2016

ANNUAL REPORT 2016 • ST1 NORDIC OY

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St1 Nordic in Brief

St1 is a Nordic energy company that operates in Finland, Sweden and Norway. In our operations we implement our vision to be the leading producer and seller of CO_2-aware energy. We research and develop economically viable, environmentally sustainable energy solutions. Our goal is to increasingly replace fossil energy imports with domestic renewable options.

St1 Nordic group operates in three business segments:

RETAIL STATION OPERATIONS

- The liquid fuel distribution network provides services in Finland, Sweden and Norway
- In all, 1410 St1 and Shell stations: unmanned and service stations as well as HGV sites
- Increasingly environmentally friendly liquid fuel products and high-quality services for customers

DIRECT SALES

- A wide range of energy products and services for both private and corpo-rate customers
- Premium class heating oils and liquid fuels for machinery
- Marine fuels
- Fuel cards for private and corporate use

RENEWABLE ENERGY

- Advanced biofuels for traffic
- Production of clean electricity from wind power
- Renewable, pollution-free geothermal heat production
- Ground source heating solutions

The sister group St1 Group focuses on oil refining.

St1's head office is in Helsinki, and altogether we employ approximately 550 people in Finland, Sweden and Norway.

Our operations are strengthened by strategic long-term partnerships in various areas.

The level of our wind power production enables us to compensate the fossil emissions of the energy we need for the functions of our both sister groups.

A responsible company must ambitiously take in the big picture at all times. It must keep abreast of what's going on in the world and understand what clients will need in the future. Based on such an understanding and on demand, we are building world-class expertise in the use of renewable energy. We try to ensure that everything we do is based on this world-conquering mentality and passion.

Mika Anttonen
Chairman of the Board of Directors

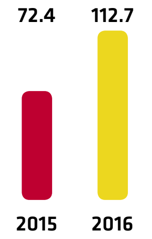
VISION

Leading producer and seller of CO_2-aware energy

> The positive financial development of our traditional business enables growing investments in the production of renewable energy

NET SALES MEUR

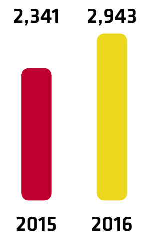
PROFIT FOR THE PERIOD MEUR



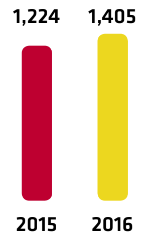
RETURN ON EQUITY %

NET SALES BY BUSINESS SEGMENTS

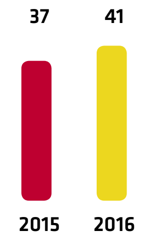
RETAIL STATIONS MEUR



DIRECT SALES MEUR

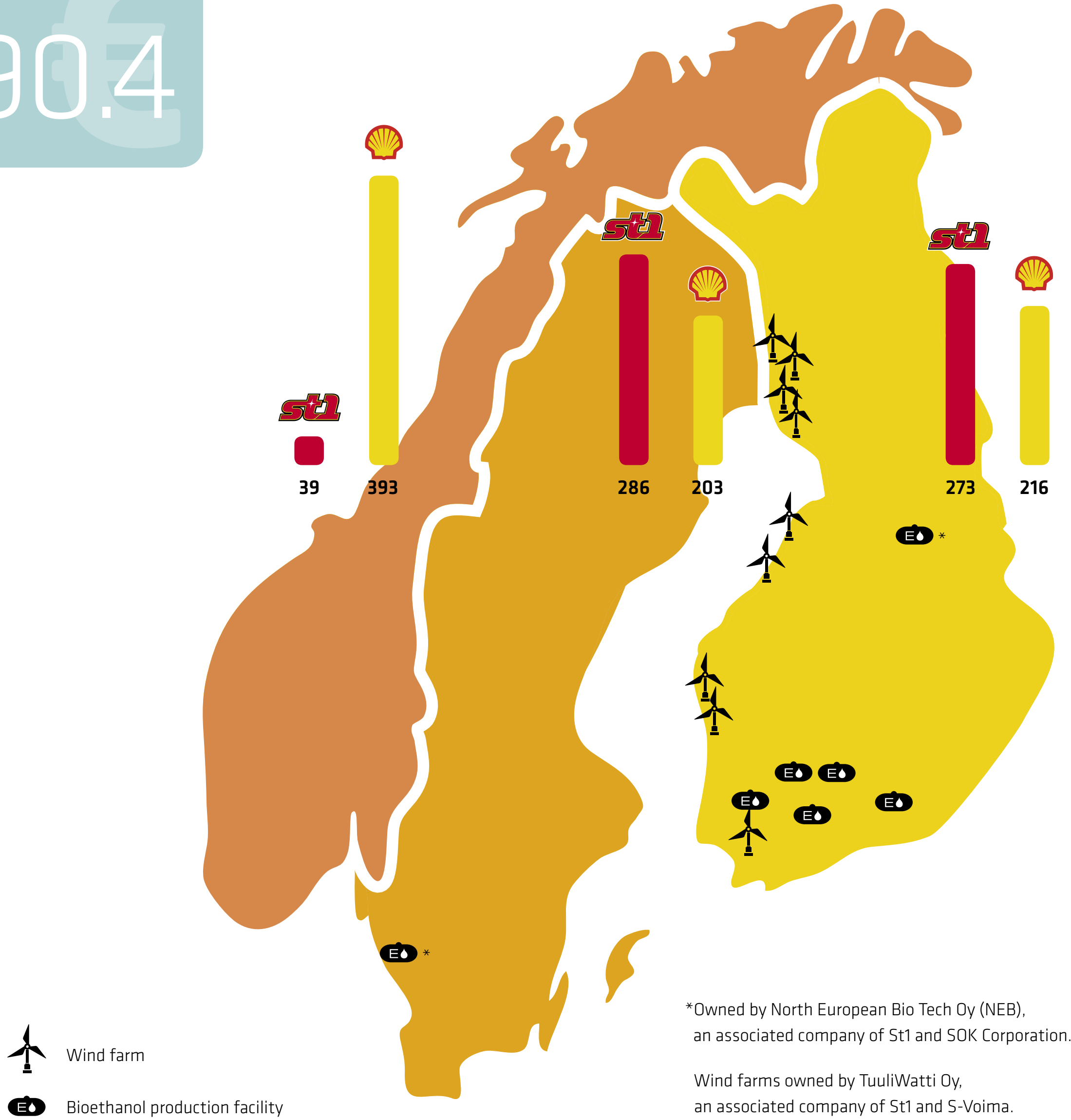


RENEWABLE ENERGY MEUR



NET SALES, MEUR

4,390.4



*Owned by North European Bio Tech Oy (NEB), an associated company of St1 and SOK Corporation.

Wind farms owned by TuuliWatti Oy, an associated company of St1 and S-Voima.

NET SALES BY COUNTRY

FINLAND	SWEDEN	NORWAY
30 %	35 %	35 %

MARKET SHARES

FINLAND

Petrol	22.0%
Diesel	18.6%
Light fuel oil	21.9%

SWEDEN

Petrol	22.0%
Diesel	15.0%
Light fuel oil	27.6%

NORWAY

Petrol	28.2%
Diesel	23.5%
Marine gas oil	18.5%

St1's year 2016

02/2016

St1 made an investment decision to construct a geothermal pilot heat plant in Finland.

03/2016

St1 launched a new food concept based on Norwegian high quality ingredients at more than 200 Shell sites across the country.

04/2016

Shell FuelSave 95 -petrol was launched in Finland.

04/2016

HVO 100 was launched on 11 Shell Truck-Diesel sites in Sweden.

04/2016

Palvelumestari24 (Service Master 24) phone service was launched in Finland.

05/2016

The drilling of deep-rock wells for geothermal heat pilot plant was started in Finland.

05/2016

The new Nordic Renewable Energy organisation was established.

06/2016

Renewable REx Diesel was launched in Norway.

06/2016

St1 Nordic Energy Outlook was published.

08/2016

The inauguration of Tuuli-Watti's wind farm in Kalajoki.

08/2016

The acquisition of Shell-branded reseller Lämpöpuisto Oy.

09/2016

Uudenmaan Energiakaivot Oy was merged into St1 Lähienergia Oy.

11/2016

1st REnewable fuels were launched in Sweden.

Enhanced Nordic cooperation lent wings to record-high financial results

St1 Nordic group improved its financial result again in 2016 – operating profit grew by 74% in relation to the previous year's good level. At the same time, the group has become significantly more widely known as a Nordic energy company.

Kim Wiio
CEO

We were also able to strengthen our position as a distributor of fuels in Finland, Sweden and Norway. Direct sales continued to develop its operations in line with our strategy both in the corporate and consumer segments. The renewable energy business segment was expanded to the Nordic level, and pilot projects in Finland moved forward in the areas of sawdust-based advanced bioethanol for transport use and geothermal heat production.

In Norway, we saw through the first full year of new business operations purchased from Shell, which included many changes, achieving all the financial targets and other goals set for the acquisition. In January 2016, we signed an agreement to sell the network of St1's unmanned filling stations in Norway, as required by the Norwegian competition authorities in relation to the acquisition of Shell's marketing company in 2015. However, the transaction is still pending approval by the authorities.

We have continued investing in system enhancements on the Nordic level. The centralisation of information systems to a group-wide cloud-based platform continued last year. The renewable energy business operations went through a reorganisation, becoming one of the company's three main business segments at the Nordic level.

The building of new kind of renewable energy production moved forward

Construction work on the 10-million-litre Cellunolix® plant in Kajaani, which St1 Biofuels Oy delivers to North European Bio Tech Oy (NEB), progressed to the start-up phase at the end of 2016. The first plant to manufacture advanced ethanol from sawdust will reach full production speed during 2017. When it has been established that the plant built for NEB is profitable and successful in technological terms, the plant concept can be scaled up to industrial production level. Letters of intent have been signed for the construction of such, 50-million-litre Cellunolix plant in Pietarsaari, Finland, and Honefoss, Norway. Kajaani is also a potential site for expansion.

Another pilot project, the first geothermal heat plant in Finland that uses heat from the bedrock reached the drilling phase for 7-km-deep geothermal wells. The most important goal of the project is to test and develop technically and financially feasible solutions for all the work phases. If proven successful, the geothermal business concept could be commercialised after piloting. Last year, we signed a letter of intent with energy company Turku Energia for the design and construction of a similar plant, but the final decision will only be made after the pilot project in Espoo has been completed.

The associated company TuuliWatti Oy completed 70% of the construction under its extensive investment programme in Finland. The investment programme, which is worth EUR 650 million will be fully completed by the summer of 2017, at which time the annual production capacity of TuuliWatti will be 1.4 terawatt-hours. This equals to the annual electricity consumption of 650,000 flats. The Finnish operating environment of the wind power industry is full of uncertainties, which is why we keep searching for new investment targets in other Nordic countries as well.

Operations continue in line with the strategy amidst the energy market transition

We are pleased with the financial results achieved thus far, and we will continue our efforts to stabilise the group's profit-making ability at this level in the coming years. Our Nordic cooperation inside the group has clearly evolved in the last year, and our whole organisation has adopted the strategy in which each unit and individual have an important role to play. It takes all of us to make our vision a reality – the enablers, who generate good profits in our traditional business operations, and the implementers of renewable energy innovations.

We continue to operate in line with our strategy during the current global energy challenge. In summer 2016, we published the first ever St1 Nordic Energy Outlook – a comprehensive roadmap, based on various sources, of our views on the changes and challenges of the energy market in the Nordic countries for the next couple of decades. We are updating the outlook on a needs basis, as well as using it as the foundation in the realisation of our strategy in our home markets in Finland, Sweden and Norway. We also invite our stakeholders to give us feedback on the views presented in the Energy Outlook.

