Financial Statements 2018

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Report for 1 January 2018–31 December 2018

1. Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is the parent company to St1 Nordic group which is a versatile Nordic player in the energy sector. The group manufactures, develops and refines liquid fuels at its oil refinery in Gotherburg, Sweden. The refinery's annual capacity is 30 million barrels of crude oil. The majority of the refinery's production is sold in Sweden through the retail station network and other sales channels. The group engages in sale of trafic and heating fuels to consumers and the corporate sector in Finland, Sweden and Norway. The group operates a total of 1,310 retail stations under the St1 and Shell brands in Finland and Sweden and under the Shell brand in Norway. St1 Nordic's subsidiaries St1 Renewable Energy Oy and North European Bio Tech Oy which focus on biofuels as well as St1 Deep Heat Oy which builds a geothermal heat plant, merged to St1 Oy at the turn of the year. Thereby the Finnish operations are now largely concentrated to one subsidiary, St1 Oy. In addition, the subsidiary St1 Lähienergia Oy sells and installs devices based on renewable energy sources. The group also simplified its structure in Sweden by concentrating all activities in St1 Sverige AB and its subsidiary St1 Refinery AB which refines oil for the account of its parent company. In Norway, the group concluded the transaction signed in 2017 as St1 Norge Marine AS (former Statoil Fuel & Retail Marine AS) was acquired in the beginning of December 2018.

Through its associated company Tuuliwatti Oy, the group participates in the production of industrial wind power.

With an objective to maximise the competitiveness of the group's fuel procurement, the purchase of liquid fuels is centralised in the group's associated company North European Oil Trade Oy (Neot). Neot purchases the majority of the Gothenburg refinery's production.

The group's revenue in 2018 was MEUR 6,885.2 which was MEUR 1,791.7 more than in the previous year. The increase in revenue was mainly due to the merger of St1 Group group at the end of 2017. Compared to the pro forma(* revenue, revenue increased by MEUR 350,8. 23 % of the revenue came from Finland, 50 % from Sweden and 27 % from Norway.

The group's operating profit was MEUR 63.1 which was MEUR 113.5 less than in the previous year and MEUR 200.0 less than the pro forma(* revenue in the year 2017. The main factors contributing to the decline of operating profit were oil price which declined sharply at the end of 2018 as well as refinery margin and future year margin hedges. The impact of the price change and margin hedges for the years 2020–2021 during the financial period was approximately MEUR -61 and compared to previous year pro forma result approximately MEUR -39. Refinery and wholesale margin was approximately MEUR -75 less than in the prior year's pro forma result. On the Retail market price competition tightened in addition to Finland also in Norway and to some extent in Sweden which also had a decreasing impact on operating profit. Furthermore, the 2017 result included a one-off sales profit from the sale St1 Norge Automat AS.

*) Unaudited 2017 pro forma income statement figures and the principles for compiling them are shown at the end of the report in section 12.

Key indicators of St1 Nordic Oy´s financial position and results of operations:

	2018	2017	2016	2015	2014
Net sales, MEUR	50.5	37.5	30.3	7.8	3.5
Operating profit/loss, MEUR	14.8	15.8	6.6	7.7	-0.6
Operating profit, % of net sales	29.3	42.2	21.7	97.6	-16.6
Profit for the period, MEUR	44.0	159.4	172.8	37.6	28.2
Return on equity %	8.7	40.1	69.0	31.3	27.3
Equity ratio	67.2	65.0	50.8	29.8	35.5

Key indicators of St1 Nordic group´s financial position and results of operations:

	2018	2017 pro forma	2017	2016	2015	2014
		unaudited				
Net sales, MEUR	6 885.2	6534.4	5093.5	4390.4	3602.4	2720.8
Operating profit/loss, MEUR	63.1	263.1	176.6	150.5	86.7	45.3
Operating profit % of net sales	0.9	4.0	3.5	3.4	2.4	1.7
Profit for the period, MEUR	55.3	209.1	372.8	112.7	72.4	38.2
Return on equity %	7.0		23.4 (*	30.9	28.0	24.0
Equity ratio	40.7		42.7	31.3	26.7	28.3

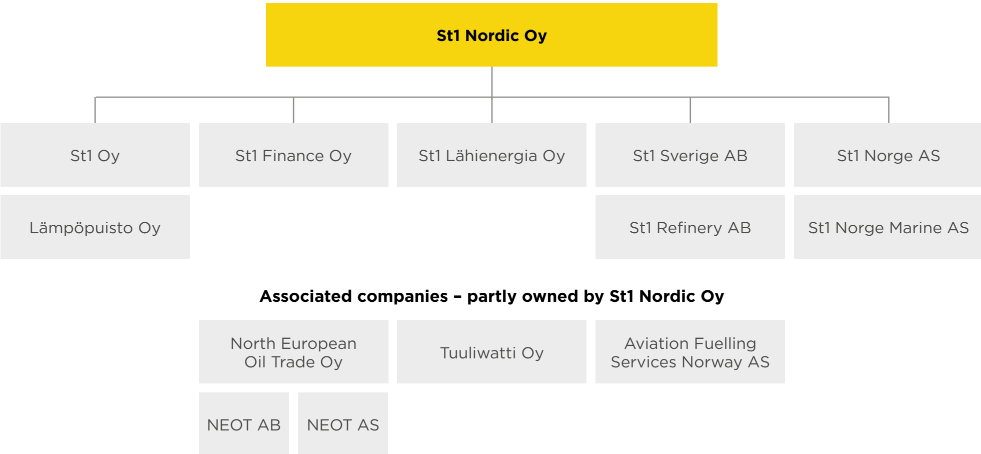
*) Calculated without merger profit

2. Group structure

St1 continued to simplify its group structure in 2018. In Finland St1 Renewable Energy Oy and St1 Deep Heat Oy were merged to their sister company St1 Oy on 31 December 2018, and North European Oil Trade Oy on 1 January 2019. In Sweden North European Bio Tech AB was merged to St1 Refinery AB and St1 Sweden Holding AB as well as St1 Supply to St1 Sverige AB. All mergers were carried through during the autumn. In addition, St1 Nordic acquired full ownership of St1 Finance Oy which provides payment services.

In Norway the share purchase transaction signed in 2017 to acquire Statoil Fuel & Retail Marine AS from Alimentation Couche-Tard was concluded in December. The company sells marine fuels and was renamed St1 Norge Marine AS.

Chart of the group's main companies



In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Finance Oy, St1 Sverige AB, St1 Refinery AB, St1 Norge AS, St1 Norge Marine AS, St1 Lähienergia Oy, as well as Kiinteistö Oy Olarinluoman huoltamo.

St1 Nordic Oy's most significant associated companies comprise North European Oil Trade Oy, Tuuliwatti Oy and Aviation Fuelling Services Norway AS. The associated company is engaged in the aircraft refuelling in Norway and purchases its products from St1 Norge AS.

