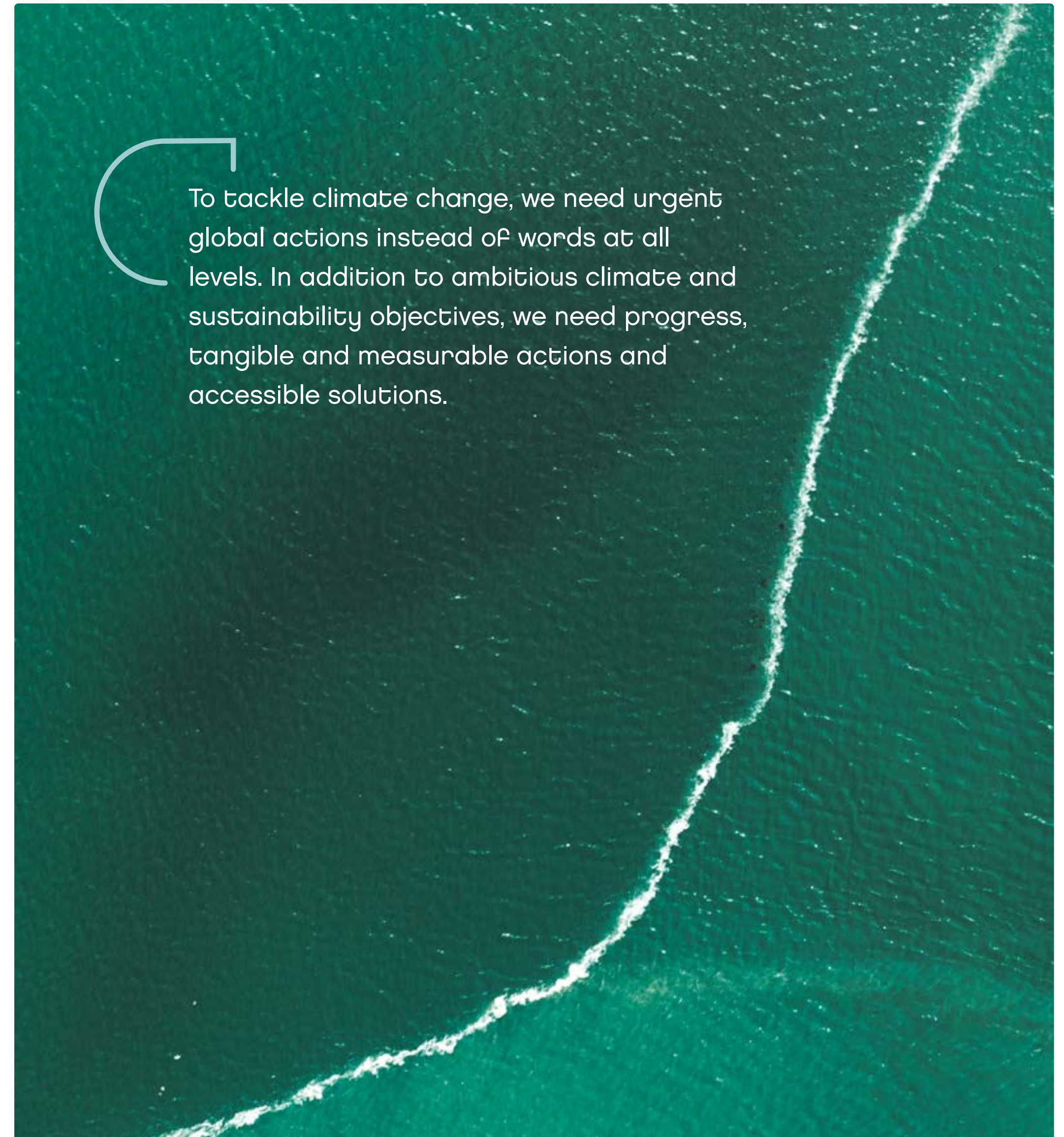
Among the highlights of 2023 were the efforts to drive our process safety and reliability improvement, which were visible in the operational performance at the Porvoo refinery, for example. In parallel, we focused on continuous occupational safety performance improvement by focusing on contractor safety, for example.

Recognition of our sustainability efforts

We are extremely proud to have been recognized yet again in 2023 for the 17th consecutive year as a global sustainability leader in both the Dow Jones Sustainability World and Europe indices. Neste was named the 19th most sustainable company in the world in the Corporate Knights Global 100 index, and first among its industry peers. Our climate actions achieved Leadership level recognition for the eighth consecutive year by the CDP. Furthermore, Neste was recognized as a Leader in the Global Child Forum's children's rights and business benchmark for 2023.

In 2023, we continued to strengthen our commitment to our values – We care, We have courage, and We cooperate.

In 2023, we celebrated Neste's 75th anniversary and our continued transformation. I wish to thank our employees and partners for being part of this journey. Looking forward, we will continue our dedicated efforts to create value for all our stakeholders and to further strengthen Neste's position as a global leader in renewable and circular solutions. Together, we can actively lead the way to creating a more sustainable world for generations to come.



To tackle climate change, we need urgent global actions instead of words at all levels. In addition to ambitious climate and sustainability objectives, we need progress, tangible and measurable actions and accessible solutions.

Strategy

We are committed to continuing to grow as the world's leading producer of sustainable aviation fuel and renewable diesel, while pioneering more sustainable feedstock solutions for the polymers and chemicals industry.



At Neste, we continue to lead the way towards a sustainable future. Our objective is to deliver outstanding value with renewable and circular solutions with a focus on growth and efficiency as outlined in our strategy, "Taking charge of change."

We are dedicated to leveraging our talents and harnessing our capabilities. By doing so, we are well equipped to create value by producing products and solutions for our customers and partners, helping them reduce their emissions and carbon footprint.

The demand for renewable and circular solutions will continue to rise, with a robust long-term demand outlook. This demand emanates from businesses, regulation and environmentally conscious consumers. In the dynamic business landscape, our strategy is guiding us to effectively respond and adapt to the ever-changing business environment and increasing competition.

We continue to ensure high standards in sustainability and strive for our sustainability vision. Safety remains at the heart of our operations – every day, everywhere.

Our aim is to deliver outstanding value with renewable and circular solutions.

Taking charge of change
Our strategy is to deliver outstanding value with renewable and circular solutions

Profitable growth

- Rapid growth in aviation as well as polymers and chemicals sectors
- Expansion of global feedstock base

Efficiency

- Increased optionality in feedstocks, products & markets
- Increased cost competitiveness

NESTE

Core themes of Neste's strategy

Profitable growth

Expand global raw material base. We will continue to grow and strengthen our position in the waste and residues value chain, novel vegetable oils, and liquefied waste plastics.

Grow in attractive markets. By strengthening our presence in selected markets, we can better serve our customers and help them thrive. This will be true for all businesses but especially in areas of aviation, and polymers and chemicals.

Efficiency

Increased optionality and value creation. By enhancing our optionality in raw materials, products, and markets, we can better adapt to dynamic business environments and strengthen our end-to-end optimization capabilities. This elevates our competitive edge but also amplifies our proficiency in navigating market dynamics and regulatory landscapes, and enables us to create better value for our customers.

Increased cost competitiveness. We will further intensify our efforts to improve competitiveness and drive efficiency. This includes meticulous management of fixed costs and net working capital, as well as organizational, digital, end-to-end and project development.

Innovation

Innovation has enabled our transformation toward global leadership in renewable and circular solutions, and it is the driving force behind our strategy to ensure the future success of Neste.

Our core approach is to convert low-quality raw materials into high-quality solutions. We are continuously working towards increasing the availability of renewable and recycled raw materials, while also developing technologies to diversify our current raw material portfolio. We are advancing our research and innovation work across multiple areas including algae, lignocellulose, liquefied waste plastic, novel vegetable oils from regenerative agricultural practices, Power-to-X, and renewable hydrogen. These globally scalable raw material pools, together with related technologies, will play an important role in further reducing dependence on crude oil and tackling climate change.

