RAPALA VMC CORP.

FINANCIAL STATEMENT RELEASE FY 2020

FEBRUARY 12, 2020

RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2019: SALES AND PROFITABILITY GREW FROM LAST YEAR – STRATEGY EXECUTION PROGRESSING WELL

January-December (FY) in brief:

- Net sales were 275.4 MEUR, up 5% from previous year (262.4). Organically sales were 3% higher than last year.
- Operating profit was 13.4 MEUR (14.8), down 9%. [1)]
- Comparable operating profit* was 17.8 MEUR (16.7), up 7%. [1)]
- Cash flow from operations was 25.9 MEUR (6.7), up 287%. [2)]
- Earnings per share was 0.10 EUR (0.13), down 24%.
- 2020 guidance: Full year net sales with comparable FX rates and comparable operating profit to decrease from last year. Topline reduction driven by decline in Third Party Products sales and extraordinary winter weathers in Europe, which affects strongly winter sports business. Financial benefit of most restructuring projects will materialize in 2021 as well as 13 Fishing launch will take place in 2020. As a result 2020 will be a year of transition. Consequently, The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2019.

July-December (H2) in brief:

- Net sales were 134.2 MEUR, up 12% from previous year (119.9). With comparable exchange rates sales were 10% higher than last year.
- Operating profit was 2.0 MEUR (-0.5). [1)]
- Comparable operating profit* was 5.8 MEUR (1.5). [1)]
- Cash flow from operations was 14.4 MEUR (0.7). [2)]
- Earnings per share was -0.06 EUR (-0.10).

[1)] Application of the IFRS 16 accounting standard did have a 0.3 MEUR positive impact on operating profit and comparable operating profit for the full year 2019 and 0.2 MEUR for the second half of the year.
[2)] Figures impacted by the application of the IFRS 16 accounting standard. Excluding the impact from IFRS 16, cash flow from operations would have been 19.9 MEUR for the full year and 11.3 MEUR for the second half of the year.

* 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.

Chairman of the Board, President and CEO Louis d'Alançon: "We achieved good results in 2019 and our net sales grew by 3% from last year with comparable exchange rates. We also succeeded in increasing our profitability from 2018 as targeted. Comparable EBIT for the full year was 17.8 MEUR and grew 7% from 2018. The turnaround project at the Indonesian lure manufacturing operation is developing well and supported the Group's profitability improvement from the previous year. Furthermore, several actions in supply chain management are starting to pay off and our inventories decreased by 7% from the previous year and ended at 92.6 MEUR. Consequently, our net debt without taking into account IFRS16 accounting changes decreased from 70.3 MEUR in 2018 to 61.1 MEUR in 2019.

Execution of our strategy of improving profitability and working capital efficiency as well as improving operational performance progressed well in 2019 and was intensified in October, when we started a groupwide restructuring program. The goals of the program are to centralize European distribution operations and increase internal synergies. Partnering with 13 Fishing was one the highlights of 2019 and we are currently preparing the introduction of 13 Fishing rods and reels to consumers outside the USA.

2020 will be a year of transition as we are undergoing significant changes in our Third Party Products business, introduce 13 Fishing products to the markets as well as continue to restructure our operations and distribution worldwide. We expect our total net sales to decrease from the previous year due to decline in Third Party Products sales and lower sales in winter sports business, which is being impacted by extraordinary mild winter weather in Europe. As a result, comparable EBIT is also expected to decrease from 2019. However, the ongoing restructuring projects will continue to be implemented and their financial benefits will materialize for the most part during 2021. Overall, we are very confident in our strategy and its execution and expect to create significant value over time via solid growth in Group Products, profitability improvement and release of capital."

Key figures

MEUR	**H2 2019**	H2 2018	**Change %**	**FY 2019**	FY 2018	**Change %**
Net sales	**134.2**	119.9	**+12%**	**275.4**	262.4	**+5%**
Operating profit/loss [1]	**2.0**	-0.5	**+500%**	**13.4**	14.8	**-9%**
% of net sales	**1.5%**	-0.4%		**4.9%**	5.6%	
Comparable operating profit * [1]	**5.8**	1.5	**+287%**	**17.8**	16.7	**+7%**
% of net sales	**4.4%**	1.3%		**6.5%**	6.4%	
Cash flow from operations [2]	**14.4**	0.7	**+1957%**	**25.9**	6.7	**+287%**
Gearing % [2]	**49.2%**	47.8%		**49.2%**	47.8%	
EPS, EUR	**-0.06**	-0.10	**+38%**	**0.10**	0.13	**-24%**

* 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.

[1] Application of the IFRS 16 accounting standard did have a 0.3 MEUR positive impact on operating profit or comparable operating profit for the full year 2019 and 0.2 MEUR for the second half of the year.

[2] Figures impacted by the application of the IFRS 16 accounting standard. Excluding the impact from IFRS 16, gearing would have been 40.3% and cash flow from operations 19.9 MEUR for the full year and during the second half of the year 11.3 MEUR.

Market Environment

Trading conditions in most of the Group's markets were mainly as expected. North American market continued the positive growth trend that began in 2018. As anticipated after the first half of the year, the second half of 2019 was particularly strong in North America. In Europe, the changes in Shimano and certain other Third Party distribution agreements caused slight uncertainties but the Nordics and Rest of Europe markets still grew from the previous year. The growth in Europe was supported by the ramp up of Group's own distribution operations in some of the key Central European markets.

Business Review January-December 2019

The Group's net sales grew 4.9% from 2018. Changes in translation exchange rates had a positive impact on the sales and with comparable translation exchange rates, net sales were organically up by 3.3% from the previous year.

North America

Following the previous year, 2019 was again a positive year in the North American market. Sales increased by 9.3% from 2018. The growth was supported by favorable exchange rates and with comparable translation exchange rates sales were up by 4.1% from the previous year. Second half of the year was particularly strong as sales grew more than 15% with comparable translation exchange rates.

