Rapala VMC

2024

ANNUAL REPORT

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PRESIDENT AND CEO'S REVIEW

President and CEO Lars Ollberg: "We strategically strengthened our business in a challenging year, focusing on brand value, customer relationships, and market positioning in North America and Europe. Despite initial commercial headwinds, we stabilized operations and created a robust foundation for future growth. Our targeted efforts successfully improved overall business performance

Our sales remained steady at 220.9 MEUR (221.6), and our comparable operating profit increased to 6.2 MEUR (5.6). Our profitability improved in both halves of the year, although H2 reported operating profit fell to -2.6 MEUR (-0.4 MEUR) due to one-off's related to achieving lower operating expense level in the future. Our inventory levels decreased to 84.2 MEUR (87.5), demonstrating successful inventory management and sales optimization. Our operational cash flow was 23.4 MEUR (20.6), reflecting improved net working capital and effective resource and operational management. Our delivery reliability is among the highest in the industry, and customer satisfaction has significantly improved.

Employee satisfaction has risen, with feedback from staff surveys being predominantly very positive. Our employees are our most important resource, and we will pay even more attention to fostering a good team spirit. We also streamlined our management team. Our strategy reflected our commitment to advancing sustainability across our product offering, customer engagement, global operations, and stakeholder relationships. We are aiming to integrate sustainability into all aspects of our business. North America remains our largest market area, where our position remained strong. The launch of the new Rapala CrushCity product range has exceeded our expectations and has been one of the most successful market entries in recent years. This new product line has opened up new consumer groups for us, particularly among younger enthusiasts, who represent a growing and significant customer segment. CrushCity has further strengthened our relationships with the largest retailers in North America.

Another significant achievement has been the successful integration of 13 Fishing with Rapala USA. As a result of this initiative, 13 Fishing is now profitable, and the product range has been revamped in both summer and winter fishing products. Our customers have widely adopted the new collection into their assortments.

Although there have been challenges in the European markets due to consumer caution, we have succeeded in improving and streamlining our operations. Our profitability in the region has improved during 2024. The enhancement of operational efficiency is evident in shorter delivery times and increased customer satisfaction. Our European sales focus specifically on the sales and marketing of Rapala products as well as Okuma rods and reels.

In the Asian markets, we have also seen growth in sales and profitability. We have started selling Okuma products in Thailand and Korea. The winter sports business has been challenging, but we have implemented several measures to support sales.

Consolidation of lure and knife production to Estonia has yielded results: inventories and lead times have significantly decreased, and we have achieved substantial savings in operational costs. The implementation of the Anaplan logistics tool has improved inventory quality and fill rates.

The development of new products is progressing on schedule, and our product development organization's collaboration across North America, Europe, and the APAC regions adheres to the "Think Global – Act Local" strategy. An example of this is the global success of the Rapala CrushCity product family in the soft lure market, where it has quickly risen to become one of the best-selling products in its category on all continents. Nearly all of our lures are designed in our modern product development center in Vääksy, Finland.

The year 2024 has been a year of stabilization for us. We believe that our renewed strategy will provide added value to our customers and other stakeholders. We will continue to invest in growth and efficiency to strengthen our position as one of the leading companies in the fishing tackle market."

REPORT OF THE BOARD OF DIRECTORS

MARKET ENVIRONMENT

In 2024, operating environment was reasonable throughout the year. Eased inflation improved consumer sentiment resulting in improved retail activity. Consumer appetite for consumables improved and higher value item sales continued the path to recovery. Furthermore, favourable open water fishing conditions lasted long in Autumn which acted as a counterweight to political uncertainties that might otherwise have impacted consumer spending.

KEY FIGURES

EUR million	2024	2023	2022
Net sales	220.9	221.6	274.4
Operating profit before depreciation and impairments (EBITDA)	21.1	15.6	23.6
Operating profit	8.6	4.0	12.3
as a percentage of net sales, %	3.9	1.8	4.5
Comparable operating profit	6.2	5.6	15.3
as a percentage of net sales, %	2.8	2.5	5.6
Profit/loss before taxes	0.5	-6.7	8.8
Net profit/loss for the period	0.2	-7.3	3.7
Earnings per share	-0.07	-0.20	0.10
Employee benefit expenses	63.6	61.7	71.5
Average number of personnel, persons	1 353	1 436	1 704
Research and development expenses	1.0	0.8	1.3
as a percentage of net sales, %	0.4	0.4	0.5
Net cash generated from operating activities	23.4	20.6	-12.9
Total net cash used in investing activities	4.6	-9.5	10.7
Net interest-bearing debt at the end of the period	61.8	80.9	107.1
Equity-to-assets ratio at the end of the period, %	53.0	52.1	41.2
Debt-to-equity ratio (gearing) at the end of the period, %	39.8	51.8	77.0
Return on equity, %	0.3	-5.0	2.7

BUSINESS REVIEW

The Group's net sales for the year were at last year level with reported translation exchange rates. Changes in translation exchange rates had a slight negative impact on the sales and with comparable translation exchange rates, net sales grew by 1% from the comparison period.

North America

Sales in North America increased by 1% from the comparison period with reported translation exchange rates and increased by 1% with comparable translation exchange rates. Newly launched Rapala CrushCity soft plastic lures contributed significantly to the increase in sales. CrushCity boosted also the VMC jigging hook sales. Sales grew in almost all categories except for hard baits, which was impacted by the trend shift in fishing technique which favored soft plastics over hard baits. Favorable Autumn weather conditions prolonged replenishment sales season with big box retailers dominating the market. High retailer carryover inventory in the ice fishing categories resulted in lower pre-order shipments in the latter part of the year.

Nordic

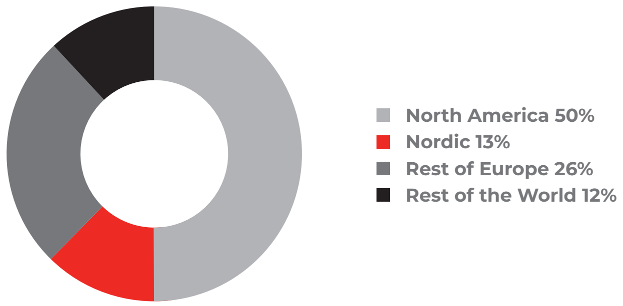
Sales in the Nordic market decreased by 7% from the comparison period. With comparable translation exchange rates sales were down by 7%.

Retailers' inventories returned to healthy levels but general economic condition impacted sales negatively. Demand for consumables improved and CrushCity soft plastic lures contributed positively to sales. Focus on operational excellence continued throughout the year and as a result, sales of open water sales categories landed at prior year level. Strong focus was put on core brands such as Rapala, Sufix and Okuma. Improved availability of products improved sales in the second part of the year.

Winter fishing sales remained at prior year level while ski business was down due to retailer carryover inventory from prior season. As a weather-sensitive industry, the ski business was further impacted by unfavorable conditions, contributing to the decline in sales for the whole region.

EXTERNAL NET SALES BY AREA

EUR million	2024	2023	Change %	Comparable change %
North America	111.9	110.6	1%	1%
Nordic	25.8	27.8	-7%	-7%
Rest of Europe	58.4	57.1	2%	3%
Rest of the World	24.8	26.1	-5%	1%
Total	**220.9**	**221.6**	**0%**	**1%**



Rest of Europe

Sales in the Rest of Europe market increased by 2% from the comparison period. With comparable translation exchange rates sales were up by 3% from the previous year.

Market remained challenging but sales landed above prior year driven by successful new product introductions including CrushCity, a strong push on Dynamite Baits and a positive momentum on Okuma and VMC. Sales in France were supported by novelties and early seasonal order deliveries that compensated poor weather conditions and as result, sales remained at prior year level. Growth in the region came from strong positive momentum and focus on operational excellence in UK and in Germany.

Termination of third party distributorships had a minor negative impact to the sales of this region.

Rest of the World

With reported translation exchange rates, sales in the Rest of the World market decreased by 5% from the comparison period. With comparable translation exchange rates, sales decreased by 1% compared to the previous year. Sales were down in most of the markets following the macroeconomic headwind and low discretionary spending. Asian markets suffered from weak currencies which favored locally produced products over imported goods. This hit particularly the sales of Sufix fishing lines. Successful Okuma launch in Korea provided incremental growth in addition to strong boost from CrushCity especially in Australia. In Latin American markets sales landed close to prior year level, supported by good momentum and focus on Okuma.

FINANCIAL RESULTS AND PROFITABILITY

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 0.6 MEUR from the comparison period. Reported operating profit increased by 4.6 MEUR from the previous year and the items affecting comparability had a positive impact of 2.4 MEUR (-1.6) on reported operating profit.

Comparable operating profit margin was 2.8% (2.5) for the year. Profitability was pressured by lower sales and lower sales margin. This decline was fully offset by savings in operating expenses. Sales margin decrease is a result of strong actions taken to clear out slow-moving items and improving inventory composition. The 6 MEUR savings program was concluded during the year. Among the measures was bringing decision making closer to the local markets and defining clear accountabilities. Following this, the size of the Global Management Team was reduced to eight members.

Reported operating profit margin was 3.9% (1.8) for the year. Reported operating profit included impact of mark-to-market valuation of operative currency derivatives of 0.7 MEUR (-0.2). Net gain of other items affecting comparability included in the reported operating profit were 3.1 MEUR (-1.9). This amount includes gain from the sale and lease back transaction of the Canadian real estate. Majority of the expenses relate to the restructuring of the Global Management Team and other restructuring expenses arising from the 6 MEUR savings program.

Total financial (net) expenses were 8.1 MEUR (10.7) for the year. Net interest and other financing expenses were 8.8 MEUR (9.9) and (net) foreign exchange expenses were 0.7 MEUR (0.8).

Net profit for the year increased by 7.6 MEUR and was 0.4 MEUR (-7.3) and earnings per share was -0.07 EUR (-0.20).

BRIDGE CALCULATION OF COMPARABLE OPERATING PROFIT

EUR million	2024	2023	Change %
Operating profit	8.6	4.0	115%
Items affecting comparability			
Mark-to-market valuations of operative currency derivatives	0.7	-0.2	
Other items affecting comparability			
Finnish restructuring	-	0.8	
US restructuring	0.7	0.8	
Canada sale and leaseback	-6.2	0.0	
Organizational restructurings	2.2	0.3	
Other restructurings	0.1	0.0	
Comparable operating profit	**6.2**	**5.6**	**11%**

FINANCIAL POSITION

Cash flow from operations increased by 2.8 MEUR from the comparison period and was 23.4 MEUR (20.6). Second consecutive strong operating cash flow year is a result of strong focus on cash and working capital management. Inventory, non-interest-bearing assets and non-interest-bearing liabilities developed in the right direction and during the year and as a result,19.7 MEUR (9.9) was released from working capital.

End of the year inventory was 84.2 MEUR (87.5). The change in obsolescence allowance increased inventory value by 0.3 MEUR, and changes in translation exchange rates increased inventory value by 1.3 MEUR. Organic drop in inventory was 4.6 MEUR while at same time, inventory composition improved from prior year. To secure pre-season deliveries in yearly 2025, incoming shipments from vendors were received earlier than prior year. Also own manufacturing capacity was kept at a higher level at the end of the year. These two factors increased end of the year inventory value.

Net cash generated from investing activities was 4.6 MEUR (-9.5). Capital expenditure was 4.2 MEUR (9.5) and disposals 9.2 MEUR (1.4). Expenditure was kept to a lower level and consisted mainly of maintenance of manufacturing capacity and investments to new products. Prior year expenditure includes expenses related to the production transfers from Russia and from Finland to the Rapala VMC campus in Pärnu, Estonia. Disposals include the sale and lease back of the Canadian real estate.

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 41.0 MEUR at the end of the year. Gearing ratio decreased and equity-to-assets ratio increased from last year following the strong operating cash flow and improved working capital.

The Group's 106 MEUR senior secured term and revolving credit facilities agreement includes financial covenants based on the available liquidity (minimum 22.5 MEUR), 12m rolling EBITDA (minimum 10 MEUR), net debt to consolidated equity (maximum 100%), absolute net debt, and net debt to EBITDA ("leverage ratio"). The absolute net debt covenant for Q1/2024 was 90 MEUR, for Q2/2024 80 MEUR and for Q3/2024 80 MEUR. The financial leverage ratio covenant level for Q1/2024 was 5.50, for Q2/2024 4.25 and for Q3/2024 and onwards 3.80. Covenants are regularly tested, either quarterly or on the last day of each month. The risk of breaching the covenants would trigger negotiations between the Group and lending banks to resolve the potential covenant breach, and to agree on actions to rectify the situation. In the unlikely event of unresolved covenant breach, the lending banks would have the right to call all or any part of the loans and related interest.

On Q1/2024, Q2/2024, Q3/2024 and Q4/2024 testing dates, net debt landed at 81.0 MEUR, 59.5 MEUR, 55.8 MEUR and 61.8 MEUR, respectively. Leverage ratio for the respective testing dates landed at 5.30, 3.33, 3.25 and 3.72. Calculation of the covenants include customary adjustments mainly related to items affecting comparability and asset disposals, and therefore deviate from the reported figures elsewhere in this report. The Group is currently compliant with all financial covenants and expects to comply with future bank requirements as well. The Group's liquidity position remains good, and cash and cash equivalents amounted to 21.7 MEUR on December 31, 2024.

During the reporting period, the Group agreed on two extensions with the lending banks for the 106 MEUR facilities. Both extensions were 6 months and as of the reporting date, the facilities mature in 2026, subject to an extension option of 12 months.

The Group equity includes a hybrid loan of 30.0 MEUR issued in November 2023. The accumulated non-recognized interest on hybrid bond on December 31, 2024 was 0.3 MEUR. The accrued interest of 3.8 MEUR, resulting from the decision of the Board of Directors, was paid out in November 2024 and was recognized as a deduction from Group's equity.

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KEY FIGURES

EUR million	2024	2023	Change %
Net cash generated from operating activities	23.4	20.6	14%
Net interest-bearing debt at the end of the period	61.8	80.9	-24%
Debt-to-equity ratio (gearing) at the end of the period, %	39.8	51.8	
Equity-to-assets ratio at the end of the period, %	53.0	52.1	

STRATEGY IMPLEMENTATION

The strategic vision of the Group is to become a focused brand and innovation driven sport fishing market leader in selected categories globally in connection to creating outstanding experiences to global fishermen. The revitalized "Together. One More Turn" – strategy for 2024-2026 was originally implemented in Autumn 2023. The plan was reviewed in Autumn 2024 and rolled forward to cover years 2025-2027.

Focus remains in strengthening the balance sheet and in continuous increase of sales of owned brands, led by the flagship Rapala brand. Transformation into a brand powerhouse continues through building and enhancing a brand and market focused organization. A brand powerhouse with best-in-class order to delivery platform will ensure our position as a preferred partner for our retail and eCom partners. Manufacturing and sourcing excellence will continue to underpin our operations and strengthen our partnerships with key suppliers. Sustainability remains a significant cornerstone in everything we do.

To achieve this vision, the key pillars for our 2025-2027 strategy period were redefined:

RAPALA VMC EXCELLENCE BUSINESS MODEL – We commit to standardize our global operations in a way that increases visibility and allows our global operations to run in a synchronized manner. Connecting all core management processes is a key in exploring and grasping on to opportunities in the market. Allowing entrepreneurial spirit while maintaining focus on brand value and strong business accountability. Target setting oriented organization with routine processes is the best way to emulate a community of 1375 team members to innovate, make, source, market in the best possible way.

GROWTH AND CASH FLOW – Maximizing the use of existing assets that make us unique: Brands, sales network and retailer partnerships, product development, manufacturing. Extend flagship Rapala brand in new categories and realize distribution synergies on newest brands in the portfolio (Okuma & 13 Fishing). Be stronger where we are strong.

SAFEGUARD MANUFACTURING COMPETITIVE ADVANTAGE – We continue streamlining and improving productivity in Pärnu manufacturing facility following location changes in past years. Ensuring global competitiveness through productivity improvements and continuous maximum utilization is our focus.

FOCUS ON SUPPLY CHAIN EXCELLENCE – More than a third of our revenue comes from manufacturing partners, highlighting a key strategic strength. These partners have a long-standing track record of providing a reliable outsourced manufacturing platform, enabling us to scale efficiently, enhance flexibility, and drive sustainable growth. Their expertise plays a crucial role in our success.

We continue to harmonize ERPs and expand procurement planning tool (Anaplan) vertically and horizontally. This enables faster working capital turn and on-time deliveries to maximize sales opportunities.

MAINTAIN GLOBAL SALES FOOTPRINT – Our extended sales network differentiates us from the competition. In the short-term, focus on operational efficiency and bringing back the entrepreneurial spirit.

PORTFOLIO MANAGEMENT – Continue proactive consolidation of brands to harmonize brand portfolio. Focus on flagship Rapala brand and evaluate business performance based on brand sales.

PRODUCT DEVELOPMENT

The year 2024 saw a globally successful product launch with Rapala CrushCity that put Rapala straight into the category of Global Soft Bait Giants. Product Development was working hard to bring to market new models and sizes of CrushCity baits in order to support the momentum and pave the way for future market share growth in soft baits. As evidence of the strong interest in the product line, The CrushCity Imposter soft lure won the "Best in Show" award in the Soft Lure category at the Australian Fishing Trade Association (AFTA) Awards in 2024.

Additionally, Rapala strengthened the position as global market leader of hardbaits by introducing new highly technical and premium lures such as Precision Xtreme Mavrik and Rapala's thus far biggest, heaviest and most expensive lure, Sarda. This saltwater hero lure was well received by the saltwater heavy-duty angling community.

Technology is becoming increasingly accessible to the global angling community. Rapala stays on top of trends and introduced a lure specifically developed for forward facing sonar (a.k.a live sonar) fishing: Jigging Rap Magnum. This lure shows exceptionally well in the sonar beam and allows the angler to see the lure in real time on their screen.

The nonstop quest to stay on top of the trends also continued with accessories, when Rapala introduced to trade the new highly sharp and ergonomic FXF fillet knives. This product launch was especially important to North America, but will strengthen Rapala's market share in fillet knives also in Europe.

Last, but not least, Rapala stuck to the annual rhythm of introducing new pinnacles of wooden lure manufacturing: Floater Elite in Japan and Skitter Pop Elite. These two lures raise the bar on all artificial lures, but especially display Rapala's heritage and know-how in wooden lure manufacturing in a way that was very well received by trade and the anglers alike. These launches pave the way for future Elite lure launches.

ORGANIZATION AND PERSONNEL

The average number of personnel was 1 351 (1 436) for the full year and 1 355 (1 389) for the last six months. At the end of December, the number of personnel was 1 375 (1 374).

On December 17, 2024, the Board of Directors appointed Cyrille Viellard as the new President and Chief Executive Officer of Rapala VMC Corporation, effective March 7th, 2025. Current President and Chief Executive officer Lars Ollberg did continue in his position until March 6, 2025, and will then retire after serving the company for over 45 years in various roles.

During the year, the Group prioritized its employees by conducting a unified global survey to understand their needs and concerns. Based on the results, targeted improvements were implemented, and learning opportunities were expanded. This commitment to growth and engagement ensures a supportive and dynamic workplace for all team members.

DECISIONS OF THE ANNUAL GENERAL MEETING

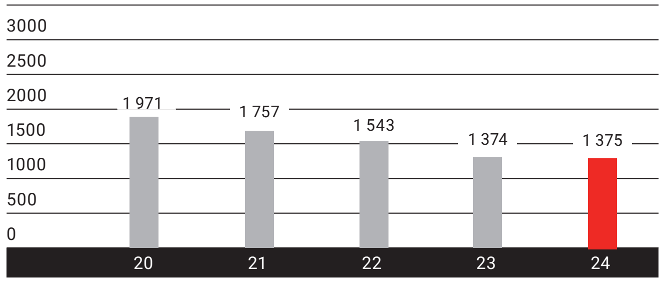
The AGM approved the Board of Director's proposal, according to which no dividend be paid based on the adopted balance sheet for the financial year 2023. The AGM approved that the Board of Directors consists of six members. Emmanuel Viellard, Julia Aubertin, Vesa Luhtanen and Alexander Rosenlew were re-elected as members of the Board of Directors and Pascal Lebard and Johan Berg were elected as new members. The AGM resolved that the annual fee paid to each Board member is EUR 25,000 and EUR 70,000 to the Chairman of the Board. Board members are paid EUR 1,000 per meeting for attendance at meetings of the Board and its committee.

Authorised Public Accountants Firm Deloitte Ltd was elected as the Company's auditor. Deloitte Ltd will also carry out the assurance of the company's sustainability reporting for the financial year 2024 in accordance with the transitional provision of the act amending the Limited Liability Companies Act (1252/2023) and will be imbursed for this task as per its invoice approved by the company.

The AGM authorised the Board of Directors to resolve in accordance with the proposal of the Board of Directors on the issuance of a maximum of 3,900,000 shares through a share issue or by issuing options and other special rights entitling to shares pursuant to chapter 10, section 1 of the Finnish Limited Liability Companies Act in one or several tranches. The proposed maximum number of shares corresponds to 10% of all shares in the Company. The authorisation can also be used for incentive arrangements for the Company's management and key persons, however, no more than 900,000 shares in total may be granted for this purpose. The authorisation covers both the issuance of new shares and the transfer of treasury shares held by the Company, and the issuance may be carried out with or without payment. Under the authorisation, the Board of Directors may issue shares or options and other special rights entitling to shares also otherwise than in proportion to the shareholdings of the shareholders (directed share issue). The Board of Directors is entitled to resolve on all terms and conditions of share issues and the issue of option rights and other special rights entitling to shares. The authorisation is valid until 30 June 2025.

The AGM authorised the Board of Directors to resolve in accordance with the proposal of the Board of Directors to repurchase a maximum of 2,000,000 the Company's own shares by using the Company's unrestricted equity in one or several tranches. The proposed maximum number of shares corresponds to approximately 5.13% of the Company's total number of shares. The shares may be repurchased for developing the Company's capital structure, for financing or carrying out potential corporate acquisitions or other business arrangements, to be used as a part of the Company's remuneration or incentive plan or to be otherwise transferred further or cancelled, for example. The shares may be repurchased otherwise than in proportion to the existing shareholdings of the Company as directed repurchases at the market price of the shares quoted on the trading venues where the Company's shares are traded or at the price otherwise established on the market at the time of the repurchase. The authorisation is valid until 30 June 2025.

PERSONNEL AT THE END OF THE PERIOD, persons



GOVERNANCE AND SHARE INFORMATION

The Board updated and approved the Corporate Governance Statement that is available on corporate website.

For information on shares, shareholders, share-based payment programs and Board's authorizations, see the section Shares and Shareholders. Related party transactions and top management remuneration are disclosed in the note 28 and in separate remuneration report available in the company website.

SHORT-TERM OUTLOOK AND RISKS

The year 2024 has been a year of stabilization for us. We believe that our renewed strategy will provide added value to our customers and other stakeholders. We will continue to invest in growth and efficiency to strengthen our position as one of the leading companies in the fishing tackle market.

US consumer demand has remained robust despite rising uncertainties in the global trade environment. The ongoing tariff situation continues to create challenges, but management is actively monitoring developments and taking necessary actions to mitigate potential impacts. European markets are indicating stable consumer spending despite recent economic and political developments. Our improved operational efficiency is expected to yield improved results in open water fishing categories. Favorable ice fishing conditions in North America are expected to result in improved order book for season 2025/2026. In Nordics, ice and snow conditions have been suboptimal, and the market is expected to remain tough in season 2025/2026.

Our guidance reflects current market conditions but remains subject to potential trade-related disruptions, including tariffs and regulatory changes, which may impact demand and cost structures.

Consequently, the Group expects 2025 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to increase from 2024. Short-term risks and uncertainties and seasonality of the business are described in more detail at 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 2024. At December 31, 2024 the distributable equity in Group's parent company totaled 25.4 MEUR. No dividend was paid for 2023.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are disclosed in the note 31 of the consolidated financial statements.

SUSTAINABILITY STATEMENT

GENERAL INFORMATION

Reporting principles

General basis for preparation of the statement

The sustainability statement has been prepared in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).

The consolidated sustainability statement covers the entire Group, including the parent company, Rapala VMC Oyj, and all subsidiaries in which the Group holds more than 50% of voting rights, either directly or indirectly. Published annually, the sustainability statement aligns with the Group's financial reporting period, spanning from 1 January 2024 to 31 December 2024. The scope of the sustainability statement is consistent with that of the financial statements.

The reporting predominantly addresses Rapala VMC at the Group level, with region- or country-specific data provided where required by relevant European Sustainability Reporting Standards ("ESRS"). Comparative period data in the Sustainability Statement has not been externally assured. If not separately disclosed, disclosures in this sustainability statement have not been assured by any other external body than the assurance provider.

The sustainability statement of Rapala VMC covers the upstream and downstream value chain in relation to material impacts, risks and opportunities identified through the DMA. Upstream reporting further addresses key areas such as material use, sustainable sourcing practices, and supplier compliance with the Group's Supplier Code of Conduct. In the downstream value chain, the sustainability statement includes emissions associated with transportation and distribution of products as well as the end-of-life treatment of product packaging. GHG emissions reporting aligns with the Greenhouse Gas Protocol and includes all assessed and identified relevant emission sources based on the Group's value chain mapping. This mapping process identified the most significant emission sources, and the calculation currently covers over 95% of the Group's operations.

The double materiality process has been guided by the requirements of ESRS, ensuring alignment with its time horizon standards. This approach enables a forward-looking perspective that accounts for both immediate and long-term impacts, risks, and opportunities. However, in the assessment, the Group has also considered the time horizons outlined in its Group strategic and sustainability risk mapping processes: short-term (1-3 years), medium-term (3-10 years), and long-term (10+ years).

The statement doesn't omit specific pieces of information corresponding to intellectual property, know-how or results of innovation. Option to omit disclosure of impending developments or matters in course of negotiation has not been used. The sustainability statement is not tagged with digital XBRL sustainability tags, as compliance with Chapter 7, Section 22, Paragraph 1, Clause 2 of the Accounting Act has not been possible due to the absence of the ESEF regulation or other relevant European Union legislation.

Reporting assumptions and sources of uncertainty

Certain quantitative metrics disclosed in the sustainability statement are subject to a high level of measurement uncertainty. The main source of measurement uncertainty in Rapala VMC's emissions reporting comes from the use of spend-based calculation methods for certain Scope 3 categories. Spend-based methods rely on generic emission factors, which do not fully reflect the specific details of the Group's supply chain, leading to some inaccuracy.

Assumptions, approximations, and judgments made in measurement are outlined in the following table. These methods aim to provide reliable estimates while recognizing limitations in data availability and methodology. Forward-looking information included in this report, such as the identification and scoring of IROs, is considered uncertain, reflecting the evolving nature of methodologies, data quality, and external factors.

Table: Scope 3 reporting assumptions

Emission category	Source of measurement uncertainty	Approach and assumptions
Scope 3.1: Purchased Goods and Services	Partially based on spend-based calculations. Direct materials used in manufacturing facilities and warehouses, representing approximately 19% of total emissions, are calculated using activity-based methods for higher accuracy. Emissions from other purchased goods and services, accounting for over 37% of total emissions, rely on spend-based approaches with higher uncertainty. Limited access to detailed supplier- or product-specific data, contributes to measurement uncertainty. For emissions related to sourced finished goods, the spend data is based on transactional purchase invoice data extracted from local ERP systems and consolidated through Group BI software. The data is not directly comparable with financial reporting figures, as it excludes accounting adjustments and other financial reporting treatments.	Emission factors are assigned to product categories based on internal categorizations. Categories are subdivided to account for differing products, improving accuracy. Spend-based methods were used for categories lacking detailed supplier- or product-specific data, leading to higher uncertainty. Spend-based emission factors for purchased finished goods (e.g., EPA Supply Chain Emission Factors) typically include transportation emissions when relevant to a product's lifecycle. However, the Group also calculates transportation emissions related to these transactions separately under Scope 3.4 (Upstream Transportation and Distribution) using primary data. As a result, some double counting in transportation emissions occurs, though its extent has not been analysed.
Scope 3.2: Capital Goods	Constitute approximately 1% of total emissions and are calculated using fixed asset categories with generic emission factors, introducing measurement uncertainty.	Estimated using emission factors linked to fixed asset categories recorded in the balance sheet. Generic factors used instead of asset-specific data reduce precision.
Scope 3.12: End-of-Life Treatment of Products	Represent less than 1% of total emissions. Calculations rely on average estimates due to the absence of a centralized database for packaging materials and weights, limiting precision.	Calculated based on average estimates derived from internal categorizations of packaging materials and weights. This approach limits accuracy due to reliance on averages.

Risk management and internal controls over sustainability reporting

Risk management approach

The Group's sustainability reporting process is guided by a risk-based approach, emphasizing the identification and management of the most material risks associated with sustainability reporting. Consolidated sustainability reporting is centrally coordinated by the Group's sustainability team, which is responsible for preparing the sustainability statement. The process has been strengthened through the engagement of external experts to enhance its design and implementation. Additionally, the Group has adopted dedicated sustainability reporting tools to collect, store, and analyse sustainability data, ensuring data integrity and clear audit trail.

The risk assessment approach for sustainability reporting focuses on evaluating risks related to data accuracy, availability, the competence of key participants, and risks associated with reporting software. Risks are prioritized based on their potential impact on reporting reliability, regulatory compliance, and alignment with stakeholder expectations. While these aspects are systematically assessed, the current approach operates independently and requires further development, particularly in terms of documentation and standardization. These improvements are necessary to align the sustainability reporting risk management framework more comprehensively with the Group's overarching risk management processes. Integrating sustainability reporting risks into the broader enterprise risk management framework is planned to ensure a cohesive and effective approach to managing sustainability reporting related risks.

The Group's sustainability reporting risks include challenges in data collection, timing, specialized expertise, and collaboration with value chain partners. Mitigation strategies involve centralized reporting tools, clear schedules, training, and data-sharing agreements to improve data quality, ensure timely reporting, and enhance expertise.

The Group acknowledges the importance of systematically integrating findings from sustainability reporting risk assessments and related internal controls into its broader governance and operational frameworks. While an established process for such integration is not yet in place, the Group has taken initial steps to enhance alignment and ensure continuous improvement in this area. So far, the sustainability-related risks have been assessed independently, with integration into the Group's enterprise risk management framework planned as a key development area.

Efforts to address identified risks include the implementation of centralized reporting tools and standardized templates to promote consistency in data collection, validation, and reporting processes. While data governance practices have been strengthened with automated tools and validation protocols, the Group is still developing a formal internal control framework to improve traceability, accountability, and transparency. Additionally, capacity-building initiatives and plans to enhance engagement with value chain partners are being introduced to address competence gaps and improve data reliability.

Strategy and business model

Our operations

Rapala VMC is a fishing tackle company operating in over 40 countries. The Group's business model is built on its a brand portfolio, including Rapala, VMC, Sufix, Storm, Blue Fox, Dynamite Baits, and others. Capabilities include its own manufacturing facilities, a sourcing unit in Taiwan for subcontracted products, and a research and development function. North America and Europe accounting for most of its revenue.

The Group's value chain integrates upstream and downstream activities to deliver fishing and outdoor products. Rapala VMC's own manufactured products account for approximately 45% of the net sales. The Group's own manufacturing facilities in Finland, France, Estonia, and the UK produce a wide range of products, including lures, hooks, knives, and baits. The sourcing unit in Taiwan complements this by managing subcontracted products, such as lines, reels, rods, and accessories. Products are distributed through a global network, with nearly 50,000 retail outlets across 120 countries. Detailed information of the total number of employees by country can be found from page 51 of this report, under section S1 - Key metrics and performance.

Rapala VMC serves a diverse global market, with a strong focus on North America and Europe. These regions represent the Group's most significant markets. North America remains the largest and most important market, driven by the Group's leadership in the fishing lure segment and nearly all revenue originating from Group branded products. 2024 external net sales by area were: North America 111.9 Meur, Nordic 25.8 Meur, Rest of Europe 58.4Meur and Rest of World 24.8Meur.

The Group's customer base includes small independent fishing tackle shops, large multinational retail chains, and regional distributors, ensuring broad accessibility across various market segments. In the reporting period, the Group continued to strengthen its presence in key markets, expanding its reach and maintaining robust relationships with its diverse customer groups.

Rapala VMC's value chain spans upstream and downstream activities. Rapala VMC's value chain is described in the table below.

Table: Rapala VMC value chain

Upstream activities	Own operations	Downstream activities	Key output
The upstream value chain includes sourcing of subcontracted products as well as raw materials and components: ▪ **Subcontracted products:** The Group's sourcing unit in Taiwan manages procurement of subcontracted products, including reels, rods, lines, and accessories from a global network of suppliers. This unit ensures cost efficiency and supplier compliance with the Supplier Code of Conduct, which emphasizes sustainability and ethical practices. ▪ **Raw materials:** The Group sources materials such as plastics, metals, wood and paints for its fishing lures, hooks, baits and other Group manufactured products. Sustainability is prioritized by incorporating renewable and recycled materials, such as responsibly sourced wood for lures and Forest Stewardship Council ("FSC") certified cardboard for packaging when possible. The Group's Supplier Code of Conduct policy also applies to raw material and component suppliers.	Own operations include own manufacturing and warehousing operations as well as wide global distribution unit network in over 40 countries as well as in-house product development, marketing and support functions: ▪ **Own manufacturing:** Approximately 45% of the Group's net sales are derived from products manufactured in its facilities in Estonia, France, Finland, the UK, and Indonesia. These facilities specialize in producing lures, hooks, knives, baits, and skies. ▪ **Human resources:** The Group employs personnel across over 40 countries, ensuring global operational reach while emphasizing employee development, health, and safety. ▪ **Intellectual Capital:** Expertise in research and development drives innovation in sustainable product design, such as lead-free wobblers and eco-friendly materials for fishing tackle.	The downstream value chain focuses on delivering products to customers and end-users through a comprehensive global distribution network: ▪ **Distribution channels:** The Group's products are available in nearly 50,000 retail outlets across 120 countries. Distribution is managed through partnerships with small independent fishing tackle shops, large multinational retail chains, and regional distributors, ensuring accessibility across diverse markets. ▪ **Customer relationships:** Rapala VMC serves a wide range of customers, from eco-conscious recreational anglers to professional sport fishers, delivering innovative and durable products.	The Group's output consists of high-quality fishing and outdoor products that support recreational and sport fishing activities, alongside efforts to enhance sustainability. ▪ **Customers:** Delivering innovative and durable products. ▪ **Investors:** The Group's focus on sustainability enhances long-term value creation by addressing market trends and regulatory expectations, bolstering brand reputation and operational excellence.
Key inputs	▪ Rapala VMC relies on a diverse range of inputs to support its business model, including raw materials, subcontracted products, human resources, and intellectual capital		
Main Business Actors and Relationships	▪ **Suppliers:** The Group collaborates with raw material and subcontracted product suppliers globally, focusing on compliance with the Supplier Code of Conduct. ▪ **Retailers and Distributors:** Strong relationships with retail partners and distributors ensure that the Group's products are widely available across its core markets, including North America and Europe, which account for most of its revenue. ▪ **End-Users:** Recreational and professional anglers are central to the Group's success. Direct feedback from end-users informs product development and sustainability priorities, ensuring alignment with customer expectations and market trends.		

Strategy and its development

The Group's strategy was last updated in the fall of 2024. The strategy is prepared on a rolling basis, with the 2024 update covering the review period of 2025–2027. The updated strategy includes a vision of achieving a ""Significant journey in sustainability." The Group's Board of Directors have reviewed and approved this strategic update. The main focus in 2024 has been on building the sustainability organization and strengthening the internal competences related to sustainability topics. Rapala VMC also joined the UN Global Compact network.

Looking ahead to 2025, the Group plans to finalize its "base year" report and subsequently develop a Group-wide transition plan aligned with the Paris Climate Agreement's 1.5°C goal. To support this, provided that the Board of Directors approves and initiates the transition plan, the Group will ensure that all key performance indicators (KPIs) and targets are aligned with the objectives outlined in the transition plan. Employee engagement in Rapala VMC's sustainability efforts will remain a priority, with follow-ups on surveys to assess progress and alignment with sustainability efforts.

The Group will refine its sustainability assessments by enhancing the process for reviewing the Double Materiality Assessment ("DMA") and conducting a biodiversity assessment, which will inform the drafting of a comprehensive biodiversity strategy. This structured and forward-looking approach helps the Group to achieve its sustainability objectives while meeting regulatory requirements and responding to evolving stakeholder expectations.

In addition, the Group will expand its "Rapala Do Good" initiative, with increased focus and funding allocated to conservation projects. These projects can include activities such as waterway restoration, conservation efforts, or initiatives to improve fishing accessibility for various groups. The scope of the Rapala Do Good initiative encompasses all operational units within Rapala VMC, requiring each to adopt and implement a project.

Products

The Group continuously assesses its significant products, services, markets, and customer groups to ensure alignment with its sustainability goals, integrating environmental and social considerations into its operations and product development strategies.

Designed for sport and recreational fishing, the Group's fishing products include:

- **Fishing lures, hooks and baits:** Sustainability efforts focus on eliminating harmful substances, increasing the use of recycled, certified, and renewable materials, and minimizing the manufacturing carbon footprint. The Group is developing and testing eco-friendly materials, addressing environmental concerns associated with fishing tackle.
- **Reels, rods, and lines:** The Group aims to increase collaboration with manufacturers to improve visibility into production emissions, set reduction targets, and enhance the recycled material content of these products and associated packaging.
- **Tools and accessories:** Efforts are centred on reducing packaging materials, increasing recycled material content, and ensuring product safety.
- The key brands in these categories include Rapala, VMC, Okuma, Sufix, 13 Fishing, Williamson, Storm, StrikeMaster, and Dynamite Baits.

In addition to the above-mentioned key brands, Rapala VMC has a selection of local and regional brands, and the Group also distributes select third-party brands to enhance its product portfolio and address diverse customer needs.

A shift in fishing techniques is favouring soft plastic lures. The largest sales increase came from the launch of CrushCity soft plastic lures. The growing demand for soft plastic lures presents a significant market opportunity but also underscores the Group's responsibility to address sustainability challenges. Soft plastic lures have a shorter lifecycle than traditional hardbaits, leading to increased waste generation if not properly managed. In response, the Group prioritizes innovation in durability and recyclability to reduce environmental impact while meeting regulatory and consumer expectations.

Generally, Rapala VMC's products are widely accepted, with no significant bans on any of the products or product categories, the Group manufactures, markets, or distributes in any market. Existing bans or restrictions typically relate to local fishing or environmental regulations and are local in nature. For example, in Denmark, there is a prohibition on selling fishing lures containing lead. Consequently, the Group does not sell lead-containing products from its range in the Danish market.

On a broader scale, restrictions related to product materials are consistent with those applied to all consumer products. The Group actively monitors developments in material-related legislation and proactively seeks to replace components that may become restricted in major markets. For instance, in preparation for the European Commission's initiative, supported by the European Chemicals Agency, to ban lead in fishing (both in products sold and fishing gear used), the Group has already significantly reduced the use of lead in Rapala-branded lures.

Markets and customers

The Group's sustainability strategy is closely tied to its core markets:

- North America and Europe represent the largest opportunities for expanding sales of sustainable products, such as eco-friendly fishing tackle and lead-free lures, due to heightened regulatory and consumer expectations for environmentally friendly products.

The Group addresses diverse customer needs by tailoring its sustainability approach:

- **Eco-conscious consumers:** Growing demand for sustainable products drives the development of innovative materials and product designs that reduce environmental impact, such as lead-free lures, plastic free packaging and the use of renewable, certified and recycled materials.
- **Retail partners:** Collaboration with large retailers drives the need for supply chain transparency and sustainable packaging solutions, as these companies set strict sustainability criteria for their suppliers to align with regulatory requirements and consumer expectations.

Summary of sustainability related goals

Rapala VMC's sustainability-related goals for 2024–2026 reflect its commitment to advancing sustainability across its product offering, customer engagement, global operations, and stakeholder relationships. These goals are guided by the Group's sustainability Strategy of Constant Improvement, aiming to integrate sustainability into all aspects of its business.

Table: Rapala VMC sustainability strategy goals 2024-2026

Category	Description	Goals
Significant groups of products and services	Reducing the environmental impact of products is achieved by eliminating harmful substances, adopting sustainable materials, and improving packaging practices.	Transitioning 100% of Rapala-branded wobblers to lead-free versions by the end of the strategic period, reducing the environmental impact of harmful substances. Piloting eco-friendly materials for fishing tackle to substitute non-sustainable materials. Revising packaging to eliminate plastics where feasible, increase recycled content, and reduce material usage, while increasing the use of FSC-certified cardboard for packaging. Expanding the use of domestically grown wood and bio-based materials in lures to enhance sustainability across brands.
Customer categories	A commitment to responding to customer demand for environmentally friendly products guides the development of sustainable solutions.	Developing products with reduced environmental footprints to meet the growing expectations of eco-conscious consumers. Conducting consumer market studies to understand sustainability priorities in different regions and customer segments.
Geographical areas	Sustainability goals are aligned with global operations and regional priorities, emphasizing conservation, partnerships, and carbon footprint reductions.	Supporting waterway conservation and access to fishing through grassroots projects in all operating regions, aligning with the Rapala Do Good initiative. Creating a transition plan aligned with the Paris Climate Agreement, targeting carbon footprint reductions and improved energy sourcing.
Relationships with stakeholders	Strengthening collaboration and transparency with stakeholders remains a priority to support shared sustainability objectives.	Enhancing engagement with suppliers to ensure compliance with the Supplier Code of Conduct, with a goal of achieving 100% commitment across all vendors. Increasing spending on conservation projects through the Rapala Fund, aiming to support aquatic ecology and fishing access initiatives. Expanding employee training, with 1% of sales allocated to professional development, and conducting standardized employee satisfaction surveys annually across all units. Improving employee health and safety with targets to reduce sick leaves and accidents

Stakeholder engagement related to strategy and business model

The purpose of stakeholder engagement at Rapala VMC is to align the Group's sustainability strategy with stakeholder expectations, address material impacts, and support informed decision-making. Engagement ensures transparency, fosters mutual understanding, and drives continuous improvement, enabling the company to create shared value and achieve its sustainability objectives. Through continuous engagement with stakeholders, including employees, suppliers, consumers, and regulators, the Group identifies emerging issues and adjusts its focus accordingly.

Stakeholder engagement plays a central role in identifying and addressing impacts from both operations and business relationships. These analyses revealed key priorities, including sustainable product development, climate change mitigation, and employee well-being. For example, stakeholder input during the materiality assessment emphasized the importance of reducing environmental impacts, such as GHG emissions, directly influencing the Group's strategic focus on clean energy initiatives and lead-free product innovations. Supplier audits highlighted expectations for environmental responsibility, which have shaped efforts to address climate-related risks within the supply chain. Employee feedback informed initiatives to enhance workplace inclusivity and well-being.

Table: Key stakeholders

Description of key stakeholder groups		Involved in engagement
Customers	Rapala VMC serves a diverse customer base ranging from individual anglers to major retailers. Customer satisfaction and sustainability preferences, such as the demand for eco-friendly products, are integral to product development and business strategy.	Yes
Consumers	The Group maintains a close relationship with its end-users through sponsorships, events, and feedback channels, ensuring its products meet the expectations of recreational fishing and outdoor enthusiasts globally.	Yes
Employees	With a global workforce operating in over 40 countries, the company's personnel are a cornerstone of its operations. Key focus areas include employee well-being, health and safety, professional development, and fostering an inclusive workplace culture.	Yes
Suppliers and business partners	Rapala VMC collaborates with suppliers and subcontractors globally. These partnerships are guided by the Supplier Code of Conduct, emphasizing ethical practices, sustainability, and compliance with environmental and human rights standards.	Yes
Investors and shareholders	As a publicly listed company, Rapala VMC maintains transparent communication with its investors and shareholders. The focus is on financial performance, long-term value creation, and integration of sustainability considerations into business strategies.	Yes
Local communities	Rapala VMC actively engages with local communities where it operates, contributing to environmental conservation and social initiatives.	Yes
Regulatory and industry bodies	Compliance with international and regional regulations is a priority. The company also collaborates with industry bodies such as the European Fishing Tackle Trade Association (EFTTA), American Sportfishing Association (ASA) and Canadian Sportfishing Industry Association (CSIA), to advance sustainable practices.	Yes
Environmental and conservation organizations	Partnerships with organizations like the Keep Archipelago Tidy Association and Finnish Freshwater Foundation reflect Rapala VMC's commitment to preserving aquatic ecosystems and biodiversity.	Yes

Rapala VMC organizes its stakeholder engagement through a structured framework involving multiple teams and functions, ensuring alignment with the Group's sustainability priorities and objectives. Engagement is tailored to specific stakeholder groups and overseen through a combination of centralized coordination and decentralized execution by relevant teams.

The Group Sustainability Team plays a key role in overseeing structured stakeholder surveys, including the stakeholder questionnaire. Their responsibilities include managing the process, analysing data, and ensuring insights are effectively utilized. The structured survey targets all key stakeholder groups.

Supplier audits, a critical component of engagement with the supply chain, are conducted by third-party audit providers and coordinated by the Taiwan sourcing office, with support from the Group Sustainability Team. This process also includes follow-up on corrective action plans to drive continuous improvement.

Other stakeholder interactions, such as employee engagement through satisfaction surveys, are managed by the HR function, while customer and community interactions are typically handled by regional business units or specific project teams. Partnerships with external organizations and regulatory bodies are coordinated at both the Group and local levels, ensuring compliance and alignment with stakeholder expectations.

The results of all engagement activities are systematically reviewed and incorporated into strategic processes, including the DMA. However, the Group recognizes opportunities to further enhance the coordination, data analysis, and strategic integration of these activities.

In the most recent DMA, the Group engaged external experts to facilitate the consultation process. This structured approach began with the identification of potential impacts informed by stakeholder survey results. The most material sustainability topics identified through the survey were consolidated into a comprehensive list of potential material IROs, which were then mapped against the Group's value chain. This mapping exercise revealed the distribution of impacts, with some spanning the entire value chain and others concentrated in specific areas.

For internal stakeholders, including employees and management, external experts conducted a series of interviews to gather critical insights. These consultations complemented the survey findings, enabling a deeper understanding of how stakeholders are impacted and ensuring that the assessment reflects the Group's operational realities.

The findings from stakeholder consultations and internal interviews informed the DMA, with actual and potential impacts reviewed and evaluated by a designated team of management representatives.

The Group's Global Management Team has validated the DMA. Thus, the key results of the stakeholder studies have been presented to the management team as part of the DMA report. The key findings of the materiality analysis have also been presented to the Board of Directors. The Global Management Team and the Board of Directors have gone through in detail the results of the global employee survey and the plan for corrective actions where such actions have been necessary based on the results.

Governance

Decision-making and controls

Rapala VMC's decision-making framework is grounded in a structured and transparent governance model, ensuring clarity of roles, accountability, and alignment with strategic objectives. Responsibilities are clearly defined across governance bodies, fostering an effective balance between oversight and operational autonomy. The Board of Directors holds ultimate responsibility for the Group's strategic direction, oversight, and significant decision-making. Key duties include approving strategies, financial statements, budgets, significant investments, divestments, and other material matters. The Board of Directors operates under a written Charter outlining its responsibilities and meets regularly according to a pre-determined schedule.

The Global Management Team (Executive Committee), led by the President & CEO, is responsible for assisting in planning and overseeing the Group's operations. This includes preparing strategic matters for the Board of Directors' consideration, implementing approved objectives, and making operational decisions within its mandate. When decisions of significant strategic or financial importance arise, they are escalated to the Board of Directors for final approval. At the subsidiary level, operational decisions are managed by local management teams, functioning under the oversight of the Group President & CEO. This decentralized approach ensures responsiveness to local market dynamics while adhering to Group policies and strategic objectives.

Rapala VMC has established an internal control framework designed to ensure compliance with applicable laws, regulations, and internal policies. The framework also aims to safeguard the reliability of financial and operational information while supporting the Group's commitment to accountability and transparency. Central to this framework is a unified organizational structure characterized by open communication between Group management and subsidiaries. The flat hierarchy enables quick decision-making and ensures alignment with corporate objectives and policies.

The internal control framework's effectiveness is further enhanced by Rapala VMC's commitment to ongoing improvement, driven by the insights gained through audits and regular evaluations. By fostering a culture of accountability, transparency, and strategic alignment, Rapala VMC ensures that its decision-making processes and internal control processes contribute to long-term operational efficiency and sustainability.

Dedicated controls and procedures are integrated with internal functions through a framework established by the Code of Conduct, Internal Control Manual and Authorization Limits. These tools ensure ethical conduct, risk minimization, and decision-making aligned with strategic objectives. The Internal Control Manual defines control requirements across financial management, procurement, and operations, while the Authorization Limits set clear boundaries for decision-making authority. The Code of Conduct underpins these processes, ensuring ethical principles are embedded in all activities. Regular reporting, internal audits, and a whistleblowing mechanism reinforce accountability, transparency, and continuous improvement, fostering alignment between governance controls and operational efficiency.

The Group does not have a separate Internal Audit organization due to the size of the Group's operations. The Group Finance is responsible for regular reviews of financial performance and internal control procedures at all Group companies and reporting significant findings to the President and Chief Executive Officer and the Board of Directors. From time to time, the management conducts or buys external services, if needed, to conduct specific and limited internal audits. The absence of an in-house internal audit organization is also taken into account in the external audit. The managing director and the controller of each subsidiary meet annually with the local auditor to discuss internal control and statutory compliance issues. The auditors of each subsidiary provide an audit opinion to the auditors of the corporation at the conclusion of each annual audit. Each annual audit may also give rise to the preparation of a management letter to the corporation outlining their audit findings in greater detail and recommending any improvements in internal controls. In addition, the auditors of the corporation meet regularly with the Group management representatives to discuss and review the business and related financial, accounting, internal control and risk management issues.

