2024 H1

HALF YEAR REPORT

RAPALA VMC CORPORATION’S HALF YEAR REPORT H1/2024: PROFITABILITY IMPROVED IN A RECOVERING MARKET

January-June (H1) in brief:

- Net sales were 120.5 MEUR, up 2% from previous year (117.9). With comparable exchange rates sales were 3% up from previous year.
- Operating profit was 11.2 MEUR (4.4).
- Comparable operating profit* was 6.2 MEUR (5.3).
- Earnings per share (non-diluted) was 0.07 EUR (-0.03).
- Cash flow from operations was 18.2 MEUR (18.6).
- Inventories were 84.7 MEUR (98.5).
- Short-term outlook: The Group expects 2024 full year comparable operating profit* to increase from 2023.

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

President and CEO Lars Ollberg: “Our strong brands and trusted position as a best partner for our customers form the cornerstones of our competitive advantages. Our most valuable brand is Rapala, and Rapala sales profitability has remained historically stable due to high brand integrity despite market turbulences.

Our largest and most important market area is North America, which accounts for approximately half of our sales. In North America, where fishing is one of the most popular outdoor sports, our market position is very strong. Big Box Retailers continue to dominate the retail markets. Strengthening relationships and fulfilling weekly replenishment service level requirements underpins our long-term partnerships. This strategy drives the mission and strategy to grow North American business and become the most trusted partner within the sport fishing sector.

Our second largest market area is Europe. The most significant countries in the region are Finland, France, Germany and UK. European distribution operations are engaged in improving profitability and efficiency. The results are very encouraging despite a challenging market environment in most countries.

On manufacturing and supply chain side, the production transfers are concluded, and efficiencies have increased to satisfactory levels. Product and production quality has remained high despite the transfers. The new products were successfully completed on schedule. Our key Asian manufacturing partners also delivered solid performance.

The focused “One More Turn" strategy for 2024–2026 began in autumn 2023 and its clear goal is to improve profitability and working capital management while emphasizing the importance of sales, customers and consumers. The key strategic actions focus on profitability and working capital management, as well as supporting sales growth in a sustainable manner.

Year 2024 started off with reasonable trading conditions as destocking is tapering down in most markets. During the first half of the year, we placed a special attention on inventory healthiness and focused sales. As a result, our sales improved to 120.5 MEUR (117.9), our comparable operating profit improved to 6.2 MEUR (5.3). Inventories decreased by 13.8 MEUR to 84.7 MEUR (98.5).

The US economy is holding, especially in the lower cost consumable type products. Our North American sales exceeded expectations in the open water brands and the growth from previous year is promising. The recent Rapala hard bait introductions have proven successful. Entering the soft plastic market segment with Rapala CrushCity evidenced the Rapala brand outperforming all expectations. A key strategy has been a locally driven approach of a strong global brand, and adding local flavour in the products in all key market regions. The combination of the best baits and VMC hooks will be very synergistic. Over-demand of the new CrushCity products caused supply chain issues which were solved, and margins are expected to normalize after a period of extensive air shipping.

I am also happy to see Okuma coming back to growth path and similarly happy that the 13 Fishing integration and overhead reduction plan has been completed which will drive efficiency and profitability for both brands.

Pre-sales of our winter businesses for the upcoming season have fallen short of expectations. Unfavourable ice and snow conditions in the North American and North European markets in the previous season left the retailers with high inventories.”

Key figures

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Net sales	**120.5**	117.9	**2%**	221.6
Operating profit	**11.2**	4.4	**155%**	4.0
% of net sales	**9.3%**	3.7%		1.8%
Comparable operating profit *	**6.2**	5.3	**17%**	5.6
% of net sales	**5.1%**	4.5%		2.5%
Cash flow from operations	**18.2**	18.6	**-2%**	20.6
Gearing %	**36.9%**	73.4%		51.8%
EPS, EUR	**0.07**	-0.03		-0.20

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

Rapala Group presents alternative performance measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS. Definitions and reconciliation of key figures are presented in the financial section of the release.

Market Environment

During the first half of the year, operating environment was reasonable. Inflation started to ease and retail activity improved from prior year. Consumer appetite for lower cost consumables improved while higher value item sales are on a path to recovery. There is still cautiousness among consumers and retailers for high-ticket items but market showed improved demand towards the end of the first half of the year. Shift in retailers' ordering pattern from pre-orders towards in-season replenishment favored those with readily available inventory.

Business Review January–June 2024

The Group's net sales for the year were 2% above the comparison period with reported translation exchange rates. With comparable translation exchange rates, net sales were organically up by 3% from the comparison period.

North America

Sales in North America increased by 5% from the comparison period. With comparable translation exchange rates sales were up by 6%. 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. Replenishment sales remained robust with big box retailers dominating the market. 13 Fishing contributed positively but was held back by existing retail inventories. The ice fishing sales landed slightly higher than prior year despite the second consecutive poor ice season which held retailer inventories on a high level.

Nordic

Sales in the Nordic market increased by 1% from the comparison period with reported and comparable translation exchange rates.
Retailers' inventories returned to healthy levels but general economic condition impacted sales negatively. Demand for consumables improved. Focus on operational excellence started to show results and focus on core consumables products such as Rapala increased the sales in these categories. North Europe have been catching up to previous year thanks to better availability and a strong focus on core products.

Winter season sales remained at last year's level.

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 3%. Market remained challenging but sales is above previous year driven by successful new product introductions including CrushCity, a strong push on Dynamite Baits and a positive momentum on Okuma following a slow 2023 on investment products. Per country, France sales have been supported by novelties and early seasonal order deliveries that have compensated poor weather conditions in many areas in France. Germany has continued its strong growth recovery becoming one of the largest European markets. Weak consumer sentiment in Iberia resulted in a challenging start of the year. Other Central Europe has a contrasted situation with Poland and Romania increasing sales whereas Hungary and Czech republic are below previous year.