[Read more about future raw materials.](#)



In addition to exploring new growth opportunities, we constantly develop, test and analyze our existing renewable and circular solutions. In 2023, nearly 25% of our personnel worked in innovation, research, product development and engineering. We have dedicated teams working on developing these focus areas to commercialization.

We invest the majority of our annual R&D expenditure in innovation, research and development, and testing raw materials and the technologies that could enable their use. In 2023, our R&D expenditure was EUR 94 million.

Innovation is the key to creating new business

We are focusing on scalable, sustainable raw materials and the technologies required for their conversion to fuels as well as feedstock for polymers and chemicals polymers. Our twofold aim is to ensure the growth of our current businesses and to build new growth platforms for renewable and circular solutions.

In recognition of our innovation work, a group of Neste inventors was honored with the prestigious European Inventor Award 2023 in the industry category. The award was granted by the European Patent Office (EPO) for work on converting waste and residues into high-quality renewable solutions.

To further strengthen our global R&D and innovation capabilities, we established an Innovation Center in Singapore that has been operational since early 2023. The center focuses on research into raw materials and the pretreatment processes and drives collaboration with partners in the Asia-Pacific region. Neste's Technology Center in Porvoo, Finland continues to serve as a vital R&D facility focusing on the entire value chain, from raw materials to end products.



Neste Veturi program develops globally scalable sustainable solutions

In the Neste Veturi program, we are developing sustainable, globally scalable solutions for fuels and chemicals from renewable and recycled raw materials. The program covers Neste's efforts to expand the raw material pool to lignocellulosic wastes and residues, microalgae, novel vegetable oils, plastic waste, CO₂ and renewable hydrogen. The development work is supported by the Finnish innovation funding organization Business Finland.

During 2023 the Veturi ecosystem was strengthened further. It has gathered over 100 Finnish companies, universities and research institutes together to jointly build

the future capabilities needed to establish new technologies, value chains and business in renewable and circular solutions.

One example of a successful joint Veturi project is the e-fuel research project that combined high-temperature electrolysis, carbon capture and hydrocarbon synthesis technologies to produce e-fuels in a demonstration environment at VTT Bioruukki Pilot Centre, Espoo, Finland. At the end of 2023, the project concluded with the successful testing of the e-fuel.

Several advancements in our key focus areas

Demonstrating renewable hydrogen production at our Rotterdam refinery in the Netherlands within the MultiPLHY project is one of the initiatives enabling us to further drive the development of new sustainable technologies. During 2023, the project proceeded to the commissioning phase.

Another of the company's renewable hydrogen projects focuses on investing in the production capacity of renewable hydrogen and reducing GHG emissions from hydrogen production at the Porvoo refinery in Finland. This project entered the basic engineering phase in 2023 and it is expected that investment decisions will be reached during 2024.

In November 2023, the Ministry of Economic Affairs and Employment in Finland granted Neste energy investment aid of EUR 1.96 million for heat recovery from hydrogen production. This complements the EUR 27.7 million grant Neste received from Business Finland for our renewable hydrogen project, which has the recognition of being an Important Project of Common European Interest (IPCEI).

Neste's PULSE (pretreatment and upgrading of liquefied plastic waste to scale up circular economy) project aims to build chemical recycling capacities at the Porvoo refinery in Finland. In June 2023, Neste made a final investment decision, and work began on upgrading of the facilities. Project PULSE is also funded by the EU Innovation Fund.

In 2023, Neste advanced the preparation of its algae pilot production facility in order to further strengthen the growth of its global raw material pool. The project is in the planning phase, with a final investment decision yet to be made.

Extensive collaboration network

Innovation requires partnering and cooperation. Neste is already collaborating with a network of 37 leading universities and research institutes and continues to expand and intensify cooperation with them. We work with technology companies, startups and value chain partners to introduce innovations in renewable and circular solutions to global-scale businesses. We have also established corporate venture activities to invest in technology startups.

We have made minority investments in several technology companies: Circularise, a supply chain traceability and transparency startup; Alterra Energy, in relation to developing chemical recycling; and Sunfire GmbH, in relation to renewable hydrogen demonstration (project MultiPLHY). In 2023, we continued collaboration with all these companies.

Our businesses

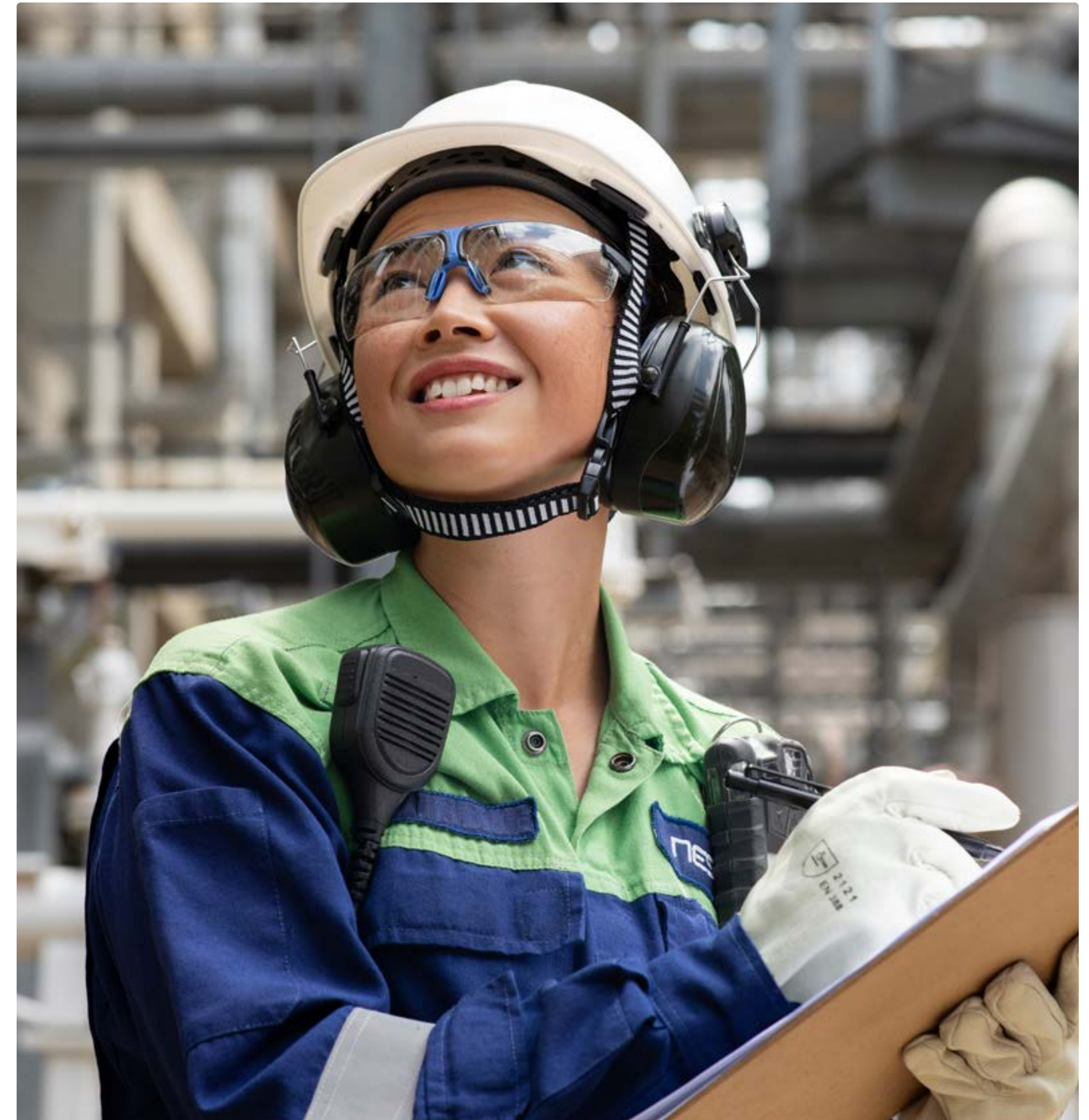
At Neste we create value for society by helping our customers reduce climate emissions and accelerate circularity. We develop sustainably produced lower-emission solutions for transportation, aviation and marine uses, as well as renewable and circular solutions for the chemical and plastics industries.

