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oras invest

financial statements 2020

Board of Directors' report 2020

Oras Invest – an industrial owner

Oras Invest is a family company with a 75-year tradition of industrial entrepreneurship. Oras Invest focuses its ownership on industrial companies operating in the building and water industries. The aim is to create long-term, sustainable value growth by developing the companies through active board work and close cooperation with the management and other owners.

Oras Invest Group

Group structure

Oras Invest Group consists of the 100% owned subsidiary Oras Ltd and the associated companies Uponor Corporation (24.7% from outstanding shares), Kemira Oyj (20.5%) and Tikkurila Oyj (20.0%). This Group structure applies to the entire financial period. There was an increase in Tikkurila shares during the year. Ownerships in the other companies remained unchanged.

On December 18, 2020 PPG Industries, Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries, Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. In February 2021, Oras Invest signed an agreement to sell its Tikkurila shares directly to PPG at a price of EUR 34.00 per share. The transfer of shares is expected to take place during the first half of 2021.

Oras Group is a subgroup of Oras Invest Group. Oras Group consists of 100% owned companies in 14 European countries, with Oras Ltd as the parent company.

The financial statements of the consolidated Oras Invest Group have been prepared according to IFRS, International Financial Reporting Standards. The financial statements of the parent company, Oras Invest Ltd, have been prepared according to FAS, Finnish Accounting Standards.

Oras Invest Group's financial performance

Oras Group is fully consolidated (100% ownership) in Oras Invest Group's financial statements and Uponor Corporation, Kemira Oyj and Tikkurila Oyj are accounted for as associated companies using the equity method. Due to the ongoing tender offer, Tikkurila has been reclassified at the end of year as asset held for sale and thereby the equity method accounting has been discontinued.

Oras Group prepares its own consolidated financial statements. Full financial statements are available at Oras Ltd.

Oras Invest Group's liquid assets on 31 December 2020 were EUR 88.9 million (37.3). The balance sheet total was EUR 760.9 million (714.6) and shareholders' equity EUR 567.2 million (523.4).

Oras Invest Ltd – the parent

Oras Invest Ltd net sales and net profit for the period

Net sales of the parent company during the financial period were EUR 0.2 million (0.2).

Oras Invest Ltd's income from dividends during the financial period was EUR 31.3 million (26.8). In 2020, the Uponor Corporation paid a dividend of EUR 0.53 per share, which means that Oras Invest Ltd received EUR 9.6 million (9.2). Kemira Oyj paid a dividend of EUR 0.56 per share, which means that total dividends from Kemira amounted to EUR 17.5 million (15.0). Tikkurila Oyj paid a dividend of EUR 0.50 per share, which means that Oras Invest Ltd received EUR 4.2 million (2.6). Oras Ltd did not distribute a dividend during 2020 or 2019. Oras Ltd granted EUR 3.0 million as group contribution to Oras Invest Ltd (1.9).

Net profit of the parent company Oras Invest Ltd for the financial period was EUR 31.2 million (26.7).

Financial status and financing

The liquid assets of Oras Invest Ltd on 31 December 2020 were EUR 18.7 million (3.9). The balance sheet total was EUR 719.1 million (690.3). Shareholders' equity was EUR 672.9 million (644.7) and total dividends distributed was EUR 3.0 million.

The company's liquidity was good. At the end of 2020, EUR 2.2 million was placed in short-term financial instruments.

At the end of 2020, the total loans of Oras Invest Ltd amounted to EUR 45.0 million (45.0). The loan to market value ratio was 2% (4%).

Net Asset Value (NAV) at the end of 2020 was EUR 1,237 million (882). NAV comprises the market values of the shares held in Uponor, Tikkurila and Kemira and the intrinsic value of Oras Group calculated as EBITDA×8 less net debt. Total Shareholder Return (TSR) for the financial period was 40.6% (39.6%).

Changes in industrial ownership

During the year, Oras Invest acquired 858,499 Tikkurila Oyj shares. This increased the ownership of Tikkurila from 18.1% to 20.0%. No other changes in industrial ownership were made during the financial period.

R&D and environment

Oras Invest Ltd is an industrial owner and does not conduct R&D or environmental activities. The activities of its industrial companies are presented as part of the respective financial statements.

ORAS INVEST LTD KEY FIGURES

FAS		2020	2019	2018
Net Sales	EUR million	0.2	0.2	0.2
Operating Profit	EUR million	–2.8	–2.0	–1.5
Profit for the Period	EUR million	31.2	26.7	31.4
Total Equity	EUR million	672.9	644.7	621.0
Balance Sheet Total	EUR million	719.1	690.3	666.3
Equity Ratio	%	93.6	93.4	93.2
Personnel, Average		4	3	4
Cash Flow	EUR million	14.8	–8.7	2.7

Main events after the year-end

In February 2021, Oras Invest signed an agreement to sell its Tikkurila shares directly to PPG Industries, Inc. The transfer of shares is expected to take place during the first half of 2021.

Oras Invest Outlook 2021

As an industrial owner, Oras Invest's outlook is directly related to the outlook and guidance statements published by its industrial companies, which are presented as part of their respective financial statements.

Risks

The main risks at Oras Invest Ltd arise from the long-term ownership of core investments. The high exposure to two specific industries implies that changes in market conditions may affect the performance of the companies. The industry-specific risks are shared by four industrial manufacturing companies.

Oras Invest Ltd's ownership stakes are in companies in which the accounting currency is the euro. Thus, the currency risk in Oras Invest Ltd is indirect and arises from the international operations of each of the owned companies.

As a result of changing conditions in the financial market, it could transpire that new funding is unavailable or its cost increases.

Normal risks related to the industrial operations and product liabilities of Oras Group are covered by insurance.

There is no ongoing litigation that might result in significant liability for damages.

Oras Invest expects that the COVID-19 pandemic may have an impact on the operations of the owned companies. Oras Invest's industrial companies have published their outlook in their respective financial statements.

Shares

The share capital of the company is as follows:

		2020	2019
A shares	(1 vote/share)	217,350	217,350
B1 shares	(no votes)	36,226	36,226
B2 shares	(no votes)	36,226	36,226
B3 shares	(no votes)	36,224	36,224
B4 shares	(no votes)	36,224	36,224
B5 shares	(no votes)	24,150	24,150
B6 shares	(no votes)	24,150	24,150
B7 shares	(no votes)	24,150	24,150

A shares confer an equal right to dividends. The dividend paid for B1–B7 shares will be determined separately, and the dividend/share may differ between share categories.

Dividend proposal

The Board of Directors proposes that Oras Invest Ltd distributes a EUR 16.10 dividend per A share, totalling EUR 3,499,335. The balance of the profit for the year will remain in retained earnings.

No material changes have occurred in the company's financial position since the balance sheet date. The company's liquidity is good and the proposed dividend does not endanger the company's cash position.

Organisation, management and company auditors

Board of Directors: Jari Paasikivi (chairman), Timo Ihamuotila (from May 26, 2020 onwards), Ulf Mattsson, Kaj Paasikivi, Michael Rauterkus (from May 26, 2020 onwards) and Christoph Vitzthum. Robin Lawther and Frank Stangenberg-Haverkamp were members of the Board of Directors until May 26, 2020.
CEO: Annika Paasikivi
Auditors: Ernst & Young Oy, with Authorised Public Accountant Heikki Ilkka as the responsible auditor.

Oras Group

Net sales: EUR **226.1** million (225.4)
Operating profit (EBIT): EUR **17.7** million (–6.4)
Cash flow after investments: EUR **43.4** million (16.8)
Gearing: **–25.3%** (12.8%)

The overall activity remained slightly positive in the main markets of Oras Group. The hard shutdown actions relating to the COVID-19 pandemic during early spring slowed down the demand in Europe for the first half of the year. However, the whole year sales were at a good level, thanks to the strong demand in the second half of the year.

Net sales were EUR 226.1 million (225.4), growing by 0.3% (–1.0%). Net sales in most of the Nordic countries were higher than in the previous year. In Central Europe the development varied by country still with no significant changes compared to the previous year.

The operating profit of Oras Group increased substantially thanks to improved manufacturing efficiency and lower operating costs. The operating profit was EUR 17.7 million (–6.4) and 7.8% (–2.9%) of the net sales.

The one-off costs for reorganizing supporting functions and German sales organization affected negatively on the operating profit of the year 2020. In 2019 the restructuring of manufacturing operations caused one-off costs. The operating profit of Oras Group excluding the above one-off costs also increased significantly in 2020 compared to the previous year.

Oras Group's profit before comprehensive items for the financial period was EUR 13.3 million (–11.0).

The balance sheet total was EUR 253.9 million (242.4). The liquidity and balance sheet structure remained on a solid level. Net interest-bearing liabilities were EUR –25.5 million (12.2). At the end of the year gearing was negative –25.3% (12.8%) and the equity ratio was 40.8% (39.3%).

Cash flow from operations was EUR 46.2 million (20.9). Cash flow after investments was EUR 43.4 million (16.8). Oras Group's capital expenditure was EUR 3.1 million (4.7). Most of the capital expenditure is related to new products, quality development, and modernization of production capacity.

The number of building permits for residential construction and thus start-ups has decreased in Oras Group's key markets. On the other hand, the COVID-19 pandemic has postponed planned renovations of housing associations. Overall, the demand outlook for 2021 is uncertain, and its development involves significant uncertainty. Despite all the uncertainty, demand is expected to remain at the 2020 level.

The Board of Directors proposes that Oras Oy distributes a dividend of EUR 4.0 million for the financial year 2020.

ORAS GROUP KEY FIGURES

IFRS		2020	2019	2018
Net Sales	EUR million	226.1	225.4	227.7
Operating Profit *	EUR million	17.7	–6.4	6.9
Profit for the Period	EUR million	13.3	–11.0	2.4
Total Equity	EUR million	103.7	95.4	110.9
Balance Sheet Total *	EUR million	253.9	242.4	231.2
Equity Ratio*)	%	40.8	39.3	48.0
Personnel, Average		1,293	1,421	1,443

* Years are not fully comparable as IFRS 16 has been adopted from the beginning of the year 2019.

Uponor Group

Net sales: EUR **1,136.0** million (1,103.1)

Operating profit (EBIT): EUR **132.3** million (91.3)

Cash flow before financing: EUR **170.7** million (88.4)

Gearing: **3.6%** (37.6%)

Earnings per share: EUR **1.21** (0.72)

After a slowdown at the start of the pandemic, demand for Uponor's offering remained at a good level and a number of favourable drivers, including cost improvements partly triggered by COVID-19, had a positive impact on Uponor's profitability in 2020.

Uponor's 2020 net sales amounted to EUR 1,136.0 million (1,103.1), a growth of 3.0%. Negative currency impact totalled EUR 17.9 million, mainly due to USD, RUB and NOK, bringing the 2020 full-year organic growth to 4.6% in constant currency terms.

Operating profit was EUR 132.3 million (91.3). The operating profit margin ended at 11.6% (8.3%). Comparable operating profit, i.e. excluding any items affecting comparability, reached EUR 142.7 million (92.7), a growth of 53.9%. The comparable operating profit margin was 12.6% (8.4%). The total net amount of items affecting comparability was EUR 10.4 million (1.4). The items were related to Uponor's operational excellence programme and the release of the provision due to essentially completing the exit from Asia. During the comparison period, the items affecting comparability were mainly related to the operational excellence programme.

