RAPALA VMC CORP.

FINANCIAL STATEMENT RELEASE FY 2020
FEBRUARY 9, 2021

RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2020: COMPARABLE OPERATING PROFIT GREW FROM LAST YEAR DESPITE THE COVID-19 PANDEMIC; SUCCESSFULL AND FORCEFUL ACTIONS LED TO SIGNIFICANT REDUCTION IN INVENTORIES AND STRONG OPERATING CASH FLOW

January-December (FY) in brief:

- Net sales were 261.3 MEUR, down 5% from previous year (275.4). Organically sales were 2% lower than last year.
- Operating profit was 10.7 MEUR (13.4).
- Comparable operating profit* was 21.5 MEUR (17.8).
- Cash flow from operations was 42.5 MEUR (25.9).
- Net profit for the period was 3.4 MEUR (4.1).
- Earnings per share was 0.04 EUR (0.10).
- 2021 guidance: Full year comparable operating profit to be in line or above the previous year.
- The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2020.

July-December (H2) in brief:

- Net sales were 144.2 MEUR, up 7% from previous year (134.2). With comparable exchange rates sales were 13% higher than last year.
- Operating profit was 11.6 MEUR (2.0).
- Comparable operating profit* was 17.3 MEUR (5.8).
- Cash flow from operations was 29.1 MEUR (14.4).
- Net profit for the period was 7.2 MEUR (-3.4).
- Earnings per share was 0.16 EUR (-0.06).

* 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 Warchalowski: "We achieved great results in a truly exceptional year and consequently comparable operating profit improved from 17.8 MEUR to 21.5 MEUR at the same time when we increased operating cash flow from 25.9 MEUR to 42.5 MEUR. In addition to these improved financial results, we made great leaps in our strategy execution and finalized for the most parts the restructuring program initiated in October 2019. Key highlights were the ramp-down of Asian lure manufacturing operations and establishing a new centralized distribution centre to Estonia, which enabled continued decrease in our warehouse footprint on our way to more centralized and simplified operating model. As importantly, the renewed organizational structure and fewer management layers will make us much more growth oriented and increase drastically decision-making speed.

In 2020, net sales decreased by 2% to 261.3 MEUR from the previous year using comparable FX rates as a result of changes in the Third Party Products business. Focus to Group Products yielded results and sales for the segment grew by 4% from the previous year using comparable FX rates. A positive highlight from 2020 was also the strong double-digit growth in our e-commerce business, which proves that our investments in direct-to-consumer business are paying off.

We reacted quickly to the COVID-19 pandemic in the first quarter and implemented a strong mitigation plan, where our highest priorities were safeguarding the health and safety of our team members worldwide and protecting the financial position of the Group. We implemented a rapid and forceful ramp-down with fast cut in purchases and implementation of watchtowers to monitor cash flow and account receivables. We continued all these activities in the ramp-up period as well and achieved great results especially in inventory management. Consequently, our inventory dropped by 23.8 MEUR from December 2019 to 68.8 MEUR in December 2020, which is the lowest inventory value recorded in more than a decade.

Our key priorities in 2021 are to continue and accelerate our growth journey in the core business and start the new Okuma rod and reel business in Europe. We are very proud that Okuma is now one of our flagship brands and are fully dedicated to make significant investments in Europe to lift Okuma to the leading rod and reel brand in the future in the European market. In 2021, we will also benefit from the positive momentum in the industry as fishing is one of the few COVID safe activities.

In our ONE RAPALA VMC strategy we continue to build a united team culture to release all the potential within our worldwide organization and strong brand portfolio. We will considerably increase focus in customers and consumers and are committed to bring new innovative products to the market. Furthermore, we will strengthen our operational and financial platform to enable improved working capital management and cost efficiency. I'm very confident in our team and our ability to execute our ONE RAPALA VMC business plan and aim to lift Rapala VMC to #1 position in the market region-by-region and category-by-category."

Key figures

MEUR	**H2 2020**	H2 2019	**Change %**	**FY 2020**	FY 2019	**Change %**
Net sales	**144.2**	134.2	**+7%**	**261.3**	275.4	**-5%**
Operating profit/loss	**11.6**	2.0	**+480%**	**10.7**	13.4	**-20%**
% of net sales	**8.0%**	1.5%		**4.1%**	4.9%	
Comparable operating profit *	**17.3**	5.8	**+198%**	**21.5**	17.8	**+21%**
% of net sales	**12.0%**	4.4%		**8.2%**	6.5%	
Cash flow from operations	**29.1**	14.4	**+102%**	**42.5**	25.9	**+64%**
Gearing %	**31.6%**	49.2%		**31.6%**	49.2%	
EPS, EUR	**0.16**	-0.06	**+350%**	**0.04**	0.10	**-63%**

* 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

2020 was an exceptional and two-folded year for the Group due to the COVID-19 pandemic. During the first half of the year, trading conditions were significantly weakened by the pandemic and the restrictions that followed. In the ramp-up period starting in June, however, trading conditions recovered quickly and the demand for fishing tackle products, as for many other outdoor products, was particularly high.