I would like to extend warm thanks to our customers, partners as well as personnel for another successful year. ■

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We will continue our efforts to stabilise the group's profit-making ability at this level in the coming years.

Solid position in the Nordic retail market

St1's distribution network for transport fuels comprises approximately 1,400 St1 and Shell petrol stations in Finland, Sweden and Norway. The Shell brand is in use under a licence agreement. Competition in the fuel distribution sector in the Nordics continues to be fierce, but we were able to maintain our solid market position and exceeded our performance targets in all the countries we operate in. The effectiveness of retail operations has a role to play in enabling St1 to invest in the production of renewable energy.

> The majority of our business operations are still based on fossil fuels.

In 2016, revenue from the Group's retail station operations totalled EUR 2.9 billion (2015: EUR 2.3 billion) and operating profit was EUR 119.4 million (2015: EUR 74.0 million).

In accordance with St1's vision, our goal is to keep introducing more renewable energy solutions to the market. However, the majority of our business operations are still based on fossil fuels, which is why we aim to develop and enter into the market fuels for use in conventional vehicles as well that enable better fuel economy and are more environmentally friendly.

Active sales and marketing lent wings to earnings growth in Finland

The staff's strong commitment and ability to implement new things are, in particular, the reasons that enabled the achievement of the good result in Finland.

In spring 2016, we launched a new Premium fuel: Shell FuelSave 95 petrol, which keeps the engine clean and lubricates it efficiently. Its improved fuel efficiency also makes it less expensive to use. This new petrol replaced the previous 95 petrol in all Shell stations in Finland.

At the same time we introduced a new phone service for drivers: Palvelumestari24 (Service Master 24). It is available 24/7 for situations in which the driver needs to search for information, such as the location of the nearest filling station, but cannot do so while driving. Palvelumestari24 finds the information that the driver needs and does the necessary web searches on his or her behalf.

The product launch campaign for the new petrol also boosted the sales of Shell V-Power Nitro+ petrol. The sales of Diesel Plus also continued to grow in the St1 fuel distribution network. Other sales overall remained at the same level as during the previous year: the renewal of the car wash concept and the sales activity of stations increased the sales in restaurants and car washes significantly, which compensated for the reduction in sales with regard to conventional retail products.

Our fuel distribution network has been optimised and the number of stations in Finland has stabilised at roughly 500. We are investing in the quality of the stations by replacing stations that are exiting with new ones, and by revamping large stations. In spring 2016, we opened Finland's largest Shell station in Mäntsälä after a total makeover, and renovated the flagship station, Shell Ruskeasanta, in Vantaa.

In our café-restaurant operations, we concluded a new cooperation agreement with Restel Liikenneasemat Oy, which will ensure business continuity and more extensive co-development in the future. Based on our strategy, we want to be close to our customers and react quickly to their changing needs.

Fuel procurement company North European Oil Trade It (NEOT) is a great support to our competitiveness and enables better cost control.

In 2016, we put out an invitation to tender for the maintenance of all our stations in Finland, with the aim of increasing cost-efficiency in order to safeguard our competitiveness in the medium-term.

A new appearance and second generation renewable fuels for the network in Sweden

As the result of the development of the station network and more efficient operating models, operations in Sweden remained stable and highly productive. Measured by all indicators, our operative performance improved on the previous year.

Our fuel distribution network in Sweden comprises nearly 500 St1 and Shell stations. In 2016, we used two Shell stations – one in Ulvsunda and the other in Sandsjöbacka – to pilot the chain's latest brand appearance and store format with excellent results.

We transferred three manned sites to automates with separate shop business, which improved their sales volume significantly. One of the re-branded stations is located in Visby, Gotland, where we opened the first St1 station just last year. Now one of them is the best-selling St1 site in Sweden and the other one well above average in Sweden.

In addition, we have made several minor improvements within our network and, as the result of all our efforts and highly committed personnel, have managed to increase our Swedish customer base.

November 2016 saw the launch of fuels that contain more renewable fuel than any other product for standard diesel and gasoline cars available on the Swedish fuel market: 1st Bensin RE+ – more than 10%, and 1st Diesel RE+ – at least 50%. Sales of new products are being piloted at nine St1 stations in Gothenburg. The new products have been received well by customers.

> First year of operations and development in Norway was fruitful.

First year of operations and development in Norway was fruitful

In Norway, the first full year of operations after the acquisition of the Shell network was busy. In the middle of establishing the organisation's operations and adopting new practices and systems, the financial results were better than expected.

From the beginning of the year, the focus was on renewal and looking to the future. We began to develop the store concept, as well as a food concept, for Norwegian Shell stations, including the launch of new food products based on high-quality local produce. We improved our skills and knowledge and our ability to generate profits in this area.

In summer 2016, we launched the REx Diesel fuel for test use in selected Shell stations in Oslo. REx is Norway's first genuine renewable diesel, which reduces CO_2 emissions by up to 40% from the emissions of regular diesel. It is suitable for all diesel vehicles and meets the emissions reduction target set by the Government of Norway for traffic: 40% by 2030.

Logistics and the procurement chain as a whole were also developed in cooperation with the procurement company NEOT. This increased the efficiency and competitiveness of the chain, and we now have the opportunity to sell and deliver more renewable fuels. In 2016, NEOT introduced two new product tankers for time charter use. They are both LNG vessels that reduce CO_2 emissions by more than 40%, and whose quiet running sound does not disturb the residents of the fjords.

We launched, implemented and completed an extensive IT project during 2016. The system, which was first put into service in Norway, replaces the previous accounting system and sales system. All the Group's business functions will be transferred to this centralised technology platform that will enable carrying out development work at the Nordic level.

We also assumed control of real estate property management and maintenance and started developing them, with cost savings and transparency as our goals.

During the year, we finalised our new strategy based on St1's Nordic strategic guidelines, and this covers the entire company in Norway. The personnel are highly committed to the strategy and are involved in building an implementation plan.

Our network of Shell stations in Norway comprises more than 400 filling stations. A network of approximately 40 of St1's unmanned filling stations continued to serve customers in the Oslo region under St1 Norge Automat AS. The signed agreement to sell the network of St1's unmanned filling stations in Norway, as required by the Norwegian competition authorities in relation to the acquisition of Shell's marketing company in 2015, is still pending approval by the authorities. ■

CASE Retail Station Operations

NORWAY: The site personnel is very proud of the new fast food concept and local, high-quality products that it offers to customers.

"Super Thursday" and "The Doughnut Riot" led to record-high sales in the Finnish service station network

The Retail organisation in Finland has developed events for service stations that have helped achieve record-high sales at individual stations as well as in the whole network. Furthermore, the events bring new energy and joy to the stations – both among staff and customers.

The national "Super Thursday" has been successfully implemented a few times in the Finnish cluster network. This event is based on the sales of the best car wash service at each station by offering the customers three washes for the price of one. The Tullinpuomi Shell station in Helsinki is the current record holder: more than 1,000 washes were sold in one day in April 2016. The "Super Thursday" usually also multiplies the sales of V-Power Nitro+ fuel at the stations.

A similar one-day themed event was developed around doughnuts in cooperation with Shell Helmisimpukka restaurants. During the event, the restaurants offer a wide range of delicious doughnuts that are sold individually, in bags or by the box. So far, "The Doughnut Riot" has been organised twice: nearly 20,000 doughnuts were sold the first time and nearly 30,000 the second time. ■

New food concept in Norway: real, honest and unpretentious

A new fast food concept was launched in the Norwegian retail network early in 2016. The ambition was to take strategic ownership of the food offering at our Shell sites and become the number one choice for customers on the roads of Norway.

The new concept is focused on local ingredients with a slight shift towards a healthier offering – according to changes in our customers' nutrition habits over the course of recent years.

"The concept was named ré:al in Norwegian – meaning real, honest and unpretentious", explains Category Manager Food & Coffee Hæge Vagle, the project leader for the concept. "The main pillars of the offering are still hamburgers, baquettes and hot dogs, but we are now emphasising the actual place in Norway where the ingredients are sourced."

According to Vagle, the main success of the launch must be credited to everyone in the Norwegian retail organisation from top management to site staff. "The primary focus during the development has been ensuring that the entire site staff of 3,500 people has the same knowledge of and passion for the concept. This has enabled us to deliver the same customer experience every day to every customer throughout the country. Further, the suppliers of different ingredients have been heavily involved in the project and continue to be our partners in following the forthcoming trends in the market". ■

1st REnewable products – the highest guaranteed blend of renewable fuel in standard diesel in Sweden

Two new fuels were launched in the St1 retail network in Sweden in November 2016. The novelties contain more renewable fuel than any other product available for standard diesel and gasoline cars on the Swedish fuel market.

1st Bensin RE+ includes more than 10% of renewable bio components and it can be used in all petrol-based vehicles. 1st Diesel RE+ is guaranteed to include at least 50% biodiesel.

In the beginning, the new fuels are sold at nine St1 stations in the Gothenburg area. The next phases to expand their distribution are under development. The launch is one step in St1's long-term work to reduce fossil CO_2 emissions in traffic. The idea is to bring smart and environmentally friendly fuels into the market that can be used in ordinary combustion engines, because they will dominate traffic until 2030 and even years after that. The fastest way to offer motorists sustainable and renewable fuels is to develop and improve existing products. ■

FINLAND: Marketing materials that look hand-written and differ from the usual service station marketing look are sure to draw people's attention at the stations during the themed events.

SWEDEN: 1st REnewable fuels are piloted in Gothenburg area. The new products have been well received by customers.

New services, renewable fuels and Nordic cooperation

AdBlue technology is turning up increasingly in new diesel cars to help reduce exhaust emissions.

In Finland, the sales growth of Premium products continued, the emphasis in payment card services was on Nordic cooperation, and new services were introduced to customers in collaboration with partners. In Sweden, the HGV filling station network was expanded and more biodiesel filling stations are now available. In Norway, development work was launched at the new organisation.

In 2016, the Direct Sales business area generated EUR 1.4 billion in revenue (2015: EUR 1.2 billion), and its operating profit was EUR 20.6 million (2015: EUR 19.2 million).

Sales of diesel and heating oil grew in Finland

In 2016, the Direct Sales business area experienced strong market and sales growth in Finland – especially related to off-road diesel and company cars. Off-road sales grew steadily in the excavation and forest machine sectors. We are the only operator to provide Premium class off-road diesel for work machines. MPÖ2 Premium, an off-road diesel with top-class additives, has claimed its place under demanding-use work machine conditions.

The sales volume of heating oil also increased, and our Premium products became even more popular in the consumer segment and the SME sector in particular. Almost half of consumers' heating oil orders are made electronically.

2016 saw the conclusion of the negotiations on the purchase of shares of authorised reseller of Shell branded liquid fuels. As a result of the transaction, the fuel business of Lämpöpuisto Oy was transferred in its entirety to St1 Oy. With the purchase, Shell's direct supply fuels will continue to offer excellent sales and delivery services to broad customer base all over Finland.

Nordic cooperation related to fuel cards in Finland

In the commercial transport sector, we cooperated closely with St1's organisations in Sweden and Norway in order to ensure competitive services and prices for our Nordic commercial cross-border transport customers who use the euroShell CRT diesel or euroShell Fleet card. The enhanced euroShell Card online services continue to make a differentiation in the local market, where trucking companies value real-time transactions and fuel cost follow-up.

AdBlue technology is turning up increasingly in new diesel cars to help reduce exhaust emissions. St1 continued to expand its AdBlue network, which is now also introducing easy forecourt fuelling for vans and passenger cars, which is especially appreciated by taxi drivers.

Boosted by digital precision marketing, a good result was attained especially in St1's corporate card sales.

