



REKA
INDUSTRIAL



Reka Industrial Plc

**Half Year Financial Report
January - June 2023**



Reka Industrial Plc: The corporate sale of Reka Cables Ltd completed – Reka Industrial is on the edge of renewal



Reka Industrial Plc's half year financial report January - June 2023

January - June 2023

- Reka Industrial Group's turnover was EUR 78.1 (100.8) million
- EBITDA was EUR 38.1 (6.7) million
- The Operating result was EUR 37.4 (3.8) million
- The Group's result for the period was EUR 34.8 (1.5) million

Near-term outlook : In 2023 EBITDA is expected to be around EUR 38 million.

President and CEO Sari Tulander:

November 2022 signed agreement with Nexans Group the corporate sale of Reka Cables Ltd was completed end of April 2023. As a result of corporate sale EUR 31.0 million sales profit was recorded.

After the corporate sale Reka Industrial plc has paid back the redemption of its Green Bond and all its financial bank loans in Finland.

Reka Industrial Plc has strategy process in progress. Target is to communicate about the progress of strategy work during the first half year of 2024. During the strategy work the funds are invested mainly to low risk investments and short-term deposits.

The turnover and result January – April 2023 of Reka Cables is included to the 2023 financial figures of Reka Industrial. Due to that and due to recognition of corporate sale in the first half of the year the turnover and result between H1 and H2 will differ substantially, as the turnover of the second half of the year consists only from Rubber segment.

2023 is for Rubber segment year of investments for the future growth. The recruitments already made and still to be made as well all investments aim for the growth in the future. Rubber segment has strong position in selected market segments. Delivery performance of all factories is good.

We publish the key figures without IAS 19 defined benefit pension liability entries, as changes in the discount rate fluctuate the IAS 19 figures.

Major events during the financial period

The Finnish Competition and Consumer Authority gave its approval regarding the sale of all outstanding shares in Reka Industrial Plc's wholly owned

subsidiary Reka Cables Ltd to Nexans Group. As announced on 10 November 2022, the transaction was conditional to the approval of the Extraordinary General Meeting and approvals of authorities. The Extraordinary General meeting approved the transaction on 15 December 2022.

The sale of the shares of Reka Cables Ltd was completed on 26 April 2023. Jukka Poutanen, the Managing Director of Reka Industrial Plc and Reka Cables Ltd, joined as Managing Director of Reka Cables Ltd to Nexans Group following the completion of the sale of Reka Cables Ltd.

Reka Industrial Plc successfully issued in 2019 EUR 10 million Green Bond. The proceeds from the Green Bond has been used in accordance with the Green Bond Framework to eligible assets that are compatible with the product offering of Reka Cables Ltd and to the development of Reka Cables Ltd's production and production facilities to improve its efficiency and sustainability. Part of the proceeds have been used for refinancing purposes.

A separate investor letter was published in March. The original maturity date of the bond was 6 December 2024. In connection with the sale of Reka Cables Ltd the security of the Green Bond given by Reka Cables Ltd was substituted and released by giving an account pledge by Reka Industrial Plc. Reka Industrial Plc also notified that it will of the early redemption of the Green Bond. The redemption was carried out according to the terms and conditions of the Green Bond in May 2023. On the redemption date Reka Industrial Plc paid the redemption price equal to 101.25 per cent of outstanding nominal amount of the notes together with any accrued but unpaid interest in accordance with the terms and conditions of the

Green Bond. Reka Industrial Plc used existing liquidity reserves to finance the redemption.

The Extraordinary General Meeting 15 December 2022 authorized as proposed by the Board of Directors that EUR 0.20 per share will be distributed to shareholders from the company's unrestricted equity after the completion of the corporate sale of Reka Cables Ltd. The Extraordinary General Meeting authorized the Board of Directors to decide the record and payment dates of the distribution from the non-restricted equity, however having the payment date within a month from completion of the corporate sale of Reka Cables Ltd.

The Board of Directors of Reka Industrial Plc decided the record date to be 15 May 2023 and payment date to be 23 May 2023.

M. Sc. (Econ.) Sari Tulander was appointed as President and CEO of Reka Industrial Plc starting 11 May 2023. Tulander has been CFO of the company since May 2007 and continues as CFO of the Group.

Figures in brackets refer to the same period a year earlier, unless otherwise stated. The half year financial report is unaudited.

Key figures

	1-6/2023	1-6/2022	1-12/2022
Turnover, EUR million	78.1	100.8	202.9
EBITDA, EUR million	38.1	6.7	15.2
Operating result, % from turnover	48.0	3.8	5.0
Result for the period, EUR million	34.8	1.5	9.0
Earnings per share, EUR	5.81	0.26	1.50
Net cash provided by operating activities, EUR million	0.6	0.1	9.9
IAS 19 corrected ROI, %	80.5	16.2	23.5
IAS 19 corrected Equity ratio, %	74.0	16.2	22.8

Reka Industrial presents alternative key figures so that the effects of IAS 19 recognition of defined benefit pension liabilities are eliminated from the key figures' income and balance sheet items in order to better monitor the development of operations.

The entries of the IAS 19 defined benefit plan in the income statement are presented below the operating result as a separate item before the share of the result of associated companies. In this way, the development of Reka Industrial's business can be better monitored.

Turnover and operating result

The Group's turnover was EUR 78.1 million (100.8 million). EBITDA was EUR 38.1 million (6.7 million) and operating result was EUR 37.4 million (3.8 million). The result for the review period was EUR 34.8 million (1.5 million). The financial figures of Reka Cables Ltd has been noticed until end of April 2023. As a result of corporate sale of Reka Cables Ltd EUR 31.0 million sales profit was recorded.