Business Review January-December 2020

The Group's net sales for the year were 5.1% below last year with reported translation exchange rates. With comparable translation exchange rates, net sales were organically down by 2.5% from the comparison period. As expected, sales were decreased by the termination of Shimano and certain other Third Party distribution agreements. On the other hand, Group Products sales grew from 2019 despite the difficult first half of the year impacted by the COVID-19 pandemic.

North America

Sales in North America increased by 5.7% from the comparison period with reported translation exchange rates and by 8.1% with comparable translation exchange rates.

In the first half of the year, the North American market was severely hit by the pandemic and the governmental lockdowns that followed. Sales decreased heavily as the Group's distribution operations and retail customers were closed for several weeks during the spring. However, as the restrictions gradually eased, the consumer demand in the North American market was high. Following a rapid ramp-up of the operations, the Group was able to meet the high demand, and consequently the sales witnessed solid growth from the comparison period also on the full year level.

Nordic

Sales in the Nordic market decreased by 26.5% from the comparison period. With comparable translation exchange rates sales were down by 26.1%.

The termination of Shimano and certain other Third Party distribution agreements had a significant negative impact on the sales volumes in the Nordic market. In addition, the poor winter conditions in the beginning of 2020 reduced winter sports sales. Despite the overall sales decrease, the sales of Group fishing products grew from the comparison period.

Rest of Europe

Sales in the Rest of Europe market decreased by 1.9% from the comparison period. However, with comparable translation exchange rates sales were up by 0.7% from the previous year.

During the first half of the year, the Rest of Europe market was also heavily impacted by the COVID-19 pandemic and the restrictions that followed. In the second half of the year, the demand for Group's products was very high, which converted to strong second half sales. Overall, Group Product sales in the Rest of Europe market grew, but the termination of Shimano distribution kept the sales figures on 2019 level.

Rest of the World

With comparable translation exchange rates, sales in the Rest of the World market decreased by 2.6% from the comparison period. However, with reported translation exchange rates, sales decreased by 10.8% as especially South African rand lost its value against the euro compared to the previous year.

As the other markets, Rest of the World market was hit by the COVID-19 pandemic during the first half of the year, and as the restrictions were gradually eased, sales began to recover in the second half of 2020. The sales recovery was somewhat slower than in the other markets, and consequently the market did not reach the full year sales figures of the comparison period. The termination of Shimano distribution also had a negative impact on the sales.

External Net Sales by Area

MEUR	**FY 2020**	FY 2019	**Change %**	**Comparable change %**
North America	**110.2**	104.2	**+6%**	**+8%**
Nordic	**41.6**	56.6	**-27%**	**-26%**
Rest of Europe	**79.8**	81.3	**-2%**	**+1%**
Rest of the World	**29.7**	33.3	**-11%**	**-3%**
Total	**261.3**	275.4	**-5%**	**-2%**

MEUR	H2 2020	H2 2019	Change %	Comparable change %
North America	**69.8**	55.6	**+26%**	**+33%**
Nordic	**19.3**	25.7	**-25%**	**-25%**
Rest of Europe	**38.2**	35.3	**+8%**	**+13%**
Rest of the World	**16.9**	17.6	**-4%**	**+7%**
Total	**144.2**	134.2	**+7%**	**+13%**

Financial Results and Profitability

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 3.7 MEUR from the comparison period. The change in translation exchange rates was negative and with comparable translation exchange rates comparative operating profit increased by 4.3 MEUR. Reported operating profit decreased by 2.7 MEUR from the previous year and the items affecting comparability had a negative impact of 10.8 MEUR (4.4) on reported operating profit.

Comparable operating profit margin was 8.2% (6.5) for the year. The increased profitability was driven by improved gross margin as the share of higher margin Group Products sales of total sales increased. Furthermore, decreased operating expenses had a significant impact on the profitability improvement from the previous year. During the first half of the year, the Group quickly reacted to the COVID-19 pandemic by implementing a forceful COVID-19 mitigation plan. The Group continued the tight cost control during the second half of the year even though the demand and sales increased to higher levels. As a result of the successful implementation and execution of the mitigation plan, operating expenses substantially decreased from the comparison period.

Reported operating profit margin was 4.1% (4.9) for the year. Reported operating profit included impact of mark-to-market valuation of operative currency derivatives of -0.1 MEUR (-0.4). Net expenses of other items affecting comparability included in the reported operating profit were -10.7 MEUR (-4.0). Other items affecting comparability consisted mainly of expenses related to the restructuring of European business and ramp down of Asian lure manufacturing operations in Batam. In Europe, several distribution sites were closed or downsized as the centralized Pärnu distribution centre was set up. Furthermore, cost structure was streamlined in Europe following the Shimano exit for non-JV countries and exit of hunting business.

Total financial (net) expenses were 4.2 MEUR (3.6) for the year. Net interest and other financing expenses were 3.2 MEUR (2.5) and (net) foreign exchange expenses were 1.0 MEUR (1.1).

Net profit for the year decreased by 0.7 MEUR and was 3.4 MEUR (4.1) and earnings per share were 0.04 EUR (0.10). The share of non-controlling interest in net profit increased compared to previous year and totalled 1.0 MEUR (-0.4).

