Financial statements 2019

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Report for 1 january 2019 - 31 december 2019

1. Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is the parent company to St1 Nordic group which is a versatile Nordic player in the energy sector. The group engages in sale of traffic and heating fuels to consumers and the corporate sector in Finland, Sweden and Norway. The group operates a total of 1 274 retail stations under the St1 and Shell brands in Finland and Sweden and under the Shell brand in Norway. The group manufactures, develops and refines liquid fuels at its oil refinery in Gotherburg, Sweden. The refinery's annual capacity is 30 million barrels of crude oil. The majority of the refinery's production is sold in Sweden through the retail station network and other sales channels. St1 focuses on renewable energy initiatives. The group has production facilities producing bioethanol from waste in Kajaani, Vantaa, Lahti, Hamina and Gothenburg in connection with the refinery. Construction of a geothermal heat plant in under way in Otaniemi, Espoo. In addition, the subsidiary St1 Lähienergia Oy sells and installs devices based on geothermal heat.

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

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

The group's revenue in 2019 was MEUR 6 588.3 which was MEUR 296.9 less than in the previous year. The maintenance break at the Gothenburg refinery in the spring impacted the volume of products sold directly from the refinery. In addition, the sale of trafic fuels declined in Norway as St1 withdrew from sites operating under the 7-Eleven concept. On the other hand, sales of marine fuels increased as the revenue of St1 Norge Marine AS, which was acquired in December 2018, was now consolidated for the first time for full year.

23% of revenue came from Finland, 48% from Sweden and 29% from Norway.

The group's operating profit was MEUR 150.1 which was MEUR 87.0 more than in the previous year. The main factor contributing to the increase in operating profit was oil price which increased during 2019. The price change as well as the impact of margin hedges for the years 2020 - 2021 was approximately MEUR +6 during the financial period and MEUR +66 compared to the previous year's result. Also refinery and wholesale margin was better than in the prior year despite the maintenance break in the spring. On the Retail market price competition continued to be tight which had a declining effect on the operating profit. Commercial sales result increased somewhat due to increased volume.

The subsidiary St1 Oy booked a MEUR -4.4 write-off on the Jokioinen ethanol plant as the plant ceased operations due to shutdown of the entzyme plant which provided the raw material to the ethanol plant.

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

	2019	2018	2017	2016	2015
Net sales. MEUR	51.1	50.5	37.5	30.3	7.8
Operating profit. MEUR	13.0	14.8	15.8	6.6	7.7
Operating profit. % of net sales	25.4	29.3	42.2	21.7	97.6
Profit for the period. MEUR	27.1	44.0	159.4	172.8	37.6
Return on equity %	5.3	8.7	40.1	69.0	31.3
Equity ratio %	63.5	67.2	65.0	50.8	29.8

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

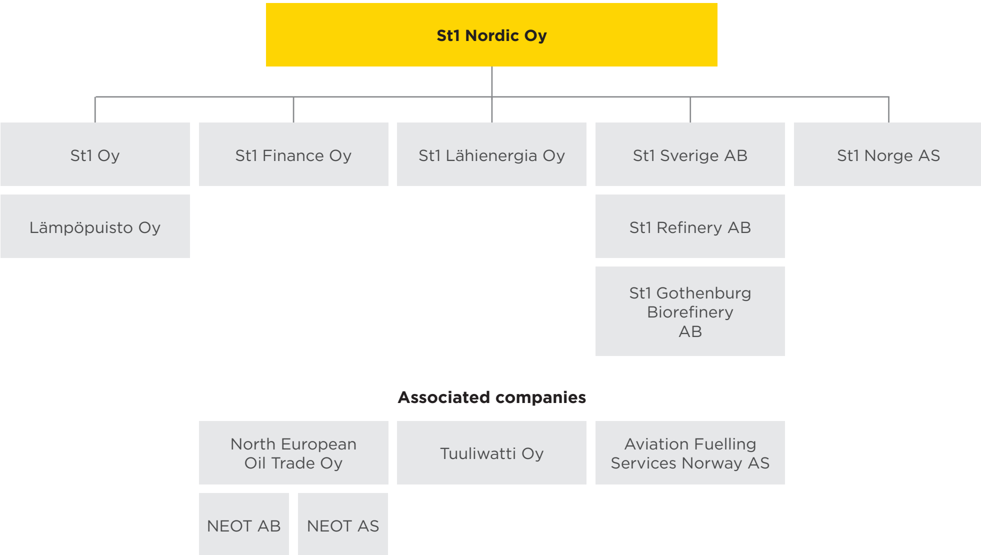
	2019	2018	2017	2016	2015
Net sales. MEUR	6 588.0	6 885.2	5093.5	4390.4	3602.4
Operating profit. MEUR	150.1	63.1	176.6	150.5	86.7
Operating profit % of net sales	2.3	0.9	3.5	3.4	2.4
Profit for the period. MEUR	119.1	55.3	372.8	112.7	72.4
Return on equity %	14.3	7.0	23.4 *)	30.9	28.0
Equity ratio %	46.3	40.7	42.7	31.3	26.7

*) calculated excluding the merger profit on the profit and loss statement

2. Group structure

St1 merged its Norwegian subsidiary St1 Norge Marine AS into its parent company St1 Norge AS in October to simplify the group structure. In Finland, North European Bio Tech Oy merged into its sister company St1 Oy on 1 January 2019. In Sweden St1 Gothenburg Biorefinery AB was established as a subsidiary of St1 Refinery AB. The company will construct an HVO production facility in connection with the refinery in Gothenburg.

