

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

Product Name	EUR 25 million 5.25 % Callable Hybrid Capital Securities
ISIN	FI4000410626
Name of PRIIP Manufacturer	Rapala VMC Corporation (“the Issuer”), Call +358 9 7562 540 for more information or visit <a href="https://www.rapalavmc.com">https://www.rapalavmc.com</a>
Regulated by	The Financial Supervisory Authority (FIN-FSA, Finland)
Produced	06 November 2019

**You are about to purchase a product that is not simple and may be difficult to understand.**

## What is this product?

<b>Type</b>	This product is a financial instrument in the form of an unsecured subordinated hybrid security subject to Finnish Law.																																
<b>Objectives</b>	<p>This product is a security that offers interest income which is initially fixed for the first two years. The interest for each subsequent two-year period is fixed at the respective interest reset date at the beginning of each two-year period. The product has no fixed maturity, but the Issuer may elect to redeem the security by using its unilateral call right, first as per 13 November 2021 and annually thereafter. The invested capital will only become due for repayment after the Issuer has exercised its call right. If the product is not called on the first call date, an interest step-up of 5.00 % p.a. will apply. The Issuer has the right to defer interest payments, i.e. to not to pay interest on the respective interest payment dates, but the Issuer must make up for the deferred interest payments under certain conditions. In addition to the regular call right which is exercisable first as per 13 November 2021 and annually thereafter, the Issuer has an additional call right for redemption at any time in the case of certain pre-defined special events (Tax-, Accounting-, Corporate Restructuring-, Replacing Capital Event, Withholding Tax and Change of Control). You have no right against the Issuer to redeem the product and thus make the invested capital due for repayment. Your claim against the Issuer under the product is deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, all ordinary creditors will be satisfied with priority claims before you.</p> <p>The following are indicative terms based on current market conditions:</p> <table> <tr> <td>Minimum subscription amount</td> <td>EUR 100,000</td> </tr> <tr> <td>Term</td> <td>Perpetual (no fixed term)</td> </tr> <tr> <td>Currency</td> <td>EUR</td> </tr> <tr> <td>Issue price</td> <td>100 %</td> </tr> <tr> <td>Issue date</td> <td>13 November 2019</td> </tr> <tr> <td>Nominal amount</td> <td>EUR 25 million</td> </tr> <tr> <td>First fixed rate</td> <td>5.25 % p.a.</td> </tr> <tr> <td>Interest determination period</td> <td>2 years</td> </tr> <tr> <td>Interest payment dates</td> <td>Annually in arrears</td> </tr> <tr> <td>Interest payment structure</td> <td>5.25 % p.a. for the first two years. Thereafter, at the beginning of each two-year fixed interest period the annual interest rate will be determined as the 2-year swap rate plus the initial credit margin of 5.5980 % p.a. plus the step-up margin of 5.00 % p.a.</td> </tr> <tr> <td>Issuer Call Right</td> <td>First call as per 13 November 2021, and annually thereafter</td> </tr> <tr> <td>Redemption price at first call</td> <td>100%</td> </tr> <tr> <td>Redemption amount</td> <td>100% of nominal amount</td> </tr> <tr> <td>Interest payment step-up date</td> <td>13 November 2021</td> </tr> <tr> <td>Call right of investor</td> <td>None</td> </tr> <tr> <td>Stock Market Listing</td> <td>None</td> </tr> </table>	Minimum subscription amount	EUR 100,000	Term	Perpetual (no fixed term)	Currency	EUR	Issue price	100 %	Issue date	13 November 2019	Nominal amount	EUR 25 million	First fixed rate	5.25 % p.a.	Interest determination period	2 years	Interest payment dates	Annually in arrears	Interest payment structure	5.25 % p.a. for the first two years. Thereafter, at the beginning of each two-year fixed interest period the annual interest rate will be determined as the 2-year swap rate plus the initial credit margin of 5.5980 % p.a. plus the step-up margin of 5.00 % p.a.	Issuer Call Right	First call as per 13 November 2021, and annually thereafter	Redemption price at first call	100%	Redemption amount	100% of nominal amount	Interest payment step-up date	13 November 2021	Call right of investor	None	Stock Market Listing	None
Minimum subscription amount	EUR 100,000																																
Term	Perpetual (no fixed term)																																
Currency	EUR																																
Issue price	100 %																																
Issue date	13 November 2019																																
Nominal amount	EUR 25 million																																
First fixed rate	5.25 % p.a.																																
Interest determination period	2 years																																
Interest payment dates	Annually in arrears																																
Interest payment structure	5.25 % p.a. for the first two years. Thereafter, at the beginning of each two-year fixed interest period the annual interest rate will be determined as the 2-year swap rate plus the initial credit margin of 5.5980 % p.a. plus the step-up margin of 5.00 % p.a.																																
Issuer Call Right	First call as per 13 November 2021, and annually thereafter																																
Redemption price at first call	100%																																
Redemption amount	100% of nominal amount																																
Interest payment step-up date	13 November 2021																																
Call right of investor	None																																
Stock Market Listing	None																																

