

An aerial photograph of a multi-lane highway winding through a lush green landscape. The highway has several vehicles, including a red truck and several cars. In the background, three large white wind turbines with three blades each are visible against a clear blue sky. The surrounding area consists of rolling green hills, dense forests, and open fields. The overall scene is bright and sunny, suggesting a clear day.

**REKA**  
INDUSTRIAL

## Reka Industrial

Financial Statement Release  
1 January – 31 December 2022



# Reka Industrial Plc: The year of profitable growth and changes

## January – December 2022:

- The Group's turnover was EUR 202.9 million (EUR 158.1 million)
- EBITDA was EUR 15.2 million (EUR 11.3 million)
- The result for the period was EUR 9.0 million (EUR 1.0 million)
- Cash flow from operating activities was EUR 9.9 million (EUR 8.6 million)

In November 2022 Reka Industrial signed an agreement with Nexans Group regarding the sale of all outstanding shares in company's wholly owned subsidiary Reka Cables Ltd. The purchase price of Reka Cables Ltd's shares is 53 million euros. The purchase price is paid in cash. The acquisition is expected to be completed in the first half of 2023. With the signed agreement, Reka Industrial's Cable industry ended. The rubber industry will continue as part of Reka Industrial's business.

## Near-term outlook:

The acquisition of Reka Cables is a significant change for the group. Because of this, the near-term outlook is given after the acquisition is completed. The acquisition of Reka Cables is expected to be completed in the first half of 2023. The strategy work of Reka Industrial's board of directors is ongoing.

## Managing Director Jukka Poutanen:

In 2022, Reka Industrial Group's net sales of more than 200 million euros will be the largest in the company's history.

Reka Industrial bought Reka Rubber in 2020, when Reka Rubber's turnover was around EUR 20 million. Now the turnover of the rubber industry exceeded 30 million and the market prospects create good conditions for reaching the next turnover category. Both Reka Rubber and Reka Cables made the biggest turnover in their history. The demand situation is good in both industries.

The group's EBITDA of 15 million euros is proof of success in difficult circumstances. Strongly increased procurement prices, global material shortages and logistical challenges have required a lot of effort to ensure deliveries. There is still a clear delay in the transfer of increased costs to customer prices in both industries.

Delivery capacity at our factories in Finland was mostly good throughout the year. Despite overtime and hired labor, the supply capacity of the rubber industry's Polish hose production was challenging for most of the year. The contributions to increase the production capacity and to make the production process more efficient were visible at the end of the year, and the delivery capability was brought to a good level.

## Key Figures

	2022	2021	2020
Turnover, EUR million	202.9	158.1	120.4
EBITDA, EUR million	15.2	11.3	9.4
Operating profit, %	5.0	3.5	3.8
Results for the period, EUR million	9.0	1.0	1.0
IAS 19 corrected ROI, %	23.5	14.7	13.5
IAS 19 corrected Return on Equity, %	32.3	12.4	17.9
IAS 19 corrected Gearing, %	125.2	190.0	238.9
IAS 19 corrected Equity ratio, %	22.8	21.4	17.7
Earnings per share	1.50	0.17	0.16
Gross investment, EUR million	5.8	4.1	12.7

The Administrative Court has stated in its' decision in July 2021 that the subsidiary merge carried out in 2015 is not tax neutral. A total of 1.3 million euros was taken into account in the figures for the 2021 financial year due to the Administrative Court. All payments to the tax authority were made by the end of 2021.

Since the tax treatment of subsidiary mergers is significant in principle, Reka Industrial appealed the Administrative Court's decision to the Supreme Administrative Court in August 2021. The Supreme Administrative Court stated in the summer of 2022 that Reka Industrial's subsidiary merger implemented in 2015 is tax neutral.

In accordance with the decision of the Supreme Administrative Court, the retroactive entry of EUR 1.1 million in equity made in 2021 has been canceled and the comparison data from previous years has been updated accordingly. EUR 0.2 million was taken into account through the income statement. The total amount of EUR 1.3 million has been recorded in short-term receivables.

The Reka Industrial Group (Reka Industrial) uses alternative key figures in its financial reporting in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

The Group joined the pension fund in 2015. Reka Industrial presents alternative key figures so that the effects of IAS 19 recognition of defined benefit pension liabilities are eliminated from the balance sheet items of the key figures 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.

According to Reka Industrial's interpretation, alternative key figures in accordance with ESMA's guidelines include EBITDA, operating profit, IAS 19 corrected Return on Equity (ROE), IAS 19 corrected Gearing, IAS 19 corrected Equity ratio %, Return on Investment (ROI) and Gross Investments.

The financial statement release is unaudited.

### **Turnover and operating result**

The Reka Industrial Group's (Reka Industrial) turnover in 2022 was EUR 202.9 million (158.1). The result for the financial period was EUR 9.0 million (1.0). EBITDA was 15.2 million euros (11.3) and the operating profit was 10.2 million euros (5.6).

### **Major events during the financial period**

Negotiations on the additional space of the rubber industry's Polish unit were completed in early January 2022. The additional space was completed in early April and the first deliveries from the new warehouse were shipped after Easter. With the arrangement, the hose production capacity and productivity of the Polish production unit can be clearly increased. Customer demand is still growing, and the change will enable us to better meet the growing volume needs.

In the end of January 2022 cable industry received a strategically significant, renewable energy related cable order from Denmark for the construction of charging infrastructure for electric cars. The value of the order is approximately EUR 0.6 million and deliveries were scheduled for the first half of 2022. In addition, the agreement included an option to double the order quantity.

In May the US-based Clearfield Inc. entered into an agreement to acquire the entire share capital of Nestor Cables Oy. The transaction was completed in July. As a result of the overall arrangement of the deal, Reka Industrial received EUR 2.4 million in cash and the impact on the third quarter's result is approximately EUR 1.4 million.

On August 10, 2022, Reka Industrial Plc's subsidiary Reka Cables Ltd started change negotiations regarding preliminary plans for transferring the operations of the Hyvinkää production plant mainly to the property in Riihimäki. The change negotiations took place in a good spirit of cooperation. The change will seek benefits from the centralization of expertise and investments, as well as future expansion opportunities. Change negotiations did not involve personnel layoffs.

In August Reka Cables Ltd committed to the international Science Based Targets initiative (SBTi), driving ambitious climate action. In accordance with the initiative, Reka Cables will set emission reduction targets, which support the policy of the Paris agreement on climate change to limit global heating to a maximum of 1.5 degrees Celsius. The targets apply both to Reka Cables' own operations (Scope 1 & 2) and the whole

supply chain (Scope 3). Reka Cables has committed to the strictest Net Zero target, which obligates the company to set both short-term and long-term targets. On a global scale, Reka Cables is amongst the first 1,000 or so companies that have committed to the strictest Net Zero target. Already prior to its commitment to SBTi, Reka Cables has made sustained efforts to cut its emissions. In 2021, Reka Cables announced that it had cut the CO2 emissions of its operations by 80% compared to 2019 by switching to green process electricity and using solar power at its factories in Keuruu and Riihimäki, for example.

The Managing Director of Reka Industrial Plc's subsidiary Reka Rubber changed. Tero Manner (b.1969), M.Sc., started as the new Managing Director. Reka Rubber's former Managing Director Martti Aromaa moved to special duties in the company from 1 October 2022 until his retirement on 30 June 2023.

In October, Reka Cables Ltd signed a significant cable supply contract with a Nordic wind power construction company. The total value of the contract is approximately EUR 6 million which will be invoiced mainly during the first quarter of 2023.