Chart of the group's main companies



In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries St1 Oy, Lämpöpuisto Oy St1 Finance Oy, St1 Lähienergia Oy, St1 Sverige AB, St1 Refinery AB, St1 Gothenburg Biorefinery AB and St1 Norge AS.

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

3. Company shares

	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Share capital	100 000	100 000	100 000	100 000	100 000
A-shares	38 737 118	38 737 118	38 737 118	20 000 000	20 000 000
B-shares		4 912 285	4 912 285	4 912 285	4 912 285

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

4. Investments

The group's largest investment in 2019 were focused on the Gothenburg refinery. In the spring the refinery underwent a maintenance break which is done every four years. In addition, the construction of a hydrogen unit at the refinery was completed.

In the summer 2019 a decision was made of the construction of a renewable diesel facility at the refinery. Detailed engineering was conducted in the autumn and construction will begin in spring 2020. The facility is estimate to start up in spring 2022.

Analysis and drilling activity at the geothermal heat plant under construction in Otaniemi, Espoo continued during 2019. The facility will be commissioned in late 2020.

The daughter company St1 Sverige AB purchased in October a heavy traffic chain consisting of 19 stations in Värmland in Southwest Sweden.

Other investments were directed at developing and maintaining current operations.

The group's investments in intangible and tangible assets and daughter company and associated company shares amounted to MEUR 136.

Technological initialisation expenditure includes development projects aimed at developing methods for producing ethanol to be used as advanced trafic fuel and other biorefining products from softwood sawdust and starch production process residues as well as entzyme production technology for decomposing sawdust pulp. In addition, the development costs for the construction of geothermal pilot heat plant have been capitalized as development expenditure.

The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. The capitalised development expenses are shown as a separate item and depreciated over their economic lifetime, however as a maximum in 10 years. Depreciation starts when the projects are in production.

Should investment decision not be made, the development expenses would be written off.

5. Research and development expenses

The research and development expenses of St1 Nordic group were MEUR 15.4. in 2019 (MEUR 13.5 in prior year). Research and development expenses comprise the expenses related to development of new production technologies and methods.

6. Assessment of the most significant risks and uncertainties

6.1 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.

6.2. Strategic and operational risks

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

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

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

The continuity of the group's business operations is 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.

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

6.3. 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.

6.4. Financial risks

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

Interest rate risk: At the end of the financial year, the share of interest rate-sensitive loans in the group's whole interest-bearing loan portfolio was approximately EUR 13 million, compared to approximately EUR 101 million in the previous year. Derivative agreements can be used to help in the management of interest rate risks. Interest rate derivates were not in use at the end of the year.

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

6.5. 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.

6.6 Cyber risks

The group continuosly takes various measures aiming to protect it from cyber risks. This includes continuous preventive work and measures to increase the personnel's awareness of cyber security related topics.

7. An estimate of probable future development

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

Daughter company St1 Oy is expected to commission the geothermal heat plant in Otaniemi in late 2020, after which more information will be available on the plant's production capacity.

Impacts of the covid-19 virus are not yet fully visible, but will have an impact, at least on the short-term, on the demand of products, oil price levels, refining margins as well as increased risk of credit losses. Impact on current year result will depend on the duration of the extraordinary measures taken due to the covid-19 virus as well as on the prevailing oil price level.

St1's financing position is in principle strong, but for example the absence of normal corporate papers market at the moment increases the cost of financing. St1 can utilize the new payment times granted or planned by the authorities for value added tax and excise duties is each of St1's countries of operation. This will have a positive impact on working capital. St1 will do all it can in its part to ensure the functioning of the society by securing uninterrupted delivery of fuels and other energy products during the state of emergency.

8. Significant events after the end of the financial period

St1 Nordic Oy's headquarters moved to Tripla in Helsinki in February 2020.

9. Personnel

Key figures describing the group's personnel

	2019	2018	2017	2016	2015
Average number of personnel during the financial period	779	774	556	537	419
Wages and salaries during the financial period, MEUR	58.4	53.1	40.4	40.2	37.7

10. Organisation

The company's Board of Directors consisted of Mika Anttonen (chair), Mikko Koskimies, Kim Wiio and Sampsa Halinen. Halinen was elected to the board at the extraordinary general meeting on 16 August 2019. Henrikki Talvitie acted as the company's Chief Executive Officer.

The company's auditor is PricewaterhouseCoopers Oy.

11. Disclosure of non-financial information

The vision of St1 is to be a leading producer and seller of CO2-aware energy. We believe we will attain this vision by running a responsible and profitable business where economic performance, social responsibility and environmental impact are balanced. Attaining goals is important, but so are the means for attaining them. The company management and personnel are expected to comply with the principles of business code of conduct approved by the board, together with the laws and other regulation of the countries where we operate. We respect the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, which aim at promoting sustainable and fair business. We expect our business partners and their business partners to be committed to ethical and sustainable business principles and actively supporting their use within their own sphere of influence.

In 2019, further development of the RESPECT Corporate Sustainability Program for the entire Group was extended to the Business Units to select the most important development goals. At the Business Units, the implementation of the program was designed to meet the needs of successful and responsible business as well as to understand and manage the impact of our own operations. The design work extends to our affiliated company, North European Oil Trade Oy, in the area of sustainable sourcing. The RESPECT program was launched for all staff at the end of the year.

St1 Nordic publishes its integrated corporate responsibility report at its internet site www.st1.eu on 30 April 2020 the latest. The report complies, as appropriate, with the Global Reporting Initiative Standards and contains the non-financial information material to St1 as required by the Accounting Act. Additionally, our oil refinery in Gothenburg complies both with 14001 and EMAS environmental management system (the Eco-Management and Audit Scheme) and publishes EMAS report after auditing in June 2020 the latest.