Key figures

MEUR	H2 2020	H2 2019	Change %	FY 2020	FY 2019	Change %
Net sales	**144.2**	134.2	**+7%**	**261.3**	275.4	**-5%**
Operating profit / loss	**11.6**	2.0	**+480%**	**10.7**	13.4	**-20%**
Comparable operating profit *	**17.3**	5.8	**+198%**	**21.5**	17.8	**+21%**
Net profit / loss	**7.2**	-3.4	**+313%**	**3.4**	4.1	**-17%**

* 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 2020**	H2 2019	**Change %**	**FY 2020**	FY 2019	**Change %**
Operating profit/loss	**11.6**	**2.0**	**+480%**	**10.7**	**13.4**	**-20%**
Mark-to-market valuations of operative currency derivatives	0.0	0.1		0.1	0.4	
Other items affecting comparability	5.7	3.8		10.7	4.0	
Comparable operating profit	**17.3**	**5.8**	**+198%**	**21.5**	**17.8**	**+21%**

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 6.7 MEUR from the comparison period. As a result of an exceptionally strong second half of the year, Group Products sales grew substantially in the North American market, Rapala lures being the key growth category. Followed by the increased sales, the comparable operating profit for Group Products also improved from the comparison period.

Third Party Products

With comparable translation exchange rates, Third Party Products sales were 13.5 MEUR below the comparison period. As expected, the termination of Shimano distribution agreement and certain other Third Party distribution agreements had negative impacts on sales, particularly on the Nordic and Rest of Europe markets. Followed by the decreased sales, the comparable operating profit for Third Party Products was below the comparison period.

Net Sales by Segment

MEUR	**FY 2020**	FY 2019	**Change %**	**Comparable change %**
Group Products	**187.5**	185.2	**+1%**	**+4%**
Third Party Products	**73.8**	90.2	**-18%**	**-15%**
Total	**261.3**	275.4	**-5%**	**-2%**

MEUR	**H2 2020**	H2 2019	**Change %**	**Comparable change %**
Group Products	**109.2**	89.9	**+21%**	**+28%**
Third Party Products	**35.0**	44.3	**-21%**	**-17%**
Total	**144.2**	134.2	**+7%**	**+13%**

Comparable operating profit by Segment

MEUR	**H2 2020**	H2 2019	**Change %**	**FY 2020**	FY 2019	**Change %**
Group Products	**19.1**	7.7	**+148%**	**23.4**	19.5	**+20%**
Third Party Products	**-1.8**	-1.9	**+6%**	**-1.9**	-1.6	**-19%**
Comparable operating profit	**17.3**	**5.8**	**+198%**	**21.5**	17.8	**+21%**
Items affecting comparability	**-5.7**	-3.9	**-49%**	**-10.8**	-4.4	**-144%**
Operating profit / loss	**11.6**	**2.0**	**+480%**	**10.7**	13.4	**-20%**

Financial Position

Following a successful implementation and execution of the COVID-19 mitigation plan and stricter inventory control, cash flow from operations increased by 16.6 MEUR from the comparison period ending to a record level of 42.5 MEUR (25.9). A key driver for the record cash flow was the positive development of working capital. The impact of net change of working capital to cash flow from operations improved by 9.0 MEUR from the previous year and was 20.4 MEUR (11.4).

End of the year 2020 inventory was on record low levels at 68.8 MEUR (92.6). The impact of change in allowance on inventory was negative (1.5 MEUR) but changes in translation exchange rates on inventory were positive (4.0 MEUR). The record low year-end inventory value was driven by tight control in inventory and centralized purchase quota allocations.

The Group's COVID-19 response and mitigation plan on supply chain management was overall successful. After the quick ramp-down of operations, the Group rapidly ramped up the operations and the direct impacts of the pandemic to the Group's sourcing and own factories ended up being somewhat limited. As a result of tight control in inventories and central purchase quota allocations, finished goods purchases decreased significantly from the previous year.

Net cash used in investing activities decreased from the comparison period amounting to 3.8 MEUR (14.6). Capital expenditure was 5.0 MEUR (5.6) and disposals 1.2 MEUR (3.2). Disposals were for the most part related to sales of some manufacturing equipment and facilities.

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 10.0 MEUR at the end of the year. Gearing ratio decreased significantly and equity-to-assets ratio improved slightly from last year. The Group has agreed with its lenders to temporarily change financial covenants used in its loan agreements for the periods from Q2/2020 to Q1/2021. These financial covenants include limits on the amount of indebtedness, available liquidity, EBITDA as well as gearing ratio. 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 equity includes a hybrid loan of 25.0 MEUR issued in November 2019. The accrued non-recognized interest on hybrid bond on December 31, 2020 was 1.1 MEUR (0.7). The accrued interest of EUR 1.3 million, resulting from the decision of the Board of Directors, was paid out in November 2020 and was recognized as a deduction from Group's equity.

Key figures

MEUR	H2 2020	H2 2019	Change %	FY 2020	FY 2019	Change %
Cash flow from operations	**29.1**	14.4	**+102%**	**42.5**	25.9	**+64%**
Net interest-bearing debt at end of period	**45.2**	74.6	**-39%**	**45.2**	74.6	**-39%**
Gearing %	**31.6%**	49.2%		**31.6%**	49.2%	
Equity-to-assets ratio at end of period, %	**52.5%**	52.4%		**52.5%**	52.4%	

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 solid global fishing tackle powerhouse. Current strategic actions and future capabilities aim to release all the growth potential within the company and to improve the Group's profitability. In the longer term, the goal is to become the world's largest fishing tackle company by harnessing a united company mindset; ONE RAPALA VMC culture.