Building Solutions – Europe's net sales were EUR 499.5 million (489.3), a growth of 2.1%. Net sales increased in Germany and Eastern Europe, in particular, but development was positive in most European markets. In South European markets, where construction industry suffered from COVID-19-related lockdowns during the year, net sales decreased. Operating profit was EUR 45.1 million (31.6), 9.0% (6.5%) of net sales. Comparable operating profit was EUR 55.1 million (32.3), 11.0% (6.6%) of net sales.

Building Solutions – North America's net sales were EUR 389.1 million (375.4), a growth of 3.6%. In U.S. dollar terms, the growth was 6.2%. Net sales grew in both the U.S. and Canadian markets. Especially the U.S. single-family residential market has remained strong during the COVID-19 pandemic. Operating profit was EUR 74.5 million (57.1), 19.1% (15.2%) of net sales. Comparable operating profit was EUR 74.6 million (57.1), 19.2% (15.2%) of net sales.

Uponor Infra's net sales were EUR 252.0 million (243.9), a growth of 3.3%. Net sales increased in all operating countries, even though sales of large designed solutions declined due to COVID-19, which postponed new project starts. Operating profit was EUR 19.0 million (10.8), 7.5% (4.4%) of net sales.

Within the business groups, the share of plumbing solutions represented 55% (55%), indoor climate solutions 23% (23%), and infrastructure solutions 22% (22%) of net sales.

Cash flow from operations increased and was EUR 207.5 million (109.2). Cash flow after investments was EUR 170.7 million (88.4). Gross investment in fixed assets totalled EUR 30.2 million (26.1). Uponor's investments in 2020 were mainly related to efficiency improvements and maintenance in the manufacturing facilities together with capacity expansions in the U.S.

Net interest-bearing liabilities were EUR 15.1 million (139.1). The equity ratio was 48.7% (44.6%), while gearing was 3.6% (37.6%).

During 2020, Uponor also advanced its sustainability agenda. In December, Uponor committed to the Science Based Targets initiative and expects to gain approval for its new GHG emission reduction targets during the first half of 2021.

In the absence of the full set of technical screening criteria referred to in the EU regulation on the establishment of a framework to facilitate sustainable investment (2020/852), Uponor currently considers that the share of its taxonomy-aligned, green net sales is 23% (equalling Uponor's indoor climate solutions).

In 2021, excluding the impact of currencies, Uponor expects its net sales to increase from the level of the year 2020. Uponor expects its comparable operating profit to decrease from 2020, but the comparable operating profit margin to remain above 10%.

The Board proposes to the Annual General Meeting that a dividend of EUR 0.57 (0.53) per share be distributed, totalling EUR 41.6 million. The dividend shall be paid in two instalments.

UPONOR KEY FIGURES

IFRS		2020	2019	2018
Net Sales	EUR million	1,136.0	1,103.1	1,196.3
Operating Profit	EUR million	132.3	91.3	106.7
Profit for the Period	EUR million	96.1	55.3	63.2
Total Equity	EUR million	421.9	370.4	353.6
Balance Sheet Total	EUR million	868.4	833.2	786.6
Equity Ratio	%	48.7	44.6	45.1
Personnel, Average		3,708	3,801	4,074

Tikkurila Group

Net sales: EUR **582.0** million (563.8)
Operating profit (EBIT): EUR **61.1** million (43.9)
Cash flow after investments: EUR **92.0** million (52.7)
Gearing: **6.7%** (45.6%)
Earnings per share: EUR **0.98** (0.75)

Tikkurila Group's good performance in 2020 was driven both by the decisive execution of strategic actions and exceptionally high demand by consumers for home improvement activities during the pandemic.

Tikkurila's net sales amounted to EUR 582.0 million (563.8) growing by 3.2% (7.3% excluding currency effects and divestments and closures). Net sales increased driven by growth in SBU West, whereas SBU East's net sales decreased. Currency fluctuations impacted net sales negatively, mainly driven by the devaluating Russian Ruble. In local currencies net sales increased also in SBU East.

Operating profit (EBIT) increased to EUR 61.1 million (43.9), which accounted for 10.5% (7.8%) of net sales. Adjusted operating profit totalled EUR 63.8 million (46.4), corresponding to 11.0% (8.2%) of net sales. Items affecting comparability were mainly related to the small Russian production site closure and costs related to public tender offer process.

SBU West's net sales grew by 7.5% and were EUR 398.0 million (370.0). SBU West's operating profit (EBIT) was EUR 49.0 million (30.4), 12.3% (8.2%) of net sales and its adjusted operating profit was EUR 49.2 million (30.7), 12.4% (8.3%) of net sales.

SBU East's net sales declined by 5.0% and were EUR 184.1 million (193.8). SBU East's operating profit (EBIT) was EUR 20.4 million (20.0), 11.1% (10.3%) of net sales and its adjusted operating profit was EUR 21.8 million (22.0), 11.8% (11.4%) of net sales.

Tikkurila's liquidity and funding position improved in 2020. Cash flow from operations totalled EUR 97.6 million (61.4). Cash flow after capital expenditure was EUR 92.0 million (52.7). Gross capital expenditure amounted to EUR 13.7 million (16.3), of which EUR 4.8 million (5.1) are IFRS 16 related investments in right-of-use assets.

Net debt amounted to EUR 12.1 million (78.4), and net debt excluding lease liabilities was EUR –5.2 million (55.7). The equity ratio was 41.1% (39.3%), while gearing was 6.7% (45.6%).

On December 18, 2020 PPG Industries, Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries, Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. PPG increased their tender offer price on February 4, 2021 to EUR 34.00 per share (initially EUR 25.00, on January 5, 2021 increased to EUR 27.75 per share).

In 2021, Tikkurila's net sales are expected to remain at previous year's level excluding currency effect. Adjusted operating result is expected to remain on, or slightly below previous year's level when excluding costs in connection with implementing the public tender offer.

Due to the ongoing tender offer process, the Board proposes that Tikkurila's Annual General Meeting decides that no dividend be paid based on the decision of the Annual General Meeting from the financial year 2020.

TIKKURILA KEY FIGURES

IFRS		2020	2019	2018
Net Sales	EUR million	582.0	563.8	561.5
Operating Profit	EUR million	61.1	43.9	26.5
Profit for the Period	EUR million	43.1	33.2	14.6
Total Equity	EUR million	181.4	171.9	150.1
Balance Sheet Total	EUR million	441.6	437.1	400.0
Equity Ratio	%	41.1	39.3	37.6
Personnel, Average		2,628	2,713	2,908

Kemira Group

Net sales: EUR **2,427.2** million (2,658.8)
Operating profit (EBIT): EUR **215.9** million (194.4)
Cash flow after investments: EUR **173.3** million (189.8)
Gearing: **63%** (66%)
Earnings per share: EUR **0.86** (0.72)

Kemira delivered a strong profitability in 2020 despite the decline in net sales. The operating environment was characterized by the COVID-19 pandemic and its impact on the global economy.

In 2020, Kemira's net sales declined by 9% to EUR 2,427.2 million (2,658.8). The decline in net sales was mainly driven by the impacts of the COVID-19 pandemic, particularly on the Oil & Gas business, and negative currency impact. Excluding Oil & Gas and currencies net sales declined by 2%. Net sales in local currencies, excluding acquisitions and divestments, declined by 7%.

Pulp & Paper segment's net sales declined by 4% to EUR 1,457.6 million (1,522.9). Industry & Water segment's net sales declined by 15% to EUR 969.5 million (1,135.9).

Operative EBITDA increased by 6% to EUR 435.1 million (410.0) mainly due to good management of variable costs and fixed costs. EBITDA increased by 8% to EUR 413.2 million (382.3) and the difference between the two is explained by items affecting comparability. Items affecting comparability consisted mainly of Kemira's liabilities in a small, to-be closed energy company owned via Pohjolan Voima as well as organizational restructuring costs in Pulp & Paper and Oil & Gas. Items affecting comparability within EBITDA were EUR –21.8 million (–27.7). Depreciation, amortization and impairments included items affecting comparability of EUR 0.0 million (–1.9).

Cash flow from operating activities in 2020 declined by 3% but remained strong at EUR 374.7 million (386.2). Cash flow after investing activities was EUR 173.3 million (189.8). In 2020, capital expenditure excluding acquisitions declined by 3% to EUR 195.6 million (201.1). Capital expenditure can be broken down as follows: expansion capex 37% (49%), improvement capex 23% (19%) and maintenance capex 40% (32%).

At the end of the period, Kemira Group's net debt was EUR 759 million (811), including lease liabilities. The equity ratio was 43% (43%), while gearing improved to 63% (66%).

In corporate responsibility, Kemira moved ahead in multiple areas. The share of net sales from products that improve customers' resource efficiency was 52% (53%) while the target is at least 50%. In safety, the Total Recordable Injury Frequency Rate per million hours (TRIF) was 2.2, slight increase from the previous year (2.1). As a result, Kemira was not on target for its 2020 safety goal (TRIF 2.2 vs. 2.0).

Relating to climate change, Kemira's Carbon index declined to 95.2 (98.6). The year showed a 4.8% reduction in actual annualized emissions compared to the baseline of 2018. This is a significant improvement, as the modelling when setting Kemira's 2030 target expected a 4% increase for 2020, before declining.

Supplier sustainability assessments continued during the year. Kemira completed 60 new supplier assessments and supplier assessment target was met, but Kemira was not able to conduct targeted number of audits mainly due to COVID-19 and related restrictions.

Regarding employees, Kemira received strong results in employee engagement with the engagement index at 81% (79%). In leadership development activities Kemira is ahead of its target. In 2020, Kemira experimented with more digital learning. Integrity index, KPI to measure compliance with the Kemira Code of Conduct, was at 80%, which is above the industry benchmark (77%).

In 2021, Kemira expects net sales in local currencies, excluding acquisitions and divestments, to increase from 2020 (EUR 2,427 million). In terms of profitability, the company expects operative EBITDA to be at the same or at a slightly (less than 5%) lower level than in 2020 (EUR 435 million).

The Board proposes to the Annual General Meeting that a dividend of EUR 0.58 (0.56) per share be distributed, totalling EUR 89 million (85). The dividend is proposed to be paid in two instalments.

