RAPALA VMC CORP.

FINANCIAL STATEMENT RELEASE FY 2018

FEBRUARY 15, 2019

RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2018: 7% ORGANIC SALES GROWTH AND STRONG PROFITABILITY INCREASE FROM LAST YEAR – STRATEGY EXECUTION PROGRESSING

January-December (FY) in brief:

- Net sales were 262.4 MEUR, up 4% from previous year (253.3). Organically sales were 7% higher than last year.
- Operating profit was 14.8 MEUR (8.9), up 66%.
- Comparable operating profit* was 16.7 MEUR (11.4), up 46%.
- Cash flow from operations was 6.7 MEUR (19.1).
- Earnings per share was 0.13 EUR (0.05), up 160%.
- Dividend proposal is 0.06 EUR per share (0.04).
- 2019 guidance: Full year net sales with comparable FX rates expected to be around the same level as in 2018 and comparable operating profit to increase from last year.

July-December (H2) in brief:

- Net sales were 119.9 MEUR, up 7% from previous year (112.4). With comparable exchange rates sales were 7% higher than last year.
- Operating profit was -0.5 MEUR (-2.1).
- Comparable operating profit* was 1.5 MEUR (0.1).
- Cash flow from operations was 0.7 MEUR (11.1).
- Earnings per share was -0.10 EUR (-0.11).

President and CEO Jussi Ristimäki: "We managed to achieve good results in 2018 and our net sales grew by 7% from last year with comparable exchange rates. We are especially happy that we grew sales in all reported geographical areas. Our position with major customers in North America is strong and we have solid underlying consumer demand for our products in the market. Consequently, we witnessed double digit sales growth in the area with comparable exchange rates.

We succeeded in generating a significant profitability improvement in 2018. Our comparable EBIT increased to 16.7 MEUR, which represents a growth of 46%. Strong sales growth in North America combined with successful performance improvement initiatives in European lure manufacturing and some other units supported profitability. On the other hand, our results continue to be negatively impacted by the Indonesian lure manufacturing operations, where we are making further operational changes and improvements. There is clear profit improvement potential, which will start to materialize gradually from 2019 and 2020 onwards.

Execution of our strategy of improving profitability, lightening balance sheet and improving operational performance is progressing well. Ongoing lean projects and supply chain management initiatives continue to yield results. Our 12 month rolling average inventories and inventory-to-sales-ratio decreased from last year despite the fact that year-end inventories were higher than in previous year. As a result of higher December inventory in 2018 than in 2017, our cash flow decreased from previous year's good levels. Cash flow will be one of the focus areas in 2019. The strategic gradual shift from traditional marketing to digital marketing channels progressed. We opened successfully a content driven Rapala e-commerce site in Europe in 2018 to enhance brand experience and to increase customer service. One of our key near term strategic priorities is to accelerate the global development of the rod and reel category as well as to create full scale direct access to sell Rapala products in large European fishing tackle markets in Germany, United Kingdom, Italy and Benelux from the beginning of April 2019 onwards after the distribution agreements with Shimano will terminate."

* Excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability. “Other items affecting comparability” include material restructuring costs, impairments, gains and losses on business combinations and disposals, insurance compensations and other non-operational items.
Rapala Group presents alternative performance measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS. Definitions and reconciliation of key figures are presented in the financial section of the release.

Key figures

MEUR	**H2 2018**	H2 2017	**Change %**	**FY 2018**	FY 2017	**Change %**
Net sales	**119.9**	112.4	**+7%**	**262.4**	253.3	**+4%**
Operating profit/loss	**-0.5**	-2.1	**+76%**	**14.8**	8.9	**+66%**
% of net sales	**-0.4%**	-1.9%		**5.6%**	3.5%	
Comparable operating profit *	**1.5**	0.1	**+1400%**	**16.7**	11.4	**+46%**
% of net sales	**1.3%**	0.0%		**6.4%**	4.5%	
Cash flow from operations	**0.7**	11.1	**-94%**	**6.7**	19.1	**-65%**
Gearing %	**47.8%**	47.5%		**47.8%**	47.5%	
EPS, EUR	**-0.10**	-0.11	**+9%**	**0.13**	0.05	**+140%**

* Excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability. “Other items affecting comparability” include material restructuring costs, impairments, gains and losses on business combinations and disposals, insurance compensations and other non-operational items.
Rapala Group presents alternative performance measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS. Definitions and reconciliation of key figures are presented in the financial section of the release.

Market environment

In 2018, the Group recorded growing sales numbers in all reported geographical areas. The highest growth was seen in the North American market where the Group has successfully adapted to the changing retail market and consumer demand was strong. In Europe, the Group grew both in the Nordics and Rest of Europe markets despite the very competitive market environment.

Business Review January-December 2018

The Group’s net sales for the year were 3.6% above last year. Changes in translation exchange rates had a negative impact on the sales and with comparable translation exchange rates, net sales were organically up by 6.9% from the previous year.

North America

2018 was a very positive year for the North American market. Even though the US and Canadian dollars depreciated in value compared to 2017, the sales increased by 6.6% from the previous year. With comparable translation exchange rates, the sales were up by 11.4%.

The challenges in the retail landscape the Group faced in North America in 2017, were overcome and the consumer demand for the Group’s products was strong. Canadian operations have also witnessed a successful turnaround, which is reflected in good sales growth. Overall, the market saw growing sales figures in most of the product categories, Rapala lures and ice fishing products being the biggest drivers for growth.

Nordic

The sales in the Nordic market grew slightly from last year. The weakening of Swedish and Norwegian kronen hindered the growth to some extent and with comparable translation exchange rates, the sales were up by 3.4%.

The sales growth was driven by excellent winter sports products sales in Finland in both winter seasons. In Sweden, the sales of Rapala lures developed positively, supported by the new product launches for predator fishing. On the other hand, Marttiini was below the record-high knives sales of the previous year boosted by the Finland 100 year anniversary knives.

Rest of Europe

With comparable translation exchange rates, the sales in Rest of Europe were 3.3% above the comparison period. The weakened Russian ruble, however, had a negative impact on the reported sales which were only 1.0% above last year.

The area showed positive signs in many countries, particularly in Romania and Poland, which both recorded strong sales growth. The contribution of Croatian distribution unit, for which 2018 was the first full year of operations, was also notable. On the other hand, challenging market conditions in Russia continued and offset most of the sales growth witnessed in other parts of the area.

Rest of the World

With comparable translation exchange rates, the sales in Rest of the World grew 9.6% from last year. However, as most of the market's currencies depreciated against euro, euro-denominated sales growth was somewhat lower with a 5.2% increase from 2017.

As in the first half of the year, the sales growth was driven by South-East Asia and South-Africa, where especially the hunting business grew strongly. In addition, the sales in Latin America developed positively.