The Group's position in the North American market remains strong and the sales continued to grow both in the US and Canada. Overall, most product categories grew in the market. Despite some delivery issues at the beginning of the year, ice fishing sales grew strongly for the full year. In addition, sales of Group Branded lures supported the growth. The group is very well positioned with all major customers and all retail channels in North America.

Nordic

The sales in the Nordic market increased by 2.8% from the comparison period. With comparable translation exchange rates sales were up by 3.9% from 2018.

The sales growth was driven by good winter sports sales in Finland. However, sales in Denmark and Norway decreased from the comparison period.

Rest of Europe

With reported translation exchange rates, the sales in Rest of Europe were 3.6% above the comparison period. With comparable translation exchange rates, the growth was on the same level, 3.5% up from 2018.

Sales growth was supported by the successful ramp up of Group's own sales operations in some of the key Central European markets following the termination of the distribution agreements with Shimano. Russian market remained at the same sales level as is 2018. Continuing from the strong first half of 2019, Baltics and most of the Eastern European markets witnessed strong sales growth from 2018.

Rest of the World

The sales in Rest of the World decreased 0.9% from the previous year. With comparable translation exchange rates, sales were down by 0.6% from 2018.

South-Africa as well as the Latin American markets contributed positively to the Rest of the World market growth, while sales in some of the other markets declined from the previous year.

External Net Sales by Area

MEUR	FY 2019	FY 2018	Change %	Comparable change %
North America	**104.2**	95.4	**+9%**	**+4%**
Nordic	**56.6**	55.1	**+3%**	**+4%**
Rest of Europe	**81.3**	78.4	**+4%**	**+3%**
Rest of the World	**33.3**	33.6	**-1%**	**-1%**
Total	**275.4**	262.4	**+5%**	**+3%**

MEUR	H2 2019	H2 2018	Change %	Comparable change %
North America	**55.6**	45.8	**+21%**	**+17%**
Nordic	**25.7**	22.8	**+13%**	**+14%**
Rest of Europe	**35.3**	33.5	**+5%**	**+4%**
Rest of the World	**17.6**	17.8	**-1%**	**-2%**
Total	**134.2**	119.9	**+12%**	**+10%**

Financial Results and Profitability

Comparable (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) operating profit increased by 1.2 MEUR (7%) from last year to 17.8 MEUR. The effect of translation exchange rates was positive and with comparable translation exchange rates, comparable operating profit increased by 0.8 MEUR from 2018. Reported operating profit decreased by 1.4 MEUR (-9%) from last year to 13.4 MEUR. The items affecting comparability had a negative impact of 4.4 MEUR (1.9) on reported operating profit. Application of the IFRS 16 accounting standard had a 0.3 MEUR positive impact on operating profit and comparable operating profit.

Comparable operating profit margin was 6.5% (6.4) for the year. The turnaround project of the Indonesian lure manufacturing operations had a positive impact on profitability improvement. However, the decline of sales margins in the Third Party distribution had a negative impact on comparable operating profit margin.

Reported operating profit margin was 4.9% (5.6) for the year. Reported operating profit included mark-to-market valuation of operative currency derivatives of -0.4 MEUR (0.7). Net expenses of other items affecting comparability included in the reported operating profit were 4.0 MEUR (2.6). The other items affecting comparability consisted mainly of restructuring expenses and a gain of a sale of a real estate.

Total financial (net) expenses were 3.6 MEUR (2.1) for the year. Net interest and other financing expenses were 2.1 MEUR (1.4) and (net) foreign exchange expenses were 1.1 MEUR (0.7). Following the application of IFRS 16, financial expenses increased by 0.5 MEUR due to lease liability interests.

Net profit for the year decreased by 38% and was 4.1 MEUR (6.5) and earnings per share was 0.10 EUR (0.13). The share of non-controlling interest in net profit decreased by 0.8 MEUR from last year and totalled -0.4 MEUR (0.4).

Key figures

MEUR	H2 2019	H2 2018	Change %	FY 2019	FY 2018	Change %
Net sales	**134.2**	119.9	**+12%**	**275.4**	262.4	**+5%**
Operating profit / loss	**2.0**	-0.5	**+500%**	**13.4**	14.8	**-9%**
Comparable operating profit *	**5.8**	1.5	**+287%**	**17.8**	16.7	**+7%**
Net profit / loss	**-3.4**	-3.2	**-8%**	**4.1**	6.5	**-38%**

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

Bridge calculation of comparable operating profit

MEUR	H2 2019	H2 2018	Change %	FY 2019	FY 2018	Change %
Operating profit/loss	**2.0**	-0.5	**+500%**	**13.4**	14.8	**-9%**
Mark-to-market valuations of operative currency derivatives	0.1	-0.4		0.4	-0.7	
Other items affecting comparability	3.8	2.4		4.0	2.6	
Comparable operating profit	**5.8**	1.5	**+287%**	**17.8**	**16.7**	**+7%**

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

Sales of Group Products grew by 10.5 MEUR from the comparison period to 185.2 MEUR. The increase from previous year was mostly driven by the North American market, where especially the ice fishing sales witnessed strong growth, and to some extent by the Rest of Europe market.

Driven by the increased sales, the comparable operating profit for Group Products improved from the comparison period.

Third Party Products

Sales of Third Party Products grew by 2.4 MEUR from the comparison period to 90.2 MEUR. Increased sales were driven by strong sales in Nordic and Rest of Europe markets.

Regardless of the sales growth, comparable operating profit for Third Party Products decreased from the comparison period following the decline in sales margins.