KEMIRA KEY FIGURES

IFRS		2020	2019	2018
Net Sales	EUR million	2,427.2	2,658.8	2,592.8
Operating Profit	EUR million	215.9	194.4	148.2
Profit for the Period	EUR million	138.0	116.5	95.2
Total Equity	EUR million	1,205.3	1,231.0	1,202.5
Balance Sheet Total	EUR million	2,795.7	2,891.0	2,763.8
Equity Ratio	%	43.1	42.6	43.5
Personnel, Average		5,038	5,062	4,810

Consolidated statement of comprehensive income, IFRS

(EUR 1,000)	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Net sales	2	226,080	225,409
Change in inventories of finished goods and work in progress		–121	–6,351
Other operating income	3	547	442
Materials and services		86,072	87,422
Personnel expenses	4	71,032	78,228
Depreciation and impairment	5	10,759	13,795
Other operating expenses		43,745	48,496
Operating profit		**14,898**	**–8,441**
Financial income and expense	6	–2,550	–1,558
Share of profit of associates		56,759	39,334
Profit before tax		**69,107**	**29,335**
Income tax expense	7	–1,555	–2,577
Net profit for the period		**67,552**	**26,758**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurements on defined benefit pensions		–711	–2,589
Deferred taxes related to items that will not be reclassified to profit or loss		182	663
Share of other comprehensive income of associates		–5,686	452
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates		–13,746	–296
Exchange rate differences on translation of foreign operations		–698	190
Other comprehensive income for the period		**–20,659**	**–1,580**
Total comprehensive income for the period		**46,893**	**25,178**
Profit for the period attributable to:			
Equity holders of parent company		67,612	26,793
Non-controlling interest		–60	–35
Total comprehensive income for the period attributable to:			
Equity holders of parent company		46,953	25,213
Non-controlling interest		–60	–35

Consolidated balance sheet, IFRS

(EUR 1,000)	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Goodwill	8	25,191	25,189
Intangible assets	8	38,186	41,099
Property, plant and equipment	9	39,412	43,397
Investments in associated companies	12	350,865	466,235
Financial assets	13	7,100	7,521
Receivables	14	258	281
Deferred tax asset	15	9,569	8,687
		470,581	**592,409**
Current assets			
Inventories	16	36,397	38,426
Accounts receivable and other receivables	17	26,616	43,547
Other financial assets	18	2,244	2,242
Cash and non-current deposits	19	86,611	35,009
		151,868	**119,224**
Assets classified as held for sale	20	138,491	2,975
Total assets		**760,940**	**714,608**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	21	6,521	6,521
Other capital reserves	21	20,133	20,165
Foreign currency translation reserve	21	–15,327	–982
Fair value reserve	21	–1,989	–1,890
Other invested capital	21	39,000	39,000
Retained earnings	21	518,735	460,428
Total equity attributable to the owners of the parent company		**567,073**	**523,242**
Non-controlling interest	31	132	192
Total equity		**567,205**	**523,434**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	24	41,765	88,507
Provisions	23	4,563	4,638
Employee benefit liabilities	22	20,756	20,659
Deferred tax liability	15	13,140	13,923
Other non-current liabilities	25	449	560
		80,673	**128,287**
Current liabilities			
Accounts payable and other liabilities	26	62,484	57,869
Interest-bearing liabilities	24	48,519	2,797
Provisions	23	953	1,050
Employee benefit liabilities	22	1,106	1,171
		113,062	**62,887**
Total liabilities		**193,735**	**191,174**
Total equity and liabilities		**760,940**	**714,608**

Consolidated cash flow statement, IFRS

(EUR 1,000)	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
CASH FLOW FROM OPERATIONS		
Profit before taxes	69,107	29,335
Adjustments		
Depreciation and impairment	10,759	13,795
Financial income	–31,448	–27,306
Financial expense	2,319	2,042
Share of profit of associates	–25,488	–12,521
Unrealised exchange rate gains and losses	408	9
Other non-cash items	–1,552	9,240
Other adjustments	–140	–57
Cash flow from operations before change in working capital	23,965	14,537
Change in trade and other non-interest bearing receivables (–/+)	15,077	–109
Change in inventories (–/+)	2,029	6,264
Change in trade and other non-interest bearing liabilities (+/–)	6,711	1,706
Cash flow from operations before financial items and taxes	47,782	22,398
Interests paid and other financial items	–1,443	–936
Interests received	104	111
Dividends received	31,311	26,853
Income taxes paid	–2,547	–2,996
Cash flow from operations	**75,207**	**45,430**
CASH FLOW FROM INVESTMENTS		
Proceeds from sale of intangible and tangible assets	272	669
Investments in intangible and tangible assets	–3,149	–4,681
Investment in associate	–12,876	–42,021
Change in other non-current receivables	1	–19
Cash flow from investments	**–15,752**	**–46,052**
CASH FLOW FROM FINANCING		
Dividends paid	–2,999	–2,999
Capital loan interest	–1,338	–1,310
Change in other financial assets		8,057
Payment of lease liabilities	–3,410	–5,645
Cash flow from financing	**–7,747**	**–1,897**
Net change in cash and cash equivalents	**51,708**	**–2,519**
Cash and cash equivalents at 1 January	35,009	37,481
Exchange rate difference on cash	–106	47
Cash and cash equivalents at 31 December	86,611	35,009

Statement of changes in shareholders' equity, IFRS

2020 (EUR 1,000)	Balance at 1 January	Total comprehensive income for the period	Other equity distribution	Dividends paid	Sharebased incentive plans from associated companies	Transfers between reserves and other adjustments	Balance at 31 December
Share capital	**6,521**						**6,521**
Premium reserve	**12,884**						**12,884**
Invested unrestricted equity fund	**6,100**						**6,100**
Other reserves	**1,181**					–32	**1,149**
Foreign currency translation reserve	**–982**	–14,345					**–15,327**
Fair value reserve	**–1,890**	–99					**–1,989**
Other invested capital	**39,000**						**39,000**
Retained earnings	**460,428**	61,397	–1,338	–2,999	1,214	33	**518,735**
Equity attributable to the owners of the parent company	**523,242**	**46,953**	**–1,338**	**–2,999**	**1,214**	**1**	**567,073**
Non-controlling interest	**192**	–60					**132**
Total equity	**523,434**	**46,893**	**–1,338**	**–2,999**	**1,214**	**1**	**567,205**

2019 (EUR 1,000)	Balance at 1 January	Total comprehensive income for the period	Other equity distribution	Dividends paid	Sharebased incentive plans from associated companies	Transfers between reserves and other adjustments	Balance at 31 December
Share capital	**6,521**						**6,521**
Premium reserve	**12,884**						**12,884**
Invested unrestricted equity fund	**6,100**						**6,100**
Other reserves	**1,228**					–47	**1,181**
Foreign currency translation reserve	**–4,080**	3,098					**–982**
Fair value reserve	**1,314**	–3,204					**–1,890**
Other invested capital	**39,000**						**39,000**
Retained earnings	**438,712**	25,319	–1,310	–2,999	658	48	**460,428**
Equity attributable to the owners of the parent company	**501,679**	**25,213**	**–1,310**	**–2,999**	**658**	**1**	**523,242**
Non-controlling interest	**227**	–35					**192**
Total equity	**501,906**	**25,178**	**–1,310**	**–2,999**	**658**	**1**	**523,434**

Notes to the consolidated financial statements, IFRS

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

Oras Invest Group is an international industrial group. Group's parent company, Oras Invest Ltd, is domiciled in Rauma in the Republic of Finland. Its address is: P.O.Box 40 / Isometsäntie 2, FI–26101 Rauma, Finland. The company's shares are not listed on stock exchange. Its company registration number is 1908260–8. Oras Invest Board has approved the publication of these financial statements in its meeting of 31 March 2021.

Oras Invest Group consists of 100% owned Oras Group and the associated companies Uponor Corporation (24.7% from outstanding shares), Kemira Oyj (20.5%) and Tikkurila Oyj (20.0%). Oras Group develops, manufactures and markets user-friendly, water and energy saving sanitary fittings. Biggest administration and group function units of Oras Group are in Rauma and in Stuttgart, Germany. Manufacturing units are located in Finland, Poland and Czech Republic. Sales offices are located in Nordic countries, several Middle and Southern European countries and in Eastern Europe.

Accounting principles

The consolidated financial statements for the period 1.1.2020 – 31.12.2020 are prepared in accordance with the International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2020. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and to their interpretations adopted in accordance with the procedures laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The consolidated financial statements include also additional information required by the Finnish Accounting Act and Company's Act.

The consolidated financial statements are presented in thousands of euros (tEUR), and they are based on the historical cost convention unless otherwise specified in the accounting principles section below.

Use of estimates and judgement

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of financial statements, as well as the reported amounts of income and expenses during the reporting period. The use of judgement is needed in the application of accounting policies. Although these estimates are based on the management's best knowledge of current events and actions, actual result may ultimately differ from those estimates.

Consolidation principles

Subsidiaries

The consolidated financial statements include the parent company, Oras Invest Ltd, and those companies in which Oras Invest Ltd has direct or indirect control of over 50% of the voting rights or otherwise has power to govern the financial and operating policies. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Subsidiaries acquired or established during the year are included from the time when the Group has obtained control.

Intra-group shareholdings are eliminated using the acquisition cost method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisitions cost over fair value of the net assets have been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the IFRS transition date (1 January 2009) are not adjusted for IFRS. Intra-group transactions, receivables, liabilities, unrealised gains and dividends between group companies are eliminated in the consolidated financial statements. Unrealised losses are not eliminated in case of impairment.

Investment in an associate

Associated companies are entities over which the group has 20–50% of the voting rights, or over which the group otherwise exercises significant influence. Holdings in associated companies are included in the consolidated financial statements using the equity method. Accordingly, the share of the post-acquisition profits and losses of associated companies is recognised in the income statement to the extent of the group's holding in the associated companies. When the group's share of losses of an associated company exceeds the carrying amount, it is reduced to nil and any recognition of further losses ceases, unless the group has an obligation to satisfy the associated company's obligations.

Goodwill represents the excess of the cost of an acquisition over the value of the net assets of the acquired company on the date of acquisition. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, it is determined whether there is any objective evidence that the investment in the associate is impaired. If this is the case the amount of impairment is calculated as the difference between the recoverable amount of the associate and its carrying value and the amount is recognised in the "share of profit of an associate" in the income statement.

Foreign currency translations

Figures for the performance and financial position of the group units are measured in the main currency of the unit's operating environment. The consolidated financial statements are in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions are translated using the exchange rates on the transaction date. Outstanding receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financing are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using monthly average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using exchange rates quoted on the balance sheet date. The resulting conversion difference and other conversion differences resulting from the conversion of subsidiaries´ equity are shown as separate item in the equity. Realised conversion differences in connection with the redemption of material shares in subsidiaries are recognised as income or expense in exchange rate differences in the income statement.

Exchange rate differences on translation of foreign operations as well as share of other comprehensive items of investment in an associate related to translation difference are recorded through comprehensive income in Oras Invest Group. Accordingly, foreign currency translation reserve consists of these items.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company, according to a single co-ordinated plan, decides to dispose of a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial purposes. Non-current assets held for sale are shown separately in the consolidated balance sheet. Profit or loss from a discontinued operation and gains or losses on its disposal are shown separately in the consolidated income statement. Assets related to non-current assets held for sale and discontinued operations are assessed at book value, whether it is lower, at fair value less costs to sell. Depreciation from these assets has been discontinued at the date of classifying assets as non-current assets held for sale and discontinued operations.

On December 18, 2020 PPG Industries, Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries, Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. The investment to Tikkurila has been reclassified as asset held for sale and thereby the equity method accounting has been discontinued.

To reduce the complexity and improve its competitiveness, Oras Invest Group restructured its European production and closed down the Burglengenfeld plant in Germany during year 2019. After the decision was done in August on 2019 the depreciation was discontinued and plant was reclassified as asset held for sale.

Revenue recognition

This accounting policy describes the Group's revenue recognition as well as gives the necessary information for the user of the financial statements to understand the performance obligations, timing of revenue recognition and significant judgements made by the management.

The standard requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Group is in the business of providing user-friendly, water and energy saving sanitary fittings. The revenue streams are mainly from sale of these goods. The Group is acting as principal in all the customer contracts as the Group provides the goods and services itself to a customer and controls the specified goods and services before they are transferred to a customer.

Management's judgements have been applied in the following areas:

- Right of return
- Determination of the amount of variable consideration

These management's judgements have been further elaborated in this disclosure.

Sale of goods

The sale of goods includes products. Each good provided to the customer is distinct from the other products provided to the customer and therefore, each good is considered as a separate performance obligation.

The Group recognises the revenue from the goods at a point in time. When determining the timing of revenue recognition, the Group analyses the delivery terms and customer acceptance clauses in order to define the exact timing of the control being transferred. When certain terms are met, products have a right of return, and the Group has assessed the amount on basis of historical data.

The invoicing frequency is linked to the delivery e.g. invoicing takes place when the goods have been delivered.