3. Company shares

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Share capital	100,000	100,000	100,000	100,000	100,000
A-shares	38,737,118	38,737,118	20,000,000	20,000,000	20,000,000
B-shares	4,912,285	4,912,285	4,912,285	4,912,285	

In 2018 the company acquired the remainder of its B-shares and therefore owned 4,912,285 B-shares. The board decided to cancel the shares on 30 November 2018 and it was registered on 3 January 2019.

4. Investments

The group's largest investment in 2018 was the construction of a hydrogen unit in St1 Refinery AB. The unit is estimated to be ready in 2019. Drilling activity at St1 Deep Heat Oy's geothermal heat plant continued and during the summer stimulation of bed rock was done to test the flow of water. Other investments focused on business development and maintenance and new IT systems.

In the beginning of December St1 Norge AS completed the transaction signed in 2017 where Statoil Fuel & Retail Marine AS was acquired. The company was renamed St1 Norge Marine AS.

The group's investments in intangible and tangible assets and daughter company and associated company shares amounted to MEUR 159.

The subsidiaries St1 Renewable Energy Oy and St1 Deep Heat Oy which have merged with St1 Oy have capitalized development expenses. The costs of St1 Renewable Energy Oy's development project "Conceptualisation of the new dispersed ethanol plant" have been capitalised into capitalised development expenditure. Technological initialisation expenditure includes developmental projects aimed at developing methods of utilising waste and process residues in the production of ethanol and energy. St1 Renewable Energy Oy has received as apport property the rights to the process to produce the water and ethanol mix. A patent has been granted for said process. The item is presented in intangible rights.

The development costs for the construction of St1 Deep Heat Oy's geothermal pilot heat plant have been capitalized into capitalized development expenditure.

5. Assessment of the most significant risks and uncertainties

5.1 Risk management policy and arranging risk management

In the St1 Nordic group, risk management refers to a systematic and proactive approach to analyse and manage the opportunities and threats related to operations, rather than solely eliminating the risks. For this purpose, the group's risk management is based on awareness of the key threats, including strategic, operational and financial risks as well as risk of loss or damage, which have the potential to prevent the group from achieving its objectives.

The Board of Directors is responsible for the company's and group's risk management policy and monitors its implementation. The CEO is responsible for the appropriate organisation of risk management measures. Risk management has been integrated into the daily business operations and decision-making of business units and the group's support functions. Thus, each employee shares a responsibility to identify risks that might threaten the achievement of the group's objectives.

5.2. Strategic and operational risks

The group has defined a number of potential risks that could affect its future profitability and development:

- Prolonged unhealthy competition in the traffic fuel retail market may reduce profitability also in the future
- Refining margins on petroleum products may turn out to be insufficient to cover the costs related to refining.
- The company may incur considerable costs due to environmental legislation and regulations, affecting the group's financial performance.
- Political, financial and legislative changes may affect demand for the company's products.
- The price risks related to petroleum products and refining margins can be managed with derivatives.

In accordance with the nature of the group's business operations, the largest balance sheet items consist of trade receivables and inventories. The credit loss risk related to sales receivables is managed through a uniform credit policy and efficient debt-collection activities. Principles used for the measurement of trade receivables and inventories in the financial statements are consistent and based on the principle of prudence.

The group's business operations are based on functional and reliable information systems. The group seeks to manage the risks related to information systems through measures such as duplicating critical information systems and data communications links, paying attention to the selection of partners and standardising the work station models, software and information security practices used in the group. To mitigate risks and improve efficiency, the group is continuing an extensive program, initiated in 2015, to integrate IT solutions.

The group's core competencies are related to business processes comprising oil refining, sales and procuremen and to the requisite support functions, such as information management, finance, human resources, real estate services, logistics, marketing and communications. Unexpected and significant weakening of the group's core competencies would present a risk. The company continuously seeks to improve the core competencies and other significant competencies of its personnel by offering opportunities for in-work learning and training, as well as by recruiting competent new employees, as needed.

The most significant portion of the group's revenue consists of retail and wholesale trade of liquid fuels as well as exports. Historically, the demand for these products has not been subject to sudden, drastic changes. Taking the company's line of business and products into account, factors that might affect the company's revenue include decisions by the government or the authorities on how different forms of energy are combined, subsidised or taxed, as well as general economic trends and, with regard to heating oil, regionally prevailing temperatures. All of these factors may influence demand across the whole sector.

5.3. Risks of loss or damage

The company seeks to protect itself from significant risks to its assets by regularly reviewing its insurance policies as part of the overall risk management process. The company strives to cover with insurance all risks which are financially or otherwise reasonable. The group's insurance portfolio's coverage is subject to regular reviews.

There are no pending trials or any other legal risks that the Board is aware of, which would materially affect the results of the company's operations.

5.4. Financial risks

Management of financial risks: The parent company manages the financing operations for the whole group. In order to secure liquidity, the group has bank overdraft facilities.

Interest rate risk: At the end of the financial year, the share of interest rate-sensitive loans in the group's whole interest-bearing loan portfolio was approximately EUR 101 million, compared to approximately EUR 105 million in the previous year. Derivative agreements can be used to help in the management of interest rate risks. Interest rate derivates were not in use at the end of the year.

Currency risk: The group's operative currency risk is mainly driven from crude oil purchases and inventory denominated in USD. In addition, the group is exposed to currency risk through the foreign currency denominated equity items of Swedish and Norwegian subsidiaries as well as eventual currency receivables from and liabilities with these companies. Currency risks can be managed through forward agreements.

5.5. Environmental risks

In order to eliminate the risk of human casualties or oil spills and the related costs, attention must be paid to safe and environmentally sound operating methods in the company's operations. St1 Nordic Oy has systematically evaluated and monitored its environmental obligations, as well as the obligations arising at group operating sites. Environmental protection obligations have been defined within the scope of legislation and in the quality programmes applied by the company. The financial statements include a provision for environmental liabilities, which is reviewed for each financial period.

5.6 Cyber risks

The group has initiated various measures aiming to protect it from cyber risks. Preventive work is conducted continuously and personnel is trained on topics related to cyber security.

6. An estimate of probable future development

In the view of the group management, the business environment will remain challenging and volatile. In the traffic fuels trade, competition in the group's home market, particularly in Finland, remains over-emphasised. The group aims to further improve its competitiveness by rationalising systems and business processes, by measures to improve the average sales of retail stations as well as through carefully targeted investments. When feasible, refining margin is hedged.

7. Significant events after the end of the financial period

St1 Nordic decided to move its headquarters to Tripla in Pasila, Helsinki and signed a 10-year lease agreement for the office space.

8. Personnel

Key figures describing the group's personnel

	2018	2017	2016	2015	2014
Average number of personnel during the financial period	774	556	537	419	286
Wages and salaries during the financial period, MEUR	53.1	40.4	40,2	37.9	18.2

9. Organisation

The company's Board of Directors consisted of Mika Anttonen (chair), Mikko Koskimies and Kim Wiio. Kim Wiio acted as the company's Chief Executive Officer until 11 June 2018 and there after Henrikki Talvitie. The company's auditor is PricewaterhouseCoopers Oy.