External Net Sales by Area*

MEUR	FY 2018	FY 2017	Change %	Comparable change %
North America	**95.4**	89.4	**+7%**	**+11%**
Nordic	**55.1**	54.3	**+1%**	**+4%**
Rest of Europe	**78.4**	77.6	**+1%**	**+3%**
Rest of the World	**33.6**	31.9	**+5%**	**+10%**
Total	**262.4**	253.3	**+4%**	**+7%**

MEUR	H2 2018	H2 2017	Change %	Comparable change %
North America	**45.8**	41.8	**+10%**	**+8%**
Nordic	**22.8**	22.6	**+1%**	**+3%**
Rest of Europe	**33.5**	31.8	**+5%**	**+7%**
Rest of the World	**17.8**	16.2	**+10%**	**+13%**
Total	**119.9**	112.4	**+7%**	**+7%**

*Geographical areas are presented based on unit location. Rest of Europe includes France, Russia, Eastern Europe, Spain, Portugal, Great Britain, the Baltic countries, Switzerland and Kazakhstan. Rest of the World includes Asia, Latin America, Australia and South-Africa.

Financial Results and Profitability

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 5.2 MEUR (46%) from last year to 16.7 MEUR. The effect of translation exchange rates was negative and with comparable translation exchange rates, comparable operating profit increased by 5.6 MEUR from 2017. Reported operating profit increased by 5.9 MEUR (66%) from last year to 14.8 MEUR. The items affecting comparability had a negative impact of 1.9 MEUR (-2.6) on reported operating profit.

Comparable operating profit margin was 6.4% (4.5) for the year. Strong sales growth in North America contributed positively to the profitability increase of the Group. Additionally, performance improvement initiatives in European lure manufacturing and the Canadian unit had a positive impact on profitability, while Indonesian lure factory is still having a notable negative impact on the Group's profitability.

Reported operating profit margin was 5.6% (3.5) for the year. Reported operating profit included mark-to-market valuation of operative currency derivatives of 0.7 MEUR (-0.3). Net expenses of other items affecting comparability included in the reported operating profit were 2.6 MEUR (2.3). The other items affecting comparability consisted mainly of restructuring expenses of the Batam plant in Indonesia, other restructuring expenses and a gain of a sale of a real estate.

Total financial (net) expenses were 2.1 MEUR (3.2) for the year. Net interest and other financing expenses were 1.4 MEUR (2.1) and (net) foreign exchange expenses were 0.7 MEUR (1.2).

Net profit for the year increased by 183% and was 6.5 MEUR (2.3) and earnings per share was 0.13 EUR (0.05). The share of non-controlling interest in net profit increased by 0.5 MEUR from last year and totaled 0.4 MEUR (0.0).

Key figures

MEUR	**H2 2018**	H2 2017	**Change %**	**FY 2018**	FY 2017	**Change %**
Net sales	**119.9**	112.4	**+7%**	**262.4**	253.3	**+4%**
Operating profit / loss	**-0.5**	-2.1	**+76%**	**14.8**	8.9	**+66%**
Comparable operating profit *	**1.5**	0.1	**+1400%**	**16.7**	11.4	**+46%**
Net profit / loss	**-3.2**	-3.7	**+15%**	**6.5**	2.3	**+183%**

* Excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability. Other items affecting comparability include material restructuring costs, impairments, gains and losses on business combinations and disposals, insurance compensations and other non-operational items.

Bridge calculation of comparable operating profit

MEUR	**H2 2018**	H2 2017	**Change %**	**FY 2018**	FY 2017	**Change %**
Operating profit/loss	**-0.5**	**-2.1**	**+76%**	**14.8**	**8.9**	**+66%**
Mark-to-market valuations of operative currency derivatives	-0.4	0.2	-300%	-0.7	0.3	-333%
Other items affecting comparability	2.4	2.0	+20%	2.6	2.3	+13%
Comparable operating profit	**1.5**	**0.1**	**+1400%**	**16.7**	**11.4**	**+46%**

More detailed bridge of comparable operating profit and definitions and reconciliation of key figures are presented in the financial section of the release.

Segment Review

Group Products

Sales of Group Products grew from the comparison period by 6.8% with comparable translation exchange rates. The increase from last year was mostly driven by increased sales of lures, hooks, fishing lines and ice fishing products. Furthermore, sales of winter sports products in the Nordic market increased from the previous year. Sales of hunting knives was below the comparison period as 2017 sales were significantly boosted by the Marttiini's Finland 100 year anniversary knives.

Driven by the increased sales, the comparable operating profit for Group Products grew from the comparison period. Operational challenges in Indonesian lure manufacturing continued to burden the comparable operating profit of the segment.

Third Party Products

With comparable translation exchange rates, the sales of Third Party products grew by 7.2% from the comparison period. Increased sales were driven by growth in third party rod and reel business in many European markets, the expansion of hunting business as well as third party winter sports business in the Nordics.

Following the increased sales, comparable operating profit for Third Party Products increased from the comparison period.

Net Sales by Segment

MEUR	FY 2018	FY 2017	Change %	Comparable change %
Group Products	**174.6**	168.8	**+3%**	**+7%**
Third Party Products	**87.8**	84.5	**+4%**	**+7%**
Total	**262.4**	253.3	**+4%**	**+7%**

MEUR	H2 2018	H2 2017	Change %	Comparable change %
Group Products	**80.1**	73.9	**+8%**	**+8%**
Third Party Products	**39.8**	38.6	**+3%**	**+6%**
Total	**119.9**	112.4	**+7%**	**+7%**

Comparable operating profit by Segment

MEUR	H2 2018	H2 2017	Change %	FY 2018	FY 2017	Change %
Group Products	**3.2**	1.6	**+100%**	**17.2**	13.0	**+32%**
Third Party Products	**-1.7**	-1.5	**-9%**	**-0.5**	-1.6	**+69%**
Comparable operating profit	**1.5**	0.1	**+1400%**	**16.7**	11.4	**+46%**
Items affecting comparability	**-2.0**	-2.2	**+7%**	**-1.9**	-2.6	**+27%**
Operating profit / loss	**-0.5**	-2.1	**+76%**	**14.8**	8.9	**+66%**

Financial position

Despite the improved profitability, cash flow from operations decreased by 12.5 MEUR from the comparison period being 6.7 MEUR (19.1). The impact of net change of working capital to cash flow from operations was -11.1 MEUR (11.6) as, contrary to previous year, cash was tied to inventories. Accounts receivables also tied more cash following the sales growth.

December 2018 inventory value was 99.1 MEUR (92.5). In addition to sales growth, the ramp-up of a centralized lure buffer inventories in Estonia serving the European market also increased inventories. Even though the year-end inventory value was higher than last year, 12-month average inventory decreased from the previous year and the average inventory to sales -ratio improved from last year.