In November, Reka Industrial signed an agreement with Nexans Group regarding the sale of all outstanding shares of Reka Cables Ltd. Reka Cables operates the cable business of Reka Industrial. Nexans is one of the leading suppliers in cable technologies and services.

Purchase price of the shares is EUR 53 million which will be paid in cash. The transaction is conditional to the approval of the Extraordinary General Meeting of Reka Industrial and approvals by the competent regulatory authorities. The Extraordinary General Meeting approved the arrangement in December. The approval processes of the competent regulatory authorities are still in progress. The completion of the transaction is expected to take place during the first half of 2023.

With the signed agreement, Reka Industrial's Cable industry is ending. The rubber industry will continue as part of Reka Industrial's business. The board of Reka Industrial has started strategy work.

In December, Reka Cables Ltd signed a substantial cable supply contract with network construction company Andel Holding AS operating in the Denmark. The total value of the contract is approximately EUR 9 million which will be invoiced mainly during year 2023.

## Balance sheet and financing

At the end of the financial year the interest-bearing liabilities were EUR 27.6 million (27.5), of which other than finance lease liabilities were EUR 17.5 million (20.9).

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 interest-bearing liabilities of continuing operations are presented separately in the balance sheet. Interest-bearing liabilities of discontinued operations are included in liabilities related to non-current assets held for sale.

Some of the interest-bearing liabilities involve financial covenants. All covenants were fulfilled at the time of the financial statements. More information about the financial covenants is provided in the notes.

The balance sheet total at the end of the financial year was EUR 87.1 million (72.2).

The EUR 10 million "Green bond" issued by Reka Industrial in 2019 is denominated in euros and matures on December 6, 2024. The fixed annual interest rate on the bond is 6.00 percent, payable annually on December 6th. The loan is taken into account in liabilities of continuing operations. The bond will be used to finance projects that meet the eligibility of the Green Bond Framework document, which are related to Reka Cables Ltd's product range and the improvement of the environmentally friendly operating capacity of Reka Cables Ltd's production facilities and processes. Part of the bond has been used for refinancing in accordance with the terms of the agreement. A separate investor letter is published annually in March.

## Sustainability

Reka Industrial is advancing the energy transition and the electrification of vehicles. 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. We have launched a Green Bond to improve the sustainability of the cable business. We report the results of our bond-financed operations annually in an investor letter, which will be published in March. More information about the Green Bond Framework is available on the company's website.

The share of electricity in energy use is increasing, especially in vehicles and industry. Wind and solar power will reduce CO2 emissions from energy production, save natural resources and achieve a carbon-neutral future. The operation of electricity networks is an important part of a functioning infrastructure. Reka Cables, which participates in energy industry solutions, is involved in renewable energy projects and the construction of functional infrastructure. 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 in Finland use green electricity and efforts are made to reduce the carbon footprint in production facilities, production processes and product development. Reka Cables is the most advanced of the companies in this regard, as it has already invested in things through Green Bond financing for several years.

In August 2022, Reka Cables Ltd committed to the international Science Based Targets initiative (SBTi), driving ambitious climate action. In accordance with the initiative, Reka Cables will set emission reduction targets, which support the policy of the Paris agreement on climate change to limit global heating to a maximum of 1.5 degrees Celsius. The targets apply both to Reka Cables' own operations (Scope 1 & 2) and the whole supply chain (Scope 3). Reka Cables has committed to the strictest Net Zero target, which obligates the company to set both short-term and long-term targets. On a global scale, Reka Cables is amongst the first 1,000 or so companies that have committed to the strictest Net Zero target. Already prior to its commitment to SBTi, Reka Cables has made sustained efforts to cut its emissions. In 2021, Reka Cables announced that it had cut the CO2 emissions of its operations by 80% compared to 2019 by switching to green process electricity and using solar power at its factories in Keuruu and Riihimäki, for example.

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. We are involved in the energy transition and the electrification of vehicles, and climate-related issues increase the demand for our operations.

Russia started a large-scale invasion of Ukraine on February 24, 2022. In 2021, the value of sales in the cable business to Russia was 0.4 %, to Ukraine 0.0 % and to Belarus 0.0 % of the Group's net sales. In 2022, sales to Russia have stopped and related operations have been shut down. The rubber industry has had no sales to these countries. The rubber industry has also had no procurement from these countries. The cable industry has acquired some of the aluminum it uses from Russia. The share of Russian aluminum was replaced by suppliers from other regions.

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 there were more repayments than repayment programs in 2022, this will reduce the impact of a rise in reference rates in the future.

Inflation can be seen as an increase in the cost of both labor 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 will clearly increase 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 has not reduced customer demand and has not affected to the payment behavior of the customers so far. Additional costs and delivery delays have been accumulated as personnel has been more than usual on sick leave to eliminate the possible infection risk.

The COVID-19 has been reflected in material procurement. Most of the materials have been procured on time, but the shortage of raw materials, components and partly containers has brought additional work and challenges to procurement. In the cable industry, there has been a significant increase in material prices. The prices of materials and components in the rubber industry are rising and have rising pressure upwards. Inflation continues to increase costs. Logistics costs have risen.

## Segments

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

### Rubber segment

The rubber segment's turnover was EUR 30.6 million (EUR 24.6 million). EBITDA was EUR 2.6 million (EUR 1.5 million). The rubber segment's EBITDA is burdened by staff turnover in Poland and overtime, as well as increased material and logistics costs. There is a clear delay in the transfer of increased procurement costs to customer prices.

Negotiations on additional space for the Polish subsidiary were completed at the beginning of January 2022, and the additional space was taken into use at the beginning of April 2022.

Despite overtime and hired labor, delivery capacity was challenging for most of 2022 for hose production in Poland. Production volumes were increased, but customer order volumes grew even faster. At the end of the year, the delivery capability reached a good level.

In order to support growth and 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 will take place in stages and will be completely completed in April 2023. With the arrangement, the mold product manufacturing of the Aura production unit will increase and the Polish production unit will be able to increase the delivery quantities of black hoses and silicone hoses. Customer demand is still growing, and with the help of the change, it is possible to better meet the growing volume needs.

In November, the rubber segment sold its property in Aura to Reka Pension Fund. The IFRS capital gain of EUR 0.6 million resulting from the arrangement is included in other income.

To support the solvency of the Reka Pension Fund Reka Rubber made a guarantee capital investment of EUR 5.7 million in Reka Pension Fund. The interest on the guarantee capital investment is 4 % p.a.

## 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 transaction is conditional to the approval of the Extraordinary General Meeting of Reka Industrial and approvals by the competent regulatory authorities. The Extraordinary General Meeting approved the arrangement in December. The approval processes of the competent regulatory authorities are still in progress. The completion of the transaction is expected to take place during the first half of 2023. Preparation for the separation of functions is progressing according to plans.

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.

Reka Cables turnover was EUR 172.4 million (133.7). EBITDA was EUR 11.0 million (7.0).

Reka Cables Ltd's domestic sales increased compared to last year. Also export sales volumes grew.

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 8,558 per tonne and the price of aluminum was EUR 2,478 per tonne. In the end of December 2022, the price of copper was EUR 7,858 per tonne and the price of aluminum was EUR 2,212 per tonne.

At its highest point, the daily price of copper during the review period was EUR 9,855 per tonne in March, and at its lowest in July, at EUR 7,101 per tonne. The price of aluminum has been at its highest in March, when it was EUR 3,660 per tonne, and its lowest in September, when it was EUR 2,174 per tonne.

In purchasing metals, partial price hedging is utilized through commodity derivatives.

## Major events after the financial period

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

## Group structure and shareholders

Reka Industrial Corporation is the parent company in the Group, whose actual business companies are Reka Cables Ltd and Reka Rubber Ltd. An agreement on the sale of Reka Cables shares has been signed in November 2022. The completion of the transaction is expected to take place during the first half of 2023.