Balance sheet and financing

At the end of the review period the interest-bearing liabilities were EUR 6.3 (31 December 2022 27.6)

million, of which other than finance lease liabilities were EUR 0.9 (31 December 2022 17.5) million.

The EUR 10 million Green Bond issued by Reka Industrial Plc in 2019 was denominated in euros and taken into account in liabilities of continuing operations. The original maturity date of the bond was 6 December 2024. Due to the sale of Reka Cables Ltd the security of the Green Bond given by Reka Cables Ltd was substituted and released by giving an account pledge by Reka Industrial Plc. Reka Industrial Plc also notified that it will of the early redemption of the Green Bond. The redemption was carried out according to the terms and conditions of the Green Bond in May 2023. On the redemption date Reka Industrial Plc paid the redemption price equal to 101.25 per cent of outstanding nominal amount of the notes together with any accrued but unpaid interest in accordance with the terms and conditions of the Green Bond. Reka Industrial Plc used existing liquidity reserves to finance the redemption.

The Group's interest-bearing liabilities to external parties on 30 June 2023:

EUR million	Continuing operations	Discontinued operations	Total
Lease liabilities	5.3	-	5.3
Other interest-bearing liabilities	0.9	-	0.9
Total	6.3	-	6.3

The Group's interest-bearing liabilities to external parties on 31 December 2022:

EUR million	Continuing operations	Discontinued operations	Total
Lease liabilities	5.6	4.5	10.1
Other interest-bearing liabilities	11.9	5.6	17.5
Total	17.5	10.1	27.6

The balance sheet total at the end of the review period was EUR 71.8 million. On 31 December 2022 the balance sheet totalled at EUR 87.1 million.

Sustainability

Our sustainability actions are guided by the UN Sustainable Development Goals. Sustainable development is based on energy efficiency, the circular economy, and the production and use of renewable energy.

Sustainability and building a sustainable future are a key part of our strategy. We are committed to the UN Sustainable Development Goals, which to support we have set environmental goals.

The share of electricity in energy use is increasing, especially in vehicles and industry. Wind and solar power will help to reduce CO2 emissions from energy production, save natural resources and achieve a carbon-neutral future. Reka Rubber, which participates in solutions for the vehicle industry, is involved in the electrification of the vehicle industry. Reka Rubber is a manufacturer of small and medium-sized series of rubber components for the vehicle and mechanical engineering industries.

Reducing CO2 emissions and measures to achieve carbon neutrality have been emphasized in recent years. In addition to calculating the carbon footprint, processes, technologies and products are actively developed to reduce the carbon footprint.

Our production plants use green electricity and efforts are made to reduce the carbon footprint in

production facilities, production processes and product development. Solar panels were installed to Aura production plant in spring 2023.

In the future, climate-related issues will require investments and development effort both to reduce one's own carbon footprint and to meet the growing demands of customers.

The war in Ukraine has been reflected in a general increase in the prices of metal parts as the total supply decreases. The war in Ukraine has also been reflected in matters related to personnel, as there are Ukrainians working especially at our production plant in Poland.

Macroeconomic environment

Part of the Group's financing is tied to a reference interest rate, part to a fixed interest rate. The rise in reference interest rates has increased the total interest costs both for the financing of trade receivables and for traditional loans. Reference rates are actively monitored and updated to the Group's forecasts and plans. Since bank loans in Finland were paid during spring 2023, this will reduce the impact of a rise in reference rates to the financial costs in the future.

Inflation can be seen as an increase in the cost of both labour and materials and components and services. The price of electricity is partially protected at the Finnish production plants, but the Polish production plant's energy costs clearly increased in 2023. In 2022, the electricity price of the Polish production plant was fixed and the price increase therefore did not affect the year 2022. The increase in the price of electricity and the high level of inflation in Poland accelerate some production arrangements and efficiency measures. Change and efficiency measures are also being carried out at the factories in Finland. In the rubber industry, suppliers have added an electricity surcharge to their charges. The electric surcharge has also been used in the customer interface of the rubber industry. There is still a delay in getting the costs into customer prices.

The COVID-19 is still affecting as high level of sick leaves as personnel with related symptoms has stayed home to eliminate the possible infection risk.

Segments

The rubber industry will continue to be Reka Industrial's industrial business segment.

Rubber segment

The rubber segment's turnover was EUR 17.1 million (EUR 15.9 million). EBITDA was EUR 1.3 million (EUR 1.4 million).

The rubber segment has made several key person recruitments. Especially to the sales, product development and procurement more skilful persons have been recruited.

In order to support growth and to support the productivity of the Polish production unit, the rubber segment initiated the transfer of mold product manufacturing made with injection technology from Poland to Finland at the end of 2022. The transfer is now completed and the Polish production unit concentrate on manufacturing of black hoses and silicone hoses.

To increase the capacity of manufacturing black hoses the rubber segment ordered new extrusion line to the factory in Poland. The price of the new line is EUR 1.3 million and the line is expected to be in production use by the end of July 2024. In addition to the extrusion line investment there are plans for smaller capex both in Finland and Poland to support the growth and productivity increases.

Discontinued operations

Reka Industrial announced on 10 November 2022 that it had signed an agreement with the Nexans Group on the sale of shares in Reka Cables Ltd. With the agreement, Reka Industrial's Cable segment ended and Reka Cables Ltd and its subsidiaries were classified as a discontinued operations.

