

RAPALA VMC CORP. ISSUES POSITIVE PROFIT WARNING AND REINSTATES GUIDANCE: EXPECTS NET SALES TO DECREASE FROM 2019, REPORTED OPERATING PROFIT TO DECREASE OR STAY AT SAME LEVELS AS IN 2019 AND COMPARABLE OPERATING PROFIT TO INCREASE FROM 2019

On March 26, Rapala VMC Corporation withdrew its guidance on the outlook for 2020 due to the impact of the COVID-19 pandemic. Rapala VMC Corporation now reinstates its guidance on the outlook for 2020 and expects net sales to decrease from 2019, reported operating profit to decrease or stay at same levels as in 2019 and comparable operating profit to increase from 2019.

Items affecting comparability were 4.4 MEUR in the full-year of 2019 and are expected to be in the region of 10 MEUR in 2020 mainly driven by ramp-down of Asian lure manufacturing operations as well as by the ongoing restructuring program published in October 2019.

The consumer demand of group products has continued at good level. Uncertainties remain for the rest of the year and the COVID-19 pandemic continues to pose some risks for the full-year performance. The pandemic can impact the operating environment of the company in various ways, including lockdowns, store closures, social distancing and an overall change in consumer confidence. Example of risk quantification until the end of the year: Total warehouse closures and full lockdowns in Central Europe and North America would generate up to 4 MEUR negative impact on full-year operating profit.

A more detailed review of possible risks and uncertainties, particularly relating to the pandemic, can be found on the company's website www.rapalavmc.com and in the Risks and business uncertainties -section of the half-year financial report released on July 16, 2020.

Outlook for 2020:

In 2020, Rapala VMC Corporation expects net sales to decrease from 2019, reported operating profit to decrease or stay at same levels as in 2019 and comparable operating profit to increase from 2019.

RAPALA VMC CORPORATION

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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, Russia, Indonesia 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 and Peltonen as well as 13 Fishing outside of the USA. Group, with net sales of EUR 275 million in 2019, employs some 2 100 people in 42 countries. Rapala VMC Corporation's share is listed and traded on the Nasdaq Helsinki stock exchange since 1998.