In spring 2016, we launched the new Shell Private Card Premium and invited 3,000 top loyal customers as our premium customers with enhanced loyalty scheme. People who become Premium customers have their dedicated service number as well as special offerings for products and campaigns only available to Premium customers. We will be inviting new customers to join the Premium programme on a quarterly basis.

New joint service provision with internal and external partners in Finland

Direct Sales cooperates closely with other business areas and partners. In an open-minded manner, we jointly develop and implement new services for various customer groups.

In spring 2016, St1 introduced a on-call service for drivers on the road: Palvelumestari24 is a on-call service for customers. Drivers are able to contact the service 24/7 to ask for information on, for example, the location of filling stations, parking areas, road guidance, restaurants and other services along their driving route. If necessary, the Palvelumestari24 service can make the necessary reservations online on behalf of the customer so that she or he can focus on driving safely.

In the heating sector, we started cooperating more closely with St1 Lähienergia in the marketing of geothermal heating solutions to SMEs and housing companies.

We also generate new innovative services for our customers with external partners. For example, in connection with selling heating oil, we offer the Kunnon koti home inspection service provided by the If insurance company to our customers. This additional service reminds our customers of the importance of taking care of their home's heating and electrical equipment. In addition, four of our fuel distribution stations located near the Finnish-Russian border have If service points where a green card provided by the insurance company to its customers can be printed out to those crossing the border to visit Russia by car.

Sweden's HGV network is more competitive than ever

A good result was attained in the direct sales of fuels in Sweden in 2016. Approximately 95% of the sales volume was directed at our retail customers who pick up their fuels from our terminals themselves.

We managed to increase the sales of our Shell Truck Diesel network, exceeding the sales of our competitors. We expanded the network by building three new stations in Northern Sweden – one of them is in Hudiksvall, which is an important exchange point for HGV drivers. The demand for biofuels increased in our Shell Truck Diesel network, especially the demand for renewable HVO diesel fuel. In 2016, we had 11 filling sites for renewable HVO100, and we will be expanding the network quickly to cover the whole country.

We also continued our investments in the distribution of the AdBlue additive, which eliminates NOx concentration in exhaust emissions; AdBlue is now sold at more than 80 filling sites around Sweden.

As the only operator in the sector, we provide long haulage transport companies with a CO_2 emissions report where emissions are itemised up to the level of individual fuel cards.

In late 2016, we launched a new type of service for bus companies that transport tourist groups and other groups around the country. Catering services are available to the bus companies' customers 24/7 in 105 of our Shell stations in Sweden.

> Our joint goal is to increase the use of vehicles running on ethanol diesel in city traffic.

In the Marine sector, 2016 was a good year with a result stronger than planned. The first half of the year started off a bit slow, however, after the summer period the market revived. Also good access to gasoil at the St1 refinery in Gothenburg helped us to recover towards the end of the year. The competition remained tough with a large variety of products and ample supply. The price of oil recovered from low figures but with high volatility.

The demand for SECA fuel with a sulphur content of max 0.1% has been lower than expected. The Marine department has withdrawn from the heavy fuel oil market during the year and awaits the new legislation coming into force 2020. Then there will on a global basis be a new sulphur cap of max 0.5% , down from todays 3.5%. This can potentially be a new exciting market for us to explore.

Norway transitions to low-sulphur marine fuels

The EuroShell corporate card has a strong position in Norway, and very high sales volumes. We will continue to develop the card further, and we aim to introduce new services to our corporate customers in the next few years.

In the Marine sector, we renewed our fuel supply contract for Hurtigruten. According to the contract, in upcoming years the cruise ships used in fjord tours will be running on fuel supplied by St1 in which the sulphur concentration is only 1/5 of the concentration of the previously used fuels. Our future goal is to increase the customer base of our Marine sector and provide them with more environmentally friendly options in cooperation with St1's refinery in Gothenburg.

The ethanol diesel project is expanding

The RED95 ethanol diesel development and testing project based on St1's waste-based ethanol production further deepened cooperation in 2016. With Scania and our procurement company North European Oil Trade (NEOT), our joint goal is to increase the use of vehicles running on ethanol diesel in city traffic, because it is the fastest and most cost-efficient method of reducing CO_2 and small particle emissions in cities. NEOT's transport service operator ordered the first fuel truck chassis with the company's newest ethanol diesel engine from Scania. ■

CASE Direct Sales

St1 Direct Sales and Atria food company in Finland set the goal to reduce the transport emissions.

Towards low-emission transport with Atria

St1 Direct Sales began building a collaborative relationship with the Atria food company in Finland in 2016. The goal was set to reduce the transport emissions generated by Tuoretie Oy, a logistics and transportation company partly owned by Atria, by 10 per cent. The collaboration is part of environmental responsibility at Tuoretie and within Atria as a whole, based on which the companies aim to enhance the eco-efficiency of transport and all other functions.

Tuoretie's transport operator partners responsible for the Group's food transport and the transport of feed and animals for primary production, started using the euroShell diesel card at the beginning of 2017. This way, the company can better monitor the total fuel consumption and performance of equipment within the transport network. The goal is to pilot the introduction of a bio-based fuel in the next few years.

Atria also purchases protein feed generated as by-product in the production processes of St1's ethanol plants for use as food for pigs in its meat producers' farms. More collaboration modes will be developed in the future. In one project currently underway, St1 and Atria are jointly seeking ways to improve the energy services and energy efficiency of the company's primary producers. ■

New catering service for Swedish bus companies

In Sweden, Direct Sales launched a new type of catering service for bus companies that transport tourists and other groups, enabling them to better serve their customers and obtain more income.

The bus companies can order food and drink packages for groups, to be served on board the buses. There is a wide range of products on offer and various dietary needs have been taken into account. If necessary, the food and drink packages can be tailored to meet each customer's specific needs.

The orders can be easily made online a few days before the trip, and the driver can pick up the food packages from a selected station – either when the journey begins or somewhere along the route. Approximately 100 Shell/7-Eleven stations around the country are participating in the catering service. ■

New easy online catering service covers approximately 100 Shell/7-Eleven stations.

Palvelumestari24 is a telephone service for Finnish drivers

In Finland, Palvelumestarit (Service masters) have provided personal forecourt attendance to customers in selected Shell stations for a few years now. A 24/7 telephone service for drivers, Palvelumestari24, was introduced in spring 2016.

"The customers are gradually finding the new service and calls are coming in about all sorts of issues. Often the callers need information on service stations along their route, or about the composition of fuels and lubricants and their compatibility with various engines. My many years of experience with customer service at Shell stations has been a great help, as I know how to advise people on fuels and lubricants, and other car accessories", says Palvelumestari24 team member Henri Ahopelto, who started working in the telephone service on its opening day.

A two-person Palvelumestari24 team serves drivers during office hours. Outside of office hours, the telephone service has been outsourced to the switchboard, Sentraali, from where a contact request will be forwarded to the team in more demanding case. In addition to the Palvelumestari24 telephone service, the team also does telemarketing and manages the processing of customer feedback on the carwash network's services. ■

Shell Palvelumestari24 is an extension of the successful concept of personal service offered at selected Shell sites since 2011 .

Renewable energy pilot projects made progress

Our operations focus in the Renewable Energy business moved to the Nordic level, and we started the mapping of new business opportunities in all three Nordic home markets. We are in the final stage of our extensive wind power production investment programme in Finland. Our unique demonstration projects in the production of wood-based ethanol for traffic use and geothermal heat production made progress – though we at the same time also faced challenges.

We restructured the organisation of our Renewable Energy business and strengthened our Nordic team in 2016.

In 2016, St1's Renewable Energy business area generated EUR 41 million in revenue (2015: EUR 37 million). The operating profit was 5.7 million (2015: operating loss EUR -1.3 million).

We restructured the organisation of our Renewable Energy business and strengthened our Nordic team in 2016. We also sharpened our strategy for the future and defined the areas we focus on: biofuels, wind power, geothermal energy and – as a new future development area – energy storage.

Wood-based ethanol production has reached the piloting stage

The Cellunolix®plant under construction in Kajaani is an important demonstration project for St1's manufacturing technology for forest industry residue-based ethanol. Our subsidiary, St1 Biofuels Oy, is delivering a bioethanol plant that uses sawdust as raw material for North European Bio Tech Oy (NEB), which is an associated company of St1 and SOK. The plant's installation work was mainly carried out in 2016, and the commissioning phase was launched at the turn of the year. Our goal is to get the plant in full production as soon as possible in 2017.

Sawdust and other wood residues offer high potential as raw materials for advanced ethanol production in the Nordic countries. The Cellunolix® concept, developed in St1 Biofuels' R&D, enables the comprehensive utilisation of wood-based raw materials in the production of sustainable bioenergy products. Throughout the whole technology development, planning, construction and ramp up, the R&D team has made great effort to make the plant in Kajaani able to demonstrate this unique opportunity.

Based on the pilot project in Kajaani, letters of intent were made in 2016 concerning the construction of an industrial scale Cellunolix®plant in Pietarsaari, Finland, and Hønefoss, Norway. The final decisions on the implementation of the production plants, the annual capacity of which would be 50 million litres, will be made after the completion of the project in Kajaani. An expansion of similar size may also be implemented in Kajaani.

In Finland, we continued to produce advanced bioethanol for traffic use in our five plants using the waste-based Etanolix® and Bionolix® technologies. The plants exceeded the production targets set for them and their overall production grew by 7.3% on the previous year.

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St1 research laboratory continues the research based on the Cellunolix® method with a focus on future plants in which various types of wood-based residues are used as raw material in Finland and elsewhere in the world.

The National Energy and Climate Strategy published in Finland in late 2016 sets out a challenging target for biofuels for road transport use: the physical share of biofuel energy content of all fuels sold to road transport will be increased to 30% by 2030. According to the Swedish Government's most recent policy outlines, up to 2020, the key steering instruments will include separate emissions reduction obligations for petrol and diesel and tax reliefs for high-octane fuels. The legislative process is expected to be completed by the end of 2017.

According to the policy outlines in Norway, the share of biofuels from the total energy use of road transport will increase by 20% by 2020, and advanced double-counting biofuels will account for 8 percentage units of that share.

The extensive wind power production investment programme is near completion

Our associated company TuuliWatti Oy has maintained its position as a leading wind power operator in Finland. The company uses modern technology to produce clean domestic electricity as cost-efficiently as possible. In 2016, the total production of TuuliWatti's wind farms amounted to 0.8 terawatt-hours.

At the same time, TuuliWatti's EUR 650 million investment programme continued as planned. The expansion of the Mustilankangas wind farm in Kalajoki started production in 2016. The 28 wind turbines built on 1.500 acres of land now form Finland's largest wind farm with a total capacity of 92.4 megawatts. The expansion of the Leipiö wind farm in Simo with 13 new wind turbines was also completed.

After the completion of the final investments of the programme in 2017, TuuliWatti's overall production capacity will be 1.4 terawatt-hours a year. This equals to the annual electricity consumption of 650,000 flats.

The renewable energy production aid will end in Finland at the end of 2017. In 2018-2020, the national aid mechanism is planned to be technology-neutral competitive tendering, on the basis of which aid will be granted to the most cost-efficient and competitive investments in the production of renewable electricity. While we are preparing for building wind power in Finland, we search for new investment targets in other Nordic countries. We have already started the preparations for the first wind power development projects in Sweden and Norway.

Construction of geothermal heating pilot plant has begun

In February 2016, we made the decision to invest in the construction of the first geothermal heating plant in Finland on the basis of the results of the test drilling. In the unique pilot project the aim is to produce renewable geothermal energy by using the heat of the bedrock about 7 kilometres below the ground.

> The global energy challenge calls for major action right now.