Net cash used in investing activities decreased by 1.7 MEUR from the comparison period amounting to 4.7 MEUR (6.4). Capital expenditure, consisting mostly of normal operative capital expenditure, was 6.4 MEUR (6.0). Net acquisitions were 1.5 MEUR lower than last year as there were no acquisitions in 2018. Disposals, related to a sale of a real estate and sales of certain manufacturing equipment were 0.7 MEUR higher than in 2017 amounting to 1.7 MEUR (1.1).

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 49.9 MEUR at the end of the period. Gearing ratio increased and equity-to-assets ratio weakened slightly from last year. Leverage level (ratio between net interest-bearing debt and reported EBITDA) was below covenant limits and the Group is compliant with all financial covenants.

Group equity includes a hybrid loan of 25.0 MEUR issued in May 2017. The accrued non-recognised interest on hybrid bond at December 31, 2018 was EUR 1.3 million (0.8). The accrued interest of EUR 1.3 million, resulting from the decision to pay dividends, was paid out in May 2018 and was recognized as a deduction from Group's equity.

Key figures

MEUR	**H2 2018**	H2 2017	**Change %**	**FY 2018**	FY 2017	**Change %**
Cash flow from operations	**0.7**	11.1	**-94%**	**6.7**	19.1	**-65%**
Net interest-bearing debt at end of period	**70.3**	67.8	**+4%**	**70.3**	67.8	**+4%**
Gearing %	**47.8%**	47.5%		**47.8%**	47.5%	
Equity-to-assets ratio at end of period, %	**53.2%**	53.9%		**53.2%**	53.9%	

Definitions and reconciliation of key figures are presented in the financial section of the release.

Strategy Implementation

The Group updated its strategy in 2017. Following the conclusions of the strategy update, in order to build a solid financial and operational platform for long term growth, the Group's primary focus in the coming years will be on capturing organic growth opportunities in the fishing tackle business. The Group will also take determined actions to improve its profitability, lighten balance sheet and improve operational performance. In longer term, the target is to return to a more aggressive growth track and actively seek synergistic growth opportunities also outside the fishing tackle business.

The Group's existing assets and capabilities form the foundation for future strategies, both in short and long term. Future strategies are built upon utilizing and capitalizing the brand portfolio, manufacturing and sourcing platform, research and development knowledge, as well as the broad distribution network and strong local presence around the world supporting the sales of Group's own and selected synergistic third party products.

The execution of the updated strategy is progressing on all levels in the Group. Several organic growth projects are ongoing in all businesses utilizing deep market and customer understanding. Special focus has been set to leverage Group's global innovation power to address growing product categories and niches within fishing. Synergistic hunting products have been added to the distribution portfolio in certain countries to leverage the existing distribution network.

Several key strategic projects in the Group relate to changes in the distribution agreements with Shimano announced on January 18, 2019. The Group will cease to distribute Shimano-products, mainly rods and reels, during 2020 in the Group's fully owned subsidiaries and Shimano will cease to distribute Rapala-products in April 2019. Accordingly, the Group will gain direct full scale access to the large European fishing markets in Germany, United Kingdom, Italy and Benelux countries, previously served by Shimano. Additionally, these changes will enable the Group to consider approaching the rod and reel category strategically on a global basis. The Group is already selling Rapala Group branded rods and reels in some countries and the Group will intensify and accelerate the development of this category in the future. The Group's sales of Shimano products in the countries where the Group's distribution of Shimano products will terminate in 2020 was some 27 MEUR in 2018, representing ca 10% of the Group's total sales.

Significant focus and resources are allocated to streamline internal supply chains and to develop sales and operations planning to achieve lower group-wide inventories and improved service levels. Centralized fishing lure buffer inventory for European market was established in Estonia during 2018. The build-up of the buffer stock increased inventory levels temporarily at the year-end. Some warehouses in East Europe were also closed during 2018 to centralize delivery operations to bigger units.

In order to develop global manufacturing operations, lean projects are ongoing in several factories. One of the key projects for the Group is to execute a sustainable profitability turnaround for the Indonesian lure manufacturing operations. Certain low performing product categories are now being fully outsourced from the factory. Additionally the unit's management resources have been strengthened, manufacturing operations are to be simplified and non-core production processes to be outsourced.

The Group has made investments in group-wide common IT systems and resources to increase efficiencies and enable better end-to-end supply chain and product management. Common ERP system was implemented to Scandinavian countries in 2018. The Group has also increased sales and marketing investments towards digital channels and direct consumer contacts in order to exploit these opportunities stronger in the future. Increasing proportion of Group's products sales is reaching consumers through digital channels, either by e-tailers, omni-channel retailers or Group's own e-commerce platform. Leveraging the experiences from Group's US e-commerce platform, a content driven Rapala e-commerce website was successfully launched in European Union in May 2018 to promote the Rapala brand and offer improved consumer experience.

Product Development

Continuous product development and consistent innovation are core competences for the Group and major contributors to the value and commercial success of the brands. The Group has reorganized and boosted its lure product development procedure by centralizing the research and development know-how and key resources to one location in Finland that serves both the European and Asian lure manufacturing units.

Product development cycles are getting shorter which allows faster reaction to market needs and developing trends. Product launch schedules are more flexible and can be better adjusted to target specific markets' seasons.

One of the most important product launches of the year were a European-wide coordinated launch of a series of new pike lures, which started in January in France and reached its full year sales targets already in the first six months. Sufix 131 G-Core braided line was launched at the European Fishing

Tackle Trade Exhibition in June, where it was voted the Best New Braided Line. The new Rapala Super Shadow Rap lure – part of the new pike series – received the Best New Hard Bait award.

On the second half of the year at the ICAST exhibition, held in Orlando, Florida in July, VMC Tokyo Rig and VMC Neko Skirt were introduced to the bass fishing market, and VMC Neko Skirt was voted Best New Terminal Tackle of the show. Storm 360GT Searchbait Swimmer was another successful ICAST launch, extending the popular soft bait range. Additional extensions of the Rapala hero lure families like the Rapala RipStop Series were also introduced to the market.

Preparations for global and local new product launches for the year 2019 were well under way.

Organization and Personnel

Average number of personnel was 2 772 (2 736) for the full year and 2 742 (2 696) for the last six months. At the end of December, the number of personnel was 2 651 (2 626).

Short-term Outlook and Risks

Market outlook for North America is positive and the Group has a strong order book for 2019. The Group sees continued healthy consumer demand for its products via old and new channels. Furthermore, the Group's position with major customers in North America is strong. In Europe, the price competition in certain product categories has increased and the markets continue to be very competitive. Overall, the Group expects to grow sales in Group Products.

The Group has launched various strategic initiatives to boost organic growth and improve cost and capital efficiency as well as operational performance in the future. These initiatives, together with projects relating to changes in Group's partnership with Shimano, will continue to trigger some additional expenses and investments in 2019.