The core of the Group's strategy is based on five 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 in order to enable focusing and agile actions in the competitive landscape.

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 group has restructured its central marketing and product development and innovations functions along with a new management structure to enhance decision making power in the organization, which will improve significantly effectiveness in day-to-day management.

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 the fishing industry by offering innovative and exciting products. The centralized marketing function is well connected with the continuously growing and digitally aware consumer base. As a result of strong strategy execution, direct-to-consumer sales via digital channels witnessed double digit growth in 2020.

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. Several organizational and management changes were made in 2020 to increase customer focus in all functions in the company.

Product development/Innovation – R&D and PD&I functions are becoming even stronger competitive advantages for the entire Group at the same as fishermen around the world demand new innovations to catch more fish. The group launched several new products during 2020 to showcase its ability to create new ideas on top of an already vast product assortment. In addition, the Group launched a new sustainability program to demonstrate its willingness to become more environmentally aware. As an example, completely led-free wobblers are planned to introduce in 2023.

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. The restructuring program, originally initiated in October 2019, has been carried out as planned and is close to completion. The targeted cost savings consist mainly of savings related to European business as well as the Asian lure manufacturing operations, which has been ramped down. The Group has also transferred the Nordic distribution from Malung, Sweden into one centralized warehouse in Pärnu, Estonia in November 2020. Additionally, transfer of knife manufacturing from Rovaniemi in Finland to existing manufacturing location in Vääksy, Finland, was finalized in 2020.

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.

Due to the COVID-19 pandemic, several fishing tackle consumer shows and Europe's most important fishing tackle trade show, EFTTEX, were cancelled. However, during the first half of the year that didn't have a significant impact on the new product launches, which were carried out on schedule and as planned. The most important launches during the first six months of the year were the introduction of X-Rap Haku – a bait designed for large predator fishing – in Europe, the release of CountDown Elite – a hard bait designed for trout fishing – in Japan and elsewhere in Asia as well as the launch of Rap-V Blade – an all-round blade bait – in North America. All new lures were well received in the regions and were introduced to all market areas globally in the right seasons.

In the second half of the year, a few key product launches were carried out in Europe starting from September. Rapala Twitchin' Rap 12 – a wooden twitchbait designed for predator fishing and Rapala Super Shadow Rap 11, a size extension to Super Shadow Rap 16 were launched just in time for the European autumn fishing season. Additionally, a new innovative lightweight softbait Storm V-Slab 08 was launched in the Nordic markets for the autumn pike season. Asia-Pacific markets focused on launching a small but feisty crankbait Rapala Shadow Rap Fat Jack 04. This lure's development was spearheaded by the Australian and Southeast Asian markets and is already proving to be a very successful and fish-catching addition in the Rapala product range. Preparations for the 2021 new item launches were well under way and 2022 range was coming together in the year's end, too.

Organization and Personnel

Average number of personnel was 2 105 (2 604) for the full year and 2 034 (2 501) for the last six months. At the end of December, the number of personnel was 1 971 (2 304), decrease coming mainly from the ramp-down of the lure manufacturing operations in Indonesia.

Nicolas Warchalowski was appointed as President and Chief Executive Officer from March 1, 2020 onwards. Furthermore, David Neill was appointed as a member of the Executive Committee and Executive Vice President, Product Development & Innovation as of September 9, 2020 and Enrico Ravenni was appointed as a member to the Executive Committee and Executive Vice President, Head of Distribution in APAC countries and global Rods, Reels and Lines Product Development & Innovation as of October 30, 2020.

Short-term Outlook and Risks

General market outlook for fishing products in North America and Europe is positive and end-consumer demand for recreational fishing products is currently on a good level in the Group's key markets. In Europe, exit of Shimano business and termination of certain other Third Party Products businesses decreases net sales and affects consequently market visibility for 2021 for the region. Net sales for these businesses, which the Group will exit, were in the range of 30 MEUR in 2020. Additionally, the ongoing negotiations with Shimano to end the joint ownership of distribution companies in Russia, Kazakhstan, Czech, Belarus, Hungary, Romania and Croatia might have impacts on the business performance for these countries also in the Group Products segment.

The Group's supply chain, including own factories and subcontractors, is currently working robustly and fulfilling customer orders. However, uncertainties caused by the COVID-19 pandemic continue to impact and increase risks for the Group. The pandemic can impact the operating environment of the Group in various ways, including lockdowns, store closures, social distancing rules and overall change in consumer confidence. In addition, weather changes may affect the sales of the Group.

The Group expects 2021 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be in line or above the previous year.

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

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for 2020.

Financial Statements and Annual General Meeting

Financial Statements for 2020 and Corporate Governance Statement will be published in the beginning of week 9 commencing on March 1, 2021. Annual General Meeting is planned to be held on March 25, 2021.

Half Year Financial Report 2021 will be published on July 15, 2021.