Termination of Third Party distributorships decreased the sales and without the impact of these, sales of the region increased by 6%.

Rest of the World

With reported translation exchange rates, sales in the Rest of the World market decreased by 10% from the comparison period. With comparable translation exchange rates, sales decreased by 5% 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. In Latin American markets sales were partially postponed to second half of the year due to late deliveries from third party suppliers. Successful Okuma launch in Korea provided incremental growth in addition to strong boost from CrushCity especially in Australia.

External net sales by area

MEUR	**H1 2024**	H1 2023	**Change %**	**Comparable change %**	FY 2023
North America	**61.4**	58.3	**5%**	**6%**	110.6
Nordic	**13.5**	13.4	**1%**	**1%**	27.8
Rest of Europe	**33.5**	32.8	**2%**	**3%**	57.1
Rest of the World	**12.1**	13.4	**-10%**	**-5%**	26.1
Total	**120.5**	117.9	**2%**	**3%**	221.6

Financial Results and Profitability

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 0.9 MEUR from the comparison period. Reported operating profit increased by 6.8 MEUR from the comparison period and the items affecting comparability had a positive impact of 5.0 MEUR (-0.9) on reported operating profit.

Comparable operating profit margin was 5.1% (4.5) for the first half of 2024. The improved profitability was driven by higher sales in the open water market. Sales margin decreased slightly but the focus on operational efficiency enabled lower operating expenses. The 6 MEUR savings program continued and was expanded as part of the savings was offset by inflationary cost increases. 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 9.3% (3.7) for the first half. Reported operating profit included impact of mark-to-market valuation of operative currency derivatives of -0.2 MEUR (0.0). Other items affecting comparability included in the reported operating profit were 5,0 MEUR, which 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 4.3 MEUR (4.9) for the first half of the year. Net interest and other financing expenses were 4.5 MEUR (4.3) and (net) foreign exchange gains were 0.2 MEUR (-0.6).

Net profit for the first half of the year increased by 5.8 MEUR and was 4.7 MEUR (-1.1) and earnings per share was 0.07 EUR (-0.03).

Key figures

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Net sales	**120.5**	117.9	**2%**	221.6
Operating profit / loss	**11.2**	4.4	**155%**	4.0
Comparable operating profit *	**6.2**	5.3	**17%**	5.6
Net profit / loss	**4.7**	-1.1		-7.3

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

Bridge calculation of comparable operating profit

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Operating profit / loss	**11.2**	4.4	**155%**	4.0
Mark-to-market valuations of operative currency derivatives	**0.2**	0.0		-0.2
Other items affecting comparability	**-5.2**	0.9		1.9
Comparable operating profit	**6.2**	5.3	**17%**	5.6

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

Segment Review

Group Products

With comparable translation exchange rates, Group Products sales increased by 7.4 MEUR from the comparison period. Largest sales increase came from successful launch of CrushCity soft plastic lures which also supported the sales of hooks. Hard bait sales saw a temporary drop following a shift in some new fishing techniques mainly in the North American market. Excluding hard baits, sales grew in almost all open water consumables categories. In rod and reel category, Okuma sales returned to growth path after the European market being flooded with rods and reels in the prior year. Acquisition of DQC International (13 Fishing USA) in 2023 increased the rod and reel sales in the US, although the impact was not significant as the market remained challenging, and focus was in the integration of the operations.

In ice fishing, sales increased from prior year despite challenging ice conditions. Ski category replenishment sales remained at prior year level despite the difficult macroeconomic conditions in the Nordic market.

Third Party Products

With comparable translation exchange rates, Third Party Products sales were 3.6 MEUR below the comparison period. Half of the sales decline is attributed to termination of distributorships. The other half of the decline comes from a late delivery of a third party supplier. Ski business replenishment sales landed close to prior year level despite the market remaining difficult.

Net sales by segment

MEUR	**H1 2024**	H1 2023	**Change %**	**Comparable change %**	FY 2023
Group Products	**116.1**	109.8	**6%**	**7%**	208.1
Third Party Products	**4.4**	8.1	**-46%**	**-45%**	13.6
Total	**120.5**	117.9	**2%**	**3%**	221.6

Comparable operating profit by segment

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Group Products	**5.7**	5.1	**12%**	5.1
Third Party Products	**0.5**	0.2	**126%**	0.6
Comparable operating profit	**6.2**	5.3	**16%**	5.6
Items affecting comparability	**5.0**	-0.9	**526%**	-1.6
Operating profit / loss	**11.2**	4.4	**155%**	4.0

Financial Position

Cash flow from operations remained at prior year level and landed at 18.2 MEUR (18.6). Good results follow strong focus on cash and working capital management and as a result non-interest-bearing liabilities landed at a higher level. Compared to the previous year, the net change of working capital increased by 2.0 MEUR and was 12.5 MEUR (10.5).

End of the period inventory was 84.7 MEUR (98.5). The change in obsolescence allowance remained at prior year level, and changes in translation exchange rates didn't impact inventory value. Inventory landed 2.8 MEUR below year-end level and 13.8 MEUR below last year as prior year was impacted by resolving supply chain disruption and retail level destocking. Acquisition of DQC International increased inventory by some 3 MEUR. Controlled inventory reduction is taking place and manufacturing capacity was adjusted to accommodate current demand.