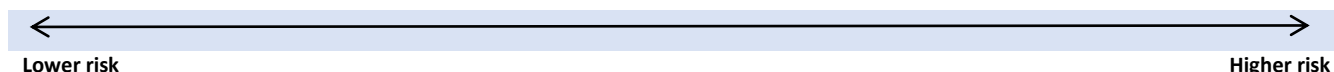
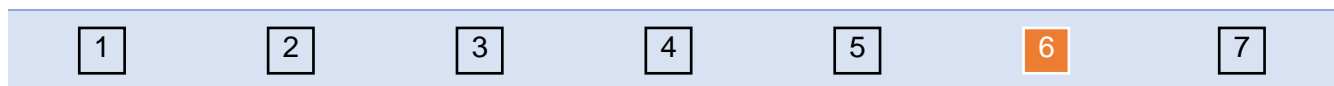
The product has no fixed maturity. It is designed to be called by the Issuer.

<b>Intended retail investor</b>	<p>The product is intended for:</p> <p>Clients that are eligible counterparties, professional clients or retail clients and who qualify as informed or advanced investors. Informed investors, having average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted with them only). Advanced investors, having one, or more, of the</p>
---------------------------------	--

following characteristics; (i) good knowledge of relevant financial products and transactions, or (ii) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service. Additionally, the clients should have the ability to bear losses of up to 100% of the capital invested in the product, and have a high risk tolerance and therefore no need of a fully guaranteed income or return profile. Finally, the clients' investment objective should be to generate growth of the invested capital over a medium- to long-term investment horizon.

## What are the risks and what could I get in return?

### Risk indicator



The risk indicator assumes you keep the product until 13 November 2021. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of the product compared to other products. It shows how likely it is that you will lose money because of movements in the markets or because we are not able to pay you. We have classified the product as 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a very high level, and poor market conditions are likely to impact the capacity of the Issuer to pay you.

You bear the risk that the redemption will take place at a time which is unfavourable for you and which can be earlier or later than the first call date. This product does not include any protection from future market performance so you could lose some or all of your investment. If the Issuer is not able to pay you what is owed, you could lose your entire investment.