Helsinki, February 9, 2021

Board of Directors of Rapala VMC Corporation

For further information, please contact:

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A conference call on the financial year result will be arranged on February 10, 2021 at 11:00 a.m. Finnish time (10:00 a.m. CET). Please dial +44 (0)330 336 9401 or +1 929 477 0338 or +358 (0)9 7479 0359 (pin code: 859140) 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: 5297903). Financial information and teleconference replay facility are available at www.rapalavmc.com.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**H2** **2020**	H2 2019	**FY** **2020**	FY 2019
Net sales	**144.2**	134.2	**261.3**	275.4
Other operating income	**1.0**	1.7	**1.6**	2.2
Materials and services	**67.8**	67.5	**125.4**	131.2
Employee benefit expenses	**36.6**	35.7	**69.4**	71.6
Other operating expenses	**21.4**	24.1	**41.0**	48.6
Share of results in associates and joint ventures	**0.0**	-0.2	**-0.8**	-0.2
EBITDA	**19.4**	8.3	**26.2**	26.0
Depreciation, amortization and impairments	**7.9**	6.3	**15.5**	12.6
Operating profit/loss (EBIT)	**11.6**	2.0	**10.7**	13.4
Financial income and expenses	**2.3**	2.3	**4.2**	3.6
Profit/loss before taxes	**9.3**	-0.3	**6.6**	9.8
Income taxes	**2.1**	3.1	**3.2**	5.8
Net profit/loss for the period	**7.2**	-3.4	**3.4**	4.1
Attributable to:				
Equity holders of the company	**6.7**	-2.6	**2.5**	4.4
Non-controlling interests	**0.5**	-0.8	**1.0**	-0.4
Earnings per share for profit attributable to the equity holders of the parent company:				
Earnings per share, EUR (diluted = non-diluted)	**0.16**	-0.06	**0.04**	0.10

STATEMENT OF COMPREHENSIVE INCOME MEUR	**H2** **2020**	H2 2019	**FY** **2020**	FY 2019
Net profit/loss for the period	**7.2**	-3.4	**3.4**	4.1
Other comprehensive income, net of tax				
Change in translation differences*	**-8.6**	1.2	**-10.7**	2.4
Gains and losses on cash flow hedges*	**-**	0.0	**-**	0.0
Gains and losses on net investment hedges*	**-0.5**	0.6	**-1.1**	1.2
Remeasurements of defined benefit liabilities	**0.1**	-0.1	**0.1**	-0.1
Total other comprehensive income, net of tax	**-9.0**	1.7	**-11.7**	3.5
Total comprehensive income for the period	**-1.8**	-1.7	**-8.3**	7.5
Total comprehensive income attributable to:				
Equity holders of the parent company	**-2.1**	-0.8	**-8.8**	7.8
Non-controlling interests	**0.3**	-0.9	**0.5**	-0.2

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

STATEMENT OF FINANCIAL POSITION MEUR	**Dec 31 2020**	Dec 31 2019
ASSETS		
Non-current assets		
Intangible assets	**71.2**	75.5
Property, plant and equipment	**22.6**	26.9
Right-of-use assets	**10.4**	13.3
Non-current assets		
Interest-bearing	**7.2**	7.8
Non-interest-bearing	**11.7**	9.2
	123.1	132.8
Current assets		
Inventories	**68.8**	92.6
Current assets		
Interest-bearing	-	-
Non-interest-bearing	**53.0**	51.8
Cash and cash equivalents	**27.9**	12.3
	149.8	156.7
Total assets	**272.9**	289.5
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	**112.8**	121.9
Non-controlling interests	**5.2**	4.6
Hybrid bond	**25.0**	25.0
	143.0	151.6
Non-current liabilities		
Interest-bearing	**52.7**	46.0
Non-interest-bearing	**8.7**	8.5
Right-of-use liabilities	**8.0**	9.0
	69.4	63.5
Current liabilities		
Interest-bearing	**15.1**	35.3
Non-interest-bearing	**41.0**	34.7
Right-of-use liabilities	**4.5**	4.4
	60.5	74.4
Total equity and liabilities	**272.9**	289.5

STATEMENT OF CASH FLOWS	**H2**	H2	**FY**	FY
MEUR	**2020**	2019	**2020**	2019
Net profit/loss for the period	**7.2**	-3.4	**3.4**	4.1
Adjustments to net profit / loss for the period *	**12.4**	9.6	**26.2**	18.4
Financial items and taxes paid and received	**-5.0**	-3.6	**-7.6**	-7.9
Change in working capital	**14.5**	11.7	**20.4**	11.4
Net cash generated from operating activities	**29.1**	14.4	**42.5**	25.9
Investments	**-2.9**	-2.1	**-5.0**	-5.6
Proceeds from sales of assets	**0.8**	2.5	**1.2**	3.2
Acquisition of associated company DQC International	**-**	-4.4	**-**	-4.4
Change in interest-bearing receivables	**0.0**	-7.8	**0.0**	-7.8
Net cash used in investing activities	**-2.1**	-11.8	**-3.8**	-14.6
Dividends paid to parent company's shareholders	**-**	-1.2	**-**	-2.3
Dividends paid to non-controlling interest	**-**	-1.0	**-**	-1.0
Net funding	**-42.5**	-36.2	**-13.2**	-2.8
Change in right-of-use liabilities	**-2.6**	-3.2	**-5.5**	-6.1
Hybrid bond	**-1.3**	24.8	**-1.3**	-1.6
Directed issue of own shares	**-**	0.7	**-**	0.7
Net cash generated from financing activities	**-46.4**	-16.1	**-20.0**	-13.2
Change in cash and cash equivalents	**-19.5**	-13.5	**18.8**	-1.9
Cash & cash equivalents at the beginning of the period	**50.0**	24.7	**12.3**	13.4
Foreign exchange rate effect	**-2.6**	1.1	**-3.1**	0.8
Cash and cash equivalents at the end of the period	**27.9**	12.3	**27.9**	12.3