Management of material impacts, risks and opportunities

The Board of Directors approves the strategic guidelines and monitors the progress by following the relevant KPIs. The Board of Directors may also include key KPIs as part of the management's remuneration, such as the annual Short Term Incentive scheme or the longer time span Long Term Incentive scheme. Depending on the KPI, Global Management Team members follow up the progress if not on a daily but weekly basis. Key drivers per business region are reviewed in Monthly Business Reviews. Major attributes are then summarized if needed in the monthly meetings of the Global Management Team.

Monitoring and management of the IRO's has been delegated to the Group's sustainability management, with Global Management Team having the oversight of the IROs. According to the allocations of sustainability related duties within Rapala VMC sustainability management leads strategic planning, goal setting, and performance monitoring, tracks regulatory developments and trends, manages ESG data and audits, updates sustainability policies, supports the internal stakeholders, and provides internal consulting on sustainability topics. Sustainability management is headed by the Head of Sustainability, reporting to the Group President and Chief Executive Officer, supported by Group Sustainability Manager. No specialized sustainability committees have been formed.

Head of Sustainability would inform the Group Management Team about material IROs, implementation of due diligence, and the results and effectiveness of policies, actions, metrics, and targets adopted to address them. So far, the reporting has been ad hoc based and no systematic reporting in 2024 has been made. Based on the reporting to the Global management Team, management reports would be provided to the Board of Directors. According to the allocation of sustainability related duties within Rapala VMC, the Board of Directors reviews sustainability progress quarterly and annual reports. The Board of Directors has approved the IROs as part of the CSRD report approval in the spring of 2025. The Group's sustainability management has been in regular contact with a board member mandated by the Board of Directors to follow up the progress of the CSRD reporting initiation and setting of the sustainability goals.

The role of the administrative, management and supervisory bodies

At the end of the financial year 2024 the Board of Directors consisted of six external experts with two nationalities: French and Finnish. Experience varies from the extensive understanding of manufacturing and business to business operations to brand orientated consumer business. Board members also have notable international backgrounds from both studies and work history. Two of the board members act currently as CEOs of stock listed companies. Emmanuel Viellard (Chair) acts as a CEO for manufacturing company specialising in fasteners and assembly components having strong presence both in Europe and North America, which are the main markets for the Rapala VMC Group as well. Alexander Rosenlew acts as a CEO of manufacturer of household plastic products having a strong presence in Scandinavia which is one of the main markets for Rapala VMC in Europe. Board members Julia Aubertin, Vesa Luhtanen and Johan Berg have meaningful backgrounds in consumer businesses varying from foods to clothing and cosmetics. Pascal Lebard has a strong background in finance. Summarized CVs of the board members are available on Rapala VMC investor relations website. The Board of Directors' gender diversity ratio is 20%, and 83% of its members are classified as independent.

At the end of the financial year 2024 the Global Management Team (Executive Committee) consisted of eight members. All members have extensive background working for the Rapala VMC Group, hence providing notable sector specific experience. The work histories of the members vary from manufacturing orientated business to consumer brand businesses. Nationalities include Finland, France and UK. Employees or other workers are not specifically represented in the administrative, management, and supervisory bodies; for instance, there are no employee representatives on the Board of Directors or the Global Management Team. Currently, 7% of the members of these bodies represent diversity in terms of gender.

The duties and responsibilities of the Board of Directors are principally based on the Finnish Limited Liability Companies Act and the corporation's Articles of Association. All significant issues concerning the Group are decided by the Board of Directors. These include, but are not limited to, appointing, and dismissing the President and Chief Executive Officer, approving strategic guidelines, financial statements, interim reports, business plans, annual budgets, stock exchange releases and considerable investments or divestments.

The President and Chief Executive Officer acts also as the Group's President and Chairman of the Global Management Team. The duties and responsibilities of the Board of Directors are principally based on the Finnish Limited Liability Companies Act and the corporation's Articles of Association. All significant issues concerning the Group are decided by the Board of Directors. These include, but are not limited to, appointing, and dismissing the President and Chief Executive Officer, approving strategic guidelines, financial statements, interim reports, business plans, annual budgets, stock exchange releases and considerable investments or divestments.

The President and Chief Executive Officer acts also as the Group's President and Chairman of the Global Management Team. The duties and responsibilities of the President and Chief Executive Officer are set forth in the Finnish Limited Liabilities Companies Act. The President and Chief Executive Officer is responsible for the operative management within the scope of the strategic and operative plans, budgets and action plans approved by the Board of Directors. Unless separately authorized by the Board of Directors, the President and Chief Executive Officer shall not take actions, which may be considered unusual or far-reaching in view of the scope and nature of the Group's business. The President and Chief Executive Officer shall ensure that the accounting of the corporation complies with the law and that the financial management of the corporation has been arranged in a reliable manner.

The Global Management Team assists the President and Chief Executive Officer in planning and managing the operations of the Group, in the preparation of strategic questions and in the execution of the strategic objectives set by the Board of Directors. The group's business units are grouped under three different regions: APAC, EMEA & LATAM and North America. Regional heads have a chair in the Global Management Team. All business unit heads report directly to regional heads. All other functions, not directly relating to the management of single business units, report to the Global Management Team members or the President and The President and Chief Executive Officer directly.

As described above monitoring and management of the IRO's has been delegated to the Group's sustainability management, with Global Management Team having the oversight of the IROs. The President and Chief Executive Officer, who acts as chair of the Global Management Team, reports to the Board of Directors, as described above, including matters of monitoring, management and oversight of IROs.

The Board of Director's duties and responsibilities include appointing, and dismissing the President and Chief Executive Officer, approving strategic guidelines, financial statements, interim reports, business plans, annual budgets, stock exchange releases and considerable investments or divestments. The President and Chief Executive Officer is responsible for the operative management within the scope of the strategic and operative plans, budgets and action plans approved by the Board of Directors. This applies to sustainability oversight as well.

The current sustainability strategy, approved as part of the overall strategy by the Board of Directors, concentrates heavily on building adequate control and reporting environment within the Group for sustainability related issues. Actions include setting up the proper CSRD reporting, nominating Sustainability Manager and reporting contacts within each operational unit. Ultimately the Board of Directors evaluates the availability or development of necessary skills and expertise for sustainability oversight based on the CSRD reporting and management presentations provided from time to time. No systematic or formalized process has been set up for evaluation.

Rapala VMC integrates sustainability-related expertise into its governance framework to address ESG matters effectively. The Board of Directors oversees the company's strategic direction, including sustainability initiatives, and ensures ESG considerations are integrated into decision-making and operations. While specific expertise in sustainability among board members has not been explicitly detailed, the Board of Directors aligns governance with stakeholder expectations and regulatory requirements.

The Global Management Team, led by President & CEO, includes members with diverse expertise in finance, operations, and compliance, critical for implementing sustainability strategies. This team ensures that ESG initiatives are operationalized and aligned with the company's strategic objectives. The Sustainability Management Team provides focused expertise, supporting regulatory compliance, ESG performance monitoring, and integration of sustainability goals across functions.

Rapala VMC plans to enhance its sustainability expertise by appointing responsible persons for sustainability reporting within business units. These roles will drive local initiatives, ensure reporting quality, and support continuous ESG improvements. This planned step reflects the company's commitment to embedding sustainability deeply into its operations and governance. The multi-tiered structure leverages existing expertise and actively develops capabilities to integrate ESG considerations across all levels of governance.

In 2024 the focus has been heavily on setting up the control environment for sustainability reporting within the Group. This development work will continue in the coming years. Available skills have not been assessed separately by the management comparing them to the identified IROs. However, the Group has a wide employee base with a strong background, for example material know-how and efficiency as manufacturer. The Group is working to formalize the annual process on talent mapping that would address the possible skill gaps, career paths and consider the necessary training and development paths.

Sustainability incentive integration

Rapala VMC's Remuneration Policy emphasizes performance-based remuneration and aims to align the remuneration of the Board of Directors and the President & CEO with the company's strategic goals, such as enhancing shareholder value, improving competitiveness, achieving long-term financial success, and meeting defined strategic targets. It also ensures that remuneration remains fair, competitive, and market-aligned to attract and retain skilled and motivated personnel at all levels of the organization. These principles extend to the remuneration schemes for the Board of Directors, the President & CEO, and members of the Executive Committee.

The policy defines a process for remuneration related decisions and includes a description of remuneration of the Board of Directors and the President and Chief Executive Officer. Further the policy explains the principles of deviating from the remuneration policy and changing it. The Board of Directors presents the remuneration policy to the AGM at a minimum of four-year interval and always when material changes have been made. The next review and presentation of the policy to the AGM will occur in 2028, in accordance with the required intervals.

The Remuneration Policy outlines the framework for variable remuneration components. These components are tied to targets set by the Board of Directors, designed to support the company's strategy, as well as its short-term and long-term financial success. In addition to economic criteria, the incentive schemes may include other criteria, such as sustainability-related targets. The company's incentive schemes are conventionally divided into Short-Term Incentive ("STI") and Long-Term Incentive ("LTI") schemes. STI targets are typically set and assessed on an annual basis, ensuring alignment with immediate strategic objectives. The Board of Directors, with preparatory input from its Remuneration Committee, oversees the establishment and evaluation of the incentive schemes, ensuring that they align with market practices and stakeholder expectations. These schemes are structured to encourage performance, promote long-term commitment, and contribute to the realization of the company's strategic and financial objectives.

The policy and any significant amendments are prepared by the Remuneration Committee of the Board of Directors. The Board of Directors reviews and approves the policy before presenting it to the AGM for a consultative vote. The Remuneration Committee monitors the implementation of the policy on an annual basis and provides recommendations to the Board of Directors as needed.

Decisions regarding remuneration for members of the Board of Directors are made annually by the AGM. The Board of Directors determines the remuneration of the President & CEO and the Executive Committee in alignment with the remuneration policy, following preparatory work by the Remuneration Committee. Share-based incentive schemes, including the issuance of shares, options, or other rights, require either a resolution of the AGM or a resolution of the Board of Directors authorized by the AGM.

The current remuneration policy does not include any sustainability-related performance metrics or targets but as part of the current STI scheme, Rapala VMC has integrated sustainability reporting related targets into management remuneration. The ESG element of the STI scheme is divided equally between two key performance indicators, each contributing 50% to the ESG element payout:

- For sustainability reporting, each operational entity is required to name a contact person responsible for sustainability reporting and participate in both a mid-year (H1) practice reporting round and the FY 2024 reporting process. A consolidated sustainability report must then be drafted and finalized. These targets are critical in establishing robust sustainability practices aligned with the CSRD requirements, as no prior systemized sustainability reporting existed at the Group level.
- For the global employee satisfaction survey, each operational entity, excluding Russia, must conduct the survey, summarize results, and draft a consolidated summary. Findings must be reviewed with employees in an appropriate forum, and a consolidated summary must be presented to the Executive Committee (EXCOM). Following this review, an action plan addressing critical findings must be drafted and initiated at the entity or regional level based on feasibility.

The share of variable remuneration linked to sustainability related targets in 2024 is 2.05%. Climate-related considerations are not factored into the remuneration of members of administrative, management, and supervisory bodies.

The performance against these sustainability-related targets is first assessed by the Remuneration Committee of the Board of Directors, which makes a payout proposal based on target fulfilment. The final validation and decision on payouts are made by the Board of Directors. The assessment is conducted on a Group-wide basis, ensuring uniform compensation levels for all STI participants based on collective target achievement. Personal performance does not influence the payout for these sustainability-related targets.

The last three-year LTI scheme ended by the end of the financial year 2023. The Board of Directors did not initiate the new LTI program during 2024. More information on the STI metrics is included in the Group's Remuneration Report.

Impact, risk and opportunity management

Rapala VMC applies a high-level risk management framework that provides an oversight of key risks relevant to the Group's operations. This framework is designed to support decision-making and align with the Group's strategic priorities. The Board of Directors oversees risk management policies and reviews the Group's overall risk profile annually. The assessment of enterprise risks is conducted at a general level, with management providing periodic updates to the Board of Directors. Generally, enterprise risks are reviewed by the Global Management Team once a year. Following this the Board of Directors validates the risks. In 2024 the Board of Directors reviewed the risks in its December meeting. All material sustainability IROs have been provided as background information for this work.

In 2024, Rapala VMC has identified its sustainability-related impacts, risks, and opportunities ("IROs") for the first time as part of the inaugural DMA. Sustainability related risks have been widely identified in sustainability oriented cross-functional work groups, but overall risk management process addressed only certain general level sustainability risks.

The Group is working to systemize and improve the consideration of IROs and the risk management process. The Global Management Team has validated the DMA that includes the identified material IROs in its meeting on 29.2.2024. In addition to this the Global Management Team has not specifically addressed material IROs. However, Group conducted a global employee survey partly to address the material topic theme "Working conditions, Equal treatment and opportunities" of which the Group reports under the reporting standard S1 - Own workforce. Results of the employee survey has been reviewed by the local management, Global Management Team and the Board of Directors.

The Group is actively working towards formalizing a due diligence framework to enhance the impact management practices.

Table: IRO management framework

Sustainability IRO management	Sustainability-related IROs have been considered in various contexts but have not yet been systematically incorporated into the Group's broader risk management processes. Risks related to climate change, regulatory compliance, and supply chain sustainability have been discussed in cross-functional workgroups and strategic planning efforts. As part of the Group's first DMA, sustainability-related risks were identified and categorized.
Identification	Risks and impacts are identified at the business unit and Group level, considering local conditions, regulatory landscapes, and operational specifics. We engage with a diverse range of stakeholders—including employees, customers, and external partners—via surveys, workshops, and audits to identify key environmental and social issues. This includes impacts such as resource use, emissions, and employee well-being.
Assessment	Identified risks are assessed based on their likelihood and potential impact on the Group's financial performance, reputation, and operations. Each identified risk and opportunity is assessed for its potential financial effects using criteria such as likelihood, severity, and timeframe. The evaluation incorporates quantitative thresholds, such as scoring impacts on a 1-to-5 scale for likelihood and severity. Sustainability-related risks are evaluated holistically to determine their significance. For example, environmental impacts like emissions and resource use are assessed alongside social impacts, such as labour conditions and community welfare.
Prioritization	IROs are prioritized based on their severity, strategic relevance, and assessed financial implications, including magnitude and probability of occurrence. Critical issues, such as environmental compliance and workforce well-being, as well as high-priority items, are reviewed by a management team comprising representatives from key business functions, including sourcing, manufacturing, and sustainability, to ensure alignment with regulatory, business, and strategic objectives.
Mitigation and Monitoring	Action plans and mitigation strategies are developed for all prioritized risks, with responsibilities assigned in the organization. Progress is monitored regularly through established mechanisms, including periodic audits, updates to the risk register, and performance reviews at both the business unit and Group levels. These processes ensure timely adjustments, continuous improvement, and effective responses to emerging environmental and social risks, maintaining comprehensive oversight and alignment with the Group's objectives.

The Group utilizes a multi-step process to identify sustainability IROs, incorporating stakeholder engagement, materiality assessments and benchmarking.

Table: Process to identify IROs

Methodologies to identify IROs	Assumptions applied
▪ **Stakeholder engagement:** External and internal stakeholders, including customers, suppliers, employees, and investors, are consulted through structured surveys, interviews, and workshops. ▪ **Risk assessment:** Risks are evaluated across various categories such as operational, regulatory, and reputational risks. ▪ **Benchmarking:** The Group benchmarks its sustainability practices against industry leaders and peers to identify potential risks and opportunities.	▪ **Baseline data:** The Group grounds its analysis in current operational data and value chain mapping ▪ **Time horizons:** Short-term, medium-term and long-term impacts are considered. For example, the short-term assessment focuses on immediate regulatory risks, while long-term assessments evaluate trends such as shifting consumer preferences towards sustainable products. ▪ **Probability models:** Probabilistic models help estimate the likelihood of various risks and opportunities. For instance, the Group uses water risk models to project the potential frequency and severity of water-related disruptions to its supply chain. ▪ **External factors:** The Group integrates external factors such as regulatory changes, technological advancements, market trends and ecosystem dynamics into its assessments.
Data sources	**Scope of operations covered**
The Group utilizes diverse internal and external data sources to inform its assessments: ▪ **Internal sources:** Background materials such as annual and sustainability reports, financial reports, strategy documents, sourcing reports, ESG risk analyses, and results from stakeholder surveys. ▪ **External sources:** Industry benchmarks (e.g., SASB standards for toys and sporting goods), regulatory guidance (e.g., CSRD and ESRS standards), and expert evaluations from external partners.	The assessment considers the entire value chain of the Group's operations: ▪ **Upstream:** Impacts and dependencies related to sourcing materials and services, including biodiversity impacts and human rights considerations. ▪ **Own operations:** Direct operational impacts, such as emissions, resource efficiency, and workforce well-being. ▪ **Downstream:** Customer and consumer impacts, including product safety, packaging waste, and recreational fishing dynamics.

Opportunity management

Rapala VMC does not yet have a fully formalized process for integrating opportunity management into its overall management framework. However, opportunities are partially addressed through existing structures, particularly within the sustainability strategy and risk management frameworks. The sustainability "Strategy of Constant Improvement" highlights areas like sustainable product innovation, operational efficiencies, and regulatory compliance as key opportunities. The DMA further supports this by identifying and prioritizing opportunities alongside risks, particularly in ESG-related areas. While these practices demonstrate an initial integration of opportunity management, the ongoing development of governance structures, such as enhancing due diligence processes, reflects the Group's commitment to further embedding opportunity management into its overall strategic framework.

Description of how sustainability-related risks are prioritized relative to other risks

Cross-functional working groups have convened in two separate years to map sustainability-related risks as part of the preparatory process for the double materiality analysis, diligently classifying them under Environmental (E), Social (S), and Governance (G) categories. These risks are not currently prioritized over other risk categories.

At present, Rapala VMC does not utilize advanced risk-assessment tools, which also applies to sustainability-related risks. To enhance risk management capabilities, the Group plans to implement a sophisticated risk management tool during the 2025 financial year. This tool will support the consolidation of risks from unit-specific assessments into a comprehensive Group-wide risk map, improving evaluations based on financial impact, probability, and time horizon. Moving forward, sustainability-related risks will be assessed alongside all other risks using uniform criteria.

Double materiality assessment

The Group has determined the material information to be disclosed by implementing a comprehensive DMA process, aligned with the criteria outlined in ESRS 1 section 3.2 on material matters and materiality of information. This reporting period marks the first time the Group has conducted a DMA. The Group adopted a double materiality framework to evaluate both financial materiality and impact materiality. The DMA was conducted from November to December 2023.

The process incorporated value chain mapping, probabilistic modelling, stakeholder surveys, and workshops facilitated by external experts. The assessment included upstream, operational, and downstream impacts.

Through DMA the Group has identified key sustainability issues. These issues are analysed across the value chain, recognizing that some impacts, such as supply chain emissions, span multiple geographies and partners, while others, such as workforce well-being, are concentrated within the Group's operations.

The next review and revision of the materiality assessment process are scheduled for 2025, incorporating additional stakeholder feedback, updated regulatory requirements, and evolving market conditions. The Group plans to integrate materiality assessments into its annual reporting cycle.

Focus on business relationships and geographies

The Group's process for assessing IROs from operations and business relationships is guided by an approach that integrates stakeholder engagement, value chain mapping, and continuous monitoring. These methodologies ensure that both actual and potential impacts across the Group's operations and its extended business relationships are identified, assessed, and managed. Through value chain mapping, the Group assesses upstream risks such as raw material sourcing, including potential human rights issues, environmental degradation, and regulatory compliance challenges in high-risk geographies. Downstream, the Group evaluates the environmental and social impacts of its distribution and retail partnerships, such as logistics emissions and packaging waste management.

Given the global nature of its operations, the Group pays particular attention to risks associated with upstream suppliers and downstream partners. This includes human rights and environmental risks in sourcing raw materials, as well as logistical emissions in global transportation. The Group has initiated supplier audits and is developing practices to enhance governance and transparency, particularly in regions with heightened geopolitical or regulatory risks.

Activities increasing adverse impacts

The Group evaluates the impacts of its operations by considering factors such as resource use, emissions, waste generation, and workforce well-being. A DMA forms the foundation for this evaluation, analysing impacts not only from a financial perspective but also in terms of broader environmental and social consequences. This includes impacts like GHG emissions from manufacturing and logistics, resource efficiency, and the health, safety, and development of employees.

Certain business activities, such as manufacturing and transportation, present heightened risks of adverse environmental impacts. These include emissions, resource consumption, and waste generation. The Group mitigates these risks by focusing on sustainable product development, improving resource efficiency, and minimizing waste through circular economy practices. Regulatory compliance and innovation are prioritized to address industry-specific risks, such as changes in fishing regulations or restrictions on specific raw materials.

Application of methodologies and assumptions

The Group employs probabilistic models to estimate the likelihood and severity of risks, such as climate-related disruptions to supply chains. Geographical risks are assessed through value chain mapping, which identifies regions with higher vulnerability to environmental or social impacts. External benchmarking against industry peers further informs risk prioritization and mitigation strategies.

The DMA process ensures that IROs are evaluated at both the activity level and along the value chain. For example, the Group has identified that certain impacts, such as emissions, extend across the entire value chain, while others, like employee well-being, are more localized within its operations. By mapping its value chain, the Group gains insights into how its business relationships contribute to or mitigate these impacts, enabling targeted interventions. The Group applied both impact materiality and financial materiality criteria in line with ESRS 1 section 3.2 Material matters and materiality of information.

- **Impact materiality:** Topics were evaluated based on their scale, scope, and irremediable nature, considering their effects on the environment, society, and stakeholders.
- **Financial materiality:** Risks and opportunities are assessed for their likelihood of occurrence and the magnitude of their financial effects, using quantitative thresholds such as a 1-to-5 scoring system for likelihood and impact. Financial impacts are classified as low, medium, or high based on their potential effects on revenue, costs, and operations. These assessments are documented in risk summaries, which detail potential impacts such as reduced demand or disrupted supply chains, enabling the prioritization of material topics.

The Group's process recognizes the interconnected nature of its impacts, dependencies, and the risks and opportunities they generate.

- **Impact-dependency analysis:** Through value chain mapping and materiality assessments, the Group identifies critical areas where its operations depend on natural resources, ecosystems, and societal factors.
- **Interconnected risks and opportunities:** Impacts such as emissions, habitat loss, and resource inefficiencies contribute to risks like regulatory changes, rising costs, and shifting consumer behaviors. At the same time, these impacts create opportunities for product innovation, such as using alternative materials, developing more sustainable fishing gear, and targeting new markets for species adapting to climate changes.
- **Materiality integration:** DMA ensures that risks arising from impacts (e.g., ecosystem changes or material inefficiencies) are linked to dependencies (e.g., fish population health or sustainable resource access). This integrated analysis aligns mitigation strategies across environmental and social dimensions, identifying both risks and growth opportunities in areas like biodiversity management and circular economy practices.

The Group's DMA process systematically prioritizes negative and positive impacts. The process incorporates the ESRS 1 framework, which includes ten sector-agnostic ESG topics and their sub-topics and sub-sub-topics. In the identification phase, the Group adopted a bottom-up approach, assessing impacts at a detailed activity level while considering company- and sector-specific issues beyond the ESRS classification. Stakeholder engagement, internal discussions, and external benchmarks were instrumental in developing a comprehensive list of potential material IROs.

- **Negative impacts are prioritized based on their relative severity and likelihood:**
  - **Severity:** Impacts are assessed for their scale, scope, and irremediable nature. For example, environmental impacts such as emissions or biodiversity loss are evaluated for their potential magnitude and long-term consequences.
  - **Likelihood:** The probability of occurrence is assessed using structured evaluations, including an online survey where management representatives scored impacts on a 1-to-5 scale.
- **Positive impacts are prioritized by their potential to deliver value across the value chain:**
  - **Scale:** This criterion evaluates the magnitude of benefits, such as enhanced market positioning through sustainable product innovations.
  - **Scope:** The breadth of the impact is considered, including whether it benefits multiple stakeholders or areas of the value chain.
  - **Likelihood:** Likelihood is assessed based on current trends, stakeholder feedback, and the Group's ability to realize the impact effectively.

The evaluation process includes both qualitative criteria, such as stakeholder relevance, and quantitative thresholds derived from the scoring of impacts. Management representatives validated the results through workshops, ensuring alignment with business priorities and stakeholder expectations. The financial materiality assessment complements this process by examining the interconnections between sustainability impacts and financial risks or opportunities. This evaluation considers the likelihood of occurrence and the potential magnitude of financial effects, categorized into qualitative ranges (high/medium/low).

The Group used the results of its materiality assessment to determine which information to disclose, guided by the following:

- **Thresholds:** Materiality thresholds were established based on scoring results from management workshops and online surveys. For example, topics with high scores in both financial and impact materiality were prioritized for disclosure.
- **Consolidation of Topics:** The final list of material topics was grouped into broader themes, ensuring alignment with ESRS standards at the sub-topic and sub-sub-topic levels.
- **Validation:** The consolidated results were reviewed and approved by the management team to ensure alignment with the Group's strategic and sustainability priorities.

Stakeholder engagement

The Group's impact assessment process incorporates a comprehensive review of key stakeholders, ensuring that both internal and external perspectives are considered. This includes engaging with stakeholder groups affected by the Group's activities and users of the sustainability statement to ensure all relevant viewpoints are captured.

The Group sustainability team oversees stakeholder surveys, including the stakeholder questionnaire. Their responsibilities include managing the process, analysing data, and ensuring insights are effectively utilized. The structured survey targets all key stakeholder groups. The results of all engagement activities are systematically reviewed and incorporated into strategic processes, including the DMA. However, the Group recognizes opportunities to further enhance the coordination, data analysis, and strategic integration of these activities.

In the most recent DMA, the Group engaged external experts to facilitate the consultation process. This structured approach began with the identification of potential impacts informed by stakeholder survey results. The most material sustainability topics identified through the survey were consolidated into a comprehensive list of potential material IROs, which were then mapped against the Group's value chain. This mapping exercise revealed the distribution of impacts, with some spanning the entire value chain and others concentrated in specific areas.

For internal stakeholders, including employees and management, external experts conducted a series of interviews to gather insights. These consultations complemented the survey findings, enabling a deeper understanding of how stakeholders are impacted and ensuring that the assessment reflects the Group's operational realities.

The findings from stakeholder consultations and internal interviews informed the DMA, with actual and potential impacts reviewed and evaluated by a designated team of management representatives.

Monitoring and mitigation of impacts

The Group employs monitoring mechanisms such as audits, performance reviews, and benchmarking to assess and address impacts. In its business relationships, supplier audits and contractual agreements include provisions for sustainability practices, such as adherence to the Group's Supplier Code of Conduct and environmental standards. Internally, the Group has adopted sustainability-focused practices in operations, such as resource efficiency improvements and emissions reduction initiatives.

Material impacts, risks and opportunities and their interaction with strategy and business model

Rapala VMC's materiality assessment identifies significant impacts across its business model, operations, and value chain. These impacts highlight areas where the company's activities interact with ESG factors, requiring strategic attention and alignment with sustainability objectives. The materiality assessment also identifies specific risks and opportunities stemming from these impacts, offering insights into potential challenges and areas for strategic growth. The Group's material IROs shape its business model, value chain, strategy, and decision-making. The company has already initiated responses to these factors and is adapting its practices to address anticipated changes.

TOPIC	TIME HORIZON	IMPACTS	RISKS	OPPORTUNITIES	CURRENT RESPONSE PLAN
Climate change mitigation (E1)*	**Short to long term** Emissions have immediate impact on global warming and have a long-lasting effect. Negative impacts can reduce overtime if Rapala VMC successfully reduces emissions.	**Negative impact:** Rapala VMC activities generate GHG emissions that contribute to global warming. Main emission sources are sourced materials, own manufacturing operations and logistics. Main emission categories are Scope 3.1 Purchased goods and services contributing 56% of the emissions, Scope 3.4 Upstream transportation and distribution 29%, and Scope 1+2 energy use 7%. The emissions are concentrated in the company's own operations and upstream value chain, with logistic operations generating emissions also downstream.	**Transition risk:** Efficient and fast logistics network important due to global supply and product distribution. Transitioning to green transport increases costs and shipping time. Also, the availability of green transport option varies greatly. Impacts whole value chain. Short-to-long term time horizon, expected to intensify over the next one to five years **Transition risk:** Increasing regulation targeting GHG emissions within the EU and other jurisdictions, presents a significant compliance and operational risk. Failure to adhere to evolving GHG emission standards can result in substantial fines, legal liabilities, and reputational damage. Implementing necessary changes to meet regulatory requirements may lead to increased operational costs, potential disruptions in the supply chain, and necessitate investment in new technologies or processes. Impacts whole value chain. Short- to long-term time horizon, expected to intensify over the next one to five years	**Transition opportunity:** Adopting clean energy sources and enhancing energy efficiency in logistics, own manufacturing and sourcing, which reduces GHG emissions can enhance the Group's reputation and meet the growing consumer demand for sustainable products. This can also lead to long-term cost savings and increased operational resilience. Impacts whole value chain. Medium to long term time horizon requiring sustained efforts to adapt operations.	GHG emissions and physical climate risks have prompted Rapala VMC to transition to clean energy and enhance energy efficiency across its manufacturing and logistics operations. These actions reduce emissions and operational costs while ensuring compliance with regulatory requirements, such as Carbon Border Adjustment Mechanism (CBAM) and Energy Efficiency Directive (EED) to name a few. The Group has developed its GHG emission reporting and tools and has a better understanding of main emission sources. The aim is to develop a transition plan and targets for emission reductions also for main Scope 3 categories. The Group is also working with vendors to increase awareness of GHG emissions through the Supplier Code of Conduct and related vendor audits and preliminary plans have been made to support main vendors in emission reporting. The Group has also identified the need to improve location and activity-based risk and impact analyses to identify more precisely the location and activity specific risks and impacts in order to better mitigate and manage these.
Climate change adaptation (E1)*	**Short to long term** Risks are expected to increase in the long term.	No identified material impacts.	**Physical risk:** Extreme weather events, temperature extremes and rising sea levels can cause disruptions in raw material availability, transportation, own and vendors manufacturing operations and negatively impact the Group's operations and profitability. Impacts whole value chain. **Physical risk:** Physical climate impacts, such as droughts, storms, and mild winters, influence product demand and disrupt downstream market stability. This risk is especially relevant in winter products. Impacts own operations and downstream value chain. Short to long term time horizon, risks are expected to increase in the long term.		
**Climate related risks and opportunities are separated to transition and physical risks according to the ESRS E1.*	**Medium to long term**	No identified material impacts.	**Transition risk:** Potential for recreational fishing restrictions and risks for fish stock. The attitudes towards recreational fishing might change and this can have a negative impact to the Groups revenue and profitability. This is also a biodiversity related risk. Impacts own operations and downstream value chain.	Season cycle changes can extend the season and markets for some product categories. Especially mid-season product demand can increase. Impacts own operations and downstream value chain.	
Biodiversity and ecosystem health (E4)*	**Long term**	No identified material impacts.	**Transition risk:** Depleting natural resources used in products such as wood. Availability of key materials can reduce due to biodiversity loss and ecosystem health impacting operations and increasing operational costs. Impacts own operations and upstream value chain.		The Group has set targets to increase the use of certified, renewable materials in its products and packaging.
	Short to medium term	No identified material impacts.	**Transition risk:** Introduction of stricter biodiversity related regulations that can impact operations and increase operating costs. Such as the EU Deforestation regulation and SUP directive increase the reporting requirements and cost of operations. Impacts own operations and upstream value chain. **Transition risk:** Reduced demand due to biodiversity loss and ecosystem health impacting fish populations. These risks also extend to customer satisfaction and the long-term sustainability of fishing ecosystems, which are central to the company's product offerings. Impacts own operations and downstream value chain.		
**Biodiversity related risks and opportunities are separated to transition and physical risks according to the ESRS E4*	**Medium to long term**	No identified material impacts.		Aligning operations with biodiversity protection trends, sustainable fishing practices and conservation efforts which strengthen customer trust and ensure market resilience. Impact own operations and downstream value chain.	
Resource efficiency (E5)	**Short to long term**	**Negative impact:** The use of virgin materials such as wood, metals and plastics and limited adoption of recycled content in production and packaging has a negative impact to circular economy and resource availability. These impacts are particularly concentrated in upstream sourcing and internal manufacturing processes, where inefficiencies in material handling and disposal create environmental and operational challenges.	Material inefficiencies in production and process inefficiencies in resource management have a significant impact on operational costs and environmental impact. Developing and progressive circular economy and resource efficiency regulation pose a compliance and operational risk. Circular economy legislation varies between regions, can be conflicted. Development is rapid. Examples of such legislation is the proposed lead ban on fishing gear, EU Packaging regulation and plastic content-based taxes. There is a risk of non-compliance, impact on operations and increase operational costs. Non-compliance can lead to fines, reputational damage and non-desirable products. High plastic or non-recycled content can lead to excessive duties or taxes. Impacts own operations and downstream value chain.	Integrating recycled content into packaging and products, which improves regulatory alignment and reduces material costs, while advancing sustainability goals. In certain cases, cost associated to market areas, such as import duties or taxes can be reduced by altering the content to more resource efficient and environmentally friendly. Meeting expectations can open possibilities in the evolving market. In a complex market environment possibility to gain market share with compliant product offering. Impacts own operations and downstream value chain.	The company responds to resource inefficiencies by incorporating recycled materials into its packaging and product components. This aligns with evolving regulatory requirements for circular economy practices and reduces material costs while improving environmental performance.
Own Workforce (S1)	**Short to long term**	**Negative impact:** Health, safety and well-being of employees. Physical risks are higher for manufacturing and warehouse workers due to machinery use, heavy lifting, and chemical exposure, while office-based specialist or managerial employees may face greater psychosocial strain. Impact is concentrated on the Group's own operations. **Positive impact:** Rapala VMC offers employment and opportunities for professional development. This fosters employee stability, security, and job continuity and strengthens commitment to the company. Impact is concentrated on the Group's own operations.	Unsafe working environments create operational disruptions, reputational challenges, reduce productivity and hinder talent retention. Impacts own operations. Unequal treatment and low diversity cause reputational challenges, hinder organisational resilience and talent retention.	Investing in workforce well-being and inclusivity offers opportunities to attract and retain skilled talent, enhance productivity, and build organisational resilience. Impacts own operations.	Workforce-related impacts and risks have led to investments in workplace safety, inclusivity, and professional development programs. These actions aim to attract and retain skilled talent, reduce turnover, and improve operational stability, supporting long-term organisational success.

Expected time horizons for material impacts
The time horizons for Rapala VMC's material impacts vary based on their nature. Immediate impacts, such as GHG emissions from logistics, require near-term mitigation efforts. Short- to medium-term impacts, including regulatory compliance challenges related to resource efficiency and product sustainability, are expected to intensify over the next one to five years. Long-term impacts, such as biodiversity loss and the effects of climate change, are anticipated to develop over five years or more, requiring sustained efforts to adapt operations and align with regulatory and market expectations. Similarly, the benefits of sustainable product innovation and workforce inclusivity initiatives will unfold over the medium to long term, contributing to the Group's resilience and competitiveness.

Activities and business relationships linked to material impacts
Rapala VMC is directly involved with many of its material impacts through its own activities and business operations. For example, GHG emissions arise from the Group's manufacturing processes and global logistics network, while workforce-related impacts are connected to health, safety, and inclusivity of its employees. The sourcing of raw materials, such as timber and metals, creates indirect environmental and social impacts through business relationships with suppliers in upstream value chains.

The Group's relationships with distributors and retailers also influences downstream impacts, particularly customer perceptions of product sustainability and packaging waste. Through collaboration with stakeholders, including suppliers and customers, Rapala VMC seeks to mitigate negative impacts and enhance positive outcomes across its value chain.

No current financial effects of the Group's material risks and opportunities on its financial position, financial performance and cash flows and the material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities are reported in the related financial statements.

Changes to material IROs compared to previous period
This was the first time Rapala VMC conducted a DMA. As such, no changes to the material IROs can be reported compared to the previous reporting period, as DMA had not been undertaken before.

E1 Climate change – Impacts, risks and opportunities

Processes to identify and assess material climate-related impacts, risks and opportunities
Rapala VMC has not yet conducted a formal resiliency analysis of its business model in relation to climate change. The Group plans to conduct a resiliency analysis that systematically evaluates the exposure to physical and transitional climate risks across its operations and value chain. This will include developing a transition plan to address identified risks and integrating climate change considerations into strategic planning and decision-making processes. Rapala VMC's DMA serves as the primary process for identifying and assessing climate-related IROs. To support and enhance the DMA, the Group integrates insights from the Scope 3 Relevant Emission Sources Assessment, the GHG Inventory Process, and the Sustainability Risk Management Process. Together, these processes ensure a comprehensive approach to evaluating climate-related IROs across operations and the value chain. Formal climate scenario analyses have not yet been conducted to identify and assess transition risks and opportunities over different time horizons. Current evaluations rely on qualitative methods, such as DMA and Sustainability Risk Mapping, which do not include structured scenario modelling. Recognizing the value of scenario analysis, the Group plans to adopt climate scenarios aligned with global targets, such as limiting warming to 1.5°C, to better anticipate regulatory and market transitions affecting its operations and value chain.

As climate scenario analyses are not yet in place, no direct alignment exists between such scenarios and the assumptions in the Group's financial statements. However, future efforts will integrate scenario-based analyses into financial planning to ensure consistency with global climate targets. This will enhance the Group's ability to systematically assess the financial implications of transition and physical risks.

Table: Process to identify climate related IROs

Process	Description of the process
DMA	The DMA evaluates the Group's impacts on climate change (outward impacts) and the effects of climate change on the Group's operations and value chain (inward impacts). This process incorporates stakeholder expectations, regulatory requirements, and sector-specific risks to identify material climate-related impacts, such as emissions from purchased goods, energy use, and transportation. In addition to identifying emissions, this assessment highlights key climate-related risks, such as exposure to stricter regulations on carbon emissions and energy efficiency, and opportunities, such as customer demand for sustainable products. These findings directly inform the Group's strategy and priorities for addressing climate-related challenges and leveraging opportunities.
Other process to support IRO identification and assessment	■ **Scope 3 Relevant Emission Sources Assessment:** This process focuses on analysing the most relevant Scope 3 emission categories, ensuring that significant sources of GHG emissions within the value chain are identified and prioritized. Categories such as purchased goods and services, upstream transportation, business travel, and waste generated in operations have been recognized as key contributors to Rapala VMC's overall emissions. The assessment provides a foundation for targeted action to mitigate value chain emissions. ■ **GHG Inventory Process:** The GHG Inventory Process calculates the Group's total GHG emissions, including Scope 1 (direct emissions), Scope 2 (indirect emissions from energy purchases), and Scope 3 (value chain emissions). This inventory adheres to the GHG Protocol framework and employs methodologies such as activity-based, spend-based, and distance-based methods to estimate emissions accurately. Tools such as DEFRA Conversion Factors, Ecoinvent databases, and Finnish Environment Institute ("SYKE") data are used to ensure precision in emissions reporting. ■ **Sustainability Risk Management Process:** The Sustainability Risk Management Process identifies and evaluates climate-related risks and opportunities across the Group's operations and value chain. Physical risks, such as extreme weather events affecting supply chains, and transition risks, including regulatory changes and material sourcing challenges, are assessed. The process also highlights opportunities, such as product innovation in sustainable materials and operational efficiency gains through energy savings and circular economy practices. The ESG risk management process supports a structured evaluation of climate-related risks at the operational and strategic levels.

Rapala VMC has not utilized high emission climate scenarios to identify physical climate hazards. While the Group does not yet have a robust, systematic process for screening physical risks comprehensively, it has identified key climate-related hazards and their potential impacts on operations and the value chain. The Group acknowledges that current assessments are qualitative and largely informed by expert judgment and existing reports. To strengthen its approach, Rapala VMC aims to develop a more structured and quantitative methodology for assessing physical risks across the value chain.

Climate-related hazards, including storms, hurricanes, floods, and droughts, have been identified as potential risks affecting Rapala VMC's own operations, supply chains, and downstream activities. Upstream risks include disruptions in the availability and quality of sourced products, both finished goods and raw materials, caused by extreme weather events and climate variability. Critical materials, such as balsa wood and tungsten, are particularly vulnerable to these changes. Additionally, logistics networks, including transportation routes and infrastructure, may face significant disruptions from severe weather events, impacting the timely delivery of components and raw materials to production facilities. These disruptions can also impact downstream operations. Downstream risks involve the impact of climate change on customer demand, such as reduced recreational fishing opportunities due to droughts or mild winters.

Rapala VMC identifies and assesses transition risks and opportunities within its operations and across its value chain using insights from its DMA and Sustainability Risk Mapping. While the Group does not yet explicitly evaluate transition risks through scenario analysis aligned with a 1.5°C global warming limit, it considers elements of transition events qualitatively, focusing on their potential impacts. The Group acknowledges the need to integrate structured scenario analysis aligned with a 1.5°C climate scenario into its process to better assess physical and transition risks and opportunities. This will provide a more robust framework for evaluating the potential impacts of regulatory, technological, and market changes on its operations and value chain.

Assessment and screening of exposure for assets and business activities
The assessment of exposure and sensitivity to physical hazards and transition events is carried out through the Group's DMA, supported by the Sustainability Risk mapping process, utilizing tools such as value chain mapping, stakeholder input and qualitative assessments. The sensitivity of assets and activities to identify climate-related hazards and transition events is evaluated based on dependencies and the criticality of operations. These assessments provide insights into how regulatory changes, market dynamics, and operational shifts associated with the transition to a low-carbon economy may impact the Group's operations and value chain. Key areas of focus include:

- **Manufacturing facilities:** Locations exposed to flooding or storms are identified as high-risk areas for operational disruptions. Exposure to transition events includes increased compliance requirements for energy efficiency and emissions standards, which may necessitate operational upgrades to meet evolving regulations and rising costs associated with compliance to meet these standards.
- **Sourced materials and products:** Availability and quality of critical raw materials, such as tungsten and balsa wood, are at risk from droughts and land-use changes. These materials are also subject to heightened scrutiny as regulations on sustainable materials tighten. Supplier engagement and traceability are crucial to mitigating these risks. The reliance on specific suppliers increases vulnerability to supply chain disruptions if these materials become subject to more stringent sustainability requirements.
- **Logistics networks:** Transportation routes may face delays and infrastructure damage due to extreme weather events.

While a full geospatial analysis has not yet been conducted, the Group's assessments incorporate regional climate considerations and the geographic locations of key assets to estimate exposure. The assessments provide a foundational understanding of how assets and business activities are exposed to transition events over short-, medium-, and long-term time horizons. These preliminary findings inform the prioritization of adaptation measures and risk mitigation actions. The Group acknowledges that current assessments are qualitative and largely informed by expert judgment and existing reports and the need for a more robust and systematic approach to evaluating climate-related hazards across time horizons. To strengthen its approach, Rapala VMC aims to develop a more structured and quantitative methodology, incorporating quantitative tools and high-emission climate scenario analyses to strengthen the screening process and better understand exposure risks.

During the DMA process, the Group did not identify any assets or business activities that are currently incompatible with a transition to a climate-neutral economy. However, significant efforts are required in areas where the Group generates the majority of its GHG emissions, specifically from sourced goods, materials, and logistics. The extent to which the Group can directly influence these areas is limited due to reliance on external partners and supply chains.

At present, the Group has not developed a formal climate transition plan. However, this is scheduled to be drafted in 2025. The forthcoming plan will provide a more detailed understanding of the alignment of the Group's business activities and assets with the requirements for a climate-neutral economy, as well as outline the efforts and resources necessary for this transition. It is also important to note that the vast majority of the Group's business activities—focused on the manufacturing and distribution of recreational fishing equipment—do not currently fall within the scope of the EU Taxonomy, as these activities are not among the highest-emitting industries. As such, no significant incompatibility has been identified to date. However, future expansions of the taxonomy's scope could alter this assessment.

Definition of time horizons

Rapala VMC defines short-, medium-, and long-term time horizons as part of its process to identify and assess ESG risks. These time horizons are linked to the expected lifetime of its assets, strategic planning horizons, and capital allocation plans as follows:

Table: Time horizons used to assess ESG risks

Risk type	Short-Term (1–3 years)	Medium-Term (3–10 years)	Long-Term (10+ years)
Physical risks	Aligned with the Group's annual strategic reviews and operational planning cycles. It focuses on immediate risks to existing assets, such as manufacturing facilities and logistics networks, that could arise from extreme weather events, including storms and floods. Capital allocation during this period prioritizes maintenance and upgrades to mitigate immediate vulnerabilities.	Medium-Term horizon reflects the Group's strategic planning framework, considering the operational resilience of its assets and supply chain. It accounts for increasing climate-related risks, such as more frequent droughts or storms, and their potential impact on the availability of critical materials like balsa wood and tungsten. Medium-term capital allocation includes investments in operational efficiencies and sustainable sourcing initiatives to reduce supply chain vulnerabilities.	The long-term horizon aligns with the expected lifetime of major assets, such as manufacturing infrastructure and key supply chain relationships. It addresses long-term risks such as rising sea levels or significant shifts in climate patterns that could impact both production and customer demand. Capital allocation at this stage is linked to transformative investments, such as transitioning to clean energy or developing innovative, climate-resilient product offerings.
Transition events	Immediate transition risks include the implementation of stricter environmental regulations, particularly those affecting raw materials such as tungsten and plastics, and the adoption of eco-labelling standards. These changes could increase compliance costs and require adjustments in sourcing and product development	Medium-Term horizon considers evolving customer expectations for sustainable products and the expansion of regulatory frameworks targeting carbon neutrality and resource efficiency. Transition events during this period may impact the Group's supply chain by requiring increased traceability and collaboration with suppliers to meet sustainability criteria.	Transition risks over this horizon include broader shifts in global markets toward low-carbon economies and potential restrictions on high-impact materials. These events could necessitate substantial investment in product innovation and the reconfiguration of supply chains to meet emerging sustainability benchmarks.

Formal climate scenario analyses have not yet been conducted to identify and assess transition risks and opportunities over different time horizons. Current evaluations rely on qualitative methods, such as DMA and Sustainability Risk Mapping, which do not include structured scenario modelling. Recognizing the value of scenario analysis, the Group plans to adopt climate scenarios aligned with global targets, such as limiting warming to 1.5°C, to better anticipate regulatory and market transitions affecting its operations and value chain.

As climate scenario analyses are not yet in place, no direct alignment exists between such scenarios and the assumptions in the Group's financial statements. However, future efforts will integrate scenario-based analyses into financial planning to ensure consistency with global climate targets. This will enhance the Group's ability to systematically assess the financial implications of transition and physical risks.

E2 Pollution – Impacts, risks and opportunities

Rapala VMC has conducted a screening process as part of its DMA to evaluate pollution-related IROs across its own operations, upstream supply chain, and downstream value chain. This process included screening of site locations and business activities to ensure that all relevant pollution-related impacts were assessed. However, pollution was ultimately deemed not material, as the evaluated topics did not exceed the materiality assessment threshold.

A cross-functional team of management representatives, including members from the Board of Directors, business development & strategy, manufacturing, sourcing, legal & sustainability, and HR, led the screening process. The team evaluated pollution-related impacts using a structured framework based on significance, stakeholder expectations, and potential financial and operational implications. The evaluation process included stakeholder engagement, although consultations with directly affected communities were not explicitly conducted.

Table: Key pollution related topics screened in value chain

	Own operations	Supply chain	Downstream activities
Key pollution-related topics screened included	VOC emissions and emissions from solvents and paints. Waste generated, tracked as part of the Group's sustainability reporting. Effluents, wastewater, and potential local impacts on small water systems.	Emissions and effluents from the mining and processing of raw materials such as lead and tungsten. Waste, water use, and biodiversity impacts in sourcing activities.	Waste in water systems from fishing activities and potential contamination through lead usage.
Tools and assumptions	The screening process utilized qualitative analyses, internal expertise, and stakeholder input to evaluate the potential impacts. Assumptions were informed by historical data, industry benchmarks, and geographic considerations relevant to Rapala VMC's operations and value chain.		

E3 Water and marine resources - Impacts, risks and opportunities

Rapala VMC has conducted a screening process as part of its DMA to evaluate water- and marine resources-related IROs across its own operations, upstream supply chain, and downstream value chain. This process involved evaluating specific topics to ensure that all relevant water- and marine-related impacts were systematically assessed.

A cross-functional team of management representatives, including members from the Board of Directors, business development & strategy, manufacturing, sourcing, legal & sustainability, and HR, led the screening process. The team utilized a structured framework to evaluate the significance, stakeholder expectations, and potential financial and operational implications of water- and marine resources-related impacts. The evaluation process included stakeholder engagement, although consultations with directly affected communities were not explicitly conducted.

Table: Key water and marine related topics screened in value chain

	Own operations	Supply chain	Downstream activities
Key water and marine resources related topics screened included	Use of water in production processes. Wastewater generation and its potential impact on local water systems. Effluents from manufacturing and their localized impacts on small water systems. Biodiversity impacts resulting from land use, such as production facilities, energy use, and transportation activities.	Water use and wastewater generation during the sourcing and processing of raw materials. Biodiversity impacts via forestry and land-use changes (e.g., sourcing of balsa wood, cotton). Biodiversity impacts related to mining activities (e.g., extraction of steel and tungsten).	Local impacts on clean water systems from fishing activities. Changes in fish stocks due to extensive fishing.
Tools and assumptions	The screening process utilized qualitative analyses, internal expertise, and stakeholder input to evaluate the potential impacts. Assumptions were informed by historical data, and geographic considerations relevant to Rapala VMC's operations and value chain.		