Net Sales by Segment

MEUR	FY 2019	FY 2018	Change %	Comparable change %
Group Products	**185.2**	174.6	**+6%**	**+3%**
Third Party Products	**90.2**	87.8	**+3%**	**+3%**
Total	**275.4**	262.4	**+5%**	**+3%**

MEUR	H2 2019	H2 2018	Change %	Comparable change %
Group Products	**89.9**	80.1	**+12%**	**+10%**
Third Party Products	**44.3**	39.8	**+11%**	**+10%**
Total	**134.2**	119.9	**+12%**	**+10%**

Comparable operating profit by Segment

MEUR	H2 2019	H2 2018	Change %	FY 2019	FY 2018	Change %
Group Products	**7.7**	3.2	**+141%**	**19.5**	17.2	**+13%**
Third Party Products	**-1.9**	-1.7	**-14%**	**-1.6**	-0.5	**-239%**
Comparable operating profit	**5.8**	1.5	**+287%**	**17.8**	16.7	**+7%**
Items affecting comparability	**-3.9**	-2.0		**-4.4**	-1.9	
Operating profit / loss	**2.0**	-0.5	**+500%**	**13.4**	14.8	**-9%**

Financial Position

Cash flow from operations increased to a high level of 25.9 MEUR (6.7). The impact of net change of working capital to cash flow from operations was 11.4 MEUR (-11.1) as, contrary to previous year, cash was released from inventories and accounts receivables. The application of IFRS 16 accounting standard had a positive impact of 6.1 MEUR on cash flow from operations when comparing 2019 to 2018.

As a result of several supply chain initiatives, 2019 year-end inventory value decreased by 6.5 MEUR to 92.6 MEUR (99.1).

Net cash used in investing activities increased by 9.9 MEUR from the comparison period amounting to 14.6 MEUR (4.7). Capital expenditure, consisting mostly of normal operative capital expenditure, was 5.6 MEUR (6.4). Net acquisitions, related to the acquisition of 49% of DQC International Corporation, were 4.4 MEUR. Disposals, following a real estate and certain manufacturing equipment sales, were 3.2 MEUR (1.7). Change in interest-bearing receivables consisted mainly of additional funding of 7.8 MEUR (0.0) to DQC International Corporation.

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 29.9 MEUR at the end of the period. Gearing ratio increased and equity-to-assets ratio weakened slightly from last year. The application of the IFRS 16 accounting standard increased interest-bearing debt by 13.5 MEUR. Leverage level (ratio between net interest-bearing debt and reported EBITDA) was below covenant limits and the Group is compliant with all financial covenants.

Group equity includes a hybrid loan of 25.0 MEUR issued in November 2019. The accrued non-recognized interest on hybrid bond at December 31, 2019 was 0.7 MEUR (1.3).

Key figures

MEUR	H2 2019	H2 2018	Change %	FY 2019	FY 2018	Change %
Cash flow from operations 1)	**14.4**	0.7	**+1957%**	**25.9**	6.7	**+287%**
Net interest-bearing debt at end of period 1)	**74.6**	70.3	**+6%**	**74.6**	70.3	**+6%**
Gearing % 1)	**49.2%**	47.8%		**49.2%**	47.8%	
Equity-to-assets ratio at end of period, % 1)	**52.4%**	53.2%		**52.4%**	**53.2%**	

Definitions and reconciliation of key figures are presented in the financial section of the release.
1) Figures impacted by the application of the IFRS 16 accounting standard. Excluding the impact from IFRS 16 cash flow from operations would have been 19.9 MEUR for full year, and for second half of the year 11.3 MEUR. Year end net interest-bearing debt would have been 61.1 MEUR, gearing 40.3% and the equity-to-assets ratio 55.0%.

Strategy Implementation

The strategic target of the Group is to build a solid financial and operational platform for growth. The Group will also take determined actions to improve its profitability and working capital efficiency as well as improve operational performance. In longer term, the target is to return to a more aggressive growth track and actively seek synergistic growth opportunities also outside the fishing tackle business.

The Group's existing assets and capabilities form the foundation for future strategies, both in short and long term. Future strategies are built upon utilizing and capitalizing the brand portfolio, manufacturing and sourcing platform, research and development knowledge, as well as the broad distribution network and strong local presence around the world supporting the sales of Group's own and selected synergistic third party products.

The execution of the group strategy is progressing on all levels in the organization. Several organic growth projects are ongoing in all businesses utilizing deep market and customer understanding. Special focus has been set to leverage Group's global innovation power to address growing product categories and niches within fishing. After acquiring 49% ownership in DQC International Corporation, known as "13 Fishing", the Group has entered the rod and reel business with a worldwide approach. The Group will invest outside USA in marketing and product development of 13 Fishing products to serve fishermen and retailers in the best possible manner. After the changes made in 2019 in distribution agreements with Shimano, the Group will also focus on growth in the large European fishing tackle markets in Germany, United Kingdom, Italy and Benelux countries, previously served by Shimano.

The Group initiated in October 2019 a restructuring program, which aims at increasing efficiencies of operations, increase internal synergies and consequently decreasing operating expenses and reducing net working capital. In the last two months of 2019, several projects and new measures were started under the restructuring program in Europe and Asia, which will start to materialize financially from 2020 onwards.

Significant focus and resources are allocated to streamline internal supply chains and to develop sales and operations planning to achieve improved service levels and lower group-wide inventories. Consequently, improved service levels from own factories has increased product availability and fill rates to customers are on a high level. Furthermore, supply chain operations to new markets in Central Europe were centralized to an existing delivery center in France.

In order to develop global manufacturing operations, lean projects are ongoing in several factories. One of the key projects for the Group is to execute a sustainable profitability turnaround for the Indonesian lure manufacturing operations. The operational transformation project to streamline and simplify the Indonesian factory is progressing as planned. Production of certain product categories and some non-core production processes have been outsourced to specialized companies.

The Group has made investments in group-wide common IT systems and resources to increase efficiencies and enable better end-to-end supply chain and product management. The Group has also increased sales and marketing investments towards digital channels and direct consumer contacts in order to exploit these opportunities stronger in the future. Increasing proportion of Group's products sales is reaching consumers through digital channels, either by e-tailers, omni-channel retailers or Group's own e-commerce platform.

Product Development

Continuous product development and consistent innovation are core competences for the Group and major contributors to the value and commercial success of the brands. The Group has boosted its lure product development procedure by centralizing and expanding the research and development know-how and key resources to one location in Finland that serves both the European and Asian lure manufacturing units.

Product development cycles are getting shorter which allows faster reaction to market needs and developing trends. Product launch schedules are more flexible and can be better adjusted to target specific markets' seasons.