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

Changes in liabilities included in net funding

MEUR	
Liabilities Jan 1, 2020	**81.2**
Drawdowns	57.9
Repayments	-71.0
Other changes	-0.4
Unrealized foreign exchange differences*	-
Liabilities Dec 31, 2020	**67.8**

Net funding

Drawdowns and repayments from loans	-13.1
Derivatives and other realized foreign exchange on financial activities	-0.1
Net funding	**-13.2**

*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, 2019	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-11.2**	**108.6**	**5.1**	**25.0**	**147.1**
Comprehensive income *	-	-	0.0	-	-	3.5	4.3	-0.2	-	**7.5**
Directed issue of own shares	-	-	-	-	0.7	-	-	-	-	**0.7**
Dividends	-	-	-	-	-	-	-2.3	-1.0	-	**-3.3**
Issuance of hybrid bond	-	-	-	-	-	-	-	-	25.0	**25.0**
Repayment of hybrid bond	-	-	-	-	-	-	-	-	-25.0	**-25.0**
Hybrid bond expenses*	-	-	-	-	-	-	-1.3	-	-	**-1.3**
Sale of subsidiary	-	-	-	-	-	0.2	-	0.7	-	**0.9**
Share based payments	-	-	-	-	-	-	0.0	-	-	**0.0**
Equity on Dec 31, 2019	**3.6**	**16.7**	**-**	**4.9**	**-4.9**	**-7.6**	**109.2**	**4.6**	**25.0**	**151.6**
Equity on Jan 1, 2020	**3.6**	**16.7**	**-**	**4.9**	**-4.9**	**-7.6**	**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**

*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 2019.

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

Amendments to **IFRS 3 Business Combinations** (effective for financial periods beginning on or after 1 January 2020). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements or processes, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs and introduce an optional fair value concentration test. The amendments have no impact on the consolidated financial statements.

Amendments to **IAS 1 Presentation of Financial Statements** and **IAS 8 Accounting Policies**, Changes in Accounting Estimates and Errors (effective for financial periods beginning on or after 1 January 2020). The purpose of the amendments is to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments have no impact on the consolidated financial statements.

Amendments to **IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement**, and **IFRS 7 Financial Instruments**: **Disclosures** (effective for financial periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. Any hedge ineffectiveness should continue to be recorded in the statement of income. The amendments do not have a significant impact on the consolidated financial statements.

Amendment to **IFRS 16 Leases Covid-19-Related Rent Concessions** (effective for financial periods beginning on or after 1 June 2020). The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of the COVID-19 pandemic. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications when the criteria presented in the amendment are met. The amendment does not have a significant impact on the consolidated financial statements.

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 has specified its accounting policy concerning grants received.

The Group recognizes a government grant or subsidy 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 1.4 MEUR of governmental subsidies related to salaries and other personnel expenses, which are shown as deduction of personnel expenses in statement of income. These subsidies concern typically a period of a few months during 2020. In some countries there are terms and conditions related to the subsidies which prohibit redundancies of employees during the subsidized period.

General business subsidies received amount to 0.6 MEUR. These are shown as other income in statement of income. Generally, there are no significant terms and conditions for receiving the subsidies. However, in some countries there are certain restrictions of cross-border money transfers related to receiving the subsidies, but these do not have major impacts on Group’s normal practices.

The Group has been granted government-backed loans which amount 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 0.2 million.

Additionally, rent reliefs of 0.1 MEUR have been received. These are granted by private lessors and are therefore outside of the scope of IAS 20. These concerns rent contracts treated according to IFRS 16 and impacts are therefore shown accordingly, as minor deductions in depreciations and financial expenses in statement of income. These are also reflected in right-of-use assets and right-of-use liabilities in statement of financial position.

Impairment assessment was immediately performed due to COVID-19 outbreak 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 2020.

On January 27, 2021 Rapala VMC Corporation announced to have reached an agreement with Okuma Fishing Tackle Co Ltd that Okuma will transfer to Rapala VMC its European and Russian trademarks and associated intangible assets against a consideration of 8 million USD. Simultaneously Rapala VMC and Okuma have agreed to conclude a supply agreement to buy Okuma branded reels and rods from Okuma. Rapala will commence with the sales of Okuma products to some extent in selected European countries in 2021, but the large scale European wide and Russian launch of Okuma brand will occur in 2022.