The drilling of the deep-heat holes began in spring 2016 in Espoo. Using a pneumatic DTH hammer, the drilling proceeded to 4.5 kilometres. From that depth, the drilling proceeded by using hydraulic DTH hammer technology, but continuing with the project by using the tested hydraulic DTH hammer did not seem economically viable. Therefore, the project plans will be refreshed. This phase is estimated to take around six months, after which the aim is to restart drilling at the job site. In this case, the project could be completed during the first half of 2018.

Geothermal energy has been utilised elsewhere in the world for years. However, a similar project has not been attempted before on the granite-hard ground of Finland or to the same target depth, so setbacks have been expected. The most important goal of our pilot project is to test and develop technically and financially feasible solutions for all work phases of the geothermal business concept, so that it can be commercialised after piloting.

If successful, the pilot project will offer a renewable, zero-emission energy source for district heat production. Such an energy source would be most welcome in Finland where district heat based mainly on fossil energy is the most common form of heating. For this reason, in 2016, we drew up a letter of intent with energy company Turku Energia for the construction of a corresponding geothermal heat plant. The final decision about building the plant in Turku will be made after the completion of the pilot project in Espoo.

St1 Lähienergia (Local Energy) offers various heat pump solutions for real estate properties located in sparsely populated areas. The new concepts and customised renewable energy solutions developed by the company are based on being emissions-free, energy-efficient and easy to use. A positive development trend was seen in the revenue and result of St1 Lähienergia in 2016. In the future, it will aim for growth through larger sites, such as blocks of flats.

A roadmap to the future of the energy market – St1 Nordic Energy Outlook

There is an urgent need to develop new, cost-efficient renewable energy solutions: though the share of renewable energy is increasing, fossil energy always grows faster – and continues to generate more and more emissions. The global energy challenge calls for major action right now. The market forces cannot be responsible for the change alone; enabling legislation and faster technological development are required to guide the consumer to make the right choices.

The year 2016 saw the publication of the first-ever St1 Nordic Energy Outlook – a comprehensive road map, based on various sources, of our views on the changes and challenges of the energy market in the Nordic countries for the next couple of decades. St1 Nordic Energy Outlook will be updated on a yearly basis. ■

CASE Renewable Energy

St1's contractor for the Municipality of Simo's Lähilämpö sites is LVI Eilola Oy.

St1 Lähilämpö contract provides municipality-owned properties in Simo more affordable renewable energy

In May 2016, the Municipality of Simo entered into a contract with St1 for using St1 Lähilämpö to heat five real estate properties that include, for example, some municipality-owned rental flats and a fire station. The heating solution is implemented with heat pumps and thermal wells. The solution's total power is 132 kWh and annual energy production 462 kWh.

The heat transfer pipes were also renewed in connection with the thermal heat project. According to the contract, the Municipality of Simo will purchase the equipment, installation and maintenance for the thermal heating system from St1 as allocated for a contract period of 15 years. St1 charges a monthly fee for the service which – with energy input taken into account – is on average 10% cheaper than the cost of the previous oil-based heating system. The contract enabled the Municipality of Simo to flexibly transition from fossil fuels to renewable energy.

"Market research was included in the competitive tendering process with eight different operators. It was also one of the scoring criteria for identifying the economically most advantageous tender. The winning tender was not the lowest-priced one: the selection was made with due consideration for the price, references, investment value and energy savings," explains the Municipality of Simo's Technical Department Head Ilkka Soukka, who is pleased with the project now that the commissioning phase is complete. ■

St1 Nordic Energy Outlook

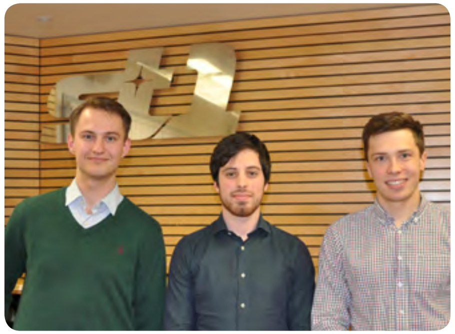
Now that St1 extended its operations to cover the whole of Norway in addition to Sweden and Finland, we felt that it is time to document our views of changes and challenges in the Nordic energy market during the next couple of decades. The St1 Nordic Energy Outlook is the basis for realisation of our vision and strategy in our home markets. Since openness is one of our key principles, we want to share it publicly as a platform for social debate and further development of the outlook. We love to be proven wrong in any of our analyses and claims. Thus, we want to challenge the other companies in the energy business and also invite everybody to join the continuous improvement of the St1 Nordic Energy Outlook.

We will publish new editions frequently with new elements and updates. As a part of continuous improvement and updating, we have also invited academics to deepen and model the subjects in the St1 Nordic Outlook. As a result of discussions with Aalto University, we have the first group of talented students ready to develop a model of Nordic road transport including topics such as powertrains, demand and fleet development. This assignment will be included in each student's final thesis, with the professors of Aalto directing their work. The model will be finished in autumn 2017 and will be included in the next edition of the St1 Nordic Outlook.

"I'm very pleased that we decided to start publishing the St1 Nordic Energy Outlook. The hard work to get the first edition published certainly paid off. It has helped the whole Nordic organisation to make stronger strategic decisions in an even more structured way. And the contribution we get from outside the company, such as working with this group of young stars, is so fruitful and challenges us," says Mika Aho, Director of Public Affairs.

Have a look: www.st1.eu/st1-nordic-energy-outlook ■

Aalto University final thesis students Eero Kilpeläinen, Mathias Westerholm and Matteo Giacosa will develop the model of Nordic transportation for the St1 Nordic Energy Outlook.



St1 employees are committed to an operating culture based on entrepreneurship and innovation

St1 Nordic group employs more than 550 energy business professionals in Finland, Sweden and Norway. Our Nordic organisation as a whole has adopted St1's operating culture, in which taking responsibility and being open to new ideas are emphasised.

At the end of 2016, St1 Nordic employed 310 people in Finland, 133 people in Sweden and 114 people in Norway. The largest recruitment of the year was made in Finland, for the Cellunolix ethanol plant in Kajaani. The total number of people employed directly or indirectly by St1 in the Nordics in 2016 exceeded 7,000.

Employment relationships are typically long at St1, and the employee turnover rate is low. Our flat organisation and open operating culture encourage the employees to engage in internal entrepreneurship and active interaction, as well as to think in new ways. Our image as an employer is very positive: St1 is perceived as an attractive employer, and the meaningfulness of work, satisfaction with the work community and employee engagement have been repeatedly estimated to be very high in internal work environment surveys.

The principles of equal treatment are applied to all the employees of St1 Nordic group with regard to, for example, the allocation of work tasks, advancement opportunities, employee transfers, payroll issues, the planning of training, or the termination of an employment relationship.

Developing management skills and the operating culture

Annual performance reviews are conducted with all our employees. The need for competence development and training is identified through the performance reviews and daily managerial work.

For this reason, we continuously invest in the improvement of managerial and leadership skills. The training programme towards a Specialist Qualification in Technology continued in 2016 at St1 Biofuels in Finland.

In Sweden, we continued the development of change management and the operating culture, the initial phase of which involved management training programmes, and we extended the process to cover all employees.

The first year of operating under the ownership of St1 at the Norwegian organisation was a positive experience, with everyone building together a strong St1-team of top professionals. In the station network we continued a training programme called Talent Program, which attracted some 20 site managers and retailers around the country.

Well-being and safety at work are always key priorities

In 2016, we continued to support the participation of the group's employees in sports and social activities through clubs. We also organised recreational events for the employees. The sickness leave rates among St1 employees remained low in all our countries of operation. St1 employees have access to comprehensive occupational health services.

In order to ensure well-being at work, we launched group discussions at our organisation in Sweden that will focus on physical, mental, social and organizational well-being, as well as safety, diversity and environmental issues. In 2016, approximately half of St1 employees in Sweden took part in the discussions, and they will be continued in 2017.

Our operations are planned with a view of maximising safety throughout the group, and we take a proactive approach to preventing accidents at work. In 2016, only a few minor workplace accidents occurred to our employees in Finland. The incident and accident rates remained similarly low in Sweden and Norway. We review all accidents and dangerous occurrences closely in order to avoid them in the future. Safety is also maintained by providing training on a regular basis. ■

Our operations are planned with a view of maximising safety throughout the group.

CASE Personnel

CFO Christian Janssen launched a change process to ensure Finance organisation's ability to meet all the future needs.

The Retail organisation in Norway has developed a Talent Program which is mainly intended for managers of Shell service stations.

New talents, organisational tweaking and Nordic cooperation

The Retail organisation in Norway has developed a Talent Program which is mainly intended for managers of Shell service stations. The program launched in 2016 has 15 participants and, overall, 60 people have received training under the Talent Program in recent years. The program participants have included both experienced talents and rising stars from all over the country.

The Talent Program is a one-year program that contains five courses each lasting a few days on a wide range of topics, such as the retail concept, leadership and financial administration. In addition, between the sessions, the participants have "homework" in the form of assignments relating to their daily work. Depending on the topic, the program instructors are members of the Retail organisation or external consultants.

According to Learning Manager **Nina Heen**, the program has many benefits. "People have an opportunity for personal growth in their work, the owners of service stations achieve better results with their motivated managers, and improved competence is also visible to the customers in the form of better service," Nina says, and continues: "Based on the participants' feedback, in addition to the opportunity to improve their skills and knowledge, they find it fruitful to get to meet with other colleagues from around Norway and to build networks with people from other clusters." ■

Christian Janssen is the CFO of St1 Sweden's Finance organisation, supporting both the marketing and supply companies. In 2016, he launched a change process aimed at updating and tweaking the organisation in order to ensure its ability to meet all future needs.

"In the last few years, St1 has grown and changed from a conventional fuel distributor to a diverse energy company, with many new business functions added to the organisation. Here in the finance department, in addition to our daily tasks, we have been handling sizeable business projects, without having the time to stop and think whether our team still meets the changing needs. Now it is high time to do that, and so the process was initiated last year," says Christian.

All the employees of the finance department have been invited to give input to the organisational changes. Existing functions and services have been carefully reviewed, as well as an analysis done over what kinds of services are needed for various business functions in the future. At the same time, the staff is undergoing a change management process linked to the project being carried out at the finance department.

The finance department's project is still ongoing, and the actual organisational changes will be implemented during 2017. After the changes have been made, resources will be allocated in an improved and more focused manner to support various business functions. ■

Chief Accountant Markku Räsänen at the Finance organisation enjoys large-scale Nordic project for changing the Group's ERP system.

Sales manager Filip Stefanski has overall responsibility for pricing and unmanned station operations in Finland.

Markku Räsänen is Chief Accountant at the Finance organisation of St1 Nordic Group, which employs more than 20 people. He has worked in general accounting for over five years now, but in the last two years, he has also handled tasks under the project for changing the Group's ERP system. General accounting and the related functions were transferred to the new system in Norway and Finland in 2016.

"This is my first time participating in such a large-scale, Nordic project. It has been interesting to look at something familiar from a slightly different perspective and at the international level. In late 2015, I spent a lot of time in Norway, and I have been working closely with our Norwegian colleagues. The project is still ongoing and, by the beginning of next year, we will have completed the transition to the new system also in Sweden," says Markku.

"This project has made the importance of teamwork crystal clear: we are all needed and together we can do excellent things. We have a great team spirit and I enjoy coming to work every day. I can proudly say that I work at St1. It has been amazing to see how the company has evolved so far, and where the next step on this growth path will take us." ■

Filip Stefanski came to work for St1 in Finland in 2005 as the company was searching for a person who speaks Polish due to launching operations and opening service stations in Poland. Filip also took over pricing and unmanned station operations in Eastern Finland. The functions in Poland have since been discontinued; however, with the organisational changes arising from the Shell deal, Filip now has overall responsibility for pricing and unmanned station operations in Finland.