The most important product launches of the year were a European-wide coordinated launch of a series of saltwater lures, which started in January in France and covered both Rapala-branded hard baits and Storm branded soft plastics. Sufix Advance Fluorocarbon line was launched at the European Fishing Tackle Trade Exhibition in June, where it was voted the Best New Monofilament Line. VMC Hybrid Blade hook won the Best Terminal Tackle category, in which the Rapala RCD Lure Tuning Tool was nominated as Runner Up. Rapala LureCamo Tackle Bag Magnum was nominated Runner Up in the Tackle Bag category.

At the US trade show ICAST in July, new products designed for the North American market were launched, and VMC's Hybrid Blade continued to be victorious as it was named Best Terminal Tackle of the show.

Preparations for the 2020 new item launches were well under way.

Organization and Personnel

Average number of personnel was 2 604 (2 772) for the full year and 2 501 (2 742) for the last six months. At the end of December, the number of personnel was 2 304 (2 651), decrease coming from streamlining the lure manufacturing operations in Indonesia.

Louis d'Alançon was appointed as President and Chief Executive Officer on September 27, 2019. Furthermore, Jean-Philippe Nicolle was appointed as a member to the Executive Committee and Executive Vice President, Head of European Distribution as of January 1, 2020.

Short-term Outlook and Risks

Market outlook for Group Products in North America is positive and the Group sees continued healthy consumer demand for its products via old and new channels. Furthermore, the Group's position with major customers in North America is strong. In Europe the execution of the restructuring program and changes in Third Party Products business affects market visibility for 2020. Furthermore, extraordinary winter weathers in Europe will affect negatively winter sports business.

The Group expects 2020 full year net sales with comparable FX rates and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to decline from 2019. The decline in sales is coming from the decrease in Third Party Products business, which is expected to lead to decline in the Group's comparable EBIT. Several restructuring projects are taking place, but their financial impact will for the most part start to materialize in full year figures in 2021. Furthermore, the potential slowdown in global economic growth might have some impact on retail and consumer demand. In addition, weather changes may affect the sales of the Group.

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

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for 2019 (0.06 EUR per share in the previous year).

Financial Statements and Annual General Meeting

Financial Statements for 2019 and Corporate Governance Statement will be published in the beginning of week 10 commencing on March 2, 2020. Annual General Meeting is planned to be held on March 26, 2020.

Half Year Financial Report 2020 will be published on July 20, 2020.

Helsinki, February 12, 2020

Board of Directors of Rapala VMC Corporation

For further information, please contact:

Louis d'Alançon, President and Chief Executive Officer, +358 9 7562 540
Jan-Elof Cavander, Chief Financial Officer, +358 9 7562 540
Olli Aho, Investor Relations, +358 9 7562 540

A conference call on the financial year result will be arranged on February 13, 2020 at 11:00 a.m. Finnish time (10:00 a.m. CET). Please dial +44 (0)330 336 9104 or +1 929 477 0630 or +358 (0)9 7479 0359 (pin code: 292804) five minutes before the beginning of the event. A replay facility will be available for 14 days following the teleconference. The number to dial +44 (0) 207 660 0134 (pin code: 7643084). Financial information and teleconference replay facility are available at www.rapalavmc.com.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**H2** **2019**	H2 2018	**FY** **2019**	FY 2018
Net sales	**134.2**	119.9	**275.4**	262.4
Other operating income	**1.7**	0.4	**2.2**	0.9
Materials and services	**67.5**	58.5	**131.2**	121.7
Employee benefit expenses	**35.7**	33.7	**71.6**	68.8
Other operating expenses	**24.1**	24.3	**48.6**	50.4
Share of results in associates and joint ventures	**-0.2**	0.0	**-0.2**	0.0
EBITDA	**8.3**	3.9	**26.0**	22.4
Depreciation, amortization and impairments	**6.3**	4.4	**12.6**	7.6
Operating profit/loss (EBIT)	**2.0**	-0.5	**13.4**	14.8
Financial income and expenses	**2.3**	0.9	**3.6**	2.1
Profit/loss before taxes	**-0.3**	-1.4	**9.8**	12.7
Income taxes	**3.1**	1.7	**5.8**	6.2
Net profit/loss for the period	**-3.4**	-3.2	**4.1**	6.5
Attributable to:				
Equity holders of the company	**-2.6**	-3.3	**4.4**	6.1
Non-controlling interests	**-0.8**	0.2	**-0.4**	0.4
Earnings per share for profit attributable to the equity holders of the parent company:				
Earnings per share, EUR (diluted = non-diluted)	**-0.06**	-0.10	**0.10**	0.13

STATEMENT OF COMPREHENSIVE INCOME MEUR	**H2** **2019**	H2 2018	**FY** **2019**	FY 2018
Net profit/loss for the period	**-3.4**	-3.2	**4.1**	6.5
Other comprehensive income, net of tax				
Change in translation differences*	**1.2**	0.9	**2.4**	3.2
Gains and losses on cash flow hedges*	**0.0**	0.0	**0.0**	0.0
Gains and losses on net investment hedges*	**0.6**	0.1	**1.2**	-1.0
Remeasurements of defined benefit liabilities	**-0.1**	0.1	**-0.1**	0.1
Total other comprehensive income, net of tax	**1.7**	1.1	**3.5**	2.2
Total comprehensive income for the period	**-1.7**	-2.1	**7.5**	8.8
Total comprehensive income attributable to:				
Equity holders of the parent company	**-0.8**	-2.1	**7.8**	8.6
Non-controlling interests	**-0.9**	0.0	**-0.2**	0.2