Net cash generated from investing activities was 5.7 MEUR. Capital expenditure was 2.7 MEUR (4.8) and disposals 8.7 MEUR (0.4). Expenditure was kept to a lower level and consisted mainly of maintenance of manufacturing capacity and investments to new products. Prior year expenditure include expenses relate 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 reporting period. Gearing ratio decreased and equity-to-assets ratio increased from last year following the issuance of the 30 MEUR hybrid capital bond.

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 is 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 date 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 and Q2/2024 testing dates, net debt landed at 81.0 MEUR and 59.5 MEUR, respectively. Leverage ratio for the same testing dates landed at 5.30 and 3.33. 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 27.6 MEUR at June 30, 2024.

During the reporting period, the Group agreed with the lending banks to extend the term of the 106 MEUR facilities by six months, subject to two extension options. First extension option is for 6 months and the second is for 12 months.

Key figures

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Cash flow from operations	**18.2**	18.6	**-2%**	20.6
Net interest-bearing debt at end of period	**59.9**	98.0	**-39%**	80.9
Gearing %	**36.9%**	73.4%		51.8%
Equity-to-assets ratio at end of period, %	**52.6%**	41.7%		52.1%

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

Strategy Implementation

The strategic objective of the company is to be a unified, brand and innovation-focused leader in the fishing tackle industry. The current strategy focuses on fully realizing the growth potential of Rapala VMC in the future. The core of the Group's strategy is based on six strategic pillars, which are all interlinked and aligned across all business units. The strategic actions are based on leveraging the brand portfolio, the manufacturing and sourcing model, R&D capabilities, the extensive sales network, and a strong local presence in markets around the world. Despite the challenging market conditions and global uncertainty, the execution of the strategy is progressing as planned.

People/Culture - The first strategic focus area is based on the idea that all the Group's business units strive to operate as one strong and successful entity. This enables a unified, collaborative, dynamic, and growth-oriented corporate culture. During the first half of the year, changes were implemented to bring decision-making closer to local markets and by defining clear country-specific and regional responsibilities. As a result, the size of the global management team was reduced from eleven to eight members. The simpler organizational structure and agile management model have made the Group better prepared to continue the strong execution of its strategy.

Customers - Key customer relationships and local market leadership are essential, as well as a strong understanding of customers and markets, and continuous investments in all sales channels. Investments in best-in-class customer service continue, and during the first half of the year the Group completed the first phase of a new B2B tool in the Nordic countries. The Group is also focused on strengthening the "Winning in the stores" concept as part of its customer-centric strategy.

Consumer - A focus on the end-user is an important part of the strategy. Our aim is to be the market leader and bring the latest trends to the fishing tackle market by offering innovative and exciting products. The Group is continuously developing its e-commerce business to enable the best possible customer experience for the constantly growing digitally-aware consumer group, emphasizing the company's goal of being more directly engaged with consumers. Harmonizing the product portfolio, stock-keeping units and brands remains one of the Group's key priorities, which was continued during the first half of the year in line with the Group's own-brand focused strategy. Consumer understanding is continuously enhanced through various market-specific analyses.

Sustainability - We are working together to ensure that future generations also have the opportunity to enjoy sustainable fishing and outdoor activities. We want to be the industry's trendsetter and require concrete responsible actions from all our team members to ensure that we achieve sustainable, long-term changes. Our sustainability initiatives have progressed steadily across all major product categories. In May 2024, the Group strengthened its sustainability commitment by joining the United Nations Global Compact network.

Product Development/Innovation - The Research & Development and Product Development & Innovation units continue to strengthen their position as a competitive advantage for the Group in a market where anglers around the world demand new innovations to catch better catches. The Group's Product Development & Innovation unit is ready to listen to the needs of customers and consumers and serve them globally. The organizational changes made during the first half of the year brought the product development and innovation functions closer to consumers and markets by seamlessly integrating these functions into the sales regional organizations. This ensures full leverage of local presence and the promotion of new products and innovations globally.

Operations/Finance - The Group continues to invest in its operations to achieve operational excellence and improve working capital efficiency. We are currently developing an integrated business planning model and a global S&OP process, which will improve working capital efficiency and availability of key products. The new tool has already been successfully implemented in the United States and Canada, and its rollout will continue in a phased manner over the coming years. The "One More Turn" plan to reduce inventory levels by 25% is also progressing, despite challenging market conditions. Cash flow management, fixed cost optimization, and inventory level reduction remain among the Group's key short- and medium-term priorities in 2024.

Product Development

Following the successful global trade launch of Rapala's CrushCity soft plastics the industry was taken by storm with a number of major tournament wins on the new product line, propelling the new product line to stardom among consumers and Rapala dealer alike. Leading the charge was the "Freeloader" a lure designed, among its other features, to be fished as a trailer behind various types of VMC terminal tackle used in conjunction with the newest forward facing sonar techniques. Sell-in performance and consumer demand of the new product line far exceeded all expectations and has become one of Rapala's most successful product launches of all time.

The CrushCity Soft Plastics program was designed to be regionally relevant in many different fisheries around the world, and it has been successful not only in the US but also in the Nordic Region, Central Europe, Australia and Canada. Sales have continued to be incredibly strong throughout the first half of 2024 with strong customer adoption and retail pull through. Following the initial trade launch in mid-2023 the next round of new shapes was launched around the world in the beginning of second quarter of 2024. Product and line extensions have been strongly received by the customer base during initial presentations and the new models will be landing in stores in the latter half of 2024, depending on the region. The soft plastic lures are generally considered as the largest single category within the fishing lures. With the success of CrushCity, Rapala continues to aggressively gain market share in it.