Filip has separated these two functions and now acts as a sales manager, leading teams of two pricing experts and three regional managers. Alongside his duties as a sales manager, he also handles unmanned station operations in the Helsinki capital region. In recent years, cooperation with the company's other countries of operation has increased, especially in the pricing activities. Now Norway has also made the transition to the same system.

Filip likes his job and enjoys the positive atmosphere and spirit of getting things done. "St1 employees clearly believe in the common values set for the company and are happy to comply with them. Both our teams work very close to the customers, so our goal is very simple: to provide the best possible experience for our customers, which means that our stations must always be maintained in the sort of condition that encourages customers to want to return there," Filip concludes. ■

Financial statements 2016

Report for 1 January 2016–31 December 2016

1. Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is a parent company to the St1 Nordic group whose principal line of business is the sale of traffic and heating fuels to consumers and the corporate sector in Finland, Sweden and Norway. Through its subsidiary St1 Biofuels Oy, the group manufactures, develops and sells biofuels. The subsidiary St1 Lähienergia Oy sells and installs devices based on renewable energy sources. 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). Associated company North European Bio Tech Oy constructs biofuels production units.

The group operates a total of 1,410 retail stations under the St1 and Shell brands in Finland, Sweden and Norway.

In 2016, the group's net sales were MEUR 4390.4; an increase of MEUR 787.9 from the previous year. 30% of the total revenue was generated in Finland, 35 % in Sweden and 35 % in Norway. The group's operating profit increased to MEUR 150.5 from MEUR 86,7 million in the previous year.

2. Group structure

St1 consists of two sister groups: St1 Group Oy and St1 Nordic Oy. St1 Nordic Oy is engaged in the retail and marketing of fuels and St1 Group in oil refining in Gothenburg, Sweden.

St1 Oy acquired its heating oil reseller Lämpöpuisto Oy on 1 August, 2016. Lämpöpuisto Oy is St1 Oy's subsidiary and continues its operations as an independent company. Uudenmaan Energiakaivot Oy, a subsidiary of St1 Lähienergia Oy, merged into its parent company on 31 August, 2016. The Norwegian subsidiary St1 Norge AS, which operates St1-branded unmanned stations in the Oslo area changed its name to St1 Norge Automat AS in August. Subsequently, Smart Fuel AS, which

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

	2016	2015	2014	2013	2012
Net sales, MEUR	**30.3**	7.8	3.5	0.0	0.0
Operating profit/loss, MEUR	**6.6**	7.7	-0.6	-0.1	-0.1
Operating profit, % of net sales	**21.7**	97.6	-16.6	-	-
Profit for the period, MEUR	**172.8**	37.6	28.2	-0.2	6.2
Return on equity %	**69.0**	31.3	27.3	-0.4	12.4
Equity ratio	**50.8**	29.8	35.5	44.4	95.5

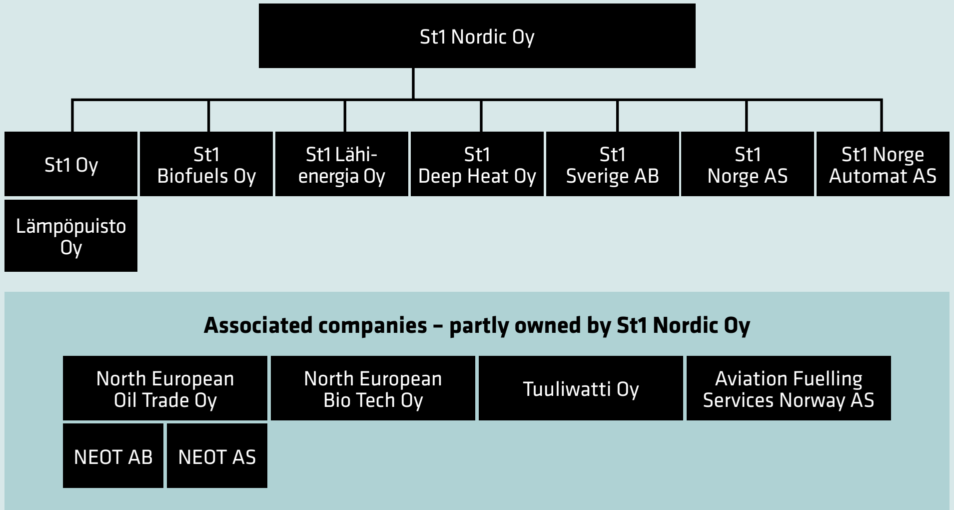
Key indicators of St1 Nordic group´s financial position and results of operations:

	2016	2015	2014	2013	2012
Net sales, MEUR	**4,390.4**	3,602.4	2,720.8	1,678.0	1,636.0
Operating profit/loss, MEUR	**150.5**	86.7	45.3	32.9	29.6
Operating profit % of net sales	**3.4**	2.4	1.7	2.0	1.8
Profit for the period, MEUR	**112.7**	72.4	38.2	25.8	21.6
Return on equity %	**30.9**	28.0	24.0	23.1	23.6
Equity ratio	**31.3**	26.7	28.3	25.0	30.1

focuses on Shell-branded stations and direct sales of fuels, changed its name to St1 Norge AS. Based on a competition authority ruling, St1 Nordic Oy is obliged to sell St1 Norge Automat AS and a share purchase agreement was signed in February 2016. However, the sale is still pending competition authority approval.

In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries, St1 Oy, Lämpöpuisto Oy, St1 Sverige AB, St1 Norge AS, St1 Norge Automat AS, St1 Biofuels Oy, St1 Lähienergia Oy, St1 Deep Heat Oy as well as Kiinteistö Oy Olarinluoman huoltamo. The business operations of St1 Polska Sp. Z.o.o. were terminated in 2011, when the company disposed all of its retail stations. St1 Biofuels Sweden AB is not currently operational.

Group associated companies comprise North European Oil Trade Oy, North European Bio Tech Oy and Tuuliwatti Oy. In addition, St1 Nordic Oy acquired from its sister company St1 Group Oy its 50 % share in the Norwegian company Aviation Fuelling Services Norway AS in April 2016. The associated company engages in the aircraft refuelling in Norway and purchases its products from St1 Norge AS.



3. Company shares

	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Share capital	**100,000**	100,000	100,000	100,000	100,000
A-shares	**20,000,000**	20,000,000	21,351,863	14,545,500	14,545,500
B-shares	**4,912,285**	4,912,285			

The parent company owned 5.6% of its own shares at the end of 2016, after acquiring 1.403.000 B-shares in 2016. The shares do not have voting rights. The shares had been issued in 2015 in an issue aimed at strengthening the company's capital structure for the St1 Norge AS (former Smart Fuel AS) transaction and was directed to the current owners. The company acquired the shares at a price of 11.40 euro/share which was the same as the issue price.

4. Investments

The group's largest investment in 2016 was the construction of St1 Deep Heat Oy's geothermal pilot plant in Otaniemi, Espoo. Other investments focused on the development and maintenance of current business activities as well as new IT-systems. In addition, St1 Nordic Oy acquired a 50 % share in the Norwegian company Aviation Fuelling Services Norway AS and St1 Oy bought Lämpöpuisto Oy.

The group's investments in tangible and intangibles assets as well as daughther company and associated company shares totalled EUR 127 million.

The subsidiaries St1 Biofuels Oy and St1 Deep Heat Oy have capitalized development expenses. The costs of St1 Biofuels 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 Biofuels 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 in six countries, in addition two patent applications have been placed in EU level. 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.

During the accounting period daughter company St1 Oy (seller) and mother company Keele Oy (buyer) also carried through the land transaction for which a pre-sale agreement had been signed in 2014. Final purchase price amounted to MEUR 19.4, of which MEUR 10 had been settled as prepayment.

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
- 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 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 to integrate IT solutions.

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 core competencies are related to business processes comprising sales and procurement, 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 for traffic and heating. 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.

Oil price changes do not have a significant impact on the group's result, as the group mainly has product inventories at retail sites. The volume of these inventories is small and the turnover is high.

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.

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 109 million, compared to approximately EUR 198 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 financial period.

Currency risk: Because the majority of the group's cash flow is denominated in local currencies, the group's exposure to currency risk (financial risk and transaction risk) is mostly limited to 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.

6. An estimate of probable future development

In the view of the group management, the business environment will remain challenging for the next financial year. In the traffic fuels trade, competition in the group's home market, particularly in Finland, remains overemphasised. The group aims to further improve its competitiveness by rationalising systems and business processes, as well as by measures to improve the average sales of retail stations.

7. Significant events after the end of the financial period

The drilling works at St1 Deep Heat Oy's pilot plant in Otaniemi were paused for approximately half a year in March. The company now develops better water hammer technology and expects to continue drilling from the current 4.5 km depth in the autumn.

8. Personnel

Key figures describing the group's personnel

	2016	2015	2014	2013	2012
Average number of personnel during the financial period	**537**	419	286	193	175
Wages and salaries during the financial period, MEUR	**40.2**	37.9	18.2	12.5	12.1

9. Organisation

The company's Board of Directors consisted of Mika Anttonen (chair), Mikko Koskimies, Juha Kokko and Mika Jokinen. Kim Wiio was the company's Chief Executive Officer.

The company's auditor was PricewaterhouseCoopers Oy.

10. Proposal for profit distribution

The Board of Directors proposes that the company will pay a dividend of EUR 3,000,000.00 to the A-shares and EUR 2,631,588.75 to the B-shares for the financial year ended and transfer the remaining financial year's profit to the 'Retained earnings' account.

Consolidated income statement

1,000 €	Notes	1.1.–31.12.2016	1.1.–31.12.2015
NET SALES	1.	**4,390,372**	3,602,436
Other operating income	2.	**101,588**	45,878
Materials and services			
Materials, supplies and products			
Purchases during the period		**-3,917,781**	-3,272,592
Change in inventories		**-111,462**	-73,132
External services		**-5,406**	-437
		-4,034,649	-3,346,162
Personnel expenses			
Wages and salaries		**-40,238**	-37,870
Social security costs			
Pension costs		**-6,810**	-5,938
Other social security costs		**-5,773**	-5,762
		-52,821	-49,571
Depreciation and amortisation			
Depreciation and amortisation according to plan	5.	**-50,314**	-32,960
Amortisation of goodwill	5.	**-10,287**	-3,019
		-60,601	-35,979
Other operating expenses	6.	**-193,367**	-129,891

Consolidated income statement

1,000 €	Notes	1.1.–31.12.2016	1.1.–31.12.2015
OPERATING PROFIT		**150,523**	86,710
Finance income and costs			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	**3,492**	13,856
Income from group undertakings	7.	**388**	0
Other interest and finance income	7.	**3,657**	4,356
Impairment of investments in non-current assets	7.	**0**	-1,480
Interest expenses and other finance costs			
To others	7.	**-12,864**	-13,031
		-5,327	3,702
PROFIT BEFORE APPROPRIATIONS AND TAX		**145,196**	90,412
Current income tax	9.	**-35,107**	-17,492
Deferred tax	9.	**2,587**	-542
		-32,520	-18,035
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		**112,676**	72,378
PROFIT FOR THE PERIOD		**112,676**	72,378

Consolidated balance sheet

1,000 €	Notes	31.12.2016	31.12.2015
NON-CURRENT ASSETS			
Intangible assets			
Capitalised development expenditure	10.	**2,116**	2,608
Intangible rights	10.	**12,709**	1,685
Goodwill	10.	**992**	1,388
Goodwill on consolidation	10.	**187,703**	187,404
Other capitalised long-term expenditure	10.	**4,443**	15,593
		207,964	208,678
Tangible assets			
Land and water areas	11.	**123,208**	138,044
Buildings and structures	11.	**108,869**	132,430
Machinery and equipment	11.	**199,007**	182,943
Other tangible assets	11.	**18,476**	15,303
Advance payments and construction in progress	11.	**40,831**	7,955
		490,390	476,677
Investments			
Investments in associated companies	13.	**96,050**	54,085
Other shares and holdings	13.	**3,263**	1,155
Other receivables	13.	**18,252**	14,258
Other investments	13.	**260**	2,516
		117,826	72,014