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

STATEMENT OF FINANCIAL POSITION MEUR	**Dec 31 2019**	Dec 31 2018
ASSETS		
Non-current assets		
Intangible assets	**75.5**	74.5
Property, plant and equipment	**26.9**	29.5
Right-of-use assets	**13.3**	-
Non-current assets		
Interest-bearing	**7.8**	0.0
Non-interest-bearing	**9.2**	5.8
	132.8	109.8
Current assets		
Inventories	**92.6**	**99.1**
Current assets		
Interest-bearing	**-**	-
Non-interest-bearing	**51.8**	54.8
Cash and cash equivalents	**12.3**	13.4
	156.7	167.3
Total assets	**289.5**	277.1
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	**121.9**	117.0
Non-controlling interests	**4.6**	5.1
Hybrid bond	**25.0**	25.0
	151.6	147.1
Non-current liabilities		
Interest-bearing	**46.0**	10.1
Non-interest-bearing	**8.5**	8.1
Lease liabilities	**9.0**	-
	63.5	18.2
Current liabilities		
Interest-bearing	**35.3**	73.7
Non-interest-bearing	**34.7**	38.1
Lease liabilities	**4.4**	-
	74.4	111.8
Total equity and liabilities	**289.5**	277.1

STATEMENT OF CASH FLOWS MEUR	**H2** **2019**	H2 2018	**FY** **2019**	FY 2018
Net profit/loss for the period	**-3.4**	-3.2	**4.1**	6.5
Adjustments to net profit / loss for the period *	**9.6**	8.8	**18.4**	17.2
Financial items and taxes paid and received	**-3.6**	-3.4	**-7.9**	-5.9
Change in working capital	**11.7**	-1.5	**11.4**	-11.1
Net cash generated from operating activities	**14.4**	0.7	**25.9**	6.7
Investments	**-2.1**	-3.1	**-5.6**	-6.4
Proceeds from sales of assets	**2.5**	1.0	**3.2**	1.7
Acquisition of associated company DQC International	**-4.4**	-	**-4.4**	-
Change in interest-bearing receivables	**-7.8**	0.0	**-7.8**	0.0
Net cash used in investing activities	**-11.8**	-2.1	**-14.6**	-4.7
Dividends paid to parent company's shareholders	**-1.2**	-0.8	**-2.3**	-1.5
Dividends paid to non-controlling interest	**-1.0**	-2.0	**-1.0**	-2.0
Net funding	**-36.2**	5.4	**-2.8**	5.6
Change in lease liabilities	**-3.2**	-	**-6.1**	-
Hybrid bond	**24.8**	-	**-1.6**	-1.3
Directed issue of own shares	**0.7**	-	**0.7**	-
Net cash generated from financing activities	**-16.1**	2.6	**-13.2**	0.8
Change in cash and cash equivalents	**-13.5**	1.3	**-1.9**	2.7
Cash & cash equivalents at the beginning of the period	**24.7**	12.3	**13.4**	10.3
Foreign exchange rate effect	**1.1**	-0.2	**0.8**	0.4
Cash and cash equivalents at the end of the period	**12.3**	13.4	**12.3**	13.4

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

Changes in liabilities included in net funding

MEUR	
Liabilities Jan 1, 2019	83.7
Drawdowns	107.7
Repayments	-110.2
Unrealized foreign exchange differences*	-
Liabilities Dec 31, 2019	81.2

Net funding

Drawdowns and repayments from loans	-2.5
Derivatives and other realized foreign exchange on financial activities	-0.4
Net funding	-2.8

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company									
MEUR	Share capital	Share premium fund	Hedging fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	Non-controlling interests	Hybrid bond	**Total equity**
Equity on Dec 31, 2017	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-13.6**	**104.7**	**6.9**	**25.0**	**142.7**
Adoption of IFRS 9	-	-	-	-	-	-	-0.2	0.0	-	**-0.2**
Equity on Jan 1, 2018	3.6	16.7	0.0	4.9	-5.6	-13.6	104.5	6.9	25.0	**142.5**
Comprehensive income *	-	-	0.0	-	-	2.4	6.2	0.2	-	**8.8**
Dividends	-	-	-	-	-	-	-1.5	-2.0	-	**-3.5**
Hybrid bond expenses	-	-	-	-	-	-	-1.1	-	-	**-1.1**
Share based payments	-	-	-	-	-	-	0.4	0.0	-	**0.4**
Other changes	-	-	-	-	-	-	0.0	-	-	**0.0**
Equity on Dec 31, 2018	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-11.2**	**108.6**	**5.1**	**25.0**	**147.1**
Equity on Jan 1, 2019	**3.6**	**16.7**	**0.0**	**4.9**	**-5.6**	**-11.2**	**108.6**	**5.1**	**25.0**	**147.7**
Comprehensive income *	-	-	0.0	-	-	3.5	4.3	-0.2	-	**7.5**
Directed issue of own shares	-	-	-	-	0.7	-	-	-	-	**0.7**
Dividends	-	-	-	-	-	-	-2.3	-1.0	-	**-3.3**
Issuance of hybrid bond	-	-	-	-	-	-	-	-	25.0	**25.0**
Repayment of hybrid bond	-	-	-	-	-	-	-	-	-25.0	**-25.0**
Hybrid bond expenses*	-	-	-	-	-	-	-1.3	-	-	**-1.3**
Sale of subsidiary	-	-	-	-	-	0.2	-	0.7	-	**0.9**
Share based payments	-	-	-	-	-	-	0.0	-	-	**0.0**
Equity on Dec 31, 2019	**3.6**	**16.7**	**0.0**	**4.9**	**-4.9**	**-7.6**	**109.2**	**4.6**	**25.0**	**151.6**

*For the period, net of tax

NOTES TO THE STATEMENT OF INCOME AND FINANCIAL POSITION

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

Apart from the changes in accounting principles stated below, the accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the financial statements 2018.

As required by IAS 34, the nature and effect of these changes on the accounting policies followed by the Group are disclosed below.

IFRS 16 Leases was adopted January 1, 2019

Starting from 1 January 2019 the Group has applied IFRS 16 Leases for the first time. The major part of the lease agreements that were reported as operating leases in 2018 were converted to lease agreements to be recognized on balance sheet on the adoption of IFRS 16. According to the standard these liabilities were measured at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate on the application date.