Neste is the world's leading producer of sustainable aviation fuel (SAF), renewable diesel and renewable feedstock solutions for the polymers and chemicals industry. Neste refines waste, residues, novel vegetable oils from regenerative agricultural practices and innovative raw materials into renewable fuels and renewable and recycled feedstock for polymers and chemicals. Neste develops chemical recycling technologies and capacity to combat the plastic waste challenge.

We produce renewable products at our refineries in Finland, the Netherlands and Singapore entirely from renewable raw materials with an annual nameplate capacity of approximately 3.3 million tons. Neste's Singapore refinery expansion and our joint operation with Marathon Petroleum in Martinez, California, will increase Neste's total production nameplate capacity of renewable products to 5.5 million tons in 2024. When completed, Neste's Rotterdam refinery capacity expansion project will further increase the company's total production capacity of renewable products to 6.8 million tons annually by the end of 2026. This will help us meet the increasing global demand for lower-emission products.

Neste is also a technologically advanced refiner of high-quality oil products with a commitment to reach carbon neutral production by 2035. We are also introducing liquefied waste plastic and renewable raw materials at our oil refinery in Porvoo, Finland, with the ambition of making it the most sustainable refinery in Europe by 2030. A strategic roadmap to transition our Porvoo refinery to a leading renewable and circular solutions refining hub by mid-2030s was announced in December 2023.

We invest heavily in researching, testing and deploying new raw materials and technologies. Our engineering arm, Engineering Solutions, delivers high-quality technology and engineering services for the group and its external customers.



¹⁾ Marketing & Services is led through an internal board and its EVP is not a member of the Executive Committee

In November 2023, Neste published plans to simplify its organizational structure and operational model to secure the execution of its growth strategy with improved cost-efficiency and long-term competitiveness. The aim is to strengthen accountabilities and efficient decision making. It is estimated that the planned organizational changes may lead to a reduction of approximately 400 roles globally. According to the plan, the new organization will be effective as of April 2024.



At Neste we create value for society by helping our customers reduce climate emissions.

Renewable Products business unit

Renewable Aviation offers Neste MY Sustainable Aviation Fuel™ (SAF), which provides a solution for reducing the greenhouse gas (GHG) emissions of air travel and transportation. Using the fuel in neat form reduces GHG emissions by up to 80% over the fuel's life cycle compared to using fossil jet fuel (calculation method: CORSIA). We are actively working with partners in the aviation supply chain to grow the availability of SAF for the aviation industry globally.

Renewable Polymers and Chemicals offers Neste RE™, a drop-in solution made with renewable and recycled raw materials to replace fossil feedstock in the production of polymers and chemicals. Neste RE, produced from 100% renewable raw materials, has a more than 85% smaller carbon footprint over its life cycle than conventional fossil raw materials commonly used in polymers and chemicals production (Life Cycle Assessment on Environmental Impacts of Neste RE, June 2021). Neste RE can also be made from chemically recycled hard-to-recycle plastic waste. In a circular plastics value

chain, in which waste plastic is chemically recycled and the polymers are produced from recycled Neste RE, greenhouse gas emissions are reduced by at least 35% compared to the current scenario in which polymers are produced from virgin fossil raw materials and plastic waste is incinerated (Life Cycle Assessment on Environmental Impacts of Chemical Recycling of Waste Plastic – Case Neste, October 2022).

Renewable Road Transportation offers Neste MY Renewable Diesel™, enabling its customers to reduce their GHG emissions by as much as up to 75% or up to 95% compared to fossil diesel over the fuel's life cycle. The GHG emission reduction varies, depending on the region-specific legislation that provides the methodology for the calculations (e.g., EU RED II 2018/2001/EU for Europe and US California LCFS for the US), and the raw material mix used to manufacture the product for each market. Neste MY Renewable Diesel is a drop-in solution, which means it can be used in existing diesel vehicles and fuel infrastructures as such or in a fuel blend.

Strengths

- High-quality renewable diesel, SAF, renewable and recycled feedstock for the polymers and chemicals industry, as well as other renewable products and solutions to significantly reduce greenhouse gas emissions and reliance on fossil-based alternatives;
- Chemical recycling technology helps combat plastic waste challenge and enable recycled content in demanding applications;
- Capability of establishing value chain partnerships to develop chemical recycling of hard-to-recycle plastic and to enable production of new high-quality polymers and chemicals from waste plastic.
- An extensive global supply network for a wide variety of renewable raw materials with waste and residues accounting for 92% (95%) of Neste's renewable raw materials inputs globally in 2023;
- Capability of pretreating low-quality waste and residue raw materials to enable their use in the production of high-quality products;
- Global customer base extending over multiple sectors

Nameplate capacity

Ca. 3.3 million tons of renewable products annually, increasing to 6.8 million tons by the end of 2026. Chemical recycling capacity development aims at processing annually over 1 million tons of plastic waste.

Main market areas

Europe and North America, expanding in the Asia-Pacific region.

Customers

Retailers, wholesale customers such as transportation service companies, municipalities and other fleet owners or operators, airlines, airports, aviation fuel suppliers and corporate business travelers, as well as polymers and chemicals producers.

Main demand factors

- Governments are increasingly introducing renewable energy requirements – or emission reduction targets – for the transportation sector. This is especially the case in the European Union, where for example SAF will be mandated;
- Regulators working on recycled content targets to promote circularity;
- Leading companies and brands wanting to reduce their own emissions and providing their customers with more sustainable products based on renewable and circular solutions; and
- There is increasing societal pressure from consumers who want to see a reduction in fossil fuel use and increase in the use of products made from recycled materials. This is particularly related to the global plastic waste challenge.

Market position

Neste is the world's leading producer of SAF, renewable diesel and a pioneer in producing renewable and recycled feedstock solutions for various polymers and chemicals industry uses. We are also developing chemical recycling to combat plastic waste challenge.

Neste MY Renewable Diesel is available in Finland at 187 stations and in the Baltics at 39 stations and is sold at more than 500 stations via channel partners in Sweden, Denmark, Belgium, the Netherlands, the US, Germany and France.

Main competitors

Other renewable diesel and SAF producers, as well as producers of conventional biodiesel. Other providers of renewable and circular solutions for the polymers and chemicals sectors.



Oil Products business unit

Our offering includes high-quality oil products and related services for road transportation, non-road uses, aviation and marine sectors, as well as products for the oil and petrochemical industries.

Neste's refinery in Porvoo, Finland, is among the most efficient and versatile refineries in Europe and processes both crude oil and renewable raw materials into more than a hundred products to customers globally. Neste's ambition is to make the Porvoo refinery the most sustainable refinery in Europe by 2030. A strategic roadmap for transitioning our Porvoo refinery to a leading renewable and circular solutions refining hub by mid-2030s was announced in December 2023.

Strengths

- Extensive selection of high-quality fossil solutions;
- Increasing flexibility in processing challenging raw materials;
- Technologically advanced refinery enabling high-value product generation; and
- Capacity to scale-up new technologies and process innovative raw material.

Refining capacity

Ca. 10 million tons of crude oil refining capacity annually, producing ca. 12 million tons of products. Renewable and circular capacity potential 2 to 4 million tons.

Main market areas

Baltic Sea area, Europe and in Americas.

