Rapala

VMC

FINANCIAL STATEMENT RELEASE FY **2021**

FEBRUARY 10, 2022

RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2021: ALL-TIME HIGH EBIT AND GROUP PRODUCT SALES – STRATEGY EXECUTION BITING HARD COUPLED WITH STRONG MARKET DEMAND

January-December (FY) in brief:

- Net sales were 294.3 MEUR, up 13% from previous year (261.3). Organically sales were 14% higher than last year.
- Operating profit was 32.1 MEUR (10.7).
- Comparable operating profit* was 32.7 MEUR (21.5).
- Hybrid bond repaid successfully in November, 2021
- Cash flow from operations was 24.4 MEUR (42.5).
- Net profit for the period was 19.8 MEUR (3.4).
- Earnings per share was 0.45 EUR (0.04).
- Dividend proposal is 0.15 EUR per share (- EUR).
- 2022 guidance: Full year comparable operating profit to be in line with the previous year.

July-December (H2) in brief:

- Exceptional swings between first and second half of the year both in 2020 and 2021 as these pandemics impacted years have not followed regular seasonality
- Net sales were 134.6 MEUR, down 7% from previous year (144.2). With comparable exchange rates sales were 7% lower than last year.
- Operating profit was 5.8 MEUR (11.6).
- Comparable operating profit* was 6.2 MEUR (17.3).
- Cash flow from operations was 1.2 MEUR (29.1).
- Net profit for the period was 1.7 MEUR (7.2).
- Earnings per share was 0.02 EUR (0.16).

* 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.

President and CEO Nicolas Cederström Warchalowski: "Our Rapala VMC team members around the world stood shoulder-to-shoulder in 2021 and successfully navigated around all the pandemic related obstacles in our way to deliver an All-Time-High record-breaking year. The health & safety of our team members have been in key focus from the very start of the pandemic, the strict operational watchtowers used in 2020 were kept in place also in 2021 and as a result Rapala VMC suffered relatively few pandemic related disruptions in 2021. On the contrary, we benefitted from the demand surge in the sport fishing industry.

I am so proud to look back at 2021 and feel very privileged to lead a team who together have accomplished these great results. We have several newly promoted managers in our group who really stepped up to the occasion and helped us deliver an overall impressive year.

Our net sales in 2021 increased by 13% to 294.3 MEUR despite the significant shortfall of having no Shimano and much less third party brands in our key European markets in 2021. With the increased focus on group brands, these brands achieved 227.7 MEUR of sales which also was a new record. We also achieved our highest comparable EBIT ever of 32.7 MEUR in 2021. On top, we fully repaid the costly hybrid bond in 2021, meaning that our balance sheet now is strong and will provide a great foundation for future growth.

2021 marked a new chapter for Rapala VMC, in that our group no longer were to distribute Shimano in the largest markets in Europe. During 2021 several thousand of Shimano SKUs were resolutely phased out and several thousand of Okuma SKUs were being prepared for a pan European & Russia launch in 2022. A monumental task, which has resulted in that we in 2022 will begin to sell a rod & reel portfolio based entirely on group brands. This will provide a great robust growth pillar for our group for many years to come!

I am especially proud to announce, that I consider 2021 as our break-through year in terms of sustainability. Without clean and healthy waters, there would be no angling. And there certainly would be no Rapala VMC. Our ambition is to take a leading position in sustainability within the sport fishing industry by relentless work over the coming years. We know that we set the bar high, but this only inspires us to work harder.

With fewer management layers, less bureaucracy, less SKUs, fewer distribution centers, sharper brand strategies, an improved financial & operational platform Rapala VMC today moves faster, executes our strategy with more ease and we have more fun while working together as a tighter ONE RAPALA VMC team.

Having finalized the diligent clean-up of all legacy issues back in 2020, incl. the important ramp-down of the Batam production unit, our focus has shifted into becoming a united group brand & innovation driven sport fishing powerhouse. This great transformational growth journey has only begun, and it is with great excitement that I look forward to utilizing the full potential of Rapala VMC over the years to come and also take a leading position in sustainability within the sport fishing industry."

Key figures

MEUR	**H2 2021**	H2 2020	**Change %**	**FY 2021**	FY 2020	**Change %**
Net sales	**134.6**	144.2	**-7%**	**294.3**	261.3	**+13%**
Operating profit	**5.8**	11.6	**-50%**	**32.1**	10.7	**+200%**
% of net sales	**4.3%**	8.0%		**10.9%**	4.1%	
Comparable operating profit *	**6.2**	17.3	**-64%**	**32.7**	21.5	**+52%**
% of net sales	**4.6%**	12.0%		**11.1%**	8.2%	
Cash flow from operations	**1.2**	29.1	**-96%**	**24.4**	42.5	**-43%**
Gearing %	**50.7%**	31.6%		**50.7%**	31.6%	
EPS, EUR	**0.02**	0.16		**0.45**	0.04	**+1108%**

* 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 2021, trading conditions were on a good level and largely impacted by the COVID-19 pandemic. Retail and consumer demand was strong across the Group's key markets, and overall business environment was favorable supporting the Group's excellent performance. Popularity of outdoor activities remained on a high level even though COVID-19 restrictions started to ease globally compared to the prior year. Good winter season in Nordics and North America contributed also positively to winter sports and ice fishing businesses.

Business Review January-December 2021

The Group's net sales for the year were 13% above last year with reported translation exchange rates. With comparable translation exchange rates, net sales were organically up by 14% from the comparison period. Following the Group's fast execution of ONE RAPALA VMC strategy, Group Products sales grew strongly from 2020 across the main product categories, whereas Third Party sales decreased mainly due to the termination of certain Third Party distribution agreements.

North America

Sales in North America increased by 22% from the comparison period with reported translation exchange rates and by 26% with comparable translation exchange rates.

Consumer demand for fishing gear in the North American market was on a high level throughout the year. First half of the year was exceptional with continued strong demand from the end of 2020. Also, the second half was solid compared to the strong comparison period which was characterized by the surge in demand after COVID-19 restrictions. Overall, a very strong year in North America which is illustrated by the double-digit growth across the Group product categories.