The Group expects 2019 full year net sales with comparable FX rates to be around the same level as in 2018 and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to increase from 2018. However, there is slightly lower visibility to sales of Shimano products in 2019 in those countries which are affected by the changes in the distribution agreements. Furthermore, the potential slowdown in global economic growth might have some impact on retail and consumer demand. In addition, weather changes may affect the sales of the Group.

Short term risks and uncertainties and seasonality of the business are described in more detail in the end of this report.

Other significant events

New Share-based Long-term Incentive Plan for Group's key employees

On February 16, 2018 the Group announced that the Board of Directors of Rapala VMC Corporation has approved a new Performance Share Plan for the Group key employees. The aim of the new plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating the Company's shares. The new plan is directed to approximately 40 people, including the CEO and other members of the Executive Committee of the Group.

The new Performance Share Plan 2018—2020 includes one three-year performance period, calendar years 2018—2020. The potential reward from the performance period will be based on the Group's financial performance criteria which will be measured during the financial year 2020 and the Company's share price criterion which will be measured during a measurement period of forty (40) consecutive trading days in November-December 2020. The Board of Directors may also resolve on other 40 trading day measurement periods. The financial performance criteria for the performance period are the Group Product sales in 2020, the Group's Comparable Earnings before Interest and Taxes margin in 2020 (EBIT %) and the Group's Average Working Capital Ratio in 2020.

The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 900,000 Rapala VMC Corporation shares including also the proportion to be paid in cash. The potential rewards from the performance period 2018—2020 will be paid partly in the Company's shares and partly in cash in 2021. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

A significant proportion of the reward allocations of the CEO and other members of the Executive Committee of the Group will be dependent on their personal investments in the Company shares and share ownership of the shares acquired through such investments.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.06 EUR for 2018 (0.04 EUR) per share is distributed from the Group's distributable equity and remaining distributable funds are carried forward to retained earnings. It is proposed that the dividend is distributed in two equal installments. At December 31, 2018 the distributable equity in Group's parent company totaled 20.4 MEUR.

No material changes have taken place in the Group's financial position after the end of the financial year. The Group's liquidity is good and the view of the Board of Directors is that the distribution of the proposed dividend will not undermine this liquidity.

Financial Statements and Annual General Meeting

Financial Statements for 2018 and Corporate Governance Statement will be published in the beginning of week 10 commencing on March 4, 2019. Annual General Meeting is planned to be held on March 28, 2019.

Half Year Financial Report 2019 will be published on July 19, 2019.

Helsinki, February 15, 2019

Board of Directors of Rapala VMC Corporation

For further information, please contact:

Jussi Ristimäki, President and Chief Executive Officer, +358 9 7562 540
Jan-Elof Cavander, Chief Financial Officer, +358 9 7562 540
Olli Aho, Investor Relations, +358 9 7562 540

A conference call on the financial year result will be arranged today at 11:00 a.m. Finnish time (10:00 a.m. CET). Please dial +44 (0)330 336 9104 or +1 323 794 2558 or +358 (0)9 7479 0360 (pin code: 028386) five minutes before the beginning of the event. A replay facility will be available for 14 days following the teleconference. The number to dial +44 (0) 207 660 0134 (pin code: 7833646). Financial information and teleconference replay facility are available at www.rapalavmc.com.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**H2 2018**	H2 2017	**FY 2018**	FY 2017
Net sales	**119.9**	112.4	**262.4**	253.3
Other operating income	**0.4**	0.5	**0.9**	1.1
Materials and services	**58.5**	53.5	**121.7**	117.0
Employee benefit expenses	**33.7**	32.4	**68.8**	67.6
Other operating expenses	**24.3**	26.0	**50.4**	54.1
Share of results in associates and joint ventures	**0.0**	0.0	**0.0**	0.0
EBITDA	**3.9**	1.2	**22.4**	15.7
Depreciation, amortization and impairments	**4.4**	3.3	**7.6**	6.9
Operating profit/loss (EBIT)	**-0.5**	-2.1	**14.8**	8.9
Financial income and expenses	**0.9**	1.4	**2.1**	3.2
Profit/loss before taxes	**-1.4**	-3.5	**12.7**	5.6
Income taxes	**1.7**	0.2	**6.2**	3.3
Net profit/loss for the period	**-3.2**	-3.7	**6.5**	2.3
Attributable to:				
Equity holders of the company	**-3.3**	-3.5	**6.1**	2.4
Non-controlling interests	**0.2**	-0.2	**0.4**	0.0
Earnings per share for profit attributable to the equity holders of the parent company:				
Earnings per share, EUR (diluted = non-diluted)	**-0.10**	-0.11	**0.13**	0.05

STATEMENT OF COMPREHENSIVE INCOME MEUR	**H2 2018**	H2 2017	**FY 2018**	FY 2017
Net profit/loss for the period	**-3.2**	-3.7	**6.5**	2.3
Other comprehensive income, net of tax				
Change in translation differences*	**0.9**	-4.8	**3.2**	-13.6
Gains and losses on cash flow hedges*	**0.0**	0.0	**0.0**	0.2
Gains and losses on net investment hedges*	**0.1**	-1.1	**-1.0**	-1.9
Remeasurements of defined benefit liabilities	**0.1**	0.0	**0.1**	0.0
Total other comprehensive income, net of tax	**1.1**	-5.9	**2.2**	-15.3
Total comprehensive income for the period	**-2.1**	-9.5	**8.8**	-12.9
Total comprehensive income attributable to:				
Equity holders of the parent company	**-2.1**	-9.3	**8.6**	-12.7
Non-controlling interests	**0.0**	-0.3	**0.2**	-0.3

* Item that may be reclassified subsequently to the statement of income

STATEMENT OF FINANCIAL POSITION MEUR	**Dec 31 2018**	Dec 31 2017
ASSETS		
Non-current assets		
Intangible assets	**74.5**	73.3
Property, plant and equipment	**29.5**	32.7
Non-current assets		
Interest-bearing	**0.0**	0.0
Non-interest-bearing	**5.8**	7.1
	109.8	113.2
Current assets		
Inventories	**99.1**	92.5
Current assets		
Interest-bearing	**-**	-
Non-interest-bearing	**54.8**	49.7
Cash and cash equivalents	**13.4**	10.3
	167.3	152.4
Total assets	**277.1**	265.6
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	**117.0**	110.7
Non-controlling interests	**5.1**	6.9
Hybrid bond	**25.0**	25.0
	147.1	142.7
Non-current liabilities		
Interest-bearing	**10.1**	34.6
Non-interest-bearing	**8.1**	9.3
	18.2	43.9
Current liabilities		
Interest-bearing	**73.7**	43.5
Non-interest-bearing	**38.1**	35.5
	111.8	79.0
Total equity and liabilities	**277.1**	265.6