Aside from the success of CrushCity there were several new product launches within the core brands that continue to make waves in the industry. These new launches, such as new Mavrik 110 jerkbait, VMC Tungsten Mooneye Jig and critically acclaimed VMC Redline series additions are perfectly suited to the newest techniques utilizing forward facing sonar. Also in fishing lines the introductions are also being driven by forward facing sonar trend; Sufix being right there to deliver all new Revolve braid, designed specifically for spinning reels.

Upon the full acquisition of 13 Fishing the product line was fully rationalized and optimized to perform better with the retail partners. A new marketing approach will be much more effective focusing on the core of 13 Fishing products. With a more streamlined approach the brand had two strong launches with the all new Myth and Oath rod series. Both product lines aggressively attack the mid-level volume price points with high-end specifications and finishing that provide the highest level of value to the consumer in the marketplace. An exciting new Combo product line was also launched, offering strong value to the consumer. This new offering, which was very well received by the customer base, will propel 13 Fishing back into the combo business with major customers in the US allowing even new and entry level anglers access to the 13 Fishing brand.

Rapala VMC's product development pipeline for the next three years continues to be strong and well planned for the coming years. Many of our strongest retail partners confirm that Rapala's new product introductions are some of the best in the industry and that our brands have incredibly strong momentum right now. This supported with world class marketing ensures our newest launches sell through at high velocity and that our core consumer continues to catch fish and enjoy the outdoors in new and innovative ways with our products.

Sustainability

At the start of 2024, several significant developments have advanced the Group's sustainability efforts. Guided by the Strategy of Constant Improvement, launched in 2023, we have achieved notable milestones. One key achievement was Rapala VMC Corporation's acceptance as a participant in the United Nations Global Compact. This alignment with global standards enhances our commitment to environmental stewardship and social responsibility, allowing us to leverage the expertise and resources of the initiative to further our sustainability agenda.

To ensure robust monitoring of our redefined sustainability targets and comply with the EU Corporate Sustainability Reporting Directive (CSRD), we conducted a GAP analysis to identify gaps between our existing ESG data collection and reporting processes and the CSRD disclosure requirements. Subsequently, we enhanced our ESG CSM system, Tofuture, to capture all relevant data and maintain a clear audit trail for external assurance purposes. We have established a comprehensive reporting process, aiming to collect the first set of data from all Group entities in H2/2024. A dedicated reporting team with representatives from all Group entities has been formed, and all key personnel involved in the reporting have been trained.

At the Annual General Meeting, Deloitte Ltd. was appointed to provide assurance for our sustainability reporting for the 2024 financial year. The assurance process began with a review of the double materiality analysis conducted in H2/2023, forming the basis for our selected ESRS (European Sustainability Reporting Standards) standards. Our 2024 sustainability report will adhere to the standards ESRS 2 General Disclosures, ESRS E1 Climate Change, ESRS E4 Biodiversity and Ecosystems, ESRS E5 Resource Use and Circular Economy, and ESRS S1 Own Workforce.

On the product sustainability front, we have focused on renewing our Rapala branded accessories packaging, consisting of over 300 different types of packaging. The new packaging, to be launched in 2025, aims to minimize plastic use and reduce cardboard consumption. We are also ensuring compliance with all relevant local and regional packaging labeling legislations, striving for a globally compliant package to reduce waste and improve supply chain efficiency.

We have also dedicated significant efforts to enhancing our product compliance processes and explored various software solutions to support these initiatives. The product compliance landscape is rapidly evolving, with numerous new reporting requirements and legislation introduced in recent years and more anticipated in the future. One key development is the implementation of extended producer responsibility for fishing gear, as mandated by the EU directive aimed at reducing the environmental impact of certain plastic products. This responsibility will be enacted in EU countries over the next few years, with varying implementation solutions across different nations. Our local subsidiaries are actively monitoring legislative developments and diligently fulfilling their producer responsibility obligations. In Finland, we have engaged in discussions with the Finnish SUP Producer Association (Suomen SUP-Tuottajayhteisö Oy) to comprehensively address these obligations.

In 2023, we conducted our first round of supplier audits, focusing on human rights, employee rights, safety, environment, and business practices as outlined in our Group Supplier Code of Conduct. These audits, conducted by an external assurance partner, will continue in the second half of 2024, with plans to increase the number of suppliers audited. We have also established a follow-up process to ensure the implementation of action plans generated from audit findings.

Our sustainability efforts extend to our personnel, identified as a critical success factor in our strategy and double materiality analysis. To enhance communication, focus development work, and harmonize HR processes, we launched our first Global Employee Survey in the spring. Additionally, we conducted our inaugural Diversity, Equity, and Inclusion training sessions for employees in Finland. Employee training is a strategic priority, leading to the global launch of the LinkedIn Learning platform and the allocation of adequate resources to training.

Beyond internal initiatives, we engage in sustainability efforts within local communities. The Rapala Do Good initiative encourages each unit within the Rapala VMC Group to adopt projects related to waterway conservation, fishing access for special needs groups, or similar themes. In Finland, we organized a river restoration day for our employees in collaboration with The Association for Stream Restoration – Virho ry, with plans for further collaboration with both Virho ry and Keep the Archipelago Tidy Association in the second half of the year.

Personnel and Organization

Average number of personnel was 1 345 (1 491) for the first half of the year. At the end of June, the number of personnel was 1 358 (1 434).

There were changes in the global management team during the spring. Rapala VMC announced on March 30, 2024, that Stanislas de Castelnau, Executive Vice President, Head of Operations, retired at the end of March. Rapala VMC also announced on June 14, 2024, that Päivi Ohvo, Enrico Ravenni, and Joni Tuominen (each Executive Vice President) have decided to seek new career opportunities outside the Rapala VMC Group. Also, David Neill (Executive Vice President) left the global management team June 16, 2024, and returned to his former position as President of Rapala Canada. The group is not seeking replacements for the departing members of the global management team, and the number of members in the management team decreased from eleven to eight. The responsibilities of the departing members have been distributed among the remaining eight management team members or otherwise reorganized.