Reka Industrial Plc is domiciled in Hyvinkää.

On 31 December 2022, Reka industrial had 10,322 shareholders (10,611). The largest shareholder, Reka Ltd, held 50.2 percent (50.2) of the shares and 65.4 percent (65.4) of the votes. Reka Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

On 31 December 2022, the combined holding of the ten largest shareholders was 60.14 percent (56.7 percent on 31 December 2021) of the shares and 72.3 percent (69.9 on 31 December 2021) of the votes.

On December 31, 2022, the members of the Board, the Managing Director and the CFO owned a total of 2,971,834 Reka Industrial Plc's B shares directly and through their controlled entities (2,934,666 on December 31, 2021).



## 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 its business segments.

In the cable segment, the most significant risks are related to market development, fluctuations of raw material prices and currencies as well as working capital management in various situations. During considerable seasonal changes, suppliers' terms of payment effect significantly on the ability to ensure competitive delivery times through sufficient inventories. Also, operation models are being developed to balance out the effects of seasonal fluctuations on the load rates of production plants. In cable business, COVID-19 has caused extra costs and delivery delays.

In the cable segment of Reka Industrial the key raw materials are metals (copper and aluminum) and plastics. In the metals purchases partial price hedging is used with the aid of commodity derivatives. Important with metals are the development of both the dollar-denominated price and the USD / EUR exchange rate. Currency hedges are also made for the main selling currencies. Price fixings are used to hedge the price of electricity.

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.

## Research and development

The Group invested a total of EUR 1.5 million in research and product development (EUR 1.3 million in 2021). The investments were allocated EUR 0.4 million to the continuing operations and EUR 1.1 million to the disclosed operations. During the financial period, total of EUR 0.3 million (EUR 0.2 million in 2021) of the development costs of new products and product families were activated in the balance sheet.

## Personnel

In January-December 2022, the group's continuing operations employed an average of 290 people (284). Including discontinued operations, the number of employees in January-December was an average of 573 employees (563 in 2021 and 386 in 2020).

The Group paid a total of EUR 21.0 million (20.1 million in 2021 and 15.5 million in 2020) in performance-based salaries and fees in 2022.

## Decisions of general meetings

Reka Industrial's Annual General Meeting was held on 6 April 2022, in Hyvinkää.

The AGM approved the financial accounts for the 2021 accounting period and granted the Company's Board and the Managing Director discharge from liability for the 2021 accounting period.

The AGM resolved, in accordance with the Board's proposal, that for the financial period 1.1.2021-31.12.2021 a dividend of 0,09 per share will be paid. The AGM resolved to pay the dividend on 20 April 2022 to shareholders who on the record date of the dividend payment, 8 April 2022, are registered in the Company's shareholder register maintained by Euroclear Finland Ltd.

In accordance with the Board's proposal, the Annual General Meeting decided to approve the company's 2021 remuneration report. According to the Companies Act, the decision is advisory.

The AGM approved the proposed annual remuneration of EUR 25,000 for the members of the Board of Directors, EUR 32,000 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 April 2022 and the shares will be handed over in May 2022.

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 five (5) and re-elected the following persons to the Board: Markku E. Rentto, chairman; Ari Järvelä, deputy chairman and Matti Hyytiäinen, Olli-Heikki Kyllönen and Leena Saarinen 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 2023.

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 per cent of all the shares in the Company and in total 10,0 per cent 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 proposed to remain in force until the next Annual General Meeting, however not later than October 6, 2023. The authorization replaces the authorization given by the previous Annual General Meeting on April 8, 2021, to repurchase and pledge the company's own shares.

In accordance with the Board's proposal, the Annual General Meeting authorized the Board 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 per cent of all the shares of the Company and in total 10.0 per cent 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, however not later than April 30, 2023. The authorization replaces the authorization given by the previous Annual General Meeting on April 8, 2021, for the handover of own shares.

### **Extraordinary General Meeting**

The Extraordinary General Meeting of Reka Industrial Plc was held 15 December 2022, in Hyvinkää.

The company announced on 10 November 2022 that it has signed an agreement with Nexans Group regarding the sale of all outstanding shares in company's wholly owned subsidiary Reka Cables Ltd. The corporate sale is conditional to the acceptance of the Extraordinary General Meeting and regulatory approvals.

According to the Fairness Opinion -statement acquired from external expert by the Board of Directors the sales price is fair from financial point of view.

The Extraordinary General Meeting decided to approve the acquisition in accordance with the proposal of the Board of Directors and shareholders, who represent more than 50 percent of the votes, in which case the acquisition is expected to take place after approval by the authorities. The goal is to complete the acquisition during the first half of 2023.

Reka Oy, which represents a total of 65.36 percent of Reka Industrial's voting power, was irrevocably committed to vote in favor of the acquisition.

In accordance with the Board of Directors' proposal, upon completion of the above-mentioned corporate sale, the Extraordinary General Meeting authorized that EUR 0.20 per share will be distributed to shareholders from the company's unrestricted equity after the completion of the acquisition.

In accordance with the Board of Directors' proposal, 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 above-mentioned corporate sale.

According to the Fairness Opinion -statement acquired from external expert by the Board of Directors the sales price is fair from financial point of view.

### Audit Committee

The duties of the Audit Committee include monitoring the company's financial position, overseeing financial reporting, assessing the adequacy and appropriateness of internal control and risk management, assessing compliance with laws and regulations, and communicating with the auditor, and reviewing the auditor's reports. The Audit Committee reports to the Board. The members of Reka Industrial Plc's Audit Committee are Ari Järvelä and Leena Saarinen. In 2022 Audit Committee reviewed business risks, balance sheet values, financing and liquidity, and the effect of business acquisitions on reporting. The management of internal audit measures focused on ensuring continuity and managing process and ICT risks.

### Corporate governance statement

The Corporate Governance Statement of Reka Industrial Plc has been prepared in accordance with recommendation 51 of the Finnish Corporate Governance Code. The statement has been issued separately from the annual report and will be published at the same time with the financial statements and the board of directors' report. The report will be available on Reka Industrial's website at [www.rekaindustrial.fi](http://www.rekaindustrial.fi). The Finnish Corporate Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

### Shares and share capital

Reka Industrial Plc's share capital is divided into A- and B-shares. Of the shares, 139,600 are Series A shares with 20 votes per share and 5,880,760 are Series B shares with one vote per share. The total share capital of all the company's shares at the end of 2022 was EUR 24,081,440 and the number of shares was 6,020,360. The total number of votes of the company's shares was 8,672,760, of which 2,792,000 were A-shares and 5,880,760 were B shares.

On 31 December 2022 the total number of shares includes 47,504 B-shares held by Reka Industrial Plc. The holding presents 0.8 percent of the company's share capital and 0.6 percent of the votes. The company held no A-shares. The Articles of Association do not contain redemption provisions. There are no shareholder agreements. Reka Industrial Plc's B-shares (REKA) are listed on the exchange list of NASDAQ Helsinki.

Company shares	31/12/2022	31/12/2021	31/12/2020
Company share capital (EUR)	24,081,440	24,081,440	24,081,440
A-shares (20 votes per share)	139,600	139,600	139,600
B-shares (1 vote per share)	5,880,760	5,880,760	5,880,760
Total	6,020,360	6,020,360	6,020,360
B-shares held by the company	47,504	79,253	53,572

## Key figures per share, share price and trading volume

A total of 1,606,982 (1,477,487 in 2021) of the company's B shares were traded on NASDAQ Helsinki Ltd, corresponding to 27.3 (25.1) percent of the number of shares and EUR 7.5 (5.7) million. The share price on December 31, 2022, was 5.74 EUR (December 31, 2021, 3.87 EUR) and the average exchange rate for the financial year was 4.67 EUR (3.84). The lowest share price for the year was 2.86 EUR (3.19) and the highest was 6.24 EUR (4.75). The market value of the company's share capital on December 31, 2022, was EUR 34.1 million (December 31, 2021, EUR 23.0 million and December 31, 2020, EUR 20.9 million).