1,000 €	Notes	31.12.2016	31.12.2015
CURRENT ASSETS			
Inventories			
Materials and supplies		**69,878**	57,832
Receivables			
Non-current receivables			
Deferred tax assets	17.	**1,586**	2,692
Loan receivables		**1,562**	1,537
		3,148	4,229
Current receivables			
Trade receivables		**286,268**	240,404
Receivables from Group companies:	14.		
Trade receivables		**0**	374
Other receivables		**2,007**	1,987
Receivables from associated companies	14.	**0**	107
Loan receivables		**14**	26
Other receivables		**22,061**	5,553
Prepayments and accrued income	19.	**52,436**	58,679
		362,786	307,129
Cash and cash equivalents		**60,928**	86,396
		1,312,920	1,212,954

Consolidated balance sheet

1,000 €	Notes	31.12.2016	31.12.2015
Equity and liabilities			
EQUITY			
Share capital	15.	**100**	100
Revaluation reserve	12.,15.	**40,093**	45,908
		40,193	46,008
Reserve for invested unrestricted equity	15.	**58,801**	75,021
Retained earnings	15.	**197,179**	127,360
Profit (loss) for the period	15.	**112,676**	72,378
		368,656	274,759
Total equity		**408,849**	320,767
PROVISIONS			
Other provisions	16.	**47,556**	47,701
		47,556	47,701

1,000 €	Notes	31.12.2016	31.12.2015
LIABILITIES			
Non-current			
Loans from financial institutions		**108,730**	77,800
Bonds		**100,000**	100,000
Deferred tax liabilities	17.	**0**	4,350
Other liabilities		**250**	0
		208,980	182,150
Current			
Loans from financial institutions		**111**	119,920
Commercial paper		**50,000**	0
Advance payments		**7,251**	9,309
Trade payables		**104,319**	111,566
Liabilities to Group companies:			
Trade payables	18.	**49,428**	36,195
Other liabilities		**0**	980
Deferred tax liabilities	17.	**40,975**	40,523
Liabilities to associated companies:			
Trade payables		**143,987**	106,578
Other liabilities		**148,038**	126,384
Accruals and deferred income	20.	**103,425**	110,881
		647,535	662,336
		1,312,920	1,212,954

Consolidated cash flow statement

1,000 €	**1.1.–31.12.2016**	1.1.–31.12.2015
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	**145,196**	90,412
Adjustments:		
Depreciation and amortisation according to plan	**60,601**	35,979
Unrealized exchange rate gains and losses	**0**	-928
Other income and expenses with non-cash transactions	**-3,649**	-449
Other finance income and costs	**5,327**	-3,777
Reduction in value of long-term investments	**0**	1,480
Cash flow before change in working capital	**207,475**	122,717
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	**-50,084**	57,485
Increase (-)/ decrease (+) in inventories	**-11,588**	26,724
Increase (+)/ decrease (-) in current non-interest bearing payables	**23,593**	-13,253
Cash flow from (used in) operating activities before financial items and taxes	**169,396**	193,674
Interest paid and charges on other finance costs	**-7,889**	-12,285
Interest received	**3,555**	4,356
Taxes paid	**-11,794**	-10,292
Net cash generated from operating activities (A)	**153,267**	175,454

1,000 €	**1.1.–31.12.2016**	1.1.–31.12.2015
Cash flow from investing activities:		
Purchase of tangible and intangible assets	**-73,717**	-23,888
Acquisitions deducted by acquired cash and cash aquivalents	**-10,801**	-303,753
Proceeds from sale of tangible and intangible assets	**10,326**	3,920
Loans granted	**-3,377**	-8,330
Purchase of other investments	**-39,383**	0
Net cash used in investing activities (B)	**-116,951**	-332,050
Cash flow from financing activities:		
Purchase of own shares	**-16,220**	0
Increase in reserve for invested unrestricted equity	**0**	56,000
Proceeds from current loans	**50,000**	119,408
Repayment of current loans	**-120,020**	-1,711
Proceeds from long-term loans	**31,140**	24,387
Dividends paid and other profit distribution	**-6,684**	-3,000
Net cash used in financing activities (C)	**-61,784**	195,084
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	**-25,468**	38,488
Cash and cash equivalents at beginning of period	**86,396**	47,908
Cash and cash equivalents at end of period	**60,928**	86,396

Parent company income statement

€	Notes	1.1.–31.12.2016	1.1.–31.12.2015
NET SALES	1.	**30,318,965.46**	7,845,918.22
Other operating income	2.	**7,582,003.89**	8,470,158.48
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		**-12,190,331.23**	0.00
Personnel expenses			
Wages and salaries		**-4,898,049.78**	-2,806,738.21
Social security costs			
Pension costs		**-915,857.29**	-497,894.23
Other social security costs		**-382,719.76**	-121,020.07
		-6,196,626.83	-3,425,652.51
Depreciation according to plan	5.	**-853,721.33**	-259,020.63
Other operating expenses	6.	**-12,095,013.23**	-4,977,390.13

€	Notes	1.1.–31.12.2016	1.1.–31.12.2015
OPERATING PROFIT		**6,565,276.73**	7,654,013.43
Finance income and costs			
Income from shares in group companies	7.	**167,665,219.27**	36,778,823.78
Income from shares in associated companies	7.	**909,881.31**	96,000.00
Other interest and finance income			
From group companies	7.	**3,665,798.71**	1,417,325.86
From others	7.	**1,206,073.54**	784,541.83
Interest expenses and other finance costs			
To group companies	7.	**-4,469,804.73**	-2,950,137.78
To others	7.	**-9,489,999.07**	-6,170,231.92
		159,487,169.03	29,956,321.77
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX		**166,052,445.76**	37,610,335.20
Appropriations			
Received (+), given (-) group contributions	8.	**6,750,000.00**	0.00
PROFIT FOR THE PERIOD		**172,802,445.76**	37,610,335.20

Parent company balance sheet

€	Notes	1.1.–31.12.2016	1.1.–31.12.2015
Assets			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	10.	**11,908,640.03**	1,342,648.57
Advance payments	10.	**0.00**	8,808.95
Other capitalised long-term expenses	10.	**423,854.22**	3,312,641.93
		12,332,494.25	4,664,099.45
Property, plant and equipment			
Machinery and equipment	11.	**721,139.16**	22,056.29
Advance payments and construction in progress	11.	**0.00**	312,250.00
		721,139.16	334,306.29
Investments			
Shares in group companies	13.	**446,611,371.15**	446,611,371.15
Receivables from group companies		**2,521,342.45**	1,681,342.45
Investments in associated companies	13.	**69,226,917.03**	29,847,500.00
Receivables from associated companies		**18,190,198.19**	14,167,353.14
Other shares and holdings	13.	**20,765.69**	227,393.69
		536,570,594.51	492,534,960.43

€	Notes	1.1.–31.12.2016	1.1.–31.12.2015
CURRENT ASSETS			
Receivables			
Non-current receivables			
Loan receivables		**59,579,243.00**	23,292,127.49
		59,579,243.00	23,292,127.49
Current receivables			
Trade receivables		**2,786.89**	42,627.80
Receivables from group companies	14.	**7,844,143.70**	4,364,637.80
Receivables from associated companies	14.	**108,371.56**	106,927.40
Loan receivables		**8,907.08**	8,951.39
Other receivables		**198,118.51**	579,719.28
Prepaid expenses and accrued income	19.	**3,106,581.75**	7,182,537.66
		11,268,909.49	12,285,401.33
Cash and cash equivalents		**33,188.46**	23,228,360.68
		620,505,568.87	556,339,255.67

Parent company balance sheet

€	Notes	31.12.2016	31.12.2015
Equity and Liabilities			
EQUITY			
Share capital	15.	**100,000.00**	100,000.00
Reserve for invested unrestricted equity	15.	**58,670,475.98**	74,926,374.38
Retained earnings	15.	**83,867,112.96**	52,940,993.51
Profit for the period		**172,802,445.76**	37,610,335.20
		315,340,034.70	165,477,703.09
TOTAL EQUITY		**315,440,034.70**	165,577,703.09
LIABILITIES			
Non-current			
Bonds		**100,000,000.00**	100,000,000.00
Liabilities to group companies	18.	**145,592,067.76**	157,479,907.99
		245,592,067.76	257,479,907.99
Current			
Loans from financial institutions		**0.00**	119,408,468.80
Commercial paper		**50,000,000.00**	0.00
Trade payables		**1,383,431.41**	696,405.74
Liabilities to group companies	18.	**3,192,561.12**	127,763.72
Other liabilities		**623,635.37**	9,761,405.58
Accruals and deferred income	20.	**4,273,838.51**	3,287,600.75
		59,473,466.41	133,281,644.59
TOTAL LIABILITIES		**305,065,534.17**	390,761,552.58
		620,505,568.87	556,339,255.67

Parent company cash flow statement

€	1.1.–31.12.2016	1.1.–31.12.2015
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	**166,052,445.76**	37,610,335.20
Adjustments:		
Depreciation and amortisation according to plan	**853,721.33**	259,020.63
Unrealised exchange rate profits and losses	**244,094.23**	-865,815.69
Finance income and costs	**-159,487,169.03**	-29,956,321.77
Other adjustments	**-2,225,819.76**	-4,694,583.68
Cash flow before change in working capital	**5,437,272.53**	2,352,634.69
Change in working capital:		
Increase (-)/ decrease (+) in inventories		
Increase (-)/ decrease (+) in current non-interest bearing receivables	**1,016,491.84**	-5,423,637.83
Increase (+)/ decrease (-) in current non-interest bearing payables	**-4,399,709.38**	11,252,427.77
Cash flow from operating activities before financial items and taxes	**2,054,054.99**	8,181,424.63
Interest paid and other financial expenses	**-9,881,951.65**	-8,254,554.01
Interest received from operating activities	**2,917,213.57**	2,192,267.69
Net cash generated from operating activities (A)	**-4,910,683.09**	2,119,138.31

€	1.1.–31.12.2016	1.1.–31.12.2015
Cash flow from investing activities:		
Purchase of property, plant and equipment and intangible assets	**-9,019,040.39**	-5,229,546.37
Proceeds from sale of property, plant and equipment and intangible assets	**495,000.00**	3,920,000.00
Investments in associated and subsidiary companies	**-39,379,417.03**	-334,541,132.46
Loans granted	**-55,596,100.00**	-16,253,166.67
Dividends received	**168,581,100.58**	36,884,423.78
Repayment of loan receivables	**16,650,000.00**	39,701,262.08
Net cash used in investing activities (B)	**81,731,543.16**	-275,518,159.64
Cash flow from financing activities:		
Capital increase	**0.00**	56,000,049.00
Purchase of own shares	**-16,255,898.40**	0.00
Proceeds from current loans	**50,000,000.00**	119,408,468.80
Repayment of current loans	**-119,408,468.80**	0.00
Repayment of long-term loans	**-7,667,449.34**	0.00
Proceeds from long-term loans	**0.00**	123,657,449.46
Dividends paid and other profit distribution	**-6,684,215.75**	-3,000,000.00
Net cash used in financing activities (C)	**-100,016,032.29**	296,065,967.26
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	**-23,195,172.22**	22,666,945.93
Cash and cash equivalents at beginning of period	**23,228,360.68**	561,414.75
Cash and cash equivalents at end of period	**33,188.46**	23,228,360.68

Notes to the financial statement 31 December 2016

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Financial period

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

Consolidated financial statements

St1 group comprises two sister groups: St1 Group Oy and St1 Nordic Oy. The group´s fuel retail and marketing operations are located in St1 Nordic while the refinery operations are located in St1 Group.