### Performance scenarios<sup>1</sup>

Investment EUR 10,000		1 year	13 November 2021 (Recommended holding period)
<b>Stress scenario</b>	<b>What you might get back after costs</b>	11,000.00	11,050.00
	Average return each year	9.97%	5.11%
<b>Unfavourable scenario</b>	<b>What you might get back after costs</b>	11,000.00	11,050.00
	Average return each year	9.97%	5.11%
<b>Moderate scenario</b>	<b>What you might get back after costs</b>	11,000.00	11,050.00
	Average return each year	9.97%	5.11%
<b>Favourable scenario</b>	<b>What you might get back after costs</b>	11,000.00	11,050.00
	Average return each year	9.97%	5.11%

This table shows the money you could get back until 13 November 2021, under different scenarios, assuming that you invest EUR 10,000.00. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Issuer is not able to pay you. This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the recommended holding period. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself but does not include the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

<sup>1</sup> Please note that the indicative amounts and returns in this table are calculated based on the method prescribed by applicable law. Due to the way the calculations must be carried out, the figures, particularly in the column "1 year", are not a likely estimate of actual amounts or returns achievable in case of sale or redemption of the product after such periods. Performance scenarios neither consider the risk that the Issuer will not exercise its right of redemption nor the Issuer's right to defer interest payments.

## What happens if Rapala VMC Corporation is unable to pay out?

You are exposed to the risk that the Issuer will not exercise its right of redemption and that the invested capital will therefore not be repaid to you. The Issuer is also entitled to defer interest payments, but must make up for the deferred interest payments under certain conditions. If the Issuer is unable to meet its (re)payment resulting from the product, you may suffer losses up to a total loss of the invested capital. Upon a payment default, your sole remedy available for recovery in respect of any payment of principal or interest will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it. Your claim against the Issuer under the product is deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, all ordinary creditors will be satisfied with priority claims before you. The product is unsecured debt instrument and the obligations under the product will not be obligations of anyone other than the Issuer and they will not be guaranteed. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the product. A loss resulting from the Issuer not being able to meet its (re)payment obligations is not covered by a compensation or protection system for investors.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for two different holding periods. They include potential early exit penalties. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

### Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment (EUR 10,000) Scenarios	If you cash in after 1 year	If you cash in at the recommended holding period
Total costs (EUR)	EUR 100	EUR 50
Impact on return (RIY) per year	1.03 %	0.27 %

### Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period.
- What the different cost categories mean.

### This table shows the impact on return per year

<b>One-off costs</b>	Entry costs	0.27 %	The impact of the costs you pay when entering your investment.
	Exit costs	n.a.	The impact of the costs of exiting your investment when it matures.
<b>Ongoing costs</b>	Portfolio transaction costs	0 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0 %	The impact of the costs that we take each year for managing your investments.

## How long should I hold it and can I take money out early?

Recommended holding period: until 13 November 2021

The product is so called perpetual, i.e. it does not have a pre-determined maturity date. Since the security is designed to be called at the first call date (i.e. 13 November 2021), the recommended holding period equals the first call date.

The actual holding period can be shorter or longer due to the perpetual callable structure of the product as well as unfavourable market conditions. In addition to the regular call right which exercisable first as per 13 November 2021 and annually thereafter, the Issuer has an additional call right for redemption at any time in the case of certain pre-defined special events (Tax-, Accounting-, Corporate Restructuring-, Replacing Capital Event, Withholding Tax and Change of Control).

Only the Issuer has the right to redeem the product via exercise of its call right(s), you have no right to be redeemed prior to call of the product by the Issuer. The only option may be to sell the product over-the-counter prior to repayment by the Issuer.

This product cannot easily be cashed in. This means it is difficult to estimate how much you would get back if you cash in before the recommended holding period. You will either be unable to sell early or you may have to pay high costs or make a large loss if you do so.

## How can I complain?

Any complaint regarding the product or the conduct of the Issuer can be submitted in written form to Rapala VMC Corporation, Mäkelänkatu 91, 00610 Helsinki, Finland or info@rapala.fi. If you have a complaint about a person who is advising on, or selling, the product you should pursue that complaint with the relevant person.

## Other relevant information

The terms and conditions and the information memorandum are the sole legally binding documentation for the product. To obtain full information on the product, in particular about the product characteristics and the risks associated with this investment, the terms and conditions and the information memorandum should be read. All documents can be requested from Rapala VMC Corporation.