While these topics are important to the Group, they were ultimately deemed non-material as standalone issues. Instead, their significance has been integrated into the Group's broader approach to addressing biodiversity-related IROs. By managing these impacts under biodiversity topics, Rapala VMC ensures a more comprehensive and cohesive strategy for mitigating environmental risks across its value chain. This approach enables the Group to systematically monitor and adapt to evolving regulatory requirements, stakeholder expectations, and operational challenges while upholding its commitment to environmental stewardship.

Rapala VMC's operations are not highly water-intensive and do not generate significant amounts of wastewater. However, for operations where water consumption and wastewater generation are higher, such as hook manufacturing, consumption and effluents are closely monitored, and actions have been taken to reduce impacts.

E4 Biodiversity and ecosystems - Impacts, risks and opportunities

Rapala VMC has identified and assessed actual and potential impacts on biodiversity and ecosystems at its own site locations and across its value chain through its DMA. The assessment summarised material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems. It involved considerations of potential and actual impacts along the value chain, in upstream sourcing and downstream product use. The assessment did not identify specific sites, raw materials production, or sourcing activities with significant negative impacts on affected communities or sites located in or near biodiversity-sensitive areas. The Group has concluded that it is not necessary to implement biodiversity mitigation measures.

While the Group has not yet conducted a thorough resiliency analysis or developed a transition plan specific to biodiversity-related risks, its DMA provides a foundation for identifying and prioritizing key risks across its operations and upstream and downstream value chain and evaluating the resilience of the Group's strategy and business model in relation to biodiversity and ecosystems.

Table: Key biodiversity related topics assessed in value chain

	Own site locations	Upstream value chain	Downstream value chain
Key biodiversity related topics assessed	**Habitat disturbance:** Potential changes to local ecosystems due to production processes. **Water use and effluents:** Impact of water consumption and wastewater in manufacturing on surrounding aquatic ecosystems.	**Deforestation risks:** Related to timber and balsa wood sourcing. **Mining risks to biodiversity:** Impact of mining of materials such as steel, tin and tungsten on the surrounding ecosystems.	**Pollution risks:** Associated with fishing gear and packaging waste. **Ecosystem health dependencies:** The reliance of recreational fishing on clean and healthy aquatic environments.*
Tools and assumptions	The screening process utilized qualitative analyses, internal expertise, and stakeholder input to evaluate the potential impacts. Assumptions were informed by historical data, industry benchmarks, and geographic considerations relevant to Rapala VMC's operations and value chain.		
Assessment criteria	The following criteria guided the identification and assessment process: **1.** Scale and severity of impacts: Evaluating the geographic and ecological extent of actual and potential impacts. **2.** Likelihood and irremediability: Prioritizing impacts based on probability and the potential for mitigation. **3.** Stakeholder relevance: Incorporating the perspectives of affected stakeholders and regulatory bodies.		
Time horizons	Rapala VMC has utilized three time horizons aligned with the Groups strategic and Sustainability Risk mapping processes: ▪ **Short-term (1–3 years):** Focuses on immediate operational risks, such as compliance with biodiversity regulations and mitigating local impacts from manufacturing processes. ▪ **Medium-term (3–10 years):** Considers evolving market and regulatory trends, including stricter biodiversity regulations and supply chain impacts from raw material sourcing. ▪ **Long-term (10+ years):** Addresses systemic risks, such as large-scale biodiversity loss, and aligns with global conservation goals to ensure long-term market resilience.		

*) Material IROs

Rapala VMC's DMA did not identify any material sites within its operations, including those under its operational control. No activities were found to negatively affect biodiversity-sensitive areas, and no material negative impacts related to land degradation, desertification, or soil sealing were identified. The Group also did not identify any operations that would directly affect threatened species. However, Rapala VMC recognizes the need for a more detailed assessment to enhance its understanding of potential biodiversity-related impacts. Future evaluations will incorporate site- and material-specific analyses to ensure that sustainability efforts remain aligned with environmental considerations and regulatory expectations.

The DMA also did not identify significant impacts to affected communities related to its operations or value chain. As a result, no direct consultations with affected communities have been conducted to date. The assessment was based on stakeholder input from internal experts, regulatory frameworks, and external benchmarks. However, Rapala VMC acknowledges the need for enhanced stakeholder engagement in future assessments, including direct consultations with potentially affected communities, particularly if site- or material-specific analyses reveal potential impacts. The Group acknowledges the importance of engaging with communities to assess shared biological resources and ecosystems. Future assessments may require more detailed impact analyses and consultations to align sustainability efforts with community needs and concerns.

Table: Description of how different types of risks were identified and assessed

Risk description	Identification
Physical risks related to biodiversity and ecosystems include habitat degradation, water scarcity, and changes in fish populations due to climate change. These pose localized risks to operations and market demand.	**Acute Risks:** Events such as environmental degradation or pollution affecting ecosystems that sustain recreational fishing. **Chronic Risks:** Long-term degradation of ecosystems, such as declining water quality or deforestation impacting material sourcing. Physical opportunities include the potential for improved fish stocks and ecosystem restoration to create new market opportunities.
Transition risks stem from regulatory changes, market shifts towards sustainable materials, and stakeholder expectations for sustainable practices.	**Policy and Legal Risks:** Potential regulatory developments, such as enhanced biodiversity reporting requirements and stricter product regulations under frameworks like the EU Timber Regulation.* **Market Risks:** Volatility in raw material availability and costs, particularly for biodiversity-intensive inputs like timber.* **Reputation Risks:** Shifting societal expectations and potential reputational impacts from biodiversity-related incidents. Aligning operations with biodiversity protection trends, sustainable fishing practices and conservation efforts which strengthen customer trust and ensure market resilience were identified as transition opportunities.*
Systemic risks related to biodiversity and ecosystems, such as large-scale ecosystem collapse, or loss of fish habitats could significantly affect the recreational fishing industry	**Ecosystem Collapse Risks:** The risk of ecosystem tipping points, such as significant declines in fish populations or habitat degradation, which could disrupt recreational fishing and associated product demand. This was evaluated in relation to dependencies on healthy aquatic ecosystems for product use and customer engagement.* **Aggregated Risks:** The analysis considered the compounded effects of biodiversity loss on material sourcing, particularly for critical inputs like timber and tungsten. This includes the potential for increased regulatory pressures or supply chain disruptions stemming from ecosystem degradation. **Contagion Risks:** While the assessment primarily focused on direct impacts to Rapala VMC's operations and value chain, the potential for cascading financial or reputational risks across the broader economic system due to ecosystem collapse was acknowledged as a long-term concern. This includes risks related to market shifts or increased stakeholder scrutiny of biodiversity impacts.

*) Material IROs

As part of its DMA, Rapala VMC evaluated its operations and value chain for potential negative impacts on biodiversity and ecosystems, including their effects on communities. The assessment did not identify specific sites, raw materials production, or sourcing activities with significant negative impacts on affected communities. However, the Group recognizes the importance of a more granular analysis of site- and material-specific impacts. Future assessments will include a more detailed evaluation of sourcing practices for key materials, such as timber and tungsten, to ensure any potential impacts on communities and ecosystems are effectively identified and managed.

Rapala VMC's DMA did not identify significant negative impacts on priority ecosystem services relevant to affected communities. Consequently, no specific avoidance measures have been implemented to date. However, the Group is committed to promoting sustainable practices, such as the use of FSC-certified timber, when possible, to minimize potential ecosystem impacts associated with its operations and value chain.

E5 Resource use and circular economy - Impacts, risks and opportunities

Rapala VMC has conducted a screening of its assets and activities to identify actual and potential IROs related to resource use and circular economy across its operations and value chain. This screening was carried out as part of the DMA, which considers both impact and financial materiality. Feedback from internal stakeholders and external partners, including suppliers and regulatory authorities, was incorporated into the assessment to refine the understanding of key risks and opportunities. The assessment accounted for compliance with regulations such as the EU Timber Regulation and market expectations for more sustainable and circular resource use practices.

Rapala VMC has not conducted direct consultations with affected communities specifically related to resource inflows, resource outflows, and waste. The DMA incorporated input from internal stakeholders and broader stakeholder groups, but no targeted engagement with affected communities was undertaken for these topics. The Group recognizes the importance of expanding stakeholder engagement in future assessments to include community consultations where material impacts may be identified.

Table: Key circular economy and resource use related topics screened in value chain

	Own operations	Supply chain	Downstream activities
Key circular economy and resource use topic screened included	Operational activities to identify critical resource use and environmental impacts. This included evaluating resource consumption, such as materials used in production processes (e.g., timber and tungsten), and assessing waste generation within manufacturing facilities.	Critical resource inflows, such as timber and tungsten, to understand the environmental footprint of raw material sourcing. This assessment considered the sustainability of sourcing practices, and the potential risks associated with resource extraction, transportation, and processing.	Waste management impacts associated with packaging disposal.
Tools and assumptions	The screening process utilized qualitative analyses, internal expertise, and stakeholder input to evaluate the potential impacts. Assumptions were informed by historical data, industry benchmarks, and geographic considerations relevant to Rapala VMC's operations and value chain.		

G1 Business conduct – Impacts, risks and opportunities

IROs related to business conduct were identified and assessed as part of Rapala VMC's DMA. For business conduct topics (ESRS G1), the assessment covered all the sub-topics: corporate culture, protection of whistle-blowers, animal welfare, political engagement and lobbying activities, supplier relationships, and corruption and bribery. The topic was ultimately deemed not material, as the evaluated sub-topics did not exceed the materiality assessment threshold.

Criteria used in the process include:

- **Activity:** The Group engages primarily in private business-to-business manufacturing and distribution, with no material involvement in public procurement or government-related business, which reduces exposure to corruption and undue influence risks.
- **Sector:** Operating in the recreational consumer goods sector, Rapala VMC is not exposed to systemic business conduct risks typically associated with high-risk industries or sectors with elevated regulatory scrutiny.
- **Location:** Rapala VMC operates in over 40 countries with own production sites mainly in Europe. While the Group has operations and suppliers in regions generally considered to carry higher business conduct risks, the scale and nature of potentially affected activities are considered limited. Consequently, their overall relevance in terms of material impacts, risks or opportunities for the Group is assessed not to be material.
- **Transaction structure:** The Group's supplier base is diverse, and procurement transactions are decentralised and typically of limited value. Internal approval procedures and risk controls are in place to ensure integrity throughout the purchasing process.

No incidents of corruption or bribery have been identified during reporting period. The company continues to monitor related risks and compliance across its operations and value chain.

ENVIRONMENTAL INFORMATION

The EU Taxonomy

General

The EU taxonomy serves as the legal classification system established to meet the EU's climate and energy targets and reach the objectives outlined in the European Green Deal. Businesses' taxonomy eligibility is based on the assessment of whether the business operations are among the economic activities described in the taxonomy legislation. The selected activities are central to achieving the international climate and environmental goals. To be eligible for the taxonomy, a specific activity must align with the description of an economic activity included in the taxonomy classification. To be aligned with the taxonomy, the activity must make a substantial contribution to at least one of the six environmental objectives without causing significant harm to any of the other objectives. Minimum safeguards must also be met for an economic activity to be considered Taxonomy-aligned.

The Taxonomy Regulation establishes six environmental objectives, of which two (climate change mitigation and climate change adaptation) were finalized first:

- Climate change mitigation
- Climate change adaption
- Protection and restoration of biodiversity and ecosystems
- Pollution prevention and control
- Transition to a circular economy
- Sustainable use and protection of water and marine resources

Reporting principles

Vast majority of the Group's business, i.e. the manufacturing and distribution of fishing tackle equipment, as well as outdoor and winter sports equipment, to consumers, does not currently fall within the scope of the taxonomy.

In the analysis carried out in 2023, it was determined that Rapala VMC's electric ice auger, along with some other electric tools manufactured by the Group's subcontractors and sold in limited quantities, fall within the scope of taxonomy-eligible economic activity 1.2 Manufacture of electrical and electronic equipment, aligning with the circular economy objective.

In 2024, Rapala VMC continued its evaluation of the EU taxonomy framework by assessing the technical screening criteria for the four remaining environmental objectives, as well as newly introduced activities related to the climate change mitigation and adaptation objectives. The assessment focused on identifying potential taxonomy-eligible activities within the Group's operations, particularly in areas such as renovation and ownership of buildings and energy-related technologies. As part of this process, the Group analysed its capital expenditures and investments to determine any new taxonomy-aligned activities. While the assessment highlighted potential areas for future eligibility, no taxonomy-eligible or aligned investments or expenditures were made in 2024 concerning these activities. The Group remains committed to continuously monitoring its operations and investment strategy to ensure alignment with evolving sustainability frameworks and regulatory expectations

2024 Taxonomy KPIs

Rapala VMC's revenue, investments, and operating expenses indicators adhere to International Financial Reporting Standards ("IFRS"). The taxonomy-eligible revenue is compared to the Group's total revenue, taxonomy-eligible investments to total investments, and taxonomy eligible operating expenses to total operating expenses. 3.42% of the Group's revenue, 0% of investments and 0% of operating expenses are taxonomy eligible. Rapala VMC's taxonomy-eligible revenue mainly derives from manufacturing of electronic equipment.

	Total, MEUR	Taxonomy eligible, MEUR	Not taxonomy eligible, MEUR
Revenue	220.9	7.3	213.6
Capital expenditures	4.2	0	4.2
Operating expenses	102.5	0	102.5

Table: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

TABLE 1: PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN 2024 (MEUR)

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (DNSH: 'Does Not Significantly Harm')									
Economic activities	Code	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned or eligible turnover, year 2023	Category enabling activity	Category transitional activity
		MEUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/ EL	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**										
Manufacture of electrical and electronic equipment	1.2	7,3	**3,42 %**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**EL**	**N/EL**								5.52 %		
Turnover of Taxonomy-eligible but not environmentally sustain-able activities (not Taxonomy-aligned activities) (A.2)		**7,3**	**3,42 %**	**0,0 %**	**0,0 %**	**0,0 %**	**0,0 %**	**100,0 %**	**0,0 %**								5.52 %		
Turnover of Taxonomy eligible activities (A.1 + A.2)		**7,3**	**3,42 %**	**0,0 %**	**0,0 %**	**0,0 %**	**0,0 %**	**100,0 %**	**0,0 %**								**5.52 %**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		213,6	**96,58 %**
Total (A + B)		220,9	**100,0 %**

TABLE 2: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN 2024 (MEUR)

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (DNSH: 'Does Not Significantly Harm')									
Economic activities	Code	CapEX	Proportion of CapEX	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned or eligible CapEx, year 2023	Category enabling activity	Category transitional activity
		MEUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/ EL	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0,0**	**0,0 %**																
CapEx of Taxonomy-eligible activities (A.1 + A.2)		**0,0**	**0,0 %**																

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		4.2	**100,0 %**
Total (A + B)		4.2	**100,0 %**

TABLE 3: PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN 2024 (MEUR)

Financial year 2024	2024			Substantial contribution criteria						"DNSH criteria (DNSH: 'Does Not Significantly Harm')									
Economic activities	Code	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned or eligible OpEx, year 2023	Category enabling activity	Category transitional activity
		MEUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/ EL	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**	**EL;N/ EL**										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,0	0,0 %																
OpEx of Taxonomy eligible activities (A.1 + A.2)		0,0	0,0 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		102.5	**100,0 %**																
Total (A + B)		102.5	**100,0 %**																

E1 - Climate change

Governance and strategy

Rapala VMC has not yet developed a formal climate transition plan. In 2025, the Group will finalize its "base year" 2024 report and develop a transition plan aligned with the Paris Climate Agreement's 1.5°C target, implementation subject to approval by the Board of Directors. To support this, the Group will ensure all key performance indicators and targets align with the transition plan's climate objectives. Sustainability goals will be integrated into key operational areas, such as Product Development, Manufacturing, and Sourcing, with managerial-level employees assigned individual climate-related goals. These efforts aim to fully embed climate action into the Group's strategy and operations. The Group is not excluded from Paris-aligned benchmarks, which set strict sustainability and emission reduction requirements to support the transition to a low-carbon economy.

Rapala VMC does not currently have a dedicated climate change policy in place but is considering the potential need for one to address climate-related challenges. In the meantime, the Group manages material IROs related to climate change mitigation and adaptation through its existing policies. Climate change mitigation and adaptation, energy efficiency and the transition to clean energy measures are primarily addressed within the Supplier Code of Conduct and Procurement Guideline. These frameworks provide a solid foundation for integrating climate considerations into the Group's operations and supply chain management.

Table: Policies to manage material climate change IROs

	Procurement Guideline	Supplier Code of Conduct
Key contents	The Procurement Guideline outlines the principles and guidelines Rapala VMC follows to ensure that procurement processes are conducted efficiently, responsibly, and ethically. The key objectives of the policy are to enable profitable and sustainable business operations by integrating environmental, social, and ethical considerations into procurement decisions while ensuring alignment with the Group's values and goals. Environmental Responsibility: The policy promotes energy-efficient procurement, product GHG lifecycle impact analysis, and reducing emissions to advance carbon neutrality. Stakeholder interests, including those of suppliers and regulatory bodies, were considered in defining responsible procurement practices. The policy also addresses customer expectations for ethical and sustainable sourcing.	The Supplier Code of Conduct defines the principles Rapala VMC expects its suppliers to follow to ensure ethical, responsible, and sustainable business practices. It considers the interests of key stakeholders, particularly suppliers and customers, by aligning environmental and climate impact ambitions such as transparency, carbon reduction, and sustainable energy practices. The policy aims to manage ESG risks within the supply chain while fostering collaboration, continuous improvement, and alignment with Rapala VMC's values and commitment to sustainability.
Scope of the policy	The scope of the Procurement Guideline applies to upstream activities in the value chain and covers all procurement activities globally within Rapala VMC's operations. It specifically focuses on purchasing practices and the selection of suppliers, ensuring they meet environmental standards related to energy efficiency and reduced emissions.	The Supplier Code of Conduct applies to all Rapala VMC's vendors, subcontractors, and suppliers involved in the manufacture of products that incorporate any intellectual property owned or controlled by the Group. Recognizing that responsible and sustainable supply chains extend beyond direct (1st tier) suppliers, Rapala VMC also expects its suppliers to enforce and cascade the standards outlined in the Supplier Code of Conduct to their own suppliers and business partners throughout the supply chain.
Implementation and monitoring	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The monitoring process involves maintaining procurement expertise, evaluating supplier compliance through assessments and adherence to the Supplier Code of Conduct, and ensuring procurement decisions meet the Group's goals for sustainability, safety, and ethical performance.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The process for monitoring includes supplier self-assessments, reporting on compliance with key requirements, and Rapala VMC's right to conduct audits or assessments when necessary to ensure adherence to the policy. The Group commissions third-party auditors to assess selected suppliers annually, analyses the findings, and monitors the implementation of corrective action plans with the suppliers. Non-compliance may lead to corrective actions or, if unaddressed, the termination of the business relationship.
Availability	The document is accessible to all Group personnel via the Group intranet.	The Supplier Code of Conduct is made readily available to all relevant stakeholders. Externally, it is distributed to suppliers who are required to comply with the principles outlined in the policy. Internal stakeholders responsible for implementing the policy have received training to ensure its effective application and are available to address any questions or concerns raised by suppliers. Internally, the document is accessible to all Group personnel via the Group intranet. This structured approach ensures that both internal and external stakeholders are informed of their obligations and equipped to support Rapala VMC's environmental, social, and ethical objectives, including climate change mitigation.

These two policies address multiple sustainability challenges, reflecting Rapala VMC's commitment to mitigating climate change by reducing emissions, promoting energy efficiency, and advancing low-carbon operations across its supply chain and procurement activities. The Supplier Code of Conduct and Procurement Guideline also support climate change adaptation by addressing environmental risks and fostering resilience within the supply chain. The Supplier Code of Conduct requires that suppliers must comply with all applicable environmental laws and regulations and maintain an environmental management system suited to their business context. They must identify, mitigate, and minimize environmental risks and negative impacts. Additionally, suppliers are expected to monitor their environmental performance and provide records and documentation upon request. Suppliers are encouraged to calculate their carbon footprint and set an ambitious science-based target. The procurement guidelines emphasize energy efficiency in products and services, encouraging life-cycle assessments to better understand their impact and costs. It also promotes the transition to carbon neutrality by prioritizing products that are reusable and recyclable at the end of their life cycle. By encouraging responsible procurement practices and environmental risk mitigation, these policies enhance resilience to the physical impacts of climate change in upstream operations. Together, they underscore Rapala VMC's dedication to improving energy efficiency, deploying clean energy, and minimizing environmental impacts as integral elements of its broader sustainability and climate-related goals.

Table: Sustainability matters addressed by policy for climate change

	Procurement Guideline	Supplier Code of Conduct
Climate change mitigation	The Procurement Guideline promotes the procurement of energy-efficient products and services, promoting lifecycle impact analysis to reduce environmental footprints. By prioritizing products with lower environmental impacts, such as those that support energy efficiency and recyclability, the policy indirectly contributes to reducing GHG emissions in the Group's own operations and within its upstream value chain.	The policy requires suppliers to identify and minimize their environmental risks and impacts. Suppliers are encouraged to calculate their carbon footprint, set science-based GHG reduction targets, implement energy efficiency strategies, and gradually increase the share of renewable energy used in their operations. These measures directly support Rapala VMC's commitment to reducing emissions within its upstream value chain and fostering climate-conscious practices.
Climate change adaptation	The Procurement Guideline supports climate change adaptation by promoting responsible procurement practices that emphasize resource efficiency and lifecycle analysis. This includes selecting products and services that improve operational resilience, reduce environmental impacts, and align with sustainability goals, such as transitioning toward carbon neutrality.	Suppliers are required to identify, address, and minimize environmental risks and impacts associated with their operations, which include climate-related risks. The policy emphasizes the importance of environmental management systems and encourages suppliers to regularly reassess their environmental risks and establish improvement plans. These measures help suppliers adapt to physical climate risks, such as extreme weather events, that could disrupt operations and supply chains.
Energy efficiency	The Procurement Guideline promotes the selection of energy-efficient products and services. Procurement decisions aim to consider lifecycle impacts where possible, with a focus on encouraging practices that prioritize energy-efficient solutions to reduce overall energy use within the Group's operations and supply chain.	The policy encourages suppliers to implement energy reduction strategies as part of their environmental management systems. Suppliers are encouraged to identify opportunities to improve energy efficiency in their operations and to take concrete actions to reduce energy consumption. This aligns with Rapala VMC's objective of minimizing environmental impacts across its upstream value chain.
Renewable energy	The Procurement Guideline promotes responsible procurement decisions by encouraging the selection of products and services that support the use of renewable energy. While not mandatory, the policy emphasizes the importance of reducing environmental impacts and aligning with sustainability goals.	Suppliers are encouraged to gradually increase the share of renewable energy in their operations as part of their environmental management systems. The policy highlights the importance of adopting energy strategies that prioritize renewable energy sources while avoiding solutions, such as certain hydropower, that may negatively impact ecosystems, including fish migration.

Key metrics and performance

The Group has prioritized the purchase of clean energy as a key action to reduce Scope 2 CO2 emissions. This initiative aligns with the Group's commitment to transitioning to renewable or clean energy sources and minimizing its carbon footprint across operations. In 2024, the Group's largest manufacturing site in Estonia achieved 85% renewable electricity sourcing for its operations. Additionally, all Finnish units where electricity procurement is managed directly by the Group, rather than included in rental agreements, sourced their electricity exclusively from renewable energy providers. Energy certificates covering the full electricity consumption at the Group's two Finnish sites and portion of the consumption (85%) at the Estonian manufacturing units and have been purchased as part of the Group's clean energy strategy. The costs associated with these certificates have been reported as part of the current operational expenditures.

The Group currently lacks a formal transition plan to align financial resources with its sustainability strategy. Sustainability goals have not yet been systematically integrated into the budgeting process across all units. To address this, the Group intends to incorporate sustainability targets into the budget creation process in the future. This will involve cascading the Group's sustainability objectives to individual units as part of a comprehensive transition plan once it is developed. At present, no significant capital expenditures (Capex) or operational expenditures (Opex) have been allocated to the action plan. Given current energy market conditions, the activities undertaken thus far have not required substantial financial resources. To achieve the target of zero Scope 2 emissions by 2026, an increase in financial resources is likely. However, the specific amounts have not yet been earmarked in future budgets or financial estimates. The financial resources allocated to execute this action plan do not contribute to the EU Taxonomy aligned activities.

Market based Scope 2 emission in 2024 were 2 074 tCO2e and the goal is to reach 0 tCO2e by end of 2026. The target applies to all Scope 2 emissions across the Group, encompassing the electricity purchased for all Rapala VMC operations globally. This includes all indirect energy consumption within the Group's own facilities and manufacturing sites, ensuring comprehensive coverage of emissions from purchased energy. Stakeholders were not involved in the target setting. The 2024 baseline value has been determined as it marks the first year of comprehensive Scope 2 emission reporting across all Group entities. No major structural or operational changes occurred during the year, and external factors such as extreme weather conditions did not significantly influence energy consumption. Therefore, the 2024 data is considered representative and provides a reliable basis for tracking progress toward the target of achieving zero Scope 2 emissions by 2026. Rapala VMC has not validated this target with the Science-based target initiative and thus can't claim the target to be aligned with the 1,5 degree scenario. This target aligns with the use of renewable/carbon neutral energy decarbonization lever contributing 100% to achieving the target.

Energy consumption and mix

Energy consumption and mix	Comparative	Year 2024
Fuel consumption from coal and coal products (MWh)	NA	0
Fuel consumption from crude oil and petroleum products (MWh)	NA	2 466
Fuel consumption from natural gas (MWh)	NA	3 337
Fuel consumption from other fossil sources (MWh)	NA	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	NA	6 146
Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	NA	11 949
Share of fossil sources in total energy consumption (%)	NA	60,7
Consumption from nuclear sources (MWh)	NA	2 380
Share of consumption from nuclear sources in total energy consumption (%)	NA	12,1
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	NA	83
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	NA	5 098
The consumption of self-generated non-fuel renewable energy (MWh)	NA	180
Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**NA**	**5 361**
Share of renewable sources in total energy consumption (%)	**NA**	**27,2**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**NA**	**19 690**
Renewable energy production (MWh)	**NA**	**202**

Energy intensity per net revenue	Comparative	2024	% N / N-1
Total energy consumption from activities in high climate impact sectors	NA	14 342	NA
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MEUR)	NA	142,9	NA

The high climate impact sector used to determine energy intensity is Manufacturing. Total energy consumption from activities in high climate impact sectors is derived from the reported energy usage across all Rapala VMC's own manufacturing sites. Net revenue is calculated based on revenue generated from products manufactured within the Group's own production facilities.

Net revenue from activities in high climate impact sectors used to calculate energy intensity (MEUR)	110,338
Net revenue (other) (MEUR)	120,566
Total net revenue (Financial statements) (MEUR)	220,904

GHG emissions

Methodologies and assumptions used to measure GHG emissions
Rapala VMC's GHG inventory follows the GHG Protocol framework and adopts an operational control approach for consolidation. The inventory covers the entire Group, including Scope 1, Scope 2, and relevant Scope 3 categories. The reporting period aligns with the financial year (01/01–31/12). Scope 2 emissions are calculated using both market-based and location-based approaches. The inventory includes all activities relevant to the Group across its operations and value chain during the reporting year.

Table: Methodologies and assumptions used to measure GHG emissions

Methodologies	Assumptions	Emissions Factors & tools
Scope 1: Emissions from stationary and mobile combustion are calculated using activity-based methodologies, relying on fuel consumption data by volume or mass. For energy generation using renewable sources (e.g., solar and hydro), emission factors are set to zero. **Scope 2:** Emissions from purchased electricity, heating, and cooling are calculated based on energy consumption (kWh). Both location-based and market-based calculation approaches are applied. Market-based emissions use residual mix factors where available. **Scope 3:** Various methodologies are applied depending on the category: ▪ **Purchased goods and services:** Activity-based average-data and spend-based methods. ▪ **Business travel and upstream transportation:** Distance-based methodologies. ▪ **Waste and end-of-life treatment:** Waste-type-specific methods.	Default emission factors are used where supplier-specific data is unavailable, particularly for Scope 2 heating and cooling. Radiative forcing is included for aviation emissions under business travel. Employee commuting emissions are partially estimated based on survey data.	Emissions are calculated using standardized emission factor databases (e.g., DEFRA, IEA) integrated into Tofuture Oy's reporting systems. **Scope 1:** DEFRA conversion factors (2024 edition) are applied for fuels such as diesel, natural gas, and LPG. **Scope 2:** Location-based factors include IEA Emission Factors (2022) and national data sources (e.g., Fingrid for Finland, AIB Residual Mixes for European countries). **Scope 3:** Factors include DEFRA Conversion Factors 2024 for fuels and various transport modes, Ecoinvent 3.9.1 for material emissions and production processes, EPA Supply Chain GHG Emission Factors (adjusted for inflation to 2023) for goods and services, IEA Life Cycle Upstream Emission Factors for energy-related activities, Finnish Environment Institute (SYKE) for waste-specific data.

Table: Methods for estimating Scope 3 emissions

Method	Description	Categories method used
Activity-based average-data method	Emission estimated using average emissions factors linked to specific activity data, such as fuel or material consumption. It is applied to part of the purchased materials and fuel- and energy-related activities.	3.1 Purchased goods and services 3.3 Fuel-and-energy-related activities 3.12 End-of-life treatment of sold products (packaging)
Average spend-based method	Emissions calculated based on financial expenditure data, combined with emissions factors for specific spend categories. It is used for part of the purchased materials, all services, and capital goods.	3.1 Purchased goods and services 3.2 Capital goods
Distance-based method	Emissions estimated by applying emission factors to the distance travelled and the mode of transportation. It is used for transportation, business travel, and employee commuting.	3.4 Upstream transportation and distribution 3.6 Business travel 3.7 Employee commuting
Waste-type-specific method	Emissions calculated based on the type and treatment of waste generated, applying waste-specific emissions factors. It is used for waste generated in operations and the end-of-life treatment of sold products.	3.5 Waste generated in operations

Rapala VMC calculates Scope 2 GHG emissions using both the market-based and location-based methods, in alignment with international standards. The Group utilizes Energy Attribute Certificates ("EACs") and Residual Mix Factors ("RMFs") as contractual instruments for the market-based calculation of Scope 2 emissions. Both bundled contracts and unbundled Energy Attribute Certificates ("EACs") are utilized as contractual instruments to support the Group's clean energy targets and ensure transparency in Scope 2 GHG emissions reporting under the market-based method.

- **Energy Attribute Certificates (EACs):** EACs, including Guarantees of Origin (GOs), are purchased to cover the electricity consumption of specific sites. These certificates verify the renewable origin of the electricity consumed, allowing the Group to report reduced Scope 2 emissions under the market-based approach.
- **Unbundled Energy Attribute Certificates (EACs):** EACs, such as Guarantees of Origin (GOs), are purchased separately to cover the electricity consumption of specific sites. These certificates verify the renewable origin of the electricity consumed, enabling the Group to report reduced Scope 2 emissions under the market-based method.
- **Bundled Contracts:** For units that do not utilize EACs, the energy mix reported is based on the energy supplier's generation mix when available, which includes bundled attributes of the purchased energy. This information is used in the calculation of market-based emissions, reflecting the emissions intensity of the supplier's energy portfolio.
- **Residual Mix Factors (RMFs):** For sites where EACs are not applied, RMFs are used. RMFs represent the average emissions intensity of the grid, excluding renewable energy claims covered by EACs.

Contractual instrument	MWh	Share % of MWh	tCO2e	Share % tCO2e
Unbundled energy attribute certificates (EACs)	3 348	24,6	0	0,0
Bundled Contracts	3 913	28,7	303	14,6
Total Scope 2	13 625		2 074	
All contractual instruments	7 261	53,3	303	14,6

Rapala VMC evaluates Scope 3 GHG emissions across its value chain and includes the most relevant categories in its GHG inventory. This process focuses on analysing the most relevant Scope 3 emission categories, ensuring that significant sources of GHG emissions within the value chain are identified and prioritized. Categories such as purchased goods and services, upstream transportation, business travel, and waste generated in operations have been recognized as key contributors to Rapala VMC's overall emissions.

Table: List of Scope 3 GHG emission categories included and excluded from the inventory

Scope 3 category	Included	Reasoning
3.1 Purchased goods and services	Yes	Largest emission source. Relevant in terms of size, influence, risk and stakeholder expectations.
3.2 Capital goods	Yes	Capital goods investment is irrelevant in size but due to annual fluctuations it is included in the calculation to ensure comprehensive GHG inventory.
3.3 Fuel-and energy-related activities	Yes	Emission source is directly related to the Group's own energy consumption.
3.4 Upstream transportation and distribution	Yes	Second largest emission source. Relevant in terms of size and influence. Includes downstream third-party transportation paid by the Group.
3.5 Waste generated in operations	Yes	Relevant in terms of size and influence. Emission source is directly related to the Group's production and other operations.
3.6 Business travel	Yes	Relevant in terms of influence.
3.7 Employee commuting	Yes	Relevant in terms of size and influence.
3.8 Upstream leased assets	No	The Group doesn't have relevant upstream leased assets.
3.9 Downstream transportation and distribution	No	Emissions from downstream transportation purchased by Rapala VMC are included in Category 3.4. However, third-party storage and transportation of products to end-users, organized by retailers or other third parties, are excluded due to a lack of reliable information, limited availability of reasonable data, and lack of influence over these activities.
3.10 Processing of sold products	No	Not applicable, as Rapala VMC primarily sells finished and ready-to-use products that do not require additional processing.
3.11 Use of sold products	No	Excluded as the majority of the Group's products do not consume energy during their use phase. For the small proportion that do, the associated emissions are minimal and not considered material.
3.12 End-of-life treatment of sold products – packaging	Yes	The Group's products are durable and rarely enter waste streams, making this category less relevant. However, packaging waste is addressed to meet stakeholder expectations.
3.13 Downstream leased assets	No	Rapala VMC does not have downstream leased assets relevant for inclusion in this category.
3.14 Franchises	No	Rapala VMC does not operate franchise activities.
3.15 Investments	No	Rapala VMC does not have strategic investments that would be significant from a GHG emissions perspective.

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective				Milestones and target years			
	Base year (2024)	Comparative	2024	% N / N-1	2025	2030	(2050)	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO2eq)	1 334	NA	1 334	0	NA	NA	NA	NA
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	NA	0	0	NA	NA	NA	NA
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)	4 023	NA	4 023	0	NA	NA	NA	NA
Gross market-based Scope 2 GHG emissions (tCO2eq)	2 074	NA	2 074	0	NA	0	NA	NA
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	43 056	NA	43 056	NA	NA	NA	NA	NA
1 Purchased goods and services	25 811	NA	25 811	NA	NA	NA	NA	NA
2 Capital goods	420	NA	420	NA	NA	NA	NA	NA
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	1 243	NA	1 243	NA	NA	NA	NA	NA
4 Upstream transportation and distribution	13 292	NA	13 292	NA	NA	NA	NA	NA
5 Waste generated in operations	531	NA	531	NA	NA	NA	NA	NA
6 Business traveling	447	NA	447	NA	NA	NA	NA	NA
7 Employee commuting	1 288	NA	1 288	NA	NA	NA	NA	NA
12 End-of-life treatment of sold products	23	NA	23	NA	NA	NA	NA	NA
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)	48 412	NA	48 412	NA	NA	NA	NA	NA
Total GHG emissions (market-based) (tCO2eq)	46 463	NA	46 463	NA	NA	NA	NA	NA
Percentage of GHG Scope 3 calculated using primary data	56,2	NA	56,2	NA	NA	NA	NA	NA

GHG intensity per net revenue	
Total GHG emissions (location-based) per net revenue (tCO2eq/MEUR)	219,2
Total GHG emissions (market-based) per net revenue (tCO2eq/MEUR)	210,3
Net revenue used to calculate emission intensity (MEUR)	220,9

E4 – Biodiversity and ecosystems

Governance and strategy

Rapala VMC has not yet conducted a comprehensive resiliency analysis. While a comprehensive biodiversity-specific impact assessment is under development.

Rapala VMC's strategy and business model demonstrate resilience to biodiversity and ecosystems-related physical, transition, and systemic risks. Rapala VMC's evaluation of the resilience of its strategy and business model, conducted as part of the DMA process, in relation to biodiversity and ecosystems is based on several key assumptions. These assumptions guide the identification of risks, the development of mitigation strategies, and the integration of biodiversity considerations into the Group's strategic planning processes.

- **Impact scope and materiality:** Biodiversity and ecosystems-related risks are assumed to have varying levels of significance depending on the geographic location, activity type, and supply chain dependency. While these risks are material to the Group, their financial and operational impacts are considered manageable through proactive mitigation and adaptation strategies.
- **Global market diversification:** The Group's diversified product portfolio and presence in global markets are assumed to reduce dependency on specific ecosystems or regions, mitigating the impact of localized biodiversity loss.
- **Resource availability and regulation:** It is assumed that regulatory changes related to biodiversity, such as restrictions on land use or raw material extraction, will evolve gradually, providing the Group time to adapt operations and supply chain practices.
- **Ecosystem resilience:** The resilience of ecosystems is assumed to vary, with some ecosystems expected to recover from minor disruptions while others may require significant conservation efforts to mitigate long-term degradation.
- **Stakeholder expectations:** Increasing stakeholder expectations for sustainable practices are assumed to influence market demand and regulatory priorities, driving the need for sustainable materials, circular economy initiatives, and transparency in biodiversity-related impacts.
- **Technological and product innovation:** The Group assumes that advances in product design and material technology will continue to support the transition to more sustainable materials and practices, reducing biodiversity-related risks.
- **Climate-biodiversity interconnection:** The interconnection between climate change and biodiversity is assumed to exacerbate physical risks, such as habitat degradation and changes in fish populations, necessitating integrated strategies for climate and biodiversity resilience.

As part of Sustainability risk mapping and Strategy processes Rapala VMC evaluated biodiversity and ecosystems-related risks and opportunities using three time horizons:

- **Short-Term (1–3 years):** Focuses on immediate operational risks, such as compliance with biodiversity regulations and mitigating local impacts from manufacturing processes.
- **Medium-Term (3–10 years):** Considers evolving market and regulatory trends, including stricter biodiversity regulations and supply chain impacts from raw material sourcing.
- **Long-Term (10+ years):** Addresses systemic risks, such as large-scale biodiversity loss, and aligns with global conservation goals to ensure long-term market resilience.

The Group's approach to biodiversity and ecosystems-related risks includes stakeholder involvement through its DMA. Key stakeholders, including suppliers, industry experts, and environmental organizations, contribute input on biodiversity challenges and opportunities across the value chain. While the Group has not yet evaluated the need to engage directly with holders of indigenous or local knowledge, it recognizes the importance of conducting a more thorough evaluation and plans to integrate broader stakeholder perspectives into future biodiversity-related analyses and strategies. This approach supports the development of a resilient business model aligned with global conservation efforts and stakeholder expectations.

Table: Resilience of current business model and strategy to biodiversity risks and opportunities:

Risk description	Resilience of business model and strategy
Physical risks related to biodiversity and ecosystems include habitat degradation, water scarcity, and changes in fish populations due to climate change. These pose localized risks to operations and market demand.	The Group's diversified product portfolio and global market presence help mitigate these impacts. ▪ Diverse product portfolio to address varying fishing conditions and customer needs across global markets. ▪ Monitoring and reducing impacts from its operations, such as land use and water consumption in manufacturing. ▪ Supporting research and partnerships to understand and address ecosystem changes affecting fishing practices.
Transition risks stem from regulatory changes such as EU Deforestation regulation, market shifts towards sustainable materials, and stakeholder expectations for sustainable practices.*	Ongoing efforts in product innovation and circular economy practices support the Group's resilience. ▪ Incorporating sustainable materials into product design and reducing reliance on high-impact resources such as lead. Lead is a harmful substance to aquatic ecosystems. ▪ Adapting supply chain practices to align with stricter biodiversity-related regulations, including forestry and land-use management. ▪ Developing circular economy initiatives to enhance material efficiency and minimize waste. This reduces the consumption of virgin materials, reducing the impacts of forestry and mining to ecosystems.
Systemic risks related to biodiversity and ecosystems, such as large-scale ecosystem collapse, or loss of fish habitats could significantly affect the recreational fishing industry	Rapala VMC's global presence and diverse product offerings reduce its dependency on any single region or ecosystem. By engaging with stakeholders, including scientists and environmental organizations, the Group enhances its understanding of systemic risks.

*)Material IROs

Rapala VMC plans to build on its existing assessments by conducting a comprehensive resiliency analysis that systematically evaluates the Group's exposure to biodiversity risks across its operations and value chain. This will include developing a transition plan to address identified risks and integrating biodiversity considerations into strategic planning and decision-making processes.

Future efforts will focus on:

- Expanding collaboration with stakeholders to address biodiversity challenges.
- Integrating biodiversity metrics into strategic planning and risk management frameworks.
- Developing scenario analysis methodologies to better assess and understand the long-term impacts of biodiversity-related changes on the business model.
- More detailed evaluation of sourcing practices for key materials, such as timber and tungsten, to ensure any potential impacts on communities and ecosystems are effectively identified and managed.

The Group does not currently have a dedicated biodiversity policy but considers the potential need for one. In the meantime, the Group manages material IROs related to biodiversity and ecosystems through its existing policies.

Table: Policies to manage material biodiversity and ecosystem related IROs

	Supplier Code of Conduct	Procurement Guideline
Key contents	The Supplier Code of Conduct defines the principles and requirements Rapala VMC expects its suppliers to follow to ensure ethical, responsible, and sustainable business practices. It considers the interests of key stakeholders, particularly suppliers and customers. The policy aims to manage ESG risks within the supply chain while fostering collaboration, continuous improvement, and alignment with Rapala VMC's values and commitment to sustainability. The Supplier Code of Conduct requires suppliers to align with environmental responsibility, including biodiversity and ecosystem impacts. Objectives include minimizing environmental harm, promoting sustainable resource use and ensuring ethical practices. The policy addresses material dependencies by requiring suppliers to manage environmental impacts and promote sustainable resource use, recognizing the reliance on natural resources for production. It helps mitigate physical risks, such as habitat destruction and biodiversity loss, by enforcing compliance with environmental laws and improvement plans. Transition risks, including stricter regulations and sustainability expectations, are managed through supplier commitments to continuous improvement and third-party auditing.	The Procurement Guideline outlines the principles and guidelines Rapala VMC follows to ensure that procurement processes are conducted efficiently, responsibly, and ethically. The key objectives of the policy are to enable profitable and sustainable business operations by integrating environmental, social, and ethical considerations into procurement decisions while ensuring alignment with the Group's values and goals. The policy relates to impacts such as deforestation and habitat destruction by requiring responsible sourcing of materials. It promotes the use of sustainable alternatives to minimize harm to ecosystems. The policy recognizes dependencies on natural resources and aims to mitigate risks by ensuring sustainable raw material procurement. Transition risks, such as regulatory changes, are managed by adapting sourcing practices to meet emerging standards. The policy indirectly addresses social consequences by promoting ethical sourcing practices that reduce ecosystem degradation and support sustainable livelihoods in sourcing regions. Stakeholder interests, including those of suppliers and regulatory bodies, were considered in defining responsible procurement practices. The policy also addresses customer expectations for ethical and sustainable sourcing.
Scope of the policy	The Supplier Code of Conduct applies to all Rapala VMC's vendors, subcontractors, and suppliers involved in the manufacture of products that incorporate any intellectual property owned or controlled by the Group. Recognizing that responsible and sustainable supply chains extend beyond direct (1st tier) suppliers, Rapala VMC also expects its suppliers to enforce and cascade the standards outlined in the Supplier Code of Conduct to their own suppliers and business partners throughout the supply chain.	The scope of the Procurement Guideline applies to upstream activities in the value chain and covers all procurement activities globally within Rapala VMC's operations. It specifically focuses on purchasing practices and the selection of suppliers, ensuring they meet environmental standards related to energy efficiency and reduced emissions.
Implementation and monitoring	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The process for monitoring includes supplier self-assessments, reporting on compliance with key requirements, and Rapala VMC's right to conduct audits or assessments when necessary to ensure adherence to the policy. The Group commissions third-party auditors to assess selected suppliers annually, analyses the findings, and monitors the implementation of corrective action plans with the suppliers. Non-compliance may lead to corrective actions or, if unaddressed, the termination of the business relationship.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The monitoring process involves maintaining procurement expertise, evaluating supplier compliance through assessments and adherence to the Supplier Code of Conduct, and ensuring procurement decisions meet the Group's goals for sustainability, safety, and ethical performance.
Availability	The Supplier Code of Conduct is made readily available to all relevant stakeholders. Externally, it is distributed to suppliers who are required to comply with the principles outlined in the policy. Internal stakeholders responsible for implementing the policy have received training to ensure its effective application and are available to address any questions or concerns raised by suppliers. Internally, the document is accessible to all Group personnel via the Group intranet. This structured approach ensures that both internal and external stakeholders are informed of their obligations and equipped to support Rapala VMC's environmental, social, and ethical objectives, including climate change mitigation.	The document is accessible to all Group personnel via the Group intranet.

The Group has not identified any products, components or raw materials with significant actual or potential impacts on biodiversity and ecosystems along value chain. No biodiversity and ecosystem protection policy covering operational sites owned, leased, managed in or near protected area or biodiversity-sensitive area outside protected areas has been adopted. No sustainable land or agriculture practices or policies have been adopted. No sustainable oceans or seas practices or policies have been adopted.

Rapala VMC's biodiversity and ecosystems-related policies align with some of the matters reported in E4 AR4 (climate change, land-use change, freshwater-use change, sea-use change, direct exploitation, invasive alien species, pollution and others), demonstrating the Group's commitment to addressing biodiversity-related impacts, risks, dependencies, and opportunities throughout its operations and value chain. However, the Group acknowledges the need to further develop its policies to more comprehensively address certain aspects of biodiversity and ecosystems management. This includes expanding their scope and incorporating emerging challenges such as invasive species, ecosystem service dependencies, and broader biodiversity risks. Strengthening its policies will enable the Group to better align with global biodiversity goals and evolving stakeholder expectations. By aligning its current policies with the matters reported in E4 AR4 and committing to continuous improvement, Rapala VMC aims to enhance its contribution to biodiversity conservation and the resilience of ecosystems critical to its value chain.

Table: Disclosure on whether and how biodiversity and ecosystems-related policies relate to matters reported in E4 AR4

Contribution to direct impact drivers on biodiversity loss:	Impacts on the state of species:	Impacts on the extent and condition of ecosystems:	Impacts and dependencies on ecosystem services:
Climate change: The Group's Supplier Code of Conduct addresses climate change as a key driver of biodiversity loss by promoting sustainable practices across operations, such as reducing GHG emissions and adopting energy-efficient processes. Land-use change (e.g., land artificialization, freshwater-use change, and sea-use change): The Supplier Code of Conduct emphasize responsible sourcing practices aimed at water resource overuse. **Invasive alien species:** While not explicitly addressed in existing policies, the Group recognizes the importance of mitigating risks related to invasive species and plans to explore their inclusion in future policy updates. **Pollution:** The Code of Conduct and Procurement Guideline include measures to minimize pollution, such as waste management and the reduction of hazardous material use, which contribute to reducing pollution-related biodiversity impacts.	The policies do not directly address impacts on the state of species.	The Supplier Code of Conduct and Procurement Guideline mitigates ecosystem degradation by promoting sustainable material sourcing.	The Group's Code of Conduct promote actions to safeguard these services by reducing environmental footprints, sourcing responsibly, and engaging in conservation initiatives.

Key metrics and performance

Rapala VMC's sustainability strategy defines several actions and targets related to biodiversity and ecosystems. Activities include resource efficiency improvements and reducing harmful substances. The sustainability targets are closely aligned with the Group's commitment to addressing biodiversity and ecosystem impacts, dependencies, risks, and opportunities across its operations and value chain. The timeframe for these actions and targets is the Group's current sustainability strategy period 2024-2026. No biodiversity offsets were used in action plan and the Group has not incorporated local and indigenous knowledge and nature- based solutions into biodiversity and ecosystems -related actions.