STATEMENT OF CASH FLOWS	**H2**	H2	**FY**	FY
MEUR	**2018**	2017	**2018**	2017
Net profit/loss for the period	**-3.2**	-3.7	**6.5**	2.3
Adjustments to net profit / loss for the period *	**8.8**	3.5	**17.2**	11.6
Financial items and taxes paid and received	**-3.4**	-3.0	**-5.9**	-6.4
Change in working capital	**-1.5**	14.3	**-11.1**	11.6
Net cash generated from operating activities	**0.7**	11.1	**6.7**	19.1
Investments	**-3.1**	-3.3	**-6.4**	-6.0
Proceeds from sales of assets	**1.0**	0.1	**1.7**	0.2
Acquisition of non-controlling interest in South African subsidiary	**-**	-1.5	**-**	-1.5
Proceeds from disposal of subsidiaries, net of cash	**-**	0.8	**-**	0.8
Change in interest-bearing receivables	**0.0**	0.0	**0.0**	0.0
Net cash used in investing activities	**-2.1**	-3.8	**-4.7**	-6.4
Dividends paid to parent company's shareholders	**-0.8**	-1.9	**-1.5**	-3.8
Dividends paid to non-controlling interest	**-2.0**	-	**-2.0**	-1.5
Net funding	**5.4**	-17.0	**5.6**	-51.2
Hybrid bond	**-**	-0.3	**-1.3**	24.7
Net cash generated from financing activities	**2.6**	-19.2	**0.8**	-31.8
Change in cash and cash equivalents	**1.3**	-11.9	**2.7**	-19.1
Cash & cash equivalents at the beginning of the period	**12.3**	24.0	**10.3**	33.8
Foreign exchange rate effect	**-0.2**	-1.8	**0.4**	-4.4
Cash and cash equivalents at the end of the period	**13.4**	10.3	**13.4**	10.3

* Includes reversal of non-cash items, income taxes and financial income and expenses.

Changes in liabilities included in net funding

MEUR	
Liabilities Jan 1, 2018	78.1
Drawdowns	88.1
Repayments	-83.0
Unrealized foreign exchange differences*	0.4
Liabilities Dec 31, 2018	83.7

Net funding

Drawdowns and repayments from loans	5.2
Derivatives and other realized foreign exchange on financial activities	0.5
Net funding	**5.6**

*Unrealized foreign exchange differences from loans are not included in cash flow statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company									
MEUR	Share capital	Share premium fund	Hedging fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	Non-controlling interests	Hybrid bond	**Total equity**
Equity on Jan 1, 2017	**3.6**	**16.7**	**-0.2**	**4.9**	**-5.6**	**1.7**	**106.4**	**8.6**	**-**	**136.1**
Comprehensive income *	-	-	0.2	-	-	-15.3	2.4	-0.3	-	**-12.9**
Dividends	-	-	-	-	-	-	-3.8	-	-	**-3.8**
Transactions with non-controlling interests	-	-	-	-	-	-	-0.1	-1.4	-	**-1.5**
Hybrid bond	-	-	-	-	-	-	-	-	25.0	**25.0**
Hybrid bond expenses	-	-	-	-	-	-	-0.2	-	-	**-0.2**
Equity on Dec 31, 2017	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-13.6**	**104.7**	**6.9**	**25.0**	**142.7**
Equity on Dec 31, 2017	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-13.6**	**104.7**	**6.9**	**25.0**	**142.7**
Adoption of IFRS 9	-	-	-	-	-	-	-0.2	0.0	-	**-0.2**
Equity on Jan 1, 2018	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-13.6**	**104.5**	**6.9**	**25.0**	**142.5**
Comprehensive income *	-	-	0.0	-	-	2.4	6.2	0.2	-	**8.8**
Dividends	-	-	-	-	-	-	-1.5	-2.0	-	**-3.5**
Hybrid bond expenses*	-	-	-	-	-	-	-1.1	-	-	**-1.1**
Share based payments	-	-	-	-	-	-	0.4	0.0	-	**0.4**
Other changes	-	-	-	-	-	-	0.0	-	-	**0.0**
Equity on Dec 31, 2018	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-11.2**	**108.6**	**5.1**	**25.0**	**147.1**

*For the period, net of tax

NOTES TO THE STATEMENT OF INCOME AND FINANCIAL POSITION

The financial information included in this financial statement release is unaudited.

This financial statement release has been prepared in accordance with IAS 34 (Interim Financial Reporting). Accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the financial statements 2017. Any new amendments to IFRS standards or IFRIC interpretations did not have a material impact on the information presented in this release. The Group has implemented these new or amended IAS/IFRS standards and interpretations mandatory as of January 1, 2018: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments, and amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when they become effective. Revenue is recognized when, the customer obtains control of the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In addition, IFRS 15 requires quantitative and qualitative disclosures about the entity's contracts with customers, performance obligations in the contracts and significant judgements made.

The standard requires entities to exercise judgement, taking into consideration all relevant facts and circumstances when applying each step of the model to contracts with their customers. The Group did adopt IFRS 15 standard using the full retrospective method. There are no changes impacting the comparative information and therefore no restatements have been made in the Group's financial statements. The standard did not have material effect on Group's financial statements or accounting principles.

The Group is in the business of manufacturing, sourcing and distributing of mainly fishing tackle equipment as well as hunting, outdoor and winter sports equipment. Contract terms for sale of fishing tackle and other equipment cover only one distinct performance obligation per contract, which are normally not linked to any other goods or services, and are thus accounted for separately. The Group recognizes revenue at a point in time when it satisfies its performance obligations by transferring goods to customers, which is when the customer obtains control of the goods. Some contracts with customers include cash discounts, volume rebates and marketing support fees. Such provisions give rise to variable consideration under IFRS 15 and will be required to be estimated at contract inception. The accounting treatment does not materially differ from the Group's current practice.

IFRS 9 Financial Instruments and subsequent amendments

IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting and replaces current IAS 39. The impairment model in IFRS 9 is based on the premise of providing for expected losses.

The Group has observed that there will be modest, non-material, impacts on the bad debt provisions of trade receivables due to the new ECL (Expected Credit Loss) model introduced by the standard. The Group designed an ECL model where Group entities were divided by market areas and their trade receivables data were analyzed by aging, actual bad debts and allowance booked. The allowances were analyzed to be higher than the actual bad debts booked. For aging receivables, the percentages are rising based on best estimates regarding the increased risk of expected credit loss and for the receivables over 18 months old, 100% are written off. No restatement of prior periods has been made. The new ECL model has increased the bad debt provisions opening balance for 2018 by 0.2 MEUR, which has been recognized in retained earnings.

IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments to IFRS 2 are intended to eliminate diversity in three main areas: the effects of vesting conditions on the measurement of a cash-settled share based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The Group has resolved key employee long-term incentive plan during 2018 and follows the amendment of IFRS 2 from the beginning and therefore no restatement of prior periods was necessary to be made.