10. Disclosure of non-financial information

The vision of St1 is to be a leading producer and seller of CO_2 -aware energy. We believe we will attain this vision by running a responsible and profitable business where economic performance, social responsibility and environmental impact are balanced. Attaining goals is important, but so are the means for attaining them. The company management and personnel are expected to comply with the principles of business code of conduct approved by the board, together with the laws and other regulation of the countries where we operate. We respect the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, which aim at promoting sustainable and fair business. We expect our business partners and their business partners to be committed to ethical and sustainable business principles and actively supporting their use within their own sphere of influence.

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St1 Nordic publishes its integrated corporate responsibility report at its internet site www.st1.eu in 30 April 2019. The report complies, as appropriate, with the Global Reporting Initiative Standards and contains the non-financial information material to St1 as required by the Accounting Act. Additionally our oil refinery in Gothenburg complies both with 14001 and EMAS environmental management system (the Eco-Management and Audit Scheme) and publishes EMAS report after auditing in June 2019 the latest.

11. Proposal for profit distribution

The Board of Directors proposes that the company will pay a dividend of EUR 12.008.506.58 to the A-shares and transfer the remaining financial year's profit to the 'Retained earnings account'.

There has been no significant changes in the company's financial position after the closure of the financial year. The company's liquidity is good and the proposed distribution does not in the board's opinion put the company's liquidity at risk.

12. Pro forma income statement information

St1 Group Oy merged with St1 Nordic Oy on 31 December 2017 and its assets and liabilibities were transferred to St1 Nordic Oy. The company has prepared a pro forma income statement to illustrate what St1 Nordic group result could have been if St1 Group Oy had merged with St1 Nordic on 1 January 2017. The unaudited pro forma income statement information for the financial period 1 January 2017 to 31 December 2017 has been compiled by aggregating St1 Group consolidated income statement information for the same financial period with St1 Nordic group income statement. Internal income and expenses between the group have been eliminated in pro forma income statement information. During the financial year 2017 St1 Group Oy and its subsidiaries belonged to the same owner, the Keele group, and therefore the accounting policies applied by the companies have already been aligned and no adjustments related to the differences between accounting policies are needed. The assets and liabilities transferred in connection with the merger have been included in the consolidated balance sheet of St1 Nordic as of 31 December 2017 and therefore no pro forma balance sheet information has been presented.

Because of its nature, this pro forma income statement information addresses a hypothetical situation, and therefore neither presents the actual results of the operations of St1 Nordic group for the year ended 31 December 2017 nor is intended to project the results of St1 Nordic operations for any future period.

Pro Forma Consolidated Income Statement

1000 euros	1.1.–31.12.2017
NET SALES	6 534 402
Manufacturing for own use	6 256
Other operating income	140 790
Materials and services	
Materials, supplies and products	
Purchases during the period	-6 175 036 *)
Change in inventories	127 084
External services	-11 406
	-6 059 358
Personnel expenses	
Wages and salaries	-52 618
Social security costs	
Pension costs	-8 072
Other social security costs	-11 352
	-72 042
Depreciation and amortisation	
Depreciation and amortisation according to plan	-58 352
Amortisation of goodwill	-11 437
	-69 789
Other operating expenses	-217 125 *)

*) non profit impacting meur 50.2 transfer from row Other operating expenses to row Purchases during the period

1000 euros	1.1.–31.12.2017
OPERATING PROFIT	263 134
Finance income and costs	
Income from other investments of non-current assets	
Share of profit of investments using the equity method	1 889
Other interest and finance income	4 592
Impairment of investments in non-current assets	-821
Interest expenses and other finance costs	
To others	-9 110
	-3 450
PROFIT BEFORE APPROPRIATIONS AND TAX	259 684
Current income tax	-51 778
Deferred tax	1 201
	-50 578
PROFIT FOR THE PERIOD	**209 106**

Consolidated Income Statement

1000 euros	Notes	1.1.-31.12.2018	1.1.-31.12.2017
NET SALES	1.	6 885 201	5 093 516
Manufacturing for own use		4 768	6 256
Other operating income	2.	116 100	132 300
Materials and services			
Materials, supplies and products			
Purchases during the period		-6 484 556	-4 915 191 *)
Change in inventories		-75 131	170 977
External services		-10 680	-11 406
		-6 570 368	-4 755 620
Personnel expenses			
Wages and salaries		-53 082	-40 386
Social security costs			
Pension costs		-8 497	-7 830
Other social security costs		-11 431	-5 253
		-73 010	-53 469
Depreciation and amortisation			
Depreciation and amortisation according to plan	5.	-60 380	-44 522
Amortisation of goodwill	5.	-11 489	-10 915
Reduction in value of noncurrent assets		-1 806	0
		-73 675	-55 437
Other operating expenses	6.	-225 882	-190 932 *)

*) non profit impacting meur 41,5 transfer from row Other operating expenses to row Purchases during the period

1000 euros	Notes	1.1.–31.12.2018	1.1.–31.12.2017
OPERATING PROFIT		63 134	176 614
Finance income and costs			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	4 263	1 889
Income from group undertakings	7.	0	0
Other interest and finance income	7.	8 006	4 591
Merger profit	7.	0	231 761
Impairment of investments in non-current assets	7.	-301	-821
Interest expenses and other finance costs			
To others	7.	-10 603	-8 558
		1 364	228 862
PROFIT BEFORE APPROPRIATIONS AND TAX		64 498	405 476
Current income tax	9.		
Deferred tax	9.	-15 353	-33 275
		6 126	625
		-9 227	**-32 649**
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		55 271	372 826
PROFIT FOR THE PERIOD		**55 271**	**372 826**

Consolidated Balance Sheet

1000 euros	Notes	31.12.2018	31.12.2017
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	10.	2 415	2 401
Aineettomat oikeudet	10.	29 930	19 087
Goodwill	10.	1 503	120
Goodwill on consolidation	10.	175 792	181 784
Other capitalised long-term expenditure	10.	1 971	3 271
		211 612	206 664
Tangible assets			
Land and water areas	11.	196 003	196 264
Buildings and structures	11.	132 077	127 034
Machinery and equipment	11.	286 071	322 083
Other tangible assets	11.	28 968	24 139
Advance payments and construction in progress	11.	166 122	66 004
		809 242	735 524
Investments			
Investments in associated companies	13.	91 072	88 611
Other shares and holdings	13.	965	1 130
Other receivables	13.	215	33
Other investments	13.	32 307	30 771
		124 559	120 545

1000 euros	Notes	31.12.2018	31.12.2017
CURRENT ASSETS			
Inventories			
Materials and supplies		126 205	194 746
Receivables			
Non-current receivables			
Trade receivables		2 668	0
Deferred tax assets	17.	1 395	1 600
Loan receivables		13 416	5 733
Other receivables		4 652	0
		22 131	7 333
Current receivables			
Trade receivables		508 125	443 318
Receivables from Group companies:	14.		
Other receivables		0	117
Loan receivables		7	10
Deferred tax assets		63	0
Other receivables		10 452	34 140
Prepayments and accrued income	19.	71 930	61 606
		590 577	539 191
Cash and cash equivalents		47 819	79 324
		1 932 144	1 883 327