Key figures per share (A and B shares)	31/12/2022	31/12/2021	31/12/2020
Equity per share, EUR	3.56	1.88	1.85
Earnings per share (EPS), EUR	1.50	0.17	0.16
Dividend/share, EUR	0.20	0.09	0.05
Dividend/earnings, %	13.36 %	54.36 %	31.13 %
Effective dividend yield, %	3.48 %	2.33 %	1.42 %
Price/earnings (P/E)	3.8	23.4	21.9
Share performance, EUR			
-average share price	4.67	3.84	2.79
-lowest price	2.86	3.19	1.81
-highest price	6.24	4.75	4.10
-price at the end of the period	5.74	3.87	3.52
Trading, number of shares	1,606,982	1,477,487	1,821,180
%	27.3	25.1	31.0
Adjusted weighted average number of shares during the period	6,020,360	6,020,360	6,020,360
A-shares	139,600	139,600	139,600
B-shares	5,880,760	5,880,760	5,880,760
Adjusted number of shares at the end of the period	6,020,360	6,020,360	6,020,360
A-shares	139,600	139,600	139,600
B-shares	5,880,760	5,880,760	5,880,760

The Administrative Court has stated in its' decision in July 2021 that the subsidiary merge carried out in 2015 is not tax neutral. The company has made a discretionary decision to record taxes and tax increases, totaling EUR 1.1 million, retrospectively in equity and the comparative information for previous years has been updated accordingly. The negative decision of the Administrative Court was appealed to the Supreme Administrative Court. The Supreme Administrative Court stated in the summer of 2022 that Reka Industrial's subsidiary merger implemented in 2015 is tax neutral.

In accordance with the decision of the Supreme Administrative Court, the retroactive entry of EUR 1.1 million in equity made in 2021 has been canceled and the comparison data from previous years has been updated accordingly. EUR 0.2 million was taken into account through the income statement. The total amount of EUR 1.3 million has been recorded in short-term receivables.

## Acquisition and transfer of the company's own shares

On 31 December 2022, the company held a total of 47,504 own B-shares. Reka Industrial did not exercise its authorization to acquire the company's own shares.

Reka Industrial Plc has used the authorization to transfer treasury B-shares against or without payment. In the financial period of 2022 Reka Industrial Plc has paid remuneration to the Board of Directors and Managing Director with shares, totaling to 31,148 shares.



## Dividend Policy

Reka Industrial aims to distribute at least 30 percent of its net earnings as dividends.

## Shareholders

### Reka Industrial Plc's largest shareholders on December 31 2022

	A-class shares	B-class shares	Shares total	Proportion of equity %	Proportion of votes %
Reka Oy	139,400	2,880,549	3,019,949	50.16	65.36
Rome Advisors Oy		208,033	208,033	3.46	2.40
Tolvanen Ville		101,621	101,621	1.69	1.17
Sinkko Erkki		62,000	62,000	1.03	0.71
Reka Industrial Oyj		47,504	47,504	0.79	0.55
Haloan Oy		40,787	40,787	0.68	0.47
Rentto Markku E.		38,601	38,601	0.64	0.45
Kivinen Harri		37,047	37,047	0.62	0.43
Skandinaviska Enskilda Banken AB		34,599	34,599	0.57	0.40
Presentuuri Oy		30,791	30,791	0.51	0.36
Other shareholders	200	2,399,228	2,399,428	39.86	27.71
Total	139,600	5,880,760	6,020,360	100.00	100.00

### Ownership by type of shareholder

Type of shareholder	Share- holders no.	Share- holders %	Shares total	Proportion of equity %	Proportion of votes %
Companies	193	1.87	3,567,913	59.26	71.71
Financial institutions and insurance companies	7	0.07	57,131	0.95	1.12
Public organisations	55	0.53	43,230	0.72	0.50
Non-profit organisations	176	1.71	102,662	1.71	1.18
Households	9,875	95.67	2,174,548	36.12	25.08
Outside Finland	16	0.16	4,224	0.07	0.40
Nominee registered	8	0.00	70,652	1.17	0.82
Total	10,322	100.00	6,020,360	100.00	100.00

### Ownership by the amount held

Shares held	Share- holders no.	Share- holders %	Shares total	Proportion of equity %	Proportion of votes %
1 - 50	4,634	44.89	127,413	2.12	1.48
51 - 100	2,511	24.33	217,526	3.61	2.53
101 - 1 000	2,798	27.11	901,919	14.98	10.41
1 001 - 10 000	354	3.43	911,591	15.14	10.52
10 001 -	25	0.24	3,861,911	64.15	75.07
Total	10,322	100.00	6,020,360	100.00	100.00

## **Profit distribution proposal**

The parent company's distributable funds are EUR 4,170,940.00, of which the result for the period is EUR 1,323,166.97. The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide on a maximum dividend of EUR 0.20 per share (a maximum of EUR 1.2 million in total) and the payment date by June 30, 2023. A dividend of EUR 0.09 per share was paid for the financial year 2021.

In December 2022, the Extraordinary General authorized in accordance with the Board of Directors' proposal that EUR 0.20 per share will be distributed to shareholders from the company's unrestricted equity after the completion of the acquisition. In accordance with the Board of Directors' proposal, 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.

## **Near-term outlook**

The acquisition of Reka Cables is a significant change for the group. Because of this, the near-term outlook is given after the acquisition is completed. The acquisition of Reka Cables is expected to be completed in the first half of 2023. The strategy work of Reka Industrial's board of directors is ongoing.

## **Annual General Meeting 2023**

Reka Industrial Plc's Annual General Meeting will be held in Hyvinkää on 12 April 2023 at 2:00 pm. A separate notice will be published in March.

Hyvinkää, 23 February 2023

Reka Industrial Plc  
Board of Directors

## Consolidated income statement (IFRS)

EUR 1,000	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
	1.1.-31.12.2022	1.1.-31.12.2022	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2021	1.1.-31.12.2021
<b>Turnover</b>	<b>30,475</b>	<b>172,385</b>	<b>202,860</b>	<b>24,394</b>	<b>133,750</b>	<b>158,144</b>
Change in inventories of finished products and production in progress	458	1,235	1,693	400	2,107	2,508
Production for own use	0	67	67	0	14	14
Other operating income	2,327	187	2,514	251	285	536
Materials and services	-17,322	-137,494	-154,816	-12,509	-103,404	-115,913
Personnel expenses	-8,735	-16,584	-25,319	-8,304	-15,566	-23,870
Depreciation and impairment	-1,278	-3,751	-5,029	-1,261	-4,427	-5,688
Other operating expenses	-3,021	-8,791	-11,811	-229	-9,923	-10,153
	-27,570	-165,131	-192,701	-21,652	-130,914	-152,566
<b>Operating result</b>	<b>2,905</b>	<b>7,254</b>	<b>10,159</b>	<b>2,742</b>	<b>2,836</b>	<b>5,578</b>
Financial income	-136	668	532	-297	579	282
Financial expenses	-847	-3,710	-4,557	-1,228	-2,839	-4,067
IAS 19 defined benefit plans	3,571	0	3,571	-725	0	-725
Share of the result of associated companies	338	96	434	262	72	335
<b>Result before taxes</b>	<b>5,831</b>	<b>4,308</b>	<b>10,139</b>	<b>754</b>	<b>649</b>	<b>1,403</b>
Taxes	-347	-814	-1 161	-256	-161	-417
<b>Result for the period</b>	<b>5,484</b>	<b>3,494</b>	<b>8,978</b>	<b>498</b>	<b>488</b>	<b>986</b>
<b>Profit or loss attributable to</b>						
Shareholders of the parent	5,484	3,494	8,978	498	488	986
Non-controlling interests	0	0	0	0	0	0
	5,484	3,494	8,978	498	488	986
Earnings per share attributable to the shareholders of the parent, continuing operations						
before dilution, EUR	0.92	0.00	0.92	0.08	0.00	0.17
after dilution, EUR	0.92	0.00	0.92	0.08	0.00	0.17
Earnings per share attributable to the shareholders of the parent, discontinued operations						
before dilution, EUR	0.00	0.58	0.58	0.00	0.08	0.17
after dilution, EUR	0.00	0.58	0.58	0.00	0.08	0.17
Earnings per share attributable to the shareholders of the parent						
before dilution, EUR	0.92	0.58	1.50	0.08	0.08	0.17
after dilution, EUR	0.92	0.58	1.50	0.08	0.08	0.17
Number of shares	5,972,856	5,972,856	5,972,856	5,941,107	5,941,107	5,941,107