Okuma, known worldwide for its high-quality rods and reels, is a Taiwan based company established some 30 years ago by Mr. Charles Chang. The company has manufacturing facilities and R&D centers in Taiwan and China. Okuma has fully owned distribution companies in USA and Japan. Okuma has won Best in Category awards at many recent industry’s ICAST and EFTTEX show’s and is generally recognized as one of the top players in the global rod and reel business. Okuma’s current sales in Europe and Russia through distributors at wholesale value in Europe and Russia exceeds slightly 10 million EUR.

It was also announced that Rapala VMC Corporation will initiate negotiations with Shimano Europe BV to end the distribution of Shimano branded products and joint ownership of Rapala VMC distribution companies situated in Russia, Kazakhstan, Czech Rebublic, Belarus, Hungary, Romania and Croatia.

Acquisitions

There have not been any acquisitions or divestments during the year 2020.

On September 18, 2019 the Group acquired 49% ownership in DQC International Corporation, which is the owner of 13 Fishing rod and reel brand.

Hybrid bond

In November 2019, the Group issued a new 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 5.25 per cent per annum until November 13, 2021. 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, 2020 was

EUR 1.1 million (0.7). The accrued interest of EUR 1.1 million, resulting from the decision of the Board of Directors, was paid out in November 2020 and was recognized as a deduction from Group's equity.

Key figures	**H2 2020**	H2 2019	**FY 2020**	FY 2019
EBITDA, % of net sales	**13.5%**	6.2%	**10.0%**	9.4%
Operating profit, % of net sales	**8.0%**	1.5%	**4.1%**	4.9%
Return on capital employed, %	**11.7%**	1.7%	**5.2%**	6.0%
Capital employed at end of period, MEUR	**188.2**	226.2	**188.2**	226.2
Net interest-bearing debt at end of period, MEUR	**45.2**	74.6	**45.2**	74.6
Equity-to-assets ratio at end of period, %	**52.5%**	52.4%	**52.5%**	52.4%
Debt-to-equity ratio at end of period, %	**31.6%**	49.2%	**31.6%**	49.2%
Earnings per share, EUR (diluted = non-diluted)	**0.16**	-0.06	**0.04**	0.10
Equity per share at end of period, EUR	**2.93**	3.16	**2.93**	3.16
Average personnel for the period	**2 034**	2 501	**2 105**	2 604

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

Key figures by half year MEUR	H1 2018	H2 2018	H1 2019	H2 2019	H1 2020	**H2 2020**
Net sales	142.5	119.9	141.2	134.2	117.1	**144.2**
EBITDA	18.5	3.9	17.7	8.3	6.8	**19.4**
Operating profit/loss (EBIT)	15.3	-0.5	11.4	2.0	-0.8	**11.6**
Profit/loss before taxes	14.1	-1.4	10.1	-0.3	-2.7	**9.3**
Net profit/loss for the period	9.7	-3.2	7.4	-3.4	-3.8	**7.2**

Bridge calculation of comparable operating profit MEUR	**H2 2020**	H2 2019	**Change %**	**FY 2020**	FY 2019	**Change %**
Operating profit/loss	**11.6**	2.0	**+480%**	**10.7**	13.4	**-20%**
Items affecting comparability						
Mark-to-market valuations of operative currency derivatives	**0.0**	0.1	**-100%**	**0.1**	0.4	**-75%**
Other items affecting comparability						
Restructurings						
Management restructuring	**0.3**	1.1		**0.6**	1.1	
Indonesia manufacturing restructuring	**0.1**	1.1		**4.2**	1.1	
European restructuring	**4.6**	-		**4.6**	-	
Other restructurings	**1.1**	1.9		**1.2**	2.1	
Acquisition expenses of DQC International Corp.	**-**	0.8		**-**	0.8	
Other items	**-**	-1.0		**-**	-1.0	
Comparable operating profit	**17.3**	5.8	**+198%**	**21.5**	17.8	**+21%**

Segment information

MEUR **Net sales by operating segment**	**H2 2020**	H2 2019	**FY 2020**	FY 2019
Group Products	**109.2**	89.9	**187.5**	185.2
Third Party Products	**35.0**	44.3	**73.8**	90.2
Total	**144.2**	134.2	**261.3**	275.4
Operating profit/loss by operating segment				
Group Products	**19.1**	7.7	**23.4**	19.5
Third Party Products	**-1.8**	-1.9	**-1.9**	-1.6
Comparable operating profit	**17.3**	5.8	**21.5**	17.8
Items affecting comparability	**-5.7**	-3.9	**-10.8**	-4.4
Operating profit/loss	**11.6**	2.0	**10.7**	13.4

Assets by operating segment MEUR	**Dec 31 2020**	Dec 31 2019
Group Products [1]	**212.7**	219.8
Third Party Products [2]	**25.1**	49.6
Non-interest-bearing assets total	**237.8**	269.4
Unallocated interest-bearing assets	**35.1**	20.1
Total assets	**272.9**	289.5

[1] Includes IFRS 16 right-of-use assets 9.4 MEUR (9.5). [2] Includes IFRS right-of-use assets 1.0 MEUR (3.8).