1 000 euros	Notes	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.	100	100
Revaluation reserve	12.,15.	40 093	40 093
		40 193	40 193
Reserve for invested unrestricted equity	15.	54 232	95 253
Retained earnings	15.	637 036	291 873
Profit (loss) for the period	15.	55 271	372 826
		746 539	759 953
Total equity		786 732	800 146
PROVISIONS			
Other provisions	16.	51 765	54 403
		51 765	54 403

1 000 euros	Notes	31.12.2018	31.12.2017
LIABILITIES			
Non-current			
Loans from financial institutions		101 122	105 365
Bonds		0	100 000
Liabilities to Group companies		3 915	0
Liabilities to associated companies		50	0
Deferred tax liabilities	17.	35 816	15 066
Other liabilities		614	220
Accruals and deferred income		8 806	0
		150 322	220 651
Current			
Loans from financial institutions		0	111
Bonds		100 000	0
Commercial paper		100 000	55 000
Advance payments		12	7 598
Trade payables		212 246	284 126
Liabilities to Group companies:			
Trade payables	18.	0	175
Deferred tax liabilities	17.	40 512	65 587
Liabilities to associated companies:			
Trade payables		194 424	165 909
Other liabilities		219 051	129 959
Accruals and deferred income	20.	77 080	99 661
		943 326	808 127
		1 932 144	**1 883 327**

Consolidated Cash Flowstatement

1000 euros	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	64 498	405 476
./. Merger profit	0	-231 761
Profit (loss) before appropriations and income tax	64 498	173 715
Adjustments:		
Depreciation and amortisation according to plan	71 868	55 437
Other income and expenses with non-cash transactions	-27 211	-38 963
Other finance income and costs	-2 146	4 788
Impairment of investments to non-current assets	1 187	
Cash flow before change in working capital	108 196	194 977
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	-2 843	-68 435
Increase (-)/ decrease (+) in inventories	71 358	11 701
Increase (+)/ decrease (-) in current non-interest bearing payables	8 970	-23 753
Cash flow from (used in) operating activities before financial items and taxes	185 681	114 490
Interest paid and charges on other finance costs	-6 528	-6 800
Interest received	1 757	3 153
Taxes paid	-38 625	-30 792
Net cash generated from operating activities (A)	142 284	80 050

1000 euros	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from investing activities:		
Purchase of tangible and intangible assets	-131 892	-84 897
Acquisitions deducted by acquired cash and cash aquivalents	-25 814	-21 920
Proceeds from sale of tangible and intangible assets	73	2 174
Investments in associated companies	-1 602	0
Loans granted	-6 850	0
Purchase of other investments	-1 718	-31 992
Proceeds from other investments	0	39 314
Dividends received	3 036	6 363
Net cash used in investing activities (B)	-164 767	-90 957
Cash flow from financing activities:		
Purchase of own shares	-40 640	0
Proceeds from current loans	45 000	5 000
Repayment of current loans	-111	0
Proceeds from long-term loans	0	-3 365
Repayment of non-current loans from financial institutions	-4 829	0
Dividends paid and other profit distribution	-8 442	-5 632
Net cash used in financing activities (C)	-9 022	-3 996
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-31 505	-14 903
Cash and cash equivalents at beginning of period	79 324	60 928
Cash and cash equivalents received from merger	0	33 299
Cash and cash equivalents at end of period	47 819	79 324

Parent Company Income Statement

€	Notes	1.1.–31.12.2018	1.1.–31.12.2017
NET SALES	1.	50 457 276.42	37 516 378.31
Other operating income	2.	17 440 798.46	17 554 124.15
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-28 336 499.50	-18 014 707.12
Personnel expenses			
Wages and salaries		-3 719 567.24	-4 015 870.64
Social security costs			
Pension costs		-735 711.06	-787 196.63
Other social security costs		-79 697.14	-148 540.17
		-4 534 975.44	-4 951 607.44
Depreciation according to plan	5.	-4 646 020.93	-2 821 859.22
Other operating expenses	6.	-15 615 244.79	-13 433 861.70

€	Notes	1.1.–31.12.2018	1.1.–31.12.2017
OPERATING PROFIT		14 765 334,22	15 848 466,98
Finance income and costs			
Income from shares in group companies	7.	23 864 070.26	111 398 667.71
Income from shares in associated companies	7.	3 035 785.88	6 363 359.10
Other interest and finance income			
From group companies	7.	9 291 728.76	3 957 363.72
From others	7.	4 051 604.43	38 710 389.98
Impairment of investments in non-current assets	7.	0	-821 342.45
Interest expenses and other finance costs			
To group companies	7.	-2 659 022.87	-4 752 035.00
To others	7.	-4 655 040.62	-4 471 430.96
		32 929 125.84	150 384 972.10
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX		47 694 460.06	166 233 439.08
Appropriations			
Change in cumulative accelerated depreciation		21 072.44	-66 674.15
Received (+), given (-) group contributions	8.	0	-5 000 000.00
		21 072.44	-5 066 674.15
Income taxes		-3 732 731.02	-1 753 503.71
PROFIT FOR THE PERIOD		43 982 801.48	159 413 261.22

Parent Company Balance Sheet

€	Notes	1.1.–31.12.2018	1.1.–31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	10.	29 811 595.32	18 851 678.01
Other capitalised long-term expenses	10.	271 505.35	602 305.13
		30 083 100.67	19 453 983.14
Property, plant and equipment			
Machinery and equipment	11.	743 752.87	809 986.75
		743 752.87	809 986.75
Investments			
Shares in group companies	13.	453 248 578.00	447 645 198.57
Receivables from group companies	14.	33 940 000.00	38 111 392.55
Investments in associated companies	13.	67 729 124.31	66 126 917.03
Other shares and holdings	13.	32 293 507.01	30 507 641.09
		587 211 209.32	582 391 149.24

€	Notes	1.1.–31.12.2018	1.1.–31.12.2017
CURRENT ASSETS			
Receivables			
Non-current receivables			
Loan receivables	14.	119 310 416.18	167 758 336.60
		119 310 416.18	167 758 336.60
Current receivables			
Receivables from group companies	14.	355 861.53	311 526.83
Loan receivables		10.20	8 951.39
Other receivables	19.	412 150.29	0
Prepaid expenses and accrued income	19.	6 004 711.16	6 185 902.18
		6 772 733.18	6 506 380.40
Cash and cash equivalents		128 633.27	1 113 244.96
		744 249 845.49	778 033 081.09

€	Notes	31.12.2017	31.12.2017
EQUITY AND LIALIBITIES			
EQUITY			
Share capital	15.	100 000.00	100 000.00
Reserve for invested unrestricted equity	15.	54 231 561.66	94 871 713.04
Retained earnings	15.	402 009 074.74	251 037 969.97
Profit for the period		43 982 801.48	159 413 261.22
		500 223 437.88	505 322 944.23
TOTAL EQUITY		500 323 437.88	505 422 944.23
APPROPRIATIONS			
Cumulative accelerated depreciation		45 601.71	66 674.15