Rapala VMC announced on April 15, 2024, that a long-time member of Rapala's board passed away on April 14, 2024. Kasslin served as a member of Rapala VMC's board since 1998, as the chairman of the board from 2016 to 2018, and as the CEO from 1998 to 2016.

Short-term Outlook and Risks

Trading outlook for 2024 is reasonable as destocking is tapering down in most markets. The US economy is holding and entering into a modest growth mode. Higher value durable items have also started recovering in North America surpassing the sales growth of lower cost consumer goods. In Europe, first half of the year results are very encouraging despite challenging market environment. The work continues to improve profitability and efficiency.

Pre-sales of our winter businesses for the upcoming season are somewhat behind expectations as retailers rely on in-season replenishment and supplier inventories. Unfavourable ice conditions in the North American market in the previous season left the retailers with high inventories.

On manufacturing and supply chain side, the production transfers are concluded, and efficiencies have increased to satisfactory levels. Product and production quality has remained high despite the transfers.

Consequently, the Group expects 2024 full year comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to increase from 2023.

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

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. A separate stock exchange release on the decisions of the AGM has been given, and up to date information on the Board's authorizations and other decisions of the AGM are available also on the corporate website.

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.

Helsinki, July 24, 2024
Board of Directors of Rapala VMC Corporation

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An audiocast and conference call on the first half year result will be arranged on Thursday July 25, 2024, at 11:00 a.m. EET.

Please join the audiocast by registering using the following link: https://rapala.videosync.fi/2024-h1-results. Alternatively please join the teleconference by registering using the following link: https://palvelu.flik.fi/teleconference/?id=5008687. After the registration you will be provided with phone numbers, a conference ID and user ID to access the conference call. To ask a question, please dial #5 on your telephone keypad to enter the queue.

Financial information and recording of the audiocast will be available at www.rapalavmc.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	H1 2024	H1 2023	FY 2023
Net sales	**120.5**	117.9	221.6
Other operating income	**0.2**	0.2	1.0
Materials and services	**-52.2**	-48.0	-96.0
Employee benefit expenses	**-33.8**	-33.6	-61.7
Other operating expenses	**-24.2**	-25.1	-48.0
Gain on sale of assets	**6.3**	-	-
Share of results in associates and joint ventures	**0.0**	-1.3	-1.3
EBITDA	**16.9**	10.0	15.6
Depreciation, amortization and impairments	**-5.7**	-5.6	-11.6
Operating profit/loss (EBIT)	**11.2**	4.4	4.0
Financial income and expenses	**-4.3**	-4.9	-10.7
Profit/loss before taxes	**6.9**	-0.5	-6.7
Income taxes	**-2.2**	-0.6	-0.6
Net profit/loss for the period	**4.7**	-1.1	-7.3
Attributable to:			
Equity holders of the parent company	**4.7**	-1.1	-7.3
Earnings per share for profit attributable to the equity holders of the company:			
Earnings per share, EUR, non-diluted	**0.07**	-0.03	-0.20
Earnings per share, EUR, diluted	**0.07**	-0.03	-0.20

STATEMENT OF COMPREHENSIVE INCOME MEUR	H1 2024	H1 2023	FY 2023
Net profit / loss for the period	**4.7**	-1.1	-7.3
Other comprehensive income, net of tax			
Change in translation differences*	**1.5**	-3.2	-3.1
Gains and losses on hedges of net investments*	**-0.2**	0.0	-0.1
Remeasurements of defined benefit liabilities	**-**	-	0.2
Total other comprehensive income, net of tax	**1.2**	-3.2	-3.0
Total comprehensive income for the period	**5.9**	-4.3	-10.3
Total comprehensive income attributable to:			
Equity holders of the parent company	**5.9**	-4.3	-10.3

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

STATEMENT OF FINANCIAL POSITION

MEUR	**Jun 30 2024**	Jun 30 2023	Dec 31 2023
ASSETS			
Non-current assets			
Intangible assets	**103.3**	85.9	101.7
Property, plant and equipment	**24.9**	27.9	25.8
Right-of-use assets	**12.9**	15.7	13.5
Non-current assets			
Interest-bearing	**0.7**	14.3	0.7
Non-interest-bearing	**13.2**	11.3	13.0
	155.0	155.0	154.7
Current assets			
Inventories	**84.7**	98.5	87.5
Current assets			
Non-interest-bearing	**41.9**	42.2	36.1
Cash and cash equivalents	**27.6**	24.5	20.0
Assets classified as held-for-sale	**-**	-	1.9
	154.3	165.3	145.6
Total assets	**309.3**	320.3	300.2
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	**132.3**	133.5	126.3
Hybrid bond	**30.0**	-	30.0
	162.3	133.5	156.3
Non-current liabilities			
Interest-bearing	**53.3**	0.5	66.0
Non-interest-bearing	**11.1**	10.0	10.9
Right-of-use liabilities	**8.9**	11.2	9.6
	73.4	21.6	86.5
Current liabilities			
Interest-bearing	**20.8**	120.2	21.7
Non-interest-bearing	**47.6**	40.1	31.4
Right-of-use liabilities	**5.2**	4.9	4.3
	73.6	165.2	57.4
Total equity and liabilities	**309.3**	320.3	300.2