12. Proposal for profit distribution

The Board of Directors proposes to the general meeting that the company will not pay a dividend on the previous financial year's profit with the ordinary general meeting's decision due to the financial uncertainty caused by the covid-19 virus. However, the Board of Directors proposes that the general meeting authorizes the board, on its discretion, after the covid-19 situation has stabilized, to decide to pay a dividend from the previous financial year's result which is a maximum of 0.39 euro/share equalling as a maximum a total of 15 107 476.02 euros. The authorization is valid until the start of the next ordinary general meeting.

Consolidated Income Statement

1 000 euros	Notes	1.1.–31.12.2019	1.1.–31.12.2018
NET SALES	1.	6 588 318	6 885 201
Manufacturing for own use		2 640	4 768
Other operating income	2.	143 555	116 100
Materials and services			
Materials, supplies and products			
Purchases during the period		-6 215 465	-6 484 556
Change in inventories		43 058	-75 131
External services		-9 367	-10 680
		-6 181 774	-6 570 368
Personnel expenses			
Wages and salaries		-58 375	-53 082
Social security costs			
Pension costs		-9 291	-8 497
Other social security costs		-11 443	-11 431
		-79 109	-73 010
Depreciation and amortisation			
Depreciation and amortisation according to plan	5.	-65 691	-60 380
Amortisation of goodwill	5.	-12 023	-11 489
Reduction in value of noncurrent assets		-7 592	-1 806
		-85 306	-73 675
Other operating expenses	6.	-238 185	-225 882

1 000 euros	Notes	1.1.–31.12.2019	1.1.–31.12.2018
OPERATING PROFIT		150 140	63 134
Finance income and costs			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	8 054	4 263
Other interest and finance income	7.	10 335	8 006
Impairment of investments in non-current assets	7.	0	-301
Impairment of investments in current assets		-4 474	0
Interest expenses and other finance costs			
To others	7.	-6 724	-10 603
		7 191	1 364
PROFIT BEFORE APPROPRIATIONS AND TAX		157 330	64 498
Current income tax	9.	-31 402	-15 353
Deferred tax	9.	-6 869	6 126
		-38 271	-9 227
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		119 059	55 271
PROFIT FOR THE PERIOD		**119 059**	**55 271**

Consolidated Balance Sheet

1 000 euros	Notes	31.12.2019	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Capitalised development expenditure	10.	2 887	2 415
Intangible rights	10.	33 462	29 930
Goodwill	10.	3 380	1 503
Goodwill on consolidation	10.	165 316	175 792
Other capitalised long-term expenditure	10.	2 072	1 971
		207 117	211 612
Tangible assets			
Land and water areas	11.	207 310	196 003
Buildings and structures	11.	138 164	132 077
Machinery and equipment	11.	346 176	286 071
Other tangible assets	11.	30 486	28 968
Advance payments and construction in progress	11.	151 859	166 122
		873 995	809 242
Investments			
Investments in associated companies	13.	99 406	91 072
Other shares and holdings	13.	2 426	965
Other receivables	13.	261	215
Other investments	13.	0	32 307
		102 093	124 559

1 000 euros	Notes	31.12.2019	31.12.2018
CURRENT ASSETS			
Inventories			
Materials and supplies		169 263	126 205
Receivables			
Non-current receivables			
Trade receivables		2 331	2 668
Deferred tax assets	17.	2 355	1 395
Loan receivables		5 289	13 416
Other receivables		4 968	4 652
		14 943	22 131
Current receivables			
Trade receivables		452 772	508 125
Receivables from Group companies	14.		
Other receivables		2	0
Loan receivables		5	7
Deferred tax assets		0	63
Other receivables		15 419	10 452
Prepayments and accrued income	19.	54 679	71 930
		522 877	590 577
Cash and cash equivalents		8 746	47 819
		1 899 035	**1 932 144**

1 000 euros	Notes	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.	100	100
Revaluation reserve	12.,15.	40 093	40 093
		40 193	40 193
Reserve for invested unrestricted equity	15.	54 232	54 232
Retained earnings	15.	665 053	637 036
Profit (loss) for the period	15.	119 059	55 271
		838 344	746 539
Total equity		878 537	786 732
PROVISIONS			
Other provisions	16.	50 436	51 765
		50 436	51 765

1 000 euros	Notes	31.12.2019	31.12.2018
LIABILITIES			
Non-current			
Liabilities to Group companies		3 915	3 915
Liabilities to associated companies		0	50
Deferred tax liabilities	17.	36 701	35 816
Other liabilities		1 087	614
Accruals and deferred income		8 360	8 806
		50 062	49 200
Current			
Loans from financial institutions		13 312	101 122
Bonds		0	100 000
Commercial paper		135 000	100 000
Advance payments		773	12
Trade payables		264 843	212 246
Liabilities to Group companies:			
Trade payables	18.	251	0
Deferred tax liabilities	17.	47 489	40 512
Liabilities to associated companies:			
Trade payables		158 440	194 424
Other liabilities		221 992	219 051
Accruals and deferred income	20.	77 898	77 080
		919 999	1 044 447
		1 899 035	**1 932 144**

Consolidated Cash Flow Statement

1 000 euros	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	157 330	64 498
./. Merger profit	0	0
Profit (loss) before appropriations and income tax	157 330	64 498
Adjustments:		
Depreciation and amortisation according to plan	77 715	71 868
Other income and expenses with non-cash transactions	-11 441	-27 211
Other finance income and costs	863	-2 146
Impairment of investments in non-current assets	0	1 187
Cash flow before change in working capital	224 467	108 196
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	65 828	-2 843
Increase (-)/ decrease (+) in inventories	-43 058	71 358
Increase (+)/ decrease (-) in current non-interest bearing payables	-11 918	8 970
Cash flow from (used in) operating activities before financial items and taxes	235 319	185 681
Interest paid and charges on other finance costs	-6 380	-6 528
Interest received	3 959	1 757
Taxes paid	-7 342	-38 625
Net cash generated from operating activities (A)	225 556	142 284