Nordic

Sales in the Nordic market increased by 9% from the comparison period. With comparable translation exchange rates sales were up by 8%.

Improved retail and end-consumer demand for fishing gear and good winter conditions increased sales from the previous year. Sales grew steadily in both halves of the year mainly driven by the Group fishing and winter sports product categories. During the year 13 Fishing product offering was successfully launched and well received by customers in the Nordic market.

Rest of Europe

Sales in the Rest of Europe market increased by 1% from the comparison period. With comparable translation exchange rates sales were up by 2% from the previous year.

In the first half of the year, the Rest of Europe market sales increased significantly with continued strong demand from the end of 2020. In the second half of the year, market demand was still on a good level, but not as high as in the comparison period, leading to lower sales figures than in the second half of 2020. Overall, the Rest of Europe market sales grew from the comparison period driven by the Group product categories.

Rest of the World

With reported translation exchange rates, sales in the Rest of the World market increased by 12% from the comparison period. With comparable translation exchange rates, sales increased by 11% compared to the previous year.

In Rest of The World market demand for the Group´s offering was solid throughout the year, and majority of the regional areas witnessed healthy growth from the previous year. Market's fast recovery continued from the end of 2020, and sales development was especially strong in the first half of the year. Full year sales of the region grew with double digit pace despite the termination of certain Third Party distribution agreements having a significant negative sales impact.

External Net Sales by Area

MEUR	FY 2021	FY 2020	Change %	Comparable change %
North America	**134.8**	110.2	**+22%**	**+26%**
Nordic	**45.5**	41.6	**+9%**	**+8%**
Rest of Europe	**80.6**	79.8	**+1%**	**+2%**
Rest of the World	**33.4**	29.7	**+12%**	**+11%**
Total	**294.3**	261.3	**+13%**	**+14%**

MEUR	H2 2021	H2 2020	Change %	Comparable change %
North America	**64.9**	69.8	**-7%**	**-7%**
Nordic	**20.2**	19.3	**+5%**	**+4%**
Rest of Europe	**33.7**	38.2	**-12%**	**-13%**
Rest of the World	**15.8**	16.9	**-7%**	**-9%**
Total	**134.6**	144.2	**-7%**	**-7%**

Financial Results and Profitability

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 11.2 MEUR from the comparison period. The change in translation exchange rates was negative and with comparable translation exchange rates comparative operating profit increased by 11.8 MEUR. Reported operating profit increased by 21.4 MEUR from the previous year and the items affecting comparability had a negative impact of 0.6 MEUR (10.8) on reported operating profit.

Comparable operating profit margin was 11.1% (8.2) for the year. The increased profitability compared to the previous year was driven by the strong sales and more favorable product mix as the share of higher margin Group Products sales of total sales increased. Furthermore, good winter conditions had a positive impact on sales and profitability. Other key drivers behind the strong profitability included Group's supply chain ability to react fast to the rapid shift in demand and continuous actions to implement the ONE RAPALA VMC strategy.

Reported operating profit margin was 10.9% (4.1) for the year. Reported operating profit included impact of mark-to-market valuation of operative currency derivatives of -0.2 MEUR (-0.1). Net expenses of other items affecting comparability included in the reported operating profit were -0.4 MEUR (-10.7).

Total financial (net) expenses were 4.1 MEUR (4.2) for the year. Net interest and other financing expenses were 2.3 MEUR (3.2) and (net) foreign exchange expenses were 1.8 MEUR (1.0).

Net profit for the year increased by 16.4 MEUR and was 19.8 MEUR (3.4) and earnings per share was 0.45 EUR (0.04). The share of non-controlling interest in net profit was 1.5 MEUR (1.0).

Key figures

MEUR	H2 2021	H2 2020	Change %	FY 2021	FY 2020	Change %
Net sales	**134.6**	144.2	**-7%**	**294.3**	261.3	**+13%**
Operating profit / loss	**5.8**	11.6	**-50%**	**32.1**	10.7	**+200%**
Comparable operating profit *	**6.2**	17.3	**-64%**	**32.7**	21.5	**+52%**
Net profit / loss	**1.7**	7.2	**-76%**	**19.8**	3.4	**+482%**

* 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 2021	H2 2020	Change %	FY 2021	FY 2020	Change %
Operating profit/loss	**5.8**	11.6	**-50%**	**32.1**	10.7	**+200%**
Mark-to-market valuations of operative currency derivatives	**0.0**	0.0		**0.2**	0.1	
Other items affecting comparability	**0.5**	5.7		**0.4**	10.7	
Comparable operating profit	**6.2**	17.3	**-64%**	**32.7**	21.5	**+52%**

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

With comparable translation exchange rates, Group Products sales increased by 42.5 MEUR from the comparison period. Demand for the Group products was on a strong level and mainly driven by fishing's increased popularity as an outdoor activity and good winter conditions. On a full year level, majority of the Group product categories witnessed high growth, and geographically Group Products sales was especially strong in the North American market.

Third Party Products

With comparable translation exchange rates, Third Party Products sales were 7.2 MEUR below the comparison period. As expected, the termination of certain Third Party distribution agreements had negative impacts on sales, particularly on the Nordic, Rest of Europe and Rest of the World markets. However, despite the decreased sales, the comparable operating profit for Third Party Products was above the comparison period.

