

## **RAPALA VMC CORP. ISSUES A NEGATIVE PROFIT WARNING: EXPECTS FULL YEAR COMPARABLE OPERATING PROFIT TO BE BELOW PREVIOUS YEAR**

Rapala VMC Corporation updates its full year outlook for 2022. The Group expects 2022 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be below previous year.

The key drivers behind the decreased outlook are the effects caused by the Ukrainian crisis, cold and late spring in the Northern hemisphere as well as faster post-covid market normalization in the USA.

Implementation of the ONE RAPALA VMC strategy is progressing ahead of plan and has even been accelerated in some areas. As a result, in the post-covid normal+ market condition, Rapala VMC is gaining retail space and market share across several categories. In the important rod and reel category, Okuma is off to a very strong start in Europe. Given that Rapala VMC owns the full value chain for key categories we don't foresee significant supply chain disruptions and will have sufficient product supply for the coming open water fishing season. As a result, the current lockdowns in China are not materially impacting the Group at the moment.

### **The updated outlook for 2022:**

The Group expects 2022 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be below the previous year.

### **The previous outlook for 2022 (issued on February 10, 2022):**

The Group expects 2022 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be in line with the previous year.

### **Restructuring of operations**

Rapala VMC is restructuring its Russian production and distribution set-up as a result of the Ukrainian crisis and is now accelerating its plans to increase production capacity at the Estonian factory located in Pärnu. The restructuring is being implemented taking into account the safety of our Russian team members and the local Russian legislation. The write-down and impairment of assets related to the restructuring will be booked in the 2022 financial year and recorded as items affecting comparability.

Our thoughts and sympathy go to all the Ukrainians who are affected with the Ukrainian crisis and in particular to our Ukrainian team members. Currently Rapala VMC has around 300 Ukrainian team members, out of which some 100 recently hired refugees. In addition to this, Rapala also plans to hire more Ukrainian refugees to the Estonian factory in relation to the capacity increase.



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A more detailed review of Rapala VMC's possible risks and uncertainties can be found on the company's website [www.rapalavmc.com](http://www.rapalavmc.com) and in the Short term risks and uncertainties section of the Financial Statements Release published on February 10, 2022.

Rapala VMC publishes its Half Year Financial Report for January–June on July 14, 2022.

Helsinki, 28 April 2022

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#### **About Rapala VMC Corporation**

Rapala group is the world's leading fishing tackle company and the global market leader in fishing lures, treble hooks and fishing related knives and tools. Group has a strong global position also in other fishing categories and Rapala's distribution network is largest in the fishing industry. The main manufacturing facilities are in Finland, France, Estonia, and the UK. Rapala group's brand portfolio includes the leading brand in the industry, Rapala, and other global brands like VMC, Sufix, Storm, Blue Fox, Luhr Jensen, Williamson, Dynamite Baits, Mora Ice, StrikeMaster, Marttiini, Peltonen and 13 Fishing outside of the USA as well as Okuma in Europe. Group, with net sales of EUR 294 million in 2021, employs some 1 800 people in approximately 40 countries. Rapala VMC Corporation's share is listed and traded on the Nasdaq Helsinki stock exchange since 1998.