1 000 euros	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from investing activities:		
Purchase of tangible and intangible assets	-136 079	-131 892
Acquisitions deducted by acquired cash and cash aquivalents	-4 998	-25 814
Proceeds from sale of tangible and intangible assets	798	73
Proceeds from sale of subsidiaries	7 097	0
Investments in associated companies	0	-1 602
Loans granted	0	-6 850
Purchase of other investments	0	-1 718
Proceeds from other investments	29 717	0
Dividends received	3 655	3 036
Net cash used in investing activities (B)	-99 811	-164 767
Cash flow from financing activities:		
Purchase of own shares	0	-40 640
Proceeds from current loans	35 000	45 000
Repayment of current loans	-187 809	-111
Dividends paid and other profit distribution	-12 009	-8 442
Net cash used in financing activities (C)	-164 818	-9 022
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-39 073	-31 505
Cash and cash equivalents at beginning of period	47 819	79 324
Cash and cash equivalents at end of period	8 746	47 819

Parent Company Income Statement

€	Notes	1.1.–31.12.2019	1.1.–31.12.2018
NET SALES	1.	51 114 646.67	50 457 276.42
Other operating income	2.	17 418 909.86	17 440 798.46
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-25 391 362.90	-28 336 499.50
Personnel expenses			
Wages and salaries		-4 802 435.05	-3 719 567.24
Social security costs			
Pension costs		-796 518.12	-735 711.06
Other social security costs		-220 607.98	-79 697.14
		-5 819 561.15	-4 534 975.44
Depreciation according to plan	5.	-6 031 175.23	-4 646 020.93
Other operating expenses	6.	-18 338 092.38	-15 615 244.79

€	Notes	1.1.–31.12.2019	1.1.–31.12.2018
OPERATING PROFIT		12 953 364.87	14 765 334.22
Finance income and costs			
Income from shares in group companies	7.	12 941 480.57	23 864 070.26
Income from shares in associated companies	7.	3 654 663.28	3 035 785.88
Other interest and finance income			
From group companies	7.	7 458 104.82	9 291 728.76
From others	7.	1 216 023.03	4 051 604.43
Impairment of investments in current assets	7.	-4 474 336.74	0.00
Interest expenses and other finance costs			
To group companies	7.	-888 209.37	-2 659 022.87
To others	7.	-3 054 556.12	-4 655 040.62
		16 853 169.47	32 929 125.84
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX		29 806 534.34	47 694 460.06
Appropriations			
Change in cumulative accelerated depreciation	8.	45 601.71	21 072.44
Received (+), given (-) group contributions	8.	0.00	0.00
		45 601.71	21 072.44
Income taxes	9.	-2 722 224.90	-3 732 731.02
PROFIT FOR THE PERIOD		**27 129 911.15**	**43 982 801.48**

Parent Company Balance Sheet

€	Notes	1.1.–31.12.2019	1.1.–31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights		33 462 449.84	29 811 595.32
Other capitalised long-term expenses		7 529.09	271 505.35
		33 469 978.93	30 083 100.67
Property, plant and equipment			
Machinery and equipment	11.	591 081.43	743 752.87
Advance payments and construction in progress	11.	106 982.07	0.00
		698 063.50	743 752.87
Investments			
Shares in group companies	13.	454 748 578.00	453 248 578.00
Receivables from group companies	14.	1 290 000.00	33 940 000.00
Investments in associated companies	13.	67 729 124.31	67 729 124.31
Other shares and holdings	13.	20 765.69	32 293 507.01
		523 788 468.00	587 211 209.32

€	Notes	1.1.–31.12.2019	1.1.–31.12.2018
CURRENT ASSETS			
Receivables			
Non-current receivables			
Loan receivables	14.	142 788 786.38	119 310 416.18
		142 788 786.38	119 310 416.18
Current receivables			
Receivables from group companies	14.	57 209 189.69	355 861.53
Receivables from associated companies		19 749.16	0.00
Loan receivables		45 621 362.96	10.20
Other receivables		42 809.37	412 150.29
Prepaid expenses and accrued income	19.	5 054 748.20	6 004 711.16
		107 947 859.38	6 772 733.18
Cash and cash equivalents		2 508 197.60	128 633.27
		811 201 353.79	**744 249 845.49**

€	Notes	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.	100 000.00	100 000.00
Reserve for invested unrestricted equity	15.	54 231 561.66	54 231 561.66
Retained earnings	15.	433 983 369.64	402 009 074.74
Profit for the period		27 129 911.15	43 982 801.48
		515 344 842.45	500 223 437.88
TOTAL EQUITY		515 444 842.45	500 323 437.88
APPROPRIATIONS			
Cumulative accelerated depreciation		0.00	45 601.71

€	Notes	31.12.2019	31.12.2018
LIABILITIES			
Non-current			
Liabilities to group companies	18.	16 100 388.56	36 195 613.94
		16 100 388.56	36 195 613.94
Current			
Loans from financial institutions		13 312 367.64	0.00
Commercial paper		135 000 000.00	100 000 000.00
Bonds		0.00	100 000 000.00
Trade payables		1 448 937.91	2 809 465.14
Liabilities to group companies	18.	126 573 415.96	629 150.39
Other liabilities		98 770.70	437 789.94
Accruals and deferred income	20.	3 222 630.57	3 808 786.49
		279 656 122.78	207 685 191.96
TOTAL LIABILITIES		295 756 511.34	243 880 805.90
		811 201 353.79	**744 249 845.49**