Net Sales by Segment

MEUR	FY 2021	FY 2020	Change %	Comparable change %
Group Products	227.7	187.5	+21%	+23%
Third Party Products	66.6	73.8	-10%	-10%
Total	294.3	261.3	+13%	+14%

MEUR	H2 2021	H2 2020	Change %	Comparable change %
Group Products	107.2	109.2	-2%	-2%
Third Party Products	27.4	35.0	-22%	-23%
Total	134.6	144.2	-7%	-7%

Comparable operating profit by Segment

MEUR	H2 2021	H2 2020	Change %	FY 2021	FY 2020	Change %
Group Products	7.5	19.1	-61%	29.5	23.4	+26%
Third Party Products	-1.3	-1.8	+28%	3.2	-1.9	+268%
Comparable operating profit	6.2	17.3	-64%	32.7	21.5	+52%
Items affecting comparability	-0.4	-5.7	+93%	-0.6	-10.8	+95%
Operating profit / loss	5.8	11.6	-50%	32.1	10.7	+200%

Financial Position

Cash flow from operations was on a good level at 24.4 MEUR (42.5) driven by the strong profitability but impacted negatively by the net change in working capital. Main driver of the negative working capital development was supply chain related disruptions impact to inventory levels, mainly due to the longer freight times and increased in transit stocks. Compared to the previous year, the net change of working capital decreased by 23.3 MEUR and was -2.9 MEUR (20.4) in total.

End of the year inventory in 2021 was 86.2 MEUR (68.8). The impact of change in allowance on inventory was positive 1.8 MEUR, but changes in translation exchange rates on inventory were negative 2.3 MEUR. Main drivers of the increased inventory were higher than normal in transit stocks and decisive actions to increase inventory levels in selected categories with good underlying demand. Also, new Okuma products started to flow into the inventory.

Net cash used in investing activities increased from the comparison period amounting to 22.7 MEUR (3.8). Capital expenditure was 14.0 MEUR (5.0) and disposals 1.6 MEUR (1.2). Increased capital expenditure was mostly driven by the Okuma Europe and Russia related acquisition.

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 59.9 MEUR at the end of the year. Gearing ratio increased and equity-to-assets ratio decreased from last year. The Group is currently compliant with all financial covenants and expects to comply with all requirements set in the financing agreements also in the future. Group's cash position remains strong, and cash and cash equivalents amounted 27.8 MEUR at December 31, 2021. The Group redeemed the EUR 25 million Hybrid Bond on November 15, 2021.

Key figures

MEUR	H2 2021	H2 2020	Change %	FY 2021	FY 2020	Change %
Cash flow from operations	**1.2**	29.1	**-96%**	**24.4**	42.5	**-43%**
Net interest-bearing debt at end of period	**70.6**	45.2	**+56%**	**70.6**	45.2	**+56%**
Gearing %	**50.7%**	31.6%		**50.7%**	31.6%	
Equity-to-assets ratio at end of period, %	**44.2%**	52.5%		**44.2%**	52.5%	

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

Strategy Implementation

The strategic target of the Group is to become a united group brand & innovation driven sport fishing powerhouse. Current strategic actions, with significantly ramped up capabilities and improved speed of strategy execution, aim to utilize the full potential of Rapala VMC in the future and to also take a leading position in sustainability within the sport fishing industry.

The core of the Group's strategy is based on six key building blocks that are all interconnected and shared around the Group in all business units. Future strategies are built upon utilizing and capitalizing the brand portfolio, manufacturing and sourcing platform, research and development knowledge, as well as the broad sales network and strong local presence around the world. Focus and speed are in the center of the strategic decision-making process to enable focus and agile actions in the competitive landscape. The overall strategy execution is progressing quickly as several of the ONE RAPALA VMC action plan elements are proving out to be highly synergistic between each other.

Team/Culture – The first strategic building block is associated with the foundation that all business units and functions strive for togetherness as a one strong winning entity. This enables the entire Group culture to become more united, collaborative, dynamic and growth oriented. The cultural change into one common Rapala VMC identity in all business units worldwide took a major step forward in 2021 despite the continued global pandemic. Critical restructurings and new managerial changes have allowed the Group to become more united, agile, and ready for future growth than ever before.

Sustainability – We fight together to ensure that future generations get to enjoy fishing and the great outdoors. The aim is to become the top company in the fishing tackle industry behind concrete sustainability actions from everyone in our team to ensure that we make a real and long-lasting difference. The group has progressed rapidly in its target to become one of the leading fishing tackle companies in terms of sustainability in the future. Sustainability action plans for multiple brands have been finalized, which include targets for renewable energy use, introduction of plastic-free packaging and shifting to more ecological raw materials in production.

Consumer – Focus on end-users is a critical part of the strategy. The aim is to lead the market and bring newest trends to the fishing industry by offering innovative and exciting products. The group has put emphasis on developing a new e-commerce platform which launched in EU during 2021. This is an agile, sales-driven channel that offers premium customer service, knowledge, entertainment and value. Launch for North America is planned for 2022. The new e-commerce platform underlines the Group's ambition to become more directly connected with consumers.

Customer – Relationships with key customers and winning position in local markets are emphasized with deep customer and market know-how as well as continuously investing in all sales channels. The Group has established a new end-to-end pricing process which is centrally managed and coordinated. By centralizing the pricing process, the Group can serve its customers more comprehensively and be more coherent in an interconnected fishing industry.

Product development/Innovation – R&D and PD&I functions are becoming even stronger competitive advantages for the entire Group at the same time as fishermen around the world demand new innovations to catch more fish. The Group PD&I department had been reorganized to address consumer and customer needs on a global scale. The new

PD&I team is collaborating strongly with sales and marketing departments to ensure extensive regional product relevance and long-term product planning. Additionally, the Group started its largest SKU clean-up in company history, which continues in 2022 to give more focus on Group-owned brands and future winners.

Operations/Finance – The Group continues to invest in its operations to make a step-change in operational excellence, to improve working capital efficiency and profitability. Building an integrated business planning model with global S&OP process is developing well and will further strengthen capital efficiency and improve availability of key items. The Group also continued its centralization efforts by transferring the Baltic warehousing operations from Kaunas, Lithuania to the existing distribution center in Pärnu, Estonia in December 2021. As a result of successful transformation efforts, the Pärnu distribution center is now ready to serve all the Nordic and Baltic customers under one roof.