The Group used modified retrospective approach as a transition method to IFRS 16 and no comparatives for 2018 were restated. Applying the modified retrospective approach the Group adopted the following practical expedients:

- After the transition Rapala VMC will not recognize any short-term leases on the consolidated statement of financial position where the lease term is 12 months or less at the lease commencement date. Instead, the Group will recognize the lease payments associated with short-term leases as an expense.
- Initial direct costs have not been included in the measurement of the right-of-use assets at the date of initial application
- lease component and associated non-lease component is accounted as a single lease component
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics and main characteristic used is the currency.

Leases that are booked to the balance sheet are mainly consisting of the lease contracts of land, offices, warehouses and some machinery and equipment such as company cars. The discount rate that has been used in calculating the lease debt is determined according to the incremental borrowing rate determined in local market areas. The rate represents the interest that a lessee would have to pay over a similar term to a similar asset in a similar economic environment. The lease term matches to the non-terminable period, if necessary this is completed with renewal options if they are reasonably certain.

The Group's IFRS 16 project team did select lease accounting system for lease contracts provided by ZenTreasury Oy. This system has been fully implemented and trained within the Group in great success.

The impact of the initial application of IFRS 16 is described below by each statement of income and statement of financial position line item.

STATEMENT OF INCOME MEUR	**2019 Excl. IFRS 16**	**IFRS 16 impact**	**2019 Incl. IFRS 16**
Net sales	**275.4**		**275.4**
Other operating income	2.2		2.2
Materials and services	131.2		131.2
Employee benefit expenses	71.6		71.6
Other operating expenses	55.1	-6.5	48.6
Share of results in associates and joint ventures	-0.2		-0.2
Depreciation, amortization and impairments	6.4	6.2	12.6
Operating profit/loss (EBIT)	**13.1**	**0.3**	**13.4**
Financial income and expenses	3.1	0.5	3.6
Profit/loss before taxes	**9.9**	**-0.1**	**9.8**
Income taxes	5.8		5.8
Net profit/loss for the period	**4.2**	**-0.1**	**4.1**

STATEMENT OF FINANCIAL POSITION

MEUR	Dec 31, 2018	IFRS 16 Impact	Jan 1, 2019
ASSETS			
Non-current assets			
Intangible assets	74.5		74.5
Property, plant and equipment	29.5		29.5
Right-of-use-assets	-	14.0	14.0
Non-current assets			
Interest-bearing	0.0		0.0
Non-interest-bearing	5.8		5.8
	109.8	**14.0**	**123.8**
Current assets			
Inventories	99.1		99.1
Current assets			
Interest-bearing	-		-
Non-interest-bearing	54.8		54.8
Cash and cash equivalents	13.4		13.4
	167.3		**167.3**
Total assets	**277.1**	**14.0**	**291.1**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company	117.0		117.0
Non-controlling interests	5.1		5.1
Hybrid bond	25.0		25.0
	147.1		**147.1**
Non-current liabilities			
Interest-bearing	10.1		10.1
Non-interest-bearing	8.1		8.1
Lease liabilities	-	8.4	8.4
	18.2	**8.4**	**26.6**
Current liabilities			
Interest-bearing	73.7		73.7
Non-interest-bearing	38.1		38.1
Lease liabilities	-	5.6	5.6
	111.8	**5.6**	**117.4**
Total equity and liabilities	**277.1**	**14.0**	**291.1**

Use of estimates and rounding of figures

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

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

Events after the end of the full year period

The Group has no knowledge of any significant events after the end of the reporting period that would have a material impact on the financial statements for January-December 2019.

Acquisitions

On September 18, 2019 the Group acquired 49% ownership in DQC International Corporation, which is the owner of 13 Fishing rod and reel brand. There were no acquisitions during 2018.

Hybrid bond

On 31 May 2019, Group redeemed its hybrid loan, issued in May 2017, of 25 MEUR following the permitting conditions of the bond.

In November 2019, the Group issued a new EUR 25 million hybrid bond, which is classified as equity with no maturity date and subordinated to other debt obligations. The bond bears a fixed interest rate of 5.25 per cent per annum until November 13, 2021. The Group is entitled to redeem the hybrid bond after 2 years. The interest on hybrid bond is paid if the Annual General Meeting decides to pay a dividend or in other ways to distribute capital to shareholders. If a dividend is not paid the Group has the right to decide on the possible payment of interest at its own discretion. Non-payable interest accumulates and is disclosed as off-balance sheet commitment. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. According to IAS 33, interest accrued in local books has been taken into account as an expense in earnings per share calculation as described in calculation of key figures. The accrued non-recognised interest on hybrid bond at December 31, 2019 was EUR 0.7 million (1.3).

Key figures	**H2 2019**	H2 2018	**FY 2019**	FY 2018
EBITDA, % of net sales [1]	**6.2%**	3.2%	**9.4%**	8.5%
Operating profit, % of net sales	**1.5%**	-0.4%	**4.9%**	5.6%
Return on capital employed, % [1]	**1.7%**	-0.5%	**6.0%**	6.9%
Capital employed at end of period, MEUR [1]	**226.2**	217.4	**226.2**	217.4
Net interest-bearing debt at end of period, MEUR [1]	**74.6**	70.3	**74.6**	70.3
Equity-to-assets ratio at end of period, % [1]	**52.4%**	53.2%	**52.4%**	53.2%
Debt-to-equity ratio at end of period, % [1]	**49.2%**	47.8%	**49.2%**	47.8%
Earnings per share, EUR (diluted = non-diluted)	**-0.06**	-0.10	**0.10**	0.13
Equity per share at end of period, EUR	**3.16**	3.05	**3.16**	3.05
Average personnel for the period	**2 501**	2 742	**2 604**	2 772

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

[1] Figures impacted by the application of the IFRS 16 accounting standard. In full year 2019 excluding the impact from IFRS 16, the EBITDA % of net sales would have been 7.1%, return on capital employed 6.1%, capital employed 212.7 MEUR, net interest-bearing debt 61.1 MEUR, equity to assets ratio 55.0% and debt-to-equity ratio 40.3%.
During the second half of the year excluding the IFRS 16 impact EBITDA % of net sales would have been 3.7% and return on capital employed 1.7%.