Customers

Retailers and distributors, oil majors and trading companies, petrochemical companies and companies marketing lubricants and solvents.

Main demand factors

- Increasing demand for solutions containing both fossil and renewable products;
- Customers requiring flexibility in the supply chain; and
- Supply security in turbulent market conditions.

Market position

Strong position in the Baltic Sea area wholesale markets.

Main competitors

Refineries in Northwest Europe and market participants importing oil products to Northwest Europe.

Marketing & Services business unit

Marketing & Services offers sustainable, lower-emission and digital solutions for the needs of consumers, companies and partners in Finland, and in the Baltic countries. In addition to Neste MY Renewable Diesel used for transport, heavy machinery, agriculture and heating purposes, Neste MY Sustainable Aviation Fuel, Neste's electric vehicle charging solutions and emission calculation and reporting solution Neste MY Carbon Footprint™ service, create value for customers. We seek to develop a diverse range of services aiming to provide the best customer experience.

Strengths

- High quality customer experience enhanced by digitalization and innovations;
- High-quality and sustainable solutions: Neste MY Renewable Diesel and Neste MY Sustainable Aviation Fuel;
- Extensive electric vehicle charging solutions in Finland; Neste Charge™, a B2B electric vehicles charging solution and a workplace charging solution and a public high power charging solution for light and medium-duty electric vehicles, Neste MY Renewable Charging™;
- Strong brand and extensive station network in Finland and in the Baltic countries; and
- Solutions like Neste ReNew™ lubricants and Neste MY Carbon Footprint service that create additional value for customers.

Main market areas

Finland, Estonia, Latvia and Lithuania. Station network consists of 722 stations in Finland and 226 stations in the Baltic countries. In Finland, Neste MY Renewable Diesel is available at 187 stations and in the Baltics at 39 stations. Publicly available electric vehicle high-power charging, Neste MY Renewable Charging, is available at 13 stations across Finland and the Baltics.

Main demand factors

- Legislation requiring more sustainable energy solutions;
- Developments in traffic and transportation volumes; and
- Customers' growing expectations of services and more sustainable solutions.

Market position

Neste holds the leading market position in Finland. In addition, Neste is among the leading operators in Estonia, Latvia and Lithuania.

Main competitors

Other large retailers in Finland and the Baltic countries.

Customers

Private customers, transportation services, aviation industry, shipping, industrial and agricultural sectors, etc.



Key events 2023



Transformation in Porvoo refinery progresses

Neste's crude oil refinery in Finland is to be gradually transformed into a leading renewable and circular solutions refining hub. The decision was made after the completion of a [strategic study](#) launched in September 2022. The planned transformation will proceed in phases and require multiple separate investment decisions before targeted completion in the mid-2030s.



Neste decided to invest in a liquefied waste plastic upgrading unit at its Porvoo refinery

Neste [commenced](#) the construction of upgrading facilities for liquefied plastic waste at its Porvoo refinery in Finland. With an investment of EUR 111 million, Neste will build the capacity to upgrade 150,000 tons of liquefied waste plastic per year. The investment is part of a broader project ([PULSE](#)), which has received an EU Innovation Fund grant of EUR 135 million if fully implemented, and is targeting a total capacity of 400,000 tons per year.

Neste plans to simplify its organizational structure

In November 2023, Neste [announced](#) its aim to simplify its organizational structure and operational model to secure the execution of its growth strategy with improved cost-efficiency and to strengthen long-term competitiveness.

Industrial hydrogen valley in Finland

Neste partnered with other leading energy companies to explore the development of an [industrial hydrogen valley](#) in Finland. This joint effort aims to advance Finland toward becoming a leading hydrogen economy in Europe.



The opening of the Singapore refinery expansion and Innovation Center

Neste celebrated the EUR 1.6 billion Singapore [Expansion project's](#) successful completion, doubling its production capacity in Singapore, including the capability of producing up to one million tons of sustainable aviation fuel (SAF), solidifying Neste's position as a global SAF leader. We maintained our focus on innovation and established an [Innovation Center](#) in Singapore to enhance global innovation and research efforts.



Neste selected for the initial target validation group for science-based targets for nature

Neste was [selected](#) for the initial target validation group for science-based targets (SBTs) for nature by the Science Based Targets Network (SBTN), which aims to set the global standard for ambitious and measurable corporate action on nature. Globally, only 17 companies were invited to the target validation group to pilot a global framework for setting such targets.

Neste recognized as a Leader in Global Child Forum's benchmark

Neste was [recognized](#) as a Leader in Global Child Forum's global children's rights and business benchmark, The State of Children's Rights and Business 2023.

Key events 2023



Neste increased the amount of waste plastic processed

In its efforts to scale up chemical recycling, Neste successfully **concluded** another series of industrial-scale processing runs with increasing volumes of liquefied waste plastic at its refinery in Porvoo, Finland. The processing runs in the second half of 2023 doubled the total amount of liquefied waste plastic processed by Neste to more than 6,000 tons.



Acquisition of UCO business from Crimson Renewable Energy

During 2023, Neste continued to strengthen its sourcing capabilities through acquisitions and expanding to new markets to ensure the availability of renewable raw materials. Neste completed its **acquisition** of the used cooking oil (UCO) collection and aggregation business and related assets, including shares in SeQuential Environmental Services, LLC, and Pure, LLC, as well as a UCO processing plant in Salem, Oregon.

European Inventor Award 2023

Neste's inventors won the **European Inventor Award 2023** in the Industry category for their work on converting waste and residues into high-quality renewable solutions. The European Patent Office granted the award, recognizing Neste's inventors' contribution to innovative technologies.



Neste expanded its raw materials and renewable fuels supply capabilities

Neste expanded its capability of supplying renewable fuels to customers in the US in cooperation with **Vopak**. Neste commissioned terminal capacity at Vopak's Los Angeles terminal in California for storing Neste MY Sustainable Aviation Fuel (SAF) and Neste MY Renewable Diesel. In 2023, the Neste Terminal Rotterdam expansion project was also completed, more than doubling the raw material storage capacity at the site in Vlaardingen, the Netherlands. In addition, Neste **established** an integrated SAF supply chain to Singapore Changi Airport.



Neste's ownership in Neste Demeter increases

Neste **acquired** a further 29% of the shares of Neste Demeter B.V., a trader of animal fats and proteins, increasing Neste's ownership to 80% of the company. Neste also agreed to acquire the remaining shares of the company over the next few years.



Green hydrogen project in Porvoo proceeded

Neste's project to produce green hydrogen for the refinery's processes at the Porvoo refinery proceeded to the **basic engineering phase**. The Finnish Ministry of Economic Affairs and Employment granted Neste energy investment aid of EUR 1.96 million for heat recovery from green hydrogen production.



Partnering actively for a more sustainable aviation industry

In 2023, Neste expanded its supply of SAF to airlines, cargo carriers, airports and manufacturers across the globe, such as **United Airlines, Emirates, Ryanair, Air Canada, Brussels Airlines, Wizz Air, Boeing, Finnair, Viva Aerobus, Cargolux, Västflyg airline, Thai Airways, All Nippon Airways and Japan Airways** in cooperation with partners such as **ITOCHU** and Fuji Oil and **World Fuel Services**.

Neste enabled the first **single engine helicopter flight** with 100% SAF and **Australia's** first helicopter flight using SAF in collaboration with Airbus, Safran and Microflite.

Key events 2023

Reducing greenhouse gas emissions with partners

We were able to expand our supply of Neste MY Renewable Diesel™ to existing and new partners in the road transportation sector, mining, steel mills and railroads, as well as to new markets. We continued and started partnerships with several global companies such as [Deutsche Bahn](#), [ITOCHU](#), [Outokumpu](#), [Rio Tinto](#) and [Cologne Bonn Airport](#) to help them and their customers reduce greenhouse gas emissions.