Product Development

With a strengthened PD&I team firmly in place, the foundation for future development and innovation projects has been strengthened significantly. Under newly clarified category leadership, product development teams have been assigned to five key regions globally ensuring optimum efficiency in identifying and addressing consumer needs. A key focus in the second half of 2021 was on the development of long-term product plans for our key brands. Developing clear and concise product road maps in the 3-5 year time horizon has been a key driver in planning for the future. Fostering the collaborative efforts between sales and marketing has been instrumental in uncovering new and emerging market opportunities around the world. In addition to this deeper long-term planning and organizational change, excitement remained high at the trade and consumer levels with a multitude of innovative new products coming to market.

New introductions in both open water and ice fishing lead to high interest in key markets globally. In fishing lures we saw exciting innovations under the new Flash-X series, as well as a new and improved sustainable packaging option. Continued success of balsa baits drove growth around the world with strong additions to the Elite and OTT's Garage families. The Rod and Reel category saw a tremendous level of excitement with the introduction of Okuma in Europe as well as a strong launch of new 13 Fishing products globally. New offerings in both Rapala and Williamson branded fishing rods were also launched securing a very well rounded assortment across multiple brands and price points. VMC continued its drive as one of our key brands with extensive new product introductions from the Americas to APAC and Europe. A multitude of new hook and terminal tackle designs developed specifically to satisfy acute regional needs were brought to market. In fishing lines Sufix again made waves with its proprietary "Gel Phase Technology" and the all new Advance Fluorocarbon leader material. A stronger, more abrasion resistant leader that's virtually invisible underwater. Overall, 2021 was a strong year globally for a wide array of meaningful new product introductions. Increased innovation and development efforts across all categories will undoubtably pave the way for new frontiers in our product mix for years to come.

Sustainability

The Group aims to become one of the leading fishing tackle companies in terms of sustainability by 2024. During the highly successful year of 2021, the strategy implementation in the company proceeded as scheduled and we were able to deliver impressive results in multiple areas. In the beginning of the year, we launched a groundbreaking Sufix Recycline monofilament fishing line that is made entirely from recycled raw materials. We also introduced the first-ever plastic-free packaging for Marttiini knives as well as for Rapala Nauvo and Harmaja lures – achievements that serve our sustainability target to introduce more ecological packaging into the markets. Marttiini became the first carbon neutral brand in the Group's brand portfolio, showing our commitment to reduce CO2 emissions in our production units. Rapala European lure manufacturing units in Finland, Russia and Estonia, as well as Marttiini production units in Finland and Estonia, have shifted to 100% renewable energy.

The inclusion of Rapala VMC employees in our sustainability work has taken a striking start. During the year, our staff in Helsinki HQ attended Clean Beaches event in Helsinki (organized together with Keep the Archipelago Tidy Association, PSS ry) to educate the staff on environmental matters. Similar campaign was also organized in the UK for Dynamite Baits' staff. An example of our social responsibility is organizing the first lure recycling campaign in Finland to collect and refurbish excess lures from the anglers, which were repaired by local fishing organizations and donated to young anglers to support their hobby. This campaign was organized by Rapala VMC together with Finnish Federation for Recreational Fishing (SVK) and a retail chain Motonet. As planned, we successfully established multiple internal channels to communicate our sustainability targets to our staff. We have also activated in our communication outside the company by publishing several articles regarding our sustainability ambitions. To further enhance our visibility in this topic, we will launch a new sustainability website for our brands and considerably update our sustainability report during 2022.

To extend our sustainability work also to our supply chain, we updated our Supplier Code of Conduct (sCoC) to better reflect with our current sustainability targets. The new sCoC will be gradually implemented in our units from 2022 onwards.

Rapala VMC prepares to the upcoming EU taxonomy regulation and has investigated its business in comparison to the criteria of the taxonomy. Rapala VMC will publish its responsibility report together with 2021 Financial Statements during week 9 (beginning on February 28, 2022). The report meets the requirements for non-financial reporting, including information regarding the EU Taxonomy Regulation.

Organization and Personnel

Average number of personnel was 1 792 (2 105) for the full year and 1 765 (2 034) for the last six months. At the end of December, the number of personnel was 1 757 (1 971), decrease caused mainly from the ramp-down of the lure manufacturing operations in Indonesia.

Short-term Outlook and Risks

General market demand for fishing products has been on a high level and is expected to gradually normalize. However, the Group expects the overall demand for fishing tackle to stay on a higher level compared to pre-pandemic levels.

The Group's supply chain, including own factories and subcontractors, is currently working robustly, but global supply chain disruptions are affecting delivery times and availability of products. The COVID-19 pandemic continues to have an impact on the business both in increasing demand for fishing products as well as increasing health and safety measures in all operations of the Group. In addition, weather changes and disruptions or cost increases in freight costs may affect the results of the Group. Furthermore, changes in EUR/USD exchange rate have an impact on the Group due to large purchase and sales volumes in USD. The Group expects 2022 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be in line with the previous year.

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

Other significant events

Rapala VMC Corporation and Okuma Fishing Tackle Co Ltd strengthen strategic co-operation. The Board of Directors of Rapala VMC has resolved on a directed issue of 315 000 treasury shares to Okuma

Rapala VMC announced on January 27, 2021 the acquisition of Okuma European and Russian trademarks and associated intangible assets against a consideration of USD 8 million out of which an amount of USD 4 million was a deferred payment.

As part of the deferred payment the Board of Directors of Rapala VMC resolved on a directed issue of 315 000 treasury shares to Okuma, based on an authorization granted by the Rapala VMC's Annual General Meeting held on March 25, 2021. These shares form a significant portion of the consideration paid by Rapala VMC to Okuma for the purposes of strengthening strategic co-operation between the parties, and Rapala VMC therefore has a weighty financial reason for deviating from the shareholders' pre-emptive subscription right.

The subscription price for the shares is EUR 9.90 per share, which was determined on the basis of the volume weighted average price of Rapala VMC's shares on Nasdaq Helsinki Ltd during the period of August 2, 2021 to August 6, 2021. The subscription price will be recorded in the Rapala VMC's reserve for invested unrestricted equity.