IFRS 16 Leases will be adopted January 1, 2019

The IFRS 16 Leases, issued in January 2016, sets out the requirements how to recognize, measure, present and disclose leases. The IFRS 16 will change significantly lessee's accounting as it introduces a single lessee accounting model for lessees to recognise right-of-use assets and lease liabilities in the consolidated statement of financial position for most leases. There are optional exemptions for short-term leases and low value leases. According to the current Leases standard, IAS17, a lessee has to separate leases into finance lease agreements booked on the balance sheet and operating lease agreements classified as off-balance sheet items. Lessor accounting remains similar to the IAS 17 standard, where leases are classified either as finance or operating leases. When effective January 1, 2019 IFRS 16 will replace IAS 17 Leases standard and related interpretations.

The Group's IFRS 16 project team has revised the leasing arrangements within the Group and has selected and implemented a new lease accounting system for lease contracts provided by ZenTreasury Oy. The execution of the lease accounting system trainings within the Group will continue in 2019.

Rapala VMC will adopt IFRS 16 on the effective date January 1, 2019 using the modified retrospective approach as transition method. In accordance with IFRS 16 transition guidance, comparative information will not be restated. According to the estimate at December 31, 2018 the standard will increase assets and liabilities approximately 15-16.5 MEUR, of which the majority relates to the real estate operating lease commitments. Rapala VMC expects that the IFRS 16 adoption will increase the interest-bearing net-debt and gearing ratio. The former lease expenses will be moved to Depreciation and Interest expenses; therefore, it is expected that operating profit will increase. Operating cash flow from operating activities will increase as the principal part of the lease payments will be recorded within cash flows from financing activities, therefore financing cash flows will decrease. The IFRS 16 adoption is not expected to have a significant impact on net profit or equity.

Rapala VMC used the following practical expedient in transition:

- IFRS 16 was applied to contracts which were identified previously as leases applying IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.
- Rapala VMC applied hindsight to estimate the lease term for lease contracts existing on the effective date.
- Initial direct costs related to the execution of lease contracts are excluded from the measurement of the right-to-use assets at the date of initial application.

Rapala VMC will adopt the following practical expedients on ongoing basis:

- The non-lease components will not be separated from lease components and each lease component and associated non-lease component will account as one lease component.
- After the transition Rapala VMC will not recognize any short-term leases on the consolidated statement of financial position where the lease term is 12 months or less at the lease commencement date. Instead, will recognize the lease payments associated with short-term leases as an expense.

Use of estimates and rounding of figures

Complying with IFRS in preparing financial statements requires the management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

All figures in these accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Events after the end of the full year period

The Group has no knowledge of any significant events after the end of the reporting period that would have a material impact on the financial statements for January-December 2018.

The Group agreed with Shimano Europe B.V. in January 2019 to terminate various distribution agreements between the Parties in some European countries and in South-Africa.

The Parties have agreed to terminate the distribution of Shimano-, G-Loomis- and PowerPro-branded fishing tackle products in France, Switzerland, Spain and Portugal effective July 1, 2020. Until this date, the respective Rapala distribution companies, fully owned and controlled by Rapala, will continue to distribute Shimano Products on an exclusive basis in these four markets. This means that the business will continue as usual until the date referred above and local Rapala distribution companies will be responsible for business on exclusive basis.

At the same time The Parties have agreed to terminate the distribution of Shimano Products in Finland, Norway, Denmark, Sweden, Greenland, Iceland, Lithuania, Latvia, Estonia and South Africa effective October 1, 2020. Until this date, the respective Rapala distribution companies, fully owned and controlled by Rapala, will continue to distribute Shimano Products on an exclusive basis in all of these markets. This means that the business will continue as usual until the date referred above and local Rapala distribution companies will be responsible for the business on exclusive basis.

At the same time The Parties have agreed to terminate the distribution of Rapala-, Storm- and Dynamite-branded fishing tackle products in Germany, The Netherlands, Belgium, Luxembourg and Italy effective April 1, 2019. At the same time distribution of Rapala- and Storm-branded products in the United Kingdom and Dynamite-branded products in Turkey by Shimano will end. Until this date, the respective Shimano distribution companies, fully owned and controlled by Shimano, will continue to distribute these Rapala Group -branded fishing tackle products on an exclusive basis in all of these markets.

Acquisitions

In March 2017, the Group did acquire the non-controlling interest of 30% in Rapala VMC South-Africa Distributors Pty Ltd. After the acquisition the Group owns 100% of the shares of the subsidiary. In 2018 there were no acquisitions.

Hybrid bond

In May 2017, the Group issued a EUR 25 million hybrid bond, which is classified as equity with no maturity date and subordinated to other debt obligations. The bond bears a fixed interest rate of 5.375 per cent per annum until May 31, 2019. The Group is entitled to redeem the hybrid bond after 2 years. The interest on hybrid bond is paid if the Annual General Meeting decides to pay a dividend or in other ways to distribute capital to shareholders. If a dividend is not paid the Group has the right to decide on the possible payment of interest at its own discretion. Non-payable interest accumulates and is disclosed as off-balance sheet commitment. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. According to IAS 33, interest accrued in local books has been taken into account as an expense in earnings per share calculation as described in calculation of key figures. The accrued non-recognised interest on hybrid bond at December 31, 2018 was EUR 1.3 million (0.8). Accrued interest of EUR 1.3 million, resulting from the decision to pay dividends, was paid out in May 2018 and was recognized as a deduction from Group's equity.

	H2	H2	**FY**	FY

Key figures	**2018**	2017	**2018**	2017
EBITDA, % of net sales	**3.2%**	1.0%	**8.5%**	6.2%
Operating profit, % of net sales	**-0.4%**	-1.9%	**5.6%**	3.5%
Return on capital employed, %	**-0.5%**	-2.0%	**6.9%**	4.0%
Capital employed at end of period, MEUR	**217.4**	210.5	**217.4**	210.5
Net interest-bearing debt at end of period, MEUR	**70.3**	67.8	**70.3**	67.8
Equity-to-assets ratio at end of period, %	**53.2%**	53.9%	**53.2%**	53.9%
Debt-to-equity ratio at end of period, %	**47.8%**	47.5%	**47.8%**	47.5%
Earnings per share, EUR (diluted = non-diluted)	**-0.10**	-0.11	**0.13**	0.05
Equity per share at end of period, EUR	**3.05**	2.89	**3.05**	2.89
Average personnel for the period	**2 742**	2 696	**2 772**	2 736

Definitions and reconciliation of key figures are presented in the end of the financial section.