STATEMENT OF CASH FLOWS

MEUR	H1 2024	H1 2023	FY 2023
Net profit / loss for the period	**4.7**	-1.1	-7.3
Adjustments to net profit / loss for the period *	**4.8**	14.5	27.8
Financial items and taxes paid and received	**-3.8**	-5.4	-9.8
Change in working capital	**12.5**	10.5	9.9
Net cash generated from operating activities	**18.2**	18.6	20.6
Investments	**-2.7**	-4.8	-9.5
Proceeds from sales of assets	**8.7**	0.4	1.4
Transactions with non-controlling interests	**-**	-	-1.4
DQC acquisition final payment	**-0.3**	-	-
Change in interest-bearing receivables	**0.0**	0.1	0.0
Net cash used in investing activities	**5.7**	-4.3	-9.5
Dividends paid	**-**	-	-1.6
Net funding	**-13.6**	-15.4	-41.9
Change in right-of-use liabilities	**-2.1**	-2.8	-5.4
Purchase of own shares	**-**	-	29.3
Net cash generated from financing activities	**-15.6**	-18.2	-19.6
Change in cash and cash equivalents	**8.3**	-4.0	-8.5
Cash & cash equivalents at the beginning of the period	**20.0**	29.0	29.0
Foreign exchange rate effect	**-0.7**	-0.5	-0.6
Cash and cash equivalents at the end of the period	**27.6**	24.5	20.0

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

Changes in liabilities included in net funding

MEUR	
Liabilities Jan 1, 2024	**87.7**
Drawdowns	21.4
Repayments	-34.9
Unrealized foreign exchange differences*	-
Liabilities Jun 30, 2024	**74.1**
Net funding	
Drawdowns and repayments from loans	-13.6
Derivatives and other realized foreign exchange on financial activities	-0.1
Net funding	**-13.6**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company							
MEUR	Share capital	Share capital	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**
Comprehensive income*	-	-	-	-	-3.2	-1.1	-	**-4.3**
Dividends	-	-	-	-	-	-1.6	-	**-1.6**
Share option program	-	-	-	-	-	0.3	-	**0.3**
Equity on Jun 30, 2023	**3.6**	**16.7**	**4.9**	**-3.0**	**-11.0**	**122.2**	-	**133.5**
Equity on Jan 1, 2024	3.6	16.7	4.9	-3.0	-11.0	115.0	30.0	**156.3**
Comprehensive income*	-	-	-	-	1.2	4.7	-	**5.9**
Share option program	-	-	-	-	-	0.2	-	**0.2**
Equity on Jun 30, 2024	**3.6**	**16.7**	**4.9**	**-3.0**	**-9.7**	**119.9**	**30.0**	**162.3**

* For the period, (net of tax)

NOTES TO THE INCOME STATEMENT AND FINANCIAL POSITION

The financial information included in this financial statement release is unaudited. This financial statement release has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the financial statements 2023.

Use of estimates and rounding of figures

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

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

Events after the end of the half year period

The Group has no knowledge of any significant events after the end of the reporting period that would have a material impact on the financial statements for January-June 2024. Material events after the end of the half year period, if any, have been discussed in the commentary section of the Board of Directors.

Acquisitions

There have not been any acquisitions or divestments during the first half of the year.

On 13 July 2023 the Group announced that Rapala VMC will increase its ownership of DQC International, the owner of the 13 Fishing rod and reel brand, to 60%. Previously the Group ownership of the company was 49%. The Group did acquire control over the company with this 11% stake acquisition. The Group published 21 December 2023 that Rapala VMC has bought the remaining 40% shareholding of DQC International and after that its ownership of the company is 100%. The final payment installment was due in 2024.More details about the acquisition in 2023 Rapala VMC Corporations stock exchange releases.

Key figures

	H1 2024	H1 2023	FY 2023
EBITDA, % of net sales	**14.0%**	8.5%	7.0%
Operating profit, % of net sales	**9.3%**	3.7%	1.8%
Return on capital employed, %	**9.7%**	3.7%	1.6%
Capital employed at end of period, MEUR	**222.2**	231.4	237.2
Net interest-bearing debt at end of period, MEUR	**59.9**	98.0	80.9
Equity-to-assets ratio at end of period, %	**52.6%**	41.7%	52.1%
Debt-to-equity ratio at end of period, %	**36.9%**	73.4%	51.8%
Earnings per share, EUR	**0.07**	-0.03	-0.20
Fully diluted earnings per share	**0.07**	-0.03	-0.20
Equity per share at end of period, EUR	**3.40**	3.43	3.25
Average personnel for the period	**1 345**	1 491	1 436

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

Key figures by half year

MEUR	H1 2022	H2 2022	H1 2023	H2 2023	**H1 2024**
Net sales	148.4	126.0	117.9	103.7	**120.5**
EBITDA	19.4	4.2	10.0	5.5	**16.9**
Operating profit / loss	13.6	-1.3	4.4	-0.4	**11.2**
Profit / loss before taxes	12.5	-3.8	-0.5	-5.7	**6.9**
Net profit / loss for the period	8.7	-5.0	-1.1	-5.8	**4.7**

Bridge calculation of comparable operating profit

MEUR	**H1 2024**	H1 2023	**Change %**	FY 2023
Operating profit/loss	**11.2**	4.4	**155%**	4.0
Items affecting comparability				
Mark-to-market valuations of operative currency derivatives	**0.2**	0.0		-0.2
Other items affecting comparability				
Finnish restructuring	**-**	0.7		0.8
Canada real estate sale and lease back	**-6.3**	-		-
US restructuring	**0.4**	-		0.8
Organizational restructurings	**0.8**	0.2		0.3
Other restructurings	**0.0**	0.0		0.0
Comparable operating profit	**6.2**	5.3	**17%**	5.6