The subsidiaries St1 Oy, St1 Biofuels Oy, St1 Lähienergia Oy, Lämpöpuisto Oy, St1 Sverige AB, St1 Norge AS, St1 Norge Automat AS, St1 Biofuels Sweden AB, St1 Polska Sp z.o.o, Kiinteistö Oy Olarinluoman huoltamo, St1 Deep Heat Oy as well as the associated companies North European Oil Trade Oy, North European Bio Tech Oy, Tuuliwatti Oy and Aviation Fuelling Services Norway 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 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
intangible rights and other long-term capitalised expenditure	5 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

M€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Liquid fuels	**4,355.3**	3,585.5	**0.0**	0.0
Energy products and electricity	**26.5**	10.4	**12.2**	0.0
Other	**8.5**	6.5	**18.1**	7.8
	4,390.4	3,602.4	**30.3**	7.8
Domestic	**1,301.6**	1,367.6	**30.3**	7.8
Foreign	**3,088.8**	2,234.9	**0.0**	0.0
	4,390.4	3,602.4	**30.3**	7.8

2. Other operating income

M€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Gains on sale of non-current assets and shares	**19.5**	5.7	**0.3**	0.0
Other operating income	**82.1**	40.2	**7.3**	8.5
	101.6	45.9	**7.6**	8.5

During the accounting period daughter company St1 Oy and mother company Keele Oy carried through the land transaction for which a pre-sale agreement had been signed in 2014. Final purchase price amounted to MEUR 19.4, of which MEUR 10 had been settled as prepayment.

3. Average number of personnel

	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Personnel on average	**537**	419	**54**	28
	537	419	**54**	28

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 1,008,820.31 (1,360,359.67 in 2015).

5. Depreciation, amortisation and impairment charges

€	Consolidated 2016	2015	Parent company 2016	2015
Depreciation and amortisation according to plan				
Intangible assets				
Capitalised development expenses	**299,251.24**	320,609.88	**0.00**	0.00
Intangible rights	**1,383,496.34**	134,831.88	**757,973.78**	49,727.70
Goodwill	**1,050,469.77**	1,208,861.81	**0.00**	0.00
Other long-term capitalised expenditure	**3,157,646.78**	2,620,608.88	**70,642.23**	201,940.83
Tangible assets				
Buildings and structures	**14,958,670.71**	9,100,925.65	**0.00**	0.00
Machinery and equipment	**26,217,812.84**	17,555,134.76	**25,105.32**	7,352.10
Other tangible assets	**3,246,928.77**	2,018,925.00	**0.00**	0.00
	50,314,276.45	32,959,897.86	**853,721.33**	259,020.63
Amortisation of goodwill on consolidation	**10,286,747.83**	3,019,143.31		
	10,286,747.83	3,019,143.31		
Depreciation and amortisation according to plan, total	**60,601,024.28**	35,979,041.17	**853,721.33**	259,020.63

6. Other operating expenses

€	Consolidated 2016	2015	Parent company 2016	2015
Rents	**46,591,296.62**	27,965,944.21	**786,549.97**	584,416.42
Advertising and sales promotion	**24,036,773.41**	15,857,861.85	**23,009.23**	531.96
Operating and maintenance expenses	**58,628,123.15**	39,232,657.29	**7,699.19**	0.00
Other operating expenses	**64,111,148.0**	46,835,003.37	**11,277,754.84**	4,392,441.75
	193,367,341.18	129,891,466.72	**12,095,013.23**	4,977,390.13

7. Finance income and expenses

€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Income from investments in other non-current assets				
From group companies	**388,095.55**	0.00	**167,665,219.27**	36,778,823.78
From associated companies	**3,492,474.48**	13,856,420.38	**909,881.31**	96,000.00
	3,880,570.03	13,856,420.38	**168,575,100.58**	36,874,823.78
Other interest and finance income				
From group companies	**0.00**	0.00	**1,717,140.03**	1,417,325.86
From others	**3,656,938.85**	4,356,301.71	**1,206,073.54**	784,541.83
	3,656,938.85	4,356,301.71	**2,923,213.57**	2,201,867.69
Impairment of investments				
Impairment of investments to non-current assets	**0.00**	1,480,000.00	**0.00**	0.00
Interest costs and other finance costs				
To group companies	**0.00**	0.00	**2,521,146.05**	2,950,137.78
To others	**12,864,493.09**	13,030,822.68	**9,489,999.07**	6,170,231.92
	12,864,493.09	13,030,822.68	**12,011,145.12**	9,120,369.70
Finance income and expenses, total	**-5,326,984.21**	3,701,899.41	**159,487,169.03**	29,956,321.77

8. Appropriations

€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Group contribution	**0.00**	0.00	**6,750,000.00**	0.00
	0.00	0.00	**6,750,000.00**	0.00

9. Income taxes

€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Current tax on profits for the financial period	**35,106,906.24**	17,492,389.61	**0.00**	0.00
Change in deferred taxes	**-2,586,809.15**	542,128.80	**0.00**	0.00
	32,520,097.09	18,034,518.41	**0.00**	0.00

Notes to the balance sheet

TANGIBLE AND INTANGIBLE ASSETS IN THE GROUP

Capitalised development expenditure and intangible rights

The costs of St1 Biofuels Oy's 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 Biofuels 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 in six countries, in addition two patent applications have been placed in EU level. The item is presented in intangible rights. The anticipated return of the capitalised development expenditure significantly exceeds 5 years.

The development costs for the construction of St1 Deep Heat Oy's 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 decision has been made. The longer planned depreciation period is founded on income expectations which significantly exceed 5 years. Should actual construction not begin or would be interrupted, the development expenses would be written off.

10. Intangible assets

€	Intangible rights	Other long-term expenses	Advance payments and construction in progress	Total
Parent company				
Acquisition cost January 1, 2016	4,573,702.44	81,588.07	8,808.95	4,664,099.46
Additions	8,306,920.89	510,140.62	0.00	8,817,061.51
Disposals	-12,068.69	0.00	-8,808.95	-20,877.64
Acquisition cost December 31, 2016	12,868,554.64	591,728.69	0.00	13,460,283.33
Accumulated amortisation	-201,940.83	-97,232.24	0.00	-299,173.07
Amortisation during the financial period	-757,973.78	-70,642.23	0.00	-828,616.01
Accumulated amortisation December 31, 2016	-959,914.61	-167,874.47	0.00	-1,127,789.08
Net book value December 31, 2016	11,908,640.03	423,854.22	0.00	12,332,494.25

€	Development expenses	Intangible rights	Goodwill
Group			
Acquisition cost January 1, 2016	3,287,480.99	12,138,358.10	10,193,923.09
Additions	14,951.50	8,352,367.56	0.00
Disposals	-207,171.10	-47,897.33	-31,405.39
Translation difference	0.00	-73,259.96	-82,130.24
Acquisition cost December 31, 2016	3,095,261.39	20,369,568.37	10,080,387.46
Accumulated amortisation	-679,624.97	-6,276,865.57	-8,037,450.12
Amortisation during the financial period	-299,251.24	-1,383,496.34	-1,050,469.76
Accumulated amortisation December 31, 2016	-978,876.21	-7,660,361.91	-9,087,919.88
Net book value December 31, 2016	2,116,385.18	12,709,206.46	992,467.58

€	Goodwill on consolidation	Other long-term expenses	Total
Acquisition cost January 1, 2016	194,848,517.34	15,242,037.51	235,710,317.03
Additions	10,585,881.31	291,654.95	19,244,855.32
Disposals	0.00	-478,513.27	-764,987.09
Translation difference	0.00	272,142.67	116,752.47
Acquisition cost December 31, 2016	205,434,398.65	15,327,321.86	254,306,937.73
Accumulated depreciation	-7,444,926.95	-7,726,461.04	-30,165,328.65
Depreciation during the financial period	-10,286,747.83	-3,157,646.78	-16,177,611.95
Accumulated depreciation December 31, 2016	-17,731,674.78	-10,884,107.82	-46,342,940.60
Net book value December 31, 2016	187,702,723.87	4,443,214.04	207,963,997.13

11. Tangible assets

€	Machinery and equipment	Advance payments and construction in progress	Total
Parent company			
Acquisition cost January 1, 2016	29,408.39	312,250.00	341,658.39
Additions	724,188.19	0.00	724,188.19
Disposals	0.00	-312,250.00	-312,250.00
Acquisition cost December 31, 2016	753,596.58	0.00	753,596.58
Accumulated depreciation	-7,352.10	0.00	-7,352.10
Depreciation during the financial period	-25,105.32	0.00	-25,105.32
Accumulated depreciation December 31, 2016	-32,457.42	0.00	-32,457.42
Net book value December 31, 2016	721,139.16	0.00	721,139.16

€	Land	Buildings	Machinery and equipment	Other tangible assets
Group				
Acquisition cost January 1, 2016	54,130,577.68	178,600,404.39	313,128,404.37	36,279,669.44
Additions	928,276.01	7,550,201.94	21,563,302.92	2,171,061.41
Disposals	-712,744.01	-1,263,583.15	-6,231,452.65	-1,906,868.33
Translation difference	-784,311.34	2,715,045.61	-614,599.21	1,029,793.80
Acquisition cost December 31, 2016	53,561,798.34	187,602,068.79	327,845,655.43	37,573,656.32
Accumulated depreciation	0.00	-85,833,769.68	-126,413,507.54	-18,494,901.11
Depreciation during the financial period	0.00	-14,958,670.72	-26,217,812.84	-3,246,928.77
Accumulated depreciation December 31, 2016	0.00	-100,792,440.40	-152,631,320.38	-21,741,829.88
Revaluation January 1, 2016	85,796,151.80	22,058,992.18	23,793,158.15	2,643,684.24
Additions	0.00	0.00	0.00	0.00
Disposals	-16,150,149.41	0.00	0.00	0.00
Revaluation December 31, 2016	69,646,002.39	22,058,992.18	23,793,158.15	2,643,684.24
Net book value December 31, 2016	123,207,800.73	108,868,620.57	199,007,493.21	18,475,510.68

€	Advance payments and construction in progress	Total
Acquisition cost January 1, 2016	9,818,427.42	591,957,483.30
Additions	60,114,133.61	92,326,975.89
Disposals	-28,297,668.18	-38,412,316.32
Translation difference	-803,897.29	1,542,031.57
Acquisition cost December 31, 2016	40,830,995.56	647,414,174.44
Accumulated depreciation	0.00	-230,742,178.33
Depreciation during the financial period	0.00	-44,423,412.33
Accumulated depreciation December 31, 2016	0.00	-275,165,590.66
Revaluation January 1, 2016	0.00	134,291,986.37
Additions	0.00	0.00
Disposals		-16,150,149.41
Revaluation December 31, 2016	0.00	118,141,836.96
Net book value December 31, 2016	40,830,995.56	490,390,420.75

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%	100,00%
St1 Polska Sp. z.o o	100,00%	100,00%
St1 Biofuels Sweden AB	100,00%	100,00%
St1 Sverige AB	100,00%	100,00%
St1 Norge AS	100,00%	100,00%
St1 Norge Automat AS	100,00%	100,00%
St1 Biofuels Oy	100,00%	100,00%
Lämpöpuisto Oy	100,00%	0,00%
Pohjolan Polttoainepalvelut Oy	100,00%	0,00%
St1 Deep Heat Oy	100,00%	100,00%