Parent Company Cash Flow Statement

€	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	29 806 534.34	47 694 460.06
Adjustments:		
Depreciation and amortisation according to plan	6 031 175.23	4 646 020.93
Unrealised exchange rate profits and losses	0.00	-708 738.61
Finance income and costs	-22 016 364.66	-23 499 239.51
Other adjustments	0.00	-9 572 521.74
Cash flow before change in working capital	13 821 344.91	18 559 981.13
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	3 911 976.52	4 319 367.89
Increase (+)/ decrease (-) in current non-interest bearing payables	3 609 526.92	-5 595 854.00
Cash flow from operating activities before financial items and taxes	21 342 848.35	17 283 495.03
Interest paid and other financial expenses	-6 135 367.89	-4 634 976.58
Interest received from operating activities	2 376 874.27	4 028 996.73
Taxes paid (received)	-2 380 541.90	-4 601 532.79
Net cash generated from operating activities (A)	15 203 812.83	12 075 982.39

€	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from investing activities:		
Purchase of property, plant and equipment and intangible assets	-9 372 364.12	-15 208 904.58
Investments in associated and subsidiary companies	-1 500 000.00	-7 205 586.71
Proceeds from other investments	29 716 905.69	0.00
Dividends received	16 596 143.85	26 899 856.14
Repayment of loan receivables	0.00	5 918 618.14
Net cash used in investing activities (B)	35 440 685.42	10 403 982.99
Cash flow from financing activities:		
Purchase of own shares	0.00	-40 640 151.38
Proceeds from current loans	82 964 317.57	45 000 000.00
Repayment of current loans	-100 000 000.00	0.00
Repayment of long-term loans	-19 220 744.91	-19 382 269.23
Dividends paid and other profit distribution	-12 008 506.58	-8 442 156.45
Net cash used in financing activities (C)	-48 264 933.92	-23 464 577.06
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	2 379 564.33	-984 611.69
Cash and cash equivalents at beginning of period	128 633.27	1 113 244.96
Cash and cash equivalents at end of period	2 508 197.60	128 633.27

Notes to the financial statement 31 December 2019

Financial period

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

Consolidated financial statements
St1 further simplified its group structure during 2019 by merging companies in Finland and Norway. In Finland North European Bio Tech Oy merged into St1 Oy on 1 January, 2019 and 1 March acquired St1 HRK Oy merged into St1 Oy after it's subsidiary Kiinteistö Oy Mantsälän Kotiranta was merged into it. In addition, Kiinteistö Oy Olarinluoman huoltamo merged into St1 Oy on 31 December 2019.

In Norway St1 Norge Marine AS merged into St1 Norge AS. Shell Bilbyen was sold and Shell Klett AS, Shell Narvik AS and Lasses AS were acquired. Lasses AS merged to into parent company Nemob AS. New company, St1 Bioferinery Gothenburg AB was established in Sweden. The subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Lähienergia Oy, St1 Finance Oy, St1 Renewable Energy (Thailand) Ltd, St1 Sverige AB, St1 Refinery AB, St1 Biorefinery Gothenburg AB, St1 Norge Group AS, St1 Norge AS, Nemob AS, Shell Klett AS ja Shell Narvik AS are consolidated in St1 Nordic group financial statements.

Associated companies North European Oil Trade Oy, Tuuliwatti Oy, Aviation Fuelling Services Norway AS, Lamia Oy, Brang Oy, Knapphus Energi Norge AS and Grenselandet AS are consolidated in the financial statements of St1 Nordic Oy using the equity method.

St1 Nordic Oy's parent company is Keele Oy, which prepares the consolidated financial statements in which St1 Nordic Oy group is included in. Copies of the consolidated financial statements are available at: Keele Oy, Firdonkatu 2, 00520 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
sortware programs	7 years
other long-term capitalised expenditure	5–7 years
trademarks	20 years
goodwill	5–20 years
buildings and structures	20–50 years
machinery and equipment	3–20 years
other tangible assets	10–30 years

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

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

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

Notes to the income statement

1. Net sales

	Consolidated		Parent company	
Meur	**2019**	**2018**	**2019**	**2018**
Liquid fuels	6 544.0	6 839.5	0.0	0.0
Energy products and electricity	37.1	37.0	24.9	27.6
Other	7.2	8.7	26.2	22.9
	6 588.3	6 885.2	51.1	50.5
Domestic	1 521.9	1 574.9	35.3	36.7
Foreign	5 066.4	5 310.3	15.8	13.8
	6 588.3	6 885.2	51.1	50.5

2. Other operating income

	Consolidated		Parent company	
Meur	**2019**	**2018**	**2019**	**2018**
Gains on sale of non-current assets and shares	7.5	0.1	0.0	0.0
Other operating income	136.0	116.0	17.4	17.6
	143.6	116.1	17.4	17.6

3. Average number of personnel

	Consolidated		Parent company	
	2019	**2018**	**2019**	**2018**
Personnel on average	779	774	55	47
	779	774	55	47

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 2 060 559 (1 658 848 in 2018).