Table: Actions and resources in relation to biodiversity and ecosystems

Action	Innovations and product development	Sustainable packages
Description	Rapala VMC is committed to reducing environmental impacts by introducing alternatives to harmful substances and advancing sustainable product design. This commitment is reflected in the following key actions: Reduction of lead in products: Expanding the use of lead-free materials across product lines to minimize harm to aquatic ecosystems and reduce reliance on harmful substances.	**Key actions include:** Reduction of plastic usage in packaging: Phasing out plastic materials in packaging wherever feasible and replacing them with more sustainable alternatives, such as recycled or biodegradable materials, to minimize environmental waste. Adoption of FSC-certified cardboard: Expanding the use of FSC-certified cardboard in packaging to ensure materials are sourced from responsibly managed forests that preserve biodiversity and ecological integrity.
Scope	The scope of the key action to reduce lead in products is focused on Rapala-branded products, with efforts directed at decreasing the use of lead in wobblers through product development and material innovation. Rapala is the Group's key brand and constitutes a significant portion of the lure product category sales volume and value. Lead is mainly used in the lure category. For the adoption of eco-friendly materials, the scope targets products with plastics, emphasizing the replacement of conventional plastics with sustainable alternatives to minimize pollution and enhance sustainability	The key actions apply across all product lines and packaging materials, focusing on integrating ecological materials, reducing plastic usage, and increasing the adoption of FSC-certified cardboard. These efforts span design, manufacturing, and supply chain processes, targeting both new product development and existing product transitions to enhance sustainability and protect biodiversity.
Targets	Achieving 100% lead-free Rapala-branded wobblers directly addresses risks to aquatic life by eliminating harmful substances, contributing to healthier ecosystems and aligning with consumer expectations for environmentally safe products. The targets are not based on conclusive scientific evidence. Stakeholders have not been involved in target setting. This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the targets or methodologies were made during the reporting period.	Increasing the use of FSC-certified cardboard in packaging reduces reliance on unsustainable forestry practices, helping to preserve biodiversity in managed forest ecosystems and mitigate risks associated with deforestation. Revising packaging to reduce plastics, increase recycled content, and decrease material use lowers environmental impact throughout the value chain by reducing waste, pollution, and dependency on non-renewable resources. The targets are not based on conclusive scientific evidence. Stakeholders have not been involved in target setting. This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the targets or methodologies were made during the reporting period.
Current and Future financial resources	Rapala VMC currently lacks the capability to track costs specifically tied to the action plan, as these expenditures are distributed across multiple Group companies and embedded within broader operational and R&D budgets. Over several years, the Group has dedicated substantial resources, including significant manhours and financial investments, to replacing lead with alternative materials in lures. The transition to certified materials and the replacement of lead with tungsten have increased production material costs. However, precise cost estimations are challenging due to various influencing factors such as inflation, resource efficiency, and market availability. Additionally, the ongoing redesign of packaging to reduce plastic usage incurs costs related to manhours and external consultants. These costs, however, are largely offset by reductions in overall material consumption and related operational efficiencies.	

Table: Tracking effectiveness of biodiversity and ecosystem related policies and actions through targets

Target	Measure	Base year	Base-year value	Target year	2024	Change compared to base year, %
100 % of Rapala branded wobblers lead free by 2026	% of active SKUs lead free	2024	88,2%	2026	88,2%	0
Increase the amount of FSC certified cardboard used in manufacturing and warehouses (80% of cardboard used certified)	% of FSC certified cardboard used vs total cardboard consumption in manufacturing and warehouses	2024	165t / 34%	2026	165t / 34%	0
Revise packages to decrease plastic consumption in manufacturing by 20%	% change (ton) of packaging plastic used in manufacturing	2024	137t / 0%	2026	137t / 0%	0

(Common targets with resource use and circular economy)

The Group's sustainability targets align with specific layers of the mitigation hierarchy. Targets addressing avoidance include piloting environmentally friendly materials to replace non-sustainable materials in fishing tackle and ensuring 100% lead-free Rapala-branded wobblers, both of which prevent ecological harm while indirectly reducing waste and pollution risks. Targets focused on minimization include increasing the use of FSC-certified cardboard in packaging and revising packaging to eliminate plastics, increasing recycled content, and reduce material use, which lower the environmental impact of materials while indirectly supporting avoidance by reducing resource extraction and deforestation.

In setting its biodiversity and ecosystem-related targets, the Group did not apply ecological thresholds or allocate specific impacts to the undertaking. The targets are also not informed by or aligned with the Kunming-Montreal Global Biodiversity Framework, the EU Biodiversity Strategy for 2030, or other biodiversity and ecosystem-related national policies and legislation. Additionally, biodiversity offsets were not utilized in the target-setting process. However, the Group is committed to refining its approach following a thorough resilience analysis and aims to incorporate these tools and frameworks into future target-setting processes.

E5 – Resource use and circular economy

Governance and strategy

The Group has defined two key policies, the Procurement Guideline and the Supplier Code of Conduct to manage material IROs related to resource use and circular economy.

Table: Policies to manage material resourced use and circular economy related IROs

	Procurement Guideline	Supplier Code of Conduct
Key contents	The Procurement Guideline outlines the principles and guidelines Rapala VMC follows to ensure that procurement processes are conducted efficiently, responsibly, and ethically. The key objectives of the policy are to enable profitable and sustainable business operations by integrating environmental considerations into procurement decisions while ensuring alignment with the Group's values and goals. The policy explicitly promotes the use of recycled and reusable products and materials. It encourages lifecycle assessments to minimize reliance on virgin resources. Stakeholder interests, including those of suppliers and regulatory bodies, were considered in defining responsible procurement practices. The policy also addresses customer expectations for ethical and sustainable sourcing.	The policy promotes environmental compliance in sourcing and production processes. It promotes use of recycled materials, minimizing waste, and transitioning to circular economy practices, including repair, reuse, remanufacture, and recycling strategies. Suppliers are encouraged to adopt lifecycle thinking and integrate sustainability considerations into product design.
Scope of the policy	The scope of the Procurement Guideline applies to upstream activities in the value chain and covers all procurement activities globally within Rapala VMC's operations. It includes supplier selection, material purchasing, and procurement planning.	The Supplier Code of Conduct applies to all Rapala VMC's vendors, subcontractors, and suppliers involved in the manufacture of products that incorporate any intellectual property owned or controlled by the Group. Recognizing that responsible and sustainable supply chains extend beyond direct (1st tier) suppliers, Rapala VMC also expects its suppliers to enforce and cascade the standards outlined in the Supplier Code of Conduct to their own suppliers and business partners throughout the supply chain.
Implementation and monitoring	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The monitoring process involves maintaining procurement expertise, evaluating supplier compliance through assessments and adherence to the Supplier Code of Conduct, and ensuring procurement decisions meet the Group's goals for sustainability, safety, and ethical performance.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. The process for monitoring includes supplier self-assessments, reporting on compliance with key requirements, and Rapala VMC's right to conduct audits or assessments when necessary to ensure adherence to the policy. The Group commissions third-party auditors to assess selected suppliers annually, analyses the findings, and monitors the implementation of corrective action plans with the suppliers. Non-compliance may lead to corrective actions or, if unaddressed, the termination of the business relationship.
Availability	The document is accessible to all Group personnel via the Group intranet.	The Supplier Code of Conduct is made readily available to all relevant stakeholders. Externally, it is distributed to suppliers, who are required to comply with the principles outlined in the policy. Internal stakeholders responsible for implementing the policy have received training to ensure its effective application and are available to address any questions or concerns raised by suppliers. Internally, the document is accessible to all Group personnel via the Group intranet. This structured approach ensures that both internal and external stakeholders are informed of their obligations and equipped to support Rapala VMC's environmental, social, and ethical objectives, including climate change mitigation.

Key metrics and performance

Rapala VMC's sustainability strategy defines several actions and targets related to resource use and circular economy. Activities encompass resource efficiency, increase of recycled materials, reducing harmful substances and replacing them with more sustainable alternatives. The sustainability targets are closely aligned with the Group's commitment to addressing resource use and circular economy impacts, dependencies, risks, and opportunities across its operations and value chain. The targets are voluntarily set by the Group and not mandatory as required by legislation. The timeframe for these actions and targets is the Group's current sustainability strategy period 2024-2026.

Table: Actions and resources in relation to resource use and circular economy

Action	Innovations and product development	Sustainable packages
Description	Rapala VMC is committed to reducing environmental impacts by introducing alternatives to harmful substances and advancing sustainable product design. This commitment is reflected in the following key actions: Reduction of lead in products: Expanding the use of lead-free materials across product lines to minimize harm to aquatic ecosystems and reduce reliance on harmful substances.	**Key actions include:** Reduction of plastic usage in packaging: Phasing out plastic materials in packaging wherever feasible and replacing them with more sustainable alternatives, such as recycled or biodegradable materials, to minimize environmental waste. Adoption of FSC-certified cardboard: Expanding the use of Forest Stewardship Council (FSC)-certified cardboard in packaging to ensure materials are sourced from responsibly managed forests that preserve biodiversity and ecological integrity.
Scope	The scope of the key action to reduce lead in products is focused on Rapala-branded wobblers, with efforts directed at decreasing the use of lead in lures through product development and material innovation. Rapala is the Group's key brand and constitutes a significant portion of the lure product category sales volume and value. Lead is mainly used in the lure category. For the adoption of eco-friendly materials, the scope targets products with plastics, emphasizing the replacement of conventional plastics with sustainable alternatives to minimize pollution and enhance sustainability.	The key actions apply across all product lines and packaging materials, focusing on integrating ecological materials, reducing plastic usage, and increasing the adoption of FSC-certified cardboard. These efforts span design, manufacturing, and supply chain processes, targeting both new product development and existing product transitions to enhance sustainability and protect biodiversity.
Targets	Piloting environmentally friendly materials to replace non-sustainable plastics in fishing tackle supports resource efficiency and circular economy objectives by reducing dependency on finite, non-renewable resources. This initiative promotes the use of sustainable alternatives, minimizing waste and pollution while contributing to a closed-loop system that aligns with circular economy principles. Ensuring all Rapala-branded wobblers are lead-free supports circular economy objectives by eliminating toxic materials, reducing environmental risks, and promoting safer, more sustainable alternatives that align with circular design principles. The targets are not based on conclusive scientific evidence. Stakeholders have not been involved in target setting. This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the targets or methodologies were made during the reporting period.	Increasing the use of FSC-certified cardboard in packaging supports resource use and circular economy by promoting sustainable forestry, reducing reliance on unsustainable practices, and helping to preserve biodiversity in managed ecosystems. Revising packaging to reduce plastics, increase recycled content, and decrease material use lowers environmental impact throughout the value chain by reducing waste, pollution, and dependency on non-renewable resources. The targets are not based on conclusive scientific evidence. Stakeholders have not been involved in target setting. This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the targets or methodologies were made during the reporting period.
Current and Future financial resources	Rapala VMC currently lacks the capability to track costs specifically tied to the action plan, as these expenditures are distributed across multiple Group companies and embedded within broader operational and R&D budgets. Over several years, the Group has dedicated substantial resources, including significant manhours and financial investments, to replacing lead with alternative materials in lures. The transition to certified materials and the replacement of lead with tungsten have increased production material costs. However, precise cost estimations are challenging due to various influencing factors such as inflation, resource efficiency, and market availability. Additionally, the ongoing redesign of packaging to reduce plastic usage incurs costs related to manhours and external consultants. These costs, however, are largely offset by reductions in overall material consumption and related operational efficiencies.	

Resource use and circular economy targets are common with biodiversity and ecosystems targets, see Table: Tracking effectiveness of biodiversity and ecosystem related policies and actions through targets.

The Group's sustainability targets demonstrate an alignment with resource use and circular economy policy objectives by addressing material sourcing, waste reduction, and circular design. Efforts to increase the use of FSC-certified cardboard in packaging and revise packaging to eliminate plastics, enhance recycled content, and reduce material usage directly support circular design and recycling, minimizing waste and promoting the responsible use of materials.

- **Circular design:** Target related to the objective is plastic reduction in packaging. Reduction of plastic in packaging involves switching to recyclable or reusable alternatives.
- **Increase in circular material use rate:** Targets related to the objective are the increase in use of FSC cardboard and plastic reduction in packaging. Reduction of plastic in packaging involves switching to recyclable or reusable alternatives. FSC-certified cardboard includes recycled content.
- **Minimisation of primary raw materials:** Target related to the objective is the plastic reduction in packaging. Reducing plastic use lowers reliance on virgin fossil-based raw materials.
- **Reversal of depletion of stock of renewable resources:** Targets related to the objective are the increase in use of FSC cardboard and plastic reduction in packaging. FSC certification ensures responsible forest management and aligns with the cascading use of renewable resources. Plastic is replaced with sustainably sourced renewable materials, such as FSC certified cardboard and paper.
- **Waste management:** Targets related to the objective are the plastic reduction in packaging and removing lead from products. Less plastic packaging reduces waste generation and may improve recyclability. Removing lead prevents hazardous waste generation and facilitates safer disposal and recycling.
- **Other matters related to resource use or circular economy:** Eliminating toxic materials, like lead, supporting safer resource loops and a cleaner circular economy
- **Layer in waste hierarchy to which target relates:**
  - Increase of FSC-certified cardboard: Recycling
  - Reduction of plastic in packaging: Prevention, recycling
  - Removing lead from products: Prevention, recycling, disposal

Material inflows

Key materials used in manufacturing include tungsten (a critical raw material classified as a conflict mineral), balsa wood, birch wood, steel, plastics, and various chemicals, such as paints, lacquers, solvents, and glues. Packaging materials are a significant part of the Group's resource inflows. Cardboard constitutes the majority of packaging materials consumed.

During the reporting period, data on materials used to manufacture Rapala VMC's products and services was collected from the Group's own manufacturing sites. The data is based on direct measurement of materials purchased and used during the reporting period, measured in tons or kilograms. For sourced finished goods, the data is an estimate derived from direct measurements at the Group's own manufacturing facilities. The estimation process accounts for the proportional volume split between products manufactured internally and those sourced externally. To enhance the accuracy of data on outsourced products, the Group is actively developing more detailed data collection methods. These improvements aim to provide a more precise understanding of the weights and material composition of externally sourced products in future reporting periods. This approach combines direct measurements and estimations, with key assumptions including the consistency of material usage patterns and the proportionality of material consumption across own and sourced production volumes.

Material inflows	
Overall total weight of products and technical and biological materials used during the reporting period (t)	3 549
Percentage of certified biological materials (and biofuels used for non-energy purposes) (%) (FSC certification)	4,7
The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging) (t)	300
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials (%)	8,5

Material outflows

Rapala VMC produces a range of fishing and outdoor equipment designed to be durable. The Group has integrated circular principles into its production processes by focusing on durability, reusability, repairability, recycling, and optimizing resource use. Products are designed for long-term use. Many of Rapala VMC's products, including rods and reels, are designed to allow for repairs, extending their usability through replacement parts and repair services such as the rods and reels repair centre in the Rapala VMC premises in Pärnu. Recyclable materials, such as FSC-certified cardboard, are incorporated into the packaging.

Defining exact durability in years for fishing gear presents challenges, as there are no established industry standards. The longevity of these products varies significantly depending on user behaviour, environmental conditions, and intensity of use. To comply with the ESRS data point E5-5, 36a, "Disclosure of expected durability of products", the Group assessed how its products compare to the industry average in terms of durability. Internal category experts—who have extensive experience with these products and the industry—provided estimates based on their knowledge and analysis. These experts evaluated the key factors that contribute to product lifespan, identified common causes of premature wear, and assessed how the Group's products address these issues relative to industry norms.

Table: Expected durability of products

Product	Expected durability index	Industry average index
Lures – Rapala hardbaits	150	100
Lures – Rapala soft baits	120	100
Lures - Other	120-150	100
VMC hooks	110-150	100
VMC jigheads	120	100
Terminal tackle	110-120	100
Okuma rods	120	100
Okuma reels	120	100
Rapala tools & accessories	120	100

Material outflows	
The rate of recyclable content in products (%)	0,3
The rate of recyclable content in products packaging (%)	43,5
Total Waste generated (t)	1 938
Hazardous waste diverted from disposal (t)	80
Hazardous waste diverted from disposal due to preparation for reuse (t)	43
Hazardous waste diverted from disposal due to recycling (t)	15
Hazardous waste diverted from disposal due to other recovery operations (t)	23
Non-hazardous waste diverted from disposal (t)	1 159
Non-hazardous waste diverted from disposal due to preparation for reuse (t)	33
Non-hazardous waste diverted from disposal due to recycling (t)	581
Non-hazardous waste diverted from disposal due to other recovery operations (t)	546
Hazardous waste directed to disposal (t)	267
Hazardous waste directed to disposal by incineration (t)	47
Hazardous waste directed to disposal by landfilling (t)	2
Hazardous waste directed to disposal by other disposal operations (t)	218
Non-hazardous waste directed to disposal (t)	432
Non-hazardous waste directed to disposal by incineration (t)	86
Non-hazardous waste directed to disposal by landfilling (t)	106
Non-hazardous waste directed to disposal by other disposal operations (t)	240
Non-recycled waste (t)	699
Percentage of non-recycled waste (%)	36
Total amount of hazardous waste (t)	347
Total amount of radioactive waste (t)	0,00

The Group's manufacturing and distribution operations generate several key waste streams, primarily associated with material processing, packaging, and operational activities. These include:

- Production Waste: Metal shavings, wood and plastic trimmings, and coatings/byproducts from the manufacturing of fishing lures, hooks, and other equipment.
- Packaging Waste: Cardboard, wooden pallets, plastic wrapping, and mixed packaging waste from product distribution.
- Chemical and Hazardous Waste: Paint residues, adhesive and coating waste, cleaning solvents, and contaminated absorbents from manufacturing processes.
- General and Operational Waste: Wastewater from production processes, biowaste, energy waste, and mixed municipal waste from facilities.

The total waste generated amounts to 1 938 tonnes, consisting of both hazardous and non-hazardous waste materials.

Non-Hazardous Waste (1 591 t):

- Process wastewater generated from manufacturing and operational activities (730 t).
- Biomass: Cardboard, paper, wood chips, wooden packaging, and biowaste (501 t).
- Non-Metallic Minerals: General mixed waste, energy-related waste, and recyclable materials (313 t).
- Metals: Scrap metal and machining residues from manufacturing (39 t).
- Plastics: Packaging materials, ABS plastic waste, and shrink plastic (8 t).

Hazardous Waste (approx. 347 tonnes)

- Hazardous Substances: Waste chemicals, chemical residues, solvents, contaminated filter cakes, pickling acids, sludges from industrial processes and fluorescent lamps containing mercury (335 t).
- Metals: Residues from metal plating and surface treatments, including nickel and gold (12 t).

The Group is actively developing its methods for capturing data on product outflows and recycled content to improve the accuracy and consistency across its reporting. Rapala VMC has data of products manufactured in its own facilities, calculations are based on materials used in production, providing precise information on material composition and recycled content. This data forms the foundation for the Group's methodology. Precise item level material reporting development is ongoing, and this will improve the accuracy of material recycled content reporting significantly.

Each local unit is responsible for reporting waste types and disposal methods through the Group's sustainability reporting system. For waste streams generated by products placed on the market, the calculations are limited to packaging waste, as the Group lacks visibility to how consumers use and discard its products. The methodology for calculating waste involves direct reporting of waste types and disposal methods from operational units, ensuring consistency and transparency across the organization. Packaging waste is calculated based on the packaging materials put to market from own manufacturing sites and scaling this volume to encompass the Groups whole product portfolio and annual sales.

The classification of products designed along circular principles is based on clear criteria. Products are considered circular if they are designed for durability, reusability, or utilize materials that align with circular economy goals, such as recyclability or the inclusion of renewable resources. This classification assumes that product materials are intended to remain in use for extended periods. The Group's products are designed to be durable and many have components that are replaceable, extending the life span. The Group does not have visibility to the average life span of products, the longevity of these products varies significantly depending on user behaviour, environmental conditions, and intensity of use. Thus, packaging waste is prioritized in calculations due to its higher relevance compared to the materials used in the products themselves.

The data for these classifications is derived from both direct measurements and estimations. Operational waste data is directly measured and reported by local units, while estimates are applied to packaging waste based on standardized assumptions regarding waste volume.

SOCIAL INFORMATION

S1 – Own workforce

Governance and strategy

Rapala VMC is committed to respecting and promoting internationally recognized human rights across all its operations. The Group's human rights policy is aligned with the internationally recognized instruments, it adheres to the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact principles. The Group seeks to ensure that materials used in its products and sourced products come from socially responsible sources. Rapala VMC has a zero-tolerance policy for child labour within its operations and supply chain.

The Group is working on renewing its Code of Conduct and human rights policy to also cover the topic of remedy for human rights impacts. Possible human rights violations or suspicions of such events can be reported through the Group's Whistleblowing channel.

Workforce management and well-being

All employees of Rapala VMC are required to have written employment contracts. Where applicable, the Group verifies work and residence permits and adheres to local laws governing employment contracts, working hours, and annual holidays. Rapala VMC also respects binding local collective agreements, operating under the strictest standard, whether derived from labour laws or collective agreements. Rapala VMC respects employees' rights to form, join, or choose not to join trade unions. In countries with legally recognized unions, the Group is committed to constructive dialogue with employee representatives and ensures employees are not penalized for trade union activity.

Recognizing that some operating regions may have risks of child labour, the Group enforces policies related to this issue. It does not hire individuals under the age of 15 or below the legal age limit set by local legislation, whichever is higher. Where local laws permit, the minimum age for light work with reduced hours may be lower, as in the case of summer jobs for students. The minimum age for hazardous work is strictly 18 years. The Group also prohibits all forms of modern slavery, including forced labour and human trafficking, within its operations and supply chain. Rapala VMC does not have specific policy commitments related to inclusion and/or positive action for people from groups at particular risk of vulnerability. However, the zero-tolerance policy against discrimination aims to protect these groups.

Rapala VMC utilizes a global internal communication platform to distribute important information across the organization. All policies, including the human rights policy and other key employment policies, are accessible via the Group's intranet. Regular global and local employee meetings are held to share updates on topics such as corporate strategy and financial performance. In certain circumstances, the Group may also communicate through shop stewards, who relay information to the employees they represent. During the summer of 2024, a global employee satisfaction survey was conducted to collect feedback and insights from staff.

Additionally, the Group provides a whistleblowing channel managed by a third party, WhistleB, allowing employees to report suspicions of misconduct anonymously and in good faith. Concerns can be submitted through a web-based whistleblowing channel, with an option for anonymous messaging and dialogue. Access to messages received through the whistleblowing channel is restricted to appointed individuals with the authority to handle whistleblowing cases. Their actions are logged, and handling is confidential. When needed, individuals who can add expertise may be included in the investigation process. Upon receiving a message, the whistleblowing team decides whether to accept or decline the message based on the Whistleblowing guidelines and the applicable legislation. If the message is accepted, appropriate measures for investigation will be taken. The whistleblower will receive an acknowledgment of receipt of the report within seven days. The whistleblowing team will send appropriate feedback within three months upon the date of receiving the report. All messages are treated seriously and in accordance with these Whistleblowing guidelines.

Rapala VMC has several policies in place to manage workforce related IROs and the Group has defined employee related actions and targets in its sustainability strategy.

Table: Policies to manage material own workforce related IROs

	Code of Conduct	Human rights policy	Zero tolerance policy	Whistleblowing policy
Key contents	The Code of Conduct establishes Rapala VMC's commitment to ethical business practices and environmental stewardship. It requires compliance with applicable laws and regulations, emphasizing the importance of integrity in all business dealings. It promotes a safe and inclusive workplace, ensuring equality and prohibiting discrimination based on characteristics such as race, gender, age, or religion. Recruitment, employment, and promotions are based solely on qualifications and capabilities. Forced and child labour are strictly forbidden, and employees are guaranteed the right to unionize and engage in collective bargaining without fear of penalty. The Code also prioritizes confidentiality, requiring employees to safeguard sensitive information related to the Group, colleagues, and partners. Ethical business practices are a core principle, with clear prohibitions against bribery or actions that could compromise integrity. In setting this policy, Rapala VMC has considered the interests of customers, consumers, suppliers (including workers in the whole value chain), business partners and employees.	The Rapala VMC Human Rights Policy demonstrates the company's commitment to respecting and promoting human rights across all its operations and supply chains. It ensures that all practices align with ethical labour standards, prohibiting forced and child labour while safeguarding fair treatment and the right to freedom of association. The policy reinforces equitable treatment for all, requiring that employees and workers are treated with dignity and respect. It explicitly prohibits any form of discrimination and mandates that suppliers uphold these principles in their operations.	The policy establishes the company's stance against harassment, sexual harassment, and discrimination in the workplace. It ensures that every employee has the right to a safe, healthy, and respectful working environment. The policy explicitly defines discrimination as any unfavourable treatment based on personal characteristics such as ethnicity, gender, age, religion, or sexual orientation. It addresses harassment and sexual harassment by providing clear examples, including threats, malicious comments, or inappropriate behaviours that create a distressing atmosphere. The policy emphasizes collective responsibility for maintaining a safe work environment, encouraging bystander intervention when inappropriate behaviours are observed. It also highlights the employer's legal obligation to act upon receiving reports of misconduct. In setting this policy, Rapala VMC has considered the interests of the Group's workforce, both own employees and external workforce such as rented workforce.	The policy outlines the key mechanisms for addressing suspicions of misconduct in a confidential manner. The policy provides a secure reporting channel for employees and external stakeholders to raise concerns about serious wrongdoing, including violations of laws, regulations, or internal policies. The policy emphasizes that reports must be made in good faith and prohibits retaliation against whistleblowers who act responsibly. It also specifies the process for handling and investigating reports, with a dedicated whistleblowing team responsible for ensuring a thorough and impartial review of all submitted cases. In setting this policy, Rapala VMC has considered the interests of employees, workers in the whole value chain, business partners, customers and authorities.
Scope of the policy	The policy applies to all employees regardless of their role and business units across the Group's operations and downstream value chain. Geographic scope includes all operational regions and markets where the Group operates.	The policy applies to all Group operations and supply chains, covering employee treatment, labour practices, and material sourcing. The policy has no stated exclusions, requiring suppliers to fully uphold its principles across the value chain.	The policy applies to all employees and non-employees at all levels of the organization. Its scope covers all behaviours related to harassment, sexual harassment, and discrimination across all locations where the Group operates.	The Rapala VMC Whistleblowing Policy applies to all employees, contractors, suppliers, and other stakeholders connected to the Group. Its scope includes reporting serious risks or misconduct related to violations of laws, regulations, internal policies, or ethical principles within the Group's operations or value chain. The policy covers areas such as financial irregularities, environmental violations, health and safety concerns, and breaches of ethical standards. The policy does not extend to personal grievances or dissatisfaction unrelated to the categories of misconduct outlined, which are addressed through other internal procedures. This clear delineation ensures the whistleblowing mechanism is focused on addressing significant issues that could impact the Group, its stakeholders, or broader society
Implementation and monitoring	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. Monitoring is part of broader corporate governance practices, supported by reporting mechanisms.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. Monitoring is part of broader corporate governance practices, supported by reporting mechanisms.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy. If a person faces discrimination, they can turn to their manager, manager's manager or possible local HR department or occupational safety delegate for support.	The Group's Global Management Team, chaired by the President & CEO, is responsible for the implementation of the policy.
Availability	The document is accessible to all Group personnel via the Group intranet.	The document is accessible to all Group personnel via the Group intranet. It is sent to customers or business partners when requested.	The document is accessible to all Group personnel via the Group intranet. It has been also communicated in a separate staff information session in some of the Group's larger locations, such as Helsinki, Vääksy and Pärnu.	The policy is made available to affected stakeholders and those responsible for its implementation through the Group's website and internal communications. It includes clear guidance on accessing the external whistleblowing platform and reporting mechanisms to ensure transparency and accessibility
Third-party standards adhered	The policy adheres to the principles of the International Bill of Human Rights, including the Universal Declaration of Human Rights and its covenants, as well as the United Nations Guiding Principles on Business and Human Rights. It also aligns with the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, covering freedom of association, non-discrimination, and the elimination of forced and child labour.	The policy adheres to the principles of the International Bill of Human Rights, including the Universal Declaration of Human Rights and its covenants, as well as the United Nations Guiding Principles on Business and Human Rights. It aligns with the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, emphasizing the elimination of forced and child labour, freedom of association, and equitable treatment in employment. Additionally, it reflects the principles of the United Nations Global Compact, reinforcing the Group's commitment to operating with integrity and promoting responsible practices across its operations and supply chains.	The policy aligns with the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact principles. These frameworks guide the policy's commitment to ensuring a safe, inclusive, and respectful workplace, prohibiting harassment, discrimination, and any form of mistreatment across all operations.	The policy aligns with the principles outlined in the European Union Whistleblower Protection Directive (2019/1937).

Table: Targets set to manage material own workforce related IROs

Target	Measures	Target year	Target value	2024
Accident frequency rate < 10 in own manufacturing and warehouses	Accidents per million working hours	Annual	<10	26,1
Sick leave ratio in all units	% (Sick leave hours / total hours worked)	Annual	<5%	3,4%
Employee training, 1% of net sales spent on employee training in all units	% (€ spent on employee training / annual net sales)	Annual	1%	0,1%

This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the targets or methodologies were made during the reporting period.

Engaging with own employees

Rapala VMC actively integrates workforce perspectives into its decision-making processes to address actual and potential impacts on employees. Engagement is facilitated through both global and local channels, ensuring employee insights shape policies and practices. This interaction occurs directly with the workforce and through workers' representatives, guided by local legislation and collective agreements. The frequency of engagement varies by location but typically occurs at least once per quarter. The stages of engagement depend on the material, actual and potential, positive and/or negative impact in question. The aim is to engage the workforce proactively to prevent issues, ongoingly to monitor and improve practices, and reactively to address specific concerns. Local leadership holds primary responsibility for ensuring engagement at the area level, while the global management team oversees this process globally. The Group does not currently have a global framework agreement in place.

Globally, Rapala VMC conducted an employee satisfaction survey in 2024, focusing on equality, leadership, well-being, and workplace culture. The response rate was approximately 59 % of the global workforce. The results were reviewed by senior leadership and action plans have been drafted for 2025 based on the results. This survey will be conducted annually, and all units globally participate. Additionally, a 2022 stakeholder survey, which included employees as a key respondent group, mapped actual and potential impacts—both positive and negative. This survey is set to occur regularly to support continuous improvement.

Locally, engagement mechanisms include employee committees, such as health and safety committees and employee forums, which enable workers to bring issues to the attention of local management. Staff meetings provide opportunities for leadership to gather direct feedback from employees. In certain locations, regular meetings are held between local management and employee representatives, such as shop stewards, to address specific concerns. Development discussions and performance reviews also offer employees a platform to share feedback with their managers. Through these processes, Rapala VMC ensures workforce engagement is a central part of its operations. Rapala VMC currently lacks the capability to track costs specifically tied to the action plan, as these expenditures are distributed across multiple Group companies and embedded within broader operational budgets.

Stakeholders have not been involved in target setting. Future development actions include engaging own workforce in setting and monitoring targets and identifying lessons and improvements. At own manufacturing sites, employees already have the opportunity to follow local health and safety objectives.

Impact, risks and opportunities related to own workforce

Rapala VMC ensures its operations do not cause or contribute to material negative impacts on its workforce by adhering to international standards such as the International Bill of Human Rights, UN Guiding Principles, and International Labour Organization conventions. Employment policies comply with local labour laws and collective agreements, prohibiting forced labour, child labour, and exploitative conditions. Manufacturing and warehousing units implement strict health and safety protocols, conduct audits, and hold regular training to minimize risks. A zero-tolerance policy against discrimination is enforced, supported by diversity training in key locations and harassment contact persons in multiple countries. The whistleblowing channel, managed by a third party, provides employees and non-employees with a confidential system to report concerns.

Resources are allocated across financial, human, and technological dimensions to manage workforce-related impacts. Investments support occupational healthcare, sustainability reporting, safety improvements, and training. Local HR professionals, safety specialists, and Group-level compliance and sustainability teams provide operational oversight. Technological tools, including a global sustainability reporting platform, enable the collection and analysis of workforce-related data such as sick leaves, accidents, and salary differences, ensuring informed decision-making and continuous improvement.

Table: Material own workforce related IROs, type of workforce impacted, and tools and assumptions used

	Equal treatment and opportunities	Occupational safety	Work-life balance	Workers' rights and stability of employment
Impacts	Unequal treatment leads to social injustice, discrimination, and marginalization of minority groups. Biased recruitment and promotion limit equal opportunities and reinforce systemic inequality. Lack of diversity diminishes inclusive workplace culture, reducing social cohesion. Equal treatment fosters inclusion and social equity, supporting equal participation in the labor market.	Poor safety practices lead to physical injuries and mental health issues among workers. Higher risks for manual laborers raise concerns about worker protection and justice in hazardous roles. Good safety standards improve public health outcomes and quality of life for workers and their families.	Poor balance contributes to stress, burnout, and poor mental health, affecting individuals and communities. Promoting work-life balance supports societal wellbeing, especially for caregivers and parents.	Job insecurity and lack of stable employment contribute to social inequality and precarity. Respecting labor rights supports just working conditions and social justice. Stable employment supports household income and economic stability.
Risks	Unequal treatment of employees can lead to decreased motivation and increased turnover. Biased recruitment and promotion practices reduce diversity, undermining competitiveness and innovation. Reputational risks may make it harder to attract top talent in the future. Limited career and salary development opportunities negatively impacted individuals.	Neglecting occupational safety can increase accidents and injuries, harming the physical and mental wellbeing of the workforce. A poor safety record can damage the Group's reputation. Productivity may decline due to increased sick leave and absenteeism. Physical risks are higher for manufacturing and warehouse workers due to machinery use, heavy lifting, and chemical exposure, while office-based specialist or managerial employees may face greater psychosocial strain.	Failing to promote a work-life balance can result in excessive workloads, exhaustion, and increased absences. Employee morale may decline, leading to higher turnover as the work-life balance is highly valued by many employees.	Failing to respect worker rights can harm workforce wellbeing and lead to retention challenges. A lack of secure employment may result in higher employee turnover. Disregarding worker rights can severely and even permanently damage the Group's reputation.
Opportunities	Equal treatment of employees can boost morale and improve retention, particularly among minority groups. A strong commitment to equality enhances the Group's reputation and attracts top talent. Objective, non-biased recruitment and promotion practices foster diversity, strengthening competitiveness and innovation over time.	Emphasizing occupational safety can reduce accidents and injuries, enhancing workforce wellbeing. A strong safety culture improves the Group's reputation as a responsible employer. Improved safety can boost productivity by minimizing sick leave and absenteeism.	Promoting a healthy work-life balance can ensure sustainable workloads, enhance employee wellbeing, and reduce absences. A strong focus on work-life balance fosters higher morale and greater employee commitment to the Group.	Respecting worker rights and providing stable employment strengthens the Group's reputation as a responsible employer and corporate citizen. A strong commitment to worker rights can reduce employee turnover and enhance workforce stability.
Activities	On-the-job learning and training programs enhance job satisfaction and career prospects for employees, contractors, and leased workers. Most training opportunities are extended to non-employees, broadening their impact. In Estonia, Rapala VMC has employed Ukrainian refugees, supporting individuals who face greater challenges in finding employment.	Risk assessments are conducted at Rapala VMC locations, especially factories and warehouses, to improve occupational safety and health. Assessments are carried out by health and safety personnel, factory management, or occupational health and safety committees. Independent external audits began in 2023 to identify potential risks, with the Estonian factory audited in May 2023, focusing on occupational safety. Occupational accidents and near-accident data are closely monitored to identify higher-risk roles and prevent future incidents. Rapala VMC currently lacks a Group-level accident prevention policy or management system. Instead, local units adhere to separate policies based on country-specific legislative requirements and have the necessary management systems in place.	Flexible working hours and partial remote work options in Finland, the USA, and the UK help employees and non-employees balance work and personal life. These measures are particularly supportive of parents, caregivers, and those with long commutes.	Operations adhere to the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact. Policies comply with labour laws and collective agreements, ensuring the prohibition of forced labour, child labour, and exploitative conditions.
Type of workforce materially impacted	The types of employees and non-employees in Rapala VMC's own workforce subject to material impacts are full-time employees, part-time employees, contractors (self-employed) and rented workforce. Full-time and part-time employees are Group's own employees. Contractors are self-employed people and rented workforce are people provided by the third-party undertakings. All materially impacted individuals are included in the disclosure scope.			
Negative impact occurrence	Related to individual incidents			
Tools and assumptions	Actual or potential negative impacts on own workforce are identified through multiple channels, including DMA, whistleblowing channel, global employee survey, local occupational safety staff and feedback from worker representatives. Also, official audits and risk assessments are conducted. Rapala VMC has a limited number of global processes related to actions taken in response to potential or actual negative impacts on its workforce. The Group identifies necessary and appropriate actions through case-specific evaluations, which may involve local management, HR, and occupational safety personnel. In cases of an actual negative impact, actions may include immediate support for affected employees, such as medical care or counselling, adjustments to workplace conditions, revisions to policies or procedures, or the provision of additional training. For potential negative impacts, preventative measures may include strengthening risk controls, enhancing training programs, or introducing new processes to mitigate identified risks. These actions are primarily determined at the local level, reflecting country-specific regulatory requirements and operational contexts. Where relevant, findings from incidents or risk assessments may inform broader improvements across the Group.			
Assessment criteria	In case an issue is identified, it is assessed based on its severity, scale, and likelihood of recurrence. Relevant internal stakeholders are included in the process (for example management representatives, legal or HR teams). If needed, external experts might be consulted.			
Monitoring	The effectiveness of actions and initiatives in delivering outcomes for our own workforce is analysed for example based on different metrics and reports, employee satisfaction surveys, employee feedback and HR and leadership observations. Key metrics regarding own workforce, such as sick leaves and accidents regarding the whole Rapala VMC Group are reported to the Group's sustainability reporting software biannually. A global employee satisfaction survey was executed for the first time in 2024 and will be repeated annually so possible changes can be tracked and the results of actions evaluated. Local HR professionals and leadership are also following up on executed actions and initiatives. The next internal audits are planned for 2025.			

Rapala VMC recognizes that certain groups within its workforce may be at higher risk of harm due to the nature of their roles, the environments in which they work, or the specific tasks they perform. To improve understanding of these risks and strengthen preventive measures, the Group has implemented regular risk assessments, external audits, and systematic data monitoring. In factories and warehouses, occupational safety and health risk assessments are conducted regularly by dedicated safety personnel, factory management, or occupational health and safety committees. These assessments help identify key risks, such as exposure to chemicals, heavy lifting, and machine operation. In office environments, employees in specialist or managerial roles may experience increased psychosocial strain due to the demands of their positions. To complement these efforts, Rapala VMC has initiated independent external audits to enhance risk evaluation. In May 2023, an audit was conducted at the Estonian factory, with a specific focus on occupational safety. The insights gained from these audits contribute to ongoing improvements in workplace conditions. The Group also monitors occupational accident data to proactively identify trends and prevent future incidents. This information is used to develop measures that enhance workplace safety and minimize risks.

Processes to remediate negative impacts

Rapala VMC's general process for remedy if material negative impacts are caused consists of the following steps and actions. Local differences might occur:

- **Encouraging reporting:** The Group actively encourages employees to report any accidents and incidents, including cases of harassment or near-miss situations, through locally established reporting guidelines.
- **Guidance for supervisors:** Managers and supervisors are provided with guidelines on how to escalate reported concerns when necessary, ensuring appropriate action is taken.
- **Investigation of incidents:** All reported cases are thoroughly investigated to understand the circumstances and assess the impact on affected parties.
- **Preventive measures:** Based on the findings of the investigation, the Group identifies and implements measures to prevent similar incidents from occurring in the future.

The potential remedies, if material negative impacts are caused, vary based on the situation and its severity. In case of occupational accidents or harassment, the employer can provide medical care, such as covering health care expenses or offer possibilities for therapy. The Group can also implement training on, for example, workplace harassment, diversity, inclusion, or safety practices to raise awareness and reduce future incidents. If working conditions or methods turn out to be unsafe, the Group can act by, for example, upgrading equipment, providing protective gear, or redesigning work processes.

The workforce has a possibility to raise concerns through workforce representatives, such as occupational health and safety delegates or shop stewards. The representatives can then take the concerns to the local management. Some locations have an HR contact person or a team that can also discuss concerns or needs. Rapala VMC has started conducting global employee surveys annually to give employees an additional anonymous feedback mechanism. Some locations offer anonymous feedback or suggestion boxes. In addition to these mechanisms, concerns can be raised in local staff meetings, team meetings, development discussions or one to one meeting with the person's manager. In case of more serious incidents or suspicions of misconduct, Rapala VMC's own workforce or external parties can raise concerns through the Group's whistleblowing channel. Rapala VMC acknowledges the need to strengthen the availability and employee awareness of these channels by frequently sending reminders to employees of the different ways they can raise concerns and report grievances.

The annual employee satisfaction survey allows monitoring of possible issues raised by the workforce by comparing the results to the previous year. HR or occupational safety personnel will also track issues that have been reported to them to ensure the situations are solved and corrections are made. The whistleblowing team tracks the topics raised through the whistleblowing channel to identify systemic issues and potential areas for policy or process enhancements. Key metrics, such as the number of reports received and the proportion of reports that lead to investigations, are monitored and reviewed to evaluate the effectiveness of the whistleblowing mechanism.

To ensure protection against retaliation for individuals who raise concerns all messages are encrypted. To ensure the anonymity of the person sending a message, WhistleB deletes all meta data, including IP addresses. The person sending the message does not need to state their identity in the subsequent dialogue with responsible receivers of the report.

Rapala VMC's employee satisfaction surveys are anonymous and include a minimal amount of background information to ensure that individual people cannot be connected to their responses. Also, the open comments are handled and summarized by the HR department in charge of the survey and will not be shown in their original form to a wider audience, such as the management.

In several countries where Rapala VMC operates, such as European countries, the employees' representatives are safeguarded by law so they can advocate effectively for the workforce without fear of dismissal or other negative consequences. Companies often need to meet stricter requirements before they can terminate a worker representative's employment. However, the Group recognizes that in certain countries protections may be less formalized, making it harder for worker representatives to raise concerns safely.

Currently, Rapala VMC has not conducted a formal evaluation of the workforce's level of trust in the mechanisms and structures for raising concerns. This area has been recognized as a potential focus for future assessment and improvement. The level of workforce awareness regarding the Group's whistleblowing channel was assessed by analysing the volume of reports received and consulting local HR personnel to evaluate awareness within their respective areas. Feedback from these evaluations indicates that awareness of the channel requires further improvement. A second channel for less serious grievance topics should be considered as well.

Rapala VMC has set targets for sick leave ratio and accident frequency rates in own manufacturing and warehousing locations. In 2024, Rapala VMC implemented measures to mitigate negative impacts on its workforce by improving working conditions and processes in its factories and warehouses. In Estonia, particular attention has been given to regulating working temperatures and enhancing air circulation and a nominated safety specialist was also hired. To reduce occupational accidents and sick leaves, improvements in working conditions and processes have been implemented in the UK and France manufacturing sites. In the UK, picking and packing equipment in the warehouse have been updated to ease manual handling and prevent fatigue. Additionally, in 2025, two manual pallet trucks will be replaced with electric pallet trucks to further reduce the physical strain of manual handling. In France, the Group has invested in a new packing line to minimize lifting requirements, thereby reducing the risk of for example back injuries. Packing stations have also been reorganized to improve ergonomics and reduce employee fatigue.

Rapala VMC has set a goal to spend 1 % of sales annually on employee training and development. As a first investment the Group implemented an online learning platform in summer 2024 to improve the possibilities for skills development of its employees. The platform offers a comprehensive library of courses for business, technical and creative professionals.

Key metrics and performance

Employees by gender and contract type	HC - Men	HC - Women	HC - Total
Temporary	35	31	66
Permanent	663	640	1 303
Non-guaranteed hours	2	2	4
Total HC	700	673	1 373

These values are aligned with the most representative head count numbers (1 375) reported in the Financial Statement table. The difference is caused by differences in calculation methods in some of the legal units.

Employees by country	HC
Estonia	488
France	171
Finland	144
Other	570
Total HC	1 373

Employee turnover	
Number of employees who have left undertaking during the period	404
Employee turnover	29,4%

All eight members of the Global Management Team are male and thus the diversity ratio is 0 %.

Age distribution	Under 30 years	30 to 50 years	Over 50 years
Distribution of employees by age (HC)	211	715	447
Distribution of employees by age (%)	15,4%	52,2%	32,5%

Health & safety metrics	
Workforce covered by health and safety management system (%)	98,3%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0
Number of recordable work-related accidents for own workforce	65
Rate of recordable work-related accidents for own workforce (accidents per million working hours)	26,1

Employee numbers are reported based on year-end figures, specifically as of the end of December. The reported numbers represent headcount, not full-time equivalents (FTE). Headcount is defined as the total number of individuals with an existing employee agreement with the Group, regardless of their active working status. This includes employees who are temporarily inactive, such as those on parental leave, sick leave, or other forms of extended absence. Since the figures are reported as headcount and not FTE, no adjustments are made to account for part-time or full-time working arrangements. Each legal entity within the organization submits its data through the Group's sustainability reporting system. This data is aggregated at the Group level.

Remuneration metrics	
Gender Pay Gap (%)	29,0
Total Remuneration Ratio	17,6

The gender pay gap and annual total remuneration ratio are reported based on data collected from each legal entity within the Group. Due to the decentralized nature of HR and payroll systems, data compilation is performed locally, and access to sensitive payroll data is strictly limited to authorized personnel.

- **Gender pay gap:** Each legal entity calculates the average gross hourly pay for men and women separately. These values are submitted to the Group in a format that ensures individual employees cannot be identified. The Group-level gender pay gap is then calculated by weighting the unit-specific values based on the headcount of each unit, resulting in a weighted average.
- **Annual Total Remuneration Ratio:** Legal entities report the median total annual remuneration from their respective employee salary pools. To calculate the Group-level ratio, the highest total annual remuneration, which is the President & CEO's total annual remuneration, is used as the comparison figure. The unit-specific medians are also weighted by headcount to derive the aggregated Group-level value.

This reporting period marks the first time this data has been collected and these indicators calculated, thus no significant changes to the underlying data or methodologies were made during the reporting period.

Incidents, complaints and severe human rights impacts	
Number of incidents of discrimination	0
Number of complaints filed through channels for people in own workforce to raise concerns	0
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of fines, penalties, and compensation for damages as result of incidents of discrimination, including harassment and complaints filed	0

Work-related grievances, incidents, and complaints related to social and human rights matters are currently managed at the local unit level. The Group is in the process of establishing a centralized reporting framework to collect this data across all entities and is working on developing harmonized definitions to ensure consistency in reporting. At present, the sustainability report includes complaints filed through OECD national contact points and all grievances reported through the Group's whistleblowing channel. The Group recognizes the importance of capturing lower-severity grievances and is committed to enhancing its reporting processes to include these cases in future reporting periods. No severe human rights issues and incidents connected to own workforce have occurred during 2024.