Variable consideration

The amount of consideration that the Group is entitled to may vary due to items of variable consideration. Relevant variable consideration for the Group includes rebates, refunds and marketing fees.

Sale of goods may typically include variable considerations such as rebates, bonuses, returns and marketing support. Rebates and bonuses are variable in nature and the Group accrues these on monthly basis. Returns are recognised and credited to customer when the criteria is met. Unconditional marketing support is recorded against the revenue. In case marketing support is conditional, it is recorded as marketing expense.

The Group estimates the amount of variable consideration at the contract inception. When estimating the amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. In the sale of goods, the application of the constraint does not have a significant impact of revenue recognition as variable considerations in the sale of goods are immaterial.

Other topics

Warranties: The Group generally provides warranties for general repairs of defects that exists at the time of sale, as required by law. Warranties are thus assurance-type warranties and are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Refund liabilities: A refund liability is the obligation to refund some or all the consideration received (or receivable) from the customer and it is measured at the amount that the Group ultimately expects it will have to refund to the customer. At the end of each reporting period, the Group updates its assessment on the amount of refund liabilities.

The Group's contracts with customers do not include significant financial components, non-cash considerations or costs to obtain a contract.

Research and development

Research costs are expensed as incurred and they are included in the consolidated income statement under other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met in accordance with IAS 38. Product development costs are capitalised in the balance sheet as intangible assets from the moment the product can be technically implemented, applied commercially and expected to generate future economic benefits. Capitalized development costs comprise the material, work and testing of expenditure that is the direct result of the process of completing the products for its intended use.

Depreciation and amortisation expenses are recognized from the moment the item is ready for use. Items that are not yet ready for use are tested each year for impairment. Capitalized development costs are measured after the original recognition after impairment and acquisition cost depreciation have been deducted from them. Capitalized costs are recognized as straight-line depreciation and the useful life of capitalized development costs is five years.

Employee benefits

The Group's pension schemes comply with each country's local rules and regulations. Pensions are classified as defined contribution plans or defined benefits plans. Most of the employee benefits in the Group apply defined contribution plans. Within the defined contribution plan, pension contributions are paid directly to insurance companies and once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

In addition to defined benefit pensions, the Group has other non-current employee benefits, such as long-service benefit and one off payment provision. These plans are classified as defined benefit plans.

The defined benefit liability or asset, which has arisen from the difference between the present value of the obligations and the fair value of plan assets, has been entered in the statement of financial position. The obligations for defined benefit plans are based on actuarial calculations. The defined benefit obligation is measured as the present value of the estimated future cash flows using interest rates of government securities that have maturity terms approximating the terms of related liabilities or similar non-current interests. Actuarial gains or losses of defined benefit plans as well as the realized return on plan assets after deducting the net interest costs are recognized in other comprehensive income in the period in which they occur.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to operating activities from net sales.

Financing costs

Financing costs are recognised in the income statement as they incur.

Income taxes

Income taxes in the consolidated income statement comprise taxes based on taxable income recognised for the period by each group company on an accrual basis, according to local tax regulations including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate effective on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is not amortised, but is tested for impairment annually. Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Other intangible assets

Other intangible assets include trademarks, patents, customer relationships, capitalised development costs and software licenses. Intangible assets are recognised in the balance sheet at historical costs less accumulated amortization according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are measured at historical cost minus accumulated depreciation and any impairment losses. Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown under operating income and losses under other operating expenses.

Depreciation and amortization

Intangible and tangible assets are valued at acquisition cost less accumulated depreciation or amortization during the useful life of the assets and possible impairment losses. Depreciation is calculated on a straight-line basis on the acquisition cost over the asset's expected useful life as follows:

Intangible assets	3–25 years
Buildings	10–50 years
Structures	10 years
Machinery and equipment	3–12 years
Other tangible assets	10–30 years

Grants

Grants received from the Government and other sources are entered into the income statement as adjustment for expenses or shown on other operating income. Grants connected with the acquisition of intangible or tangible assets are deducted from the acquisition cost.

Impairment

The balance sheet values of assets are assessed for impairment on a regular basis. Should any indication of an impaired asset exist, the asset's recoverable amount shall be assessed. The recoverable amount is the fair value of the asset minus sales-related expenditure or a higher value in use. The value in use refers to the estimated future net cash flows, discounted at their present value, that arise from the assets in question or the unit generating cash flows. The need for impairment is examined at the level of units generating cash flows, in other words, at the lowest unit level which is largely independent of other units and the cash flows of which can be separated from other cash flows.

The impairment loss is recognised in the income statement when the book value of the asset is higher than the recoverable amount. The useful life of the asset to be depreciated is reassessed in connection with the recognition of the impairment loss. An impairment loss recognized in connection with other assets than goodwill will be reversed if there have been changes in the assessments used for determining the recoverable amount. The impairment loss to be reversed may, however, not exceed the book value the asset would have without the recognition of the impairment loss. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment at least annually.

The impairment tests performed did not reveal any need to recognize impairment losses. The pre-tax discount rate (WACC) used in the testing was 8.1%.

Leases

IFRS 16 standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard requires lessees to account for the majority of lease contracts under a single on-balance sheet model.

Oras Invest Group leases assets comprising mainly premises, cars, forklifts and equipment. At contract inception, Group determines whether the contract is, or contains, a lease. A contract is determined as a lease contract if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Oras Invest Group recognizes a right-of-use asset and a lease liability corresponding to the present value of future lease payments in the consolidated statement of financial position at the commencement date of the lease.

Lease liabilities

At the commencement date of the lease, Oras Invest Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date. Oras Invest Group does not have contracts including variable lease payments. The lease contracts may also contain payments of penalties for terminating the leases. Oras Invest Group includes the termination penalty in the lease payments if it has determined that there is a reasonable certainty of terminating the lease. VAT is not included in the carrying amount of the lease liability. The Group has analysed the expected lease term and thereby assessed whether it is reasonably certain that any options to extend or terminate the agreements will be exercised for the lease contracts.

Oras Invest Group calculates the present value of the lease payments using the incremental borrowing rate. The incremental borrowing rate is defined in IFRS 16 as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Oras Invest Group has determined the incremental borrowing rates taking into consideration the financial environment of the contract, the maturity of the lease agreements and the different economic environments. Based on these factors the Group uses an interest rate matrix to determine the appropriate discount rate in different lease contracts.

Right-of-use asset

Oras Invest Group recognizes right-of-use assets at the commencement date of the lease which is the date when the underlying asset is available for use. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life. The lease terms of the Group's right-of-use assets are generally between 3 to 10 years. Right-of-use assets are subject to impairment testing.

Short-term leases and leases of low-value assets

Oras Invest Group applies the short-term lease recognition exemption to its short-term leases and does not recognize leases with a lease term of 12 months or less from the commencement date. In determining whether a contract is a short-term lease contract the Group takes into account reasonable certainty of exercising extension and termination options similarly as for other leases. If a lease contains a purchase option, Oras Invest Group does not consider it to be a short-term lease.

Oras Invest Group also applies the recognition exemption related to leases with low-value assets. In determining whether a lease contains a low-value asset, the Group considers the value of the underlying asset when new and not in its current age and condition. Lease payments relating to short-term leases and leases with low value are recognized as an expense on a straight-line basis over the lease term.

Significant judgements

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Oras Invest Group has analysed the expected lease term and thereby assessed whether it is reasonably certain that any options to extend or terminate the agreements will be exercised for the lease contracts. Oras Invest Group has lease agreements with either a fixed lease term or which are valid until further notice.

Oras Invest Group evaluates the lease term on a case by case basis. For lease agreements valid until further notice, Oras Invest Group has determined the lease term using the expected termination date based on its best estimate. The Group will revise the lease term if there is a change in the estimate or in the non-cancellable period of a lease.

Inventories

Inventories are measured at acquisition cost or at net realisable value, whichever is lower. The net realisable value is the price received on the date of sale, less expense. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads are included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions may be connected with such matters as restructuring operations, loss-making contracts, court cases or warranty costs. Changes in provisions are included in relevant expenses on the income statement.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require a settlement of a payment obligation or the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Cash and short-term deposits

Cash and short-term deposits include cash in hand and deposits that can be withdrawn on request.

Financial assets

Financial assets are classified as follows: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Sales and purchases of financial assets are recognised at their trading date.

Fair value through profit and loss

Fair value through profit and loss include financial assets held for trading and measured at fair value. Financial assets at fair value through profit and loss have been acquired principally for the purpose of generating a profit from short-term fluctuations in market prices. Derivative instruments, for which hedge accounting is not applied, are included in financial assets at fair value through profit and loss and are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices at the balance sheet date, or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and realised and unrealised gains and losses, are included in the income statement in financial items in the period in which they occur. Fair value through profit and loss are presented under the other current assets in the balance sheet.

Amortized cost

Amortized cost items are non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets or held for trading purposes. Loans and receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probable bankruptcy of the debtor or default in payments are considered as probable indicators for the impairment of accounts receivable. Impairment of a loan receivable is assessed with the same criteria as an impairment of accounts receivable.

Fair value through other comprehensive income

Fair value through other comprehensive income assets consist of holdings in listed and non-listed companies and investments. Fair value through other comprehensive assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. If the fair value of a holding or investment cannot be measured reliably, it will be measured at cost. Changes in the fair value of other comprehensive income assets are recognised in the fair value reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity into the consolidated statement of comprehensive income when the asset is disposed of or has lost its value to the extent that an impairment loss must be recognised.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at their fair value. This group includes those derivatives whose fair value is negative.

Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities. Other financial liabilities include non-current and current interest-bearing liabilities and accounts payable.

Derivative contracts and hedge accounting

Oras Invest Group has no derivative contracts and has not applied hedge accounting during years 2020 nor 2019.

Dividends

Dividends paid by the Group are recognised for the period during which their payment is approved by the shareholders in the Annual General Meeting.

Accounting policies requiring consideration by management and essential uncertainty factors associated with estimates

Estimates and assumptions regarding the future must be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires consideration.

Group management needs to make decisions regarding the selection and application of accounting principles. These judgements are in particular required in those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the management's best view at the time of the closing the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing the accounts. On a regular basis, the Group monitors the realisation of these estimates and assumptions through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements for the period during which such corrections are made, and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, the realisability of certain asset items, such as deferred tax assets and other receivables, the economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to impairment testing on goodwill and the defined benefit-based pension obligations. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC), is used as the discount rate in impairment tests. The book value of the defined benefit-based pension obligation is based on actuarial calculations, which in turn are based on the assumptions and estimates of a discount rate used for assessing plan assets and obligations at their current value, the expected rate of return on plan assets and developments in inflation, salary and wage levels.

Application of new IFRS standards and interpretations

New and adopted IFRSs and Interpretations in 2020:

- **Amendments to References to Conceptual Framework in IFRS Standards.** The revised Framework codifies IASB's thinking adopted in recent standards. It does not override the requirements of individual IFRSs.
- **Amendments to IFRS 3 Business Combinations: Definition of a Business.** The Amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set is a group of assets rather than a business.
- **Amendments to IAS 1 Presentation of Financial Instruments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material.** The amendments clarify the definition of material and include guidance to help improve consistency in the application of that concept across all IFRS Standards.
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Interest rate Benchmark Reform – Phase 1.** Amendments have been issued to address uncertainties related to the reform of interbank offered rates (IBOR).
- **Amendment to IFRS 16 Leases: COVID-19 Related Rent Concessions.** The amendment allows the lessees not to account for rent concessions as lease modifications if the concessions are a direct consequence of the COVID-19 pandemic and only if certain conditions are met.