After the transfer of 315 000 treasury shares to Okuma Rapala VMC holds 50 236 treasury shares.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.15 EUR for 2021 (- EUR) per share is distributed from the Group's distributable equity and remaining distributable funds are carried forward to retained earnings. There have been no material changes in the parent company's financial position since 31 December 2021, the liquidity of the parent company remains good and the proposed dividend does not risk the solvency of the company.

Financial Statements and Annual General Meeting

Financial Statements for 2021 and Corporate Governance Statement will be published in week 9 commencing on February 28, 2022. Annual General Meeting is planned to be held on March 23, 2022.

Half Year Financial Report 2022 will be published on July 14, 2022.

Helsinki, February 10, 2022

Board of Directors of Rapala VMC Corporation

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A conference call on the financial year result will be arranged on February 11, 2022 at 1:00 p.m. Finnish time (12:00 a.m. CET). Please dial +44 (0)330 336 9600 or +1 646 828 8082 or +358 (0)9 7479 0572 (pin code: 238808) 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: 2682060). Financial information and teleconference replay facility are available at www.rapalavmc.com.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME	**H2**	H2	**FY**	FY
MEUR	**2021**	2020	**2021**	2020
Net sales	**134.6**	144.2	**294.3**	261.3
Other operating income	**1.3**	1.0	**1.6**	1.6
Materials and services	**65.6**	67.8	**134.0**	125.4
Employee benefit expenses	**35.7**	36.6	**71.6**	69.4
Other operating expenses	**23.9**	21.5	**48.4**	41.0
Share of results in associates and joint ventures	**0.0**	0.0	**0.2**	-0.8
EBITDA	**10.7**	19.4	**42.0**	26.2
Depreciation, amortization and impairments	**5.0**	7.9	**9.9**	15.5
Operating profit/loss (EBIT)	**5.8**	11.6	**32.1**	10.7
Financial income and expenses	**2.7**	2.3	**4.1**	4.2
Profit/loss before taxes	**3.1**	9.3	**28.0**	6.6
Income taxes	**1.4**	2.1	**8.2**	3.2
Net profit/loss for the period	**1.7**	7.2	**19.8**	3.4
Attributable to:				
Equity holders of the company	**1.2**	6.7	**18.2**	2.5
Non-controlling interests	**0.5**	0.5	**1.5**	1.0
Earnings per share for profit attributable to the equity holders of the parent company:				
Earnings per share, EUR (diluted = non-diluted)	**0.02**	0.16	**0.45**	0.04

STATEMENT OF COMPREHENSIVE INCOME	**H2**	H2	**FY**	FY
MEUR	**2021**	2020	**2021**	2020
Net profit/loss for the period	**1.7**	7.2	**19.8**	3.4
Other comprehensive income, net of tax				
Change in translation differences*	**4.5**	-8.6	**7.9**	-10.7
Gains and losses on net investment hedges*	**0.6**	-0.5	**0.5**	-1.1
Remeasurements of defined benefit liabilities	**0.0**	0.1	**0.0**	0.1
Total other comprehensive income, net of tax	**5.0**	-9.0	**8.4**	-11.7
Total comprehensive income for the period	**6.7**	-1.8	**28.2**	-8.3
Total comprehensive income attributable to:				
Equity holders of the parent company	**6.1**	-2.1	**26.4**	-8.8
Non-controlling interests	**0.6**	0.3	**1.8**	0.5

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

STATEMENT OF FINANCIAL POSITION MEUR	Dec 31 2021	Dec 31 2020
ASSETS		
Non-current assets		
Intangible assets	**80.8**	71.2
Property, plant and equipment	**24.4**	22.6
Right-of-use assets	**10.7**	10.4
Non-current assets		
Interest-bearing	**7.6**	7.2
Non-interest-bearing	**14.5**	11.7
	138.0	123.1
Current assets		
Inventories	**86.2**	68.8
Current assets		
Interest-bearing	**-**	-
Non-interest-bearing	**63.5**	53.0
Cash and cash equivalents	**27.8**	27.9
	177.5	149.8
Total assets	**315.5**	272.9
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	**139.3**	112.8
Non-controlling interests	**-**	5.2
Hybrid bond	**-**	25.0
	139.3	143.0
Non-current liabilities		
Interest-bearing	**51.8**	52.7
Non-interest-bearing	**10.8**	8.7
Right-of-use liabilities	**7.4**	8.0
	70.1	69.4
Current liabilities		
Interest-bearing	**43.0**	15.1
Non-interest-bearing	**59.5**	41.0
Right-of-use liabilities	**3.7**	4.5
	106.2	60.5
Total equity and liabilities	**315.5**	272.9

STATEMENT OF CASH FLOWS	**H2**	H2	**FY**	FY
MEUR	**2021**	2020	**2021**	2020
Net profit/loss for the period	**1.7**	7.2	**19.8**	3.4
Adjustments to net profit / loss for the period *	**8.8**	12.4	**16.3**	26.2
Financial items and taxes paid and received	**-4.7**	-5.0	**-8.9**	-7.6
Change in working capital	**-4.5**	14.5	**-2.9**	20.4
Net cash generated from operating activities	**1.2**	29.1	**24.4**	42.5
Investments	**-6.8**	-2.9	**-14.0**	-5.0
Proceeds from sales of assets	**0.8**	0.8	**1.6**	1.2
Transactions with non-controlling interests	**-10.3**	-	**-10.3**	-
Change in interest-bearing receivables	**0.0**	0.0	**0.2**	0.0
Net cash used in investing activities	**-16.4**	-2.1	**-22.7**	-3.8
Net funding	**30.4**	-42.5	**25.8**	-13.2
Change in right-of-use liabilities	**-2.5**	-2.6	**-5.8**	-5.5
Hybrid bond	**-26.3**	-1.3	**-26.3**	-1.3
Directed issue of own shares	**3.1**	-	**3.1**	-
Purchase of own shares	**-**	-	**-0.7**	-
Net cash generated from financing activities	**4.8**	-46.4	**-3.9**	-20.0
Change in cash and cash equivalents	**-10.4**	-19.5	**-2.2**	18.8
Cash & cash equivalents at the beginning of the period	**39.3**	50.0	**27.9**	12.3
Foreign exchange rate effect	**-1.2**	-2.6	**2.0**	-3.1
Cash and cash equivalents at the end of the period	**27.8**	27.9	**27.8**	27.9