ANNEXES TO THE SUSTAINABILITY STATEMENT

1 STATEMENT ON DUE DILIGENCE (ESRS 2, GOV-4, paragraph 30; 32)

TABLE - Disclosure of mapping of information provided in sustainability statement about due diligence process

Core elements of Due Diligence	Paragraphs in the sustainability statement / Header	Page
Embedding due diligence in governance, strategy and business model	Strategy and business model Decision-Making and controls Management of material impacts, risks and opportunities The role of the administrative, management and supervisory bodies E1 – Climate change: Governance and strategy E4 – Biodiversity and ecosystems: Governance and strategy E5 – Resource use and circular economy: Governance and strategy S1 – Own workforce: Governance and strategy Workforce management and well-being	9 13 13 13 33 39 43 47 47
Engaging with affected stakeholders in all key steps of the due diligence	Risk management approach Summary of sustainability related goals Stakeholder engagement related to strategy and business model Management of material impacts, risks and opportunities Impact, risk and opportunity management Double materiality assessment Focus on business relationships and geographies Application of methodologies and assumptions Stakeholder engagement	9 11 12 13 15 17 17 18 19
Identifying and assessing adverse impacts	Stakeholder engagement related to strategy and business model Management of material impacts, risks and opportunities Impact, risk and opportunity management Double materiality assessment Focus on business relationships and geographies Activities increasing adverse impacts Application of methodologies and assumptions Stakeholder engagement Monitoring and mitigation of impacts Material impacts, risks and opportunities and their interaction with strategy and business model Expected time horizons for material impacts E1 Climate change – Impacts, risks and opportunities E2 Pollution – Impacts, risks and opportunities E3 Water and marine resources - Impacts, risks and opportunities E4 Biodiversity and ecosystems - Impacts, risks and opportunities E5 Resource use and circular economy - Impacts, risks and opportunities G1 Business conduct – Impacts, risks and opportunities Engaging with own employees Impact, risks and opportunities related to own workforce	12 13 15 17 17 17 18 19 19 19 22 22 24 25 25 27 28 50 50
Taking actions to address those adverse impacts	Monitoring and mitigation of impacts Material impacts, risks and opportunities and their interaction with strategy and business model E1 – Climate change: Governance and strategy Key metrics and performance E4 – Biodiversity and ecosystems: Governance and strategy Key metrics and performance E5 – Resource use and circular economy: Governance and strategy Key metrics and performance Workforce management and well-being Engaging with own employees Impact, risks and opportunities related to own workforce Processes to remediate negative impacts	19 19 33 34 39 42 43 44 47 50 50 52
Tracking the effectiveness of these efforts and communicating	Management of material impact, risks and opportunities Monitoring and mitigation of impacts Key metrics and performance Key metrics and performance Key metrics and performance Engaging with own employees Impact, risks and opportunities related to own workforce Processes to remediate negative impacts	13 19 34 42 44 50 50 52

2 ESRS DISCLOSURE REQUIREMENTS COMPLIED WITH IN PREPARING THE SUSTAINABILITY STATEMENT (ESRS 2, IRO-2, paragraph 56, AR19)

TABLE - Disclosure of the list of ESRS Disclosure Requirements complied with in preparing the sustainability statement based on materiality assessment

Section	ESRS Topic	DR #	Disclosure requirement description	Page #
General	ESRS 2 - General disclosures	BP-1	General basis for preparation of the sustainability statement	General basis for preparation of the statement ; 8
		BP-2	Disclosures in relation to specific circumstances	Reporting assumptions and sources of uncertainty ; 8
		GOV-1	The role of the administrative, management and supervisory bodies	Decision-making and controls ; 13 Management of material impacts, risks and opportunities ; 13 The role of administrative, management and supervisory bodies ; 13
		GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Management of material impacts, risks and opportunities ; 13 Impact, risk and opportunity management ; 15
		GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability incentive integration ; 14
		GOV-4	Statement on due diligence	Statement on Due Diligence ; 54
		GOV-5	Risk management and internal controls over sustainability reporting	Risk management approach ; 9 Impact, risk and opportunity management ; 15
		IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Management of material impacts, risks and opportunities ; 13 Impact, risk and opportunity management ; 15 Description of how sustainability-related risks are prioritized relative to other risks ; 17 Double materiality assessment ; 17 Activities increasing adverse impacts ; 17 Application of methodologies and assumptions ; 18 Stakeholder engagement ; 19 Monitoring and mitigation of impacts ; 19
		IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Double materiality assessment ; 17 Stakeholder engagement ; 19 Monitoring and mitigation of impacts ; 19 ESRS disclosure requirements complied with in preparing the sustainability statement ; 56 Datapoints from other EU legislation ; 58
		MDR-A	Actions and resources in relation to material sustainability matters	Key metrics and performance ; 34 Key metrics and performance ; 42 Key metrics and performance ; 44 Workforce management and well-being ; 47 Engaging with own employees ; 50
		MDR-M	Metrics in relation to material sustainability matters	Key metrics and performance ; 34 Key metrics and performance ; 42 Key metrics and performance ; 44 Workforce management and well-being ; 47 Engaging with own employees ; 50
		MDR-P	Policies adopted to manage material sustainability matters	Governance and strategy ; 33 Governance and strategy ; 39 Governance and strategy ; 43 Workforce management and well-being ; 47
		MDR-T	Tracking effectiveness of policies and actions through targets	Governance and strategy ; 33 Governance and strategy ; 39 Governance and strategy ; 43 Workforce management and well-being ; 47 Processes to remediate negative impacts ; 52
		SBM-1	Strategy, business model and value chain	Strategy and business model ; 9 Key metrics and performance ; 53
		SBM-2	Interests and views of stakeholders	Stakeholder engagement related to strategy and business model ; 12
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Strategy and its development ; 10 Material impacts, risks and opportunities and their interaction with strategy and business model ; 19

Section	ESRS Topic	DR #	Disclosure requirement description	Page #
Environmental	E1 - Climate change	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability incentive integration ; 14
		E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	E1 Climate change – Impacts, risks and opportunities ; 22
		E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model ; 19 Processes to identify and assess material climate-related impacts, risks and opportunities ; 22
		E1-1	Transition plan for climate change mitigation	Strategy and its development ; 10 Governance and strategy ; 33
		E1-2	Policies related to climate change mitigation and adaptation	Governance and strategy ; 33
		E1-3	Actions and resources in relation to climate change policies	Key metrics and performance ; 34
		E1-4	Targets related to climate change mitigation and adaptation	Key metrics and performance ; 34
		E1-5	Energy consumption and mix	Energy consumption and mix ; 35
		E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	GHG emissions ; 35
		E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not material
		E1-8	Internal carbon pricing	Not material
		E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
	E2 - Pollution	E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	E2 Pollution – Impacts, risks and opportunities ; 24
		E2-1	Policies related to pollution	Not material
		E2-2	Actions and resources related to pollution	
		E2-3	Targets related to pollution	
		E2-4	Pollution of air, water and soil	
		E2-5	Substances of concern and substances of very high concern	
		E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	
	E3 - Water and marine resources	E3.IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	E3 Water and marine resources – Impacts, risks and opportunities ; 25
		E3-1	Policies related to water and marine resources	Not material
		E3-2	Actions and resources related to water and marine resources	
		E3-3	Targets related to water and marine resources	
		E3-4	Water consumption	
		E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	
	E4 - Biodiversity and ecosystems	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	E4 Biodiversity and ecosystems – Impacts, risks and opportunities ; 25
		E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E4 Biodiversity and ecosystems – Impacts, risks and opportunities ; 25
		E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Governance and strategy ; 39
		E4-2	Policies related to biodiversity and ecosystems	Governance and strategy ; 39
		E4-3	Actions and resources related to biodiversity and ecosystems	Key metrics and performance ; 42
		E4-4	Targets related to biodiversity and ecosystems	Key metrics and performance ; 42
		E4-5	Impact metrics related to biodiversity and ecosystems change	Not material
		E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Phase -in

Section	ESRS Topic	DR #	Disclosure requirement description	Page #
Environmental	E5 - Resource use and circular economy	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	E5 Resource use and circular economy – Impacts, risks and opportunities ; 27
		E5-1	Policies related to resource use and circular economy	Governance and strategy ; 43
		E5-2	Actions and resources related to resource use and circular economy	Key metrics and performance ; 44
		E5-3	Targets related to resource use and circular economy	Key metrics and performance ; 44
		E5-4	Resource inflows	Material inflows ; 45
		E5-5	Resource outflows	Material outflows ; 46
		E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phase -in
Social	S1 - Own workforce	ESRS 2:SBM-2	Interests and views of stakeholders	Stakeholder engagement related to strategy and business model ; 12
		S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Impact, risks and opportunities related to own workforce ; 50 Processes to remediate negative impacts ; 52
		S1-1	Policies related to own workforce	Governance and strategy ; 47 Workforce management and well-being ; 47 Impact, risks and oppotunities related to own workforce ; 50
		S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Engaging with own employees ; 50
		S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Processes to remediate negative impacts ; 52
		S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Engaging with own employees ; 50 Impact, risks and opportunities related to own workforce ; 50 Processes to remediate negative impacts ; 52
		S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Workforce management and well-being ; 47 Engaging with own employees ; 50
		S1-6	Characteristics of the undertaking's employees	Key metrics and performance ; 53
		S1-7	Characteristics of non-employees in the undertaking's own workforce	Phase-in
		S1-8	Collective bargaining coverage and social dialogue	Phase-in
		S1-9	Diversity metrics	Key metrics and performance ; 53
		S1-10	Adequate wages	Not material
		S1-11	Social protection	Phase-in
		S1-12	Persons with disabilities	Not material
		S1-13	Training and skills development metrics	Phase-in
		S1-14	Health and safety metrics	Key metrics and performance ; 53
		S1-15	Work-life balance metrics	Phase-in
		S1-16	Remuneration metrics (pay gap and total remuneration)	Key metrics and performance ; 53
		S1-17	Incidents, complaints and severe human rights impacts	Key metrics and performance ; 53
	S2 - Workers in value chain	ESRS 2:SBM-2	Interests and views of stakeholders	Not material
		S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	
		S2-1	Policies related to value chain workers	
		S2-2	Processes for engaging with value chain workers about impacts	
		S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	
		S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	
		S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	

Section	ESRS Topic	DR #	Disclosure requirement description	Page #
Social	S3 - Affected communities	ESRS 2:SBM-2	Interests and views of stakeholders	Not material
		S3.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	
		S3-1	Policies related to affected communities	
		S3-2	Processes for engaging with affected communities about impacts	
		S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	
		S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	
		S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
	S4 - Consumers and end-users	ESRS 2:SBM-2	Interests and views of stakeholders	Not material
		S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	
		S4-1	Policies related to consumers and end-users	
		S4-2	Processes for engaging with consumers and end-users about impacts	
		S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	
		S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	
		S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
Governance	G1 - Business conduct	ESRS 2:IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	G1 Business conduct – Impacts, risks and opportunities ; 28
		G1.GOV-1	The role of the administrative, supervisory and management bodies	Decision-making and controls ; 13 Management of material impacts, risks and opportunities ; 13 The role of administrative, management and supervisory bodies ; 13
		G1-1	Business conduct policies and corporate culture	Not material
		G1-2	Management of relationships with suppliers	
		G1-3	Prevention and detection of corruption and bribery	
		G1-4	Incidents of corruption or bribery	
		G1-5	Political influence and lobbying activities	
		G1-6	Payment practices	

3 DATAPOINTS FROM OTHER EU LEGISLATION (ESRS 2, IRO-2, paragraph 56)

TABLE - Disclosure of a list of data points derived from other EU legislation and their location in the sustainability statement

DR	Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EU Climate Law (26) reference	Header / Page #
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		The role of administrative, management and supervisory bodies ; 13
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		The role of administrative, management and supervisory bodies ; 13
ESRS 2 GOV-4	Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Statement on Due Diligence ; 54
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Governance and strategy ; 33
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Energy consumption and mix ; 35
ESRS E1-5	ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Energy consumption and mix ; 35
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Energy consumption and mix ; 35
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		GHG emissions ; 35
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		GHG emissions ; 35
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material outflows ; 46
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material outflows ; 46
ESRS S1-1	Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Governance and strategy ; 47
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Governance and strategy ; 47
ESRS S1-1	processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Workforce management and well-being ; 47
ESRS S1-1	workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Impact, risks and opportunities related to own workforce ; 50
ESRS S1-3	grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Processes to remediate negative impacts ; 52
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Key metrics and performance ; 53
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Key metrics and performance ; 53
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Key metrics and performance ; 53
ESRS S1-17	Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Key metrics and performance ; 53

RISK MANAGEMENT

The objective of Rapala VMC Corporation's risk management is to support the implementation of the Group's strategy and execution of business targets. This is done by monitoring and mitigating the related threats and risks and simultaneously identifying and managing opportunities.

APPROACH TO RISK MANAGEMENT

The Board evaluates the Group's financial, operational and strategic risk position regularly and establishes related policies and instructions to be implemented and coordinated by Group management. The daily risk management activities are primarily delegated to the management of business units.

Risk management continued to receive management attention in 2024. The focus of Group level risk management in 2024 was on foreign exchange risk management as well as risk management activities on liquidity, interest rate and hazard risks. Other emphasized areas were account receivables, Group wide insurance programs and strategic supply chain management.

Below is a summary of key strategic, operational and financial risks as well as the main actions to mitigate these risks.

STRATEGIC RISKS

Sport fishing is a form of leisure hobby and the Group's products are competing against a wide range of other hobbies. The Group is promoting the attractiveness of sport fishing through active sales and marketing as well as brand management. By utilizing its unique research and development processes and resources, the Group is constantly developing new products to meet consumer needs and creating new needs for the consumers.

Brand portfolio and corporate reputation are among the most valuable intangible assets of the Group. The Rapala VMC Group is actively managing its brands and their identity and securing that the value of the brands or corporate reputation are not jeopardized or violated by any means. The Group's brands are also legally protected.

Consumers relate the Group's brands to high quality, unique fishing experience, special functional features and trustworthy distribution channel. Consumers are able to differentiate illegal copy products, and they don't constitute a strategic threat for the Group. The Group protects vigorously its intellectual property rights and acts against illegal copiers and distributors.

Sport fishing is dependent on the availability of fresh fishing waters for fishes to live and breed. Pollution and potential environmental catastrophes are concerns for the Group. The Rapala VMC Group is actively promoting initiatives to enhance environmental protection and increasing preparedness to comply with continuously tightening environmental regulations by taking steps to reduce the environmental impacts of its operations and products.

The Group faces competition in all markets where its products are sold. Due to the uniquely wide distribution network, the Group's geographical market risk is truly globally spread, evening out seasonal and local market fluctuations.

The Rapala VMC Group has a limited number of global competitors. The Group's global distribution network is unique in the industry. Within each market, the Group's competitors are often local fishing tackle producers and distributors operating with a limited range of products and narrow geographical scope. In some countries, competition is created by fishing tackle retailers selling private label products. Established fishing tackle brands' expansion into new product categories is also creating competition in some product segments. The strength of the Group's product development and brand portfolio, as well as flexibility to serve different markets with market-specific products ranges, is essential in succeeding in market competition.

The current economic climate with uncertainty in the global trade environment (including tariffs) can impact the sales of fishing tackle and more over impact the profitability of the Group's operations as products are manufactured in or sourced from many different countries in Europe and in Asia. Some of these countries have higher political risks but simultaneously provide access to competitive labor cost. The Group monitors country risks and costs and is actively seeking ways to manage the risk of rising production and distribution costs.

Manufacturing of sport fishing products is not dependent on any proprietary manufacturing technologies or patents. The Group's manufacturing units are actively monitoring the development of generic manufacturing technologies and considering different production applications.

The Group has several manufacturing locations and various raw material and finished good suppliers. Different manufacturers produce for the most part separate product categories and the Group is not critically dependent on any single product or raw material supplier.

The Group's customer base is geographically and quantitatively well diversified. Customers are mostly country-specific and not operating globally. The Group is not critically dependent on any single customer: even the biggest single customer represents moderate share of the Group's net sales. The Group is not largely engaged in direct consumer retailing. This is not considered to be a risk as consumer demand is largely driven by brand consciousness and alternative routes to market can be established when needed.

The Board evaluates the Group's strategic risks annually and the Group management continuously monitors changes in the business environment. Strategic risk management in local jurisdictions is delegated to the management of each business unit.

OPERATIONAL AND HAZARD RISKS

The fishing tackle business has traditionally been relatively resilient to increased uncertainties and downturns in the general economic climate. The truly global nature of the Group's sales and operations spreads the market risks caused by uncertainties in the global economy.

The underlying consumer demand for the Group's products is seasonal and impacted by unforeseeable factors such as weather. To offset and balance the seasonality, the Group is engaged in production and distribution of winter fishing and winter sports equipment. To mitigate the effects of seasonality, the Group is also operating with own distribution in the southern hemisphere and is developing its production planning to better respond to changes in the market demand.

Due to the seasonality in demand, the Group's product shipments concentrate annually to relatively short time periods, where supply problems could endanger the sales of the season. Similarly, lower than expected sales volumes may lead to excess inventories, as it is difficult to cancel committed orders within short notice.

There is a high level of dependency between the Group's manufacturing and distribution units and interruption at earlier stage of the supply chain could have knock-on effects throughout the rest of the Group. The importance of proper order forecasting and production planning has increased. The related risks are managed with high level of co-operation between manufacturing and distribution units, safety stocks and extensive insurance coverage. The Group-wide supply chain and logistics initiatives continued in 2024 and mitigated these risks relating to operational efficiencies.

The Group's sales prices are primarily fixed annually or bi-annually, normally before each season. Sudden changes in raw material prices or foreign exchange rates may have significant impact on costs of some products. The Group aims to push increases in costs to the sales prices immediately or during a period of time. The Group's market risks and mitigation actions are analyzed in more detail in the section "Financial Risks" and in note 22 to the consolidated financial statements.

In respect of manufacturing activities, the Group is not critically dependent on any single external production factor supplier. Availability of competent production labor is essential and the Group aims to maintain good employer reputation and labor relations.

There are dependencies between the Group's manufacturing units, which could cause supply challenges e.g. in case of fire or other hazard. Such hazard could lead to property damages but also to business interruption losses throughout the supply chain. Therefore, the Group emphasizes hazard risk management. The Group has together with its property and business interruption insurer continued to conduct annually hazard prevention reviews to Group's key factories and distribution warehouses. Group management has also continued to maintain risk awareness throughout the organization.

The Group constantly develops its global insurance programs, which cover most of the Group companies. Global insurance policies, which take into account the Group's interdependency, are in place for property damage and business interruption, transportation as well as general and product liability. The Group has increased its focus also on mitigating fraud risk.The Board evaluates the Group's operational risks at least once a year. Group management monitors and coordinates the continuous management of operational risks, which is the responsibility of the management of each business unit.

FINANCIAL RISKS

The Group's financial risks consist of market risks, credit and default risks and liquidity risks. The Board evaluates financial risks during the year and Group management monitors and manages them continuously. Financial risks are discussed in detail, as required by IFRS 7, in note 22 of the consolidated financial statements.

SHARES AND SHAREHOLDERS

Rapala VMC Corporation's shares have been traded on the Nasdaq Helsinki since 1998. In 2024, the shares traded between EUR 3.44 and 1.89 with an average price of EUR 2.45.

SHARES AND VOTING RIGHTS

On December 31, 2024, the share capital fully paid and reported in the Trade Register was EUR 3 552 160.41 and the total number of shares was 39 000 000. The average number of shares during the financial year was 39 000 000. Each share is entitled to one vote.

There were no changes in the share capital in 2024.

BOARD'S AUTHORIZATIONS

The AGM authorised the Board of Directors to resolve in accordance with the proposal of the Board of Directors on the issuance of a maximum of 3 900 000 shares through a share issue or by issuing options and other special rights entitling to shares pursuant to chapter 10, section 1 of the Finnish Limited Liability Companies Act in one or several tranches. The proposed maximum number of shares corresponds to 10% of all shares in the Company. The authorisation can also be used for incentive arrangements for the Company's management and key persons, however, no more than 900 000 shares in total may be granted for this purpose. The authorisation covers both the issuance of new shares and the transfer of treasury shares held by the Company, and the issuance may be carried out with or without payment. Under the authorisation, the Board of Directors may issue shares or options and other special rights entitling to shares also otherwise than in proportion to the shareholdings of the shareholders (directed share issue). The Board of Directors is entitled to resolve on all terms and conditions of share issues and the issue of option rights and other special rights entitling to shares. The authorisation is valid until 30 June 2025.

The AGM authorised the Board of Directors to resolve in accordance with the proposal of the Board of Directors to repurchase a maximum of 2 000 000 the Company's own shares by using the Company's unrestricted equity in one or several tranches. The proposed maximum number of shares corresponds to approximately 5.13% of the Company's total number of shares. The shares may be repurchased for developing the Company's capital structure, for financing or carrying out potential corporate acquisitions or other business arrangements, to be used as a part of the Company's remuneration or incentive plan or to be otherwise transferred further or cancelled, for example. The shares may be repurchased otherwise than in proportion to the existing shareholdings of the Company as directed repurchases at the market price of the shares quoted on the trading venues where the Company's shares are traded or at the price otherwise established on the market at the time of the repurchase. The authorisation is valid until 30 June 2025.

OWN SHARES

At the end of the year, the company held 123 891 own shares, representing 0.32% of the total number and voting rights of shares. The cumulative average share price of all repurchased own shares held by the company was EUR 7.41.

SHAREHOLDER REGISTER

The shares of the company belong to the Book Entry Securities System. Shareholders should notify the particular register holding their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to ownership of shares.

SHARE-BASED INCENTIVE PLANS

On March 25, 2021, the Board of Directors of Rapala VMC Corporation decided to establish two new share-based incentive plans. The aim of the plans is to align the objectives of the shareholders and the plan participants for increasing the value of the company in the long-term, to retain the participants at the company and to offer them competitive incentive schemes that are based on earning and accumulating shares.

Details of share-based incentive plans are given on note 29.

MANAGEMENT SHAREHOLDING

On December 31, 2024, the members of the Board and the Executive Committee held directly a total of 85 795 company shares, corresponding to 0.2% of all shares and voting rights. Details of management shareholdings are given in the '*Corporate Governance*' section.

TRADING AND PERFORMANCE OF THE COMPANY'S SHARES

The company share (RAP1V) is quoted on the Nasdaq Helsinki. The closing price on December 31 2024, was EUR 1.92. The highest price in 2024 was EUR 3.44, the lowest price EUR 1.89 and the average price EUR 2.45. A total of 2 649 340 company's shares were traded in 2024. This represents 6.8% of all shares on December 31, 2024.

At the end of 2024, the market capitalization of all outstanding shares, excluding own shares, was EUR 74.6 million. Earnings per share (basic) were EUR -0.07 (EUR –0.20 in 2023). For more share related key figures see page 71.

DIVIDEND

The Board proposes to the AGM that no dividend will be paid for the financial year 2024.

PRINCIPAL SHAREHOLDERS ON DECEMBER 31, 2024

Shareholders	Number of shares	%
Viellard Migeon & Cie *	16 756 627	43.0
Nordea Funds	5 164 427	13.2
The State Pension Fund	1 290 000	3.3
Shimano Singapore Private Limited	889 680	2.3
Ilmarinen Mutual Pension Insurance	292 007	0.7
Coble James Jay	225 000	0.6
Aktia Capital Fund	220 000	0.6
Taaleri Funds	200 000	0.5
Elo Mutual Pension Insurance	155 000	0.4
United Bankers Oyj	150 000	0.4
Other shareholders total	13 657 259	35.0
Total number of shares	**39 000 000**	**100.0**

SHAREHOLDERS BY CATEGORY ON DECEMBER 31, 2024

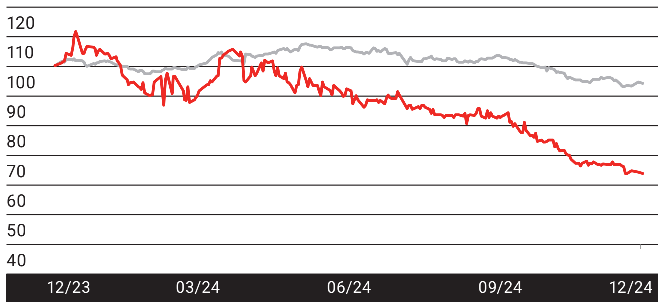
Shareholder category	Number of shares	%
Private and public corporations	893 302	2.3
Financial and insurance companies	6 102 075	15.6
Public institutions	1 737 307	4.5
Non-profit organizations	80 672	0.2
Individuals	3 355 843	8.6
International shareholders	17 821 166	45.7
Administrative registrations	9 009 635	23.1
Total	**39 000 000**	**100.0**

DISTRIBUTION OF SHAREHOLDING ON DECEMBER 31, 2024

Number of shares	Number of shareholders	%	Total shares	%
1 - 100	3 066	49.1	124 871	0.3
101 -500	1 992	31.9	518 376	1.3
501 - 1 000	570	9.1	456 120	1.2
1 001 - 10 000	532	8.5	1 390 400	3.6
10 001 - 1 000 000	81	1.3	5 023 676	12.9
1 000 001 -	4	0.1	31 486 557	80.7
Total	**6 245**	**100**	**39 000 000**	**100**

* Viellard Migeon & Cie's holds together with its subsidiary De Pruines Industries 16 861 937 shares, representing 43.2% of total number and the total voting rights of shares. Total number of shares includes 123 891 own shares held by the parent company.

SHARE PRICE IN 2024, %



■ Rapala VMC Corp
■ OMX Nordic Small Cap

SHARE PRICE DEVELOPMENT IN 2020-2024, EUR

■ Rapala VMC Corp

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

The current members of the Board and their shareholdings on 31.12.2024 are:

Emmanuel Viellard

Board member since 2000
Chairman of the Board 2005-2016, 2024-
President of Viellard Migeon & Cie
CEO of LISI
MBA, CPA
Year of birth: 1963
Gender: male
Shareholding and options *: 2 000

Alexander Rosenlew

Board Member since 2023
CEO of Orthex Oyj
Certificate in Global Management, Insead
Master of Science in Management (Leadership MBA)
Master of Science in Economics
Year of birth: 1971
Gender: male
Shareholding and options *: 6 095

Julia Aubertin

Board Member since 2014
Investor and advisor
M.Sc. (EDHEC)
Year of birth: 1979
Gender: female
Shareholding and options *: -

Johan Berg

Board Member since 2024
Board professional
Swedish School of Economics Helsinki, 1983-1987: MBA
Year of birth: 1961
Gender: male
Shareholding and options *: 6 000

Vesa Luhtanen

Board Member since 2020
Board professional
Bachelor of Science in Business Administration
Year of birth: 1961
Gender: male
Shareholding and options *: -

Pascal Lebard

Board Member since 2024
Senior Partner and Co-Founder, Montyon Capital
EDHEC Business School - MBA, 1986
Year of birth: 1962
Gender: male
Shareholding and options *: -

* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

Johan Berg and Pascal Lebard were appointed as new members to the Board of Directors to replace Louis d'Alançon and Jorma Kasslin in 2024 AGM that took place April 18, 2024.

Jorma Kasslin passed away April 14, 2024

EXECUTIVE COMMITTEE

The Executive Committee (Global Management Team) assists the President and Chief Executive Officer in planning and managing the operations of the Group, in the preparation of strategic questions and in the execution of the strategic objectives set by the Board of Directors. The Executive Committee convenes under the leadership of the President and Chief Executive Officer and is composed of different Executive Committee members depending on the matters at hand. The President and Chief Executive Officer acts as the Chairman of the Executive Committee.

The members of the Executive Committee and their shareholdings on 31.12.2024 are:

Lars Ollberg

President and Chief Executive Officer since May 1, 2023
Vocational Qualification in Business, Malmi Commercial School
Year of birth 1956
Gender: male
Shareholding*: -

Cyrille Viellard

Debuty Chief Executive Officer
Executive Committee member since 2015
MBA, ESSEC
Year of birth: 1977
Gender: male
Shareholding and options *: 26 625

Arto Nygren

Executive Vice President, Lure Manufacturing
Executive Committee member since 2017
Bachelor's degree in mechanical engineering
Year of birth: 1965
Gender: male
Shareholding and options *: 36 540

Jean-Philippe Nicolle

Chief Operating Officer, Business Performance,
Finance Controlling and Internal Auditing, Europe Focus
Chief Financial Officer between June 21, 2023 and January 1, 2024
Executive Vice President,
Head of European Distribution until June 21, 2023
Executive Committee member since 2020
Executive MBA, Business School ICS, Paris and CPA
Year of birth: 1968
Gender: male
Shareholding*: 3 279

Marcus Twidale

Executive Vice President, Head of Distribution in USA
Executive Committee member since 2021
Brooksby College of Agricultural Management
Year of birth: 1965
Gender: male
Shareholding*: -

Miikka Tarna

Chief Financial Officer
Executive Committee member since the 1st of January 2024
M.Sc. (Econ. & Bus. Adm.), University of Oulu, 2008
Year of birth: 1983
Gender: male
Shareholding*: 5 246

Tuomas Akkanen

Executive Vice President, Head of Group Supply Chain and Winter Sports
Executive Committee member since the 1st of January 2024
Year of birth: 1979
Gender: male
Shareholding*: -

Tuomo Leino

Executive Vice President, General Counsel, Secretary of the Board, Head of Sustainability
Executive Committee member since the 1st of January 2024
Master of Laws (LLM), University of Helsinki, 2013
Year of birth: 1985
Gender: male
Shareholding*: 10

* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

On the 8th of December 2023 Rapala VMC Corporation announced several nominations to the Executive Committee effective the 1st of January 2024 as follows: Miikka Tarna as Chief Financial Officer, Tuomas Akkanen as Executive Vice President, Head of Group Supply Chain and Winter Sports, Päivi Ohvo as Executive Vice President, Human Resources, Tuomo Leino as Executive Vice President, General Counsel and Joni Tuominen as Executive Vice President, Global Business Development and IT. On the 30th of March 2024 company announced that Stanislas de Castelnau will retire and therefore leave the executive committee. On the 14th of June 2024 the company announced that Executive Vice Presidents Päivi Ohvo, Enrico Ravenni and Joni Tuominen have decided to pursue new career opportunities outside the Rapala VMC Group and therefore will leave the Executive Committee the same day. Executive Vice President David Neill did also step down from the Executive Committee and returned to his former position of President of Rapala Canada.

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
Net interest-bearing debt to EBITDA	=	Net interest-bearing debt / Operating profit before depreciation and impairments
Return on capital employed (ROCE), %	=	Operating profit x 100 / Capital employed (average for the period)
Return on equity (ROE), %	=	Net profit for the period x 100 / Total equity (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 shareholders' 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
Dividend per share, EUR	=	Dividend for the period / Adjusted number of shares at the end of the period
Dividend/earnings ratio, %	=	Dividend for the period x 100 / Net profit for the period attributable to the equity holders of the parent Company
Equity per share, EUR	=	Equity attributable to equity holders of the parent Company / Adjusted number of shares at the end of the period
Effective dividend yield, %	=	Dividend per share x 100 / Adjusted share price at the end of the period
Price/earnings ratio	=	Adjusted share price at the end of the period / Earnings per share
Average share price, EUR	=	EUR amount traded during the period / Adjusted number of shares traded during the period
Year-end market capitalization, EUR	=	Number of shares at the end of the period, exluding own shares x share price at the end of the period
Average number of personnel	=	Calculated as average of monthly end personnel amounts

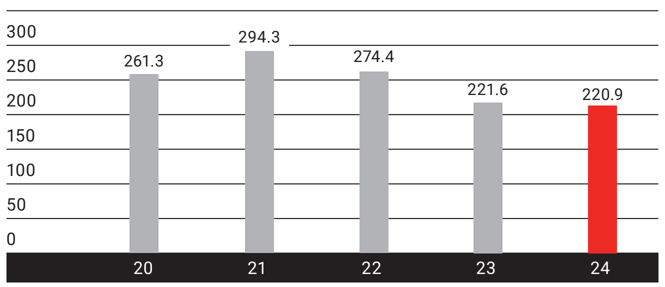
KEY FINANCIAL FIGURES

		2024	2023	2022	2021	2020
Scope of activity and profitability						
Net sales	EUR million	**220.9**	221.6	274.4	294.3	261.3
Operating profit before depreciation and impairments	EUR million	**21.1**	15.6	23.6	42.0	26.2
as a percentage of net sales	%	**9.6**	7.0	8.6	14.3	10.0
Operating profit	EUR million	**8.6**	4.0	12.3	32.1	10.7
as a percentage of net sales	%	**3.9**	1.8	4.5	10.9	4.1
Profit/loss before taxes	EUR million	**0.5**	-6.7	8.8	28.0	6.6
as a percentage of net sales	%	**0.2**	-3.0	3.2	9.5	2.5
Net profit/loss for the period	EUR million	**0.4**	-7.3	3.7	19.8	3.4
as a percentage of net sales	%	**0.2**	-3.3	1.4	6.7	1.3
Attributable to						
Equity holders of the company	EUR million	**0.4**	-7.3	3.7	18.2	2.5
Non-controlling interest	EUR million	**-**	-	-	1.5	1.0
Capital expenditure	EUR million	**4.2**	11.4	11.5	14.0	5.0
as a percentage of net sales	%	**1.9**	5.2	4.2	4.8	1.9
Research and development expenses	EUR million	**1.0**	0.8	1.3	1.2	1.1
as a percentage of net sales	%	**0.5**	0.4	0.5	0.4	0.4
Net interest-bearing debt at the end of the period	EUR million	**61.8**	80.9	107.1	70.6	45.2
Capital employed at the end of the period	EUR million	**217.1**	237.2	246.1	209.8	188.2
Return on capital employed (ROCE)	%	**3.8**	1.6	5.4	16.1	5.2
Return on equity (ROE)	%	**0.3**	-5.0	2.7	14.0	2.3
Equity-to-assets ratio at the end of the period	%	**53.0**	52.1	41.2	44.2	52.5
Debt-to-equity ratio (gearing) at the end of the period	%	**39.8**	51.8	77.0	50.7	31.6
Average personnel for the period	Persons	**1 353**	1 436	1 704	1 792	2 105
Personnel at the end of the period	Persons	**1 375**	1 374	1 543	1 757	1 971

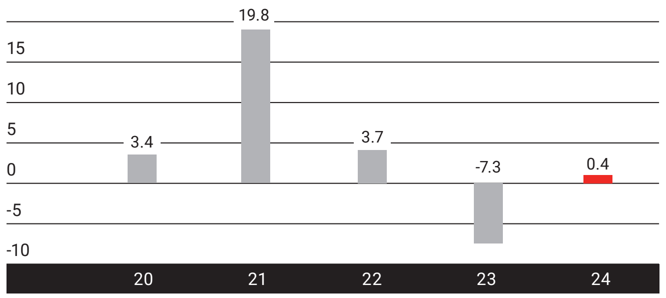
		2024	2023	2022	2021	2020
Share related key figures						
Earnings per share	EUR	**-0.07**	-0.20	0.10	0.45	0.04
Fully diluted earnings per share	EUR	**-0.07**	-0.20	0.10	0.44	0.04
Equity per share	EUR	**3.22**	3.25	3.58	3.58	2.93
Dividend per share[1]	EUR	**-**	-	0.04	0.15	-
Dividend/earnings ratio[1]	%	**-**	-	41.8	33.5	-
Effective dividend yield[1]	%	**-**	-	0.80	1.72	-
Price/earnings ratio		**-29.1**	-15.2	52.2	19.5	118.4
Share price at the end of the period	EUR	**1.92**	3.00	5.00	8.72	4.36
Lowest share price	EUR	**1.89**	2.53	4.08	4.36	2.15
Highest share price	EUR	**3.44**	5.14	9.16	10.95	4.58
Average share price	EUR	**2.45**	3.18	6.46	7.82	3.04
Number of shares traded	Shares	**2 649 340**	2 998 795	2 792 052	5 217 447	6 044 245
Number of shares traded of average number of shares	%	**6.81**	7.71	7.18	13.47	15.68
Share capital	EUR million	**3.6**	3.6	3.6	3.6	3.6
Dividend for the period[1]	EUR million	**-**	-	1.6	5.8	-
Year end market capitalization[2]	EUR million	**74.6**	116.6	194.4	339.6	168.1
Number of shares at the end of the period excluding own shares[2]	1 000 shares	**38 876**	38 876	38 876	38 950	38 548
Number of own shares at the end of period	1 000 shares	**124**	124	124	50	452
Weighted average number of shares[2]	1 000 shares	**38 876**	38 876	38 890	38 732	38 548
Fully diluted number of shares at the end of the period	1 000 shares	**39 000**	39 000	39 000	39 000	38 548
Fully diluted weighted average number of shares	1 000 shares	**39 000**	39 000	39 000	39 000	38 548

[1] Year 2024 board proposal.
[2] Excluding own shares.

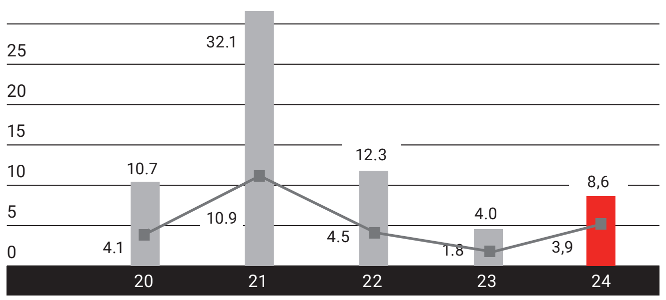
NET SALES, EUR million



NET PROFIT/LOSS FOR THE PERIOD, EUR million

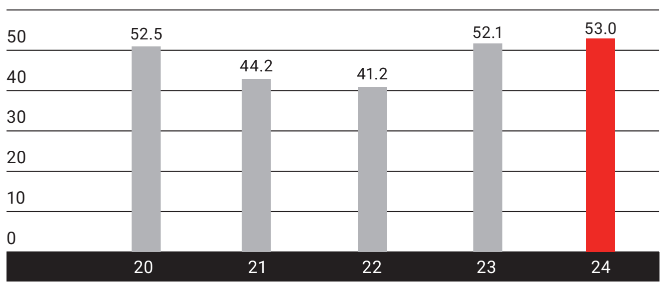


OPERATING PROFIT (EUR million), as a percentage of net sales (%)

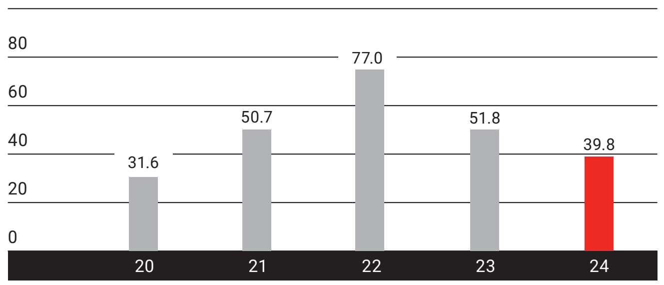


Operating profit · Operating profit as a percentage of net sales

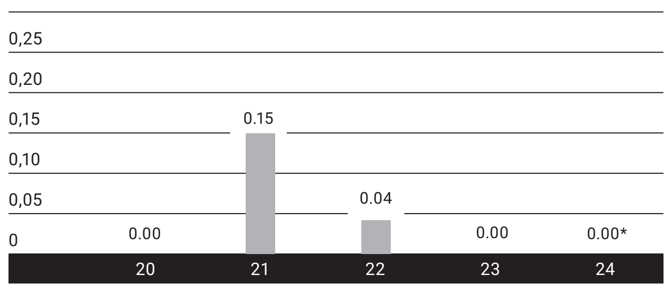
EQUITY-TO-ASSETS RATIO, %



DEBT-TO-EQUITY RATIO (GEARING) at the end of the period, %

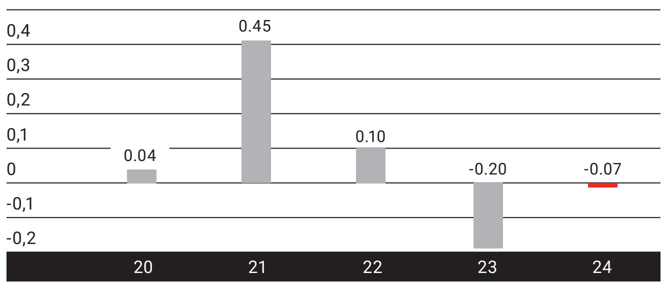


DIVIDEND PER SHARE, EUR

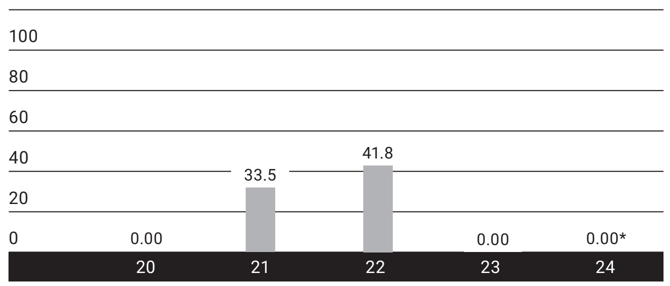


*Board proposal

EARNINGS PER SHARE, EUR



DIVIDEND/EARNINGS RATIO, %



*Board proposal

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2024	2023
Net sales	2	**220.9**	221.6
Other operating income	4	**0.3**	1.0
Change in inventory of finished products and work in progress		**-2.5**	-12.6
Production for own use		**0.2**	0.1
Materials and services	6	**-95.4**	-83.6
Employee benefit expenses	7	**-63.6**	-61.7
Other operating expenses	5	**-45.1**	-48.0
Gain on sale of assets		**6.4**	-
Share of results in associates and joint ventures	13	**0.0**	-1.3
Operating profit before depreciation, amortization and impairments		**21.1**	15.6
Depreciation and amortization	11, 12, 27	**-12.5**	-11.6
Operating profit		**8.6**	4.0
Financial income	9	**3.6**	2.9
Financial expenses	9	**-11.7**	-13.5
Profit/loss before taxes		**0.5**	-6.7
Income taxes	10	**0.0**	-0.6
Net profit/loss for the period		**0.4**	-7.3
Attributable to			
Equity holders of the parent company		**0.4**	-7.3
Earnings per share for profit attributable to the equity holders of the parent company	30		
Earnings per share, EUR		**-0.07**	-0.20
Diluted earnings per share, EUR		**-0.07**	-0.20
Weighted average number of shares, 1 000 shares		**38 876**	38 876
Diluted weighted average number of shares, 1 000 shares		**39 000**	39 000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	2024	2023
Net profit/loss for the period	**0.4**	-7.3
Other comprehensive income, net of tax [1]		
Items that will not be reclassified to income statement		
Remeasurements of defined benefit liabilities	**-0.1**	0.2
Total items that will not be reclassified to income statement	**-0.1**	0.2
Items that may be reclassified subsequently to income statement:		
Change in translation differences	**1.1**	-3.1
Net investment hedges	**-0.1**	-0.1
Total items that may be reclassified subsequently to income statement	**1.1**	-3.1
Other comprehensive income for the period, net of tax	**1.0**	-3.0
Total comprehensive income for the period	**1.4**	-10.3
Attributable to		
Equity holders of the parent company	**1.4**	-10.3

[1] The income tax relating to each component of other comprehensive income is disclosed in note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	2024	2023
ASSETS			
Non-current assets			
Goodwill	11	**66.3**	64.3
Other intangible assets	11	**38.0**	37.5
Tangible assets	12	**22.9**	25.8
Right-of-use-assets	27	**11.7**	13.5
Investments in associates and joint ventures	13	**0.0**	0.0
Other shares	14	**0.1**	0.2
Interest-bearing receivables	15	**0.7**	0.7
Non-interest-bearing receivables	15	**0.3**	0.5
Deferred tax assets	10	**15.0**	12.3
Total non-current assets		**155.0**	154.7
Current assets			
Inventories	16	**84.2**	87.5
Trade and other non-interest-bearing receivables	15	**31.2**	34.8
Income tax receivables		**1.5**	1.3
Cash and cash equivalents	17	**21.7**	20.0
Non-current assets held for sale	18	**-**	1.9
Total current assets		**138.6**	145.6
Total assets		**293.6**	300.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		**3.6**	3.6
Share premium fund		**16.7**	16.7
Fund for invested non-restricted equity		**4.9**	4.9
Own shares		**-3.0**	-3.0
Translation differences		**-9.9**	-11.0
Retained earnings		**113.0**	115.0
Equity attributable to equity holders of the parent company	19	**125.3**	126.3
Hybrid bond		**30.0**	30.0
Total equity		**155.3**	156.3
Non-current liabilities			
Interest-bearing liabilities	24	**49.4**	66.0
Non-interest-bearing liabilities	25	**0.8**	0.2
Lease liabilities	22, 24	**7.6**	9.6
Employee benefit obligations	20	**1.5**	1.5
Deferred tax liabilities	10	**8.9**	9.2
Total non-current liabilities		**68.3**	86.5
Current liabilities			
Interest-bearing liabilities	24	**22.4**	21.7
Trade and other non-interest-bearing payables	25	**40.1**	28.3
Lease liabilities	22, 24	**4.8**	4.3
Income tax payables		**2.5**	1.3
Provisions	21	**0.3**	1.8
Total current liabilities		**70.1**	57.4
Total shareholders' equity and liabilities		**293.6**	300.2

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	**2024**	2023
Net profit for the period		**0.4**	-7.3
Adjustments			
Income taxes	10	**0.0**	0.6
Financial income and expenses	9	**8.2**	10.7
Reversal of non-cash items			
Depreciation and impairments	11, 12, 27	**12.5**	11.6
Share based payments	7, 29	**0.1**	-0.3
Exchange rate differences	9	**0.4**	0.0
Share of results in associated companies and joint ventures	13	**0.0**	1.3
Gains/losses on disposals of intangible, tangible assets and subsidiaries		**-6.4**	0.0
Other items		**-2.4**	4.0
Total adjustments		**12.4**	27.8
Financial items			
Interest paid		**-8.2**	-8.6
Interest received		**1.7**	2.4
Income taxes paid		**-1.3**	-1.9
Other financial items, net		**-1.4**	-1.8
Total Financial items		**-9.1**	-9.8
Change in working capital			
Change in receivables		**4.4**	10.4
Change in inventories		**5.1**	5.0
Change in liabilities		**10.2**	-5.5
Total change in working capital		**19.7**	9.9
Net cash generated from operating activities		**23.4**	20.6
Net cash used in investing activities			
Proceeds from sale of intangible assets	11	**0.4**	-
Acquisition of intangible assets	11	**-0.3**	-3.8
Proceeds from sale of tangible assets	12	**8.7**	1.4
Acquisition of tangible assets	12	**-3.9**	-5.7
DQC International Corp acquisition	3	**-0.3**	-1.4
Total net cash used in investing activities		**4.6**	-9.5
Net cash generated from financing activities			
Dividends paid to parent company shareholders		**-**	-1.6
Non-current loan withdrawals		**-**	71.0
Current loan withdrawals		**81.1**	225.7
Non-current loan repayments		**-31.7**	-41.4
Current loan repayments		**-65.6**	-297.2
Payments of lease liabilities		**-4.9**	-5.4
Hybrid bond		**-3.8**	29.3
Total net cash generated from financing activities		**-24.8**	-19.6
Change in cash and cash equivalents		**3.2**	-8.5
Cash and cash equivalents at the beginning of the period		**20.0**	29.0
Foreign exchange rate effect		**-1.5**	-0.6
Cash and cash equivalents at the end of the period	17	**21.7**	20.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
EUR million	Share capital	Share premium fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	Hybrid bond	**Total equity**
Equity on Jan 1, 2023	3.6	16.7	4.9	-3.0	-7.8	124.6		**139.0**
Net profit for the period						-7.3		**-7.3**
Other comprehensive income *								
Translation differences					-3.1			**-3.1**
Defined benefit plans						0.2		**0.2**
Net investment hedges					-0.1			**-0.1**
Total comprehensive income					**-3.2**	**-7.1**		**-10.3**
Dividends paid						-1.6		**-1.6**
DQC International Corp. transactions with non-controlling interests						-0.3		**-0.3**
Issuance of hybrid bond							30.0	**30.0**
Hybrid bond expenses						-0.5		**-0.5**
Other changes						0.0		**0.0**
Equity on Dec 31, 2023	**3.6**	**16.7**	**4.9**	**-3.0**	**-11.0**	**115.0**	**30.0**	**156.3**
Net profit/loss for the period						0.4		**0.4**
Other comprehensive income*								
Translation differences					1.1			**1.1**
Defined benefit plans						-0.1		**-0.1**
Net investment hedges					-0.1			**-0.1**
Total comprehensive income					**1.0**	**0.4**		**1.4**
Share based payments						0.1		**0.1**
Issuance of hybrid bond								
Hybrid bond expenses*						-3.0		**-3.0**
Other changes						0.6		**0.6**
Equity on Dec 31, 2024	**3.6**	**16.7**	**4.9**	**-3.0**	**-9.9**	**113.0**	**30.0**	**155.3**

* Net of tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED ACCOUNTS

Company's background

Rapala VMC Corporation ("company") is a Finnish public limited liability company organized under the laws of Finland, domiciled in Asikkala and listed on the Nasdaq Helsinki stock exchange since 1998. The parent company Rapala VMC Corporation and its subsidiaries ("the Group") operate in some 40 countries and the company is one of the leading fishing tackle companies in the world.

The consolidated financial statements have been prepared for the accounting period of 12 months from January 1 to December 31, 2024. The Board of Directors of the company has approved these financial statements for publication at its meeting on April 10, 2025. Under Finland's Limited Liability Companies Act, shareholders have the option to accept or reject the financial statements in a meeting of shareholders, which will be held after the publication of the financial statements. The meeting has also the option of changing the financial statements.

A copy of the consolidated financial statements is available at the Group's website www.rapalavmc.com or from Mäkelänkatu 87, 00610 Helsinki, Finland.

Basis for preparing the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including IAS and IFRS standards as well as the SIC and IFRIC interpretations in effect on December 31, 2024. The term 'IFRS standards' refers to standards and interpretations which are approved and adopted by the European Union (regulation EY 1606/2002) and thus are in force in the Finnish legislation. The Group has not early adopted any new, revised or amended standards or interpretations.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated.

Financial statements in accordance with the European Single Electronic Format (ESEF) reporting requirements are published in Finnish and English. In accordance with ESEF's requirements, the primary statements and notes to the consolidated financial statements have been tagged with XBRL tags. The ESEF report has been audited.

Application of new and revised standards or interpretations

The Group has adopted the new standards and interpretations relevant to its operations that did take effect during the accounting period. The adopted new standards and interpretations did not have material impact on the Group's consolidated financial statements.

The IFRS 18 Presentation and Disclosure in Financial Statements, effective reporting periods onwards 2027, will replace the IAS 1 Presentation of Financial Statements will have most likely have an impact on the presentation of primary financial statements and the accompanying notes of the Groups consolidated financial statements.

The Group has presented in the 2024 annual statements only the material accounting policy information and therefore it has not repeated all the accounting policy information presented in the year 2023 annual statements.

Consolidation principles

The consolidated financial statements comprise the financial statements of the company and its subsidiaries in which it has control. The control is based either to governing power established through direct or indirect holding of over 50% of the voting rights and/or control established through other means. The financial statements of the subsidiaries are prepared for the same accounting period as the company, using consistent accounting policies. The investments in subsidiaries have been eliminated using the acquisition cost method. All transactions between Group companies as well as assets and liabilities, dividends and unrealized internal margins in inventories and tangible assets have been eliminated in the consolidated financial statements.

Associated companies are companies where the Group holds voting rights of 20–50% and/or in which the Group has significant influence, but not control. Joint ventures are companies, over which the Group has contractually agreed to share control with another venturer. Currently associated companies and joint ventures are included in the consolidated financial statements using the equity method. Under the equity method, the Group's share of the profit or loss of an associate or a joint venture is recognized in the consolidated income statement before operating profit.

Foreign currency transactions and translations

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items denominated in foreign currency, measured at fair value, are translated using the exchange rates at the date when the fair value was determined. Other non-monetary items have been translated into the functional currency using the exchange rate on the date of the transaction.

The consolidated financial statements are presented in euros, which is the company's functional and reporting currency. Income statements of subsidiaries, whose functional and reporting currencies is not euro, are translated into the Group reporting currency using the average exchange rate for the year. Their balance sheets are translated using the exchange rate of balance sheet date. All exchange differences arising on the translation are entered in the statement of other comprehensive income and presented in equity. The translation differences arising from the use of the purchase method of accounting and after the date of acquisition as well as fair value changes of loans which are hedges of such investments are recognized in statement of other comprehensive income and presented in equity. On the disposal of a subsidiary, whose functional and reporting currency is not euro, the cumulative translation difference for that entity is recognized in the income statement as part of the gain or loss on the sale.