## Consolidated statement of comprehensive income (IFRS)

EUR 1,000	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
	1.1.- 31.12.2022	1.1.- 31.12.2022	1.1.- 31.12.2022	1.1.- 31.12.2021	1.1.- 31.12.2021	1.1.- 31.12.2021
<b>Result</b>	5,484	3,494	8,978	498	488	986
<b>Other comprehensive items that may subsequently reclassified to statement of income</b>						
Translation differences related to foreign units	-41	0	-41	-22	0	-22
Change in the value of open customer derivatives	0	-1,054	-1,054	0	139	139
Taxes of items that may subsequently reclassified to statement of income	0	211	211	0	-28	-28
Total	-41	-843	-884	-22	111	89
<b>Other comprehensive items that are not subsequently reclassified to statement of income</b>						
Items related to remeasurements of net defined benefit liability	2,866	0	2,866	-406	0	-406
Taxes of items that are not subsequently reclassified to statement of income	-573	0	-573	81	0	81
Total	2,293	0	2,293	-325	0	-325
<b>Other comprehensive items total</b>	<b>2,252</b>	<b>-843</b>	<b>1,409</b>	<b>-347</b>	<b>111</b>	<b>-236</b>
<b>Total comprehensive income</b>	<b>7,736</b>	<b>2,651</b>	<b>10,387</b>	<b>151</b>	<b>599</b>	<b>750</b>
<b>Total comprehensive income attributable to</b>						
Shareholders of the parent	7,736	2,651	10,387	151	599	750
Non-controlling interests	0	0	0	0	0	0
	7,736	2,651	10,387	151	599	750

## Consolidated balance sheet (IFRS)

EUR 1,000	31/12/2022	31/12/2021
<b>ASSETS</b>		
<b>Non-current assets</b>	0	3,252
Goodwill	3,213	5,352
Other intangible assets	2,938	23,556
Right-of-use assets	3,278	4,175
Holdings in associates	0	1,636
Receivables	8,000	2,326
IAS19 pension receivable	4,270	0
Derivative contracts	0	75
Deferred tax assets	1,201	2,525
<b>Total non-current assets</b>	<b>22,900</b>	<b>42,897</b>

EUR 1,000

31/12/2022

31/12/2021

<b>Current assets</b>		
Inventories	4,445	23,302
Sales receivables and other receivables	4,799	4,535
Tax receivables from the profit for the financial year	154	249
Derivative contracts	0	487
Cash and cash equivalents	802	767
<b>Total current assets</b>	<b>10,200</b>	<b>29,339</b>
<b>Non-current assets held for sale</b>	<b>53,994</b>	<b>0</b>
<b>Total assets</b>	<b>87,094</b>	<b>72,237</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholder's equity</b>		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-174	-287
Translation differences	-157	-117
Retained profit	-4,224	-14,149
Other unrestricted equity	436	436
<b>Equity attributable to shareholders of the parent</b>	<b>21,250</b>	<b>11,253</b>
Non-controlling interest	0	0
<b>Total shareholders' equity</b>	<b>21,250</b>	<b>11,253</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,122	1,601
Provisions	1,987	3,428
Financial liabilities	8,376	14,422
Lease liabilities	5,171	4,751
IAS19 pension liability	0	4,979
Other liabilities	10	20
Derivative contracts	0	1
<b>Current liabilities</b>		
Tax liabilities from the profit	882	112
Provisions	302	214
Financial liabilities	3,556	6,525
Lease liabilities	424	1,804
Derivative contracts	0	25
Accounts payable and other liabilities	5,129	23,104
<b>Total liabilities</b>	<b>26,960</b>	<b>60,985</b>
<b>Liabilities related to non-current assets held for sale</b>	<b>38,884</b>	<b>0</b>
<b>Total shareholders' equity and liabilities</b>	<b>87,094</b>	<b>72,237</b>

## Consolidated statement of changes in shareholders' equity (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Pension liability IAS 19	Fair value fund	Other un-restricted equity	Retained profit	Shareholder's equity to the shareholders of the parent	Non-controlling interests	Total shareholders' equity
Shareholders' equity 31/12/2020	24,082	66	1,221	0	-94	960	317	436	-17,083	9,905	0	9,905
Retrospective error correction, subsidiary merger tax									1,163	1,163	0	1,163
Shareholders' equity 1/1/2021	24,082	66	1,221	0	-94	960	317	436	-15,920	11,068	0	11,068
Comprehensive income												
Result for the period									986	986	0	986
Other comprehensive items												
Items related to remeasurements of net defined benefit liability						-406				-406		-406
Taxes of net defined liability						81				81		81
Total										-325		-325
Derivatives							139			139		139
Taxes of derivatives							-28			-28		-28
Total										111		111
Translation differences					-22					-22		-22
Total comprehensive income					-22	-325	111		986	750	0	750
Other change									-7	-7		-7
Transactions with the owners												
Dividends paid									-298	-298		-298
Acquisition of own shares				-287						-287		-287
Payments by own shares									28	28		28
Total transactions with the owners				-287					-271	-558	0	-558
<b>Shareholders' equity 31/12/2021</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>-287</b>	<b>-116</b>	<b>635</b>	<b>428</b>	<b>436</b>	<b>-15,212</b>	<b>11,253</b>	<b>0</b>	<b>11,253</b>
EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Pension liability IAS 19	Fair value fund	Other un-restricted equity	Retained profit	Shareholder's equity to the shareholders of the parent	Non-controlling interests	Total shareholders' equity
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
Derivatives							-1,054			-1,054		-1,054
Taxes of derivatives							211			211		211
Total										-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 paid									-535	-535		-535
Payments by own shares				113					7	120		120
Total transactions with the owners				113					-528	-415	0	-415
<b>Shareholders' equity 31/12/2022</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>-174</b>	<b>-157</b>	<b>2,928</b>	<b>-415</b>	<b>436</b>	<b>-6,737</b>	<b>21,250</b>	<b>0</b>	<b>21,250</b>