The corporate sale was completed at the end of April 2023 and therefore the January - April financial figures of Reka Cables Ltd has been noticed in the Group figures.

Reka Industrial presents the income statement separately for both continuing and discontinued operations and for the entire Group. Therefore, the essential issues related to Reka Cables' business are described below.

January – June 2023 the turnover of Reka Cables was EUR 61.0 million and EBITDA was EUR 5.9 million.

The industry's key raw materials are copper, aluminum and plastics. During the review period, price fluctuations for copper and aluminum have been significant. The prices of plastics have risen strongly, and availability has become more difficult.

In the beginning of the year, the price of copper was EUR 7,858 per tonne and the price of aluminum was EUR 2,212 per tonne. In the end of April 2023, the price of copper was EUR 8,037 per tonne and the price of aluminum was EUR 2,135 per tonne.

At its highest point, the daily price of copper during January – April 2023 was EUR 8,718 per tonne in January, and at its lowest in March, at EUR 7,672 per tonne. The price of aluminum has been at its highest in March, when it was EUR 2,435 per tonne, and its lowest in April, when it was EUR 2,068 per tonne.

Investments

During the review period the investments totalled to EUR 0.9 (1.5) million of which the investments to rubber business were EUR 0.5 (0.3) million the investments of discontinued operations January – June were EUR 0.4 million.

Personnel

In January – June 2023 the Group employed an average of 491 (588) people. At the end of the review period, the personnel of the Group was 309 (590), of which 307 (285) represented the Rubber segment.

Annual General Meeting decisions

The Annual General Meeting (AGM) of Reka Industrial Plc was held on 24 May 2023, in Hyvinkää.

The AGM approved the financial accounts for the 2022 accounting period and granted the Company's Board and the Managing Director discharge from liability for the 2022 accounting period.

The AGM resolved, that for the financial period 1.1.2022-31.12.2022 a dividend of 0,20 per share will be paid.

In accordance with the Board of Directors' proposal, the Annual General Meeting decided to approve the company's 2022 remuneration report. According to the Companies Act, the decision is advisory.

The AGM approved the proposed annual (12 months) remuneration of EUR 25,000 for the members of the Board of Directors, EUR 50,000 for the chairman of the Board and EUR 2,500 for the committee members. No separate meeting fees to be paid. The AGM approved that the members of the Board are compensated for their travel expenses.

Circa 40 per cent of the annual remuneration will be paid with the shares of the company. Conversion into the shares will be carried out based on the average share price of the company's class B-share in May 2023 and the shares will be handed over in June 2023.

The AGM resolved that the auditors' fees be paid as per invoice based on competitive bidding of accounting services.

The AGM approved, in accordance with the shareholders' proposal, that the number of members

of the Board shall be six (6) and elected the following persons to the Board: Leena Saarinen, chairman; Matti Hyytiäinen, deputy chairman and Markku E. Rentto, Päivi Marttila, Eeva Raita and Ville Tolvanen as members of the Board. No deputy members were elected.

The AGM elected, in accordance with the shareholders' proposal, Authorized Public Accountants KPMG Ltd, with Authorized Public Accountant Jukka Rajala as responsible auditor, as the Company's auditor for a term that expires at the end of the Annual General Meeting of 2024.

The AGM authorized, in accordance with the Board of Director's proposal, the Board of Directors to decide on the acquisition of the Company's own shares with assets from the Company's unrestricted equity. The shares will be acquired through trading arranged by Nasdaq Helsinki in accordance with its rules, and the consideration to be paid for the shares to be acquired must be based on market price. The Company may acquire B class shares directly by a contractual trade, provided that the number of class B shares to be acquired via contractual trade is at least 15,000 and that the consideration to be paid for the shares is equal to the prevailing market price in Nasdaq Helsinki at the time of the acquisition. When carrying out acquisitions of the Company's own shares, derivatives, stock lending and other agreements customary to the capital markets may be entered into within the limits set by law and regulations.

The authorization entitles the Board of Directors to also decide on a directed acquisition in a proportion other than that of the shares held by the shareholders, provided the Company has a weighty reason for this as defined in the Finnish Companies Act.

The maximum number of class B shares to be acquired may not exceed a total of 588,076. The amount corresponds to approximately 9.77 % of all the shares in the Company and in total 10,0 % of the Company's class B shares.

The Board of Directors is entitled to decide on all other matters pertaining to acquiring of the Company's own shares.

The authorization is in force until the next Annual General Meeting, however not later than November 24, 2024. The authorization replaces the authorization given by the previous Annual General Meeting on April 6, 2022, to repurchase and pledge the company's own shares.

In accordance with the proposal, the Annual General Meeting authorized the Board of Directors to decide on handover of own shares. The amount of shares to be handed over in total can be maximum 588,076 B shares, which corresponds to approximately 9.77 % of all the shares of the Company and in total 10.0 % of the Company's class B shares, depending on the situation on the date of the notice. The authorization entitles the Board of Directors to decide on all other conditions for the handover of shares, including the right to deviate from the shareholders' pre-emptive subscription right.

The authorization is valid until the next Annual General Meeting. The authorization replaces the authorization given by the previous Annual General Meeting on April 6, 2022, for the handover of own shares.