Revenue recognition

Net sales comprise of consideration received less indirect sales taxes, discounts and exchange rate differences arising from sales denominated in foreign currency. Revenue is recognized when the performance obligation is satisfied, and customer obtains control of that asset. Mainly, revenue is recognized on products, when they are delivered to the customer in compliance with the contract terms, and the point of time of transferring the control is identified in customer specific delivery terms in purchase orders and/or frame agreements. The costs of shipping and distributing products are included in other operating expenses. Revenues from services are recorded when the service has been performed.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Royalty income is recorded according to the contents of the agreement. Interest income is recognized by the effective yield method. Dividend income is recognized when the company has acquired a right to receive the dividends.

Income taxes

The Group's income tax expense includes taxes of the Group companies based on taxable profit for the period, together with tax adjustments for previous periods and the change in deferred income taxes. The income tax effects of items recognized directly in other comprehensive income are similarly recognized. The current tax expense for the financial year is calculated from the taxable profit based on the valid tax rate of each country. The tax is adjusted with possible taxes related to previous periods. The share of results in associated companies is reported in the income statement as calculated from net profit and thus including the income tax charge.

Deferred taxes are provided using the liability method, as measured with enacted tax rates, to reflect the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The main temporary differences arise from the depreciation difference on tangible assets, fair valuation of net assets in acquired companies, intra-group inventory profits, defined benefit plans, inventory allowances and other provisions, untaxed reserves and tax losses carried forward. Temporary differences are recognized as a deferred tax asset to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilized.

Segment reporting

The Group did announce on 12th December 2024 updating its IFRS segment reporting following the recent strategic organisational changes and from December 2024 onwards, reporting segments "Group products" and "Third Party Products" will be removed. As a conseguence of the update Rapala VMC as a whole is considered as a single operating segment and a cash generating unit.

The Group is led as a whole and not organized nor managed in independent divisions. The Group's CODM is Group CEO together with the Board of Directors. Most of the units are also strongly interlinked i.e. some units do not have a sales or a production organization or some other functions or operations needed to operate on a stand-alone basis. As a consequence, goodwill and trademarks with indefinite lives are tested on the Group level. However, according to IFRS, the lowest cash-generating unit (CGU) cannot be larger than an operating segment in the Group's segment reporting.

Intangible assets

Intangible assets include customer relations, trademarks, capitalized development expenses, patents, copyrights, licenses and software. An intangible asset is recognized in the balance sheet only if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. Intangible assets are stated at cost, amortized on a straight-line basis over the expected useful lives which vary from 3 to 15 years and adjusted for any impairment charges.

Trademarks and other intangible assets whose useful life is estimated to be indefinite are estimated to affect cash flow accumulation for an undefined period of time. The expected useful life for most trademarks is indefinite and therefore they are not amortized. These intangibles are measured at cost less any accumulated impairment loss and not amortized. Intangible assets with indefinite useful lives are tested for impairment annually. The valuation of intangible assets acquired in a business combination is based on fair value as at the date of acquisition.

Expected useful lives and indefinite lives of intangible assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, amortization periods are changed accordingly.

Tangible assets

Tangible assets are stated at historical cost, amortized on a straight-line basis over the expected useful life and adjusted for any impairment charges. The valuation of tangible assets acquired in a business combination is based on fair value as at the date of acquisition. Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is based on the following expected useful lives:

Buildings and structures	10–25 years
Machinery and equipment	5–10 years
Other tangible assets	3–10 years

Expected useful lives of tangible assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Ordinary maintenance and repair costs are expensed as incurred. The cost of significant renewals and improvements are capitalized and depreciated over the remaining useful lives of the related assets. Gains and losses on sales and disposals are determined by comparing the received proceeds with the carrying amount and are included in the income statement in other operating income and expenses.

Depreciation of a tangible asset is discontinued when the tangible asset is classified as being held-for-sale in accordance with IFRS 5 standard Non-Current Assets Held-for-sale and Discontinued Operations.

Impairments of tangible and intangible assets

The carrying amounts of tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If indication exists, the recoverable amount is measured. Indications of potential need for impairment may be for example changes in market conditions and sales prices, decisions on significant restructurings or change in profitability.

Goodwill, intangible assets with indefinite useful lives and unfinished intangible assets are in all cases tested annually. For the purposes of assessing impairment, assets are grouped at the lowest cash generating unit level for which there are separately identifiable, mainly independent, cash inflows and outflows.

An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is determined by reference to discounted future net cash flows expected to be generated by the asset. Discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss is immediately recognized in the income statement.

Impairment losses attributable to a cash-generating unit are used to deducting first the goodwill allocated to the cash-generating unit and, thereafter, the other assets of the unit on an equal basis. The useful life of the asset to be depreciated is reassessed in connection with the recognition of the impairment loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. However, the reversal must not cause that the adjusted value is higher than the carrying amount that would have been determined if no impairment loss had been recognized in prior years. Impairment losses recognized for goodwill are not reversed.

Accounting for Leases - Group as a lessee

Group's capitalised lease agreements consist mainly of buildings as production facilities, office premises and warehouses, also the Group has several vehicle lease agreements. The Group recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease. At the commencement date, a right-of-use asset as defined by IFRS 16 is measured at cost. The Group applies the two available exemptions, which relate to short-term contracts, in which the lease term is less than

12 months, or low-value assets, which are expensed to other operating expenses.

The nominal lease liability is initially measured at the present value of the lease payments over the lease term. The lease payments are discounted using the lessee´s incremental borrowing rate. The incremental borrowing rates used are relevant interbank rates and the Group's internal finance margins. The incremental borrowing rates are currency specific.

The initial measurement of the lease payments does not include possible variable elements. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of income. The lease term is the non-cancellable period of the lease plus period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term, especially concerning lease agreements containing termination and purchase options and lease agreements with indefinite lease terms.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. The lease liabilities are subsequently measured at initial recognition less occurring lease payments that are allocated to the principal.

Lease payments are presented as repayments of liabilities and related interest expenses. The lease payments are presented in the cash flow from financing activities and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases, low-value assets and variable payments are presented in the cash flow from operating activities. Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification and a termination of a lease agreement is recognised in other operating income or other operating expenses in the statement of income.

Financial assets

Financial assets are initially measured at fair value at trade date. Subsequently, financial assets are classified and measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit and loss.

Financial assets are measured at amortized cost when business model is hold-to-collect and cash flows are solely payments of principal and interest. Financial assets at amortized cost include non-derivative financial assets such as cash and cash equivalents, trade receivables and loan receivables.

Loan and trade receivables are measured at amortized cost using the effective interest rate method less any expected credit losses. Initially recognized amount includes directly attributable transaction costs. Gains and losses are recognized in the income statement when loans and receivables are derecognized, impaired, and through the amortization process.

Financial assets measured at fair value through profit and loss are assets which are derivatives not in hedge accounting.

Financial assets measured at fair value through other comprehensive income are equity instruments where entity has done an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss.

Impairment of financial assets is assessed regularly and when the carrying value exceeds the fair value or recoverable value of discounted cash flows, appropriate impairment is recognized in the income statement.

For trade receivables Rapala applies IFRS 9 expected credit loss assessment. See note 22.

Derivative financial instruments and hedge accounting

When hedge accounting is applied it is fulfilled according to IFRS 9. The Group is exposed to financial risks related especially to changes in foreign currency exchange rates and interest rates for loans and borrowings. Derivative financial instruments are used, from time to time, to hedge financial risk. All derivatives are initially recognized at fair value on the date derivative contract is entered into, and are subsequently remeasured at fair value on each balance sheet date. Determination of fair values is based on quoted market prices and rates, discounting of cash flows and option valuation models. The fair values of these instruments are received from the respective bank or calculated to match the current market price. Currently, the Group does not have embedded derivatives.

Derivatives may be designated as hedging instruments, in which case hedge accounting is applied. At the inception of a hedge relationship, the Group designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. In the case hedge accounting is applied, the accounting for hedging instruments is dependent on the particular nature of the hedging relationship.

In cash flow hedges, changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized as other comprehensive income and the ineffective portion is recognized immediately in the income statement. Accumulated fair value changes recognized in the statement of other comprehensive income are reclassified into income statement in the period when the hedged cash flow affects income. Changes in fair value of derivative instruments are recognized in the income statement based on their nature either in the operative costs if the hedged item is an operative foreign currency transaction or as financial income or expenses, if the hedged item is a monetary transaction.

Changes of the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement together with the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The changes in the fair values of derivatives that are designated as hedging instruments but are not accounted for according to the principles of hedge accounting are recognized in the income statement based on their nature either in the operative costs, if the hedged item is an operative transaction, or as financial income or expenses, if the hedged item is a monetary transaction.

In principal, the fair values of derivative instruments are presented in the statement of financial position under short-term or long-term non-interest bearing assets or liabilities based on their maturity. Derivative instruments that are designated and qualify as fair value hedges of monetary assets or liabilities, are presented in the same group of interest-bearing assets or liabilities as the hedged instrument.

Effective portion of changes in the fair values of foreign currency hedges used against the translation differences arising from the consolidation of net investments in foreign subsidiaries are recognized in translation differences in the statement of other comprehensive income. The ineffective portion is recognized in financial income and expenses. Accumulated fair value changes recognized in the items of other comprehensive income are reclassified into income statement if the hedged subsidiary is disposed of partially or in its entity.

Financial liabilities

Financial liabilities are initially recognized at fair value at trade date. After initial recognition, the financial liabilities are subsequently measured and categorized at amortized cost, at fair value through profit and loss, or as derivatives designated at hedging instruments in an effective hedge. Financial liabilities, except derivatives, are initially recognized at the fair value of the consideration received plus directly attributable transactions costs. After initial recognition, they are subsequently measured at amortized cost using the effective interest method. Also commercial paper programs are measured at amortized cost. Gains and losses are recognized in the income statement when the liabilities are derecognized, impaired and through the amortization process.

Financial liabilities include current and non-current liabilities and they can be interest-bearing or non-interest-bearing. Contingent considerations of business combinations are classified as non-interest-bearing financial liabilities.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method or, alternatively, weighted average cost where it approximates FIFO. The cost of finished goods and work in progress comprises raw materials, direct labor, depreciation, other direct costs and related production overheads, but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are presented net of net realizable value allowance recognized for obsolete and slow-moving inventories.

Trade receivables

Trade receivables are carried at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance. Group's expected credit loss is evaluated based on trade receivables of the lifetime expected credit losses according to IFRS 9. Group has analyzed individually receivables, which are under juridical proceedings and has decided not to combine these credit loss provisions into expected credit loss model. Group's total credit loss provision is combination of individual cases provisions and evaluated expected credit loss. The probability of a credit loss is calculated by the percentage determined for each age group by the specified percentages based on historically realized payments and recorded historical credit loss. The simplified approach is used for evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current interest-bearing loans.

Share-based payments

Share-based payment programs are valued at fair value on the grant date and recognized as an expense in the income statement during the vesting period with a corresponding adjustment to the equity or liability. In the cash settled option program the liability is revalued at each balance sheet date with changes in fair value recognized in the income statement. The income statement effect of the share-based payments programs is recognized in employee benefit expenses.

The expense of the share-based payments determined at the grant date reflects the Group's estimate of the number of options or share rewards that will ultimately vest. Grant date is the date at which the entity and another party agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. The options are valued at fair value using Black-Scholes option-pricing model. The non-market criteria are not included in the fair value of the option but taken into account in the number of options that are assumed to vest. On a regular basis the Group reviews the assumptions made and revises its estimates of the share-based payments that are expected to be settled. The changes in the estimates are recognized in the income statement with a corresponding adjustment to the equity or liability.

When the share options are exercised, the proceeds received, net of any transaction costs, are credited in the fund for invested non-restricted equity.

Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders of the company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held as treasury shares, if any.

Diluted earnings per share amounts have been calculated by applying the "treasury stock" method, as if the options were exercised at the beginning of the period, or on the issuance of options, if that occurs later during the period, and as if the funds obtained thereby were used to purchase common stock at the average market price during the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the options. The assumption of exercise is not reflected in earnings per share when the exercise price of the options exceeds the average market price of the shares during the period. The share options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the options.

Operating profit

The IAS 1 (Presentation of Financial Statements) standard does not define operating profit. The Group has defined it as follows: Operating profit is the net amount arising from adding other operating income and share of results in associates and joint ventures to net sales, deducting cost of sales corrected for changes in inventories and cost of production for own use, deducting costs related to employee benefits, depreciation and possible impairments as well as other operating expenses. Foreign exchange differences and changes in the fair value of derivative financial instruments are included in operating profit in case they originate from operative business items; otherwise they are booked in financial income and expenses.

Cash flow statement

Cash and cash equivalents presented in the cash flow statement comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash generated from operating activities has been reported using the indirect method. All income taxes paid during the financial year are presented in Net cash generated from operating activities, unless they can be particularly allocated to net cash from (used in) investing or financing activities. Unrealized exchange gains and losses from cash and cash equivalents denominated in foreign currencies are presented on a separate row before cash and cash equivalents at the end of period, separate from cash generated from (used in) operating, investing and financing activities.

Waste electrical and electronic equipment

The Group is a distributor of electrical equipment that falls under the EU Directive on Waste Electrical and Electronic Equipment. Expected costs are recognized as part of other operating expenses and as a current non-interest-bearing payable.

Comparable operating profit and items affecting comparability

In order to reflect the underlying business performance and to enhance comparability between financial periods, the Group presents alternative performance measures. Comparable operating profit is operating profit excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability, which include material restructuring costs, impairments, gains and losses on business combinations and disposals, insurance compensations and other non-operational items. Alternative performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the amounts recognized in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates. In addition, judgment has to be exercised in applying the accounting principles of the financial statements. Management's estimates and assumptions are based on historical experience and plausible future scenarios, which are continually evaluated. Possible changes in estimates and assumptions are recognized in the accounting period during which estimates and assumptions were fixed and in all subsequent accounting periods.

The key assumptions concerning the future and other key sources of uncertainty related to estimations at the balance sheet date, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next accounting period, are discussed below.

Impairment testing

The carrying amounts of tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Goodwill, intangible assets with indefinite useful lives and unfinished tangible assets are in all cases tested annually. For the purposes of assessing impairment, assets are grouped at the lowest cash generating unit level for which there are separately identifiable, mainly independent, cash inflows and outflows. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is determined by reference to discounted future net cash flows expected to be generated by the asset. These calculations require the use of estimates.

Income taxes

The Group reviews at each balance sheet date especially the carrying amount of deferred tax assets. Deferred taxes are provided using the liability method, as measured with enacted tax rates, to reflect the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The main temporary differences arise from the depreciation difference on tangible assets, fair valuation of net assets in acquired companies, intra-group inventory profits, defined benefit plans, inventories and other provisions, untaxed reserves and tax losses carried forward. Temporary differences are recognized as a deferred tax asset to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilized. The likelihood for the recovery of deferred tax assets from future taxable income is assessed, and to the extent the recovery is not considered likely the deferred asset is adjusted in accordance. At each balance sheet date the Group reviews whether distribution of earnings in subsidiaries is in its control and probable, and books a deferred tax accordingly.

Provisions

The timing of the recognition of a provision is based on management's estimate of the moment when the Group has a present legal or constructive obligation, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Rounding of figures

The consolidated financial statements are presented in millions of euros. 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.

In the financial statements, EUR 0.0 million means the figure is less than EUR 50 000. If the amount is EUR 0, the cell is left empty.

2 GEOGRAPHICAL AND GROUP-WIDE INFORMATION

The Group operates in four geographical areas which are North America, Nordic, Rest of Europe and Rest of the World. External net sales and non-current assets are presented separately in the countries which proportion is significant.

The non-current assets exclude non-current financial assets and deferred tax assets.

The Group's customer base consists of a large number of customers in several market areas and no single customer represent by itself a significant part of the Group's net sales.

EXTERNAL NET SALES BY UNIT LOCATION

EUR million	2024	2023
Finland	**22.8**	24.7
Other Nordic Countries	**3.0**	3.2
Nordic total	**25.8**	27.8
Russia	**4.8**	6.5
France	**35.8**	32.2
Other European Countries	**17.8**	18.4
Rest of Europe Total	**58.4**	57.1
USA	**98.3**	98.2
Other North America	**13.6**	12.4
North America total	**111.9**	110.6
Rest of the World total	**24.8**	26.1
Total	**220.9**	221.6

NON-CURRENT ASSETS BY UNIT LOCATION

EUR million	2024	2023
Finland	**23.6**	31.1
Other Nordic Countries	**1.4**	1.6
Nordic total	**24.9**	32.7
Russia	**0.2**	0.2
Other countries	**25.8**	44.6
Rest of Europe total	**26.1**	44.9
North America total	**55.9**	33.4
China (incl. Hong Kong)	**28.7**	27.4
Other countries	**3.1**	2.7
Rest of the World total	**31.9**	30.1
Total	**138.8**	141.1

3 ACQUISITIONS AND DIVESTMENTS

Acquisitions in 2024

No acquisitions were carried out in 2024

Acquisitions in 2023

DQC International acquisition

The Group did acquire 13 July 2023 the control of the DQC International, which was previously owned by the Group by 49% and after the July acquisition the Group ownership was 60%. As a result of purchase price allocation Rapala VMC Group recognized a goodwill of EUR 16.0 million of the acquisition. Main items driving fair value of net assets being lower than purchase consideration were the loans between Rapala VMC Group and DQC International valued approximately EUR 23 million. The acquisition price of the 11% stake was one US dollar. The acquired company has been consolidated in the Group financials as of August 1, 2023 onwards.

The Group published 21 December 2023 that Rapala VMC Corporation has bought the remaining 40% shareholding of DQC International and now its ownership of the company is 100%. This later acquisition has been accounted according to IFRS 10 as acquisition of minority. The acquisition price was 350 000 US dollars. The acquisition offers Rapala VMC the opportunity to consolidate 13 Fishing into Rapala USA and continue to strengthen the company's market position within the U.S. market. Rapala's global manufacturing and purchasing strength, backed with a proven U.S. distribution center and supply chain, offers retailers world-class service they can count on. In the U.S., Rapala VMC Corporation has one of the largest sales and distribution networks covering every corner of the U.S. market. Utilizing the market expertise and positive relationships fostered by the Rapala USA sales team will clearly place 13 Fishing in the market position it deserves.

Divestments in 2024

No divestments were carried out in 2024.

Divestments in 2023

No divestments were carried out in 2023.

4 OTHER OPERATING INCOME

EUR million	2024	2023
Rental income	0.1	0.0
Other subsidies	-	0.3
Insurance compensations	-	0.1
Other income	0.2	0.5
Total	**0.3**	**1.0**

5 OTHER OPERATING EXPENSES

EUR million	2024	2023
Selling and marketing expenses	-9.3	-10.4
Rents paid (outside of IFRS 16)	-1.4	-1.4
Freight out	-7.9	-7.5
Maintenance and utility expenses	-5.7	-6.0
Traveling expenses	-2.4	-3.2
Sales commissions	-3.7	-4.2
Consulting expenses	-1.9	-1.7
IT and telecommunication	-3.7	-3.5
Auditors' fees and services	-0.8	-0.9
Outsourced logistics	-0.8	-1.4
Currency derivatives	-0.7	0.3
Other expenses	-6.7	-8.3
Total	**-45.1**	**-48.0**

AUDITORS' FEES AND SERVICES

EUR million	2024	2023
Audit fees	-0,5	-0.7
Fees for tax services	-	-0.2
Non-audit fees	0.0	0.0
Total	**-0,5**	**-0.9**

Audit company Deloitte Oy (2024), Ernst & Young (2023).

6 MATERIALS AND SERVICES

EUR million	2024	2023
Materials, goods and supplies		
Purchases during the period	-90.6	-80.4
Change in inventory	-2.1	-0.6
External services	-2.7	-2.5
Total	**-95.4**	**-83.6**

7 EMPLOYEE BENEFIT EXPENSES

EUR million	2024	2023
Wages and salaries	-49.8	-48.3
Pension costs - defined contribution plans	-2.5	-4.2
Pension costs - defined benefit plans	-0.3	-0.3
Other long-term employee benefits	-	-0.3
Option programs to be settled in shares	-	0.0
Other personnel expenses	-11.1	-8.7
Total	**-63.6**	**-61.7**

The employee benefit expenses in 2024 included EUR 1.6 million employee related restructuring expenses (2023: EUR 1.1 million). For more details on employee benefits for top management and possible share-based incentive plans, see notes 28 and 29.

AVERAGE PERSONNEL

Persons	2024	2023
North America	133	124
Nordic	139	251
Rest of Europe	817	795
Rest of the World	264	266
Total	**1 353**	**1 436**

8 RESEARCH AND DEVELOPMENT EXPENSES

Net profit for the period includes research and development expenses of EUR 1.0 million recognized as an expense in 2024 (2023: EUR 0.8 million). Group has not capitalized development costs.

9 FINANCIAL INCOME AND EXPENSES

EUR million	2024	2023
Foreign exchange gains and losses		
From financial assets	1.9	-1.3
From financial liabilities measured at amortized cost	-1.2	-1.0
From lease liabilities	0.0	0.0
Interest and other financial income		
Interest income from financial assets measured at amortized cost	1.6	1.8
Other financial income	0.0	0.1
Interest and other financial expenses		
Interest expense on financial liabilities measured at amortized cost	-7.4	-9.0
Interest rate derivatives – non-hedge accounted	-0.4	-0.2
Currency derivatives - non-hedge accounted	-0.1	-0.4
Interest expenses on lease liabilities	-0.6	-0.5
Other financial expenses	-2.1	-2.1
Total	**-8.1**	**-10.7**

RECOGNIZED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	2024	2023
Gains and losses on hedges of net investments, net of tax	-0.1	-0.1
Total	**-0.1**	**-0.1**

EXCHANGE GAINS AND LOSSES IN OPERATING PROFIT

EUR million	2024	2023
In net sales	1.1	0.3
In purchases	-0.3	-0.3
In other operating expenses		
Currency derivatives, non-hedge accounted	-0.7	0.3
Total	**0.0**	**0.3**

10 INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT

EUR million	2024	2023
Current taxes	-2.3	-2.5
Deferred taxes	2.3	2.0
Total income taxes	**0.0**	**-0.6**

INCOME TAX RECONCILIATION

EUR million	2024	2023
Profit/loss before taxes	0.5	-6.7
Income taxes at Finnish statutory tax rate (20%)	-0,1	1.3
Difference between Finnish and foreign tax rates	-0.4	-0.2
Prior year income taxes	1.0	-0.2
Foreign withholding taxes	-0.2	-0.3
Effect of deferred taxes not recognized	-0.4	-1.2
Benefit arising from previously unrecognized deferred tax asset	1.8	0.5
Income taxes on undistributed earnings	-1.0	0.2
Effect of changes of tax rates	0.1	-
Share of results of associated companies	0.0	-0.3
Other items	-0,8	-0.4
Income taxes in the income statement	0.0	-0.6

TAXES IN OTHER COMPREHENSIVE INCOME

2024

EUR million	Before tax	Tax expense/ benefit	Net of tax
Translation differences	1.1	-	1.1
Remeasurement of defined benefit liabilities	-0.1	-	-0,1
Net investment hedges	-0.1	0.0	-0,1
Total	**0.9**	**0.0**	**0.9**

2023

EUR million	Before tax	Tax expense/ benefit	Net of tax
Translation differences	-3.1	-	-3.1
Remeasurement of defined benefit liabilities	0.2	-	0.2
Net investment hedges	-0.1	0.0	-0.1
Total	**-3.0**	**0.0**	**-3.0**

DEFERRED TAXES

EUR million	2024	2023
Lease liabilities*	0.8	1.0
Tax losses and credits carried forward	11.2	7.9
Provisions	1.3	1.2
Employee benefits	0.4	0.4
Depreciation differences	2.5	1.9
Inventories	3.7	3.3
Total	19.9	15.7
Offset against deferred tax liabilities	-4.9	-3.4
Total deferred tax assets	**14.9**	**12.2**
Right-of-use assets*	0.7	1.0
Depreciation differences and other untaxed reserves	2.9	2.7
Fair value allocations for acquired net assets	5.8	5.4
Undistributed earnings	4.2	3.1
Other temporary differences	0.2	0.4
Total	13.8	12.5
Offset against deferred tax assets	-4.9	-3.4
Total deferred tax liabilities	**8.9**	**9.1**
Net deferred tax assets (+) / liabilities (-)	**6.0**	**3.1**

*) Due to the amendments to IAS 12 Income taxes -standard, deferred tax assets and liabilities on right-of-use assets and lease liabilities are presented separately and not offset against each other.

MOVEMENT IN THE NET DEFERRED TAX BALANCE

EUR million	2024	2023
Net deferred tax assets (+) and liabilities (-) at January 1	**3.1**	1.4
Recognized in income statement	**2.3**	2.0
Recognized in other comprehensive income		0.0
Recognized in equity	**0.7**	0.1
Translation differences	**-0.1**	-0.4
Net deferred tax assets (+) and liabilities (-) at December 31	**6.0**	3.1

Deferred taxes have been reported as a net balance according to IAS 12.

As of December 31, 2024, the Group had tax losses carried forward of EUR 37.3 million (2023: EUR 32.1 million), for which deferred tax assets have not been recognized in the consolidated financial statements because the realization of the tax benefit is not probable. EUR 1.6 million of these tax losses will expire during the next five years (2023: EUR 1.5 million).

Deferred tax liability on undistributed earnings of subsidiaries has been recognized in the consolidated balance sheet to the extent that distribution is probable within the foreseeable future.

The consolidated balance sheet includes deferred tax assets of EUR 8.5 million (2023: EUR 9.2 million) in group companies, which have generated losses in financial year 2024 or 2023. The recognition of these assets is based on profit estimates, which indicate that the realization of these deferred tax assets is probable.

11 INTANGIBLE ASSETS

2024

EUR million	Goodwill	Trademarks	Customer relations	Other intangible assets	Total
Acquisition cost Jan 1	**64.3**	**35.4**	**3.9**	**10.2**	**113.8**
Additions			**0.0**	**0.3**	**0.3**
Disposals		**-0.1**	**-1.3**	**-2.2**	**-3.6**
Reclassifications [1]		**-0.3**		**0.6**	**0.3**
Translation differences	**2.0**	**1.2**	**0.1**	**0.1**	**3.4**
Acquisition cost Dec 31	**66.3**	**36.1**	**2.7**	**9.0**	**114.1**
Accumulated amortization Jan 1		**-0.9**	**-3.8**	**-7.4**	**-12.0**
Disposals		**0.1**	**1.3**	**1.8**	**3.2**
Amortization during the period			**-0.1**	**-0.7**	**-0.9**
Translation differences		**-0.2**	**-0.2**	**0.0**	**-0.3**
Accumulated amortization Dec 31		**-0.9**	**-2.6**	**-6.3**	**-9.8**
Carrying value Jan 1	**64.3**	**34.5**	**0.2**	**2.8**	**101.7**
Carrying value Dec 31	**66.3**	**35.1**	**0.1**	**2.7**	**104.2**

2023

EUR million	Goodwill	Trademarks	Customer relations	Other intangible assets	Total
Acquisition cost Jan 1	50.2	33.9	4.0	8.7	**96.7**
Additions	15.0	1.9		0.6	**17.5**
Disposals		0.0		-0.8	**-0.7**
Reclassifications [1]				1.5	**1.5**
Translation differences	-0.9	-0.4	-0.1	0.1	**-1.2**
Acquisition cost 31.12.	**64.3**	**35.4**	**3.9**	**10.2**	**113.8**
Accumulated amortization Jan 1		-0.9	-3.8	-7.3	**-12.0**
Disposals				0.7	**0.7**
Reclassifications [1]				-0.3	**-0.3**
Amortization during the period			-0.1	-0.5	**-0.5**
Translation differences		0.0	0.1	0.0	**0.1**
Accumulated amortization Dec 31		**-0.9**	**-3.8**	**-7.4**	**-12.0**
Carrying value Jan 1	**50.2**	**33.0**	**0.2**	**1.3**	**84.7**
Carrying value Dec 31	**64.3**	**34.5**	**0.2**	**2.8**	**101.7**

[1] Includes reclassifications between intangible and tangible assets.

GOODWILL AND TRADEMARKS WITH INDEFINITE LIVES

EUR million	Total
2024	
Goodwill	**66.3**
Trademarks with indefinite lives	**35.1**
Discount rate, %	**9.99**
2023	
Goodwill	64.3
Trademarks with indefinite lives	34.5
Discount rate, %	10.66

Impairment testing of goodwill and trademarks with indefinite lives

The Group is led as a whole and not organized nor managed in independent divisions. Most of the units are also strongly interlinked i.e. some units do not have a sales or a production organization or some other functions or operations needed to operate on a stand-alone basis. As a consequence, goodwill and trademarks with indefinite lives are tested on the Group level. However, according to IFRS, the lowest cash-generating unit (CGU) cannot be larger than an operating segment in the Group's segment reporting. The Group did announce on 12th December 2024 updating its IFRS segment reporting following the recent strategic organisational changes and from December 2024 onwards, reporting segments "Group products" and "Third Party Products" will be removed. As a consequence of the update Rapala VMC as a whole is considered as a single operating segment and a cash generating unit.

The recoverable amount of the CGU is determined based on value-in-use calculations. Cash flow projections, which were used in these calculations, were based on most recent 5-year financial forecasts prepared by the management and approved by the Board. The estimated sales and production volumes are derived from the utilization of existing property, plant and equipment. The most important assumptions on which management has based its cash flow projections are the growth of sales and profitability and discount rate. Discount rate is the weighted average pre-tax cost of capital (WACC). The components of WACC are the risk-free yield rate, market risk premium, industry specific beta, cost of debt, and target capital structure. In the impairment tests prepared in 2024 and 2023, the growth rate used to extrapolate the cash flow beyond the five-year period is 0%. As a result of the performed impairment tests, no impairment losses have been recognized in 2024 or 2023.

Key assumptions

Sales – The Group's estimated sales are based on present and future product assortment and utilization of distribution and manufacturing capacity. In addition, estimated sales are based on long-term growth of industry and further implementation of Group's strategic objectives.

EBITDA margin – The Group's estimated EBITDA margin, operating profit before depreciation and impairments compared to net sales, is based on past years actual margins and management's view on sales and gross margin development. The increase in general cost level has also been taken into account in the development of EBITDA margin.

Discount rate – Discount rate is the weighted average pre-tax cost of capital (WACC). Weighted average cost of capital represents the total cost of Group's equity and debt taken into account specific risks related to assets.

Growth rate – Compared to historical sales growth development, management has been conservative in determining the growth rate for impairment purposes.

Sensitivity analysis

The Group is the most sensitive to impairment loss especially with regard to discount rate growth. At the time of testing the recoverable amount of the Group exceeds 21.3 MEUR from it carrying amount and discount rate may not increase by more than 0.7%-points, after which the need of impairment arises.

12 TANGIBLE ASSETS

2024

EUR million	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	1.3	23.0	61.4	15.9	2.2	103.6
Additions		0.0	1.4	0.5	1.8	3.7
Disposals		-2.0	-7.2	-1.5	-0.6	-11.4
Reclassifications 1)		0.2	0.1	0.2	-1.8	-1.3
Translation differences	0.0	0.2	0.4	0.2	0.0	0.9
Acquisition cost Dec 31	**1.3**	**21.4**	**56.1**	**15.3**	**1.5**	**95.7**
Accumulated depreciation Jan 1		-17.0	-48.0	-13.0		-78.0
Disposals		2.0	6.8	1.4		10.2
Reclassifications [1]			1.2			1.2
Depreciation during the period		-0.9	-4.2	-1.0		-6.1
Impairments			0.3			0.3
Translation differences		-0.2	-0.2	-0.2		-0.5
Accumulated depreciation Dec 31		**-16.0**	**-44.1**	**-12.8**		**-72.8**
Carrying value Jan 1	**1.3**	**6.0**	**13.4**	**2.9**	**2.2**	**25.6**
Carrying value Dec 31	**1.3**	**5.5**	**12.0**	**2.6**	**1.5**	**22.9**

2023

EUR million	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	2.0	27.8	65.1	19.0	3.0	**117.0**
Additions		0.1	2.7	0.6	2.9	**6.3**
Disposals		-2.3	-7.7	-3.6	-0.5	**-13.0**
Reclassifications [1]		0.5	1.6	0.2	-3.5	**-1.2**
Transfer to non-current assets held for sale [2]	-0.6	-2.9				**-3.7**
Translation differences	0.0	-0.3	-0.3	-0.3	0.3	**-0.7**
Acquisition cost Dec 31	**1.3**	**23.0**	**61.4**	**15.9**	**2.2**	**103.6**
Accumulated depreciation Jan 1		-20.3	-52.7	-15.3		**-88.3**
Disposals		2.4	7.7	3.4		**12.2**
Reclassifications [1]		3.4	0.0	-0.2		**3.3**
Transfer to non-current assets held for sale [2]		-1.7				**-1.8**
Depreciation during the period		-0.9	-3.3	-1.2		**-5.4**
Impairments		0.5				**0.5**
Translation differences		0.2	0.2	0.3		**0.8**
Accumulated depreciation Dec 31		**-17.0**	**-48.0**	**-13.0**		**-78.0**
Carrying value Jan 1	**2.0**	**7.5**	**12.4**	**3.8**	**3.0**	**28.7**
Carrying value Dec 31	**1.3**	**6.0**	**13.4**	**2.9**	**2.2**	**25.6**

[1] Includes reclassifications between intangible and tangible assets and inventories.
[2] Part of the subsidiary KL-Teho Oy's real estate and part of its buildings were classified as asset held for sale. The real estate is located in Jyväskylä. The Group also classified as asset held for sale a real estate located in Canada Oshawa Ontario. The KL-Teho real estate was sold on January 2024 and Canadian real estate on June 2024.

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has a 33.3% interest in associate Lanimo Oü, an unlisted company domiciled in Estonia. The carrying amount does not include goodwill or impairments. Lanimo Oü's figures are based on the information for the period ending on September 30, due to differences in reporting time schedule.

The Group owned 49% of the share capital and voting rights of DQC International Corp until July 13, 2023, an unlisted company domiciled in the USA. DQC International Corp. is known for its 13 Fishing -branded rods and reels. Rapala VMC Group acquired the control of the company in the July 13, 2023 additional 11% stake acquisition.

Associated companies are consolidated according to the equity method. DQC International Corp has been consolidated until July 13, 2023 using the equity method and after that consolidated as subsidiary to the Group financials.

EUR million	2024	2023
Acquisition cost Jan 1	**0.0**	1.2
Share of profit/loss	**0.0**	-1.2
Translation differences	**-**	0.0
Acquisition cost Dec 31	**0.0**	**0.0**

INFORMATION ON ASSOCIATES AND JOINT VENTURES

	Lanimo Oü		DQC International Corp.
EUR Million	2024	2023	Until July 13, 2023
Net sales	**0.2**	0.2	9.0
Purchases and other expenses	**-0.2**	-0.2	-16.0
Depreciation	**0.0**	0.0	-0.3
Interest income and expenses	**0.0**	0.0	-0.9
Net profit/loss for the period	**0.0**	0.0	-8.2
Non-current assets	**0.0**	0.0	2.1
Current assets	**0.1**	0.0	7.7
Of which cash and cash equivalents	**0.0**	0.0	1.1
Non-current liabilities	**0.0**	0.0	23.1
Of which financial liabilities	**0.0**	0.0	23.1
Current liabilities	**0.0**	0.0	2.7
Net assets of associate/ joint venture	**0.0**	0.0	-16.0
Net assets belonging to Rapala Group	**0.0**	0.0	-7.8

14 OTHER SHARES

EUR million	2024	2023
Carrying value Jan 1	**0.2**	0.2
Disposals	**-0.1**	-
Carrying value Dec 31	**0.1**	**0.2**

Other shares comprise of unlisted shares. The most significant, As Oy Tahkon Eagle, was sold during 2024.

15 RECEIVABLES

EUR million	2024	2023
Non-current receivables		
Interest-bearing		
Loan receivables	**0.7**	0.7
Other interest-bearing receivables	**0.0**	0.0
Non-interest-bearing		
Trade receivables	**0.0**	0.0
Other receivables	**0.3**	0.5
Current receivables		
Non-interest-bearing		
Trade receivables	**24.4**	25.5
Derivatives	**0.1**	0.7
VAT receivable	**1.1**	1.4
Other prepaid expenses and accrued income	**3.3**	3.2
Other receivables	**2.4**	4.1
Total	**32.2**	**36.0**

Fair values of financial assets are presented in the note 23. The average interest rate of non-current loan receivables was 3.50% (2023: 6.04%).

ALLOWANCES BOOKED FOR TRADE RECEIVABLES

EUR Million	2024	2023
Allowance for trade receivables Jan 1	**1.6**	1.7
Additions	**0.3**	0.7
Deductions	**-0.5**	-0.5
Recovery	**-0.4**	-0.3
Translation differences	**0.0**	0.0
Allowance for trade receivables Dec 31	**1.1**	**1.6**

In most cases allowances are determined individually, when there is objective evidence (such as significant overdue of receivables and unsuccessful dunning attempts or known financial difficulties and thus increased probability of customer insolvency) that the Group will not be able to collect all amounts due according to the original terms of the receivables.

16 INVENTORIES

EUR million	2024	2023
Raw material	10.0	11.6
Work in progress	8.4	8.9
Finished products	72.9	74.3
Net realizable value allowance	-7.0	-7.3
Total	**84.2**	**87.5**

17 CASH AND CASH EQUIVALENTS

EUR million	2024	2023
Cash at bank and in hand	19.8	19.7
Short-term deposits	1.9	0.3
Total	**21.7**	**20.0**

Russia's current assets include EUR 2.4 million of cash and cash equivalents which may contain transfer restrictions.

18 NON-CURRENT ASSETS HELD FOR SALE

EUR million	2024	2023
Non-current assets held for sale	-	1.9
Total	**-**	**1.9**

The Group classified two real estates as assets held for sale during 2023. In year 2023 part of the subsidiary KL-Teho Oy's real estate and part of its buildings were classified as asset held for sale. The real estate is located in Jyväskylä. The Group did announce on 2nd January 2024 that the Group's injection molding business in 22nd December 2023. The sold business was located in the part of the real estate which was classified as asset held for sale. The selling of the business and classification of the assets as held for sale is a part of Rapala's strategy to focus on core business and release capital. The real estate was sold in January 2024. The Group also classified in 2023 as asset held for sale a real estate located in Canada Oshawa Ontario. The real estate is approximately 12222 square meters and the building area approximately 4635 square meters dividing into office and warehouse. The buildings are built in 1980 and renovated in 2004. The classification of the real estate to asset held for sale is a part of Rapala's strategy to focus on core business and release capital. The subsidiary located in the premises is finding a new location. The real estate was sold in June 2024. The real estate was leased back. The gain on sale of non-current assets held for sale has been reported on separate line in the Group statement of income.

19 SHARE CAPITAL SHARE CAPITAL AND EQUITY FUNDS

EUR million	2024	2023
Share capital Jan 1	3.6	3.6
Share capital Dec 31	**3.6**	**3.6**
Share premium fund Jan 1	16.7	16.7
Share premium fund Dec 31	**16.7**	**16.7**
Fund for invested non-restricted equity Jan 1	4.9	4.9
Fund for invested non-restricted equity Dec 31	**4.9**	**4.9**

SHARES AND SHARE CAPITAL

Shares	2024	2023
Number of shares Jan 1	39 000 000	39 000 000
Number of shares Dec 31	**39 000 000**	**39 000 000**
Own shares Jan 1	123 891	123 891
Own shares Dec 31	**123 891**	**123 891**

On December 31, 2024, the share capital fully paid and reported in the Trade Register was EUR 3.6 million and the total number of shares was 39 000 000.

For more information on shares and share capital, see the section '*Shares and Shareholders*'.

EQUITY FUNDS

Share premium fund includes the premiums received on exercise of share options and other share issues under the old Finnish Limited Liability Companies Act. Fund for invested non-restricted equity includes subscription prices for shares to the extent that it is specifically not to be credited to share capital and other types of equity investments.

Translation differences contain exchange differences arising from the currency translation of foreign subsidiaries' financial statements and exchange differences arising from monetary items that form part of net investments in foreign companies.

HYBRID BOND

A hybrid bond is an instrument which is presented under equity in the consolidated financial statements. A hybrid bond is subordinated to the company's other debt obligations, but has seniority over other equity items. The yield on a hybrid bond is paid if the Group distributes a dividend. If no dividend is distributed, the Group will make a separate decision on whether to pay the yield. Unpaid yields are accumulated. The holders of a hybrid bond do not possess the same rights as shareholders concerning control or voting at General Meetings of shareholders.

In November 2023 the Group issued hybrid capital securities in the aggregate amount of EUR 30 million (the "Capital Securities"). The Capital Securities bear a fixed coupon interest of 12.500 per cent per annum until 29 November 2026 (the "Reset Date") and, from the Reset Date, a floating interest rate as defined in the terms and conditions of the Capital Securities. The Capital Securities do not have a specified maturity date, but Rapala VMC is entitled to redeem the Capital Securities at their nominal amount on the Reset Date, and subsequently, on each interest payment date thereafter. The issue date for the Capital Securities will be 29 November 2023. The accrued interest of 3.8 MEUR, resulting from the decision of the Board of Directors, was paid out in November 2024 and was recognized as a deduction from Group's equity. The accumulated non-recognized interest on hybrid bond on December 31, 2024 was 0.3 MEUR.

Rapala VMC's largest shareholder, Viellard Migeon Et Compagnie Sa, has participated in the issue by subscribing for the Capital Securities in an amount of EUR 7.2 million.

The Capital Securities are subordinated to the company's other debt obligations and treated as equity in Rapala VMC's consolidated financial statements prepared in accordance with the IFRS. The Capital Securities do not confer to its holders the rights of a shareholder and do not dilute the holdings of the current shareholders.

The proceeds from the issue of the Capital Securities was used for general corporate purposes, including supporting Rapala VMC's balance sheet, cash balance and improving its financial flexibility amid challenging trading environment while implementing savings program in operating expenses and optimizing its inventories. The issuance of the Capital Securities also diversified Rapala VMC´s financing sources to capital markets.

DIVIDENDS

No dividend was paid for 2023. The Board of Directors proposes to the Annual General Meeting of Shareholders to be held on May 8, 2025 that no dividends will be paid for 2024.

BOARD'S AUTHORIZATIONS

For information on the Board's authorizations and acquisition of own shares, see section '*Shares and Shareholders*'.

20 EMPLOYEE BENEFIT OBLIGATIONS

Most of the Group´s pension plans are defined contribution plans. The Group has defined benefit pension plans in France and in some Rest of the World countries. The plans in Rest of the World countries are immaterial as a whole. The retirement benefits are determined based on salary and period of employment. These obligations are unfunded. The Group has no other post-employment benefit obligations. The pension security of the personnel of the Group's Finnish companies is arranged under the Finnish statutory employee pension plan (TYEL) through an external pension insurance company. Employee benefit obligations also include a long-term profit-sharing payable to the employees in France and in some Rest of the World countries.

EXPENSES RECOGNIZED IN THE INCOME STATEMENT

EUR million	2024	2023
Current service cost	-0.1	-0.1
Interest cost	-0.0	-0.0
Total	**-0.2**	**-0.2**

AMOUNTS RECOGNIZED IN THE BALANCE SHEET

EUR million	2024	2023
Rest of Europe	1.4	1.5
Rest of the World	0.0	0.0
Present value of unfunded obligations	**1.5**	**1.5**

BALANCE SHEET RECONCILIATION

EUR million	2024	2023
Obligations Jan 1	1.5	1.7
Current service cost	0.1	0.1
Interest cost	0.0	0.0
Actuarial gains and losses		
Changes in demographic assumptions	0.0	0.0
Changes in financial assumptions	0.1	0.0
Changes in experience assumptions	0.0	-0.1
Effect of any curtailments or settlements	-0.2	-0.2
Paid contributions	0,0	0,0
Obligations Dec 31	**1.5**	**1.5**

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation.

EUR million	2024	2023
Within one year	-	-
1-5 years	0.3	0.4
5-10 years	0.9	1.1
Later than 10 years	-	-
Total	**1.2**	**1.5**

ASSUMPTIONS

Rest of Europe

%	2024	2023
Discount rate	3.1	3.5
Future salary increase	3.0	3.0
Annual inflation rate	2.0	2.0

Rest of the World

%	2024	2023
Discount rate	2.3	2.7
Annual inflation rate	3.0	3.0

21 PROVISIONS

EUR million	2024	2023
Other provisions		
Provisions Jan 1	0.3	0.4
Additions	-	0.0
Utilized provisions	-	-0.1
Translation differences	-	0.0
Provisions Dec 31	**0.3**	**0.3**
Non-current	-	-
Current	0.3	0.3
Total provisions	**0.3**	**0.3**

22 FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The main objective of the Group's financial risk management is to reduce the impacts of price fluctuations in financial markets and other factors of uncertainty on earnings, cash flows and balance sheet, as well as to ensure sufficient liquidity. The Board has approved the Group's risk management principles and CEO is responsible, together with the Chief Financial Officer, for development and implementation of financial risk management procedures.

Group Risk Management review financial risks on regular basis to manage Group's financial risk position and decide on necessary actions to manage financial risks. Group Risk Management continued monitoring and management of foreign exchange, interest rate, liquidity and counterparties' solvency risks.

Financial risks consist of market risks, credit and default risks and liquidity risks. This note also presents the Group's capital management.

MARKET RISKS

The Group's market risks are mainly caused by changes in foreign exchange and interest rates. These changes may have a significant impact on the Group's earnings, cash flows and balance sheet. The Group is also exposed to market price changes of certain raw materials, mainly metals and plastics, which are priced on commodity markets.

1. Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when revenue or expense is denominated in a foreign currency, financing, when debt is denominated in a foreign currency, and the Group's net investments in foreign subsidiaries. The Group's foreign exchange risk is managed by the business units and Group Risk Management in accordance with the Foreign Exchange Risk Management policy approved by the Board of Directors.

Transaction risk

Foreign exchange transaction exposure arises when an operating unit has commercial or financial transactions and payments in other than its own functional currency, and when related cash inflow and outflow amounts are not equal or noncurrent.

As a result of sales and purchases in foreign currencies as well as operations in several jurisdictions, the Group has foreign currency denominated receivables and payables that are exposed to movements in foreign exchange rates. Income and expenses within different currencies net each other out to some extent, creating thus an effective natural hedge. The remaining, estimated 12-15 month commercial net exposure is then systematically hedged by using derivative instruments. Depending on whether foreign currency monetary receivables and payables relate to sales and purchases or financial items, the foreign exchange gains and losses are recognized in the income statement either above or below operating profit.

The Group has also intra-group loans denominated in currencies that exposes the Group to currency risk that is not fully eliminated on consolidation. Depending on whether these loans are classified as net investments on foreign operations or loan receivables, the foreign exchange gains and losses are recognized in the other comprehensive income or income statement. The connections possibly prevailing between different currencies are not taken into account, e.g. US dollar and Honk Kong dollar are considered as separate currencies in this analysis.

Group Risk Management is responsible for monitoring the Group's consolidated currency risk exposure and when needed, enters into derivative transactions with group external counterparties.

Derivative instruments that are used for hedging purposes are mainly short term and can include forward contracts, option contracts and structured instruments. Because the Group does not apply hedge accounting on currency derivatives, the income statement effect arising from fair value changes of derivative instruments is recognized partly or entirely in different financial periods than exchange rate gains and losses arising from the hedged cash flows.

In 2024 currency derivatives that are used for operative hedging purposes had an income statement effect of EUR -0.7 million (2023: EUR 0.6 million). Fair values and nominal values of currency derivatives are summarized under section 4. Derivatives.

At the end of 2024 and 2023 the following currencies represent a significant portion of the currency mix outstanding:

2024

EUR million	USD	CAD	IDR	CLP	RUB
Transaction risk and hedging					
Transaction exposure*	**22.9**	**11.3**	**6.5**	**3.3**	**2.7**
Hedges	**-10.7**	**-3.4**	**-0.9**	**-0.8**	

2023

EUR million	USD	CAD	IDR	CLP	RUB
Transaction risk and hedging					
Transaction exposure*	14.4	7.4	6.2	3.9	4.2
Hedges	-5.4	-2.1	-0.9		

*If US dollar and Hong Kong dollar peg would be taken into account in this analysis, the combined USD and HKD transaction exposure would be 21.9 MEUR (2023: 13.4 MEUR).

Foreign exchange translation risk

The group is exposed to currency translation risk through its investments in foreign subsidiaries, joint ventures and associated companies with equities' denominated in foreign currencies. The most significant translation exposures are in USD, HKD, IDR, CAD and RUB, which comprise approximately 81.6% of the total translation exposure. In the Group consolidation equity changes resulting from movements in foreign exchange rates are presented as translation differences within the equity.

The Group Risk Management monitors regularly the amounts of net investments denominated in foreign currencies and when needed, enters into hedging transactions in order to reduce the volatility in equity in the consolidated balance sheet. During 2024 the Group did not hedge any equity exposure.

The total non-euro denominated equity excluding net income of the Group's subsidiaries and associated companies was EUR 108.2 million as of December 31, 2024 (2023: EUR 97.0 million). The most significant translation exposures are summarized in the following table.