€	Notes	31.12.2018	31.12.2017
LIABILITIES			
Non-current			
Bonds		0	100 000 000.00
Liabilities to group companies	18.	36 195 613.94	104 262 416.75
		36 195 613.94	204 262 416.75
Current			
Commercial paper		100 000 000.00	55 000 000.00
Bonds		100 000 000.00	0
Trade payables		2 809 465.14	1 844 199.76
Liabilities to group companies	18.	629 150.39	5 995 276.11
Other liabilities		437 789.94	1 094 655.49
Accruals and deferred income	20.	3 808 786.49	4 346 914.60
		207 685 191.96	68 281 045.96
Accruals and deferred income		243 880 805.90	272 543 462.71
		744 249 845.49	778 033 081.09

Parent Company Cash Flow Statement

€	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	47 694 460.06	166 233 439.08
Adjustments:		
Depreciation and amortisation according to plan	4 646 020.93	2 821 859.22
Unrealised exchange rate profits and losses	-708 738.61	2 500 412.66
Finance income and costs	-23 499 239.51	-148 960 973.15
Other adjustments	-9 572 521.74	-8 646 253.10
Cash flow before change in working capital	18 559 981.13	13 948 484.71
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	4 319 367.89	6 630 512.66
Increase (+)/ decrease (-) in current non-interest bearing payables	-5 595 854.00	3 731 609.13
Cash flow from operating activities before financial items and taxes	17 283 495.03	24 310 606.50
Interest paid and other financial expenses	-4 634 976.58	-4 405 905.66
Interest received from operating activities	4 028 996.73	367 950.69
Taxes paid (received)	-4 601 532.79	-3 204 923.16
Net cash generated from operating activities (A)	12 075 982.39	17 067 728.37

€	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from investing activities:		
Other investments	0	-32 137 806.92
Purchase of property, plant and equipment and intangible assets	-15 208 904.58	-10 032 195.70
Proceeds from sale of property, plant and equipment and intangible assets	0	43 147 718.20
Investments in associated and subsidiary companies	-7 205 586.71	-4 653 926.44
Loans granted	0	-88 690 857.07
Dividends received	26 899 856.14	117 762 026.81
Repayment of loan receivables	5 918 618.14	0
Net cash used in investing activities (B)	10 403 982.99	25 394 958.88
Cash flow from financing activities:		
Purchase of own shares	-40 640 151.38	0
Proceeds from current loans	45 000 000.00	5 000 000.00
Repayment of current loans	0	0
Repayment of long-term loans	-19 382 269.23	-40 918 000.00
Dividends paid and other profit distribution	-8 442 156.45	-5 631 588.75
Net cash used in financing activities (C)	-23 464 577.06	-41 549 588.75
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-984 611.69	913 098.50
Cash and cash equivalents at beginning of period	1 113 244.96	33 188.46
Cash and cash equivalents received from merger	0	166 958.00
Cash and cash equivalents at end of period	128 633.27	1 113 244.96

Notes to the Financial Statement 31 December 2018

Accounting principles for the financial statements

Financial period

The company's financial period is from 1 January to 31 December.

Consolidated financial statements

St1 further simplified its group structure during 2018 by merging companies in Finland and Sweden. In Finland St1 Renewable Energy Oy and St1 Deep Heat Oy merged with the sister company St1 Oy on 31 December, 2018. In addition, North European Bio Tech Oy merged into St1 Oy on 1 January, 2019. St1 Nordic Oy acquired the full share capital of St1 Finance Oy during 2018. In Sweden St1 Sweden Holding AB merged into St1 Sverige AB in October and St1 Supply AB in December. North European Bio Tech AB merged into St1 Refinery AB in October. St1 Polska Sp z.o.o, which had terminated its operations already earlier, was dissolved at the end of 2018. The subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Lähienergia Oy, St1 Finance Oy, North European Bio Tech Oy, Kiinteistö Oy Olarin-luoman Huoltamo, St1 Sverige AB, St1 Refinery AB, St1 Norge Group AS, St1 Norge AS, St1 Norge Marine AS and Shell Bilbyen AS are consolidated in St1 Nordic group financial statements. Associated companies North European Oil Trade Oy, Tuuliwatti Oy, Aviation Fuelling Services Norway AS, Lamia Oy, Brang Oy, Knapphus Energy AS and Grenselandet AS are consolidated in the financial statements of St1 Nordic Oy using the equity method.

St1 Nordic Oy's parent company is Keele Oy, which prepares the consolidated financial statements in which St1 Nordic Oy group is included in. Copies of the consolidated financial statements are available at: Keele Oy, Purotie 1, 00380 Helsinki, Finland.

The group's inter-company transactions, margins, receivables and payables have been eliminated. Internal ownership has been eliminated using the acquisition method. Minority interest has been separated from consolidated equity and profit and it is shown as a separate line item in the consolidated income statement and balance sheet.

The income statements of foreign group companies have been converted into euros at the average foreign rate of exchange rates during the financial period. The balance sheet has been converted into the Finnish currency using the closing date exchange rate. Translation differences resulting from the currency conversions, as well as translation differences in foreign subsidiaries' equity arising from conversion, have been presented in 'retained earnings'.

Valuation of inventories

Liquid fuel inventories are valued at the last day's purchase price in the group companies. If inventory would be valued using the FIFO method, the difference would not be material. Other inventories are valued according to the FIFO principle using cost of purchase, or cost of repurchase, or likely sale price, if lower.

Measurement of non-current assets

Intangible and tangible assets have been capitalised at cost. Depreciation and amortisation according to plan have been recognised on a straight-line basis during the economic life of the assets. Depreciation and amortisation starts in the month when the assets have been taken into use. A revaluation of land has been recognised in the consolidated financial statements based on the land's market value.

Depreciation and amortisation periods in the group

capitalised development expenditure	10 years
programs	7 years
other long-term capitalised expenditure	5–7 years
trademarks	20 years
goodwill	5–20 years
buildings and structures	20–50 years
machinery and equipment	3–20 years
other tangible assets	10–30 years

Goodwill on consolidation

Goodwill on consolidation is amortised on straight-line basis over 10–20 years. In addition, additional amortisation is booked if there is a decrease in the future income expectations of the assets to which goodwill is allocated. Goodwill on consolidation has been compounded of strategically important acquisitions, the effect of which expands over 10–20 years.

Deferred tax assets and liabilities in the group

A deferred tax asset has been recognised for provisions and a deferred tax liability for appropriations for the part not yet deducted in taxation, by applying the following years' tax rate as confirmed on the closing date.

Foreign currency items in the group

Receivables and payables denominated in foreign currencies have been converted into the Finnish currency using the closing date exchange rate.