5. Depreciation, amortisation and impairment charges

In thousand euros	Consolidated 2019	Consolidated 2018	Parent company 2019	Parent company 2018
Depreciation and amortisation according to plan				
Intangible assets				
Capitalised development expenses	385	288	0	0
Intangible rights	5 636	4 626	5 615	4 169
Goodwill	1 188	625	0	0
Other long-term capitalised expenditure	754	607	264	331
Tangible assets				
Buildings and structures	13 136	12 384	0	0
Machinery and equipment	42 036	38 811	153	146
Other tangible assets	2 557	3 039	0	0
	65 691	60 380	6 031	4 646
Amortisation of goodwill on consolidation	12 023	11 489	0	0
Impairment of investments to non-current assets	7 592	1 806	0	0
Depreciation and amortisation according to plan, total	85 306	73 675	6 031	4 646

6. Other operating expenses

In thousand euros	Consolidated 2019	Consolidated 2018	Parent company 2019	Parent company 2018
Rents	37 675	49 320	1 735	744
Advertising and sales promotion	27 079	25 107	124	44
Operating and maintenance expenses	77 007	75 920	109	147
Other operating expenses	96 423	75 536	16 370	14 680
	238 184	225 882	18 338	15 615

In thousand euros	Consolidated 2019	Consolidated 2018	Parent company 2019	Parent company 2018
Audit expenses				
Audit	786	810	108	100
Tax consultation	33	0	22	0
Other services	77	0	0	0
	896	810	130	100

7. Finance income and expenses

In thousand euros	Consolidated 2019	Consolidated 2018	Parent company 2019	Parent company 2018
Income from investments in other non-current assets				
From group companies	0	0	12 941	23 864
From associated companies	8 054	4 263	3 655	3 036
	8 054	4 263	16 596	26 900
Other interest and finance income				
From group companies	0	0	7 458	9 292
From others	10 335	8 006	1 216	4 052
	10 335	8 006	8 674	13 343
Impairment of investments				
Impairment of investments to non-current assets	0	301	0	0
Impairment of investments to current assets	4 474	0	4 474	0
Interest costs and other finance costs				
To group companies	0	0	888	2 659
To others	6 724	10 603	3 055	4 655
	6 724	10 603	3 943	7 314
Finance income and expenses, total	7 191	1 364	16 853	32 929

8. Appropriations

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Change in accelerated depreciation	0	0	-45	21
	0	0	-45	21

9. Income taxes

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Current tax on profits for the financial period	31 402	15 353	2 722	3 733
Change in deferred taxes	6 869	-6 126	0	0
	38 271	9 227	2 722	3 733

Notes to the balance sheet

Tangible and intangible assets in the group

Capitalised development expenditure and intangible rights

Technological initialisation expenditure includes development projects aimed at developing methods for producing ethanol to be used as advanced traffic fuel as well as other biorefinery products from softwood sawdust and starch production process residues as well as entzyme production technology for decomposing sawdust pulp.

In addition, the development costs for the construction of geothermal pilot heat plant have been capitalized as development expenditure.

The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. The capitalised development expenses are shown as a separate item and depreciated over their economic lifetime, however as a maximum in 10 years. Depreciation starts when the projects are in production.

Should investment decision not be made, the development expenses would be written off.

10. Intangible assets

In thousand euros	Intangible rights	Other long-term expenses	Advance payments and construction in progress	Total
Parent company				
Acquisition cost January 1, 2019	37 457	897	0	38 355
Additions	9 265	0	0	9 265
Acquisition cost December 31, 2019	46 723	897	0	47 620
Accumulated amortisation January 1, 2019	-7 646	-626	0	-8 272
Amortisation during the financial period	-5 615	-264	0	-5 879
Accumulated amortisation December 31, 2019	-13 260	-890	0	-14 150
Net book value December 31, 2019	33 462	8	0	33 470

In thousand euros	Development expenses	Intangible rights	Goodwill
Group			
Acquisition cost January 1, 2019	3 981	45 267	12 061
Additions	870	9 147	3 167
Disposals	-13	0	-10
Translation difference	0	0	-92
Acquisition cost December 31, 2019	4 838	54 414	15 126
Accumulated amortisation January 1, 2019	-1 566	-15 337	-10 558
Amortisation during the financial period	-385	-5 615	-1 188
Accumulated amortisation December 31, 2019	-1 951	-20 951	-11 746
Net book value December 31, 2019	2 887	33 462	3 380

In thousand euros	Goodwill on consolidation	Other long-term expenses	Total
Acquisition cost January 1, 2019	216 523	15 133	292 965
Additions	1 547	874	15 604
Disposals	0	-2	-25
Translation difference	0	3	-88
Acquisition cost December 31, 2019	218 070	16 008	308 455
Accumulated depreciation January 1, 2019	-40 731	-13 161	-81 353
Depreciation during the financial period	-12 023	-775	-19 986
Accumulated depreciation December 31, 2019	-52 755	-13 936	-101 338
Net book value December 31, 2019	165 316	2 072	207 117

11. Tangible assets

In thousand euros	Machinery and equipment	Advance payments and construction in progress	Total
Parent company			
Acquisition cost January 1, 2019	1 056	0	1 056
Additions	0	107	107
Acquisition cost December 31, 2019	1 056	107	1 163
Accumulated depreciation January 1, 2019	-312	0	-312
Depreciation during the financial period	-153	0	-153
Accumulated depreciation December 31, 2019	-465	0	-465
Net book value December 31, 2019	591	107	698

In thousand euros	Land	Buildings	Machinery and equipment	Other tangible assets
Group				
Acquisition cost January 1, 2019	126 357	240 733	543 189	54 038
Additions	13 523	21 324	107 745	4 847
Disposals	-2 116	-1 703	-4 893	-136
Translation difference	-100	-398	-1 342	-6
Acquisition cost December 31, 2019	137 664	259 956	644 700	58 742
Accumulated depreciation January 1, 2019	0	-130 715	-280 911	-27 714
Depreciation during the financial period	0	-13 136	-41 407	-3 186
Accumulated depreciation December 31, 2019	0	-143 851	-322 317	-30 900
Revaluations January 1, 2019	69 646	22 059	23 793	2 644
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations December 31, 2019	69 646	22 059	23 793	2 644
Net book value December 31, 2019	207 310	138 164	346 176	30 486