## Consolidated cash flow statement (IFRS)

EUR 1,000	1/1-31/12/2022	1/1-31/12/2021
<b>Cash flows from operating activities</b>		
Payments received from operating activities	206,598	161,770
Payments paid on operating activities	-192,087	-148,976
Paid interests and other financial expenses	-4,152	-3,931
Interests received and other financial incomes	92	38
Direct taxes paid	-522	-257
<b>Net cash provided by operating activities</b>	<b>9,929</b>	<b>8,644</b>
<b>Cash flows from investments</b>		
Investments in tangible assets	-3,612	-3,352
Sales of tangible assets	6,247	-18
Sales of intangible assets	0	10
Sales of associated company shares	1,757	0
Investments in other assets	-5,700	0
<b>Net cash provided by investing activities</b>	<b>-1,308</b>	<b>-3,360</b>
<b>Cash flows from financing activities</b>		
Acquisition of own shares	0	-287
Increase in loans	5,566	3,832
Decrease in loans	-8,860	-9,081
Payments of finance lease activities	-1,967	-1,490
Dividends paid	-539	-298
<b>Net cash provided by financing activities</b>	<b>-5,800</b>	<b>-7,324</b>
<b>Change in cash and cash equivalents at the end of the period</b>	<b>2,822</b>	<b>-2,040</b>
Cash and cash equivalents at beginning of the period	767	2,815
Exchange rate differences	-31	-8
Elimination of cash and cash equivalents related to discontinued operations	-2,756	0
<b>Cash and cash equivalents at the end of the period</b>	<b>802</b>	<b>767</b>

# Notes to the consolidated financial statements

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## General information

Reka Industrial Plc is the parent company of the Group, which includes Reka Industrial wholly owned subsidiaries Reka Rubber and Alnus Ltd with its subsidiaries and associated companies.

In addition to Finland, the Group operates in Poland, Sweden, Denmark and Norway.

The parent company is domiciled in Hyvinkää. Reka Industrial Plc's address is Kankurinkatu 4-6, 05800 Hyvinkää. Reka Industrial Plc's B shares are listed on NASDAQ Helsinki.

The Reka Industrial Group is part of the Reka Group. Reka Ltd, the parent company of the Reka Group, is domiciled in Juupajoki. Reka Ltd's address is Salokunnantie 590, 35550 Salokunta.

## Principles for consolidated financial statements

### *Principles of preparation*

#### *Adherence to IFRS standards*

These interim financial data have been prepared in accordance with the IAS 34 Interim Reports standard and the IAS standards as well as SIC and IFRIC interpretations effective on 31 December 2022. International financial standards refer to standards and the related interpretations that are laid down in the Finnish Accounting Act and regulations based on the Finnish Accounting Act and that have been approved in accordance with the EU Regulation (EC) No 1606/2002. The group has not applied any new or amended standard or interpretation before its effective date.

### **Retrospective error correction**

The Administrative Court has stated in its' decision in July 2021 that the subsidiary merge carried out in 2015 is not tax neutral. A total of 1.3 million euros was taken into account in the figures for the 2021 financial year due to the Administrative Court. Of the amount, EUR 1.1 million was recorded in equity and EUR 0.2 million in financial expenses. All payments to the tax authority were made by the end of 2021.

Since the tax treatment of subsidiary mergers is significant in principle, Reka Industrial appealed the Administrative Court's decision to the Supreme Administrative Court in August 2021. The Supreme Administrative Court stated in the summer of 2022 that Reka Industrial's subsidiary merger implemented in 2015 is tax neutral.

In accordance with the decision of the Supreme Administrative Court, the retroactive entry of EUR 1.1 million in equity made in 2021 has been canceled and the comparison data from previous years has been updated accordingly. EUR 0.2 million was taken into account through the income statement. The total amount of EUR 1.3 million has been recorded in short-term receivables.

## **New and amended standards applied in the financial year ended 31 December 2022**

### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years beginning on or after 1 January 2022)**

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

### **Annual Improvements to IFRS Standards 2018–2020 (effective for financial years beginning on or after 1 January 2022)**

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter later than its parent. A subsidiary may elect to measure cumulative translation differences at amounts included in the consolidated financial statements of the parent.

- IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the “10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- IFRS 16 Leases – Lease incentives – Example 13. The amendment removes the illustration of payments from the lessor relating to leasehold improvements. The example was not clear as to why such payments are not a lease incentive.
- IAS 41 Agriculture – Taxation in fair value measurements. This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. When a present value technique is used to measure fair value, the assumptions used for the cash flows and discount rates should be internally consistent – i.e. using either after tax or pre-tax for both.

### **Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for financial years beginning on or after 1 January 2022)**

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

### **Reference to the Conceptual Framework — Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2022)**

The amendments update a reference in IFRS 3 and makes further reference related amendments.

### **Climate-related issues**

Reducing carbon dioxide 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 in Finland use green electricity and efforts are made to reduce the carbon footprint in production facilities, production processes and product development. Reka Cables is the most advanced of the companies in this regard, as it has already invested in things through Green Bond financing for several years.

In August 2022, Reka Cables Ltd committed to the international Science Based Targets initiative (SBTi), driving ambitious climate action. In accordance with the initiative, Reka Cables will set emission reduction targets, which support the policy of the Paris agreement on climate change to limit global heating to a maximum of 1.5 degrees Celsius. The targets apply both to Reka Cables’ own operations (Scope 1 & 2) and the whole supply chain (Scope 3). Reka Cables has committed to the strictest Net Zero target, which obligates the company to set both short-term and long-term targets. On a global scale, Reka Cables is amongst the first 1,000 or so companies that have committed to the strictest Net Zero target. Already prior to its commitment to SBTi, Reka Cables has made sustained efforts to cut its emissions. In 2021, Reka Cables announced that it had cut the CO2 emissions of its operations by 80% compared to 2019 by switching to green process electricity and using solar power at its factories in Keuruu and Riihimäki, for example.

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. We are involved in the energy transition and the electrification of vehicles, and climate-related issues increase the demand for our operations.

### **Russia's invasion of Ukraine**

Russia started a large-scale invasion of Ukraine on February 24, 2022. In 2021, the value of sales in the cable business to Russia was 0.4 %, to Ukraine 0.0 % and to Belarus 0.0 % of the Group's net sales. In 2022, sales to Russia have stopped and related operations have been shut down. The rubber industry has had no sales to these countries. The rubber industry has also had no procurement from these countries. The cable industry has acquired some of the aluminum it uses from Russia. The share of Russian aluminum was replaced by suppliers from other regions.

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 there were more repayments than repayment programs in 2022, this will reduce the impact of a rise in reference rates in the future.

Inflation can be seen as an increase in the cost of both labor 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 will clearly increase 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 has not reduced customer demand and has not affected to the payment behavior of the customers so far. Additional costs and delivery delays have been accumulated as personnel has been more than usual on sick leave to eliminate the possible infection risk.

The COVID-19 has been reflected in material procurement. Most of the materials have been procured on time, but the shortage of raw materials, components and partly containers has brought additional work and challenges to procurement. In the cable industry, there has been a significant increase in material prices. The prices of materials and components in the rubber industry are rising and have rising pressure upwards. Inflation continues to increase costs. Logistics costs have risen.

## Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in profit or loss. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

The most important items, which require management estimates and assumptions, and which may include uncertainty, are impairment testing of goodwill, customer relationship appreciation, deferred tax assets of unused tax losses and interest expenses, discount rate and definition of length in lease periods in IFRS 16 handling, processing of pensions and related contracts, effects on provisions given, handling of rental loss provision and net realisable value of inventories. Detailed descriptions of decisions based on management's judgement and management's use of estimates are presented later at each item of the financial statements.

The Group's management makes judgements concerning the adoption and application of the accounting policies for the financial statements. The management has used its judgement in selecting and applying the accounting policies, for example, classification of leases and processing of pension agreements.

### *Valuation principles*

The consolidated financial statements have been prepared based on original cost, except for the following items, which have been recognized at fair value: derivative contracts, cash and cash equivalents and other financial assets.