Key figures by half year MEUR	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019	**H2 2019**
Net sales	140.9	112.4	142.5	119.9	141.2	**134.2**
EBITDA [1]	14.5	1.2	18.5	3.9	17.7	**8.3**
Operating profit/loss	11.0	-2.1	15.3	-0.5	11.4	**2.0**
Profit/loss before taxes	9.2	-3.5	14.1	-1.4	10.1	**-0.3**
Net profit/loss for the period	6.0	-3.7	9.7	-3.2	7.4	**-3.4**

[1] Figures impacted by the application of the IFRS 16 accounting standard. Excluding the impact from IFRS 16, the EBITDA would have been 14.5 MEUR for the first half the year and 5.0 MEUR for the second half of the year 2019.

Bridge calculation of comparable operating profit MEUR	**H2 2019**	H2 2018	**Change %**	**FY 2019**	FY 2018	**Change %**
Operating profit/loss	**2.0**	-0.5	**+500%**	**13.4**	14.8	**-9%**
Items affecting comparability						
Mark-to-market valuations of operative currency derivatives	**0.1**	-0.4		**0.4**	-0.7	
Other items affecting comparability						
Restructurings						
Management restructuring	**1.1**	-		**1.1**	0.2	
Indonesia manufacturing restructuring	**1.1**	1.9		**1.1**	1.9	
Other restructurings	**1.9**	0.5		**2.1**	0.6	
Acquisition expenses of DQC International Corp.	**0.8**	-		**0.8**	-	
Other items	**-1.0**	0.0		**-1.0**	-0.2	
Comparable operating profit	**5.8**	1.5	**+287%**	**17.8**	16.7	**+7%**

Segment information

MEUR **Net sales by operating segment**	**H2 2019**	H2 2018	**FY 2019**	FY 2018
Group Products	**89.9**	80.1	**185.2**	174.6
Third Party Products	**44.3**	39.8	**90.2**	87.8
Total	**134.2**	119.9	**275.4**	262.4
Operating profit/loss by operating segment				
Group Products	**7.7**	3.2	**19.5**	17.2
Third Party Products	**-1.9**	-1.7	**-1.6**	-0.5
Comparable operating profit	**5.8**	1.5	**17.8**	16.7
Items affecting comparability	**-3.9**	-2.0	**-4.4**	-1.9
Operating profit/loss	**2.0**	-0.5	**13.4**	14.8

Assets by operating segment MEUR	**Dec 31 2019**	Dec 31 2018
Group Products [1]	**219.8**	208.8
Third Party Products [2]	**49.6**	54.9
Non-interest-bearing assets total	**269.4**	263.7
Unallocated interest-bearing assets	**20.1**	13.4
Total assets	**289.5**	277.1

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

External net sales by area MEUR	**H2 2019**	H2 2018	**FY 2019**	FY 2018
North America	**55.6**	45.8	**104.2**	95.4
Nordic	**25.7**	22.8	**56.6**	55.1
Rest of Europe	**35.3**	33.5	**81.3**	78.4
Rest of the world	**17.6**	17.8	**33.3**	33.6
Total	**134.2**	119.9	**275.4**	262.4

Commitments MEUR	**Dec 31 2019**	Dec 31 2018
Minimum future lease payments on leases	**0.6**	10.5

The accrued non-recognized interest on hybrid bond at December 31, 2019 is EUR 0.7 million (1.3).

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
FY 2019						
DQC International Corp.	**0.4**	**0.2**	**-**	**-**	**7.1**	**-**
Associated company Lanimo Oü	**0.0**	**0.0**	**-**	**-**	**-**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.2**	**0.1**	**0.0**	**-**
Management	**0.0**	**-**	**0.4**	**0.0**	**0.7**	**0.0**
FY 2018						
Associated company Lanimo Oü	0.0	0.1	-	0.0	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	-	-	0.4	0.0	-	0.0

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

Open derivatives

MEUR	**Dec 31, 2019** **Nominal Value**	**Dec 31, 2019** **Fair Value**	Dec 31, 2018 Nominal Value	Dec 31, 2018 Fair Value
Derivative financial instruments designed as cash flow hedges				
Interest rate swaps, less than 12 months	**-**	**-**	5.3	0.0
Total	**-**	**-**	5.3	0.0
Non-hedge accounting derivative financial instruments				
Interest rate swaps, 1 to 5 years	**21.0**	**-0.1**	16.0	0.0
Currency derivatives, less than 12 months	**48.3**	**-0.4**	40.6	0.6
Cross currency swaps, less than 12 months	**-**	**-**	10.1	-0.2
Total	**69.3**	**-0.5**	66.6	0.4

The changes in the fair values of derivatives that are designated as hedging instruments but do not qualify for hedge accounting are recognized based on their nature either in operative costs, if the hedged item is an operative transaction, or in financial income and expenses if the hedged item is a monetary transaction. Financial risks and hedging principles are described in detail in the financial statements 2018.
In 2019 full year, the amount of the ineffective portion that was recognized in the financial income and expenses of income statement was MEUR 0.0 (2018: MEUR 0.0).

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

	H2 2019	H2 2018	**FY 2019**	FY 2018
Included in operating profit	**-0.1**	0.4	**-0.4**	0.7

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		**Dec 31 2019**		Dec 31 2018
MEUR	**Carrying value**	**Fair value**	Carrying value	Fair value
Assets				
Available-for-sale financial assets (level 3)	**0.2**	**0.2**	0.3	0.3
Derivatives (level 2)	**0.3**	**0.3**	0.8	0.8
Total	**0.6**	**0.6**	1.1	1.1
Liabilities				
Non-current interest-bearing liabilities (excl. derivatives)	**46.0**	**46.0**	10.1	10.1
Derivatives (level 2)	**0.9**	**0.9**	0.5	0.5
Total	**46.8**	**46.8**	10.5	10.5

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

Shares and share capital

On March 28, 2019 the Annual General Meeting (AGM) updated Board's authorization on repurchase of shares. A separate stock exchange release on the decisions of the AGM was given, and up to date information on the Board's authorizations and other decisions of the AGM are available also on the corporate website.