Application of these new and revised IFRSs has had no material effect on the Group's consolidated financial statements.

Application of new and revised IFRSs in issue but not yet effective:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. Oras Invest Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate Benchmark Reform – Phase 2, effective for the accounting periods beginning on or after 1 January 2021.
- Amendments to IAS 16: Proceeds before Intended Use, effective for the accounting periods beginning on or after 1 January 2022.
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract, effective for the accounting periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018–2020, effective for the accounting periods beginning on or after 1 January 2022.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current, effective for the accounting periods beginning on or after January 2023.

However, it is estimated that these amendments and improvements do not have significant impact on reported figures.

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	2020	2019

2. NET SALES

Sales of goods	226,080	225,409
Total	226,080	225,409

3. OTHER OPERATING INCOME

Gains from sales of fixed assets	172	170
Rental income	40	24
Grants	257	186
Other items	78	62
Total	547	442

4. EMPLOYEE BENEFITS

Salaries, wages and bonuses	60,393	66,365
Pension expenses, defined contribution plans	5,875	5,037
Pension expenses, defined benefit plans	–507	–521
Other social security expenses	5,271	7,347
Total	71,032	78,228
Number of personnel		
Average number of personnel during fiscal year	1,297	1,424
Number of personnel 31 Dec		
white-collar workers	585	597
blue-collar workers	724	792
Total	1,309	1,389

5. DEPRECIATION AND AMORTISATION

Depreciation according to plan	7,552	8,453
Depreciation of right-of-use assets	3,207	5,342
Total	10,759	13,795

Depreciation of right-of-use assets in 2019 includes penalty payment related to early termination of a lease agreement amounting 1,903 tEUR.

6. FINANCIAL INCOME AND EXPENSES

Financial income		
Dividend income from others	40	40
Interest income	53	249
Exchange rate differences		30
Other financial income	84	205
Total	177	524
Financial expenses		
Interest expenses	1,414	1,055
Interest expenses, lease liabilities	395	491
Exchange rate differences	498	
Other financial expenses	420	536
Total	2,727	2,082
Financial income and expenses total	–2,550	–1,558

(EUR 1,000)	2020	2019

7. INCOME TAXES

Current year and previous year's taxes		
Taxes based on taxable income for fiscal year	3,833	3,547
Taxes from previous fiscal years	–743	92
Deferred taxes	–1,535	–1,062
Total	1,555	2,577
Tax reconciliation		
Profit before taxes	69,107	29,335
Share of profit of associates	56,759	39,334
	12,348	–9,999
Taxes calculated at parent company's tax rate (20,0%)	2,470	–2,000
Differing tax rates of foreign subsidiaries	394	124
Non-deductible expenditure	208	282
Tax-exempt income	–27	–16
Utilization of tax losses not recognized	–19	–29
Change in tax legislation		1
Taxes from previous fiscal years	–743	92
Tax losses carried forward not recognized	483	4,881
Recognition of deferred taxes from tax losses	–1,187	
Items not recognized in income statement	123	–618
Other items	–147	–140
Total	1,555	2,577
Effective tax rate %	2.25%	8.78%

NOTES TO CONSOLIDATED BALANCE SHEET

8. GOODWILL AND INTANGIBLE ASSETS

2020 (EUR 1,000)	Goodwill	Trademark	Intangible rights	Other intangible assets	Customer relation-ships	Capital-ized develop-ment costs	Total
Acquisition cost on 1 Jan	25,189	17,828	1,385	7,631	39,900	2,316	94,249
Conversion difference	2		1	–3			0
Increases				32			32
Disposals			–22	–2,477			–2,499
Other changes							0
Acquisition costs 31 Dec	25,191	17,828	1,364	5,183	39,900	2,316	91,782
Accumulated amortisation and impairment 1 Jan		7,395	1,351	6,924	9,975	2,316	27,961
Conversion difference			1	–5			–4
Amortisation		1,188	4	154	1,596		2,942
Impairment							0
Cumulative amortisation on disposals and transfers			–20	–2,474			–2,494
Accumulated amortisation and impairment 31 Dec		8,583	1,336	4,599	11,571	2,316	28,405
Book value 1 January	25,189	10,433	34	707	29,925	0	66,288
Book value 31 December	25,191	9,245	28	584	28,329	0	63,377

2019 (EUR 1,000)	Goodwill	Trademark	Intangible rights	Other intangible assets	Customer relation-ships	Capital-ized devel-opment costs	Total
Acquisition cost on 1 Jan	25,167	17,824	1,378	7,607	39,900	2,316	94,192
Conversion difference	22	4	7	21			54
Increases				3			3
Disposals							0
Other changes							0
Acquisition costs 31 Dec	25,189	17,828	1,385	7,631	39,900	2,316	94,249
Accumulated amortisation and impairment 1 Jan		6,206	1,337	6,661	8,379	2,316	24,899
Conversion difference			8	2			10
Amortisation		1,189	6	261	1,596		3,052
Impairment							0
Cumulative amortisation on disposals and transfers							0
Accumulated amortisation and impairment 31 Dec		7,395	1,351	6,924	9,975	2,316	27,961
Book value 1 January	25,167	11,618	41	946	31,521	0	69,293
Book value 31 December	25,189	10,433	34	707	29,925	0	66,288

Oras Invest Group acquired Hansa on 30 September 2013 and goodwill amounting to 25.359 tEUR was recognized as a result of purchase price allocation. During 2014 purchase price was adjusted and amount of goodwill as of 31 December 2014 was 24.609 tEUR. In connection of acquisition of Hansa, customer relationships and trademark value was identified.

Oras Invest Group acquired Amphiro AG on 6 July 2018 and goodwill amounting to 540 tEUR was recognized as a result of purchase price allocation. In connection of acquisition of Amphiro AG, technology intangibles and trademark value was identified.

Apart from goodwill, Oras Invest Group does not have any other intangible assets with indefinite useful lives.

According to the IFRS 3 standard, goodwill is not depreciated, but it is tested at least annually for any impairment. If a unit's carrying value does not exceed goodwill amount, impairment is booked.

Impairment test is carried out at Oras Group level as the synergies obtained from the acquisition will benefit the whole Oras Group. Cash flow forecasts related to goodwill cover a period of five years. Terminal value is calculated from the fifth year's cash flow. Cash flow forecasts are based on the strategic plans approved by the management. Key assumptions of the plans relate to growth and profitability development of the markets and the product offerings. A cash-generating unit's useful life has been assumed to be indefinite, since this unit has been estimated to impact on the accrual of cash flows for an undeterminated period. The discount rate used is based on the interest rate level reflecting the average yield requirement for the cash generating unit. The discount rate (pre-tax) used was 8.1 per cent. The 2020 goodwill impairment test indicated that there was no need to record impairment.

During the financial years 2020 and 2019 there were no business acquisitions.

9. PROPERTY, PLANT AND EQUIPMENT

2020 (EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost on 1 Jan	847	39,111	109,284	3,134	1,371	153,747
Conversion difference	−25	−374	−888		−32	−1,319
Increases		139	1,296		2,991	4,426
Disposals		−11	−18,398	−14		−18,423
Other changes		6	2,876		−2,882	0
Acquisition costs 31 Dec	822	38,871	94,170	3,120	1,448	138,431
Accumulated depreciation and impairment 1 Jan		19,335	88,443	2,572		110,350
Conversion difference		−347	−783			−1,130
Depreciation		2,517	5,280	20		7,817
Impairment						0
Cumulative depreciation on disposals and transfers		−11	−17,993	−14		−18,018
Accumulated depreciation and impairment 31 Dec		21,494	74,947	2,578		99,019
Book value 1 January	847	19,776	20,841	562	1,371	43,397
Book value 31 December	822	17,377	19,223	542	1,448	39,412
of which right-of-use assets on 31 Dec		11,639	2,666			14,305

2019 (EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost on 1 Jan	1,960	37,643	109,808	3,101	2,405	154,917
Conversion difference	5	116	196		11	328
IFRS 16 implementation		13,715	3,541			17,256
Increases		1,306	4,645	3	3,572	9,526
Disposals		−36	−11,189			−11,225
Reclassification to assets held for sale	−1,118	−13,872	−2,065			−17,055
Other changes		239	4,348	30	−4,617	0
Acquisition costs 31 Dec	847	39,111	109,284	3,134	1,371	153,747
Accumulated depreciation and impairment 1 Jan		29,049	91,814	2,555		123,418
Conversion difference		67	143			210
Depreciation		2,650	6,173	17		8,840
Impairment			1,903			1,903
Reclassification to assets held for sale		−12,395	−1,685			−14,080
Cumulative depreciation on disposals and transfers		−36	−9,905			−9,941
Accumulated depreciation and impairment 31 Dec		19,335	88,443	2,572		110,350
Book value 1 January	1,960	8,594	17,994	546	2,405	31,499
Book value 31 December	847	19,776	20,841	562	1,371	43,397
of which right-of-use assets on 31 Dec		13,125	2,956			16,081

10. RIGHT-OF USE ASSETS AND LEASE LIABILITIES

Oras Invest Group leases premises, cars, forklifts and equipment. The lease terms of the Group's right-of-use assets are generally between 3 to 10 years. An expense amounting to 50 tEUR (100 tEUR 2019) has been recognized in other operating expenses from short-term items and items of low value leases.

2020 (EUR 1,000)	Buildings and structures	Machinery and equipment	Total	Lease liabilities
Opening balance on 1 January	13,125	2,956	16,081	16,304
Translation differences	213	191	404	325
Increases	131	1,178	1,309	1,261
Disposals		−282	−282	−329
Depreciation for the year	−1,830	−1,377	−3,207	
Payments				−3,015
Closing balance on 31 December	11,639	2,666	14,305	14,546

2019 (EUR 1,000)	Buildings and structures	Machinery and equipment	Total	Lease liabilities
IFRS 16 implementation	13,715	3,541	17,256	17,256
Translation differences	193	91	284	284
Increases	988	3,583	4,571	4,571
Disposals		−688	−688	−653
Depreciation for the year	−1,771	−1,668	−3,439	
Impairment		−1,903	−1,903	
Payments				−5,154
Closing balance on 31 December	13,125	2,956	16,081	16,304

(EUR 1,000)	2020	2019
Depreciation expense of right-of-use assets	3,207	5,342
Interest expense on lease liabilities	395	491
Total amounts recognized in profit or loss	3,602	5,833

Maturity of lease liabilities is disclosed in note 24.

11. BOOK VALUES AND FINANCIAL ASSETS AND LIABILITIES BY ITEM GROUPS

Values 31 December 2020 Balance item	Note	Financial items at fair value through profit and loss	Amortized cost	Financial items at fair value through comprehen-sive income	Total	IFRS 7 Fair value hierarchy level
Non-current financial assets						
Other shares	13		275		275	
Financial assets	13	6,825			6,825	1
Receivables	14		258		258	
Current financial assets						
Accounts receivable and other receivables	17		26,616		26,616	
Other financial assets	18	2,244			2,244	1
Cash receivables	19		86,611		86,611	
Value by item groups		**9,069**	**113,760**	**0**	**122,829**	
Non-current financial liabilities						
Interest-bearing non-current liabilities	24		41,765		41,765	
Other non-current liabilities	25		449		449	
Current financial liabilities						
Interest-bearing current liabilities	24		48,519		48,519	
Accounts payable and other liabilities	26		62,484		62,484	
Value by item groups		**0**	**153,217**	**0**	**153,217**	

Values 31 December 2019 Balance item	Note	Financial items at fair value through profit and loss	Amortized cost	Financial items at fair value through comprehen-sive income	Book value	IFRS 7 Fair value hierarchy level
Non-current financial assets						
Other shares	13		278		278	
Financial assets	13	7,243			7,243	1
Receivables	14		281		281	
Current financial assets						
Accounts receivable and other receivables	17		43,547		43,547	
Other financial assets	18	2,242			2,242	1
Cash receivables	19		35,009		35,009	
Value by item groups		**9,485**	**79,115**	**0**	**88,600**	
Non-current financial liabilities						
Interest-bearing non-current liabilities	24		88,507		88,507	
Other non-current liabilities	25		560		560	
Current financial liabilities						
Interest-bearing current liabilities	24		2,797		2,797	
Accounts payable and other liabilities	26		57,869		57,869	
Value by item groups		**0**	**149,733**	**0**	**149,733**	

The carrying value of financial assets and liabilities is considered to correspond to their fair value. Group's financial instruments are classified according to IFRS 7 fair value hierarchies.