Notes to the Income Statement

1. Net sales

	Consolidated		Parent company	
Meur	**2018**	**2017**	**2018**	**2017**
Liquid fuels	6824.1	5 055.4	0	0
Energy products and electricity	47.9	38.5	27.6	18.0
Other	13.2	5.9	22.9	19.5
	6885.2	5 099.8	50.5	37.5
Domestic	1 574.9	1 430.2	50.5	37.5
Foreign	5 310.3	3 669.5	0	0
	6 885.2	5 099.7	50.5	37.5

2. Other operating income

	Consolidated		Parent company	
Meur	**2018**	**2017**	**2018**	**2017**
Gains on sale of non-current assets and shares	0.1	38.2	0	0
Other operating income	116.0	94.1	17.4	17.6
	116.1	132.3	17.4	17.6

3. Average number of personnel

	Consolidated		Parent company	
	2018	**2017**	**2018**	**2017**
Personnel on average	774	556	47	51
	774	556	47	51

4. Management salaries and fees

Wages and salaries paid to the members of the board and the managing directors during the financial period amounted to EUR 1,658,848 (1,186,737 in 2017).

5. Depreciation, amortisation and impairment charges

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Depreciation and amortisation according to plan				
Intangible assets				
Capitalised development expenses	288	299	0	0
Intangible rights	4 626	3 050	4 169	2 521
Goodwill	625	845	0	0
Other long-term capitalised expenditure	607	1 670	331	171
Tangible assets				
Buildings and structures	12 384	10 789	0	0
Machinery and equipment	38 811	24 936	146	130
Other tangible assets	3 039	2 933	0	0
	60 380	44 522	4 646	2 822
Amortisation of goodwill on consolidation	11 489	10 915		
	11 489	10 915		
Impairment of investments to non-current assets	1 806	0		
Depreciation and amortisation according to plan, total	73 675	55 437	4 646	2 822

6. Other operating expenses

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Rents	49 320	46 869	744	736
Advertising and sales promotion	25 107	25 782	44	61
Operating and maintenance expenses	75 920	52 936	147	89
Other operating expenses	75 536	23 962	14 680	12 547
	225 882	149 549	15 615	13 434

7. Finance income and expenses

	Consolidated		Parent company	
In thousand euros	**2018**	**2017**	**2018**	**2017**
Income from investments in other non-current assets				
From group companies	0	0	23 864	111 399
From associated companies	4 263	1 889	3 036	6 363
	4 263	1 889	26 900	117 762
Other interest and finance income				
From group companies	0	0	9 292	3 957
Merger profit	0	231 761	0	0
From others	8 006	4 591	4 052	38 710
	8 006	236 352	13 343	42 668
Impairment of investments				
Impairment of investments to non-current assets	301	821		821
Interest costs and other finance costs				
To group companies	0	0	2 659	4 752
To others	10 603	8 558	4 655	4 471
	10 603	8 558	7 314	9 223
Finance income and expenses, total	1 364	228 862	32 929	150 385

8. Appropriations

	Consolidated		Parent company	
In thousand euros	**2018**	**2017**	**2018**	**2017**
Change in accelerated depreciation			21	-67
Group contribution received/given	0	0	0	-5 000
	0	0	21	-5 067

9. Income taxes

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Current tax on profits for the financial period	15 353	33 275	3 733	1 754
Change in deferred taxes	-6 126	-625	0	0
	9 227	32 649	3 733	1 754

Notes to the Balance Sheet

Tangible and intangible assets in the group

Capitalised development expenditure and intangible rights

The costs of St1 Renewable Energy Oy's (merged into St1 Oy on 31 December 2018) development project "Conceptualisation of the new dispersed ethanol plant" have been capitalised into capitalised development expenditure. Said expenditure fulfills requirements set by the Ministry of Trade and Industry. Depreciation for the capitalised development expenses has been recognised for the current year starting from the initialisation of the first ethanol plant.

Technological initialisation expenditure includes developmental projects aimed at developing methods of utilising waste and process residues in the production of ethanol and energy.

St1 Renewable Energy Oy has received as apport property the rights to the process to produce the water and ethanol mix. The item is presented in intangible rights. A patent has been granted for the said process. The anticipated return of the capitalised development expenditure significantly exceeds 5 years.

The development costs for the construction of St1 Deep Heat Oy's (merged into St1 Oy on 31 December 2018) geothermal pilot heat plant have been capitalized into capitalized development expenditure. The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. Planned depreciation for the development costs is 10 years straight-line depreciation. During the financial year depreciation was accounted for a full year.

Current development expenditure confirms the transition into the actual investment and investment is in progress. The longer planned depreciation period is founded on income expectations which significantly exceed 5 years. Should actual construction be interrupted, the development expenses would be written off.

10. Intangible assets

In thousand euros	Intangible rights	Other long-term expenses	Advance payments and construction in progress	Total
Parent company				
Acquisition cost January 1, 2018	22 329	897	0	23 226
Additions	15 129	0	0	15 129
Disposals	0	0	0	0
Acquisition cost December 31, 2018	37 457	897	0	38 355
Accumulated amortisation	-3 477	-295	0	-3 772
Amortisation during the financial period	-4 169	-331	0	-4 500
Accumulated amortisation December 31, 2018	-7 646	-626	0	-8 272
Net book value December 31, 2018	29 812	272	0	30 083

In thousand euros	Development expenses	Intangible rights	Goodwill
Group			
Acquisition cost January 1, 2018	3 679	29 798	10 053
Additions	302	15 476	2 246
Disposals	0	-6	0
Translation difference	0	-1	-238
Acquisition cost December 31, 2018	3 981	45 267	12 061
Accumulated amortisation	-1 278	-10 711	-9 933
Amortisation during the financial period	-288	-4 626	-625
Accumulated amortisation December 31, 2018	-1 566	-15 337	-10 558
Kirjanpitoarvo 31.12.2018	2 415	29 930	1 503

In thousand euros	Goodwill on consolidation	Other long-term expenses	Total
Acquisition cost January 1, 2018	210 844	15 825	270 198
Additions	5 680	319	24 022
Disposals	0	-984	-990
Translation difference	0	-27	-266
Acquisition cost December 31, 2018	216 523	15 133	292 965
Accumulated depreciation	-29 242	-12 554	-63 718
Depreciation during the financial period	-11 489	-607	-17 635
Accumulated depreciation December 31, 2018	-40 731	-13 161	-81 353
Net book value December 31, 2018	175 792	1 971	211 612

11. Tangible assets

In thousand euros	Machinery and equipment	Advance payments and construction inprogress	Yhteensä
Parent company			
Acquisition cost January 1, 2018	976	0	976
Additions	80	0	80
Disposals	0	0	0
Acquisition cost December 31, 2018	1 056	0	1 056
Accumulated depreciation	-166	0	-166
Depreciation during the financial period	-146	0	-146
Accumulated depreciation December 31, 2018	-312	0	-312
Net book value December 31, 2018	744	0	744