Key figures by half year	H1	H2	H1	H2	H1	**H2**
MEUR	2016	2016	2017	2017	2018	**2018**
Net sales	143.1	117.5	140.9	112.4	142.5	**119.9**
EBITDA	17.6	-3.5	14.5	1.2	18.5	**3.9**
Operating profit/loss	14.2	-7.0	11.0	-2.1	15.3	**-0.5**
Profit/loss before taxes	11.4	-9.2	9.2	-3.5	14.1	**-1.4**
Net profit/loss for the period	8.2	-10.2	6.0	-3.7	9.7	**-3.2**

Bridge calculation of comparable operating profit	**H2**	H2	**Change**	**FY**	FY	**Change**
MEUR	**2018**	2017	%	**2018**	2017	%
Operating profit/loss	**-0.5**	-2.1	**+76 %**	**14.8**	8.9	**+66%**
Items affecting comparability						
Mark-to-market valuations of operative currency derivatives	**-0.4**	0.2	**-300%**	**-0.7**	0.3	**-333%**
Other items affecting comparability						
Restructurings						
Management restructuring		1.1		**0.2**	1.1	
Indonesia manufacturing restructuring	**1.9**	0.8		**1.9**	0.8	
France restructuring	**0.1**	0.0		**0.1**	0.3	
Finland restructuring		-0.1		**0.0**	0.1	
Other restructurings	**0.5**	0.0		**0.5**	0.1	
Insurance compensations					-0.2	
Other items	**0.0**	0.2		**-0.2**	0.2	
Comparable operating profit	**1.5**	0.1	**+1400%**	**16.7**	11.4	**+46%**

Segment information

MEUR **Net sales by operating segment**	**H2 2018**	H2 2017	**FY 2018**	FY 2017
Group Products	**80.1**	73.9	**174.6**	168.8
Third Party Products	**39.8**	38.6	**87.8**	84.5
Total	**119.9**	112.4	**262.4**	253.3
Operating profit/loss by operating segment				
Group Products	**3.2**	1.6	**17.2**	13.0
Third Party Products	**-1.7**	-1.5	**-0.5**	-1.6
Comparable operating profit	**1.5**	0.1	**16.7**	11.4
Items affecting comparability	**-2.0**	-2.2	**-1.9**	-2.6
Operating profit/loss	**-0.5**	-2.1	**14.8**	8.9

Assets by operating segment MEUR	**Dec 31 2018**	Dec 31 2017
Group Products	**208.8**	204.8
Third Party Products	**54.9**	50.4
Non-interest-bearing assets total	**263.7**	255.3
Unallocated interest-bearing assets	**13.4**	10.3
Total assets	**277.1**	265.6

External net sales by area MEUR	**H2 2018**	H2 2017	**FY 2018**	FY 2017
North America	**45.8**	41.8	**95.4**	89.4
Nordic	**22.8**	22.6	**55.1**	54.3
Rest of Europe	**33.5**	31.8	**78.4**	77.6
Rest of the world	**17.8**	16.2	**33.6**	31.9
Total	**119.9**	112.4	**262.4**	253.3

Commitments MEUR	**Dec 31 2018**	Dec 31 2017
Minimum future lease payments on operating leases	**10.5**	10.6

The accrued non-recognised interest on hybrid bond at December 31, 2018 is EUR 1.3 million (0.8).

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
FY 2018						
Associated company Lanimo Oü	**0.0**	**0.1**	**-**	**-**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.2**	**0.1**	**0.0**	**-**
Management	**-**	**-**	**0.4**	**0.0**	**-**	**0.0**
FY 2017						
Associated company Lanimo Oü	0.0	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	0.0	-	0.3	0.0	-	0.0

* Lease agreement for the real estate for the consolidated operations in France and a service fee.

Open derivatives	**31.12.2018**		31.12.2017	
MEUR	**Nominal Value**	**Fair Value**	Nominal Value	Fair Value
Derivative financial instruments designed as cash flow hedges				
Interest rate swaps, less than 12 months	**5.3**	**0.0**	-	-
Interest rate swaps, 1 to 5 years	**-**	**-**	10.4	0.0
Total	**5.3**	**0.0**	10.4	0.0
Non-hedge accounting derivative financial instruments				
Interest rate swaps, 1 to 5 years	**16.0**	**0.0**	16.0	0.1
Currency derivatives, less than 12 months	**40.6**	**0.6**	41.8	-0.5
Cross currency swaps, less than 12 months	**10.1**	**-0.2**	-	-
Cross currency swaps, 1 to 5 years	**-**	**-**	10.1	-0.7
Total	**66.6**	**0.4**	67.9	-1.0

The changes in the fair values of derivatives that are designated as hedging instruments but do not qualify for hedge accounting are recognized based on their nature either in operative costs, if the hedged item is an operative transaction, or in financial income and expenses if the hedged item is a monetary transaction. Some derivatives designated to hedge monetary items are accounted for according to hedge accounting. Financial risks and hedging principles are described in detail in the financial statements 2017 and will be updated in financial statement 2018. In 2018 full year, the amount of the ineffective portion that was recognized in the financial income and expenses of income statement was MEUR 0.0 (2017: MEUR 0.0).

Changes in unrealized mark-to-market valuations for operative foreign currency derivatives

	H2 2018	H2 2017	**FY 2018**	FY 2017
Included in operating profit	**0.4**	-0.2	**0.7**	-0.3

Operative foreign currency derivatives that are marked-to-market on reporting date cause timing differences between the changes in derivatives' fair values and hedged operative transactions. Changes in fair values for derivatives designated to hedge future cash flow, but are not accounted for according to the principles of hedge accounting, impact the Group's operating profit for the accounting period. The changes in unrealized valuations include both valuations of derivatives that will realize in the future periods as well as reversal of previously accumulated value of derivatives that realized in the accounting period.

Fair values of financial instruments		**Dec 31 2018**		Dec 31 2017
MEUR	**Carrying value**	**Fair value**	Carrying value	Fair value
Assets				
Available-for-sale financial assets (level 3)	**0.3**	**0.3**	0.3	0.3
Derivatives (level 2)	**0.8**	**0.8**	0.3	0.3
Total	**1.1**	**1.1**	0.6	0.6
Liabilities				
Non-current interest-bearing liabilities (excl. derivatives)	**10.1**	**10.1**	34.6	34.6
Derivatives (level 2)	**0.5**	**0.5**	1.4	1.4
Total	**10.5**	**10.5**	36.0	36.0

Fair values of other financial instruments do not differ materially from their carrying value.

Shares and share capital

On March 29, 2018 the Annual General Meeting (AGM) updated Board's authorization on repurchase of shares. A separate stock exchange release on the decisions of the AGM was given, and up to date information on the Board's authorizations and other decisions of the AGM are available also on the corporate website.

Share related key figures	**Dec 31, 2018**	Dec 31, 2017
Number of shares	**39 000 000**	39 000 000
Number of shares, average	**39 000 000**	39 000 000
Number of treasury shares	**677 208**	677 208
Number of treasury shares, %	**1.7%**	1.7%
Number of outstanding shares	**38 322 792**	38 322 792
Number of shares traded, YTD	**1 511 411**	4 096 349
Share price at the end of the period	**3.05**	3.33
Highest share price, YTD	**4.07**	4.68
Lowest share price, YTD	**2.89**	3.29
Average price of treasury shares, all time	**5.08**	5.08
Acquired treasury shares, YTD	**-**	-

Short term risks and uncertainties

The objective of Rapala VMC Corporation's risk management is to support implementation of the Group's strategy and execution of business targets. Group management continuously develops its risk management practices and internal controls. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles will be included in the Financial Statements 2018.