Determination and Hierarchy of Fair Values

Level 1: the measure of instrument is based on quoted prices in active markets for identical assets or liabilities.
Level 2: the measure for the instrument include also other than quoted prices observable for the assets or liability, either directly or indirectly by using valuation techniques.

(EUR 1,000)	2020	2019

12. INVESTMENTS IN ASSOCIATED COMPANIES

Acquisition 1 Jan	466,235	410,879
Share of profit	56,759	39,334
Dividends received	−31,271	−26,813
Share of other comprehensive income	−19,432	156
Share-based incentive plans from associated companies	1,214	658
Increases	12,876	42,021
Transfer to Assets classified as held for sale	−135,516	
Book value 31 Dec	350,865	466,235

Oras Invest Group increased its ownership in its associated companies; Tikkurila during 2020, Kemira during 2019 and Uponor Corporation in 2018. For practical reasons, purchase price allocation has been made assuming that difference between acquired portion of equity and purchase price is goodwill, as the company has no access to more detailed information to enable the company to assess fair value of the acquired net assets.

On December 18, 2020 PPG Industries, Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries, Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. The investment to Tikkurila has been reclassified as asset classified as held for sale and thereby the equity method accounting has been discontinued.

GROUP'S ASSOCIATED COMPANIES AND THEIR ASSETS, LIABILITIES, NET SALES AND PROFIT/LOSS

(EUR 1,000)	Assets	Liabilities	Net sales	Profit/loss	Ownership (% of outstanding shares)
Uponor Corporation	868,400	446,500	1,136,000	96,100	24.7
Kemira Oyj	2,795,700	1,590,400	2,427,200	138,000	20.5
Tikkurila Oyj	441,600	260,300	582,000	43,100	20.0

	Closing price per share 31 Dec 2020	Total market value of the ownership 31 Dec 2020
Uponor Corporation	18.16	327,439
Kemira Oyj	12.94	404,740
Tikkurila Oyj	24.95	220,260
Total		952,439

(EUR 1,000)	2020	2019

13. OTHER NON-CURRENT FINANCIAL ASSETS

Shares	319	326
Pension plan assets	6,781	7,195
Total	7,100	7,521
Shares		
Acquisition 1 Jan	326	312
Exchange rate difference	−3	1
Changes in value	−4	13
Book value 31 Dec	319	326

Other non-current financial assets include other shares, which are booked at acquisition value since it has not been possible to determine the fair value reliably. In total these are 275 tEUR.

14. OTHER NON-CURRENT RECEIVABLES

Arrangement fee	38	61
Guarantee deposits	177	177
Other non-current receivables	43	43
Total	258	281

15. DEFERRED TAXES

Deferred tax asset from the tax loss carry forwards has been recognized in 2020 up to the amount that company expects them to be utilized. Tax loss carry forwards of which deferred tax asset has not been recognized amounts to 74,550 tEUR (77,822 tEUR 2019).

2020 (EUR 1,000)	1 Jan 2020	Exchange rate difference	Change of the period	31 Dec 2020
Deferred tax assets				
Intangible and tangible assets	249	–1	–26	222
Employee benefits	3,173	–42	252	3,383
Internal margins	361		35	396
Provisions	670	–11	–33	626
Tax losses carried forward	3,435		1,187	4,622
Other temporary differences	799	–2	–477	320
Total	8,687	–56	938	9,569
Deferred tax liabilities				
Accumulated depreciation difference and untaxed reserves	697		5	702
Intangible and tangible assets	12,854	–5	–837	12,012
Investments in financial instruments	288		–15	273
Other temporary differences	84	1	68	153
Total	13,923	–4	–779	13,140
Deferred taxes on 31 Dec 2020 net	**–5,236**	**–52**	**1,717**	**–3,571**

2019 (EUR 1,000)	1 Jan 2019	Exchange rate difference	Change of the period	31 Dec 2019
Deferred tax assets				
Intangible and tangible assets	538		–289	249
Employee benefits	2,566	4	603	3,173
Internal margins	149		212	361
Provisions	714	2	–46	670
Tax losses carried forward	3,435			3,435
Other temporary differences	318		481	799
Total	7,720	6	961	8,687
Deferred tax liabilities				
Accumulated depreciation difference and untaxed reserves	664		33	697
Intangible and tangible assets	13,714	5	–865	12,854
Investments in financial instruments	289		–1	288
Other temporary differences	16	–1	69	84
Total	14,683	4	–764	13,923
Deferred taxes on 31 Dec 2019, net	**–6,963**	**2**	**1,725**	**–5,236**

16. INVENTORIES

(EUR 1,000)	2020	2019
Materials and supplies	16,704	18,612
Work in progress	6,485	5,588
Finished goods	13,208	14,226
Total	36,397	38,426

Inventories are stated at the lower of cost or likely net realisable value.

(EUR 1,000)	2020	2019

17. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable	18,569	39,033
Other receivables	6,700	3,145
Prepayments and accrued income	1,347	1,369
Total	26,616	43,547
Prepayments and accrued income		
Personnel expenses	21	11
Income tax receivables	12	
Prepayments	1,312	930
Other items	2	428
Total	1,347	1,369

Accounts receivable includes the effect from the accounts receivable selling arrangement started at the end of 2019 and extended to biggest Nordic customers in 2020.

18. OTHER FINANCIAL ASSETS

Investments in short-term financial instruments	2,244	2,242
Total	2,244	2,242

19. CASH RECEIVABLES

Cash and bank accounts	86,611	35,009
Total	86,611	35,009

20. ASSETS CLASSIFIED AS HELD FOR SALE

Land	1,118	1,118
Buildings and structures	1,477	1,477
Machinery	380	380
Investments in associated company	135,516	
Total	138,491	2,975

Building, land and building related machinery of Burglengenfeld plant in Germany owned by Oras Group were closed down and classified as assets held for sale in August 2019.

On December 18, 2020 PPG Industries, Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries, Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. The investment to Tikkurila has been reclassified as asset classified as held for sale and thereby the equity method accounting has been discontinued.

21. SHAREHOLDERS' EQUITY

Total number of shares:		
A shares	217,350	PCS
B1 shares	36,226	PCS
B2 shares	36,226	PCS
B3 shares	36,224	PCS
B4 shares	36,224	PCS
B5 shares	24,150	PCS
B6 shares	24,150	PCS
B7 shares	24,150	PCS
Share capital	6,520,500	EUR

On 3 August 2017, the amended company bylaws and the issue of new B shares were registered.

The company has A and B1–B7 share series. The voting right for each A share is one vote per share. B shares have no voting rights.

A serie shares confer an equal right to dividends. The dividend paid to B1–B7 –shares will be determined separately, and the dividend/share may differ between the share categories.

There has been no changes in number of shares or share capital during accounting period or comparative period. The company does not hold its own shares.

Other capital reserve

Other capital reserves are mainly funds that have been founded with decision of shareholders' meetings or based on law.

Foreign currency translation reserve

Foreign currency translation reserve consist of exchange rate differences related to converting foreign financial statements into euros.

Other invested capital

Other invested capital includes capital loans that are classified as equity due to their terms.

Dividends

The Board of Directors proposes that Oras Invest Ltd will distribute a dividend of 16,10 euros per A share, in total 3,499,335 euros, from the result of financial year 2020. Rest of the profit will be retained in the shareholders' equity.

During 2020 the dividend paid was 13.80 euros per A share from the distributable funds 2019, in total 2,999,430 euros.

(EUR 1,000)	2020	2019

22. EMPLOYEE BENEFIT OBLIGATIONS

The Group has a number of pension plans for its operations. The Group's pension schemes comply with each country's local rules and regulations. The Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Pension benefits are normally based on the number of working years and the salary. The amounts in the Group's balance sheet arise from Germany and Poland. In Finland, pensions are handled according to TyEL system, which is defined as a contribution pension plan.

(EUR 1,000)	2020	2019
Non-current employee benefit obligations		
Pensions – defined benefit plans	16,912	17,179
Other non-current employee benefit liability	3,844	3,480
Total	20,756	20,659
Current employee benefit obligations		
Pensions – defined benefit plans	787	805
Other current employee benefit liability	319	366
Total	1,106	1,171
Employee benefit obligations total	21,862	21,830
Amounts recognised in the balance sheet		
Present value of the obligation	21,862	21,830
Funded status		
Liability recognised in balance sheet	21,862	21,830
Amounts charged to profit and loss		
Current service cost	358	–119
Interest cost	243	376
Net actuarial gain(–) / loss(+) recognised in year	30	294
Settlement or curtailment	–1,138	–1,072
Expense(+)/income(–) recognised in the income statement	–507	–521
Re-measurements recognised in other comprehensive income		
Re-measurements recognised in other comprehensive income	711	2,589
Total	711	2,589
Changes in present value of obligation		
Opening defined benefit obligation	21,830	19,872
Exchange rate differences	144	–52
Current service cost	358	–119
Interest cost	243	376
Benefits paid	–316	–58
Settlement or curtailment	–1,138	–1,072
Actuarial gain(–) / loss(+) on obligation	30	294
Re-measurements recognized	711	2,589
Closing present value of obligation	21,862	21,830
Amounts recognised in the balance sheet		
Defined benefit pension obligations	21,862	21,830
Defined benefit pension assets		
Net asset (–) / liability (+)	21,862	21,830

(EUR 1,000)	2020	2019
The principal actuarial assumptions used		
Discount rate	0.0% – 1.3%	0.0% – 2.8%
Future salary increases	0.0% – 2.0%	0.0% – 2.0%
Probability of lump sum instead of pension payments	50% – 100%	50% – 100%
Turnover rate	0.0% – 4.4%	0.0% – 3.39%
Future pension increases	1.75% – 6.3%	1.75% – 3.55%

The pension plans in Poland are interpreted as other non-current employee benefits. The plans are wholly unfunded and the pension benefit obligation is recognised in the balance sheet.