Neste MY Renewable Diesel is available to customers in Finland, Sweden, the Netherlands, Belgium, Germany, Estonia, Latvia, Lithuania, Denmark and in California and Oregon in the US.



Neste, ISCC and DHL Group: increasing traceability along the value chain

[Neste](#), [ISCC](#) and [DHL Group](#) joined forces to pioneer and test a system through which airlines, logistics service providers and end customers such as corporates can credibly report the emission reduction achieved by using SAF to reduce their carbon footprint from air travel and transportation.

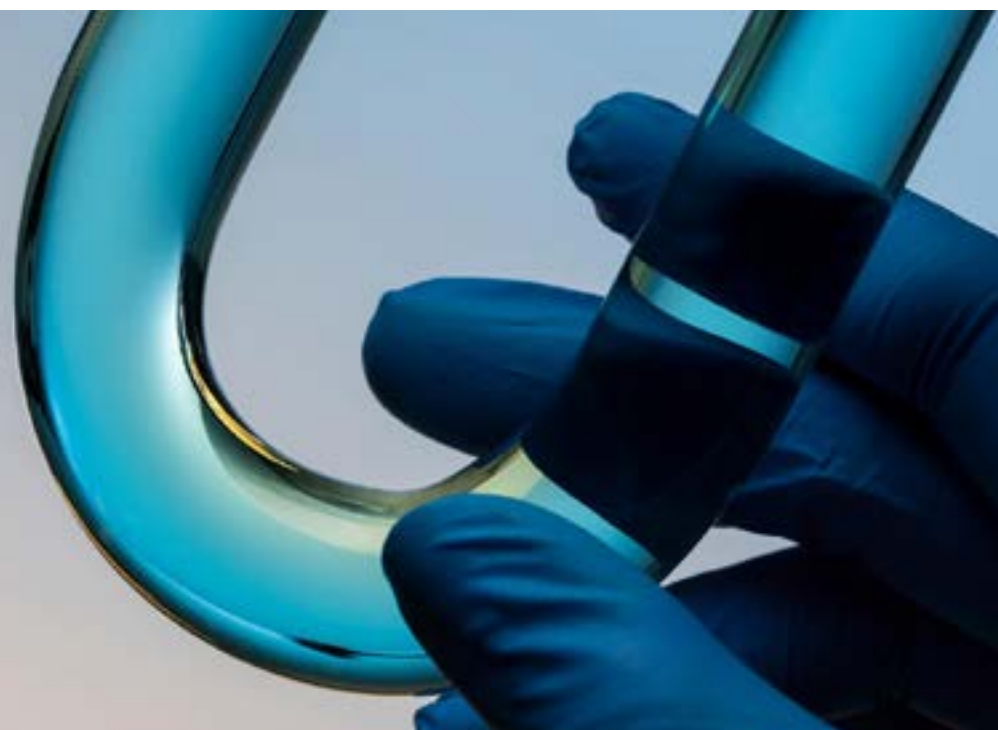


Reducing greenhouse gas emissions of renewable diesel marine transportations

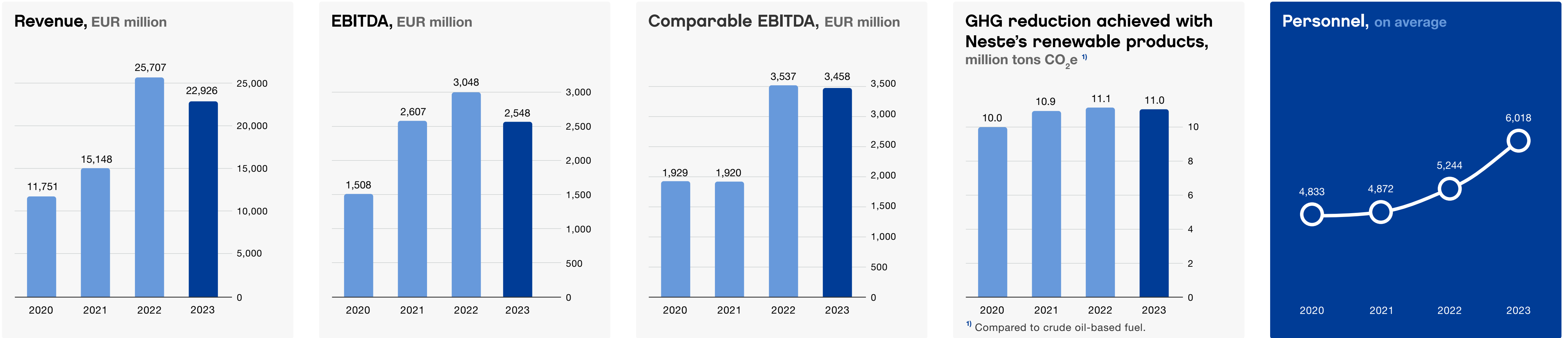
Since May 2023, two tankers transporting Neste's renewable diesel from Finland to Sweden have been fueled with **lower-emission marine fuel**. Neste Marine™ 0.1 co-processed fuel supports the International Maritime Organization's ambitious targets for the maritime sector to reduce its emissions to combat climate change.

Expanded Neste RE™ supply to new partners

We continued to collaborate with industry pioneers to tackle the global plastics challenge and to replace fossil feedstocks with more sustainable ones in the production of polymers and chemicals. In cooperation with various partners, including [Mitsui Chemicals Group](#), [Eppendorf](#), [Uponor](#) and [Suntory, ENEOS and Mitsubishi Corporation](#), we paved the way for new plastic products to be made with our renewable and recycled Neste RE. Neste and [ILLIG](#) entered into a strategic partnership to advance the use of more sustainable solutions in the production of thermoformed plastic packaging.