Due to the nature of the fishing tackle business and the geographical scope of the Group's operations, the business has traditionally been seasonally stronger in the first half of the year compared to the second half. Weathers impact consumer demand and may have impact on the Group’s sales for current and following seasons. However, the weather risk is well diversified as the Group has a wide geographical footprint and sells products both for summer and winter seasons.

The biggest deliveries for peak seasons are concentrated into relatively short time periods, and hence a well-functioning supply chain is required. The uncertainties in future demand as well as the length of the Group’s supply chain increases complexity in supply chain management. Delays in shipments from internal or external suppliers or unexpected changes in customer demand may lead to shortages and lost sales or excess inventories and subsequent clearance sales with lower margins.

The Group‘s credit facilities include some profitability, net debt and equity related financial covenants, which are actively monitored. The Group expects to continue to fulfill the requirements of its lenders. Liquidity and refinancing risks are well under control, but leverage level may put pressure on Group’s financing costs.

Increased uncertainties and downturns in the general economic climate may influence the sales of fishing tackle, when retailers reduce their inventory levels and face financial challenges. Also, quick and strong increases in living expenses or sudden fluctuations in foreign exchange rates may temporarily affect consumer spending. However, the underlying consumer demand has historically proven to be fairly solid. Political tensions may have negative effects on the Group’s business and geopolitical development is followed closely.

The truly global nature of the Group's sales and operations diversifies market risks. The Group is cautiously monitoring the development both in global macro economy as well as in the various local markets it operates in. While Group’s customer base is generally diversified, changes in retail landscape may have impact on purchase behavior of customers. Making new distribution agreements or terminating old agreements or changes in product offering made by the principal may affect sales and profitability of Third Party Products. Cash collection and credit risk management is high on the agenda of local management and this may affect sales to some customers. Quality of the accounts receivables is monitored closely.

The Group's sales and profitability are impacted by the changes in foreign exchange rates and the risks are monitored actively. To fix the exchange rates of future foreign exchange denominated sales and purchases as well as financial assets and liabilities, the Group has entered into several currency hedging agreements according to the foreign exchange risk management policy set by the Board of Directors. As the Group is not applying hedge accounting in accordance to IFRS 9, the unrealized mark-to-market valuations of operative currency hedging agreements have an impact on the Group's reported operating profit. Some of Group’s currency positions are not possible or feasible to be hedged, and therefore may have impact on the Group’s net result. The Group is closely monitoring market development as well as its cost structure and considering possibility and feasibility of price increases, hedging and cost rationalization.

No significant changes are identified in the Group's strategic risks or business environment.

Definitions of key figures

Operating profit before depreciation and impairments (EBITDA)	Operating profit + depreciation and impairments
Items affecting comparability	Change in mark-to-market valuations of operative currency derivatives +/- other items affecting comparability
Other items affecting comparability	Restructuring costs + impairments +/- gains and losses on business combinations and disposals - insurance compensations +/- other non-operational items
Comparable operating profit	Operating profit +/- change in mark-to-market valuations of operative currency derivatives +/- other items affecting comparability
Net interest-bearing debt	Total interest-bearing liabilities - total interest-bearing assets - cash and cash equivalents
Capital employed (average for the period)	Total equity (average for the period) + net interest-bearing debt (average for the period)
Working capital	Inventories + total non-interest-bearing assets - total non-interest-bearing liabilities
Total non-interest-bearing assets	Total assets - interest-bearing assets - intangible and tangible assets - assets classified as held-for-sale
Total non-interest-bearing liabilities	Total liabilities - interest-bearing liabilities
Return on capital employed (ROCE), %	$\frac{\text{Operating profit (full-year adjusted) x 100}}{\text{Capital employed (average for the period)}}$
Debt-to-equity ratio (Gearing), %	$\frac{\text{Net interest-bearing debt x 100}}{\text{Total equity}}$
Equity-to-assets ratio, %	$\frac{\text{Total equity x 100}}{\text{Total shareholders' equity and liabilities - advances received}}$
Earnings per share, EUR	$\frac{\text{Net profit for the period attributable to the equity holders of the parent company - hybrid capital accrued unrecognised interests after tax}}{\text{Adjusted weighted average number of shares}}$
Equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted number of shares at the end of the period}}$
Average number of personnel	Calculated as average of month end personnel amounts

Reconciliation of key figures to IFRS

	H2 2018	H2 2017	**FY 2018**	FY 2017
Items affecting comparability				
Change in mark-to-market valuations of operative derivatives	**-0.4**	0.2	**-0.7**	0.3
Other items affecting comparability	**2.4**	2.0	**2.6**	2.3
Items affecting comparability	**2.0**	2.2	**1.9**	2.6
Other items affecting comparability				
Restructuring costs	**2.4**	1.8	**2.7**	2.3
Insurance compensations	**-**	-	**-**	-0.2
Other non-operational items	**0.0**	0.2	**-0.2**	0.2
Other items affecting comparability	**2.4**	2.0	**2.6**	2.3
Capital employed (average)				
Total equity (average for the period)	**149.0**	147.5	**144.9**	139.4
Net interest-bearing debt (average for the period)	**68.2**	69.6	**69.1**	82.0
Capital employed (average)	**217.2**	217.0	**214.0**	221.4
Return on capital employed (ROCE), %				
Operating profit (full-year adjusted)	**-1.0**	-4.2	**14.8**	8.9
Capital employed (average for the period)	**217.2**	217.0	**214.0**	221.4
Return on capital employed (ROCE), %	**-0.5%**	-2.0%	**6.9%**	4.0%
Equity-to-assets ratio, %				
Total equity	**147.1**	142.7	**147.1**	142.7
Total shareholders' equity and liabilities	**277.1**	265.6	**277.1**	265.6
Advances received	**0.4**	0.7	**0.4**	0.7
Equity-to-assets ratio, %	**53.2%**	53.9%	**53.2%**	53.9%
Earnings per share, EUR				
Net profit for the period attributable to the equity holders of the parent company	**-3.3**	-3.5	**6.1**	2.4
Hybrid capital accrued unrecognised interests after tax	**0.6**	0.6	**1.1**	0.6
Adjusted weighted average number of shares	**38 322 792**	38 322 792	**38 322 792**	38 322 792
Earnings per share, EUR	**-0.10**	-0.11	**0.13**	0.05
Equity per share, EUR				
Equity attributable to equity holders of the parent company	**117.0**	110.7	**117.0**	110.7
Adjusted number of shares at the end of the period	**38 322 792**	38 322 792	**38 322 792**	38 322 792
Equity per share, EUR	**3.05**	2.89	**3.05**	2.89