23. PROVISIONS

2020 (EUR 1,000)	Warranty reserve	Restructuring provision	Other provisions	Total
Provisions at 1 Jan	4,240	166	1,282	5,688
Exchange rate difference			1	1
Utilised provisions	−100	−166	−143	−409
Additions this period		203	33	236
Unused amounts reversed				0
Provisions at 31 Dec	4,140	203	1,173	5,516
Non-current provisions	4,140	203	220	4,563
Current provisions			953	953
Provisions total at 31 December 2020	4,140	203	1,173	5,516

2019 (EUR 1,000)	Warranty reserve	Restructuring provision	Other provisions	Total
Provisions at 1 Jan	4,000	328	1,120	5,448
Exchange rate difference				0
Utilised provisions		−323	−320	−643
Additions this period	240	166	482	888
Unused amounts reversed		−5		−5
Provisions at 31 Dec	4,240	166	1,282	5,688
Non-current provisions	4,240	166	232	4,638
Current provisions			1,050	1,050
Provisions total at 31 December 2019	4,240	166	1,282	5,688

(EUR 1,000)	2020	2019

24. INTEREST-BEARING LIABILITIES

Non-current interest-bearing liabilities		
Loans from financial institutions	30,000	75,000
IFRS 16 lease liability	11,765	13,507
Total	41,765	88,507
Current interest-bearing liabilities		
Loans from financial institutions	45,000	
IFRS 16 lease liability	2,781	2,797
Other liabilities from financial institutions	738	
Total	48,519	2,797
A reconciliation between the opening and closing balances of liabilities arising from financing activities		
Interest-bearing liabilities 1 Jan	91,304	75,000
IFRS 16 impact on interest-bearing liabilities at 1 Jan		17,256
Increases in lease liabilities	1,261	2,668
Increases in other liabilities from financial institutions	738	
Decreases in lease liabilities	–3,344	–3,904
Translation difference	325	284
Interest-bearing liabilities 31 Dec	90,284	91,304

25. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities	449	560
Total	449	560

Other non-current liabilities consists mostly on share of conditional purchase price of acquisition made during the financial year 2018.

26. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable	14,449	13,770
Accrued expenses	38,479	34,746
Other liabilities	9,556	9,353
Total	62,484	57,869
Accrued expenses		
Personnel expenses	18,044	16,730
Income taxes	770	429
Customer co-operation	15,029	13,605
Interests	117	102
Prepayments	1,403	848
Other items	3,116	3,032
Total	38,479	34,746

27. FEES OF AUDITORS'

Auditing	381	410
Other services	71	73
Total	452	483

28. OTHER RENTS

Rents to be paid on the basis of non-reversing rent agreements:		
In less than one year	46	82
1–5 years	45	44
Over 5 years		
Total	91	126

Under the note 28 are shown the short-term rental contracts and low value assets excluded from IFRS 16.
The majority of the rental contracts are shown in note 10 Right-of-Use Assets and Lease Liabilities.

29. FINANCIAL RISK MANAGEMENT

Financial risk management aims to minimise the adverse effects caused by the uncertainties in financial markets to the Group's financial performance and to ensure sufficient liquidity in a cost-efficient manner.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-group transactions as well as currency-denominated financing, deposits and bank account balances. In Oras Invest Group in addition to euro, the main invoicing currencies are Norwegian krone (NOK), Polish zloty (PLN), Swedish krona (SEK), Czech koruna (CZK), US dollar (USD), Danish krone (DKK) and Russian rouble (RUB). The biggest currency risks arise from Norwegian krone, Polish zloty, Swedish krona and Russian rouble. The Group has not used derivative instruments in order to manage the sales currency risk. In addition, the Group has material purchases in USD.

Translational risks arise when the currency-denominated assets and liabilities of subsidiaries located outside the euro area are exposed to currency fluctuations when the assets and liabilities are translated into parent company's reporting currency. Translation risks have impact on result and key ratios. Where possible the Group counters the translation risk with EUR denominated loans to the subsidiary.

Interest rate and liquidity risk

Oras Invest Group companies have fixed interest rate loans and there are no interest rate derivative contracts.

Maturities of interest-bearing liabilities on 31 December 2020 are following including repayment of loans and interests:

	2021	2022	2023	2024	2025–	Cashflows total
Loans from financial institutions	46,686	578	30,467			77,731
Lease liabilities	3,225	2,589	2,200	1,860	5,897	15,771
Total amortizations of interest-bearing liabilities	**49,911**	**3,167**	**32,667**	**1,860**	**5,897**	**93,502**

At the year-end 2020, the Group's interest-bearing liabilities were 90,284 tEUR (2019 for 91,304 tEUR). For more information, see Note 24 Interest-Bearing Liabilities.

Counterparty and credit risk

The counterparty risk is related to financial instruments and has been defined as a risk that the counterparty is unable to fulfil its contractual obligations.

The Group assesses the credit quality of its customers by taking into account their financial position, past experience and other relevant factors. When appropriate, advance payments and letters of credit are used to mitigate credit risks. Group suffered credit losses in 2020 for 16 tEUR (2019 for 20 tEUR). The maximum counterparty credit risk is the book value of accounts receivable and loan receivables on 31 December 2020.

Group's expected credit loss is evaluated based on accounts receivable of the lifetime expected credit losses according to IFRS 9. Group has analysed individually receivables. Group's total credit loss provision is a combination of individual case's provisions and evaluated expected credit loss. The simplified approach is used for evaluation. The expected amount of credit loss in each age group is based on recorded historical credit losses, in addition to which the Group has anticipated the level of credit losses to remain the same and has taken into account changes in the probability of credit losses. Oras Invest Group has recorded 344 tEUR (2019 for 475 tEUR) credit loss provision based on individual assessment.

The aging of accounts receivable in Oras Invest Group is following:

The aging of accounts receivable	2020	2019
Undue and less than 30 days due	17,337	37,849
Due 31–60 days	602	587
Due 61–90 days	168	67
Due over 90 days	462	530
Total	**18,569**	**39,033**

Counterparty risk arises also from financial transactions agreed upon with banks, financial institutions and corporates. The risk is managed by careful selection of banks and other counterparties, by counterparty specific limits. The counterparty risk of financial institutions is effectively managed with usage of overdraft credit limit facilities.

Price risk

The main risks at Oras Invest Group arise from the long-term ownership in the core investments.

Oras Invest Group is exposed to risks relating to raw material and electricity prices and their availability. The risks are managed through long-term contracts with suppliers.

Derivative contracts and hedge accounting

Oras Invest Group does not have any derivative contracts or hedge accounting in use during accounting periods 2020 or 2019.

(EUR 1,000)	2020	2019
30. CONTINGENT LIABILITIES		
– on own behalf		
Collateral on behalf of Oras Invest Group		
Other deposits	193	172
Other guarantees	30,235	30,000
Total	30,428	30,172
Loans secured by mortgages, pledged assets or shares		
Loans from financial institutions	75,000	75,000
Mortgages and pledges given on behalf of Oras Invest Group		
Real estate mortgages	28,741	28,741
Corporate mortgages	22,106	22,106
Pledged shares at market value	303,493	222,002
Total	354,340	272,849
Contingent liabilities total	384,768	303,021

Other contingencies
Oras Invest Group has a pending claim in Germany related to old cartel case during the years 1992–2004. The liability for Hansa Armaturen GmbH is estimated to be limited, and only an accrual for the legal costs is included in the balance sheet.

31. NON-CONTROLLING INTERESTS

Subsidiaries are listed in the note 33 Subsidiaries and associates 31 December 2020.

Oras Invest Group's subsidiary Amphiro AG has non-controlling interest as a result of its ownership structure. Oras Invest Group has control in Amphiro AG through the 78.5 per cent direct ownership and the voting ownership by holding the Chair position in the Board of Directors of Amphiro AG. Amphiro AG has no subsidiaries.

	Non-controlling interest, proportion of ownership		Profit for the period attributable to non-controlling interest		Equity attributable to non-controlling interest	
	2020	2019	2020	2019	2020	2019
Amphiro AG	21.5%	21.5%	–60	–35	132	192

32. TRANSACTIONS BETWEEN RELATED PARTIES

Group's related parties constitute of Group's management (board, CEO and Oras Group Management Team), subsidiaries and associate companies.

There has been no transactions between related parties in 2020 or 2019 other than normal business.

Board remuneration (EUR 1,000)	2020	2019
Fees to board and CEO	432	426

33. SUBSIDIARIES AND ASSOCIATES 31 DECEMBER 2020

Subsidiaries

Ownership by Oras Invest Ltd	domicile		Group's ownership	Oras Invest ownership
Oras Ltd	Rauma	Finland	100	100

Ownership by Oras Ltd	domicile		Group's ownership	Oras Invest ownership
Oras Armatur AS	Oslo	Norway	100	100
Oras Armatur A/S	Fredericia	Denmark	100	100
Hansa Armaturen Belgium N.V.	Herk-de-Stad	Belgium	100	100
Oras Germany GmbH	Stuttgart	Germany	100	100
Oras International Ltd	Rauma	Finland	100	100
Oras Olesno Sp.z o.o.	Olesno	Poland	100	100
Amphiro AG	Zürich	Switzerland	78.5	78.5

Ownership by Oras International Ltd	domicile		Group's ownership	Oras Invest ownership
OOO Oras RUS	Saint Petersburg	Russia	100	100
Oras Sverige AB	Stockholm	Sweden	100	100

Ownership by Oras Germany GmbH	domicile		Group's ownership	Oras Invest ownership
Hansa Armaturen GmbH	Stuttgart	Germany	100	100

Ownership by Hansa Armaturen GmbH	domicile		Group's ownership	Oras Invest ownership
Hansa Austria GmbH	Salzburg	Austria	100	100
Hansa Césko s.r.o.	Kralovice	Czech Republic	100	100
Hansa España S.A.U.	Barcelona	Spain	100	100
Hansa France S.A.R.L.	Strasbourg-Eckbolsheim	France	100	100
Hansa Italiana S.R.L.	Castelnuovo del Garda	Italy	100	100
Hansa Metallwerke GmbH	Stuttgart	Germany	100	100
Hansa Nederland B.V.	Nijkerk	The Netherlands	100	100

Associates

Ownership by Oras Invest Ltd	domicile		Group's ownership of outstanding shares	Oras Invest ownership of outstanding shares
Uponor Corporation	Helsinki	Finland	24.7	24.7
Kemira Oyj	Helsinki	Finland	20.5	20.5
Tikkurila Oyj	Helsinki	Finland	20.0	20.0

Parent company income statement, FAS

Oras Invest Ltd (EUR)	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Net sales	2	249,999.96	249,999.96
Other operating income	3	20,000.04	25,684.45
Personnel expenses	4	1,461,766.54	1,169,377.97
Depreciation	6	78,675.06	86,530.40
Other operating expenses		1,490,791.35	1,015,749.45
Operating profit		**–2,761,232.95**	**–1,995,973.41**
Financial income and expenses	7	30,969,633.27	26,863,310.48
Profit before appropriations and taxes		**28,208,400.32**	**24,867,337.07**
Appropriations	8	3,000,000.00	1,886,247.49
Income taxes	9	–9,529.88	–18,747.40
Profit for the financial period		**31,198,870.44**	**26,734,837.16**

Parent company balance sheet, FAS

Oras Invest Ltd (EUR)	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Tangible assets	10	863,191.84	933,841.90
Investments in Group companies	11	21,942,155.51	21,942,155.51
Other investments	12	673,975,672.21	661,099,214.89
Other non-current receivables	13	23,381.00	23,381.00
		696,804,400.56	**683,998,593.30**
Current assets			
Current receivables	14	3,596,926.74	2,415,911.17
Other financial assets	15	2,243,581.27	2,241,736.17
Cash and cash equivalents		16,428,555.37	1,615,206.08
		22,269,063.38	**6,272,853.42**
Total assets		**719,073,463.94**	**690,271,446.72**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	16	6,520,500.00	6,520,500.00
Retained earnings	16	635,228,829.78	611,493,422.62
Profit for the year	16	31,198,870.44	26,734,837.16
		672,948,200.22	**644,748,759.78**
Liabilities			
Non-current liabilities	17		45,000,000.00
Current liabilities	17	46,125,263.72	522,686.94
		46,125,263.72	**45,522,686.94**
Total equity and liabilities		**719,073,463.94**	**690,271,446.72**

Parent company cash flow statement, FAS

Oras Invest Ltd (EUR 1,000)	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
CASH FLOW FROM OPERATIONS		
Profit before appropriations and taxes	28,208	24,867
Adjustments		
Depreciation and impairment	79	87
Financial income and expense	−30,970	−26,863
Other adjustments		11
Cash flow from operations before change in working capital	−2,683	−1,898
Change in trade and other non-interest bearing receivables (−/+)	−36	−447
Change in trade and other non-interest bearing liabilities (+/−)	587	311
Cash flow from operations before financial items and taxes	−2,132	−2,034
Interests paid and other financial items	−617	−663
Interests received	307	349
Dividends received	31,273	28,814
Income taxes paid	−4	−40
Cash flow from operations	**28,827**	**26,426**
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	−8	−4
Proceeds from sale of intangible and tangible assets		64
Investment in associate	−12,876	−42,021
Cash flow from investments	**−12,884**	**−41,961**
CASH FLOW FROM FINANCING		
Group contribution	1,870	1,800
Dividends paid	−2,999	−2,999
Change in other financial assets		8,057
Cash flow from financing	**−1,129**	**6,858**
Net change in cash and cash equivalents	**14,814**	**−8,677**
Cash and cash equivalents at 1 January	1,615	10,292
Cash and cash equivalents at 31 December	16,429	1,615

Parent company's notes to financial statements, FAS

1. PARENT COMPANY'S FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

Oras Invest Ltd is the parent company of Oras Invest Group which includes Oras Group and associated companies Uponor, Kemira and Tikkurila.