External net sales by area MEUR	**H2 2020**	H2 2019	**FY 2020**	FY 2019
North America	**69.8**	55.6	**110.2**	104.2
Nordic	**19.3**	25.7	**41.6**	56.6
Rest of Europe	**38.2**	35.3	**79.8**	81.3
Rest of the world	**16.9**	17.6	**29.7**	33.3
Total	**144.2**	134.2	**261.3**	275.4

Commitments MEUR	**Dec 31 2020**	Dec 31 2019
Minimum future lease payments on leases	**0.4**	0.6

The accrued non-recognized interest on hybrid bond at December 31, 2020 is EUR 1.1 million (0.7).

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
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**
FY 2019						
DQC International Corp.	0.4	0.2	-	-	7.1	-
Associated company Lanimo Oü	0.0	0.0	-	-	-	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	0.0	-	0.4	0.0	0.7	0.0

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

Open derivatives	**Dec 31, 2020**		Dec 31, 2019	
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	**5.0**	**-0.1**	21.0	-0.1
Currency derivatives, less than 12 months	**26.9**	**-0.2**	48.3	-0.4
Total	**47.9**	**-0.3**	69.3	-0.5

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 2020.

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

	H2 2020	H2 2019	**FY 2020**	FY 2019
Included in operating profit	**-0.0**	-0.1	**-0.1**	-0.4

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 2020**		Dec 31 2019
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**	0.3	0.3
Total	**0.4**	**0.4**	0.6	0.6
Liabilities				
Non-current interest-bearing liabilities (excl. derivatives)	**52.7**	**52.7**	46.0	46.0
Derivatives (level 2)	**0.5**	**0.5**	0.9	0.9
Total	**53.2**	**53.2**	46.8	46.8

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

Shares and share capital

On March 26, 2020, 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, 2020**	Dec 31, 2019
Number of shares	**39 000 000**	39 000 000
Number of shares, average	**39 000 000**	39 000 000
Number of treasury shares	**452 208**	452 208
Number of treasury shares, %	**1.2%**	1.2%
Number of outstanding shares	**38 547 792**	38 547 792
Number of shares traded, YTD	**6 044 245**	4 804 467
Share price at the end of the period	**4.36**	2.77
Highest share price, YTD	**4.58**	3.43
Lowest share price, YTD	**2.15**	2.56
Average price of treasury shares, all time	**4.95**	4.95
Acquired treasury shares, YTD	**-**	-

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 2020.

Due to the nature and seasonality of the fishing tackle business, weathers 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.

The Group‘s credit facilities include some profitability, liquidity, 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 centres. Furthermore, potential governmental lockdown measures may also impact the Group’s clientele. The Group has introduced several safety measure 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), %	$\frac{\text{Operating profit (full-year adjusted) x 100}}{\text{Capital employed (average for the period)}}$
Debt-to-equity ratio (Gearing), %	$\frac{\text{Net interest-bearing debt x 100}}{\text{Total equity}}$
Equity-to-assets ratio, %	$\frac{\text{Total equity x 100}}{\text{Total equity and liabilities - advances received}}$
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 2020	H2 2019	**FY 2020**	FY 2019
Items affecting comparability				
Change in mark-to-market valuations of operative derivatives	**0.0**	0.1	**0.1**	0.4
Other items affecting comparability	**5.7**	3.8	**10.7**	4.0
Items affecting comparability	**5.7**	3.9	**10.8**	4.4
Other items affecting comparability				
Restructuring costs	**5.7**	4.0	**10.7**	4.3
Acquisition expenses of DQC International Corp.	**-**	0.8	**-**	0.8
Other items	**-**	-1.0	**-**	-1.0
Other items affecting comparability	**5.7**	3.8	**10.7**	4.0
Capital employed (average)				
Total equity (average for the period)	**144.1**	139.9	**147.3**	149.3
Net interest-bearing debt (average for the period)	**54.3**	89.3	**59.9**	72.5
Capital employed (average)	**198.4**	229.3	**207.2**	221.8
Return on capital employed (ROCE), %				
Operating profit (full-year adjusted)	**23.1**	4.0	**10.7**	13.4
Capital employed (average for the period)	**198.4**	229.3	**207.2**	221.8
Return on capital employed (ROCE), %	**11.7%**	1.7%	**5.2%**	6.0%
Equity-to-assets ratio, %				
Total equity	**143.0**	151.6	**143.0**	151.6
Total shareholders' equity and liabilities	**272.9**	289.5	**272.9**	289.5
Advances received	**0.5**	0.4	**0.5**	0.4
Equity-to-assets ratio, %	**52.5%**	52.4%	**52.5%**	52.4%
Earnings per share, EUR				
Net profit for the period attributable to the equity holders of the parent company	**6.7**	-2.6	**2.5**	4.4
Hybrid capital accrued unrecognized interests after tax	**-0.5**	-0.1	**-1.1**	-0.6
Adjusted weighted average number of shares	**38 547 792**	38 451 189	**38 547 792**	38 387 341
Earnings per share, EUR	**0.16**	-0.06	**0.04**	0.10
Equity per share, EUR				
Equity attributable to equity holders of the parent company	**112.8**	121.9	**112.8**	121.9
Adjusted number of shares at the end of the period	**38 547 792**	38 547 792	**38 547 792**	38 547 792
Equity per share, EUR	**2.93**	3.16	**2.93**	3.16