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DENMARK A/S

Rapala VMC Denmark A/S

Lillehøjvej 2, 8600, Silkeborg

CVR no. 13 25 44 35

Annual report 2021

Approved at the Company's annual general meeting on 9 May 2022

Chair of the meeting:

....
Janne Johannes Mahlamäki

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Rapala VMC Denmark A/S for the financial year 1 January - 31 December 2021.

The annual report is 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Silkeborg, 9 May 2022
Executive Board:

Janne Johannes Mahlamäki

Board of Directors:

Olli Tapani Aho	Jan-Elof Cavander	Janne Johannes Mahlamäki

Independent auditor's 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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for 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' 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 responsibilities 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.

Auditor's responsibilities 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.

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 risks of material misstatement of 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 the override of internal control.

Independent auditor's report

- 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.

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.

Aarhus, 9 May 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lone N. Eskildsen

Lone Nørgaard Eskildsen
State Authorised Public Accountant
mne32085

Management's review

Company details

Name	Rapala VMC Denmark A/S
Address, Postal code, City	Lillehøjvej 2, 8600, Silkeborg
CVR no.	13 25 44 35
Established	1 July 1989
Registered office	Silkeborg
Financial year	1 January - 31 December
Board of Directors	Olli Tapani Aho Jan-Elof Cavander Janne Johannes Mahlamäki
Executive Board	Janne Johannes Mahlamäki
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Business review

The main activity, as in previous years, has consisted in conducting a trading business with the sale of products, first of all in the leisure sector.

Financial review

The income statement for 2021 shows a loss of DKK 3,476,135 against a loss of DKK 2,504,629 last year, and the balance sheet at 31 December 2021 shows equity of DKK 19,103,174.

The negative result for the year can be explained primarily by the consequences of the divestment of the company's hunting business.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

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Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Gross profit	3,056,716	4,644,159
2	Staff costs	-5,827,796	-6,807,259
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-145,314	-170,993
	Profit/loss before net financials	-2,916,394	-2,334,093
3	Financial income	17,744	229,596
4	Financial expenses	-117,485	-80,932
	Profit/loss before tax	-3,016,135	-2,185,429
5	Tax for the year	-460,000	-319,200
	Profit/loss for the year	-3,476,135	-2,504,629

	2021	2020
Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	13,800,000	0
Other statutory reserves	-103,629	-103,416
Retained earnings/accumulated loss	-17,172,506	-2,401,213
	-3,476,135	-2,504,629

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Completed development projects	294,949	427,426
		294,949	427,426
7	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	18,683	62,170
	Leasehold improvements	0	109,328
		18,683	171,498
	Total fixed assets	313,632	598,924
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	0	9,754,573
	Prepayments for goods	0	414,115
		0	10,168,688
	Receivables		
	Trade receivables	5,912,799	11,181,411
	Receivables from group enterprises	16,964,590	9,175,974
	Deferred tax assets	140,000	600,000
	Other receivables	2,356,802	157,276
	Prepayments	30,928	112,783
		25,405,119	21,227,444
	Cash	6,921	7,345
	Total non-fixed assets	25,412,040	31,403,477
	TOTAL ASSETS	25,725,672	32,002,401

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,000,000	1,000,000
	Reserve for development costs	230,060	333,689
	Retained earnings	4,073,114	21,245,620
	Dividend proposed	13,800,000	0
	Total equity	19,103,174	22,579,309
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	5,469,069	6,601,941
	Payables to group enterprises	0	282,435
	Other payables	1,153,429	2,538,716
		6,622,498	9,423,092
		6,622,498	9,423,092
	TOTAL EQUITY AND LIABILITIES	25,725,672	32,002,401

1 Accounting policies
8 Contractual obligations and contingencies, etc.
9 Collateral
10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
Equity at 1 January :	1,000,000	333,689	21,245,620	0	22,579,309
Transfer through appropriation of loss	0	-103,629	-17,172,506	13,800,000	-3,476,135
Equity at 31 Decemt	1,000,000	230,060	4,073,114	13,800,000	19,103,174

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Rapala VMC Denmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are 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.

Income statement

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.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

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.

Cost of sales

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 areidentifiable 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. The amortisation period is usually # years and cannot exceed # years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding # years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

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 dividends

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".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2021	2020
2	**Staff costs**		
	Wages/salaries	5,449,435	6,165,619
	Other social security costs	356,522	598,928
	Other staff costs	21,839	42,712
		5,827,796	6,807,259
	Average number of full-time employees	9	15
3	**Financial income**		
	Interest receivable, group entities	16,923	13,100
	Other financial income	821	216,496
		17,744	229,596
4	**Financial expenses**		
	Interest expenses, group entities	4,624	35,617
	Other financial expenses	112,861	45,315
		117,485	80,932
5	**Tax for the year**		
	Deferred tax adjustments in the year	460,000	319,200
		460,000	319,200

6 **Intangible assets**

DKK	Completed development projects
Cost at 1 January 2021	582,377
Cost at 31 December 2021	582,377
Impairment losses and amortisation at 1 January 2021	154,951
Amortisation for the year	132,477
Impairment losses and amortisation at 31 December 2021	287,428
Carrying amount at 31 December 2021	294,949

Financial statements 1 January - 31 December

Notes to the financial statements

7 **Property, plant and equipment**

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	4,506,208	109,328	4,615,536
Disposals	-4,346,608	-109,328	-4,455,936
Cost at 31 December 2021	159,600	0	159,600
Impairment losses and depreciation at 1 January 2021	4,444,038	0	4,444,038
Depreciation	12,836	0	12,836
Reversal of accumulated depreciation and impairment of assets disposed	-4,315,957	0	-4,315,957
Impairment losses and depreciation at 31 December 2021	140,917	0	140,917
Carrying amount at 31 December 2021	18,683	0	18,683

8 **Contractual obligations and contingencies, etc.**

Other financial obligations

Contingent liabilities include future rental services totalling 635 TDKK as per 31. December 2021 (2,750 TDKK in 2020)

9 **Collateral**

The Company has not provided any security or other collateral in assets at 31 December 2021.

10 **Related parties**

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

Parties exercising control

Related party	Domicile	Basis for control
Rapala VMC Corporation	Mäkelänkatu 87, Fin-00610, Helsiki	Participating interest