Shares and share capital

Reka Industrial Plc's share capital is divided into A- and B-shares. The total share capital of all the company's shares at the end of June 2023 was EUR 24,081,440 and the number of the shares 6,020,360. The total number of shares includes 37,150 B-shares held by Reka Industrial Plc. The holding represents 0.6 % of the company's share capital and 0.4 % of the votes. The company held no A-shares. Reka Industrial Plc's B-shares (REKA) are listed on the exchange list of NASDAQ Helsinki.

Company shares	30/6/2023	30/6/2022
Company share capital (EUR)	24,081,440	24,081,440
A-shares (20 votes per share)	139,600	139,600
B-shares (1 vote per share)	5,880,760	5,880,760
Total	6,020,360	6,020,360
B-shares held by the company	37,150	48,105

On January-June 2023, a total of 683,249 (610,841) of the company's B shares were traded on NASDAQ Helsinki Ltd, representing 11.6 % (10.4) of the total number of shares. At the end of trading on June 2023 the share price was EUR 6.20 (3.26) and the average share price for the review period was EUR 6.61 (3.63). The lowest quotation in January-June was EUR 5.64 (2.86), with the highest being EUR 7.68 (4.19). The company's market capitalisation was valued at EUR 37.2 million (19,5) on 30 June 2023.

Acquisition of own shares

Reka Industrial did not exercise its authorization to acquire the company's own shares.

Group structure and shareholders

Reka Industrial Plc is parent company in the Group, whose actual business company at 30 June 2023 is Reka Rubber Ltd. Reka Industrial Plc is domiciled in Hyvinkää.

At the end of the review period, Reka Industrial had 10,287 shareholders (10,506). The largest shareholder, Reka Ltd, held 50.16 % of the shares and 65.4 % of the votes. Reka Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

At the end of June 2023, the combined holding of the ten largest shareholders was 61.2 % of the shares and 73.0 % of the votes. The members of the Board of Directors, the Managing Director and the CFO directly and through their controlled corporations owned and controlled on June 30, 2023 a total of 3,280,994 (2,965,814) of Reka Industrial's B shares.

Major events after the review period

There have not been any major events after the end of the review period.

Near-term outlook

In 2023 EBITDA is expected to be around EUR 38 million.

Hyvinkää, 3 August 2023

Reka Industrial Plc
Board of Directors

Further information:
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Risks and uncertainty factors

Reka Industrial's financial risks include currency, interest rate, commodity, liquidity, credit, and investment risks. Financial risks and the related protection measures are described in more detail in notes to the financial statements. The company's future risk factors are related to the development of investment operations and its business segments.

The financial situation in euro area and political uncertainties may have effect on purchase amount of the customers in rubber business as well to the start of new projects. The availability of employees poses challenges to the growth of operations. In the Polish plant in particular, staff turnover and the relative share of sick leave are high and require active and multi-channel recruitment and measures to manage absences.

The increase in the price and availability of energy may directly and indirectly affect the market.

Consolidated income statement (IFRS)

EUR 1,000	Continuing operations 1/1- 30/6/2023	Discontinued operations 1/1- 30/6/2023	Group in total 1/1- 30/6/2023	Continuing operations 1/1- 30/6/2022	Discontinued operations 1/1- 30/6/2022	Group in total 1/1- 30/6/2022
Turnover	17,058	61,006	78,064	15,842	85,005	100,848
Change in inventories of finished products and production in progress	-366	3,225	2,859	-35	6,671	6,636
Production for own use	0	4	4	0	31	31
Other operating income	31,492	46	31,537	108	101	209
Materials and services	-8,692	-49,006	-57,698	-8,150	-74,248	-82,398
Personnel expenses	-5,325	-5,901	-11,226	-4,731	-8,247	-12,978
Depreciation and impairment	-674	0	-674	-719	-2,155	-2,874
Other operating expenses	-1,998	-3,433	-5,431	-1,284	-4,406	-5,690
	14,436	-55,065	-40,628	-14,811	-82,253	-97,064
Operating result	31,494	5,941	37,435	1,031	2,753	3,784
Financial income	279	180	459	-61	358	297
Financial expenses	-791	-1,532	-2,323	-334	-1,714	-2,049
IAS 19 defined benefit plans	1	-231	-229	-427	0	-427
Share of the result of associated companies	0	24	24	338	45	383
Result before taxes	30,984	4,383	35,366	547	1,441	1,988
Taxes	63	-661	-598	-115	-333	-488
Result for the period	31,046	3,721	34,768	432	1,108	1,540
Profit or loss attributable to						
Shareholders of the parent	31,046	3,721	34,768	432	1,108	1,540
Non-controlling interests	0	0	0	0	0	0
	31,046	3,721	34,768	432	1,108	1,540
Earnings per share attributable to the shareholders of the parent, continuing operations						
before dilution, EUR	5.19	0.00	5.19	0.07	0.00	0.07
after dilution, EUR	5.19	0.00	5.19	0.07	0.00	0.07
Earnings per share attributable to the shareholders of the parent, discontinued operations						
before dilution, EUR	0.00	0.62	0.62	0.00	0.19	0.19
after dilution, EUR	0.00	0.62	0.62	0.00	0.19	0.19
Earnings per share attributable to the shareholders of the parent						
before dilution, EUR	5.19	0.62	5.81	0.07	0.19	0.26
after dilution, EUR	5.19	0.62	5.81	0.07	0.19	0.26
Number of shares	5,983,210	5,983,210	5,983,210	5,972,255	5,972,255	5,972,255

Consolidated statement of comprehensive income (IFRS)