All open customer-specific hedge changes are booked to equity. Other changes with derivatives are recognized through the income statement. Derivatives that hedge net sales are included in net sales. Changes in metal derivatives targeted at customer orders and changes in raw-material purchase hedging for periods less than 12 months are included in material purchases. Longer-term raw-material purchase hedging is included in financial income or expenses. Customer-specific commodity derivatives and segment-specific currency hedging have been recognized under each segment. Other derivatives are recognized in other operations and eliminations.



## **Cash equivalents and other financial assets.**

Cash equivalents and other financial assets consist of cash and account balances, deposits and other short-term investments. Cash equivalents and other financial assets are included in the cash flow statement. Cash and account balances, as well as bank deposits with a maturity of three months or less, are taken into account in the cash balance. Bank deposits with a maturity of more than three months, other deposits with a maximum of 12 months and all short-term investments and short-term investments are taken into account in other financial assets on the balance sheet.

## **Operating result and EBITDA**

IAS 1 Presentation of Financial Statements does not define the concept of operating result. The Group defines it as follows: operating result is the net amount formed when the net sales figure is reduced by purchasing costs adjusted for the change in the inventories of finished products, work in progress, expenses incurred through production for own use and by expenses arising from personnel expenses without IAS 19 defined benefit pension arrangements related items, depreciation and any impairment loss, with other operating income and expenses taken into account. Items other than those mentioned above are presented below the operating profit. Foreign exchange differences and changes in the fair values of derivatives are included in the operating profit if they arise from items related to business operations. Otherwise, they are recognized under financial items. Operating result is also known as operating profit or operating loss, depending on the context.

IAS 1 also does not define the concept of EBITDA. The Group has determined it as follows: EBITDA is the net amount that is formed when depreciation and any impairment losses are added to the operating result.

## **Discontinued operations**

### *Principles of preparation*

Non-current assets or groups of assets to be sold are classified as held for sale when an amount corresponding to their book value will be accumulated mainly from their sale and the sale is highly probable. If an amount corresponding to their book value will accrue mainly from their sale, instead of from their continued use, they are presented at their book value or fair value, from which expenses arising from the sale have been deducted, whichever is lower.

Assets and liabilities related to discontinued operations are presented separately on their own lines in the balance sheet as assets classified as held for sale until sale. The result of discontinued operations is reported separately from the income and expenses of continuing operations in the consolidated income statement. Differentiation in the income statement has been implemented in its own columns in the 2022 financial statements. Intragroup income and expenses between continuing and discontinued operations have been eliminated.

On 10 November 2022, Reka Industrial signed an agreement with Nexans Group regarding the sale of all outstanding shares of Reka Cables Ltd. Purchase price of the shares is EUR 53 million. With the signing of the agreement, Reka Cables Ltd and its subsidiaries (Reka Cables) have been classified as a discontinued operation.

The transaction is conditional to the approval of the Extraordinary General Meeting of Reka Industrial and approvals by the competent regulatory authorities. The Extraordinary General Meeting approved the arrangement in its meeting on 15 December 2022. The completion of the transaction is expected to take place during the first half of 2023.

**The effect of discontinued operations on the balance sheet, EUR 1,000**

**1/1-31/12/2022**

<b>ASSETS</b>	
<b>Non-current assets</b>	
Consolidated goodwill	3,252
Other intangible assets	1,684
Tangible assets	16,492
Right-of-use assets	3,614
Holdings in associates	1,115
Receivables	40
Deferred tax assets	387
<b>Total non-current assets</b>	<b>26,586</b>
<b>Current assets</b>	
Inventories	23,166
Sales receivables and other receivables	1,033
Tax receivables from the profit for the financial year	57
Derivative contracts	395
Other financial assets	1,490
Cash and cash equivalents	1,267
<b>Total current assets</b>	<b>27,408</b>
<b>Total Assets</b>	<b>53,994</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Deferred tax liabilities	549
Provisions	1,370
Financial liabilities	365
Lease liabilities	2,568
IAS19 pension liability	1,920
<b>Total non-current liabilities</b>	<b>6,772</b>
<b>Current liabilities</b>	
Tax liabilities from the profit	92
Financial liabilities	5,199
Lease liabilities	1,982
IAS19 pension liability	914
Other liabilities	23,925
<b>Total current liabilities</b>	<b>32,111</b>
<b>Total liabilities</b>	<b>38,884</b>

**The result of discontinued operations, EUR 1,000****1/1-31/12/2022 1/1-31/12/2021**

	<b>1/1-31/12/2022</b>	<b>1/1-31/12/2021</b>
<b>Turnover</b>	<b>172,385</b>	<b>133,750</b>
Change in inventories of finished products and production in progress	1,235	2,107
Production for own use	67	14
Other operating income	187	285
Materials and services	-137,494	-103,404
Personnel expenses	-16,584	-15,566
Depreciation and impairment	-3,751	-4,256
Other operating expenses	-8,791	-10,164
	<b>-165,131</b>	<b>-130,984</b>
<b>Operating result</b>	<b>7,254</b>	<b>2,765</b>
Financial income	668	579
Financial expenses	-3,710	-2,725
Share of the result of associated companies	96	72
<b>Result before taxes</b>	<b>4,308</b>	<b>692</b>
Taxes	-814	-170
<b>Result for the period</b>	<b>3,494</b>	<b>522</b>
<b>Profit or loss attributable to</b>		
Shareholders of the parent	3,494	522
Non-controlling interests	0	0
	<b>3,494</b>	<b>522</b>

**Cash flow from discontinued operations, EUR 1,000****1/1-31/12.2022 1/1-31/12/2021**

	<b>1/1-31/12.2022</b>	<b>1/1-31/12/2021</b>
Cash flows from operating activities	8,036	8,689
Cash flows from investments	-3,032	-3,562
Cash flows from financing activities	-2,483	-6,665
Cash flow for the financial year	<b>2,521</b>	<b>-1,538</b>

**Segment information**

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

In accordance with IFRS 8, segment-specific reporting is based on the management's internal reporting. Turnover by product group and sales area are presented as complementary information. Companies not belonging to Rubber segment, other derivatives and unallocated items as well financial liabilities related to acquiring businesses are recognised in other operations and eliminations.

<b>31/12/2022</b>	<b>Rubber</b>	<b>Other operations and eliminations</b>	<b>Group in total</b>
EUR 1,000			
<b>Turnover</b>	<b>30,592</b>	<b>172,268</b>	<b>202,860</b>
<b>EBITDA</b>	<b>2,559</b>	<b>12,630</b>	<b>15,188</b>
Unallocated items		-6,210	-6,210
Result before taxes			10,139
<b>Result for the period</b>			<b>8,978</b>
<b>Assets</b>			
Segment's assets	18,114	68,980	87,094
<b>Total assets</b>	<b>18,114</b>	<b>68,980</b>	<b>87,094</b>
<b>Liabilities</b>			
Segment's liabilities	11,941	53,903	65,844
<b>Total liabilities</b>	<b>11,941</b>	<b>53,903</b>	<b>65,844</b>
<b>Assets - liabilities</b>	<b>6,172</b>	<b>15,078</b>	<b>21,250</b>
<b>Investments</b>	<b>950</b>	<b>4,845</b>	<b>5,795</b>
<b>Depreciations</b>		<b>5,029</b>	<b>5,029</b>