Segment information

MEUR	**H1**	H1	FY
Net sales by operating segment	**2024**	2023	2023
Group Products	**116.1**	109.8	208.1
Third Party Products	**4.4**	8.1	13.6
Total	**120.5**	117.9	221.6
Operating profit / loss by operating segment			
Group Products	**5.7**	5.1	5.1
Third Party Products	**0.5**	0.2	0.6
Comparable operating profit / loss	**6.2**	5.3	5.6
Items affecting comparability	**5.0**	-0.9	-1.6
Operating profit / loss	**11.2**	4.4	4.0

Assets by operating segment

MEUR	**Jun 30 2024**	Jun 30 2023	Dec 31 2023
Group Products	**274.6**	256.8	273.1
Third Party Products	**6.3**	27.6	6.6
Non-interest-bearing assets total	**280.9**	284.4	279.6
Unallocated interest-bearing assets	**28.3**	35.9	20.6
Total assets	**309.3**	320.3	300.2

External net sales by area

MEUR	**H1 2024**	H1 2023	FY 2023
North America	**61.4**	58.3	110.6
Nordic	**13.5**	13.4	27.8
Rest of Europe	**33.5**	32.8	57.1
Rest of the world	**12.1**	13.4	26.1
Total	**120.5**	117.9	221.6

Commitments

MEUR	**Jun 30 2024**	Jun 30 2023	Dec 31 2023
Minimum future lease payments other than IFRS 16 leases	**0.3**	0.3	0.3

Related party transactions

MEUR	Sales and other income	Purchases	Rents paid	Other expenses	Receivables	Payables
H1 2024						
Associated company Lanimo Oü	**0.0**	**-**	**-**	**0.0**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.1**	**-**	**0.0**	**-**
Management	**-**	**-**	**0.1**	**0.0**	**0.7**	**-**
H1 2023						
Associated company DQC International Corp.	0.2	0.1	-	-	15.1	-
Associated company Lanimo Oü	0.0	0.0	-	0.0	0.0	-
Entity with significant influence over the Group*	-	-	0.1	-	-	-
Management	0.0	-	0.1	0.0	0.7	-
FY 2023						
DQC International Corp. **	0.2	0.1	-	0.0	-	-
Associated company Lanimo Oü	0.0	0.0	-	0.0	0.0	-
Entity with significant influence over the Group*	-	-	0.3	-	0.0	-
Management	0.0	-	0.1	0.0	0.7	-

* Lease agreement for the real estate for the consolidated operations in France and a service fee.
** Rapala VMC acquired control in July 2023 after the company consolidated as a subsidiary.

Intangible assets

2024

MEUR	Goodwill	Trademarks	Customer relations	Other intangible assets	Total
Acquisition cost Jan 1	64.3	35.4	3.9	10.2	**113.8**
Additions				0.2	**0.2**
Disposals				-0.4	**-0.4**
Reclassifications				0.2	**0.2**
Translation differences	0.8	0.6	0.1	0.0	**1.4**
Acquisition cost Jun 30	**65.2**	**36.0**	**4.0**	**10.3**	**115.4**
Accumulated amortization Jan 1		-0.9	-3.8	-7.4	**-12.0**
Disposals				0.4	**0.4**
Amortization during the period		-0.1	0.0	-0.3	**-0.4**
Translation differences		0.0	-0.1	0.0	**-0.1**
Accumulated amortization Jun 30		**-1.0**	**-3.9**	**-7.3**	**-12.2**
Carrying value Jan 1	64.3	34.5	0.2	2.8	101.7
Carrying value Jun 30	65.2	35.0	0.1	3.0	103.3

There is no indication of assets impairment in the first half of 2024.

Tangible assets

2024

MEUR	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	15.8	2.2	**103.7**
Additions		0.0	0.8	0.2	1.3	**2.4**
Disposals			-0.6	-0.6	-0.1	**-1.3**
Reclassifications			1.0	0.1	-1.3	**-0.2**
Translation differences	0.0	0.1	0.2	0.1	0.0	**0.5**
Acquisition cost Jun 30	**1.3**	**23.1**	**62.8**	**15.7**	**2.0**	**105.0**
Accumulated depreciation Jan 1		-17.0	-48.0	-12.9		**-78.0**
Disposals			0.5	0.5		**1.0**
Depreciation during the period		-0.4	-1.6	-0.5	-0.4	**-2.9**
Translation differences		-0.1	-0.1	-0.1		**-0.3**
Accumulated depreciation Jun 30		**-17.5**	**-49.2**	**-13.0**	**-0.4**	**-80.2**
Carrying value Jan 1	1.3	6.0	13.4	2.9	2.2	25.8
Carrying value Jun 30	1.3	5.6	13.6	2.7	1.6	24.9

Open derivatives

		H1 2024		H1 2023		FY 2023
MEUR	**Nominal value**	**Fair value**	Nominal value	Fair value	Nominal value	Fair value
Non-hedge accounting derivative financial instruments						
Interest rate swaps, less than 12 months			25.0	0.9	25.0	0.4
Interest rate swaps, 1 to 5 years	**35.0**	**-0.2**	10.0	0.1	10.0	-0.2
Currency derivatives, less than 12 months	**30.6**	**0.1**	15.3	-0.0	30.6	0.2
Total	**65.6**	**-0.1**	50.3	0.9	65.6	0.5

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

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

	H1 2024	H1 2023	FY 2023
Included in operating profit	**-0.2**	-0.0	0.2

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

Fair values of financial instruments

		Jun 30 2024		Jun 30 2023		Dec 31 2023
MEUR	**Carrying value**	**Fair value**	Carrying value	Fair value	Carrying value	Fair value
Assets						
Other shares (level 3)	**0.2**	**0.2**	0.2	0.2	0.2	0.2
Derivatives (level 2)	**0.2**	**0.2**	1.0	1.0	0.7	0.7
Total	**0.5**	**0.5**	1.3	1.3	0.9	0.9
Liabilities						
Non-current interest-bearing liabilities (excl. derivatives)	**53.3**	**53.4**	0.5	0.5	66.0	66.3
Derivatives (level 2)	**0.3**	**0.3**	0.1	0.1	0.3	0.3
Total	**53.7**	**53.7**	0.6	0.6	66.3	66.6

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

Shares and share capital

The Annual General Meeting (AGM) kept on April 18, 2024 approved the Board of Director's proposal that no dividend will be paid. A separate stock exchange release on the decisions of the AGM has been given, and up to date information on the Board's authorizations and other decisions of the AGM are available also on the corporate website.