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

Changes in liabilities included in net funding

MEUR	
Liabilities Jan 1, 2021	**67.8**
Drawdowns	69.8
Repayments	-42.7
Other changes	0.0
Liabilities Dec 31, 2021	**94.8**
Net funding	
Drawdowns and repayments from loans	27.1
Derivatives and other realized foreign exchange on financial activities	-1.3
Net funding	**25.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company								
MEUR	Share capital	Share premium fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	Non-controlling interests	Hybrid bond	**Total equity**
Equity on Jan 1, 2020	**3.6**	**16.7**	**4.9**	**-4.9**	**-7.5**	**109.2**	**4.6**	**25.0**	**151.6**
Comprehensive income *	-	-	-	-	-11.3	2.5	0.5	-	**-8.3**
Hybrid bond expenses*	-	-	-	-	-	-1.1	-	-	**-1.1**
Share based payments	-	-	-	-	-	0.7	0.0	-	**0.8**
Equity on Dec 31, 2020	**3.6**	**16.7**	**4.9**	**-4.9**	**-18.9**	**111.4**	**5.2**	**25.0**	**143.0**
Equity on Jan 1, 2021	**3.6**	**16.7**	**4.9**	**-4.9**	**-18.9**	**111.4**	**5.2**	**25.0**	**143.0**
Comprehensive income*	-	-	-	-	8.1	18.2	1.8	-	**28.2**
Purchase of own shares	-	-	-	-0.7	-	-	-	-	**-0.7**
Directed issue of own shares	-	-	-	3.1	-	-	-	-	**3.1**
Repayment of hybrid bond	-	-	-	-	-	-	-	-25.0	**-25.0**
Hybrid bond expenses*	-	-	-	-	-	-1.1	-	-	**-1.1**
Transactions with non-controlling interests	-	-	-	-	-	-3.3	-7.1	-	**-10.3**
Dissolvement of subsidiary	-	-	-	-	1.2	-	-	-	**1.2**
Share based payments	-	-	-	-	-	0.9	-	-	**0.9**
Other changes	-	-	-	-	-	0.0	0.0	-	**0.0**
Equity on Dec 31, 2021	**3.6**	**16.7**	**4.9**	**-2.5**	**-9.6**	**126.2**	**-**	**-**	**139.3**

*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).

Apart from the changes in accounting principles stated below, the accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the financial statements 2020.

As required by IAS 34, the nature and effect of these changes on the accounting policies followed by the Group are disclosed below.

New and amended IFRS standards

Amended standards and interpretations did not have material effect on the Group.

The Group has taken into account in its accounting principles the IAS 38 Intangible Assets: Configuration or Customization Costs in a Cloud Computing Arrangement. The Group has paid focus on how a customer should account for the costs of configuring or customizing the supplier's application software in a SaaS arrangement. It includes guidelines when configuration and customization costs result in the recognition of an intangible asset, when expensed and when considered as a prepayment. The changes in accounting principles do not have any material impact on the Group's consolidated financial statements or disclosures for the current or previous reporting periods.

There are no future standard changes endorsed by the EU which would have material effect on the Group.

Accounting treatment of government grants (IAS 20) due to COVID-19

As a response to the COVID-19 pandemic, governments around the world implemented support measures to help businesses and economies. Government assistance comes in many forms and therefore Rapala VMC Corporation specified its accounting policy concerning grants received in 2020.

The Group continues to recognize government grants or subsidies when there is reasonable assurance that it will comply with all conditions attached and the grant will be received. Government grants are recognised in statement of income over the periods in which Group recognises the expenses which the grants are intended to compensate. However, the accounting treatment for grants depends on nature and type of the grant.

Due to the COVID-19 situation, Rapala VMC Corporation has received 0.2 MEUR (1.4) of governmental subsidies related to salaries and other personnel expenses, which are shown as deduction of personnel expenses in statement of income. No general business subsidies were received during 2021 (0.6 in 2020). These were shown as other income in statement of income in 2020.

In 2020 the Group was granted government-backed loans which amounted to 12.2 MEUR and for which the terms differ from market-based terms. The Group accounts for the benefit of government-backed loans at a below-market interest rate as a government grant. The difference between the fair value of the loan on initial recognition and the amount received is accrued and recognized as grant in other operating income. This totaled to EUR 0.3 (0.2) million.

Additionally, rent reliefs of 0.1 MEUR were received during 2020 but none during 2021. These were granted by private lessors and are therefore outside of the scope of IAS 20. In 2020 the Group performed impairment assessment due to COVID-19 situation and there was no indication that assets may be impaired.

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 reporting 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 2021.

Acquisitions

The Group acquired the non-controlling interest from Shimano regarding joint ownership of Rapala VMC distribution companies situated in Russia, Kazakhstan, Czech Republic, Belarus, Hungary, Romania and Croatia. The ownership acquired was 50% regarding Russia, Kazakhstan, Czech Republic and Belarus, and 33% regarding Hungary, Romania and Croatia. The acquisition was due to negotiations with Shimano Europe BV to end the distribution of Shimano branded products and joint ownership. The acquisition date was November 8, 2021 and now the Group has 100% stake from the mentioned companies. The purchase price totaled 10.3 MEUR.