EUR 1,000	Continuing operations 1/1- 30/6/2023	Discontinued operations 1/1-30/6/2023	Group in total 1/1 - 30/6/2023	Continuing operations 1/1- 30/6/2022	Discontinued operations 1/1- 30/6/2022	Group in total 1/1- 30/6/2022
Result	31,046	3,721	34,768	432	1,108	1,540
Other comprehensive items that may subsequently reclassified to statement of income						
Translation differences related to foreign units	126	0	126	-15	0	-15
Change in the value of open customer derivatives	0	440	440	0	-2,469	-2,469
Taxes of items that may subsequently reclassified to statement of income	0	-88	-88	0	494	494
Total	126	352	477	-15	-1,975	-1,991
Other comprehensive items that are not subsequently reclassified to statement of income						
Items related to remeasurements of net defined benefit liability	-472	-580	-1,052	9,290	0	9,290
Taxes of items that are not subsequently reclassified to statement of income I	94	116	210	-1,858	0	-1,858
Total	-378	-464	-842	7,432	0	7,432
Other comprehensive items total	-252	-113	-365	7,417	-1,975	5,441
Total comprehensive income	30,794	3,609	34,403	7,849	-867	6,981
Total comprehensive income attributable to						
Shareholders of the parent	30,794	3,609	34,403	7,849	-867	6,981
Non-controlling interests	0	0	0	0	0	0
	30,794	3,609	34,403	7,849	-867	6,981

Consolidated balance sheet (IFRS)

EUR 1,000	30/6/2023	30/6/2022
ASSETS		
Non-current assets		
Goodwill	0	3,252
Other intangible assets	2,901	4,926
Tangible assets	3,296	23,448
Right-of-use assets	3,033	3,347
Holdings in associates	0	1,064
Other shares and holdings	766	0
Guarantee capital investment	8,000	2,300
Other receivables	0	40
IAS19 pension receivable	3,800	3,776
Deferred tax assets	1,821	2,075
Total non-current assets	23,616	44,228
Current assets		
Inventories	4,353	33,513
Sales receivables and other receivables	3,267	11,433
Tax receivables from the profit for the financial year	26	248
Derivative contracts	0	181
Other cash equivalents	40,100	2,946
Cash and cash equivalents	415	1,402
Total current assets	48,161	49,723
Non-current assets held for sale	0	955
Total assets	71,778	94,907
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholder's equity		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-136	-174
Translation differences	-31	-132
Retained profit	27,690	-7,680
Other unrestricted equity	436	436
Equity attributable to shareholders of the parent	53,327	17,819
Non-controlling interest	0	0
Total shareholders' equity	53,327	17,819
Non-current liabilities		
Deferred tax liabilities	1,661	2,198
Provisions	2,175	3,588
Financial liabilities	0	12,981
Lease liabilities	4,924	4,107
Other liabilities	70	96
Derivative contracts	0	227
Current liabilities		
Tax liabilities from the profit	972	631
Provisions	2,451	201
Financial liabilities	931	13,806
Lease liabilities	421	1,603
Derivative contracts	0	1,889
Accounts payable and other liabilities	4,845	35,761
Total liabilities	18,450	77,088
Total shareholders' equity and liabilities	71,778	94,907

Consolidated statement of changes in shareholders' equity (IFRS)

EUR 1,000	A	B	C	D	E	F	G	H	I	J	K	L
Shareholders' equity 31/12/2021	24,082	66	1,221	-287	-116	635	428	436	-15,212	-11,253	0	-11,253
Comprehensive income												
Result for the period									8,978	8,978	0	8,978
Other comprehensive items												
Items related to remeasurements of net defined benefit liability						2,866				2,866		2,866
Taxes of net defined liability						-573				-573		-573
Total						2,293				2,293		2,293
Derivatives							-1,054			-1,054		-1,054
Taxes of derivatives							211			211		211
Total							-843			-843		-843
Translation differences					-41					-41		-41
Total comprehensive income					-41	2,293	-843		8,978	10,387	0	10,387
Other change									25	25		25
Transactions with the owners												
Dividends and return of equity									-535	-535		-535
Payments by own shares				113					7	120		120
Total transactions with the owners				113					-528	-415	0	-415
Shareholders' equity 31/12/2022	24 082	66	1 221	-174	-157	2,928	-415	436	-6,737	21,250	0	21,250

EUR 1,000	A	B	C	D	E	F	G	H	I	J	K	L
Shareholders' equity 31/12/2022	24,082	66	1,221	-174	-157	2,928	-415	436	-6,737	21,250	0	21,250
Comprehensive income												
Result for the period									34,768	34,768	0	34,768
Other comprehensive items												
Items related to remeasurements of net defined benefit liability						-1,052				-1,052		-1,052
Taxes of net defined liability						210				210		210
Total						-842				-842		-842
Derivatives							440			440		440
Taxes of derivatives							-88			-88		-88
Total							352			352		352
Translation differences					126					126		126
Total comprehensive income					126	-842	352		34,768	34,403	0	34,403
Other change									25	25		25
Transactions with the owners												
Dividends and return of equity									-2,389	-2,389		-2,389
Payments by own shares				38						38		38
Total transactions with the owners				38					-2,389	-2,350	0	-2,350
Shareholders' equity 30/6/2023	24,082	66	1,221	-136	-31	2,086	-63	436	25,667	53,327	0	53,327

Explanations for the letter codes:

A Share capital
B Premium fund
C Reserve fund
D Own shares
E Translation differences