Group translation exposure

EUR million	2024 Net Investments	2023 Net Investments
USD	**70.1**	50.2
HKD	**6.1**	4.9
IDR	**6.6**	6.3
CAD	**8.3**	8.2
RUB	**4.1**	5.0
Total	**95.2**	**74.6**

Sensitivity analysis

Sensitivity analysis is based on the following assumptions and factors:

- The sensitivity analysis is based on change of value in a single analyzed currency and assumes other variables (including values of other currencies) to remain unchanged. The connections possibly prevailing between some currencies are not taken into account.
- The sensitivity is analyzed against balance sheet conversion rates prevailing at December 31, 2024.
- The analysis includes the effect of income statement transactions made in the analyzed currency between January 1 and December 31 in Group companies, whose functional currency is other than the analyzed currency (so called transaction impact) as well as in Group companies, whose functional currency equals to the analyzed currency (so called translation impact). The analysis takes into account the currency forward contracts in place at December 31. The sensitivity analysis of income statement transactions excludes Group's internal items as these net out.
- The sensitivity analysis includes the effect of the translation of subsidiaries' equity as per December 31 in subsidiaries, whose reporting currency equals to the analyzed currency.

Group transaction risk sensitivity analysis

The effect of a 10% weakening of most significant foreign currencies (against euro) in euros:

2024

EUR million	USD	CAD	IDR	CLP	RUB
Operating profit	**0.1**	**-1.3**	**0.1**	**-0.2**	**-0.2**
Equity*	**-7.0**	**-0.8**	**-0.7**	**-0.3**	**-0.4**

2023

EUR million	USD	CAD	IDR	CLP	RUB
Operating profit	-1.2	-1.4	0.1	-0.7	-0.5
Equity*	-5.0	-0.8	-0.6	-0.3	-0.5

* Without the effect of net income.

2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's interest-bearing liabilities have mainly an interest period length shorter than one year.

The Group's funding, and consequently also interest rate risk, is managed centrally by the Group's parent company. Interest rate risk, covering cash flow and fair value risk, is analyzed regurarly by the Group Risk Management who is also responsible of taking the actions needed to change the Group's risk position. These actions include changing the currency split of the external loan portfolio, selection between different sources of financing, changing the interest rate duration as well as entering into transactions in derivative financial instruments.

Derivative instruments that are used for hedging purposes consist of interest rate swaps, where the Group pays fixed rate interest and receives a variable rate interest. Fair values and nominal values of interest rate swaps are presented under section *4. Derivatives*.

Interest rate sensitivity analysis

Below is presented the effect of liabilities with variable interest rate and interest rate swaps on net income and equity if there was a one percentage point increase in interest rates. The sensitivity analysis is based on following assumptions and factors:

- All other variables, in particular foreign exchange rates, are assumed to remain unchanged.
- The sensitivity is analyzed against interest rates applicable on December 31.
- The sensitivity analysis includes the liabilities and interest rate swaps with variable interest rate in force on December 31.

	2024		2023	
EUR million	Net income (net of tax)	Equity (net of tax) [1]	Net income (net of tax)	Equity (net of tax) [1]
Loans from financial institutions with variable interest rate	**0.2**		-0.4	-

[1] Without the effect of net income.

3. Other market price risks

The Group purchases certain raw-materials, which are priced on global financial markets. The value of these purchases is relatively low and actions regarding the management of price risk are decided on an performed locally in each manufacturing unit. Group Risk Management also monitors the development of raw-material prices. The Group does not currently hedge commodity price risk.

The amount of the Group's investments in available-for-sale financial assets is insignificant and consists of investments in real estate and other unquoted shares for which reliable market values are not obtainable.

4. Derivatives

The Group uses derivative instruments, such as forward contracts, option contracts, interest rate swaps and structured instruments, to manage foreign exchange and interest rate risk in accordance with the guidelines set by the The Group's Risk Management policy.

Foreign currency derivatives are used to reduce the uncertainty in the fair value of future cash flows that is created by changes in foreign exchange rates. The fair values of the foreign currency derivatives that do not qualify as hedging instruments in accordance with IFRS 9, are recognized based on their nature either in operative costs, if the hedge item is an operative transaction, or in financial income and expenses, if the hedged item is a monetary transaction. Because hedge accounting is not applied, the P&L effect arising from foreign currency derivatives is recognized partly or entirely in different financial period than exchange rate gains and losses arising from the hedged cash flows.

Interest rate derivatives, consisting of interest rate swaps, are used to reduce the volatility of interest expenses in the income statement and to adjust the duration of the debt portfolio.

Cash flow hedges

Following tables summarizes the nominal values and fair values of the Group's derivative instruments as at December 31, 2024.

	2024		2023	
EUR million	Nominal value	Fair value	Nominal value	Fair value
Non-hedge accounting derivative financial instruments				
Interest rate swaps, 1 to 5 years	**35.0**	**-0.8**	10.0	-0.2
Interest rate swaps, less than 12 months			25.0	0.4
Currency forwards, less than 12 months	**26.4**	**-0.5**	30.6	0.2
Total	**61.4**	**-1.3**	**65.6**	**0.5**

LIQUIDITY RISK

Liquidity risk is defined as financial distress or extraordinarily high financing cost arising due to a shortage of liquid funds in a situation where outstanding debt needs to be refinanced or where business conditions unexpectedly deteriorate and require financing. Transactional liquidity risk is defined as the risk of executing a financial transaction below fair market value, or not being able to execute the transaction at all, within a specific period of time.

The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available fast enough without endangering its value, in order to avoid uncertainty related to financial distress at all times.

Generally, the seasonality of the Group's cash flow is fairly predictable and Group Treasury monitors Group's liquidity position using the cash pooling system as well as regular cash flow and liquidity reporting.

The Group's interest bearing funding is mainly managed centrally by the Group Treasury. The Group seeks to reduce liquidity and refinancing risks with balanced maturity profile of loans as well as by keeping sufficient amount of credit lines available. The Group has a EUR 80 million domestic commercial paper program, which together with Group's credit limits is utilized to balance the seasonality of the Group's cash flow. The size and maturity of issued commercial papers is decided by Group Treasury, based on forecasted cash flows, status of commercial paper markets and applicable interest rates. The renewal of commercial papers upon maturity creates certain liquidity risk, which is managed by maintaining sufficient other liquidity reserves available at the maturity dates. During 2024 the commercial paper program was used as part of Group funding and competitively priced debt was acquired through this market.

The Group's 106 MEUR senior secured term and revolving credit facilities agreement includes financial covenants based on the available liquidity (minimum 22.5 MEUR), 12m rolling EBITDA (minimum 10 MEUR), net debt to consolidated equity (maximum 100%), absolute net debt, and net debt to EBITDA ("leverage ratio"). The absolute net debt covenant for Q1/2024 was 90 MEUR, for Q2/2024 80 MEUR and for Q3/2024 80 MEUR. The financial leverage ratio covenant level for Q1/2024 was 5.50, for Q2/2024 4.25 and for Q3/2024 and onwards 3.80. Covenants are regularly tested, either quarterly or on the last day of each month. The risk of breaching the covenants would trigger negotiations between the Group and lending banks to resolve the potential covenant breach, and to agree on actions to rectify the situation. In the unlikely event of unresolved covenant breach, the lending banks would have the right to call all or any part of the loans and related interest.

On Q1/2024, Q2/2024, Q3/2024 and Q4/2024 testing dates, net debt landed at 81.0 MEUR, 59.5 MEUR, 55.8 MEUR and 61.8 MEUR, respectively. Leverage ratio for the respective testing dates landed at 5.30, 3.33, 3.25 and 3.72. Calculation of the covenants include customary adjustments mainly related to items affecting comparability and asset disposals, and therefore deviate from the reported figures elsewhere in this report. The Group is currently compliant with all financial covenants and expects to comply with future bank requirements as well. The Group's liquidity position remains good, and cash and cash equivalents amounted to 21.7 MEUR on December 31, 2024.

During the reporting period, the Group agreed on two extensions with the lending banks for the 106 MEUR facilities. Both extensions were 6 months and as of the reporting date, the facilities mature in 2026, subject to an extension option of 12 months.

On Dec 31, 2024 the Group's balance sheet includes 53.5 MEUR of loans subject to covenants determined in Group's facilities agreement.

Below are presented the Group's unutilized credit limits as of December 31, 2024. Group's domestic commercial paper program not sold at December 31, 2024 was EUR 66.0 million (2023 EUR 66.5 million).

Committed unutilized credit facilities

EUR million	2024	2023
Overdraft facilities, expiring within one year	**11.2**	12.1
Revolving credit facility, expiring beyond one year	**41.0**	35.0
Total	**52.2**	**47.1**

Maturity of the group's financial liabilities

The following are the contractual maturities of financial liabilities, including the possible interest payments.

2024

EUR million	Carrying value	Financial liabilities [1]	Contractual cash flows	2025	2026	2027	2028 onwards	Total
Interest-bearing liabilities								
Loans from financial institutions	**57.6**	**57.6**	**61.5**	**11.5**	**50.0**			**61.5**
Commercial paper program	**14.0**	**14.0**	**14.0**	**14.0**				**14.0**
Lease liabilities	**12.5**	**12.5**	**12.9**	**1.9**	**1.4**	**4.3**	**5.4**	**12.9**
Non-interest-bearing liabilities								
Trade and other non-interest-bearing payables	**39.5**	**19.9**	**19.9**	**19.9**				**19.9**
Derivative liabilities and receivables								
Interest rate derivatives, non-hedge accounted	**0.8**	**0.8**	**0.8**	**0.3**	**0.4**	**0.2**		**0.8**
Currency derivatives, non-hedge accounted	**0.5**	**0.5**	**0.5**	**0.5**				**0.5**
Total	**124.9**	**105.3**	**109.6**	**48.0**	**51.8**	**4.5**	**5.4**	**109.6**

2023

EUR million	Carrying value	Financial liabilities [1]	Contractual cash flows	2024	2025	2026	2027	Total
Interest-bearing liabilities								
Loans from financial institutions	74.1	74.1	80.5	13.6	66.9			**80.5**
Commercial paper program	13.5	13.5	13.5	13.5				**13.5**
Lease liabilities	13.9	13.9	14.8	4.5	3.2	2.4	4.7	**14.8**
Non-interest-bearing liabilities								
Trade and other non-interest-bearing payables	28.2	11.0	11.0	11.0				**11.0**
Derivative liabilities and receivables								
Interest rate derivatives, non-hedge accounted	-0.1	-0.1	-0.1	-0.4		0.0	0.2	**-0.1**
Currency derivatives, non-hedge accounted	-0.2	-0.2	-0.2	-0.2				**-0.2**
Total	**129.4**	**112.2**	**119.5**	**42.2**	**70.1**	**2.4**	**4.9**	**119.5**

[1] The proportion of the carrying values which are classified as financial liabilities according to IFRS 9.

CREDIT AND DEFAULT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk is limited to the carrying value of the financial assets as included in the consolidated statement of financial position. The carrying value of financial assets is disclosed in note 23.

The Group follows actively credit and default risks associated with customers and other counterparties. The Group's credit and default risk portfolio did not significantly change during the course of the financial period. The proportional amount of Group's trade receivables which are past due, decreased from 2023 levels. Net allowance for credit losses related to trade receivables decreased by EUR 0.5 million from 2023.

Business related credit risk

The Group's accounts receivables are generated by a large number of customers worldwide and do not include any significant concentrations of credit risk by customer or by geographical area.

The management of credit risk is allocated to each operative business unit. Before providing credit to any new customer, background checks are carried out. Cash, advance payments and letters of credit are also applied with new and existing customers. Each business unit is responsible for setting credit limits and monitoring it's credit customers' financial situation. Customers' payment behavior is monitored regularly and delays in payments can trigger payment reminders, stopping the shipments, requirements for advance payments for future shipments and eventually legal collection procedures. In significant cases, business units consult with the Group's finance management before taking final decisions. In exceptional cases, payment terms may be renegotiated.

Group recognizes credit loss of trade receivables by applying simplified approach of expected credit loss according to IFRS 9, which uses a lifetime expected loss allowance. Group has estimated based on previous year's credit losses by aging category and nature as well as macroeconomic outlook in the near future, the expected credit loss provision. Trade receivables are monitored in client segment and location information.

Estimate on expected credit losses is based on management's best judgement.

More information on allowance for trade receivables is presented in note 15.

In the table below is presented analysis of trade receivables that were past due but not impaired.

Analysis of trade receivables that were past due but not impaired

EUR Million	2024	2023
Neither past due nor impaired	**19.8**	18.1
Past due but not impaired		
Less than 1 month	**2.9**	4.5
1-3 months	**0.8**	1.4
3-6 months	**0.4**	0.8
Over 6 months	**0.5**	0.7
Total	**24.4**	**25.5**

Trade loss provision from expected credit loss model, %

%	2024
Neither past due nor impaired	**0.2**
Past due but not impaired	
Less than 1 month	**0.9**
1-3 months	**6.0**
3-6 months	**11.0**
Over 6 months	**20-100**

Financial credit risk

Financial instruments contain an element of risk resulting from changes in market price of such instruments due to counterparties becoming less creditworthy or risk of loss due to counterparties being unable to meet their obligations. This risk is measured and monitored centrally by the Group Risk Management.

Financial credit risk is managed actively by limiting counterparties to a sufficient number of major banks and financial institutions and monitoring the credit worthiness and exposure size continuously as well as through entering into collateral agreements with certain counterparties. The Group reduces credit risk by executing treasury transactions only with approved counterparties. All significant counterparties are rated with the minimum counterparty credit rating requirement being BBB (S&P). Foreign subsidiaries may have bank accounts in unrated financial institutions. In order to decrease credit risk associated with local banks used by subsidiaries in foreign countries, the subsidiaries are required to deposit their excess cash balances with the Group Treasury on an ongoing basis.

Group's all investments related to liquidity management are made in liquid instruments with low credit risk. For instance, the Group does not have investments in commercial papers.

CAPITAL MANAGEMENT

The objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it taking into account changes in economic conditions and requirements of strategy implementation. To maintain or develop the capital structure, the Group may adjust the dividend payments and repayments of capital to shareholders by buying back shares, issue new shares and/or increase/decrease the amount of borrowings.

Group's objective for capital management is to keep:
1. Gearing ratio below 100% and
2. Net interest-bearing debt to EBITDA (rolling 12 months) below 3.8.
The Group capital structure is reviewed by the Board regularly.
The achievement of the objectives for capital management are presented in the table below.
For definitions of key figures, see page 69.

	Target	2024	2023
Gearing %	below 100%	**39.8**	51.8
Net interest-bearing debt to EBITDA	below 3.8	**2.9**	5.2

Definitions of the alternative performance measures are presented on page 96.

23 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES AND FAIR VALUES

EUR million	Note	2024 Carrying value	2024 Financial assets and liabilities [1]	2024 Fair value of financial assets and liabilities [1]	2023 Carrying value	2023 Financial assets and liabilities [1]	2023 Fair value of financial assets and liabilities [1]
FINANCIAL ASSETS							
Financial liabilities measured at amortized cost[2]							
Non-current financial assets							
Loan receivables	15	**0.7**	**0.7**	**0.7**	0.7	0.7	0.7
Other interest-bearing receivables	15				0.0	0.0	0.0
Trade and other non-interest-bearing receivables	15	**0.5**	**0.0**	**0.0**	0.5	0.0	0.0
Current financial assets							
Cash and cash equivalents	17	**21.7**	**21.7**	**21.7**	20.0	20.0	20.0
Trade and other non-interest-bearing receivables	15	**31.1**	**24.4**	**24.4**	34.1	25.5	25.5
Fair value through other comprehensive income							
Other shares	14	**0.1**	**0.1**	**0.1**	0.2	0.2	0.2
Financial assets at fair value through income statement							
Currency and interest derivatives - non-hedge accounted	15, 22	**0.1**	**0.1**	**0.1**	0.7	0.7	0.7
FINANCIAL LIABILITIES							
Financial liabilities at fair value through income statement							
Interest rate and currency derivatives - non-hedge accounted	22, 25	**1.4**	**1.4**	**1.4**	0.3	0.3	0.3
Financial liabilities measured at amortized cost[2]							
Non-current financial liabilities							
Loans from financial institutions	24	**49.4**	**49.4**	**49.6**	66.0	66.0	66.3
Other non-interest-bearing liabilities	25	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0
Current financial liabilities							
Loans from financial institutions	24	**8.3**	**8.3**	**8.3**	8.1	8.1	8.1
Commercial paper program	24	**14.0**	**14.0**	**14.0**	13.5	13.5	13.5
Trade and other non-interest-bearing payables	25	**39.5**	**19.9**	**19.9**	27.9	11.0	11.0

[1] The proportion of the carrying value which is classified as financial assets and liabilities according to IFRS 9.
[2] Fair value hierarchy level 2.

FAIR VALUE HIERARCHY OF THE FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

EUR million	2024 Total	2024 Level 1	2024 Level 2	2024 Level 3	2023 Total	2023 Level 1	2023 Level 2	2023 Level 3
FINANCIAL ASSETS AT FAIR VALUE								
Fair value through other comprehensive income								
Other shares	**0.1**			**0.1**	0.2			0.2
Financial assets at fair value through income statement								
Currency and interest derivatives - non-hedge accounted	**0.1**		**0.1**		0.7		0.7	
Total	**0.1**		**0.1**	**0.1**	**0.9**		**0.7**	**0.2**
FINANCIAL LIABILITIES AT FAIR VALUE								
Financial liabilities at fair value through income statement								
Currency and interest derivatives - non-hedge accounted	**1.4**		**1.4**		0.3		0.3	
Total	**1.4**		**1.4**		**0.3**		**0.3**	

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy levels

The fair values of the financial assets and liabilities on the hierarchy level 1 are based on quoted market prices of similar financial instruments traded in an active market. Currently there are no financial instruments on level 1.

The fair values of the financial assets and liabilities on the hierarchy level 2 are based on other price information than quoted market prices for a significant part of the valuation. This information is supported by observable market inputs either directly (i.e. prices) or indirectly (i.e. derived from prices).

The fair values of the financial assets and liabilities on the hierarchy level 3 are calculated using a valuation technique based on assumptions that are not supported by available observable market data. For example management estimates are utilized in generally accepted valuation models of the financial instruments on the Level 3.

The fair value hierarchy level, into which the entire financial asset or liability is classified, is determined based on the lowest-hierarchy-level information being significant for the valuation of that particular financial asset or liability. The significance of the information is estimated considering the financial asset or liability in its entirety.

No significant transfers between the hierarchy levels took place during the financial period.

Other shares

Other shares comprise of unlisted shares that are measured at fair value. Certain unlisted shares for which fair values cannot be measured reliably are measured at cost less possible impairment.

Derivatives

All derivatives are initially recognized at fair value on the date derivative contract is entered into, and are subsequently remeasured at fair value on each balance sheet date. Determination of fair values is based on quoted market prices and rates, discounting of cash flows and option valuation models.

Current financial assets and liabilities

Due to their short maturity, the fair value of current financial assets and liabilities is regarded as corresponding to their original carrying amount.

Non-current financial assets

The fair value of non-current financial assets is based on discounted future cash flows. The discount rate used corresponds to the market rate on the balance sheet date.

Non-current interest-bearing liabilities

On December 31, 2024, 0.0% (2023: 0.0%) of non-current loans based on floating rates was connected to one-month euribor or similar and the rest to maximum six-month Euribor or similar. Therefore, the fair value of non-current loans based on floating rates is regarded as equaling their book value. A part of non-current loans on floating rates is hedged with separate interest rate derivatives which are described in note 22. The fair value of non-current loans on fixed rates is based on discounted future cash flows. The discount rate used corresponds to the market rate on the balance sheet date.

Non-current non-interest-bearing liabilities

Contingent considerations of business combinations and other acquisitions are recognized at fair value on the date of acquisition. Determination of fair values is based on discounted future cash flows.

24 INTEREST-BEARING LIABILITIES

EUR million	Average interest rate 31.12.2024, %[1]	2024	2023
Non-current interest-bearing liabilities			
Loans from financial institutions	6.21	**49.4**	66.0
Lease liabilities	4.16	**7.6**	9.6
Current interest-bearing liabilities			
Loans from financial institutions	5.99	**4.2**	3.1
Current portion of non-current loans from financial institutututions	6.21	**4.1**	5.0
Commercial paper program	4.22	**14.0**	13.5
Lease liabilities	5.37	**4.8**	4.3
Total		**84.1**	**101.6**

[1] Average interest rates are calculated without the effect of the interest rate swaps. More information in note 22.

Fair values of financial liabilities are presented in the note 23.
Lease contracts more detailed in the note 27.

INTEREST-BEARING LIABILITIES BY CURRENCY

	2024		2023	
EUR million	Non-current	Current	Non-current	Current
Loans from financial institutions				
EUR	49.4	4.2	66.0	8.1
Commercial paper program				
EUR		14.0	-	13.5
Total	**49.4**	**18.2**	**66.0**	**21.6**

25 NON-INTEREST-BEARING LIABILITIES

EUR million	2024	2023
Non-current non-interest-bearing liabilities		
Derivatives	**0.8**	0.2
Other non-current liabilities	**0.0**	0.0
Current non-interest-bearing liabilities		
Trade payables	**19.9**	11.0
Accrued employee-related expenses	**8.3**	8.3
Other accrued expenses and deferred income	**7.3**	5.5
Derivatives	**0.6**	0.1
Advances received	**0.4**	0.4
VAT payable	**0.6**	0.6
Other current liabilities	**2.9**	2.0
Total	**40.9**	**28.5**

Fair values of financial liabilities are presented in the note 23.

26 COMMITMENTS AND CONTINGENCIES

The Group's senior facilities are secured and has an issued business mortgage notes with nominal value amounting to 137.8 MEUR. In addition, the Group has pledged subsidiary shares of Marttiini Oy, KL-Teho Oy and Rapala VMC Online Oy and parent company's intra-group loan receivables related to these entities.

Group's lease commitments are presented in note 27.

Disputes and litigations

The Group's management does not have knowledge of any open disputes or litigations, which would have a significant impact on the company's financial position.

27 LEASE CONTRACTS

RIGHT-OF-USE ASSETS

2024

EUR million	Land and buildings	Other assets	Total
Acquisition cost Jan 1	**33.9**	**4.0**	**38.0**
Additions	**3.7**	**0.8**	**4.5**
Disposals	**-4.7**	**-1.3**	**-6.1**
Translation differences	**0.1**	**0.0**	**0.1**
Acquisition cost Dec 31	**33.0**	**3.5**	**36.5**
Accumulated depreciations Jan 1	**-21.7**	**-2.8**	**-24.5**
Additions	**0.2**	**-**	**0.2**
Disposals	**3.8**	**1.1**	**4.9**
Depreciations during the period	**-4.8**	**-0.7**	**-5.5**
Translation differences	**0.0**	**0.0**	**0.0**
Accumulated depreciations Dec 31	**-22.5**	**-2.3**	**-24.8**
Carrying value Jan 1	**12.2**	**1.3**	**13.5**
Carrying value Dec 31	**10.5**	**1.2**	**11.7**

Group's most material right-of-use assets capitalised consists of buildings as production facilities, offices and warehouses. Right-of-use asset section Other assets consists mainly of cars.

2023

EUR million	Land and buildings	Other assets	Total
Acquisition cost Jan 1	32.7	3.6	36.3
Additions	2.8	0.6	3.5
Disposals	-0.6	-0.1	-0.7
Translation differences	-0.9	-0.1	-1.0
Acquisition cost Dec 31	**33.9**	**4.0**	**38.0**
Accumulated depreciations Jan 1	-18.1	-2.2	-20.3
Disposals	0.5	0.1	0.6
Depreciations during the period	-5.0	-0.7	-5.7
Translation differences	0.8	0.0	0.9
Accumulated amortization Dec 31	**-21.7**	**-2.8**	**-24.5**
Carrying value Jan 1	**14.5**	**1.4**	**16.0**
Carrying value Dec 31	**12.2**	**1.3**	**13.5**

Group's most material right-of-use assets capitalised consists of buildings as production facilities, offices and warehouses. Right-of-use asset section Other assets consists mainly of cars.

Off-balance sheet lease commitments

THE GROUP AS A LESSEE

EUR million	2024	2023
Non-cancellable lease agreements	**0.3**	0.3

The non-cancellable lease agreements include short-term and other lease contracts that are not included in lease liabilities. Other rents include IT equipment leases that are not material.

Maturity of the group's financial liabilities more detailed in the note 22. Lease liabilities more detailed in the note 24.

28 RELATED PARTY TRANSACTIONS

The Group's related parties include members of the Board, CEO, members of the Executive Committee, family members of the above-mentioned individuals, entities controlled by the above-mentioned individuals, Rapala VMC Corporation´s subsidiaries, associated companies and joint ventures and entities with significant influence. Subsidiaries owned directly or indirectly by the parent company as well as associates and foreign branches are listed in note 32. Related party transactions between Group companies have been eliminated. Entities with significant influence are specified in section *'Shares and Shareholders'*.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

EUR million	Sales and other income	Purchases	Paid rents	Other expenses	Receivables	Payables
2024						
DQC International Corp. [1]	**0.0**			**0.0**	**0.0**	
Associated company Lanimo Oü			**0.0**	**0.0**		
Entity with significant influence over the Group [2]	**0.0**		**-0.1**	**0.0**	**0.7**	
Management						
2023						
DQC International Corp. [1]	0.2	0.0			0.0	
Associated company Lanimo Oü	0.0	0.0			0.0	
Entity with significant influence over the Group [2]			-0.3		0.0	
Management	0.0		-0.1	0.0	0.7	

[1] Rapala VMC acquired control in July 2023 after the company consolidated as subsidiary.
[2] Lease agreement for the real estate for the consolidated operations in France and a service fee. Entity with significant influence is Viellard Migeon & Cie, who's shareholding alone and together with its subsidiary is presented in section *'Shares and Shareholders'*.

EMPLOYEE BENEFITS FOR TOP MANAGEMENT

EUR million	2024	2023
Salaries and other employee benefits	**-3.1**	-2.8
Post employment benefits	**-0.7**	-0.1
Benefits related to termination of employment	**-0.7**	
Costs for option programs to be settled in cash	**-0.2**	-0.1
Total	**-4.7**	**-3.0**

Top management consists of members of the Board of Directors, CEO and other members of the Executive Committee.

On December 31, 2024, the members of the Board and the Executive Committee held (shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies) a total of 85 795 Rapala VMC Corporation shares (on December 31, 2023: 134 862). Top management owned 0.2% (0.3%) of the issued share capital and voting rights of the company on December 31, 2024. Details of top management shareholdings are given in the section 'Board and Management'.

In 2021 share-based long-term incentive plans were granted to the CEO and other members of the executive committee. The program ended in 2023 and the reward was paid out in cash in 2024. Details of the long-term incentive plan are given in the section 'Shared-based payments'.

The Group's business transactions or outstanding balances with top management or close members of their family are presented in the table *'Transactions and balances with related parties'*.

EMPLOYEE BENEFITS FOR CHIEF EXECUTIVE OFFICER

EUR million	2024	2023
Louis d'Alançon, CEO from November 16, 2022 to April 30, 2023 [1]		
Short-term employee benefits	**-**	-0.1
Lars Ollberg, CEO from May 1, 2023 onwards		
Short-term employee benefits	**-0.5**	-0.3
Post employment benefits	**-0.1**	-
Total	**-0.6**	**-0.5**

[1] Excluding compensation for being a member of the Board which is presented in section employee benefits for Board of Directors.

In 2024, annual base salary and benefits of CEO Lars Olberg amounted to EUR 334 thousand (EUR 228 thousand from May 1st to December 31st 2023). Ollberg is entitled to a profit bonus according to the principles of the Group's senior management bonus scheme. Accrued bonus in 2024 totaled EUR 155 thousand (EUR 98 thousand). CEO's pension security is arranged under the statutory Finnish contribution based employee pension plan.

In 2023, EUR 86 thousand was paid to Louis d'Alançon for acting as the CEO from January 1st to April 30th.

EMPLOYEE BENEFITS FOR OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

EUR million	2024	2023
Salaries and other employee benefits	**-2.7**	-2.1
Post employment benefits	**-0.6**	-0.1
Benefits related to termination of employment	**-0.7**	-
Costs for option programs to be settled in cash	**-0.2**	-0.1
Total	**-4.2**	-2.3

In addition to the monthly salary, other members of the Executive Committee participate in the Group's senior management bonus scheme. The amount and payment of the bonus requires that the financial and strategic targets are achieved. If the targets are not achieved, payment of bonus is fully at the discretion of the Board of Directors. Principally the bonus can be no more than 100 percent of the annual salary. In 2024, salaries and other employee benefits included a release of provision for share-based incentives in total of EUR 0.0 million.

EMPLOYEE BENEFITS FOR BOARD OF DIRECTORS

EUR million	2024	2023
Salaries and other employee benefits		
Chairman of the Board	**-0.1**	-0.1
Other Board members	**-0.2**	-0.2
Total	**-0.3**	**-0.3**

In 2024, the annual fee to the Chairman of the Board was EUR 70 thousand and the fee to other Board members was EUR 25 thousand. In addition, a meeting fee of EUR 1000 was paid per Board and Committee meeting. Members of the Board are reimbursed for travel expenses corresponding to the corporation's traveling compensation principles. In 2023, Louis d'Alançon had as the CEO of the Group a separate CEO agreement, which remuneration is presented under the employee benefits to the CEO.

29 SHARE-BASED PAYMENTS

The Board of Directors of Rapala VMC Corporation announced 25 March 2021 two new Performance Share Plans for the Group key employees. The Board of Directors of Rapala VMC Corporation has decided to establish two new share-based incentive plans. The aim of the plans is to align the objectives of the shareholders and the plan participants for increasing the value of the company in the long-term, to retain the participants at the company and to offer them competitive incentive schemes that are based on earning and accumulating shares.

Matching Share Plan 2021–2023 for the President and CEO

The President and CEO's Matching Share Plan 2021–2023 consists of one matching period, covering the financial years of 2021–2023. The plan was drawn up on the CEO period prior the current CEO Lars Ollberg. The previous CEO has departed the company and neither of the long-term Share-Based Incentives were earned by him and they are deemed void for his part. The current CEO Lars Ollberg has not been offered any variable pay plans during his current tenure as President and CEO.

Performance Share Plan 2021—2023 for Key Employees

The key employees' Performance Share Plan 2021—2023 includes one three-year performance period, covering the financial years 2021—2023. The potential reward from the performance period will be based on the Group's financial performance criteria, which will be measured during the financial year 2023 and the Company's share price criterion which will be measured during 2023. The financial performance criteria for the performance period are the Group Product Sales in 2023, the Group's Comparable Earnings before Interest and Taxes (comparable EBIT) in 2023 and the Group's Average Working Capital Ratio in 2023.

The rewards to be paid on the basis of the key employee plan correspond to the value of an approximate maximum total of 800 000 Rapala VMC Corporation shares including also the proportion to be paid in cash. The potential rewards from the performance period 2021—2023 will be paid partly in the Company's shares and partly in cash in 2024. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. In general, no reward will be paid, if a participant´s employment or service terminates before the reward payment.

The key employee's Performance Share Plan was directed to approximately 19 individuals, including the President and CEO and other members of the Executive Committee of the Group.

SHARE BASED INCENTIVES DURING THE REPORTING PERIOD 1.1.2024 - 31.12.2024

Plan	Share-based incentive plan	Matching Share Plan
Type	SHARE	SHARE
Instrument	**PSP Earning Period 2021-2023**	**Matching Share Plan 2021-2023**
Issuing date	25/03/2021	25/03/2021
Initial amount, pcs	800 000	28 800
Dividend adjustment	No	No
Grant date	01/04/2021	25/02/2021
Beginning of earning period	01/01/2021	01/01/2021
End of restriction period	30/04/2024	31/01/2024
Performance criteria	Total share return, Group product sales, EBIT margin in 2023, Group's average working capital ratio in 2023	Continued employment
Maximum contractual life, yrs	3.1	2.9
Remaining contractual life, yrs	0.0	0.0
Number of persons at the end of the reporting year	0	0
Payment method	Cash & Equity	Cash & Equity

Changes during the period	PSP Earning Period 2021-2023	Matching Share Plan 2021-2023
Outstanding at the beginning of the reporting period 01/01/2024, pcs	**415 000**	0
Reserve in the beginning of the reporting period, pcs	**385 000**	28 800
Changes during the period		
Granted	0	0
Forfeited	85 000	0
Earned (gross)	35 310	0
Delivered (net)	0	0
Outstanding at the end of the period 31/12/2024	**0**	0
Reserve at the end of the period	0	28 800

30 EARNINGS PER SHARE

EUR million	2024	2023
Earnings per share		
Net profit/loss for the period attributable to the equity holders of the parent company, EUR million	**0.4**	-7.3
Accrued interest on the hybrid bond	**-3.8**	-0.3
Tax effect	**0.8**	0.1
Net effect	**-3.0**	-0.3
Total	**-2.7**	**-7.6**
Weighted average number of shares, 1000 shares	**38 876**	38 876
Earnings per share, EUR	**-0.07**	**-0.20**
Earnings per share, diluted		
Effect of dilution based on share-based payments, 1000 shares*	**-**	-
Diluted weighted average number of shares, 1000 shares	**38 876**	38 876
Diluted earnings per share, EUR	**-0.07**	**-0.20**

*The maximum amount of shares issued through the share-based payments program is 0 shares (2023: 415 000). The dilution impact is anyhow limited to average number of treasury shares held by the Group during the year.

Effect of Share-based Incentives on the result and financial position during the period	
Expenses for the financial year, share-based payments	0.2
Liabilities arising from share-based payments 31 December 2024	0
Estimated amount of cash to be paid under these plans €	0

Earnings per share are calculated by dividing the profit for the period attributable to the parent company's shareholders less the tax-adjusted interest on hybrid bond by the weighted average number of shares outstanding during the financial period. The outstanding shares do not include treasury shares held by the Group. For more details on the calculation of earnings per share, see accounting principles for the consolidated accounts.

31 EVENTS AFTER THE BALANCE SHEET DATE

The Group has no knowledge of any significant events after the balance sheet date that would have a material impact on the financial statements for 2024.

32 GROUP COMPANIES

Subsidiaries by geographical area		Country	Group holding (%)	Nature of activity
Nordic				
Rapala VMC Denmark A/S	*	Denmark	100	Distribution
KL-Teho Oy	*	Finland	100	Manufacturing
Marttiini Oy	*	Finland	100	Manufacturing
Rapala VMC Online Oy	*	Finland	100	Sourcing
Rapala VMC North Europe Oy		Finland	100	Distribution
Peltonen Ski Oy		Finland	100	Manufacturing
Rapala VMC East Europe Oy		Finland	100	Administration
Rapala VMC Norway AS	*	Norway	100	Distribution
Remen Slukfabrikk AS		Norway	100	Administration
Vangen AS		Norway	100	Administration
Rapala VMC Sweden Ab	*	Sweden	100	Distribution
Rest of Europe				
FLLC Normark		Belarus	100	Distribution
Rapala VMC Adriatic D.o.o.		Croatia	100	Distribution
Rapala VMC Czech S.r.o.		Czech Republic	100	Distribution
Normark Eesti Oü		Estonia	100	Distribution
Rapala Eesti AS	*	Estonia	100	Manufacturing
Rapala VMC France SAS	*	France	100	Distribution
VMC Péche SA	*	France	100	Manufacturing
Rapala VMC Germany Gmbh		Germany	100	Distribution
Rapala VMC Hungary Zrt	*	Hungary	100	Distribution
Rapala VMC Italia Srl		Italy	100	Distribution
Normark Kazakhstan LLP		Kazakhstan	100	Distribution
Rapala VMC Baltics UAB		Lithuania	100	Distribution
Rapala B.V.	*	Netherlands	100	Administration
Rapala VMC Poland Sp.z.o.o.	*	Poland	100	Distribution
Rapala VMC Portugal, Unipessoal,LTD		Portugal	100	Distribution
Rapala VMC Romania S.R.L.		Romania	100	Distribution
JSC Normark		Russia	100	Distribution
Normark LLC		Russia	100	Administration
OOO Raptech	*	Russia	100	Administration
Rapala VMC Spain SAU	*	Spain	100	Distribution
Rapala VMC Switzerland AG	*	Switzerland	100	Distribution
Normark UK Sport Ltd.		UK	100	Administration
Rapala VMC UK Ltd.	*	UK	100	Distribution/ Manufacturing
Normark Fishing Ltd.		UK	100	Administration
Dynamite Baits Ltd.		UK	100	Administration
North America		**Canada**	**100**	**Distribution**
Rapala VMC Canada Inc.		Canada	100	Distribution
NC Holdings Inc.	*	USA	100	Administration
Normark Corporation		USA	100	Distribution
Normark Innovations, Inc.		USA	100	Sourcing
VMC Inc.		USA	100	Distribution
DQC International Corp.	*	USA	100	Distribution

Subsidiaries by geographical area		Country	Group holding (%)	Nature of activity
Rest of the World				
Rapala VMC Australia Pty Ltd	*	Australia	100	Distribution
Rapala V.M.C. Do Brazil	*	Brazil	100	Distribution
Rapala VMC Chile Ltd		Chile	100	Distribution
Rapala VMC China Co.	*	China	100	Distribution
Rapala VMC (ShenZhen) Ltd		China	100	Sourcing
Willtech (PRC) Ltd.		Hong Kong	100	Sourcing
PT Rapala Indonesia	*	Indonesia	100	Distribution
PT Rapala VMC Batam		Indonesia	100	Administration
PT VMC Fishing Tackle Indonesia		Indonesia	100	Manufacturing
Rapala Japan K.K.	*	Japan	100	Distribution
Rapala VMC (Asia Pacific) Sdn Bhd.	*	Malaysia	100	Distribution
Rapala VMC Mexico S. de R.L. de C.V		Mexico	100	Distribution
Rapala VMC Africa (Pty) Ltd.		South Africa	100	Distribution
Rapala VMC Holdings (Pty) Ltd.	*	South Africa	100	Administration
Rapala VMC Korea Co., Ltd	*	South Korea	100	Distribution
Rapala VMC (Thailand) Co., Ltd.	*	Thailand	100	Distribution

Associated companies and joint ventures	Country	Group holding (%)	Nature of activity
Lanimo Oü	Estonia	33.3	Manufacturing

Foreign branches

Rapala VMC (Hong Kong) Ltd, branch office in Taiwan
Normark S.r.o., branch office in Slovak Republic

* Shares owned by the parent company

PARENT COMPANY FINANCIAL STATEMENTS, FAS

PARENT COMPANY INCOME STATEMENT

EUR	Note	2024	2023
Net sales	2	**38 532 206**	34 235 099
Other operating income	3	**1 516 220**	1 081 220
Change in inventory of finished products and work in progress		**-1 177 133**	177 122
Production for own use		**102 169**	133 871
Materials and services	5	**-9 001 216**	-10 384 235
Employee benefit expenses	6	**-5 711 650**	-6 627 403
Other operating expenses	4	**-24 440 222**	-21 690 076
Operating profit/loss before depreciation and impairments		**-179 626**	**-3 074 402**
Depreciation and impairments	7	**-1 837 357**	-1 783 298
Operating profit/loss		**-2 016 983**	**-4 857 700**
Financial income and expenses	8	**-5 725 484**	-16 322 900
Profit/loss before appropriations and taxes		**-7 742 467**	**-21 180 600**
Appropriations	9	**-3 161**	201 664
Income taxes	10	**-70 640**	-85 722
Net profit/loss for the period		**-7 816 269**	**-21 064 658**

PARENT COMPANY BALANCE SHEET

ASSETS

EUR	Note	2024	2023
Non-current assets			
Intangible assets	11	**6 607 374**	6 830 260
Tangible assets	12	**4 502 612**	6 017 523
Investments	13	**112 185 737**	111 427 982
Interest-bearing receivables	15	**26 285 114**	21 013 397
Non-interest-bearing receivables	15	**566 232**	594 392
Total non-current assets		**150 147 068**	**145 883 554**
Current assets			
Inventories	14	**8 496 302**	9 308 458
Current financial assets			
Interest-bearing	15	**53 163 695**	61 782 423
Non-interest-bearing	15	**18 218 207**	12 378 392
Cash and cash equivalents		**3 632 999**	4 911 462
Total current assets		**83 511 203**	**88 380 734**
Total assets		**233 658 271**	**234 264 288**

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR	Note	2024	2023
Shareholders' equity			
Share capital		**3 552 160**	3 552 160
Share premium fund		**16 680 961**	16 680 961
Fund for invested non-restricted equity		**4 914 371**	4 914 371
Own shares		**-2 957 222**	-2 957 222
Retained earnings		**31 292 351**	52 359 299
Net profit/loss for the period		**-7 816 269**	-21 064 658
Total shareholders' equity	16	**45 666 353**	**53 484 912**
Appropriations		**183 286**	180 125
Provisions		**-**	303 973
Non-current liabilities			
Interest-bearing		**79 500 000**	96 125 734
Non-interest bearing		**813 243**	244 146
Total non-current liabilities	17	**80 313 243**	**96 369 880**
Current liabilities			
Interest-bearing		**96 861 117**	75 357 078
Non-interest-bearing		**10 634 272**	8 568 321
Total current liabilities	17	**107 495 389**	**83 925 399**
Total shareholders' equity and liabilities		**233 658 271**	**234 264 288**

PARENT COMPANY STATEMENT OF CASH FLOWS

EUR thousand	Note	2024	2023
Net profit for the period		**-7 816**	-21 064
Adjustments			
Income taxes	10	**-71**	86
Financial income and expenses	8	**-5 725**	16 322
Reversal of non-cash items			
Depreciation and impairments	7	**-1 837**	1 783
Other items		**-10 845**	-7 659
Total adjustments		**18 478**	**10 532**
Financial items			
Interest paid		**-9 495**	-10 703
Interest received		**4 867**	5 811
Income taxes paid		**-72**	-86
Other financial items, net		**-445**	-849
Total financial items		**-5 145**	**-5 827**
Change in working capital			
Change in receivables		**-2 839**	2 550
Change in inventories		**1 100**	-2 176
Change in liabilities		**3 039**	278
Total change in working capital		**1 300**	**652**
Net cash generated from operating activities		**6 817**	**-15 707**
Net cash used in investing activities			
Proceeds from disposal of intangible assets	11	**436**	30
Purchases of intangible assets	11	**-203**	-2 101
Proceeds from sale of tangible assets	12	**218**	54
Purchases of tangible assets	12	**-777**	-690
Final payment of DQC International		**-319**	319
Investments to subsidiaries		**-1 719**	-
Disposal of other shares		**142**	-
Change in interest-bearing receivables		**7 455**	18 745
Dividends received	8	**700**	910
Total net cash used in investing activities		**5 933**	**17 267**
Net cash generated from financing activities			
Dividends paid		**-**	-1 555
Hybrid bond		**-3 752**	29 315
Loan withdrawals		**100 489**	298 089
Loan repayments		**-96 788**	-337 678
Group contibutions received		**-**	2 167
Other items		**-12 884**	-
Total net cash generated from financing activities		**-12 935**	**-9 662**
Change in cash and cash equivalents		**-185**	-8 103
Cash and cash equivalents at the beginning of the period		**4 911**	12 444
Foreign exchange rate effect		**-1 094**	570
Cash and cash equivalents at the end of the period		**3 633**	**4 911**

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES

The financial statements of Rapala VMC Oyj have been prepared according to Finnish Accounting Standards (FAS).

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into euros using the exchange rates at the balance sheet date and exchange differences arising from translation are recognized in the income statement.

Revenue recognition

Sales of goods and services are recognized on accrual basis when the significant risks related to goods and services sold have passed to the buyer and it is not probable that the client would return the goods. Net sales comprise of gross sales less cash discounts and sales taxes.

Research and development costs

Research and development costs are expensed as they are incurred, unless they clearly relate to developing new business areas. Such development costs are capitalized if they are separately identifiable and if the products are assessed to be technically feasible and commercially viable and the related future revenues are expected to exceed the accrued and future development costs and related production, selling and administrative expenses, and other possible costs related to the project.

Capitalized development expenses are amortized on a straight-line basis over their expected useful lives, a maximum of five years.

Inventories

Inventories are valued at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises of raw materials, direct labor costs including social costs and other direct costs. Inventories are shown net of a reserve for obsolete or slow-moving inventories.

Tangible and intangible assets

Tangible and intangible assets are stated at historical cost excluding accumulated depreciation according to plan. Planned depreciation is based on historical cost and expected useful life.

Land is not depreciated. Depreciation is based on the following expected useful lives:

Intangible assets	3–15 years
Buildings	10– 20 years
Machinery and equipment	5–10 years
Other tangible assets	3–10 years

Pension arrangements

All of the company's pension arrangements are defined contribution plans, with the majority being local statutory arrangements. Pension costs are expensed as incurred.

Valuation of financial derivatives

All derivatives are initially recognized at fair value on the date derivative contract is entered into, and are subsequently remeasured at fair value on each balance sheet date. Fair value of standard foreign currency forwards are determined by discounting the future nominal cash flows with relevant interest rates and then converting the discounted cash flows to the foreign currency using spot rates. Determination of fair values of other derivative instruments are based on quoted market prices and rates, discounting of cash flows and option valuation models. The fair values of these instruments are received from the respective bank or calculated to match the currenct market price.

Own shares

Own shares acquired by the company, including directly attributable costs, are presented as a deduction from the total equity on the day of trading. Purchases or subsequent sales of treasury shares are presented as changes in equity.

Cash flow statement

Changes in financial position are presented as cash flows from operating, investing and financing activities.

2 NET SALES

EUR thousand	2024	2023
By destination		
North America	**24 067**	20 059
Nordic	**4 023**	2 712
Rest of Europe	**6 767**	5 754
Rest of the World	**3 675**	5 710
Total	**38 532**	**34 235**

3 OTHER OPERATING INCOME

EUR thousand	2024	2023
Rental income	**23**	22
Access fees	**1 446**	939
Other income	**47**	121
Total	**1 516**	**1 081**

4 OTHER OPERATING EXPENSES

EUR thousand	2024	2023
Maintenance	**-643**	-892
Selling and marketing expenses	**-654**	-748
Traveling expenses	**-285**	-406
IT and telecommunication	**-1 283**	-1 274
Rents paid	**-954**	-783
Auditors fees and services	**-219**	-273
Freight	**-134**	-97
Sales commissions	**-58**	-53
Losses on sales of intangible and tangible assets	**-119**	-14
Currency derivatives	**-737**	345
Other expenses	**-19 355**	-17 495
Total	**-24 440**	**-21 690**

AUDITORS' FEES AND SERVICES

EUR thousand	2024	2023
Audit fees	**-219**	-273
Total	**-219**	-273

5 MATERIALS AND SERVICES

EUR thousand	2024	2023
Materials, goods and supplies		
Purchases during the financial year	**-9 327**	-11 963
Change in inventory	**365**	1 618
External services	**-39**	-39
Total	**-9 001**	**-10 384**

6 EMPLOYEE BENEFIT EXPENSES

EUR thousand	2024	2023
Wages and salaries	**-4 693**	-5 225
Pension costs	**-717**	-1 010
Other personnel expenses	**-302**	-392
Total	**-5 712**	**-6 627**
Average personnel for the period	**68**	**102**

The remuneration of the Board of Directors amounted to EUR 259 thousand (2023: EUR 282 thousand).

7 DEPRECIATION AND IMPAIRMENTS

EUR thousand	2024	2023
Depreciation of intangible assets		
Trademarks	**-873**	-844
Other intangible assets	**-111**	-73
Depreciation of tangible assets		
Buildings	**-92**	-91
Machinery and equipment	**-631**	-640
Other tangible assets	**-130**	-135
Total	**-1 837**	**-1 783**

8 FINANCIAL INCOME AND EXPENSES

EUR thousand	2024	2023
Dividend income	**700**	1 877
Foreign exchange gains	**3 839**	2 877
Foreign exchange losses	**-2 386**	-3 120
Impairment losses		
Investments in Group companies	**-500**	-10 054
Current loan receivables	**-**	-1 719
Interest and other financial income		
Interest income	**7 078**	7 182
Interest and other financial expenses		
Interest expenses	**-12 541**	-10 027
Other financial expenses	**-1 916**	-3 338
Total	**-5 725**	**-16 322**

FINANCIAL INCOME AND EXPENSES FROM AND TO SUBSIDIARIES

EUR thousand	2024	2023
Dividend income from subsidiaries	**700**	1 877
Impairment losses		
Investments in Group companies	**-500**	-10 054
Current loan receivables		-1 719
Interest and other financial income		
Interest income	**6 069**	6 741
Interest and other financial expenses		
Interest expenses	**-1 954**	-1 442
Total	**4 316**	**-4 597**

TRANSLATION DIFFERENCES RECOGNIZED IN THE INCOME STATEMENT

EUR thousand	2024	2023
Translation differences recognized in net sales	**814**	245
Translation differences included in purchases and other expenses	**21**	37
Foreign exchange gains and losses in financial income and expenses	**1 454**	-244
Total	**2 289**	**38**

9 EXTRAORDINARY ITEMS

EUR thousand	2024	2023
Change in depreciation difference	**-3**	-55
Group contribution	**-**	257
Total	**-3**	**202**

CHANGE IN DEPRECIATION DIFFERENCE

EUR thousand	2024	2023
Intangible assets	**-2**	-54
Buildings	**-5**	-7
Machinery and equipment	**4**	6
Total	**-3**	**-55**

10 INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT

EUR thousand	2024	2023
Income taxes	**-71**	-86
Taxes from previous financial years	**-**	-
Total	**-71**	**-86**

Deferred tax assets and liabilities of the parent company are not presented in the parent company's balance sheet.