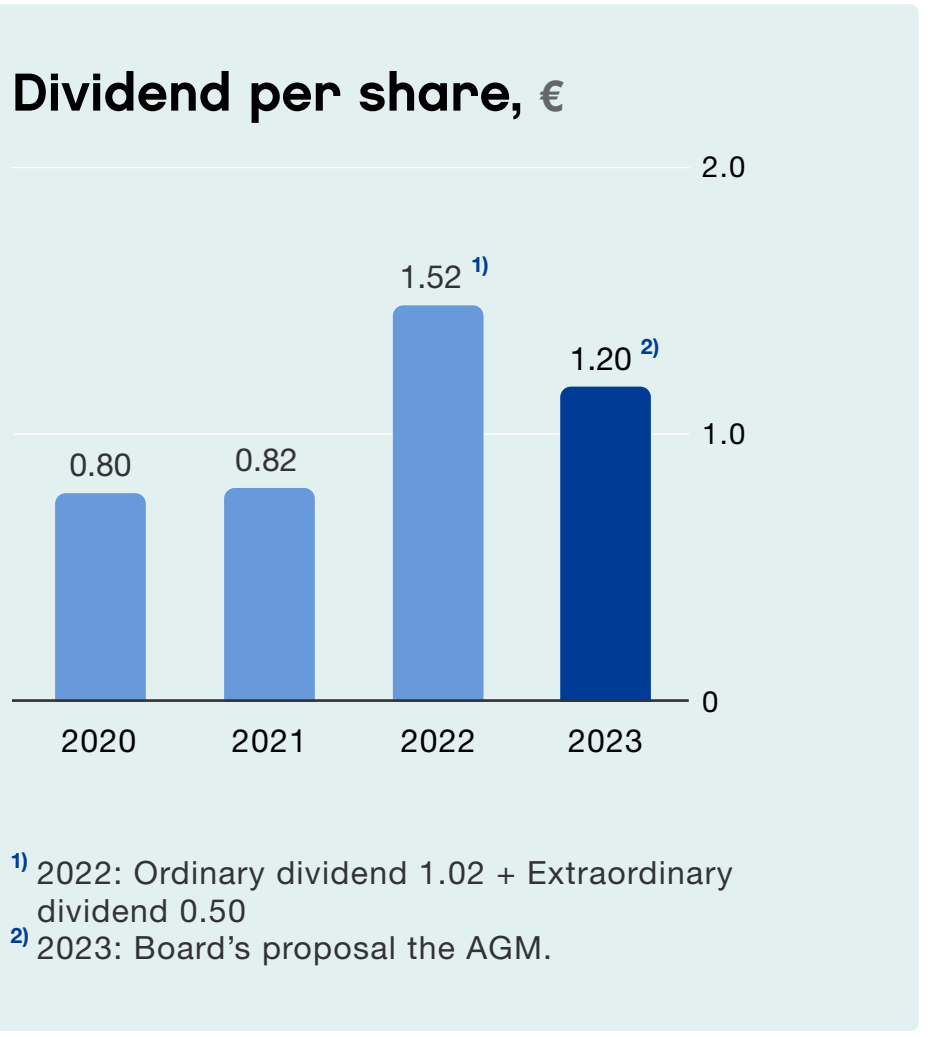
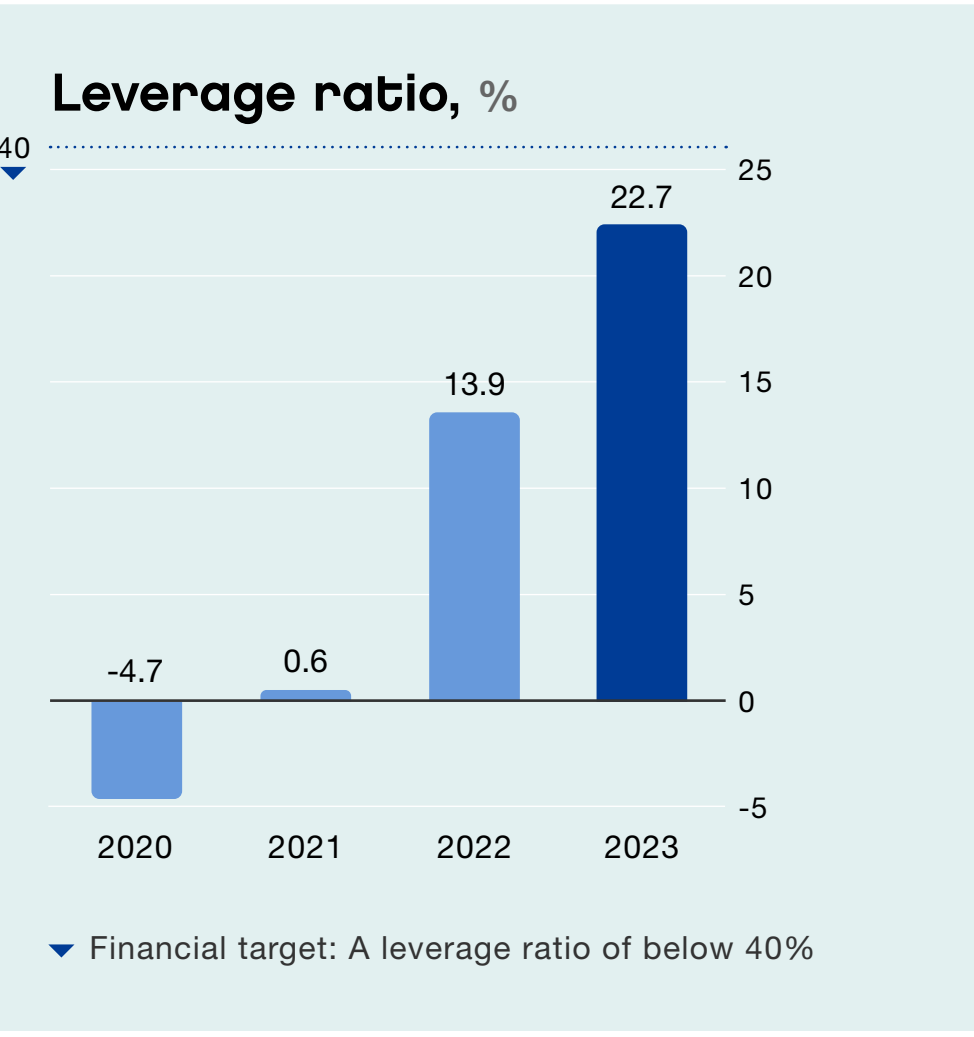
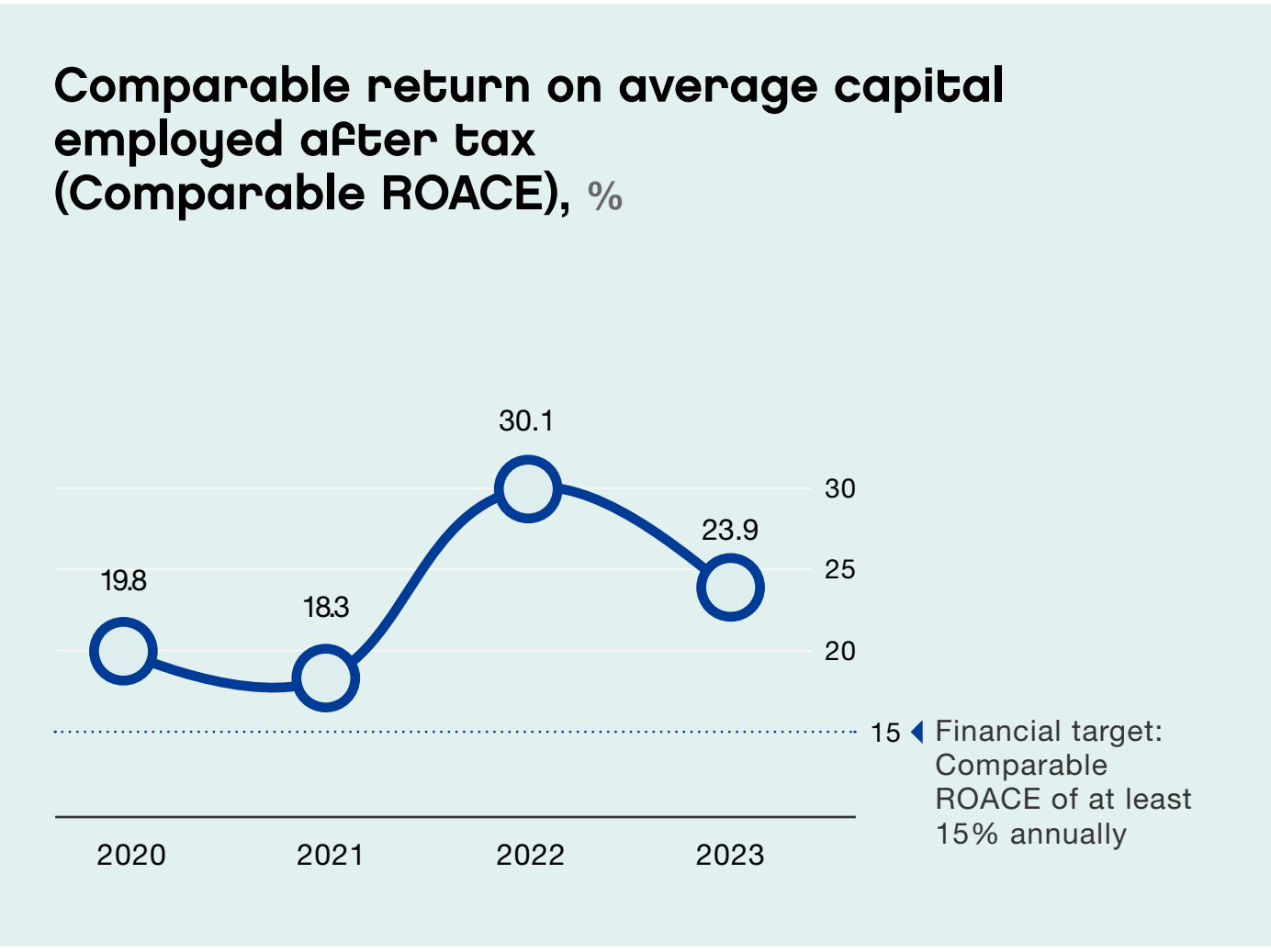


Key Figures 2023



Financial targets

Our dividend policy is to pay a competitive and over time growing dividend.