F Pension liability IAS 19
G Fair value fund
H Other unrestricted equity
I Retained earnings
J Shareholders' equity to the shareholders of the parent
K Non-controlling interest
L Total shareholders' equity

Consolidated cash flow statement (IFRS)

EUR 1,000	1/1-30/6/2023	1/1-30/6/2022
Cash flows from operating activities		
Payments received from operating activities	83,609	102,168
Payments paid on operating activities	-79,755	-100,228
Paid interests and other financial expenses	-2,249	-1,788
Interests received and other financial incomes	366	92
Direct taxes paid	-315	-140
Net cash provided by operating activities	1,656	105
Cash flows from investments		
Tytäryhtiöosakkeiden myynti	54,181	0
Investments in tangible assets	-793	-1,564
Sales of tangible assets	0	-4
Investments in other assets	-1,138	0
Net cash provided by investing activities	52,250	-1,568
Cash flows from financing activities		
Increase in loans	275	11,796
Decrease in loans	-14,076	-5,294
Payments of finance lease activities	-747	-904
Dividends/return of equity paid	-2,389	-535
Net cash provided by financing activities	-16,937	5,063
Change in cash and cash equivalents at the end of the period	36,970	3,601
Cash and cash equivalents at beginning of the period	802	767
Exchange rate differences	-13	-20
Cancellation of elimination of cash and cash equivalents related to discontinued operations	2,756	0
Cash and cash equivalents at the end of the period	40,515	4,348

- Cash flow statement includes both continuing and discontinued operations.

Notes to the Consolidated Financial Statements

Accounting policies

This unaudited interim report has been prepared in accordance with IAS 34 requirements for interim reports. This interim report has been prepared in accordance with the same principles as the financial statements for 2022. The Group has adopted following new or amended IAS/IFRS standards and interpretations effective from January 1, 2023, but these do not have essential effect on the financial statements.

Sustainability

Our sustainability actions are guided by the UN Sustainable Development Goals. Sustainable development is based on energy efficiency, the circular economy, and the production and use of renewable energy.

Sustainability and building a sustainable future are a key part of our strategy. We are committed to the UN Sustainable Development Goals, which to support we have set environmental goals.

The share of electricity in energy use is increasing, especially in vehicles and industry. Wind and solar power will help to reduce CO₂ emissions from energy production, save natural resources and achieve a carbon-neutral future. Reka Rubber, which participates in solutions for the vehicle industry, is involved in the electrification of the vehicle industry. Reka Rubber is a manufacturer of small and medium-sized series of rubber components for the vehicle and mechanical engineering industries.

Reducing CO₂ emissions and measures to achieve carbon neutrality have been emphasized in recent years. In addition to calculating the carbon footprint, processes, technologies and products are actively developed to reduce the carbon footprint.

Our production plants use green electricity and efforts are made to reduce the carbon footprint in production facilities, production processes and product development. Solar panels were installed to Aura production plant in spring 2023.

In the future, climate-related issues will require investments and development effort both to reduce one's own carbon footprint and to meet the growing demands of customers.

The war in Ukraine has been reflected in a general increase in the prices of metal parts as the total supply decreases. The war in Ukraine has also been reflected in matters related to personnel, as there are Ukrainians working especially at our production plant in Poland.

Macroeconomic environment

Part of the Group's financing is tied to a reference interest rate, part to a fixed interest rate. The rise in

reference interest rates has increased the total interest costs both for the financing of trade receivables and for traditional loans. Reference rates are actively monitored and updated to the Group's forecasts and plans. Since bank loans in Finland were paid during spring 2023, this will reduce the impact of a rise in reference rates to the financial costs in the future.

Inflation can be seen as an increase in the cost of both labour and materials and components and services. The price of electricity is partially protected at the Finnish production plants, but the Polish production plant's energy costs clearly increased in 2023. In 2022, the electricity price of the Polish production plant was fixed and the price increase therefore did not affect the year 2022. The increase in the price of electricity and the high level of inflation in Poland accelerate some production arrangements and efficiency measures. Change and efficiency measures are also being carried out at the factories in Finland. In the rubber industry, suppliers have added an electricity surcharge to their charges. The electric surcharge has also been used in the customer interface of the rubber industry. There is still a delay in getting the costs into customer prices.

The COVID-19 is still affecting as high level of sick leaves as personnel with related symptoms has stayed home to eliminate the possible infection risk.

Acquisitions and disposals of businesses

There were no material business acquisitions during the review period January – June 2023. Reka Industrial sold the shares of Reka Cables Ltd to Nexans Group on 26 April 2023. Impacts of the sale are described in more detail in note Discontinued operations. There were no other material sales during the review period.

Discontinued operations

On November 10, 2022, Reka Industrial signed agreement with Nexans Group regarding the sale of all outstanding shares of Reka Cables Ltd. With the

signing of the agreement, Reka Cables Ltd and its subsidiaries were classified as discontinued operation.

The purchase price for the shares was EUR 53 million. Locked box interest was paid for the purchase price until 31 March 2023. The Corporate sale was completed on 26 April 2023. Therefore the financial result and cash flows of discontinued operations is reported in Reka Industrial financial figures for the period of four months, 1 January – 30 April 2023.