In thousand euros	Advance payments and construction in progress	Total
Acquisition cost January 1, 2019	166 122	1 130 439
Additions	108 247	255 686
Disposals	-121 588	-130 435
Translation difference	-923	-2 769
Acquisition cost December 31, 2019	151 859	1 252 922
Accumulated depreciation January 1, 2019	0	-439 340
Depreciation during the financial period	0	-57 729
Accumulated depreciation December 31, 2019	0	-497 069
Revaluation January 1, 2019	0	118 142
Additions	0	0
Disposals	0	0
Revaluation December 31, 2019	0	118 142
Net book value December 31, 2019	151 859	873 995

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%
St1 Lähienergia Oy	79.11%	79.11 %
St1 Sverige AB	100.00%	100.00%
St1 Refinery AB	100.00%	0.00%
St1 Gothenburg Biorefinery AB	100.00%	0.00%
St1 Norge AS	100.00%	0.00%
St1 Norge Group AS	100.00%	100.00%
Lämpöpuisto Oy	100.00%	0.00%
St1 Finance Oy	100.00%	100.00%
Kiinteistö Oy Uusmarjala	77.27%	77.27%
Shell Klett AS	100.00%	0.00%
Shell Narvik AS	100.00%	0.00%
Nemob AS	100.00%	0.00%
St1 Renewable Energy (Thailand) Ltd	100.00%	0.00%

Associated companies	Group ownership	Parent ownership
Tuuliwatti Oy, Helsinki	50%	50%
Equity EUR 93 584 734.77 and profit for the period EUR 8 122 202.06		
North European Oil Trade Oy. Helsinki	49%	49%
Equity EUR 21 034 679.02 and profit for the period EUR 5 981 248.54		
Brang Oy. Turku	25%	0%
Equity EUR 233 342.68 and profit for the period EUR 56 898.18		
Lamia Oy. Helsinki	20%	20%
Equity EUR 2 043 036.26 and profit for the period EUR 1 766 087.86		
Aviation Fuelling Services Norway AS	50%	50%
Equity EUR 16 215 337.37 and profit for the period EUR 7 973 689.91 remainin goodwill on consolidation EUR 7 852 666.49		

Knapphus Energi Norge AS, Vindafjord	49%	0%
Equity EUR 53 575.02 and profit for the period EUR 3 512.84 (year 2017)		
Grenselandet AS. Harstad	22%	0%
Equity EUR -1 573 396.16 and profit for the period EUR -422 219.57		

Investments, parent company

Shares

In thousand euros	Group companies	Associated companies	Others	Total
Acquisition cost January 1, 2019	453 249	67 729	32 294	553 271
Additions	1 500	0	0	1 500
Disposals	0	0	-32 273	-32 273
Acquisition cost December 31, 2019	454 749	67 729	21	522 498
Net book value December 31, 2019	454 749	67 729	21	522 498

Investments in the group

	Shares		Receivables	
In thousand euros	Associated companies	Others	Others	Total
Acquisition cost January 1, 2019	91 072	33 272	215	124 559
Additions	8 334	1 461	46	9 841
Disposals	0	-32 307	0	-32 307
Acquisition cost December 31, 2019	99 406	2 426	261	102 093
Net book value December 31, 2019	99 406	2 426	261	102 093

14. Receivables from group companies

	Consolidated		Parent company	
In thousand euros	2019	2018	2019	2018
Current				
Trade receivables	0	0	356	356
Other receivables	0	0	0	0
Equity loans	0	0	1 290	33 940
Loan receivables	0	0	102 474	0
	0	0	104 121	34 296
Long-term				
Loan receivables	0	0	142 789	119 310

15. Equity

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Share capital January 1	100	100	100	100
Share capital December 31	100	100	100	100
Revaluation reserve January 1	40 093	40 093	0	0
Revaluation reserve December 31	40 093	40 093	0	0
Reserve for invested unrestricted equity January 1	54 232	95 253	54 232	94 872
Change	0	-41 022	0	-40 640
Reserve for invested unrestricted equity December 31	54 232	54 232	54 232	54 232
Retained earnings January 1	692 307	664 699	445 992	410 451
Dividend distribution	-12 009	-8 442	-12 009	-8 442
Adjustment to prior period taxes	-11 480	0	0	0
Translation differences of foreign subsidiaries	-3 765	-19 221	0	0
Retained earnings December 31	665 053	637 036	433 983	402 009
Profit for the period	119 059	55 271	27 130	43 983
	838 344	746 539	515 345	500 223
Capitalized development expenditure	-2 887	-2 415	0	0
Distributable earnings December 31	835 457	744 124	515 345	500 223
Equity total	878 537	786 732	515 445	500 323

The company's share capital by type of shares

	31.12.2019	31.12.2018
Shares, amount		
A-shares (1 vote / share)	38 737 118 (100%)	38 737 118 (88.7%)
B-shares (no voting rights)		4 912 285 (11.3%)

The B-shares have been cancelled on 3 January 2019.

The Board of Directors proposes to the general meeting that the company will not pay a dividend on the previous financial year's profit with the ordinary general meeting's decision due to the financial uncertainty caused by the covid-19 virus. However, the Board of Directors proposes that the general meeting authorizes the board, on its discretion, after the covid-19 situation has stabilized, to decide to pay a dividend from the previous financial year's result which is a maximum of 0.39 euro/share equalling as a maximum a total of 15 107 476.02 euros. The authorization is valid until the start of the next ordinary general meeting.