In thousand euros	Land	Buildings	Machinery and equipment	Other tangible assets
Group				
Acquisition cost January 1, 2018	126 618	223 307	540 389	46 170
Additions	1 174	19 644	36 281	9 789
Disposals	-667	-745	-26 785	-1 868
Translation difference	-769	-1 473	-6 696	-54
Acquisition cost December 31, 2018	126 357	240 733	543 189	54 038
Accumulated depreciation	0	-118 332	-242 099	-24 675
Depreciation during the financial period	0	-12 384	-38 811	-3 039
Accumulated depreciation December 31, 2018	0	-130 715	-280 911	-27 714
Revaluation January 1, 2018	69 646	22 059	23 793	2 644
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation December 31, 2018	69 646	22 059	23 793	2 644
Net book value December 31, 2018	196 003	132 077	286 072	28 968

In thousand euros	Advance payments and construction in progress	Total
Acquisition cost January 1, 2018	66 004	1 002 489
Additions	117 923	184 811
Disposals	-17 660	-47 725
Translation difference	-145	-9 135
Acquisition cost December 31, 2018	166 122	1 130 439
Accumulated depreciation	0	-385 106
Depreciation during the financial period	0	-54 233
Accumulated depreciation December 31, 2018	0	-439 340
Revaluation January 1, 2018	0	118 142
Additions	0	0
Disposals	0	0
Revaluation December 31, 2018	0	118 142
Net book value December 31, 2018	166 122	809 242

12. Revaluations

The revaluation is based on discounted cash flow calculation made by the company, income value and in some cases on building rights which are supported by an independent third-party expert's valuation on the likely sale price of the land.

13. Investments

Group companies	Group ownership	Parent ownership
St1 Oy	100.00 %	100.00 %
Kiinteistö Oy Olarinluoman huoltamo	100.00 %	100.00 %
St1 Lähienergia Oy	79.11 %	79.11 %
St1 Sverige AB	100.00 %	100.00 %
St1 Refinery AB	100.00 %	0 %
St1 Norge AS	100.00 %	0 %
St1 Norge Marine AS	100.00 %	0 %
St1 Norge Group AS	100.00 %	100.00 %
Shell Bilbyen AS	100.00 %	0 %
North European Bio Tech Oy	100.00 %	100.00 %
Lämpöpuisto Oy	100.00 %	0 %
St1 Finance Oy	100.00 %	100.00 %

Associated companies	Group ownership	Parent ownership
Tuuliwatti Oy, Helsinki	50 %	50 %
Equity EUR 85,462,532.71 and profit for the period EUR 515.70		
North European Oil Trade Oy, Helsinki	49 %	49 %
Equity EUR 12,128,143.44 and profit for the period EUR 4,043,003.96		
Brang Oy, Turku	25 %	0 %
Equity EUR 177,660.78 and profit for the period EUR 34,488.96		
Lamia Oy, Helsinki	20 %	20 %
Equity EUR 1,543,760.60 and profit for the period EUR 1.227.811,77		
Aviation Fuelling Services Norway AS, Oslo	50 %	50 %
Equity EUR 12,324,890.83 and profit for the period EUR 6,778,747.38, remainin goodwill on consolidation EUR 9.557.967		

Knapphus Energi Norge AS, Vindafjord	49 %	0 %
Equity EUR 53,575.02 and profit for the period EUR 3,512.84 (year 2017)		
Grenselandet AS, Harstad	22 %	0 %
Equity EUR -577,650.07 and profit for the period EUR -580,849.89 (year 2017)		

Investments, parent company

Shares

In thousand euros	Group companies	Associated companies	Others	Total
Acquisition cost January 1, 2018	447 645	66 127	30 508	544 280
Additions	5 609	1 602	1 786	8 997
Disposals	-5	0	0	-5
Acquisition cost December 31, 2018	453 249	67 729	32 294	553 271
Net book value December 31, 2018	453 249	67 729	32 294	553 271

Investments in the group

	Shares		Receivables	
In thousand euros	**Associated companies**	**Others**	**Others**	**Total**
Acquisition cost January 1, 2018	88 611	31 901	33	120 545
Additions	2 461	1 371	182	4 014
Disposals	0	0	0	0
Acquisition cost December 31, 2018	91 072	33 272	215	124 559
Net book value December 31, 2018	91 072	33 272	215	124 559

14. Receivables from group companies

	Consolidated		Parent company	
In thousand euros	**2018**	**2017**	**2018**	**2017**
Current				
Trade receivables	0	0	356	312
Other receivables	0	117	0	0
Equity loans	0	0	33 940	38 111
Loan receivables	0	0	0	0
	0	117	34 296	38 423
Long-term				
Loan receivables	0	0	119 310	167 758

Receivables from associated companies

	Consolidated		Parent company	
In thousand euros	**2018**	**2017**	**2018**	**2017**
Equity loans	0	0	0	0
Current				
Trade receivables	0	0	0	0

15. Equity

	Consolidated		Parent company	
In thousand euros	**2018**	**2017**	**2018**	**2017**
Share capital January 1	100	100	100	100
Increase in the share capital				
Share capital December 31	100	100	100	100
Revaluation reserve January 1	40 093	40 093	0	0
Change	0	0	0	0
Revaluation reserve December 31	40 093	40 093	0	0
Reserve for invested unrestricted equity January 1	95 253	58 801	94 872	58 670
Change	-41 022	36 452	-40 640	36 201
Reserve for invested unrestricted equity December 31	54 232	95 253	54 232	94 872
Retained earnings January 1	664 699	309 854	410 451	256 670
Dividend distribution	-8 442	-5 632	-8 442	-5 632
Translation differences of foreign subsidiaries	-19 221	-12 350	0	0
Retained earnings December 31	637 036	291 873	402 009	251 038
Profit for the period	55 271	372 826	43 983	159 413
	746 539	759 953	500 223	505 323
Capitalized development expenditure	-2 415	-2 401	0	0
Distributable earnings December 31	744 124	757 551	500 223	505 323

The company's share capital by type of shares

	31.12.2018	31.12.2017
Shares, amount		
A-shares (1 vote / share)	38,737,118 (88.7 %)	38,737,118 (88.7 %)
B-shares (no voting rights)	4,912,285 (11.3 %)	4,912,285 (11.3 %)

B-shares carry a 5-fold dividend right compared to A-shares. At the end of the accounting period the company owned all of its B-shares. It was decided to cancel the B-shares on 30 November 2018. The decision was registered at the Patent and Registration office on 3 January 2019.

The Board of Directors proposes to the general meeting that the company will pay a dividend of EUR 12,008,506.58 to the A-shares and transfer the remaining financial year's profit to the 'Retained earnings' account. There has been no significant changes in the company's financial position after the closure of the financial year. The company's liquidity is good and the proposed distribution does not in the board's opinion put the company's liquidity at risk.