Share related key figures

	Jun 30 2024	Jun 30 2023
Number of shares	**39 000 000**	39 000 000
Number of shares, average	**39 000 000**	39 000 000
Number of treasury shares	**123 891**	123 891
Number of treasury shares, %	**0.3%**	0.3%
Number of outstanding shares	**38 876 109**	38 876 109
Number of shares traded, YTD	**549 052**	1 158 865
Share price, EUR	**2.77**	3.62
Highest share price, YTD, EUR	**3.44**	5.14
Lowest share price, YTD, EUR	**2.55**	3.46
Average price of treasury shares, all time, EUR	**7.41**	7.41

Short term risks and uncertainties

The objective of Rapala VMC Group's risk management is to support implementation of the Group's strategy and execution of business targets. Group management continuously develops its risk management practices and internal controls. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles are included in the Financial Statements 2023.

Due to the nature and seasonality of the fishing tackle business, weather impacts consumer demand and may have impact on the Group's sales for current and following seasons. However, the weather risk is to some extent diversified as the Group has a wide geographical footprint and sells products both for summer and winter seasons.

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

The current economic climate with high inflation presents increased uncertainties and downturns that can impact the sales of fishing tackle and profitability of the Group's operations. Retailers reducing their inventory levels and facing financial challenges contribute to this volatility. Additionally, rapid and significant increases in living expenses or sudden fluctuations in foreign exchange rates can temporarily affect consumer spending. Nevertheless, it is important to note that consumer demand has historically remained relatively stable. Political tensions may have negative effects on the Group's business and geopolitical development is followed closely.

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

The Group's sales, profitability, and balance sheet are impacted by the changes in foreign exchange rates, and the Group has hedging agreements according to the foreign exchange risk management policy set by the Board of Directors. As the Group is not applying hedge accounting in accordance to IFRS 9, the unrealized mark-to-market valuations of operative currency hedging agreements have an impact on the Group's reported operating profit. Some of the Group's currency positions are not possible or feasible to be hedged, and therefore may have impact on the Group's net result.

The Group successfully re-financed its credit facilities with lender banks in November 2023 and subsequently agreed on a six months extension to the initial term of the agreement. The new term of the facilities is 21 months from the signing of the facilities agreement, subject to two extension options. First extension option is for 6 months and the second is for 12 months. The new credit facilities include liquidity, profitability, net debt and equity related financial covenants, which are actively monitored. The Group has agreed with lender banks decreasing steps for financial covenants between Q4/2023-Q3/2024. Covenants are regularly tested, either quarterly or on the last date of each month. The Group actively monitors development in financial performance in relation to the financial covenants and expects to continue to fulfill the requirements of its lenders in 2024. Liquidity risks are under control.

No significant changes are identified in the Group's strategic risks or business environment with the exception of the increased geopolitical risk environment.

Definitions of key figures

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

Reconciliation of key figures to IFRS

	H1 2024	H1 2023	FY 2023
Items affecting comparability			
Change in mark-to-market valuations of operative derivatives	**0.2**	0.0	-0.2
Other items affecting comparability	**-5.2**	0.9	1.9
Items affecting comparability	**-5.0**	0.9	1.6
Other items affecting comparability			
Finnish organizational restructuring	**-**	0.7	0.8
Canada real estate sale and lease back	**-6.3**	-	-
US organizational restructuring	**0.4**	-	0.8
Organizational restructurings	**0.8**	0.2	0.3
Other restructurings	**0.0**	0.0	0.0
Other items affecting comparability	**-5.2**	0.9	1.9
Capital employed (average for the period)			
Total equity (average for the period)	**159.3**	136.2	147.6
Net interest-bearing debt (average for the period)	**70.4**	102.5	94.0
Capital employed (average for the period)	**229.7**	238.8	241.6
Return on capital employed (ROCE), %			
Operating profit (full-year adjusted)	**22.3**	8.8	4.0
Capital employed (average for the period)	**229.7**	238.8	241.6
Return on capital employed (ROCE), %	**9.7%**	3.7%	1.6%
Equity-to-assets ratio, %			
Total equity	**162.3**	133.5	156.3
Total equity and liabilities	**309.3**	320.3	300.2
Advances received	**0.6**	0.2	0.4
Equity-to-assets ratio, %	**52.6%**	41.7%	52.1%
Earnings per share, EUR			
Net profit for the period attributable to the equity holders of the parent company	**4.7**	-1.1	-7.3
Hybrid capital accrued unrecognized interests after tax	**1.9**	-	0.3
Adjusted weighted average number of shares	**38 876 109**	38 876 109	38 876 109
Earnings per share, EUR	**0.07**	-0.03	-0.20
Equity per share, EUR			
Equity attributable to equity holders of the parent company	**132.3**	133.5	126.3
Adjusted number of shares at the end of the period	**38 876 109**	38 876 109	38 876 109
Equity per share, EUR	**3.40**	3.43	3.25