The result of discontinued operations, EUR 1,000	1/1-30/4/2023	1/1-31/12/2022
Turnover	61,006	172,385
Change in inventories of finished products and production in progress	3,225	1,235
Production for own use	4	67
Other operating income	46	187
Materials and services	-49,006	-137,494
Personnel expenses	-5,901	-16,584
Depreciation and impairment	0	-3,751
Other operating expenses	-3,433	-8,791
	-55,065	-165,131
Operating result	5,941	7,254
Financial income	180	668
Financial expenses	-1,532	-3,710
Share of the result of associated companies	24	96
IAS 19 defined benefit plans	-231	0
Result before taxes	4,383	4,308
Taxes	-661	-814
Result for the period	3,721	3,494
Profit or loss attributable to		
Shareholders of the parent	3,721	3,494
Non-controlling interests	0	0
	3,721	3,494
Cash flow from discontinued operations, EUR 1,000	1/1-30/4/2023	1/1-31/12/2022
Cashflows from operating activities	2,974	8,036
Cash flows from investments	7,796	-3,032
Cash flows from financing activities	-9,981	-2,483
Cash flow for the period	789	-2,521

Sold assets	
Consolidated goodwill	3,252
Other intangible assets	1,954
Tangible assets	16,597
Right-of-use assets	3,614
Holdings in associates	3,775
Receivables	40
Deferred tax assets	847
Inventories	25,555
Sales receivables and other receivables	3,971
Tax receivables from the profit for the financial year	57
Derivative contracts	291
Other financial assets	524
Cash and cash equivalents	3,022
Total sold assets	63,499
Sold liabilities	
Deferred tax liabilities	516
Provisions	1,488
Financial liabilities	292
Lease liabilities	1,924
IAS19 pension liability	2,789
Tax liabilities from the profit	546
Financial liabilities	2,618
Lease liabilities	1,959
Derivative contracts	369
Accounts payable and other liabilities	27,852
Total sold liabilities	40,353
Sold net assets	23,146
	30/4/2023
Received compensation in cash	55,650
Sold net assets	-23,146
Other items related to the sales	-1,469
Capital gain of discontinued operations	31,035

Segments

Reka Industrial Group's industrial business segment is rubber industry. All other operations are categorised to Other operations and eliminations.

30/6/2023			
EUR 1,000	Rubber	Eliminations and other operations	Group
Turnover	17,055	61,009	78,064
EBITDA	1,296	36,813	38,109
Unallocated items		-3,342	-3,342
Result before taxes			35,366
Result for the period			34,768
Assets			
Segment's assets	18,332	53,445	71,778
Total assets	18,332	53,445	71,778
Liabilities			
Segment's liabilities	10,601	7,850	18,450
Total liabilities	10,601	7,850	18,450
Assets - Liabilities	7,731	45,596	53,327
Investments	467	430	897
Depreciations		674	674
30/6/2022			
EUR 1,000	Rubber	Eliminations and other operations	Group
Turnover	15,943	84,904	100,848
EBITDA	1,445	5,213	6,658
Unallocated items		-5,118	-5,118
Result before taxes			1,988
Result for the period			1,540
Assets			
Segment's assets	18,330	76,576	94,907
Total assets	18,330	76,576	94,907
Liabilities			
Segment's liabilities	8,695	68,393	77,088
Total liabilities	8,695	68,393	77,088
Assets - Liabilities	9,635	8,185	17,819
Investments	275	1,273	1,547
Depreciations		2,874	2,874

Rubber segment's turnover by product group, EUR million	1-6/2023	1-6/2022
Moulded	5.6	5.4
Hoses	9.5	8.1
Other	2.0	2.4
Total	17.1	15.9

Rubber segment's turnover by sales area, EUR million	1-6/2023	1-6/2022
EU-countries	13.3	14.5
Non-EU-countries	3.8	1.4
Total	17.1	15.9

Taken all market areas into the consideration the largest customer group's share of the Group's turnover was 17.5 %. Other individual customer's share of the Group's turnover was under 10 %.

Other operating income

EUR 1,000	1-6/2023	1-6/2022
Subsidies received	29	58
Rental income	90	82
Gain of the sale of fixed assets, sale of shares of Reka Cables Ltd	31,035	0
Other income	383	68
Total	31,537	209

Other operating expenses

EUR 1,000	1-6/2023	1-6/2022
Short-term variable compensation	-183	-117
Other variable compensation	-423	-544
Rental expenses total	-606	-661
Machinery and property maintenance costs	-1,837	-2,192
Sales and marketing expenses	-721	-499
Voluntary personnel expenses	-542	-449
Other expenses	-1,723	-1,889
Total	-5,431	-5,690

Change in non-current assets

EUR 1,000	1-6/2023	1-6/2022
Book value at the beginning of the period	6,216	27,731
Investments	522	1,542
Depreciation	-362	-2,441
Translation differences	-47	-37
Book value at the end of the period	6,329	26,795

Contingent liabilities and commitments

EUR 1,000	30/6/2023	30/6/2022
Loans from financial institutions	931	16,044
Bond	0	7,194
Granted business mortgages	1,800	27,800
Granted real estate mortgages	1,900	19,093
Book value of pledged securities	0	8,969
Granted guarantees	0	4,408
Guarantees and payment commitments	2,000	2,006

Investment commitments

On June 30, 2023, the investment commitments for tangible assets amounted to EUR 1.0 million (EUR 3.4 million on June 30, 2022).