11 INTANGIBLE ASSETS

2024

EUR thousand	Trade-marks	Other intangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	9 202	3 168		12 370
Correction of opening balance Jan 1		-1 349		-1 349
Additions			193	193
Disposals		-4	-323	-328
Reclassifications		265	631	896
Acquisition cost Dec 31	**9 202**	**2 080**	**501**	**11 782**
Accumulated amortization Jan 1	-3 007	-2 532		-5 540
Correction of opening balance Jan 1	-2	1 351		1 349
Amortization during the period	-828	-157		-985
Accumulated amortization Dec 31	**-3 837**	**-1 338**		**-5 175**
Book value Jan 1	**6 195**	**635**		**6 830**
Book value Dec 31	**5 365**	**741**	**501**	**6 607**

2023

EUR thousand	Trade-marks	Other intangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	9 202	2 557		11 759
Additions		173		173
Reclassifications		437		437
Acquisition cost Dec 31	**9 202**	**3 168**		**12 370**
Accumulated amortization Jan 1	-2 179	-2 443		-4 622
Amortization during the period	-828	-90		-917
Accumulated amortization Dec 31	**-3 007**	**-2 532**		**-5 540**
Book value Jan 1	**7 022**	**115**		**7 137**
Book value Dec 31	**6 195**	**635**		**6 830**

12 TANGIBLE ASSETS

2024

EUR thousand	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	**106**	**5 169**	**22 449**	**2 331**	**1 489**	**31 544**
Correction of opening balance Jan 1		**-2 033**	**-5 778**	**-186**		**-7 997**
Additions			**23**	**3**	**716**	**742**
Disposals	**-3**		**-359**	**-159**	**-355**	**-877**
Reclassifications		**146**	**286**	**59**	**-1 387**	**-896**
Acquisition cost Dec 31	**103**	**3 282**	**16 621**	**2 048**	**463**	**22 516**
Accumulated depreciation Jan 1		**-4 526**	**-19 282**	**-1 719**		**-25 527**
Correction of opening balance Jan 1		**2 034**	**5 778**	**185**		**7 997**
Disposals			**289**	**81**		**369**
Depreciation during the period		**-92**	**-631**	**-130**		**-853**
Accumulated depreciation Dec 31		**-2 584**	**-13 847**	**-1 583**		**-18 013**
Book value Jan 1	**106**	**643**	**3 167**	**612**	**1 489**	**6 017**
Book value Dec 31	**103**	**698**	**2 775**	**465**	**463**	**4 503**

2023

EUR thousand	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan 1	106	5 169	21 718	2 375	1 824	31 192
Additions			251		1 555	1 806
Disposals			-375	-45	-598	-1 017
Reclassifications			855		-1 292	-437
Acquisition cost Dec 31	**106**	**5 169**	**22 449**	**2 331**	**1 489**	**31 544**
Accumulated depreciation Jan 1		-4 435	-18 946	-1 591		-24 972
Disposals			303	8		311
Depreciation during the period		-91	-640	-135		-866
Accumulated depreciation Dec 31		**-4 526**	**-19 282**	**-1 719**		**-25 527**
Book value Jan 1	**106**	**734**	**2 772**	**784**	**1 824**	**6 220**
Book value Dec 31	**106**	**643**	**3 167**	**612**	**1 489**	**6 017**

13 INVESTMENTS

2024

EUR thousand	Shareholdings in subsidiaries	Shares in associates	Other shares	Total
Book value Jan 1	**111 247**		**181**	**111 428**
Additions	**1 400**			**1 400**
Disposals			**-142**	**-142**
Impairment	**-500**			**-500**
Book value Dec 31	**112 147**		**39**	**112 186**

2023

EUR thousand	Shareholdings in subsidiaries	Shares in associates	Other shares	Total
Book value Jan 1	116 595	4 387	181	121 164
Additions	4 706			4 706
Disposals		-4 387		-4 387
Impairment	-10 054			
Book value Dec 31	**111 247**		**181**	**111 428**

14 INVENTORIES

EUR thousand	2024	2023
Raw material	**3 759**	3 394
Work in progress	**2 327**	2 756
Finished products	**2 410**	3 159
Total	**8 496**	**9 308**

15 RECEIVABLES

EUR thousand	2024	2023
Non-current receivables		
Interest-bearing		
Loan receivables	**26 285**	21 013
Non-interest-bearing		
Other receivables	**566**	593
Other receivables		
Interest-bearing		
Loan receivables	**53 164**	61 782
Non-interest-bearing		
Trade receivables	**6 046**	3 396
Prepaid expenses and accrued income	**3 020**	2 802
Derivatives	**53**	675
Other receivables	**9 100**	5 505
Total	**98 233**	**95 767**

RECEIVABLES FROM SUBSIDIARIES

EUR thousand	2024	2023
Non-current receivables		
Interest-bearing		
Loan receivables	**25 554**	20 326
Interest-bearing		
Loan receivables	**53 164**	61 782
Non-interest-bearing		
Trade receivables	**5 964**	3 396
Prepaid expenses and accrued income	**2 471**	1 972
Other receivables	**9 097**	5 503
Total	**96 250**	**92 979**

16 SHAREHOLDERS' EQUITY

EUR thousand	2024	2023
Share capital Jan 1	**3 552**	3 552
Share capital Dec 31	**3 552**	**3 552**
Share premium fund Jan 1	**16 681**	16 681
Share premium fund Dec 31	**16 681**	**16 681**
Fund for invested non-restricted equity Jan 1	**4 914**	4 914
Fund for invested non- restricted equity Dec 31	**4 914**	**4 914**
Own shares Jan 1	**-2 957**	-2 957
Own shares Dec 31	**-2 957**	**-2 957**
Retained earnings Jan 1	**31 292**	53 914
Dividends paid	**-**	-1 555
Retained earnings Dec 31	**31 292**	**52 359**
Net profit/loss for the period	**-7 816**	-21 065
Total shareholders' equity	**45 666**	**53 485**

DISTRIBUTABLE FUNDS

EUR	2024	2023
Fund for invested non-restricted equity	**4 914 371**	4 914 371
Retained earnings	**31 292 351**	52 359 299
Own shares	**-2 957 222**	-2 957 222
Net profit/loss for the period	**-7 816 269**	-21 064 658
Total distributable funds	**25 433 232**	**33 251 790**

PARENT COMPANY SHARE CAPITAL

	2024	2023
Shares	**39 000 000**	39 000 000
EUR	**3 552 160**	3 552 160

Each share is entitled to one vote. Information on Board's authorizations and own shares is available in the section '*Shares and shareholders*'.

17 LIABILITIES

EUR thousand	2024	2023
Non-current liabilities		
Non-interest-bearing		
Derivatives	**813**	244
Interest-bearing		
Loans from financial institutions	**49 500**	66 126
Hybrid loan	**30 000**	30 000
Current liabilities		
Interest-bearing		
Loans from financial institutions	**4 000**	4 574
Commercial paper program	**14 000**	13 500
Other current liabilities	**78 861**	57 283
Non-interest-bearing		
Derivatives	**571**	52
Advances received	**2 021**	3
Trade payables	**6 155**	6 398
Accrued liabilities and deferred income	**1 887**	2 115
Total	**187 809**	**180 295**

LIABILITIES TO SUBSIDIARIES

EUR thousand	2024	2023
Current liabilities		
Interest-bearing		
Other current liabilities	**74 781**	54 284
Non-interest-bearing		
Advances received	**2 016**	
Trade payables	**4 467**	5 100
Accrued liabilities and deferred income	**63**	4
Total	**81 328**	**59 388**

All loans included in non-current liabilities will mature in less than 5 years.

18 LEASE CONTRACTS

PARENT COMPANY AS A LESSEE

Repayment schedule of non-cancellable operating lease commitments

EUR thousand	2024	2023
Within one year	**818**	929
1-3 years	**770**	1 503
3-5 years	**-**	166
Total	**1 588**	**2 598**

19 COMMITMENTS AND CONTINGENCIES

COMMITMENTS

EUR thousand	2024	2023
On own behalf and on behalf of subsidiaries		
Guarantees	**473**	1 449
Total	**473**	**1 449**

Guarantees consist of subsidiaries' lease agreements and of other guarantees given on behalf of subsidiaries. The Group's senior facilities are secured and has a issued business mortgage notes with nominal value amounting to 137.8 MEUR. In addition, the Group has pledged subsidiary shares of Marttiini Oy, KL-Teho Oy and Rapala VMC Online Oy and parent company's intra-group loan receivables related to these entities.

20 DERIVATIVES

EUR thousand	2024	2023
Currency derivatives with bank		
Fair value	**-518**	237
Nominal value	**26 361**	30 639
Interest rate derivatives		
Fair value	**-813**	632
Nominal value	**35 000**	35 000

In 2024, changes in fair value of currency derivatives had an income statement effect of EUR -755 thousand (2023: EUR 180 thousand) and interest rate derivatives EUR -954 thousand (2023: EUR -921 thousand).

SIGNATURES FOR THE REPORT OF BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

The financial statements, prepared in accordance with applicable accounting regulations, give a true and fair view of the assets, liabilities, financial position, and profit or loss of both the company and the group of companies included in its consolidated financial statements. The management report contains a fair review of the development and performance of the business operations of both the company and the group of companies included in its consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's condition. The sustainability report included in the management report has been prepared in accordance with the reporting standards referred to in Chapter 7 and Article 8 of the Taxonomy Regulation.

Helsinki, April 10, 2025

Emmanuel Viellard,
Chairman of the Board

Julia Aubertin

Pascal Lebard

Alexander Rosenlew

Vesa Luhtanen

Johan Berg

Cyrille Viellard,
President and CEO

THE AUDITOR'S NOTE

A report on the audit performed has been issued today

Helsinki, April 10, 2025

Deloitte Oy
Authorized Public Accountant Firm

Jenny Lindvall
Authorized Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Rapala VMC Plc

(Translation of the Finnish original)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rapala VMC Plc (business identity code 1016238-8) for the year ended 31 December 2024. The financial statements comprise the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, profit and loss statement, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 3 to the consolidated financial statements.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill and intangible assets Refer to Note 11 in the consolidated financial statements Consolidated financial statements includes goodwill and intangible assets of EUR 104.2 million as of 31 December 2024 (2023: EUR 101.7 million). Management assesses the need for impairment of goodwill and intangible assets annually. The recoverable amount is based on value-in-use calculations. The most important factors of cash flow forecasts used in impairment testing are net sales growth, long-term profitability, and discount rate. The goodwill and intangible assets have been treated as a key audit matter in the audit of the consolidated financial statements, because impairment testing involves significant management estimates and judgements regarding future business development, profitability, and discount rate.	In the audit, we have evaluated the impairment testing model prepared by the management and approved by the board, as well as evaluated the controls related to the impairment testing. We have discussed the basis used in the forecasts with the management and evaluated significant assumptions used by the management: ▪ We have compared growth and profitability assumptions with historical development. ▪ We have compared the input data and estimates used in the calculations to the financial plans approved by the Board of Directors. ▪ In evaluating the appropriateness of discount rates, we have compared the input data used in determining the discount tare to external sources and reflected on the changes in rates from the previous year to evaluate their appropriateness. ▪ We have tested the technical appropriateness of the impairment We have also evaluated the appropriateness of the notes on impairment testing. testing calculation.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10(2) relating to the consolidated financial statements or the parent company's financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 26 April 2024.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.
Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 10 April 2025

DELOITTE OY

Audit Firm

Jenny Lindvall

Authorised Public Accountant (KHT)

INDEPENDENT AUDITOR'S REPORT ON THE ESEF FINANCIAL STATEMENTS OF RAPALA VMC PLC

To the Board of Directors of Rapala VMC Plc

(Translation of the Finnish original)

We have performed a reasonable assurance engagement on the consolidated financial statements (7437009TB42O2AB3JW91-2024-12-31-0-fi.zip) of Rapala VMC Plc (1016238-8) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year ended 31.12.2024.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of the Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and
- ensuring the consistency between ESEF financial statements and the audited financial statements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of the Commission's regulatory technical standard.

AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's regulatory technical standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000.

The engagement includes procedures to obtain evidence on:

- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature timing and extent of the selected procedures depend on the auditor's judgment. This includes an assessment of the risk of a material deviation due to fraud or error from the requirements of the Commission's regulatory technical standard.

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

OPINION

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Rapala VMC Plc (7437009TB42O2AB3JW91-2024-12-31-0-fi.zip) for the financial year ended 31.12.2024 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our audit opinion on the audit of the consolidated financial statements of Rapala VMC Plc for the financial year ended 31.12.2024 has been expressed in our auditor's report dated 10.4.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki, 10 April 2025

DELOITTE OY

Audit Firm

Jenny Lindvall

Authorised Public Accountant (KHT)

ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT

(Translation of the Finnish original)

TO THE ANNUAL GENERAL MEETING OF RAPALA VMC OYJ

We have performed a limited assurance engagement on the group sustainability statement of Rapala VMC Oyj (1016238-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

- the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
- the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Rapala VMC Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

BASIS FOR OPINION

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Sustainability Auditor section of our report.

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

OTHER MATTER

We draw attention to the fact that the group sustainability statement of Rapala VMC Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024.

Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

AUTHORISED GROUP SUSTAINABILITY AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

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

The authorised group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorised sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director of Rapala VMC Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

INHERENT LIMITATIONS IN THE PREPARATION OF A SUSTAINABILITY STATEMENT

In preparing the sustainability statement, the company is required to conduct a materiality assessment to identify relevant matters to be reported. This process involves significant management judgement and choices. Due to the nature and characteristics of sustainability reporting, this type of information involves estimates and assumptions, as well as measurement and evaluation uncertainties.

In reporting forward-looking information, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

RESPONSIBILITIES OF THE AUTHORISED GROUP SUSTAINABILITY AUDITOR

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

DESCRIPTION OF THE PROCEDURES THAT HAVE BEEN PERFORMED

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- Performed inquiries of the company's management and personnel responsible for collecting and reporting the information contained in the sustainability statement at the group level and for subsidiaries, as well as at the different levels and business areas of the organization.
- Obtained an understanding of the company's sustainability reporting process, internal controls, and information systems related to the sustainability reporting process through inquiries.
- Reviewed the supporting documentation and records prepared by the company, where applicable, and assessed whether they support the information included in the sustainability statement.
- With respect to the double materiality assessment process, we evaluated the implementation of the process conducted by the company in relation to the requirements of the ESRS standards and assessed whether the disclosed information on the double materiality assessment is in accordance with the ESRS standards.
- Evaluated whether the sustainability statement meets the requirements of the ESRS standards, in all material aspects, regarding material sustainability matters to a significant extent.
- With respect to the EU taxonomy information, we obtained an understanding of the process by which the company has identified taxonomy-eligible and taxonomy-aligned economic activities and assessed the compliance of the related disclosed information with the regulations.

Helsinki, 10 April 2025

DELOITTE OY

Audit Firm

Jenny Lindvall

Authorised Public Accountant (KHT)

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT 2024

Rapala VMC Corporation's Corporate Governance is based on Finnish laws, other regulations concerning publicly listed companies, Rapala VMC Corporation's Articles of Association and the rules and instructions of Nasdaq Helsinki Oy. Rapala VMC Corporation adheres also to the Finnish Corporate Governance Code which is publicly available at www.cgfinland.fi. More detailed and updated information on the Group's governance matters, as well as this Corporate Governance Statement, is available on the corporate website www.rapalavmc.com. This Corporate Governance Statement has been approved in the Board of Directors ("Board") meeting on 10th of April.

Corporate Governance Statement is presented separately from the Report of the Board of Director's and Financial Statements. Report of the Board of Director's and the Financial Statements are available at the corporate website.

GENERAL MEETING

The General Meeting is the highest decision-making body of a limited company where the shareholders participate in the supervision and management of the company. The Annual General Meeting ("AGM") decides on the matters stipulated in the Finnish Limited Liability Companies Act and Rapala VMC Corporation's Articles of Association such as adoption of the financial statements, the use of the profit shown on the balance sheet, the discharge of the Members of the Board and the Managing Director, the number and the appointment of the Members of the Board, appointment of the auditor and confirming Group's remuneration policy and accepting remuneration report.

The Group's President and Chief Executive Officer, the Chairman of the Board and all of the directors shall attend the General Meeting. A person nominated for the first time to be elected as a member of the Board shall participate in the General Meeting where the election takes place. The auditor shall participate in the AGM.

The AGM of the corporation is held once a year. According to the Articles of Association, the AGM shall be held before the end of June. An extraordinary General Meeting is to be convened when necessary. The shareholders exercise their speaking and voting rights at the General Meeting. Each share is entitled to one vote in the General Meeting.

Under the Articles of Association, the shareholders of the corporation are invited to the General Meeting by publishing the notice of a General Meeting on the Rapala VMC Corporation's corporate website. The notice of general meeting shall be published no earlier than three (3) months prior the meeting and no later than three (3) weeks prior the meeting and no later than nine (9) days prior to the record date of the shareholders' meeting referred in the limited liability companies act. In order to attend the shareholders' meeting, each shareholder shall notify the company thereof by the date determined by the board of directors and indicated in the notice of general meeting, which date may be no earlier than ten (10) days before the meeting. The invitation shall state the matters to be handled at the General Meeting and in addition the information required by the Finnish Corporate Governance Code. Before the end of the financial year preceding the General Meeting, the corporation will announce on its corporate website a date on which at the latest the shareholder must suggest matters to be handled by the General Meeting. This date cannot be earlier than four weeks before sending the invitation to the General Meeting. Rapala VMC Corporation's AGM 2025 will be arranged on 8th of May 2025. Shareholders' possible request to have a matter dealt with by AGM 2025 shall be delivered no later than 13th of March, 2025. The minutes of the AGM are published on the Group's corporate website within two weeks of the meeting. More information on the General Meeting is found on the Rapala VMC Corporation's corporate website.

The general meeting shall be held in the company's place of domicile or in Helsinki. The board of directors may also resolve on organizing a general meeting without a meeting venue whereby the shareholders shall exercise their power of decision in full in real time during the meeting by means of telecommunication and other technical means (a remote meeting).

BOARD OF DIRECTORS

The members of the Board are elected by the AGM. The term of a member of the Board lasts until the end of the next AGM. The Articles of Association provide that the Board consists of no fewer than five and no more than ten members. The Board elects the Chairman from among its members to serve until the next AGM. Possible new members of the Board are briefed on the business of the Group.

The duties and responsibilities of the Board are principally based on the Finnish Companies Act and the corporation's Articles of Association. All significant issues concerning the Group are decided by the Board. These include, but are not limited to, appointing, and dismissing the President and Chief Executive Officer, approving strategic guidelines, financial statements, interim reports, business plans, annual budgets, stock exchange releases and considerable investments or divestments.

The Board assembles according to a pre-agreed time schedule to address designated matters. The Chairman of the Board composes an agenda according to a proposal made by the President and Chief Executive Officer. Members of the Board have a right to propose and include distinct matters on the agenda. The Board shall have a quorum when more than half of the Members of the Board are present. The opinion of the simple majority shall constitute the decision of the Board of Directors. The Board follows the written Charter of the Board approved by the Board of which crucial content has been covered in this statement, including the tasks of the Board of Directors. The Charter of the Board is available on the Rapala VMC Corporation corporate website. The President and Chief Executive Officer and the General Counsel, who acts as a secretary of the Board, attend the meetings of the Board of Directors. Other members of the Executive Committee (Global Management Team) attend the meetings when necessary.

In connection with the preparation of a proposition concerning the assembly of the Board, the corporation follows a practice in where the significant shareholders of the corporation prepare the propositions concerning the Board of Directors, including the propositions for the number of board members, remuneration and when necessary, the members of the Board for the General Meeting. The Board has not established a Nomination Committee nor has the General Meeting erected a Shareholders' Nomination Committee. The representatives of the significant shareholders of the corporation referred to above are also members of the Board of the corporation and the proposition shall be served for the information of the Board and to be discussed. The proposition shall also be released as a stock exchange release and be included in the notice of the General Meeting provided that the proposition has been delivered to the corporation early enough to be included in the notice.

The requirements set by the Group's operations and its development phase will be considered with regard to the composition of the Board of Directors. A candidate for the Board must have the necessary qualifications for the position and time to fulfil his/her duties. The number of members on the Board and its composition must enable efficient performance when the Board's tasks are being managed. In order to ensure the diversity of the Board of Directors, the members' competence, experience and industry-specific knowledge must be taken into account when candidates are being proposed as members of the Board. The corporation strives to have both genders represented in the Board and that members represent wide-ranging and diverse perspectives. At the end of the financial year 2024 the Board consisted of six members. 17 % of the members were females and 83 % males. Johan Berg and Pascal Lebard were elected as new members of the Board of Directors on the AGM 2024 on the 18th of April 2024 and substituted Louis d'Alançon and Jorma Kasslin. Jorma Kasslin passed away on the 14th of April 2024.

The Board assesses its members' independency. All six members are external experts. All members of the Board, other than Emmanuel Viellard, are independent of the significant shareholders of the Rapala VMC Corporation.

Number of Board and Remuneration Committee meetings in 2024 and participant attendance are presented on the table below:

Type of risk	Board	Remuneration Committee
Emmanuel Viellard	10/10	2/2
Julia Aubertin	9/10	
Vesa Luhtanen	10/10	1/1†
Alexander Rosenlew	10/10	1/1†
Johan Berg	6/6*	
Pascal Lebard	5/6*	
Louis d'Alançon	4/4**	1/1††
Jorma Kasslin	4/4***	1/1†††

* Member of the Board of Directors as of April 18, 2024
† Member of the Remuneration Committee as of April 18, 2024
** Member of the Board of Directors until April 18, 2024
*** Member of the Board of Directors until April 14, 2024
†† Member of the Remuneration Committee until April 18, 2024
††† Member of the Remuneration Committee until April 14, 2024

The current members of the Board and their shareholdings on 31.12.2024 were:

Emmanuel Viellard

Board member since 2000
Chairman of the Board 2005-2016, 2024-
President of Viellard Migeon & Cie
CEO of LISI
MBA, CPA
Year of birth: 1963
Gender: male
Shareholding and options *: 2 000

Julia Aubertin

Board Member since 2014
Investor and advisor
M.Sc. (EDHEC)
Year of birth: 1979
Gender: female
Shareholding and options *:

Vesa Luhtanen

Board Member since 2020
Board professional
Bachelor of Science in Business Administration
Year of birth: 1961
Gender: male
Shareholding and options *: -

Alexander Rosenlew

Board Member since 2023
CEO of Orthex Oyj
Certificate in Global Management, Insead
Master of Science in Management (Leadership MBA)
Master of Science in Economics
Year of birth: 1971
Gender: male
Shareholding and options *: 6 095

Johan Berg

Board Member since 2024
Board professional
Swedish School of Economics Helsinki, 1983-1987: MBA
Year of birth: 1961
Gender: male
Shareholding and options *: 6 000

Pascal Lebard

Board Member since 2024
Senior Partner and Co-Founder, Montyon Capital
EDHEC Business School - MBA, 1986
Year of birth: 1962
Gender: male
Shareholding and options *: -

* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

BOARD COMMITTEES

The Board decides on the establishment of committees. It also verifies the key tasks of each committee and the policies in the written charter. A committee must regularly report to the Board of its work.

In 2024, the Board had one Board committee, the Remuneration Committee. The Remuneration Committee operates under its charter and its main responsibility is to prepare the remuneration policy and the decisions of the Board relating to the remuneration of the key employees of the Group. The Committee follows the implementation of the remuneration policy. The Committee's other tasks include reviewing and making recommendations with respect to the terms of employment of the President and Chief Executive Officer and reviewing the remuneration packages of the Executive Committee members and some other senior managers.

The Remuneration Committee is chaired by the chairman of the board Emmanuel Viellard. Its members are drawn from the corporation's non-executive and independent Directors. The Remuneration Committee consisted of Emmanuel Viellard, Louis d'Alançon and Jorma Kasslin between the 9th of May 2023 until the 18th of April 2024. As of the 18th of April 2024, the Committee consisted of Emmanuel Viellard, Alexander Rosenlew and Vesa Luhtanen. In 2024, the Committee assembled two times on the 6th of March and the 20th of May. The attendance rate was 100%. The Charter of the Remuneration Committee is available on the corporate website. Committee members' appointments run concurrently with a director's term as a member of the Board.

The scale of the business of the Group does not require the matters relating to financial reporting and control to be prepared in a smaller assembly than the Board of Directors. Therefore, the Board has not established a separate Audit Committee, but the entire Board is responsible for the tasks of an Audit Committee such as the control of the financial reporting, the external accounting, the internal control, and the risk management issues. Of the six Board members, at least three have the necessary financial expertise to assume these duties. The Board is regularly in contact with the auditors of the corporation.

The Board has not appointed a Nomination Committee due to the size of the Group and the significant shareholding represented by the current members of the Board. Nomination issues are managed by the Board. Neither has the General Meeting erected a Shareholders' Nomination Committee for the preparation of the Board election and remuneration.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer is appointed by the Board. Lars Ollberg has acted as the President and Chief Executive Officer of the Rapala VMC Corporation for 2024. Cyrille Viellard has acted as the company's Deputy Chief Executive Officer. Both have been nominated in 2023. The company announced on the 17th of December 2024 that Cyrille Viellard has been appointed as new President and Chief Executive Officer effective the 7th of March 2025.

The President and Chief Executive Officer acts also as the Group's President and Chairman of the Executive Committee. The duties and responsibilities of the President and Chief Executive Officer are set forth in the Finnish Companies Act. The provisions of this Act on the President and Chief Executive Officer also apply to the Deputy Chief Executive Officer. The President and Chief Executive Officer is responsible for the operative management within the scope of the strategic and operative plans, budgets and action plans approved by the Board. Unless separately authorized by the Board, the President and Chief Executive Officer shall not take actions, which may be considered unusual or far-reaching in view of the scope and nature of the Group's business. The President and Chief Executive Officer shall ensure that the accounting of the corporation complies with the law and that the financial management of the corporation has been arranged in a reliable manner. The President and Chief Executive Officer is entitled to represent the corporation in any matter within his/her authority. The President and Chief Executive Officer chairs the Executive Committee. The President and Chief Executive officers service terms and conditions have been specified in writing in a Managing Director Agreement approved by the Board.

EXECUTIVE COMMITTEE

The Executive Committee (Global Management Team) assists the President and Chief Executive Officer in planning and managing the operations of the Group, in the preparation of strategic questions and in the execution of the strategic objectives set by the Board of Directors. The Executive Committee convenes under the leadership of the President and Chief Executive Officer and is composed of different Executive Committee members depending on the matters at hand. The President and Chief Executive Officer acts as the Chairman of the Executive Committee.

The members of the Executive Committee and their shareholdings on 31.12.2024 were:

Lars Ollberg

President and Chief Executive Officer since the 1st of May 2023
Vocational Qualification in Business, Malmi Commercial School
Year of birth: 1956
Gender: male
Shareholding*: -

Cyrille Viellard

Deputy Chief Executive Officer
Executive Committee member since 2015
MBA, ESSEC
Year of birth: 1977
Gender: male
Shareholding and options *: 26 625

Arto Nygren

Executive Vice President, Lure Manufacturing
Executive Committee member since 2017
Bachelor's degree in mechanical engineering
Year of birth: 1965
Gender: male
Shareholding and options *: 36 540

Jean-Philippe Nicolle

Chief Operating Officer responsible for Business Performance, Finance Controlling and Internal Auditing, Europe focus
Executive Committee member since 2020
Executive MBA, Business School ICS, Paris and CPA
Year of birth: 1968
Gender: male
Shareholding*: 3 279

Marcus Twidale

Executive Vice President, Head of Distribution in USA
Executive Committee member since 2021
Brooksby College of Agricultural Management
Year of birth: 1965
Gender: male
Shareholding*: -

Miikka Tarna

Chief Financial Officer
Executive Committee member since the 1st of January 2024
M.Sc. (Econ. & Bus. Adm.), University of Oulu, 2008
Year of birth: 1983
Gender: male
Shareholding*: 5 246

Tuomas Akkanen

Executive Vice President, Head of Group Supply Chain and Winter Sports
Executive Committee member since the 1st of January 2024
Year of birth: 1979
Gender: male
Shareholding*: -

Tuomo Leino

Executive Vice President, General Counsel, Secretary of the Board, Head of Sustainability
Executive Committee member since the 1st of January 2024
Master of Laws (LLM), University of Helsinki, 2013
Year of birth: 1985
Gender: male
Shareholding*: 10

On the 8th of December 2023 Rapala VMC Corporation announced several nominations to the Executive Committee effective the 1st of January 2024 as follows: Miikka Tarna as Chief Financial Officer, Tuomas Akkanen as Executive Vice President, Head of Group Supply Chain and Winter Sports, Päivi Ohvo as Executive Vice President, Human Resources, Tuomo Leino as Executive Vice President, General Counsel and Joni Tuominen as Executive Vice President, Global Business Development and IT. On the 30th of March 2024 company announced that Stanislas de Castelnau will retire and therefore leave the executive committee. On the 14th of June 2024 the company announced that Executive Vice Presidents Päivi Ohvo, Enrico Ravenni and Joni Tuominen have decided to pursue new career opportunities outside the Rapala VMC Group and therefore will leave the Executive Committee the same day. Executive Vice President David Neill did also step down from the Executive Committee and returned to his former position of President of Rapala Canada.

* Shares and share-based rights of each member and corporations over which he/she exercises control in the company and its group companies.

BUSINESS ORGANIZATION

The Rapala VMC Group comprises of the parent company and the manufacturing and distribution subsidiaries ("Group"). The head office of the Group is located in Helsinki. Rapala VMC Corporation's shares are traded on the Nasdaq OMX Helsinki's main list.

Product distribution is organized through sales companies, which the Group has in approximately 40 countries. In other countries independent importers and distributors undertake product distribution.

REMUNERATION REPORTING

Annual General Meeting 2024 confirmed the remuneration policy for the Rapala VMC Corporation. Policy defines a process for remuneration related decisions and includes a description of remuneration of the Board of Directors and the President and Chief Executive Officer. Further the policy explains the principles of deviating from the remuneration policy and changing it. The Board of Directors presents the remuneration policy to the AGM in minimum of four years interval and always when material changes have been made. A revised remuneration policy will be presented to the AGM 2028.

As of the AGM 2021 the Board of Directors has presented a remuneration report on an annual basis to the AGM for the shareholders to evaluate the execution of the remuneration policy and the actualized remuneration. The Board of Directors, President and Chief Executive Officer's, Deputy CEO's and Executive Committees remuneration is also elaborated in the Group Annual Statements note 28. Current remuneration policy, remuneration report(s) and other remuneration related information required by the Finnish Corporate Governance Code are available on the Rapala VMC Corporation's corporate website.

RESPONSIBILITY AND INTERNAL CONTROL

The Group has a strong entrepreneurial and business oriented corporate culture that supports local decision making. This culture influences the set-up of the Group's internal control and management. The Group's management model is strongly based on people management, delegation of responsibility, and recognition of differences in business environments, which all enable quick and flexible decision making. Instead of formal and heavily structured processes, the internal control of the Group is based on a flat and transparent organization where the Group management is in frequent and personal interaction with the Group companies. The number of personnel of the Group management is relatively small, which enables focused and centralized information management and direct and tight relationships with operational and financial management of the business units. Business units are closely monitored through financial indicators and by observing the operative actions.

The Group comprises of the parent company and the manufacturing and distribution subsidiaries. The Group's internal controls and management are based on this legal structure. Responsibility for the management of these subsidiaries rests with each company's Board of Directors, which typically comprises of the Group CEO and the General Counsel, and the subsidiary's managing director. In addition, the Group subsidiaries have their own management teams, which together with each subsidiary's managing director have responsibility over the operative decision making.

The Board monitors the business activities of the Group, ratifies the risk management principles and is responsible for ensuring that accounting, reporting and asset management are appropriately organized.

The CEO, the members of the Board and the managing director of each Group company are responsible for ensuring that the accounting and administration in their respective areas of responsibility are in compliance with the local laws, the Group's operating principles, and the instructions and rules issued by the Board of Rapala VMC Corporation.

The aim of internal controls is to ensure the effectiveness and efficiency of the Group's operations, reliability of financial and operational reporting, and compliance with the applicable regulations, practices and policies.

The Group has a harmonized chart of accounts, uniform accounting principles (IFRS) and related reporting processes. The Group is developing its Group wide information technology system, which improves the transparency of supply chain and inventories. The Group's financial management monitors the functionality and reliability of the financial reporting process. The key instructions and regulations concerning financial reporting and risk management are available to managing directors and financial management of each subsidiary on the Group's intranet or similar internal communication channel.

The Board monitors the Group's business risks on an ongoing basis. All Group companies report their financial performance and position at least once a month to the management that prepares for the Board a monthly management report, which explains the main recent developments in the business of the Group and the major Group companies.

Communication and personal interaction between the Group management and subsidiaries is frequent and close. Group management, managing directors, and financial management of all subsidiaries meet several times during the year and in these meetings business performance and internal control issues are also reviewed. In addition, representatives of Group management visit subsidiaries regularly in different assemblies. The purpose of these meetings is to share information mutually. These meetings enable Group management to monitor and give guidance to the subsidiaries.

RISK MANAGEMENT

The objective of the Rapala VMC Group's risk management is to recognize and manage the risk associated with the execution of the Group's strategy and execution of business targets. This is done by monitoring and mitigating the related threats and risks while simultaneously identifying and managing business opportunities. The Board evaluates the Group's financial, operational and strategic risk position on a regular basis and establishes related policies and instructions to be implemented and coordinated by the Group management.

The Board evaluates the Group's strategic risks on an annual basis as part of the strategy process, operational risks at least once a year as part of the operational plans and budgets and financial risks several times during the year. The President and Chief Executive Officer and the CFO continuously monitor changes in the business environment and coordinate the management of the Group's strategic, operational, and financial risks. The daily risk management activity is primarily delegated to the management of the business units, who are responsible for managing the local strategic, operational, and financial risks. So far the sustainability related risks has been evaluated in separate multi-functional group.

INTERNAL AUDIT

The Group does not have a separate Internal Audit organization due to the size of the Group's operations. The Group Finance is responsible for regular reviews of financial performance and internal control procedures at all Group companies and reporting significant findings to the President and Chief Executive Officer and the Board. From time to time, the management conducts or buys external services, if needed, to conduct specific and limited internal audits.

The managing director and the controller of subsidiaries under audit scope meet annually with the local auditors to discuss internal control and statutory compliance issues. The auditors of subsidiaries provide an audit opinion to the auditors of the corporation at the conclusion of each annual audit.

Annual audit may also give rise to the preparation of a management letter to the corporation outlining their audit findings in greater detail and recommending any improvements in internal controls. In addition, the auditors of the corporation meet regularly with the Group management representatives to discuss and review the business and related financial, accounting, internal control and risk management issues.

As of January 1, 2024 Jean-Philippe Nicolle was appointed as Chief Operating Officer responsible for Internal Auditing.

RELATED PARTY TRANSACTIONS

According to the Rapala VMC Corporation Code of Conduct guidelines all transactions need to be market-based. The management of each business unit is responsible for the local procedures to ensure that transactions are market-based.

According to the reporting instructions of the group, business units need to report possible related party transactions to the parent company along with other reporting. If needed, the Group's internal control evaluates whether a related party transaction degrades management's independency on the company and whether the transaction causes a conflict of interest for the related party. Internal control reports related party transactions to the auditor.

Non-ordinary transactions, as specified in the group's Authorization Limits in use, must be approved by the group management. Permanent appointments of family members of the operating management must be approved by group's President and Chief Executive Officer.

Rapala VMC Corporation maintains a list of its related party individuals and legal parties to recognize related party transactions. Following parties belonged to the related parties of Rapala VMC Corporation in 2024:

- Members of the Board of Directors
- President and Chief Executive Officer
- Members of the Executive Committee
- Members of the family of the above-mentioned individuals (children, spouses or life partners, children of the spouse or life partner, persons under guardianship of above-mentioned individuals or their spouses or life partners)
- Entities controlled by the above-mentioned individuals
- Rapala VMC Corporation's subsidiaries, associated companies and joint ventures
- Entities having significant influence on Rapala VMC Corporation

Rapala VMC Corporation discloses related party transactions that are essential for the company in its Financial Statements.

INSIDER ADMINISTRATION

The Group's guidelines on insider administration follow the applicable Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki Oy. Rapala VMC Corporation maintains the list of persons discharging managerial responsibilities and if necessary, the permanent insider list and the project-specific insider lists in the InsiderLog service provided by Insiderlog Ab / Euronext Corporate Services subject to Rapala VMC Corporation's Insider Officer's decision. At the moment company does not maintain permanent insider list. Moreover, the persons determined by Rapala VMC Corporation having authorized access to the unpublished financial result information are entered in a list ("Financial Reporting Group") maintained in the InsiderLog service.

Persons discharging managerial responsibilities are subject to trading restrictions regarding the corporation's securities. Person discharging managerial responsibilities shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of Rapala VMC Corporation or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which Rapala VMC Corporation is obliged to make public. The trading restriction, the obligations on confidentiality and prohibition to disclose information or advise any person with respect to trade, applies also to the Financial Reporting Group. Rapala VMC Corporation extends the restriction on trading to include the permanent insiders in case this kind of list is established. The project specific insiders are prohibited from trading with the securities during their participation in the project.

The Group arranges internal communication, training, and supervision of insider issues. General Counsel of Rapala VMC Corporation acts as an Insider Officer of the Group. Tuomo Leino has been appointed as General Counsel of Rapala VMC Corporation as of January 1, 2023.

AUDIT

An external audit is performed annually in Group companies under audit scope and for the consolidated Group. Deloitte Oy auditor firm was elected as auditor in the annual general meeting on the 18th of April 2024. As the auditors of the parent company, Deloitte Oy is responsible for instructing and coordinating the audit in relevant Group companies. The auditor with principal responsibility is Jenny Lindvall, CPA. It was decided in the annual general meeting on that the fee of the auditor will be paid as according to an invoice accepted by the corporation. During the financial year 2024 the auditors of the corporation were paid altogether EUR 0.8 million (2023: EUR 0.7 million) as auditing fees and EUR 0.0 million (2023: EUR 0.2 million) as of services not associated with auditing.

Annual general meeting decided that Deloitte Oy carries out the assurance of Rapala VMC Corporation's sustainability reporting for the financial year 2024 in accordance with the transitional provision of the act amending the Finnish Companies Act (1252/2023) and will be reimbursed for this task as per its invoice approved by the Rapala VMC Corporation.

REMUNERATION REPORT

INTRODUCTION

This Remuneration Report sets out how Rapala VMC Corporation (hereinafter the “Rapala VMC” or the “Company”) has in 2024 implemented its Remuneration Policy adopted in Rapala VMC’s General Meeting on April 18, 2024.

The report includes information concerning the remuneration of the Board of Directors, the President and CEO(s) and the Deputy CEO during the financial year 2024 along with historical development of the same during the last five years.

The Report has been reviewed by the Remuneration Committee of Rapala VMC’s Board of Directors and approved by the Board of Directors on 6th of March, 2025. Further Rapala VMC’s auditor Deloitte Oy has audited this Report confirming it fulfils the requirements set in law, the Decree 608/2019 of the Ministry of Finance and the Corporate Governance Code 2025 of Finnish Securities Market Association.

The Annual General Meeting 2025 makes a consultative decision as to whether it approves this Remuneration Report. In the previous Annual General Meeting 2024 70.61% of all shares and votes in the Company participated in the advisory vote and 0 % of those voted against accepting the provided remuneration report.

This Remuneration Report along with additional information regarding the remuneration in Rapala VMC are available on Rapala VMC’s website at www.rapalavmc.com.

OVERVIEW OF THE REMUNERATION IN 2024

In line with the Remuneration Policy, remuneration in 2024 has aimed to contribute to positive development of shareholder value, enhance competitiveness and long-term financial success and the fulfilment of the Company’s strategy. Remuneration is integral to Rapala VMC Corporation’s long-term financial success, incentivizing top talent and aligning their goals with the company’s vision. The 2024 remuneration emphasizes fair compensation practices based on performance and value creation. This approach fosters innovation, operational excellence, and accountability throughout the organization, ensuring sustained growth and competitive advantage for Rapala VMC in the market.

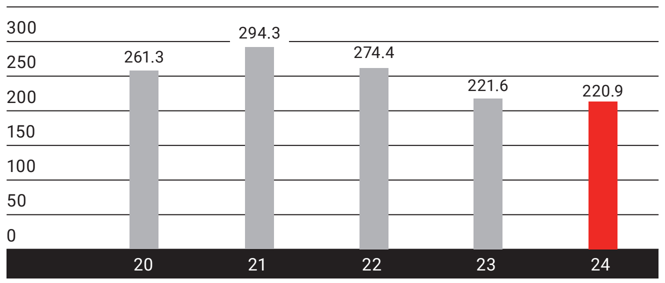
The remuneration of the members of the Board of Directors consisted of fixed annual fees and meeting fees. Paid fees are disclosed under the section “Remuneration of the Board of Directors”.

Lars Ollberg has acted as the President and CEO of the Company for the full year. Cyrille Viellard has acted as Deputy CEO. The remuneration of the President and CEO and the Deputy CEO consisted of base salary, benefits and variable remuneration. A more detailed disclosure of the remuneration and the basis for variable remuneration can be found under the section “Remuneration of the President and CEO(s) and Deputy CEO”.

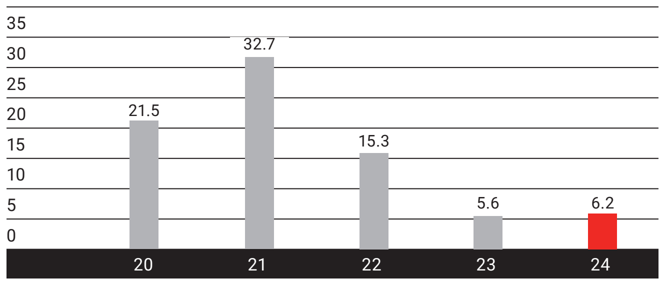
According to the Remuneration Policy of the Company, the Company may deviate from the Remuneration Policy if such deviation is considered necessary to ensure the long-term interests of the Company. The Company has not deviated from the Remuneration Policy during the year 2024.

DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION 2020-2024

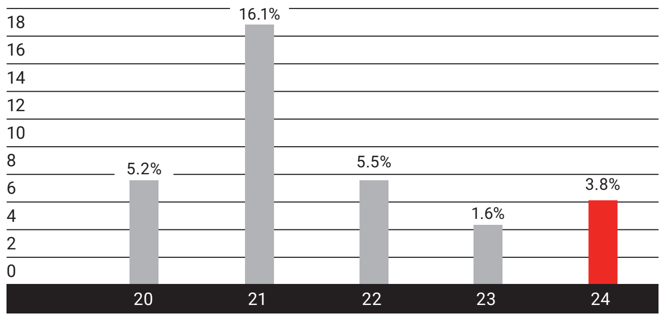
NET SALES, EUR million



COMPARABLE EBIT, EUR million



ROCE, %



SHARE PRICE DEVELOPMENT IN 2020-2024, EUR

DEVELOPMENT OF REMUNERATION 2020-2024

€	2020	2021	2022	2023	2024
Board					
Chairman ann. Fee	80 000	80 000	80 000	80 000	**70 000**
Development	0%	0%	0%	0%	**-12.5%**
Board member ann. fee	30 000	30 000	30 000	30 000	**25 000**
Development	0%	0%	0%	0%	**-16.7%**
President and CEO					
Base salary + benefits*	292 897[1]	359 378	403 140[2]	314 727[3]	**333 892**
Short-term incentive (STI)	-	230 000	240 000	40 333	**98 229**
Total compensation	292 897	589 378	643 140	355 060	**432 121**
Development					
Base salary + benefits	2%	23%	12%	-22%	**6%**
Total compensation	-31%	101%	9%	- 45%	**22%**
Deputy CEO					
Base salary + benefits*	N/A	N/A	N/A	175 488†	**231 136**
Short-term incentive (STI)	N/A	N/A	N/A	15 750	**67 445**
Long-term incentive (LTI)	N/A	N/A	N/A	-	**11 369**
Total compensation	N/A	N/A	N/A	191 238†	**309 950**
Development					
Base salary + benefits	N/A	N/A	N/A	N/A	**32%**
Total compensation	N/A	N/A	N/A	N/A	**62%**
Average employee					
Total salary **	65 054	71 466	71 420	61 587	**62 501**
Avg. number of employees	1 595	1 763	1 703	1 436	**1 351**
Average salary cost	41 000	41 000	42 000	43 000	**46 000**
Development	0%	-1%	3%	2%	**7%**

* Including possible supplementary pension policies
** Excluding Indonesia manufacturing unit discontinued at the end of 2020
1 In 2020, 61 323 € was paid to Louis d’Alançon and 231 273 € to Nicolas Cederström Warchalowski
2 In 2022, 370 900 € was paid to Nicolas Cederström Warchalowski and 32 240 € to Louis d’Alançon
3 in 2023, 86 300 € was paid to Louis d’Alançon from January 1st to April 30th and 228 427 to Lars Ollberg from May 1st to December 31st
† Compensation paid during the full financial year.

REMUNERATION IN 2024
REMUNERATION OF THE BOARD OF DIRECTORS

Shareholders resolved on the Board remuneration in the Annual General Meeting of 2024 as follows.

Annual Fees:
- 70 000 € for chairman and
- 25 000 € for members.

Meeting Fees (board & committee meetings):
- 1 000 € per meeting

Board Remuneration is paid fully in cash and does not include pension payments or reimbursement for expenses.
Members of the Board of Direc-tors are not included in Rapala VMC’s short- or long-term incentive programs.

FEES PAID TO THE BOARD DURING CALENDAR YEAR 2024

€	Annual Fee, EUR	Board Meeting Fees, EUR	Committee Meeting Fees, EUR	Total Remuneration
Emmanuel Viellard (chair)	70 000	15 000	2 000	**87 000**
Julia Aubertin	25 000	14 000	-	**39 000**
Vesa Luhtanen	25 000	15 000	1 000	**41 000**
Alexander Rosenlew	25 000	15 000	1 000	**41 000**
Johan Berg (as of 18.4.2024)	25 000	2 000	-	**27 000**
Pascal Lebard (as of 18.4.2024)	25 000	2 000	-	**27 000**
Louis d’Alançon (until 18.4.2024)	-	13 000	1 000	**14 000**
Jorma Kasslin (until 14.4.2024)		13 000	1 000	**14 000**
Total	-			**290 000**

REMUNERATION OF THE PRESIDENT AND CEO & DEPUTY CEO

INTRODUCTION

As stated in the Remuneration Policy, the remuneration of the President and CEO and Deputy CEO may comprise base salary and benefits as well as variable remuneration components, such as short-term incentives and long-term incentives.

During 2024, the remuneration of the President and CEO comprised of base salary, benefits and a short-term incentive. The Deputy CEO's remuneration comprised of base salary, benefits, a short-term incentive and a long-term incentive.

President and CEO Lars Ollberg was paid a total remuneration of EUR 432 121, including base salary, benefits and a short-term incentive bonus based on the financial year 2023.

The Deputy CEO Cyrille Viellard was paid a total remuneration of EUR 309 950, including base salary, benefits, a short-term incentive bonus based on the financial year 2023 and a reward based on the long-term incentive scheme (PSP 2021-2023).

Neither the President and CEO nor the Deputy CEO are entitled to supplementary pensions.

SHORT-TERM INCENTIVES

According to the Rapala VMC Remuneration Policy, President and CEO's short-term incentive plan may be based on the result of the Group or other criteria decided by the Board.

During 2024, the President and CEO Lars Ollberg and the Deputy CEO Cyrille Viellard participated in the Company's performance-based short-term incentive plan (STI 2024). For both, the rewards were based on financial, strategy and CSR related criteria. The maximum remuneration payable to the President and CEO under the STI 2024 was EUR 285 000 and for the Deputy CEO EUR 195 000.

The achievement of the criteria for the President and CEO was 54%, corresponding to a pay-out of EUR 155 000. The achievement of the criteria for the Deputy CEO was 55%, corresponding to a pay-out of EUR 107 500. The rewards from STI 2024 will be paid during the financial year 2025.

During 2024, the President and CEO Lars Ollberg and the Deputy CEO Cyrille Viellard were paid a bonus of EUR 98 229 and EUR 67 445, respectively, based on the short-term incentive from 2023.

SHORT-TERM INCENTIVES 2024

	Criteria		Weight	Achievement	Total outcome	Max. reward	Earned reward
President and CEO	Group Results	Net Sales	23%	50%	54%	285 000 €	155 000 €
		Comparable EBIT	27%	0%			
		Average Inventory	23%	70%			
		Strategy execution	18%	100%			
		Covenant conformity	7%	100%			
		CSR	2%	100%			
Deputy CEO	Group Results	Net Sales	22%	50%	55%	195 000 €	107 500 €
		Comparable EBIT	27%	0%			
		Average Inventory	22%	70%			
		Strategy execution	18%	100%			
		Covenant conformity	8%	100%			
		CSR	2%	100%			

LONG-TERM INCENTIVES

According to the Remuneration Policy the objectives of the Company's long-term incentive plans are to achieve the targets and strategy set by the Company and to promote the Company's long-term financial success and competitiveness.

President and CEO did not participate in the Company's long-term incentive plans during 2024.

During 2024, Deputy CEO received the reward for the Key Employees Performance Share Plan 2021-2023 (PSP 2021-2023). At the discretion of the Board of Directors, the payout was made in cash and amounted to EUR 11 369.

TOTAL PAID REMUNERATION 2024

	Base Salary + Benefits	Short-term Incentive	Long-term Incentive	Total Paid Compensation
Lars Ollberg				
President and CEO	333 892 €	98 229 €	-	432 121 €
Proportional Share	77%	23%	-	
Cyrille Viellard				
Deputy CEO	231 136 €	67 445 €	11 369	309 950 €
Proportional Share	75%	22%	3%	