Valuation policies

Valuation of non-current assets

Intangible and tangible assets are stated at residual of acquisition cost deducted by depreciation according to plan. The depreciation according to plan have been calculated on a straight-line basis according to the asset's estimated economical life.

The shares of Uponor Corporation and Tikkurila Oyj have been stated at the original acquisition cost based on expectations for future income. As a result of the spin off of Tikkurila Oyj, the shares of Kemira Oyj were valued at market value as per December 31, 2010.

Depreciation according to plan

Other long-term expenditure	4–10 years
Buildings	15–30years
Machinery and equipment	4–10 years

Valuation of financial assets

Other financial assets including shares in investment funds have been valued at their fair value based on Finnish Accounting Act (KPL) 5 chapter 2a §.

Pensions

Pensions are based on actual calculations or actual payments to insurance companies. White-collar employees who started their employment before 1981 are entitled to a supplementary pension. The supplementary pension contributions are paid to the insurance company Mandatum Life.

Accounting of hedging derivatives

Oras Invest Ltd has no hedging instruments on 2020 or 2019.

(EUR 1,000)	2020	2019

PARENT COMPANY'S NOTES FOR INCOME STATEMENT (FAS)

2. NET SALES BY MARKET AREA

	2020	2019
EU area	250	250
Total	250	250

3. OTHER OPERATING INCOME

	2020	2019
Gains from sales of fixed assets		6
Other	20	20
Total	20	26

4. NOTES RELATED TO PERSONNEL AND BOARD OF DIRECTORS' WORK

	2020	2019
Personnel expenses		
Salaries, wages and bonuses	1,256	1,002
Pension expenses	167	138
Other social security expenses	39	29
Total	1,462	1,169
Salaries paid to management and Board of Directors		
Fees to board and CEO	432	426
Number of personnel		
Average number of personnel during fiscal year	4	3
Number of personnel 31 Dec	4	3

(EUR 1,000)	2020	2019

5. FEES OF AUDITORS'

Auditing	41	34
Other services	2	
Total	43	34

6. DEPRECIATION AND VALUE ADJUSTMENTS

Depreciation by asset category		
Buildings and structures	30	29
Machinery and equipment	35	43
Other tangible assets	14	15
Total	79	87

7. FINANCIAL INCOME AND EXPENSES

Financial income		
Dividend income, others	31,273	26,814
Interest income	32	198
Other financial income, Group	301	300
Other financial income, others	6	187
Total	31,612	27,499
Financial expenses		
Interest expenses	–633	–591
Other financial expenses	–9	–45
Total	–642	–636
Financial income and expenses total	30,970	26,863

8. APPROPRIATIONS

Change in depreciation difference		16
Group contribution	3,000	1,870
Total	3,000	1,886

9. INCOME TAXES

Income taxes from appropriations	–600	–374
Income taxes from previous fiscal years	3	–15
Income taxes from operations	587	370
Total	–10	–19

PARENT COMPANY'S NOTES FOR BALANCE SHEET (FAS)

10. INTANGIBLE AND TANGIBLE ASSETS

2020 (EUR 1,000)	Intangible rights	Intangible assets total	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Tangible assets total	Intangible and tangible assets total
Acquisition cost on 1 Jan	981	**981**	96	732	260	338		**1,426**	**2,407**
Increases							8	**8**	**8**
Disposals								**0**	**0**
Other changes								**0**	**0**
Acquisition costs 31 Dec	981	**981**	96	732	260	338	8	**1,434**	**2,415**
Accumulated depreciation and impairment 1 Jan	981	**981**		149	198	145		**492**	**1,473**
Depreciation		**0**		30	35	14		**79**	**79**
Impairment								**0**	**0**
Cumulative depreciation on disposals and transfers								**0**	**0**
Accumulated depreciation and impairment 31 Dec	981	**981**		179	233	159		**571**	**1,552**
Book value 1 January	0	**0**	96	583	62	193	0	**934**	**934**
Book value 31 December	0	**0**	96	553	27	179	8	**863**	**863**

2019 (EUR 1,000)	Intangible rights	Intangible assets total	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Tangible assets total	Intangible and tangible assets total
Acquisition cost on 1 Jan	981	**981**	96	732	434	338		**1,600**	**2,581**
Increases					4			**4**	**4**
Disposals					–178			**–178**	**–178**
Other changes								**0**	**0**
Acquisition costs 31 Dec	981	**981**	96	732	260	338		**1,426**	**2,407**
Accumulated depreciation and impairment 1 Jan	981	**981**		120	258	130		**508**	**1,489**
Depreciation		**0**		29	43	15		**87**	**87**
Impairment								**0**	**0**
Cumulative depreciation on disposals and transfers					–103			**–103**	**–103**
Accumulated depreciation and impairment 31 Dec	981	**981**		149	198	145		**492**	**1,473**
Book value 1 January	0	**0**	96	612	176	208		**1,092**	**1,092**
Book value 31 December	0	**0**	96	583	62	193		**934**	**934**

(EUR 1,000)	2020	2019

11. INVESTMENTS IN GROUP COMPANIES

Shares in Group companies 1 Jan	21,942	21,942
Shares in Group companies 31 Dec	21,942	21,942

12. OTHER INVESTMENTS

(EUR 1,000)	Ownership (% from outstanding shares)	Ownership (number of shares)	2020	2019
Shares in associated companies				
Uponor Corporation 1 Jan	24.7%	18,030,780	163,047	163,047
Increases				
Uponor Corporation 31 Dec	24.7%	18,030,780	163,047	163,047
Kemira Oyj 1 Jan	20.5%	31,278,217	372,876	330,855
Increases				42,021
Kemira Oyj 31 Dec	20.5%	31,278,217	372,876	372,876
Tikkurila Oyj 1 Jan	18.1%	7,969,552	125,073	125,073
Increases		858,499	12,876	
Tikkurila Oyj 31 Dec	20.0%	8,828,051	137,949	125,073
Total			673,872	660,996
Other shares				
Other shares 1 Jan			103	103
Other shares 31 Dec			103	103
Total			103	103
Shares in associated companies and other shares total			673,975	661,099

13. OTHER NON-CURRENT RECEIVABLES

Guarantee deposits	23	23
Total	23	23

14. CURRENT RECEIVABLES

Receivables, Group		
Other receivables	3,000	1,870
Accrued receivables	76	76
Receivables, non-Group		
Accounts receivable		20
Other receivables	55	20
Accrued receivables	466	430
Total	3,597	2,416

(EUR 1,000)	2020	2019

15. OTHER FINANCIAL ASSETS

Investments in short-term financial instruments		
Acquisition cost	2,000	2,000
Profit or loss recognized at fair value through profit or loss	244	242
Total	2,244	2,242

In accordance with its strategy, the company uses short-term financial instruments for cash management purposes. The fair values of short-term financial instruments are recognized at fair value through profit and loss in accordance with Finnish Accounting Act Chapter 5, 2a §. Short-term financial instruments are classified as hierarchy 1 level investments in accordance with Group note 11.

16. SHAREHOLDERS' EQUITY

Share capital 1 Jan	6,521	6,521
Share capital 31 Dec	6,521	6,521
Retained earnings 1 Jan	638,228	614,492
Distribution of dividends	−2,999	−2,999
Retained earnings 31 Dec	635,229	611,493
Profit for the financial period	31,198	26,735
Shareholders' equity total 31 December	672,948	644,749
DISTRIBUTABLE FUNDS		
Retained earnings 31 December	635,229	611,493
Profit for the financial period	31,198	26,735
Total 31 December	666,427	638,228

17. LIABILITIES

Non-current liabilities		
Liabilities, non-Group		
Loans from financial institutions		45,000
Total	0	45,000
Current liabilities		
Liabilities, non-Group		
Installment of loans from financial institutions	45,000	
Accounts payable	85	30
Other current liabilities	31	27
Accrued expenses	1,009	466
Total	46,125	523
Liabilities total	46,125	45,523
Interest-bearing liabilities		
Interest-bearing loans from financial institutions	45,000	45,000
Total	45,000	45,000

(EUR 1,000)	2020	2019
18. ADDITIONAL NOTES		
COLLATERAL AND CONTINGENT LIABILITIES		
Collateral on behalf of Oras Invest Ltd		
Other deposits	23	23
Total	23	23
Loans secured by mortgages or shares given as collateral on behalf of Oras Invest Ltd / Oras Invest Group		
Loans from financial institutions	45,000	45,000
Pledges given on behalf of Oras Invest Ltd / Oras Invest Group		
Pledged shares at market value *	303,493	222,002
Total	303,493	222,002

* Also as collateral on behalf of Oras Ltd's loan amounting to 30,000 tEUR (30,000 tEUR 2019).

Collateral and contingent liabilities total	303,516	222,025

Review of accounting books and journal types

Accounting books

Daybooks and general ledgers	Compact disc
Accounts payable and accounts receivable ledgers	EDP lists

Journal Types

Purchase invoices	Compact disc
Sales invoices	Compact disc
Memo journals	Compact disc
Bank transactions	
– payments of sales invoices	Compact disc
– payments of purchase invoices	Compact disc
– other bank transactions	Compact disc

Signatures for Annual Report

In Helsinki 31 March 2021

Annika Paasikivi
CEO

Jari Paasikivi
Chairman of the board

Timo Ihamuotila

Ulf Mattsson

Kaj Paasikivi

Michael Rauterkus

Christoph Vitzthum

Auditors' note

Audit report has been given out today.

In Helsinki 12 April 2021

Ernst & Young Ltd
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Auditor's report

(Translation of the Finnish original)

To the Annual General Meeting of Oras Invest Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oras Invest Ltd (business identity code 1908260-8) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

– The consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
– The financial statements give a true and fair view of the parent 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.

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 the Financial Statements* section of our report.

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.

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

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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and 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 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 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 the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

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 identified above 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. With respect to report of the Board of Directors, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 12.4.2021

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant