

Rapala VMC Denmark A/S
Lillehøjvej 2

8600 Silkeborg

CVR No. 13254435

Annual Report
1 January 2022 - 31 December 2022

(The company's 33. financial year)

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on



Janne Johannes Mahlamäki
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Rapala VMC Denmark A/S for the financial year 1 January 2022 - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Silkeborg, 19 April 2023

Executive Board



Janne Johannes Mahlamäki

Board of Directors



Janne Johannes Mahlamäki



Olli Tapani Aho



Tuomo Ilmari Leino

Independent Auditors' Report

To the shareholders of Rapala VMC Denmark A/S

Opinion

We have audited the financial statements of Rapala VMC Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

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

Independent Auditors' Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

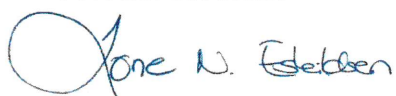
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent Auditors' Report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Århus, 19 April 2023

EY Godkendt Revisionspartnerselskab
CVR-no. 30700228



Lone Nørgaard Eskildsen
State Authorised Public Accountant
ID: mne32085

Company details

Company	Rapala VMC Denmark A/S Lillehøjvej 2 8600 Silkeborg
Telephone	87114170
E-mail	info.dk@rapalavmc.com
CVR No.	13254435
Date of formation	1 July 1989
Financial year	1 January 2022 - 31 December 2022
Board of Directors	Janne Johannes Mahlamäki Olli Tapani Aho Tuomo Ilmari Leino
Executive Board	Janne Johannes Mahlamäki
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 P.O. Box 330 8100 Aarhus C CVR-no.: 30700228

Management's Review

The Company's principal activities

Rapala Denmark has acted as an agent to promote sales of fishing equipment for Rapala VMC North Europe Oy.

Accounting Policies

Reporting Class

The annual report of Rapala VMC Denmark A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The annual report is presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

Accounting Policies

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, cost of sales, other operating income and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms 2020. The Company has decided to apply IAS 11/IAS 18 as it's basis of interpretation for the recognition of revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other operating expenses

Other operating expenses include items relating to activities secondary to the main activity of the enterprises.

Accounting Policies

Amortisation and impairment of tangible and intangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Fixtures and fittings, other plant and equipment	3-5 years	0%

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on net profit for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Accounting Policies

Property, plant and equipment

Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts. The Company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting Policies

Equity

Equity comprises the share capital and a number of equity items that may be statutory or stipulated in the articles of association.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividend recognised in equity

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2022 kr.	2021 kr.
Gross profit		1,755,354	3,056,716
Staff costs	1	-1,392,221	-5,827,796
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		-138,233	-145,314
Other operating expenses		-89,674	0
Profit from ordinary operating activities		135,226	-2,916,394
Financial income	2	18,917	17,744
Financial expenses	3	-140,324	-117,485
Profit from ordinary activities before tax		13,819	-3,016,135
Tax for the year		-140,000	-460,000
Profit		-126,181	-3,476,135
Recommended appropriation of profit/loss			
Proposed dividend recognised in equity		0	13,800,000
Other statutory reserves		0	-103,629
Retained earnings/accumulated loss		-126,181	-17,172,506
		-126,181	-3,476,135

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Assets			
Completed development projects		169,171	294,949
Intangible assets		<u>169,171</u>	<u>294,949</u>
Fixtures and fittings, other plant and equipment		6,228	18,683
Property, plant and equipment		<u>6,228</u>	<u>18,683</u>
Fixed assets		<u>175,399</u>	<u>313,632</u>
Trade receivables		1,194,244	5,912,799
Receivables from group enterprises		1,880,347	16,964,590
Deferred tax assets		0	140,000
Other receivables		2,214,713	2,356,802
Accrued income		19,474	30,928
Receivables		<u>5,308,778</u>	<u>25,405,119</u>
Cash and cash equivalents		<u>4,145</u>	<u>6,921</u>
Current assets		<u>5,312,923</u>	<u>25,412,040</u>
Assets		<u>5,488,322</u>	<u>25,725,672</u>

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Share capital		1,000,000	1,000,000
Reserve for development costs		230,060	230,060
Retained earnings		3,946,933	4,073,114
Proposed dividend recognised in equity		0	13,800,000
Equity		5,176,993	19,103,174
Trade payables		56,382	5,469,069
Other payables		254,947	1,153,429
Short-term liabilities other than provisions		311,329	6,622,498
Liabilities other than provisions		311,329	6,622,498
Liabilities and equity		5,488,322	25,725,672
Contractual obligations and contingencies, etc.	4		
Related parties	5		

Notes

	2022 kr.	2021 kr.
1. Employee benefits expense		
Wages and salaries	1,239,010	5,449,435
Post-employment benefit expense	148,179	356,522
Social security contributions	5,032	21,839
	<u>1,392,221</u>	<u>5,827,796</u>
Average number of employees	<u>2</u>	<u>9</u>
2. Financial income		
Other financial income from group enterprises	6,842	16,923
Other financial income	12,075	821
	<u>18,917</u>	<u>17,744</u>
3. Financial expenses		
Other financial expenses from group enterprises	661	4,624
Other financial expenses	139,663	112,861
	<u>140,324</u>	<u>117,485</u>

4. Contractual obligations and contingencies, etc.

Contingent liabilities include future rental services totalling 298 TDKK as per 31. December 2022 (635 TDKK in 2021).

5. Related parties

Rapala VMC Denmark A/S' related parties comprise the following:

Parties exercising control:

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Rapala VMC Corporation	Mäkelänkatu 87, Fin-00610, Helsinki	Participating interest