Key figures	**H2 2021**	H2 2020	**FY 2021**	FY 2020
EBITDA, % of net sales	**8.0%**	13.5%	**14.3%**	10.0%
Operating profit, % of net sales	**4.3%**	8.0%	**10.9%**	4.1%
Return on capital employed, %	**5.7%**	11.7%	**16.1%**	5.2%
Capital employed at end of period, MEUR	**209.8**	188.2	**209.8**	188.2
Net interest-bearing debt at end of period, MEUR	**70.6**	45.2	**70.6**	45.2
Equity-to-assets ratio at end of period, %	**44.2%**	52.5%	**44.2%**	52.5%
Debt-to-equity ratio at end of period, %	**50.7%**	31.6%	**50.7%**	31.6%
Earnings per share, EUR (diluted = non-diluted)	**0.02**	0.16	**0.45**	0.04
Equity per share at end of period, EUR	**3.58**	2.93	**3.58**	2.93
Average personnel for the period	**1 765**	2 034	**1 792**	2 105

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

Key figures by half year MEUR	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	**H2 2021**
Net sales	141.2	134.2	117.1	144.2	159.6	**134.6**
EBITDA	17.7	8.3	6.8	19.4	31.3	**10.7**
Operating profit/loss (EBIT)	11.4	2.0	-0.8	11.6	26.3	**5.8**
Profit/loss before taxes	10.1	-0.3	-2.7	9.3	24.9	**3.1**
Net profit/loss for the period	7.4	-3.4	-3.8	7.2	18.1	**1.7**

Bridge calculation of comparable operating profit

MEUR	**H2 2021**	H2 2020	**Change %**	**FY 2021**	FY 2020	**Change %**
Operating profit/loss	**5.8**	11.6	**-50%**	**32.1**	10.7	**+200%**
Items affecting comparability						
Mark-to-market valuations of operative currency derivatives	**0.0**	0.0		**0.2**	0.1	
Other items affecting comparability*	**0.5**	5.7		**0.4**	10.7	
Comparable operating profit	**6.2**	17.3	**-64%**	**32.7**	21.5	**+52%**

*In 2021 the restructuring costs consist of European and other restructurings and in 2020 of European, management, Indonesian manufacturing and other restructurings.

Segment information

MEUR **Net sales by operating segment**	**H2 2021**	H2 2020	**FY 2021**	FY 2020
Group Products	**107.2**	109.2	**227.7**	187.5
Third Party Products	**27.4**	35.0	**66.6**	73.8
Total	**134.6**	144.2	**294.3**	261.3

Operating profit/loss by operating segment

Group Products	**7.5**	19.1	**29.5**	23.4
Third Party Products	**-1.3**	-1.8	**3.2**	-1.9
Comparable operating profit	**6.2**	17.3	**32.7**	21.5
Items affecting comparability	**-0.4**	-5.7	**-0.6**	-10.8
Operating profit/loss	**5.8**	11.6	**32.1**	10.7

Assets by operating segment

MEUR	**Dec 31 2021**	Dec 31 2020
Group Products 1)	**252.5**	212.7
Third Party Products 2)	**27.7**	25.1
Non-interest-bearing assets total	**280.1**	237.8
Unallocated interest-bearing assets	**35.4**	35.1
Total assets	**315.5**	272.9

1) Includes IFRS 16 right-of-use assets 9.7 MEUR (9.4). 2) Includes IFRS right-of-use assets 1.1 MEUR (1.0).

External net sales by area

MEUR	**H2 2021**	H2 2020	**FY 2021**	FY 2020
North America	**64.9**	69.8	**134.8**	110.2
Nordic	**20.2**	19.3	**45.5**	41.6
Rest of Europe	**33.7**	38.2	**80.6**	79.8
Rest of the world	**15.8**	16.9	**33.4**	29.7
Total	**134.6**	144.2	**294.3**	261.3

Commitments

MEUR	**Dec 31 2021**	Dec 31 2020
Minimum future lease payments on leases	**0.4**	0.4

Related party transactions

MEUR	Sales and other income	Purchases	Rents paid	Other expenses	Receivables	Payables
FY 2021						
DQC International Corp.	**12.5**	**0.4**	**-**	**-**	**7.1**	**-**
Associated company Lanimo Oü	**0.0**	**0.1**	**-**	**0.0**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.2**	**-**	**0.0**	**-**
Management	**0.0**	**-**	**0.2**	**0.0**	**0.7**	**-**
FY 2020						
DQC International Corp.	7.3	0.5	-	0.0	6.5	-
Associated company Lanimo Oü	0.0	0.1	-	-	0.1	-
Entity with significant influence over the Group*	-	-	0.2	0.0	0.0	-
Management	0.0	-	0.3	0.0	0.6	0.0

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

Intangible assets 2021 MEUR	Goodwill	Trademarks	Customer relations	Other intangible assets	Total
Acquisition cost Jan 1	47.0	23.8	3.8	8.8	83.4
Additions		6.6		0.3	6.9
Disposals				-0.6	-0.6
Translation differences	1.9	1.3	0.2	0.1	3.4
Acquisition cost Dec 31	48.9	31.7	4.0	8.6	93.2
Accumulated amortization Jan 1		-0.9	-3.5	-7.9	-12.2
Disposals				0.6	0.6
Amortization during the period			0.0	-0.5	-0.5
Translation differences		0.0	-0.2	-0.1	-0.3
Accumulated amortization Dec 31		-0.9	-3.7	-7.8	-12.4
Carrying value Jan 1	47.0	23.0	0.3	1.0	71.2
Carrying value Dec 31	48.9	30.8	0.3	0.8	80.8

Tangible assets 2021 MEUR	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	1.9	25.7	61.1	20.5	1.3	110.5
Additions		0.4	1.7	1.1	4.4	7.6
Disposals		-0.9	-4.7	-5.2	-0.7	-11.5
Reclassifications		0.9	1.4	0.3	-2.6	0.0
Translation differences	0.1	0.6	0.6	0.7	0.0	2.1
Acquisition cost Dec 31	2.0	26.7	60.1	17.4	2.5	108.6
Accumulated depreciation Jan 1		-18.4	-51.6	-17.9		-87.9
Disposals		0.6	4.2	5.1		9.9
Reclassifications		0.0	0.1	0.0		0.0
Depreciation during the period		-0.8	-2.7	-1.1		-4.6
Impairments			-0.1			-0.1
Translation differences		-0.3	-0.5	-0.7		-1.5
Accumulated depreciation Dec 31		-19.0	-50.6	-14.6		-84.2
Carrying value Jan 1	1.9	7.3	9.5	2.6	1.3	22.6
Carrying value Dec 31	2.0	7.7	9.5	2.8	2.5	24.4