16. Provisions

	Consolidated	
In thousand euros	**2018**	**2017**
Certain retirement pensions for which company is liable	35 975	38 154
Other provisions	1 607	2 929
Expected environmental obligations	14 183	13 320
Total provisions	51 765	54 403

Environmental obligations: The total liability cannot be reliably determined. A provision has been recognised for known liabilities, for which the company is likely to be responsible for in the near future. These liabilities relate mainly to the environmental obligations concerning soil decontamination. Change in the provision has been recognised in other operating expenses against actual costs. Pension provision is mainly composed of pension provisions in St1 Sverige AB and St1 Refinery AB as well as pension provision in St1 Oy.

17. Deferred tax assets and liabilities

	Consolidated	
In thousand euros	**2018**	**2017**
Deferred tax assets		
From provisions	1 458	1 600
	1 458	1 600
Deferred tax liabilities		
From appropriations	24 376	26 278
From revaluations and goodwill allocations	35 816	40 904
From consolidation	16 136	13 471
	76 327	80 653

18. Liabilities to group companies

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Non-current loans	0	0	36 196	104 262
Current loans:				
Trade payables	0	175	629	272
Other liabilities	0	0	0	0
Accruals and deferred income	0	0	32	5 723
	0	175	36 857	110 258

19. Adjusting entries for assets/Receivables carried forward

In thousand euros	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
Cost allocations	3 865	54 770	4 577	3 665
Financing cost allocations	34	682	737	682
Tax receivables	22 994	2 433	613	1 839
Other adjusting entries	45 038	3 721	77	
	71 930	61 606	6 005	6 186

20. Accrued expenses

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Personnel cost accruals	11 702	20 683	435	445
Interest accruals	2 373	2 645	2 373	2 373
Cost provisions	5 675	3 190	997	1 524
Tax accruals	546	43 676	0	0
Other accrued expenses	56 784	29 468	4	4
	77 080	99 661	3 809	4 347

21. Financial instruments

Bond

St1 Nordic Oy issued its first bond on June 4th, 2014. The size of the issue was 100 MEUR and the bond is listed on First North Bond Market Finland. The bond (ISIN FI4000097191) matures in 5 years and has an annual coupon of 4,125 %. The matures on 4 June 2019 at which point it will paid repaid.

Commercial paper program

St1 Nordic launched a Commercial paper program in November 2016. Maximum size of the program is 200 MEUR and it is used for short-term working capital purposes. Outstanding amount at the end of the year was 100 MEUR.

Revolving Facility Agreement

St1 renewed its 150 million euro revolving facility agreement in 2018 for a new 3-year term. The facility also includes two option years.

Oil financing facility

St1 Sverige AB has a 100 million dollar oil financing facility. The facility was not drawn at year-end.

22. Commitments and contingencies

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Liabilities for which business mortgage, real estate mortgage or shares have been given as collateral				
Loans from financial institutions	0	209	0	0
Total	0	209	0	0
Mortgages given as collateral				
Business mortgages	0	6 000	0	0
Bearer bonds and mortgage bonds	0	0	0	0
Mortgage on lease agreement on a place of business	0	3 700	0	0
Shares	0	0	0	0
Other guarantees	0	4 200	0	4 200
Total	0	13 900	0	4 200
Guarantees given				
Other guarantees		8 276	0	7 500
	0	8 276	0	7 500

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Mortgages and guarantees on own operations				
Business mortgages	0	6 000	0	0
Bearer bonds and mortgage bonds	0	0	0	0
Mortgage on lease agreement on a place of business	0	3 700	0	0
Shares	0	0	0	0
Other guarantees	0	4 976	0	0
Total	0	14 676	0	0
Guarantees on behalf of others	0	7 500	0	7 500
Guarantees on behalf of group companies				
Other guarantees	178 778	91 567	178 778	91 567

Oil has been pledged as against the oil financing facility (EUR 52,443,329) and oil (EUR 55,929,602) and oil products receivables (EUR 89,145,648) have been pledged against account payables of oil. The oil financing facility was not in use at year end. In addition, a guarantee was given for the associated company North European Oil Trade Oy's accounts payable amounting to EUR 26,122,790, derivatives liabilities EUR 5,178,012 and L/C liabilities EUR 41,283,009 on 31 December 2018. St1 Nordic Oy has also pledged for Tuuliwatti Oy's loans receivables from any balance responsible party acting on the electricity market (FI: tasevastaava). According to an investor undertaking issued by the St1 Nordic Oy and S-Voima Oy, Tuuliwatti and/or the agent of the finance parties may require the shareholders to make an equity investment into Tuuliwatti to enable it to ensure that any leasehold registered to Tuuliwatti remains in force if any mortgages registered to the relevant real estate are enforced.

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Rent liabilities				
No later than one year	23 251	37 195	545	534
Later than one year	135 821	127 232	1 075	1 650

St1 Nordic Oy has in February 2019 signed a 10-year lease agreement for the office space of new headquarters.

In thousand euros	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Future leasing payments:				
No later than one year	1 620	1 537	256	114
Later than one year	1 586	1 280	312	128
Total	3 206	2 816	568	242
Residual value liability	180	128	27	0

In addition, guarantees have been given for environmental obligations related to the lease agreements of the subsidiaries.

Derivatives

Price hedging of compulsory storage obligation

The group can use long-term commodity derivatives to hedge against price risk associated with inventory kept for the compulsory storage obligation in Sweden. Price of compulsory storage obligation inventory is in such case fixed with a commodity hedge. The hedge has been assessed efficient. The hedged part of compulsory storage obligation inventory and the commodiry derivatives hedging it would be handled with the net practice according to KILA 1912/2014 opinion. There were no open price hedges at the closing date.

In addition, and in accordance with its risk management policies, the group may hedge the variations in inventory levels of operating activities with short-term commodity derivatives in different oil products. The changes in the value of the short-term commodity derivatives are reconciled daily against the counterparty, and they are recognised as income or expense in the income statement.

Refinery margin hedges

Part of the future refining margins consisting of the price difference between refined end products and crude oil price have been hedged for 2019 to 2021. There are contracts with several counterparties. Fair values at the closing date are presented in the table.

	Consolidated 2018	Consolidated 2017	Parent company 2018	Parent company 2017
Volume, mill. bbl	26.2	25.1	0	0
Fair value, thousand euro	-50 791	-36 884	0	0
Foreign exchange derivatives				
Volume, mill. Eur	124	128	0	0
Fair value, thousand euro	699	260	0	0

Unrealized positive fair value changes are not booked to the income statement.

Signatures to the Financial Statements and the Report on Operations

Helsinki, 27 March 2019

Mika Anttonen
Chairman of the Board

Kim Wiio
Member of the Board

Mikko Koskimies
Member of the Board

Henrikki Talvitie
CEO

Auditor's Note

Our auditor's report has been issued today.

Helsinki, 28 March 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
Authorised Public Accountant (KHT)

Auditor’s Report

(Translation of the Finnish Original)
To the Annual General Meeting of St1 Nordic Oy

Report on the Audit of the Financial Statements

Opinion
In our opinion, the financial statements give a true and fair view of the group’s and the company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited
We have audited the financial statements of St1 Nordic Oy (business identity code 2082259-7) for the year ended 31 December 2018. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 28 March 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
KHT

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