16. Provisions

	Consolidated	
In thousand euros	**2019**	**2018**
Certain retirement pensions for which company is liable	35 703	35 975
Other provisions	988	1 607
Expected environmental obligations	13 745	14 183
Total provisions	50 436	51 765

Environmental obligations: The total liability cannot be reliably determined. A provision has been recognised for knownliabilities, for which the company is likely to be responsible for in the near future. These liabilities relate mainly to the environmental obligations concerning soil decontamination. Change in the provision has been recognised in other operating expenses against actual costs.

Pension provision is mainly composed of pension provisions in St1 Sverige AB and St1 Refinery AB as well as pension provision in St1 Oy.

17. Deferred tax assets and liabilities

	Consolidated	
In thousand euros	**2019**	**2018**
Deferred tax assets		
From provisions	2 355	1 458
	2 355	1 458
Deferred tax liabilities		
From appropriations	47 489	24 376
From revaluations and goodwill allocations	36 701	35 816
From consolidation	0	16 136
	84 190	76 327

18. Liabilities to group companies

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Non-current loans	3 915	3 915	16 100	36 196
Current loans:				
Trade payables	251	0	727	629
Other liabilities	0	0	125 843	0
Accruals and deferred income	0	0	4	32
	4 166	3 915	142 674	36 857

19. Adjusting entries for assets/Receivables carried forward

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Financing cost allocations	79	34	79	737
Tax receivables	2 273	22 994	269	613
Other adjusting entries	52 328	48 903	4 707	4 654
	54 679	71 930	5 055	6 005

20. Accrued expenses

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Personnel cost accruals	31 832	11 702	615	435
Interest accruals	3	2 373	0	2 373
Tax accruals	19 194	546	0	0
Other accrued expenses	26 868	62 460	2 608	1 001
	77 898	77 080	3 222	3 809

21. Financial instruments

Bond

St1 Nordic Oy's MEUR 100 bond which was issued on June 4th, 2014 expired on June 4th, 2019 at which time it was repaid.

Commercial paper program

St1 Nordic launched a Commercial paper program in November 2016. Maximum size of the program is 200 MEUR and it is used for short-term working capital purposes. Outstanding amount at the end of the year was 135 MEUR (100 MEUR in 2018 financial period).

Revolving Facility Agreement

St1 renewed its 150 million euro revolving facility agreement in 2018 for a new 3-year term. The facility also includes two option years of which the first one has already been decided upon. In addition, the 50 MEUR accordion was taken into use in 2019.

Oil financing facility

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

22. Commitments and contingencies

The group has not given business mortgages, real estate mortgages or shares as collateral.

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Guarantees				
Bank guarantees	7 790	41 932	0	0
Guarantees on behalf of group companies				
Other guarantees	291 782	178 778	291 782	178 778

Oil has been pledged as against the oil financing facility (EUR 68 956 697) and oil (EUR 74 021 771) and oil products receivables (EUR 143 215 279) have been pledged against account payables of oil. The oil financing facility was not in use at year end.

In addition, a guarantee was given for the associated company North European Oil Trade Oy's accounts payable amounting to EUR 42 972 463, derivatives liabilities EUR 270 100 and L/C liabilities EUR 49 355 088 on 31 December 2019.

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	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Rent liabilities				
No later than one year	24 548	23 251	1 276	545
Later than one year	140 169	135 821	11 295	1 075

	Consolidated		Parent company	
In thousand euros	**2019**	**2018**	**2019**	**2018**
Future leasing payments:				
No later than one year	2 466	1 620	358	256
Later than one year	3 258	1 586	336	312
Total	5 724	3 206	694	568
Residual value liability	94	180	6	27

In addition, guarantees have been given for lease agreements of the subsidiaries.

Derivatives

Price hedging of compulsory storage obligation

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

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

Refinery margin hedges

Part of the future refining margins consisting of the price difference between refined end products and crude oil price have been hedged for 2020 to 2021. There are contracts with several counterparties. Fair values at the closing date are presented in the table.

	Consolidated		Parent company	
	2019	**2018**	**2019**	**2018**
Volume, mill. bbl	15.9	26.2	0,0	0,0
Fair value, thousand euro	-76 263	-50 791	0	0
Foreign exchange derivatives	0	0	0	0
Volume, mill. Eur	259	124	118	0
Fair value, thousand euro	-331	699	-90	0

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

Signatures to the financial statements and the report on operations

Helsinki, 26 March 2020

Mika Anttonen
Chairman of the Board

Kim Wiio
Member of the Board

Mikko Koskimies
Member of the Board

Sampsa Halinen
Member of the Board

Henrikki Talvitie
CEO

Auditor's Note

Our auditor's report has been issued today.

Helsinki, 27 March 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

Auditor’s Report
(Translation of the Finnish Original)

To the Annual General Meeting of St1 Nordic Oy

Report on the Audit of the Financial Statements

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

What we have audited
We have audited the financial statements of St1 Nordic Oy (business identity code 2082259-7) for the year ended 31 December 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

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

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

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

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

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

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

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

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

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

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

Other Reporting Requirements

Other Information

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

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

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

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

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

Helsinki 27 March 2020

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Janne Rajalahti
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St1 Nordic Oy
Visiting address: Tripla Workery West,
Firdonkatu 2, FI-00520 Helsinki
Postal address: P.O BOX 68, FI-00521 Helsinki
Tel. +358 10 557 11
www.st1.com