Share related key figures	**Dec 31, 2019**	Dec 31, 2018
Number of shares	**39 000 000**	39 000 000
Number of shares, average	**39 000 000**	39 000 000
Number of treasury shares	**452 208**	677 208
Number of treasury shares, %	**1.2%**	1.7%
Number of outstanding shares	**38 547 792**	38 322 792
Number of shares traded, YTD	**4 804 467**	1 511 411
Share price at the end of the period	**2.77**	3.05
Highest share price, YTD	**3.43**	4.07
Lowest share price, YTD	**2.56**	2.89
Average price of treasury shares, all time	**4.95**	5.08
Acquired treasury shares, YTD	**-**	-

Short term risks and uncertainties

The objective of Rapala VMC Corporation's risk management is to support implementation of the Group's strategy and execution of business targets. Group management continuously develops its risk management practices and internal controls. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles will be included in the Financial Statements 2019.

Due to the nature of the fishing tackle business and the geographical scope of the Group's operations, the business has traditionally been seasonally stronger in the first half of the year compared to the second half. Weathers impact consumer demand and may have impact on the Group’s sales for current and following seasons. However, the weather risk is diversified as the Group has a wide geographical footprint and sells products both for summer and winter seasons.

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

The Group‘s credit facilities include some profitability, net debt and equity related financial covenants, which are actively monitored. The Group expects to continue to fulfill the requirements of its lenders. Liquidity and refinancing risks are well under control, but higher leverage level may put pressure on the Group’s financing costs.

Increased uncertainties and downturns in the general economic climate may influence the sales of fishing tackle, when retailers reduce their inventory levels and face financial challenges. Also, quick and strong increases in living expenses or sudden fluctuations in foreign exchange rates may temporarily affect consumer spending. However, the underlying consumer demand has historically proven to be fairly solid. Political tensions may have negative effects on the Group’s business and geopolitical development is followed closely.

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

The Group's sales and profitability are impacted by the changes in foreign exchange rates and the risks are monitored actively. To fix the exchange rates of future foreign exchange denominated sales and purchases as well as financial assets and liabilities, the Group has entered into several currency hedging agreements according to the foreign exchange risk management policy set by the Board of Directors. As the Group is not applying hedge accounting in accordance to IFRS 9, the unrealized mark-to-market valuations of operative currency hedging agreements have an impact on the Group's reported operating profit. Some of Group’s currency positions are not possible or feasible to be hedged, and therefore may have impact on the Group’s net result. The Group is closely monitoring market development as well as its cost structure and considering possibility and feasibility of price increases, hedging and cost rationalization.

No significant changes are identified in the Group's strategic risks or business environment.

Definitions of key figures

Operating profit before depreciation and impairments (EBITDA)	Operating profit + depreciation and impairments
Items affecting comparability	Change in mark-to-market valuations of operative currency derivatives +/- other items affecting comparability
Other items affecting comparability	Restructuring costs + impairments +/- gains and losses on business combinations and disposals - insurance compensations +/- other non-operational items
Comparable operating profit	Operating profit +/- change in mark-to-market valuations of operative currency derivatives +/- other items affecting comparability
Net interest-bearing debt	Total interest-bearing liabilities - total interest-bearing assets - cash and cash equivalents
Capital employed (average for the period)	Total equity (average for the period) + net interest-bearing debt (average for the period)
Working capital	Inventories + total non-interest-bearing assets - total non-interest-bearing liabilities
Total non-interest-bearing assets	Total assets - interest-bearing assets - intangible and tangible assets - assets classified as held-for-sale
Total non-interest-bearing liabilities	Total liabilities - interest-bearing liabilities
Return on capital employed (ROCE), %	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 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
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

	H2 2019	H2 2018	**FY 2019**	FY 2018
Items affecting comparability				
Change in mark-to-market valuations of operative derivatives	**0.1**	-0.4	**0.4**	-0.7
Other items affecting comparability	**3.8**	2.4	**4.0**	2.6
Items affecting comparability	**3.9**	2.0	**4.4**	1.9
Other items affecting comparability				
Restructuring costs	**4.0**	2.4	**4.3**	2.7
Acquisition expenses of DQC International Corp.	**0.8**	-	**0.8**	-
Other non-operational items	**-1.0**	0.0	**-1.0**	-0.2
Other items affecting comparability	**3.8**	2.4	**4.0**	2.6
Capital employed (average)				
Total equity (average for the period)	**139.9**	149.0	**149.3**	144.9
Net interest-bearing debt (average for the period)	**89.3**	68.2	**72.5**	69.1
Capital employed (average)	**229.3**	217.2	**221.8**	214.0
Return on capital employed (ROCE), %				
Operating profit (full-year adjusted)	**4.0**	-1.0	**13.4**	14.8
Capital employed (average for the period)	**229.3**	217.2	**221.8**	214.0
Return on capital employed (ROCE), %	**1.7%**	-0.5%	**6.0%**	6.9%
Equity-to-assets ratio, %				
Total equity	**151.6**	147.1	**151.6**	147.1
Total shareholders' equity and liabilities	**289.5**	277.1	**289.5**	277.1
Advances received	**0.4**	0.4	**0.4**	0.4
Equity-to-assets ratio, %	**52.4%**	53.2%	**52.4%**	53.2%
Earnings per share, EUR				
Net profit for the period attributable to the equity holders of the parent company	**-2.6**	-3.3	**4.4**	6.1
Hybrid capital accrued unrecognized interests after tax	**-0.1**	-0.6	**-0.6**	-1.1
Adjusted weighted average number of shares	**38 451 189**	38 322 792	**38 387 341**	38 322 792
Earnings per share, EUR	**-0.06**	-0.10	**0.10**	0.13
Equity per share, EUR				
Equity attributable to equity holders of the parent company	**121.9**	117.0	**121.9**	117.0
Adjusted number of shares at the end of the period	**38 547 792**	38 322 792	**38 547 792**	38 322 792
Equity per share, EUR	**3.16**	3.05	**3.16**	3.05