Derivative financial instruments

EUR 1,000	Positive current values	Negative current values	Current net values 30/6/2023	Current net values 31.12.2022	Nominal values 30/6/2023	Nominal values 31/12/2022
Currency derivatives						
Forward exchange agreements	0	0	0	353		
Raw material options						
Metal derivatives	0	0	0	-872	0	13,768
Total derivatives	0	0	0	-519	0	13,768

Related-party events

The Group's related parties include the subsidiaries and associated companies, other companies belonging to the Reka Group, Reka Pension Fund, the Group's Board of Directors and their close family members as well as management group and their close family members. Also related parties include companies, that have ownership connection through the owner who has significant decision power, or that belong to the related-party companies via the management or board members. Reka Cables Ltd with its subsidiaries belonged to the Reka Industrial Group until the end of April 2023.

Reka Industrial Plc, and therefore also the Reka Industrial Group, belong to the Reka Group. Reka Ltd has a 50.16 percent holding of shares and a 65.36 percent holding of votes.

Related-party transactions

Transactions with the Reka Group

EUR 1,000	1-6/2023	1-6/2022
Other purchases	-388	-499
Other income	3	2
Guarantee commissions	-22	-70
Sales receivables and other receivables at end of the period	209	521
Other debts at the end of the period	0	36

Reka Ltd has guaranteed financing and other agreements of the Reka Industrial Group. Reka Industrial pays a guarantee commission for guarantees. At the end of the review period there were no guarantees.

The Reka Industrial Group uses the Reka Group level finance and supporting systems as well as related licenses and virtual servers..

Transactions with Reka Pension fund

EUR 1,000	1-6/2023	1-6/2022
Paid pension expenses	-1,130	-1,270
Rental expenses	-360	-121
Financial income	162	46
Guarantee capital investment	8,000	2,300
Other debts at the end of the period	351	247
Other receivables at the end of the period	0	46

Reka Group's pension insurances were transferred into Reka's Pension Fund on 31 December 2015. Because of the transfer, pension liabilities of Reka Industrial Group have been processed in IFRS through benefit-based calculation.

In 2022 Reka Rubber Ltd made a guarantee capital investment of EUR 5.7 million and in 2019 Reka Cables Ltd made a guarantee capital investment of EUR 2.3 million in Reka Pension Fund. The guarantee capital investment supports the solvency of the pension fund. The interest on the guarantee capital investment is 4 % p.a.

When Reka Cables Ltd joined Nexans Group at the end of April 2023, remained the EUR 2.3 million guarantee capital investment made by Reka Cables Ltd to the seller i.e. Reka Industrial Group. In case Reka Cables Ltd would leave Reka Pension Fund in future and if in such case Reka Pension Fund would charge any exit fee, the fee will be paid by Reka Industrial Group. Relating the possible exit fee there is expense provision of EUR 2.3 million at the Balance Sheet of the Group.

Transactions with associated companies

EUR 1,000	1-6/2023	1-6/2022
Sales		
Nestor Cables Ltd	0	21
Other purchases		
Nestor Cables Ltd	0	187
Leasing rents		
Riihimäen Kaapelitehdas Ltd	0	543
Liabilities		
Nestor Cables Ltd	0	100

Nestor Cables Ltd was sold in July 2022.

Riihimäen Kaapelitehdas Ltd is a limited liability company that owns a property in Riihimäki where Reka Cables Ltd is the tenant. Reka Cables Ltd owns part of the shares of Riihimäen Kaapelitehdas Ltd and the leasing rents are taken into account in the end of April 2023. The other owners of Riihimäen Kaapelitehdas Ltd are Riihimäen Tilat ja Kehitys and Reka Pension Fund.

Transactions with other related parties

EUR 1,000	1-6/2023	1-6/2022
Rental incomes	4	4
Other purchases	3	5

Other related parties consist of companies that have an ownership relationship through the owner who has significant decision power, or that belong to the related-party companies via the management or board members or their close family members.

The Group has no other significant transactions, receivables or liabilities or guarantees with related parties.

Calculation of key financial indicators

IAS 19 corrected Return on investment (ROI) % = $\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{[\text{Balance sheet total} - \text{obligatory provisions and non-interest-bearing liabilities}] (\text{average})} \times 100$

IAS 19 corrected Equity ratio, % = $\frac{\text{Shareholders' equity} + \text{non-controlling interest excluding effects of IAS 19 bookings}}{\text{Balance sheet total} - \text{advances received excluding effects of OAS 19 bookings}} \times 100$

Earnings per share (EPS), EUR = $\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Numbers of shares adjusted for share issues (average)}}$

Operating profit = the net amount formed when from the net sales are deducted the purchase costs adjusted by the change in the stocks of non-finished and finished goods as well as expenses for production for personal use. Also deducted from the net sales are expenses arising from employee benefits without IAS 19 defined benefit pension arrangements related items, depreciation, amortization and any impairment losses.

EBITDA = the net amount that is formed when depreciation and any impairment losses are added to the operating result

All comments in this report that do not refer to actual facts are future estimates. Such estimates include expectations concerning market trends, growth and profitability as well as statements including the words "believe", "assume" or "will be" or a similar expression. Since these estimates are based on current plans and estimates, they involve risks and uncertainty factors that may cause the actual results to differ substantially from current statements.

Among other things, such factors include 1) operating conditions, such as continued success in production and the ensuing efficiency benefits, availability and cost of production inputs, demand for new products and changes in circumstances affecting the acquisition of capital under acceptable conditions; 2) sector-specific circumstances, such as the intensity of demand for products, the competition, current and future market prices for the Group's products and related pricing pressures, the financial situation of the Group's customers and competitors and competitors' possible new products; and 3) the general economic situation, such as economic growth in the Group's main market areas and change in exchange rates and interest rates.

REKA

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