Key Figures 2023

	2023	2022	Change,%
Income statement			
Revenue, MEUR	22,926	25,707	-11%
EBITDA, MEUR	2,548	3,048	-16%
Operating profit, MEUR	1,682	2,410	-30%
Profit before income taxes, MEUR	1,596	2,279	-30%
Profit for the period, MEUR	1,436	1,891	-24%
Comparable EBITDA, MEUR	3,458	3,537	-2%
Comparable net profit, MEUR	2,216	2,336	-5%
Profitability, %			
Return on equity (ROE), %	17.9	25.1	-29%
Comparable return on average capital employed after tax (Comparable ROACE), %	23.9	30.1	-21%
Financing and financial position			
Total equity, MEUR	8,463	8,327	2%
Interest-bearing net debt, MEUR	2,488	1,344	85%
Leverage ratio, %	22.7	13.9	63%
Equity-to-assets ratio, %	53.1	56.3	-6%
Net Debt to EBITDA, %	1.0	0.4	150%
Net cash generated from operating activities, MEUR	2,279	1,197	90%
Other indicators			
Capital employed, MEUR	12,532	10,942	15%
Net working capital in days outstanding	41.0	35.4	16%
Capital expenditure and investment in shares, MEUR	2,351	2,218	6%
Research and development expenditure, MEUR	94	85	11%
Average number of personnel	6,018	5,244	15%
Total Recordable Injury Frequency per million hours worked (TRIF)	2.3	2.0	15%
Process Safety Event Rate (PSER)	1.2	1.4	-14%

	2023	2022	Change,%
Share-related indicators			
Earnings per share (EPS), EUR	1.87	2.46	-24%
Comparable earnings per share, EUR	2.88	3.04	-5%
Equity per share, EUR	11.02	10.83	2%
Cash flow per share, EUR	2.97	1.56	90%
Price/earnings ratio (P/E)	17.26	17.50	-1%
Dividend per share, EUR	1.20 ¹⁾	1.52	-21%
Dividend payout ratio, %	64.3 ¹⁾	61.8	4%
Dividend yield, %	3.7 ¹⁾	3.5	6%
Dividend per comparable earnings per share, %	41.6	50.0	-17%
Share price at the end of the period, EUR	32.21	43.02	-25%
Average share price, EUR	37.66	42.26	-11%
Lowest share price, EUR	28.55	30.81	-7%
Highest share price, EUR	48.50	52.18	-7%
Market capitalization at the end of the period, MEUR	24,776	33,091	-25%

¹⁾ Board of Directors proposal to the Annual General Meeting.

	2023	2022	Change,%
GHG indicators			
Reduced GHG emissions by Neste customers with Neste's products (compared to fossil fuel) in MtCO ₂ e ¹⁾	11.0	11.1	2%
Neste's absolute GHG emissions in scope 1 and 2 (production) (tCO ₂ e) ²⁾	2.8	2.5	6%
Use phase emission intensity of sold fuel products (gCO ₂ e/MJ) ³⁾	58	57	4%

¹⁾ Annual greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022.

²⁾ Market-based emissions for scope 2

³⁾ Use phase emission intensity of sold fuel products is calculated by dividing the GHG emissions from the use of fuel products produced and sold by Neste with the total amount of energy released upon the use of those fuel products (gCO₂e/MJ)

Information for investors

Neste shares are listed on Nasdaq Helsinki under the trading code NESTE.
The company had 148,094 (118,906) shareholders at the end of 2023.

Annual General meeting

Neste Corporation's Annual General Meeting will be held on Wednesday 27 March 2024 at 10 a.m. EET in the Conference Centre of Helsinki Expo and Convention Centre, at Rautatieläisenkatu 3, Helsinki. Registration and the distribution of voting papers will begin at 9 a.m. Shareholders wishing to participate in the Annual General Meeting should inform the company by 4.00 p.m. EET on 19 March 2024 at the latest.

- Via Neste Corporation's website www.neste.com, by following the instructions detailed therein, or
- By phone, at +358 (0)20 770 6862 (Monday-Friday, 9.00 am - 4.00 pm EET), or
- By letter, addressed to Neste Corporation, Annual General Meeting, POB 95, FI-00095 NESTE.

Holders of proxies are requested to forward them when stating their wish to participate, ensuring that they reach the company by 4.00 pm EET on 19 March 2024 at the latest. The AGM can also be followed via live webcast.

The Board of Directors proposes to the AGM that an ordinary dividend of EUR 1.20 per share be paid on the basis of the approved balance sheet for 2023. The dividend shall be paid in two installments.

Interim reports in 2024

Neste Corporation will publish financial reports in 2024 as follows:

- Interim Report January–March 2024: 25 April 2024
- Half Year Financial Report January–June 2024: 25 July 2024
- Interim Report January–September 2024: 24 October 2024

The Interim Reports are published in Finnish and English and can be downloaded at neste.com/investors.

Contact information

Investor Relations:

Martti Ala-Härkönen, CFO
Tel. +358 40 737 6633
martti.ala-harkonen@neste.com

Anssi Tammilehto

Vice President, Investor Relations
Tel. +358 50 458 8436
anssi.tammilehto@neste.com

Debt Investor and Banking Relations:

Katariina Perkkiö,
Vice President, Group Treasury
+358 50 458 1492
katariina.perkkio@neste.com

Neste's general e-mail address for investors:

investors@neste.com

Dividend payment in 2024

15 March 2024:
AGM record date.

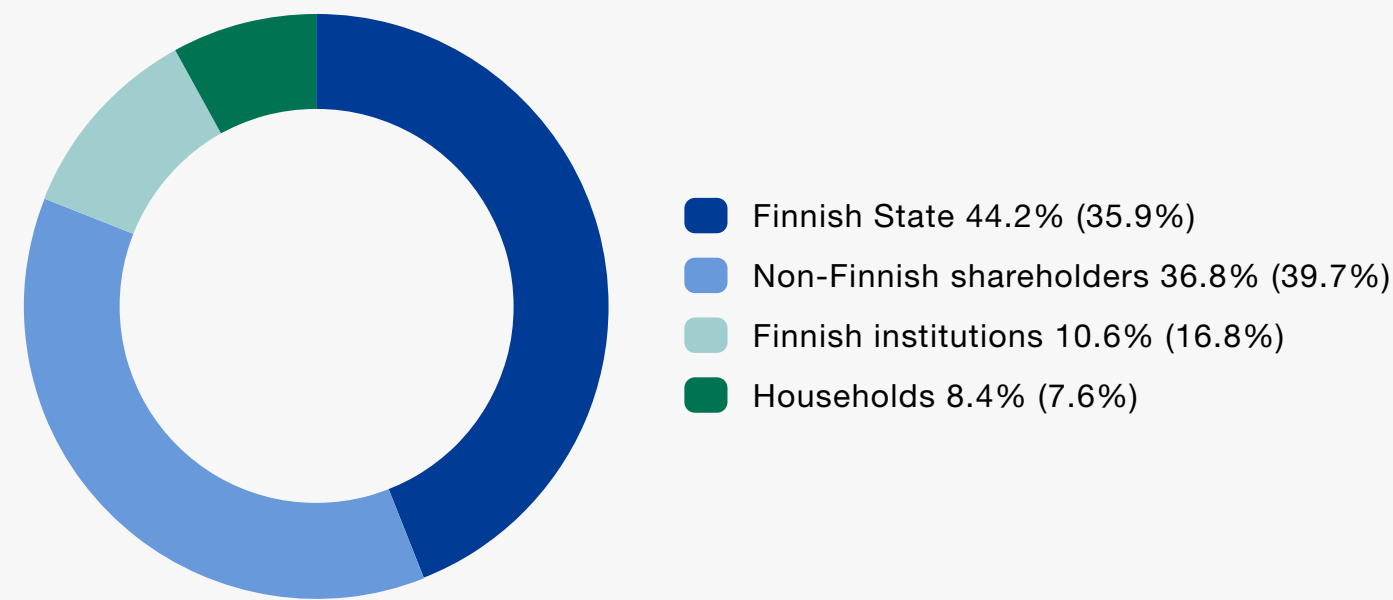
2 April 2024:
Dividend payment record date for the first installment.