Open derivatives		**Dec 31, 2021**		Dec 31, 2020
MEUR	**Nominal Value**	**Fair Value**	Nominal Value	Fair Value
Non-hedge accounting derivative financial instruments				
Interest rate swaps, less than 12 months	**-**	**-**	16.0	-0.1
Interest rate swaps, 1 to 5 years	**25.0**	**0.0**	5.0	-0.1
Currency derivatives, less than 12 months	**34.9**	**-0.1**	26.9	-0.2
Total	**59.9**	**-0.1**	47.9	-0.3

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. Financial risks and hedging principles are described in detail in the financial statements 2021.

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

	H2 2021	H2 2020	**FY 2021**	FY 2020
Included in operating profit	**0.0**	-0.0	**-0.2**	-0.1

Operative foreign currency derivatives that are marked-to-market on reporting date cause timing differences between the changes in derivatives' fair values and 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 2021		Dec 31 2020	
MEUR	**Carrying value**	**Fair value**	Carrying value	Fair value
Assets				
Available-for-sale financial assets (level 3)	**0.2**	**0.2**	0.2	0.2
Derivatives (level 2)	**0.2**	**0.2**	0.2	0.2
Total	**0.4**	**0.4**	0.4	0.4
Liabilities				
Non-current interest-bearing liabilities (excl. derivatives)	**51.8**	**51.9**	52.7	52.7
Derivatives (level 2)	**0.3**	**0.3**	0.5	0.5
Total	**52.1**	**52.2**	53.2	53.2

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

Shares and share capital

On March 25, 2021, 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, 2021**	Dec 31, 2020
Number of shares	**39 000 000**	39 000 000
Number of shares, average	**39 000 000**	39 000 000
Number of treasury shares	**50 236**	452 208
Number of treasury shares, %	**0.1%**	1.2%
Number of outstanding shares	**38 949 764**	38 547 792
Number of shares traded, YTD	**5 217 447**	6 044 245
Share price at the end of the period	**8.72**	4.36
Highest share price, YTD	**10.95**	4.58
Lowest share price, YTD	**4.36**	2.15
Average price of held treasury shares	**8.59**	4.95
Acquired treasury shares, YTD	**86 043**	-

Short term risks and uncertainties

The objective of Rapala VMC Group'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 2021.

Due to the nature and seasonality of the fishing tackle business, weather impact consumer demand and may have impact on the Group's sales for current and following seasons. However, the weather risk is 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. Global supply chain disruptions caused by the COVID-19 pandemic have increased the Group's supply chain risks and increased logistics costs and decreasing fulfilment rates.

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.

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 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. New distribution agreements, termination of 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 COVID-19 pandemic has increased risks for the Group. The direct and indirect impacts of the pandemic or its counter measures may affect the Group's ability to operate and run its manufacturing sites or distribution centers. Furthermore, potential governmental lockdown measures may also impact the Group's clientele. The Group has introduced several safety measures in its operations to protect health and safety of its employees as well as to protect continuation of its operations.

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 with the exception of increased risks related to the COVID-19 pandemic.

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), %	Operating profit (full-year adjusted) x 100 / Capital employed (average for the period)
Debt-to-equity ratio (Gearing), %	Net interest-bearing debt x 100 / Total equity
Equity-to-assets ratio, %	Total equity x 100 / Total equity and liabilities - advances received
Earnings per share, EUR	Net profit for the period attributable to the equity holders of the parent company - hybrid capital accrued unrecognised interests after tax / Adjusted weighted average number of shares
Equity per share, EUR	Equity attributable to equity holders of the parent company / 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 2021	H2 2020	**FY 2021**	FY 2020
Items affecting comparability				
Change in mark-to-market valuations of operative derivatives	**0.0**	0.0	**0.2**	0.1
Other items affecting comparability	**0.5**	5.7	**0.4**	10.7
Items affecting comparability	**0.4**	5.7	**0.6**	10.8
Other items affecting comparability				
Restructuring costs	**0.5**	5.7	**0.4**	10.7
Other items affecting comparability	**0.5**	5.7	**0.4**	10.7
Capital employed (average)				
Total equity (average for the period)	**151.6**	144.1	**141.1**	147.3
Net interest-bearing debt (average for the period)	**50.5**	54.3	**57.9**	59.9
Capital employed (average)	**202.1**	198.4	**199.0**	207.2
Return on capital employed (ROCE), %				
Operating profit (full-year adjusted)	**11.5**	23.1	**32.1**	10.7
Capital employed (average for the period)	**202.1**	198.4	**199.0**	207.2
Return on capital employed (ROCE), %	**5.7%**	11.7%	**16.1%**	5.2%
Equity-to-assets ratio, %				
Total equity	**139.3**	143.0	**139.3**	143.0
Total shareholders' equity and liabilities	**315.5**	272.9	**315.5**	272.9
Advances received	**0.6**	0.5	**0.6**	0.5
Equity-to-assets ratio, %	**44.2%**	52.5%	**44.2%**	52.5%
Earnings per share, EUR				
Net profit for the period attributable to the equity holders of the parent company	**1.2**	6.7	**18.2**	2.5
Hybrid capital accrued unrecognized interests after tax	**-0.4**	-0.5	**-0.9**	-1.1
Adjusted weighted average number of shares	**38 852 182**	38 547 792	**38 731 583**	38 547 792
Earnings per share, EUR	**0.02**	0.16	**0.45**	0.04
Equity per share, EUR				
Equity attributable to equity holders of the parent company	**139.3**	112.8	**139.3**	112.8
Adjusted number of shares at the end of the period	**38 949 764**	38 547 792	**38 949 764**	38 547 792
Equity per share, EUR	**3.58**	2.93	**3.58**	2.93