Associated companies	Group ownership	Parent ownership
Tuuliwatti Oy	50%	50%
Equity EUR 85,459,332.73 and loss for the period EUR -2,264.91		
North European Oil Trade Oy	49%	49%
Equity EUR 11,810,000.00 and profit for the period EUR 4,120,000.00		
North European Bio Tech Oy	50%	50%
Equity EUR 6,399,191.57 and loss for the period EUR -269.755,52		
Aviation Fuelling Services Norway AS	50%	50%
Equity EUR 20,638,459.35 and profit for the period EUR 6,344,746.59		

Investments, parent company

Shares

€	Group companies	Associated companies	Others	Total
Acquisition cost January 1, 2016	446,611,371.15	29,847,500.00	227,393.69	476,686,264.84
Additions	0.00	39,379,417.03	0.00	39,379,417.03
Disposals	0.00	0.00	-206,628.00	-206,628.00
Acquisition cost December 31, 2016	446,611,371.15	69,226,917.03	20,765.69	515,859,053.87
Net book value December 31, 2016	446,611,371.15	69,226,917.03	20,765.69	515,859,053.87

Investments in the group

	Shares		Receivables	
€	Associated companies	Others	Others	Total
Acquisition cost January 1, 2016	54,084,743.05	3,671,252.01	14,257,771.01	72,013,766.07
Additions	41,965,199.91	58,888.25	4,266,872.46	46,290,960.62
Disposals	0.00	-206,628.00	-272,355.02	-478,983.02
Acquisition cost December 31, 2016	96,049,942.96	3,523,512.26	18,252,288.45	117,825,743.67
Net book value December 31, 2016	96,049,942.96	3,523,512.26	18,252,288.45	117,825,743.67

14. Receivables from group companies

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Current				
Trade receivables	**0.00**	373,576.00	**7,844,143.70**	4,364,637.80
Other receivables	**2,006,963.60**	1,986,885.31	**0.00**	0.00
Loan receivables	**0.00**	0.00	**0.00**	0.00
	2,006,963.60	2,360,461.31	**7,844,143.70**	4,364,637.80
Long-term				
Loan receivables	**0.00**	0.00	**59,579,243.00**	23,292,127.49

Receivables from associated companies

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Equity loans	**18,190,198.19**	14,167,353.14	**18,190,198.19**	14,167,353.14
Current				
Trade receivables	**0.00**	106,927.40	**108,371.56**	106,927.40

15. Equity

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Share capital January 1	**100,000.00**	100,000.00	**100,000.00**	100,000.00
Increase in the share capital				
Share capital December 31	**100,000.00**	100,000.00	**100,000.00**	100,000.00
Revaluation reserve January 1	**45,907,770.53**	45,907,770.53	**0.00**	0.00
Change	**-5,814,477.14**	0.00	**0.00**	0.00
Revaluation reserve December 31	**40,093,293.39**	45,907,770.53	**0.00**	0.00
Reserve for invested unrestricted equity January 1	**75,021,374.38**	19,021,325.38	**74,926,374.38**	18,926,325.38
Change	**-16,219,898.40**	56,000,049.00	**-16,255,898.40**	56,000,049.00
Reserve for invested unrestricted equity December 31	**58,801,475.98**	75,021,374.38	**58,670,475.98**	74,926,374.38
Retained earnings January 1	**199,737,828.29**	130,794,826.54	**90,551,328.71**	55,940,993.51
Dividend distribution	**-6,684,215.75**	-3,000,000.00	**-6,684,215.75**	-3,000,000.00
Translation differences of foreign subsidiaries	**4,125,042.01**	-434,594.57	**0.00**	0.00
Retained earnings December 31	**197,178,654.55**	127,360,231.97	**83,867,112.96**	52,940,993.51
Profit for the period	**112,675,651.33**	72,377,596.32	**172,802,445.76**	37,610,335.20
	368,655,781.87	274,759,202.67	**315,340,034.70**	165,477,703.09
Capitalized development expenditure	**-2,116,385.18**	-2,607,855.12	**0.00**	0.00
Distributable earnings December 31	**366,539,396.69**	272,151,347.55	**315,340,034.70**	165,477,703.09

The company's share capital by type of shares	31.12.2016	31.12.2015
Shares, amount		
A-shares (1 vote / share)	**20,000,000 (80.3%)**	20,000,000 (80.3%)
B-shares (no voting rights)	**4,912,285 (19.7%)**	4,912,285 (19.7%)

B-shares carry a 5-fold dividend right compared to A-shares. During the accounting period the company acquired 1,403,500 B-shares and owned at the end of the accounting period 1,403,500 B-shares (28,6 % of B-shares, 0 % of votes). The Board of Directors proposes that the company will pay a dividend of EUR 3,000,000.00 to the A-shares and EUR 2,631,588.75 to the B-shares for the financial year ended and transfer the remaining financial year's profit to the 'Retained earnings' account.

16. Provisions

	Consolidated	
€	2016	2015
Certain retirement pensions for which company is liable	**33,453,560.35**	35,561,054.24
Other provisions	**535,241.12**	1,130,494.00
Expected environmental obligations	**13,567,572.97**	11,009,746.33
Total provisions	**47,556,374.44**	47,701,294.57

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 provision in St1 Sverige AB and of pension provision in St1 Oy.

17. Deferred tax assets and liabilities

	Consolidated	
€	2016	2015
Deferred tax assets		
From provisions	**1,585,982.80**	2,692,152.67
	1,585,982.80	2,692,152.67
Deferred tax liabilities		
From appropriations	**9,063,916.69**	9,125,796.00
From revaluations and goodwill allocations	**25,540,548.29**	32,237,707.02
From consolidation	**6,370,719.44**	3,510,113.64
	40,975,184.42	44,873,616.66

18. Liabilities to group companies

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Non-current loans	**0.00**	0.00	**145,592,067.76**	157,479,907.99
Current loans:				
Trade payables	**49,428,486.07**	36,194,555.08	**1,019,464.19**	33,316.60
Other liabilities	**0.00**	979,726.03	**0.00**	0.00
Accruals and deferred income	**0.00**	0.00	**2,173,096.93**	94,447.12
	49,428,486.07	37,174,281.11	**148,784,628.88**	157,607,671.71

19. Adjusting entries for assets/Receivables carried forward

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Cost allocations	**16,750,398.68**	40,700,464.30	**1,547,381.59**	5,346,927.67
Financing cost allocations	**0.00**	0.00	**1,559,200.16**	986,056.31
Tax receivables	**822,602.16**	2,407,072.77	**198,118.51**	0.00
Other adjusting entries	**34,863,251.71**	15,571,145.80	**0.00**	849,553.68
	52,436,252.55	58,678,682.87	**3,304,700.26**	7,182,537.66

20. Accrued expenses

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Personnel cost accruals	**7,740,862.10**	16,523,344.77	**648,658.96**	628,494.56
Interest accruals	**2,628,356.20**	2,490,214.46	**2,373,287.70**	2,483,871.80
Cost provisions	**1,920,861.33**	24,839,662.50	**1,248,091.85**	171,434.39
Tax accruals	**52,985,719.63**	3,249,102.21	**0.00**	0.00
Other accrued expenses	**38,149,560.90**	63,778,483.88	**3,800.00**	3,800.00
	103,425,360.16	110,880,807.82	**4,273,838.51**	3,287,600.75

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 %.

Commercial paper program

St1 Nordic launched a Commercial paper program in November 2016. Maximum size of the program is 150 MEUR and it is used for short-term working capital purposes. Outstanding amount at the end of the year was 50 MEUR.

Revolving Facility Agreement

St1 has a 150 million euro revolving facility agreement which has been extended until 20 May, 2019.

22. Commitments and contingencies

€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Liabilities for which business mortgage, real estate mortgage or shares have been given as collateral				
Loans from financial institutions	**320,445.55**	831,556.67	**0.00**	0.00
Guarantees on behalf of others	**0.00**	0.00	**0.00**	0.00
Total	**320,445.55**	831,556.67	**0.00**	0.00
Mortgages given as collateral				
Business mortgages	**6,000,000.00**	6,000,000.00	**0.00**	0.00
Bearer bonds and mortgage bonds	**0.00**	0.00	**0.00**	0.00
Mortgage on lease agreement on a place of business	**3,700,000.00**	3,700,000.00	**0.00**	0.00
Shares	**0.00**	0.00	**0.00**	0.00
Other guarantees	**4,200,000.00**	4,200,000.00	**4,200,000.00**	4,200,000.00
Total	**13,900,000.00**	13,900,000.00	**4,200,000.00**	4,200,000.00
Guarantees given				
Other guarantees	**8,000,000.00**	8,500,000.00	**8,000,000.00**	8,500,000.00
	8,000,000.00	8,500,000.00	**8,000,000.00**	8,500,000.00

€	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
Mortgages and guarantees on own operations				
Business mortgages	**6,000,000.00**	6,000,000.00	**0.00**	0.00
Bearer bonds and mortgage bonds	**0.00**	0.00	**0.00**	0.00
Mortgage on lease agreement on a place of business	**3,700,000.00**	3,700,000.00	**0.00**	0.00
Shares	**0.00**	0.00	**0.00**	0.00
Other guarantees	**4,200,000.00**	4,200,000.00	**0.00**	0.00
Total	**13,900,000.00**	13,900,000.00	**0.00**	0.00
Guarantees on behalf of others	**8,000,000.00**	8,500,000.00	**8,000,000.00**	8,500,000.00
Guarantees on behalf of group companies				
Business mortgages	**0.00**	0.00	**0.00**	0.00
Other guarantees	**67,409,646.63**	57,670,605.55	**67,409,646.63**	57,670,605.55
Shares	**0.00**	0.00	**0.00**	0.00
	67,409,646.63	57,670,605.55	**67,409,646.63**	57,670,605.55

In addition, a guarantee was given for the associated company North European Oil Trade Oy's accounts payable amounting to EUR 15,020,821.36, derivatives liabilities EUR 1,753,068.95, L/C liabilities EUR 15,993,466.44 on 31 December 2016 and North European Bio Tech Oy's lease liabilities EUR 537,718.00. 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.

	Consolidated		Parent company	
€	**2016**	2015	**2016**	2015
Future leasing payments:	**2016**	2015	**2016**	2015
No later than one year	**1,527,145.13**	1,904,555.76	**169,766.10**	64,571.14
Later	**1,069,407.73**	946,893.70	**97,160.35**	17,933.44
Total	**2,596,552.86**	2,851,449.46	**266,926.45**	82,504.58
Residual value liability	**627,507.45**	933,243.50	**15,421.99**	21,930.00

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

Signatures to the financial statements and the report

Helsinki, 22 March 2017

Mika Anttonen Chairman of the Board	Mika Jokinen	Juha Kokko
Mikko Koskimies	Kim Wiio CEO	

Auditor's Note

Our auditor's report has been issued today.

Helsinki, 27 March 2017

PricewaterhouseCoopers Oy, Authorised Public Accountants

Johan Weckman
Authorised Public Accountant

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 2016. 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 an 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 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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 company 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 information included in 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 information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors 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 requirements.

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

Helsinki 27 March 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
Authorised Public Accountant

Board of Directors

ST1 NORDIC

Mika Anttonen

Chairman of the Board of Directors
St1 Nordic Oy, St1 Group Oy

Mikko Koskimies

Managing Director
eQ Varainhoito Oy

Juha Kokko

COO
STR Tecoil Oy

Mika Jokinen

COO
St1 Renewable Energy

Management

ST1 NORDIC

Kim Wiio

CEO
St1 Nordic Oy, St1 Group Oy

Mika Wiljanen

CEO
St1 Oy, St1 Norge AS

Hilde Wahl

CEO
St1 Sverige AB, St1 Norge Automat AS

Jari Suominen

CEO
St1 Renewable Energy

Kati Ylä-Autio

CFO

Mika Aho

Director, Public Affairs

Marko Korhonen

CIO

Anu Rautanen

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