9 April 2024:
Dividend payable for the first installment.

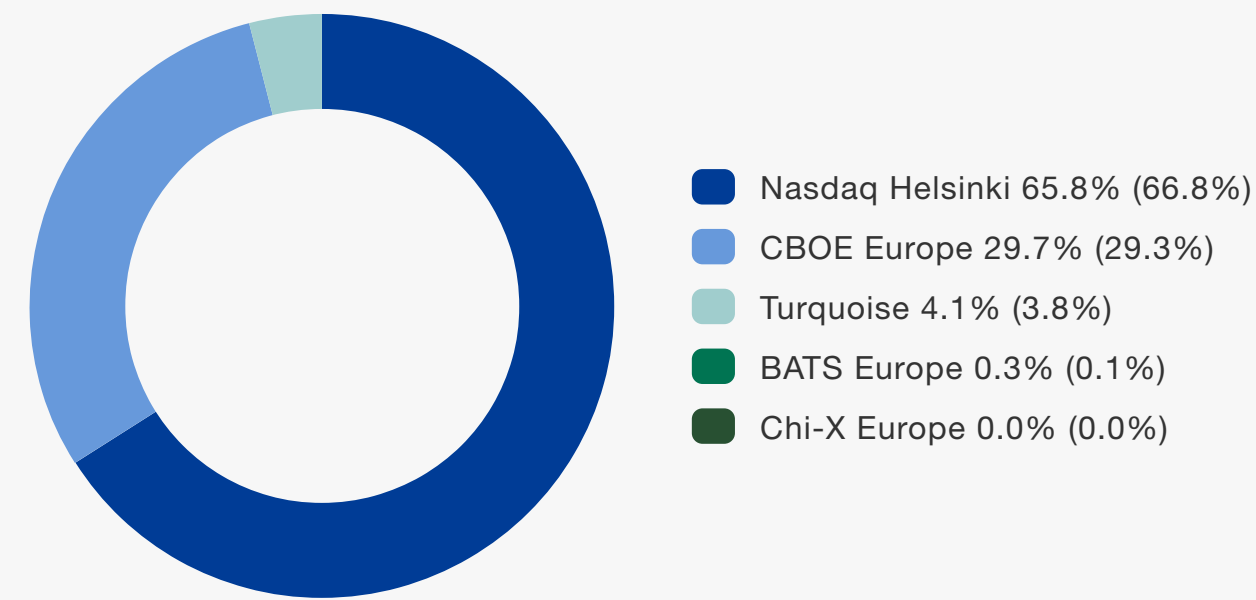
2 October 2024:
Dividend payment record date for the second installment.

9 October 2024:
Dividend payable for the second installment.

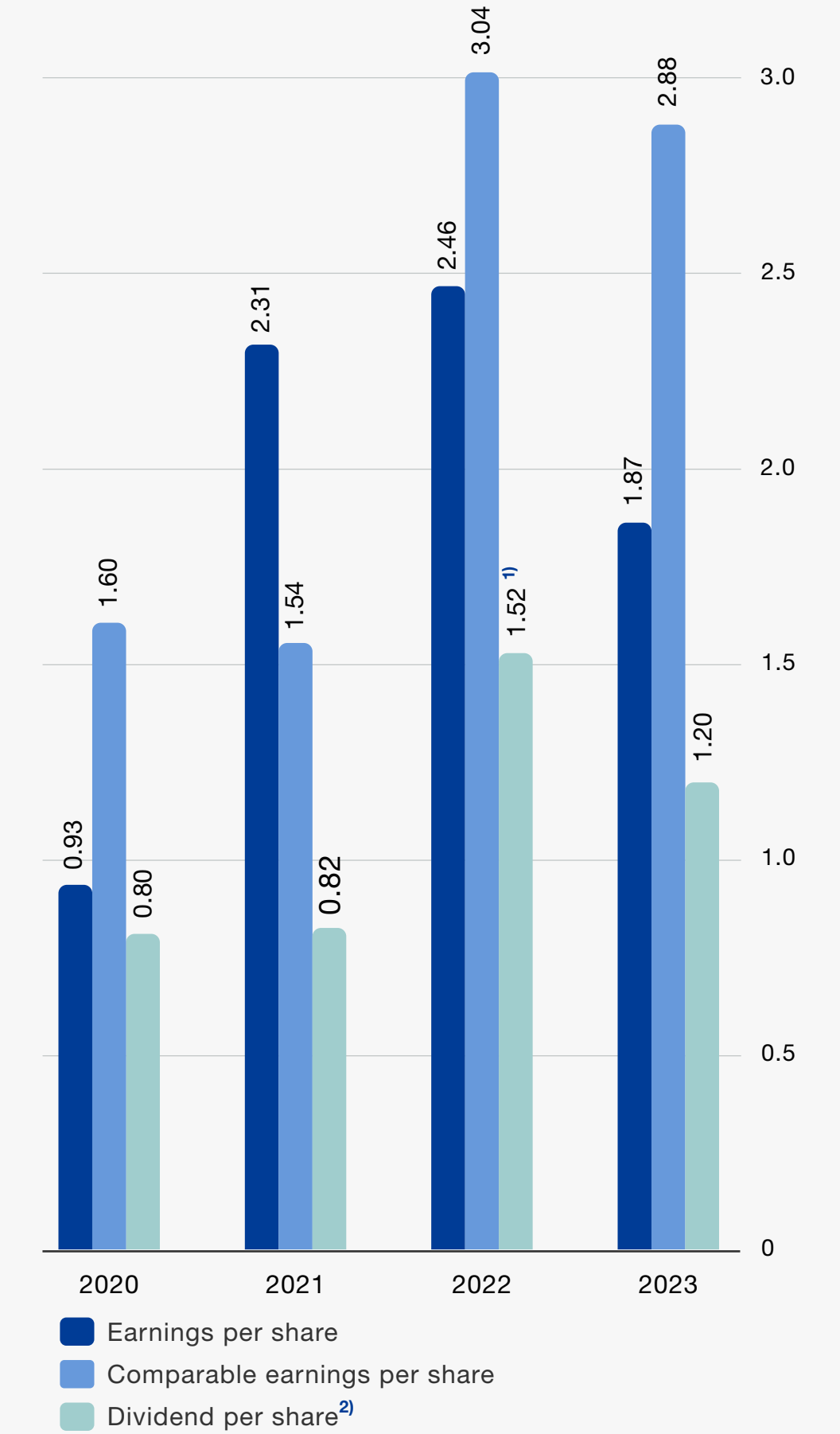
Shareholder structure on 31 December 2023, %



Neste share's trading volumes in 2023, %



Earnings per share and dividend per share, EUR



¹⁾ 2022: Ordinary dividend 1.02 + Extraordinary dividend 0.50
²⁾ 2023: Board's proposal the AGM.

Shareholders' total return, indexed



Neste's share performance 2019–2023, EUR



Total shareholder return, %