<b>31/12/2021</b>	<b>Rubber</b>	<b>Other operations and eliminations</b>	<b>Group in total</b>
EUR 1,000			
<b>Turnover</b>	<b>24,596</b>	<b>133,548</b>	<b>158,144</b>
<b>EBITDA</b>	<b>1,507</b>	<b>9,759</b>	<b>11,266</b>
Unallocated items		-10,280	-10,280
Result before taxes			1,403
<b>Result for the period</b>			<b>986</b>
<b>Assets</b>			
Segment's assets	17,319	54,918	72,237
<b>Total assets</b>	<b>17,319</b>	<b>54,918</b>	<b>72,237</b>
<b>Liabilities</b>			
Segment's liabilities	10,816	50,169	60,985
<b>Total liabilities</b>	<b>10,816</b>	<b>50,169</b>	<b>60,985</b>
<b>Assets - liabilities</b>	<b>6,503</b>	<b>4,750</b>	<b>11,253</b>
<b>Investments</b>	<b>370</b>	<b>3,741</b>	<b>4,111</b>
<b>Depreciations</b>		<b>5,688</b>	<b>5,688</b>



**Rubber segment's turnover by product group, EUR million**

	1-12/2022	1-12/2021
Moulded	10.3	9.3
Hoses	16.3	12.2
Other	4.0	3.2
<b>Total</b>	<b>30.6</b>	<b>24.6</b>

**Rubber segment's turnover by sales area, EUR million**

	1-12/2022	1-12/2021
EU-countries	27.5	22.1
Non-EU-countries	3.1	2.5
<b>Total</b>	<b>30.6</b>	<b>24.6</b>

Taken all market areas into the consideration the largest customer Group's share of the Group's turnover was 16.0 %. Other individual customer's share of the Group's turnover was under 10 %.

On 31 December 2022, non-current assets other than financial instruments and deferred taxes were EUR 21.7 million (40.4). Of which EUR 19.6 million are located in Finland and EUR 2.1 million in Poland.

**IAS 19 defined benefit pension arrangements related items**

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.

EUR 1,000	2022	2021
Pension cost - Defined benefit plans	4,539	-852
Interest expense - Defined benefit plans	-77	-55
Taxes - Defined benefit plans	-893	181
<b>Total</b>	<b>3,571</b>	<b>-725</b>

**Changes in tangible assets**

EUR 1,000	2022	2021
Acquisition costs 1/1	61,217	57,794
Increase	3,573	3,426
Decrease	-5,448	0
Transfers to assets classified as held for sale	-48,561	0
Acquisition costs 31/12	10,781	61,217
Accumulated depreciation and impairment 1/1	37,659	34,697
Depreciation	3,214	2,959
Decrease	-958	0
Transfers to assets classified as held for sale	-32,068	0
Accumulated depreciation and impairment 31/12	7,846	37,659
Book value 1/1	23,556	23,097
Book value 31/12	2,938	23,556

## Changes in right of use asset

EUR 1,000	2022	2021
Acquisition costs 1/1	12,089	11,669
Increase	6,066	420
Transfers to assets classified as held for sale	-10,189	0
Exchange rate differences	11	1
Acquisition costs 31/12	7,977	12,089
Accumulated depreciation and impairment 1/ Depreciation	7,915	6,032
Transfers to assets classified as held for sale	3,227	1,869
Impairment	-6,574	0
Accumulated depreciation and impairment 31/12	130	13
Book value 1/1	4,175	5,637
Book value 31/12	3,278	4,175

## Derivative financial instruments valid on the closing date of the financial period:

EUR 1,000	Positive current values	Negative current values	Current net values 2022	Current net values 2021	Nominal values 2022	Nominal values 2021
<b>Currency derivatives</b>						
Forward exchange agreements	353	0	353	21		
<b>Raw material options</b>						
Metal derivatives	42	-914	-872	515	13,768	6,938
Total derivatives	395	-914	-519	536	13,768	6,938

Raw-material derivatives and currency derivatives have been valued using third-party market value reports (hierarchy level 2).

Derivative contracts are contracts of Reka Cables. Continuing operations have no active derivative contracts.

## Contingent liabilities and commitments

The guarantees of the group's purchase commitments or debts, as well as other commitments that are not recorded in the balance sheet, are presented in this note.

EUR 1,000	31/12/2022	31/12/2021
Loans from financial institutions	7,549	9,847
Bond	7,230	7,156
Granted business mortgages	26,000	26,800
Granted real estate mortgages	8,900	19,093
Book value of pledged securities	8,969	35,134
Guarantees given	3,148	2,168
Guarantees and payment commitments	1,220	6

The amount of corporate mortgages on December 31, 2022 was EUR 27.8 million.

EUR 1.8 million of corporate mortgages are held by the financier but available to the company if necessary.

## Investment commitments

On December 31, 2022, the investment commitments for tangible fixed assets amounted to EUR 3.3 million (EUR 4.7 million).

Commitments to rental agreements less than 12 months or low value were on December 31, 2022, total EUR 0.9 million.

## Liquidity management

Ensuring liquidity and sufficient funding by conducting negotiations on financing and payment terms, measures for boosting inventory and freeing up capital assets are taken into action.

The Group aims to continuously evaluate and monitor the amount of financing required by its business operations to ensure that the Group has sufficient liquid funds to finance operations and repay loans.

The Group uses sales of accounts receivables as a part of optimising circulation of working capital and controlling liquidity risk.

The Green Bond includes covenants (ownership, equity ratio and net debt to EBITDA). The covenant terms were met at 31.12.2022.

The Bonds are guaranteed by subsidiary Reka Cables Ltd. The net proceeds of the bonds will be used for the financing of eligible expenditures as set out in the Green Bond Framework related to the enhancement of the environmental credentials of Reka Cables' portfolios of products; and the improvement of Reka Cables' environmental performance in respect to its production facilities and processes. Part of the Bonds can be used for refinancing as described in the contract terms.

The financial covenant conditions for the financing of all group companies (equity ratio and net debt per EBITDA) were fulfilled at the time of closing the accounts.

EUR 1,000	Balance sheet value	Cash flow	less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>31/12/2022</b>						
Bank loans	2,409	2,409	2,400	8	0	0
Account limits	881	881	881	0	0	0
Accounts receivable regression	274	274	274	0	0	0
Bond	7,230	7,230	0	7,230	0	0
Other loans	1,138	1,138	0	1,138	0	0
Lease liabilities	5,595	7,728	779	1,251	2,247	3,452
Accounts payable and other liabilities	5,139	5,139	5,129	10	0	0
Total	22,667	24,800	9,464	9,637	2,247	3,452

EUR 1,000	Balance sheet value	Cash flow	less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>31/12/2021</b>						
Bank loans	7,972	7,972	3,208	4,297	467	0
Account limits	656	656	656	0	0	0
Accounts receivable regression	1,220	1,220	1,220	0	0	0
Bond	7,156	7,156	0	0	7,156	0
Other loans	3,943	3,943	1,441	2,283	219	0
Lease liabilities	6,555	6,963	2,153	2,646	937	1,227
Accounts payable and other liabilities	24,267	24,267	24,267	0	0	0
Total	51,769	52,176	32,944	9,226	8,779	1,227
Derivative instruments						
Commodity derivatives	515	415	441	73	0	0
Currency derivatives	20	20	20	0	0	0

The figures are undiscounted and include both interest payments and principal repayments.

The balance sheet items of discontinued operations are included only for the reference year.

### 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 Industrial's management group consists of Managing Director and CFO.

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 transaction

Transactions with the Reka Group

EUR 1,000	1-12/2022	1-12/2021
Other purchases	-847	-997
Other income	5	31
Guarantee commissions	-70	-153
Sales receivables and other receivables at end of the period	556	663

Reka Ltd has guaranteed financing and other agreements of the Reka Industrial group. Reka Industrial pays a guarantee commission for 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	1-12/2022	1-12/2021
Paid pension expenses	-2,721	-2,277
Rental expenses	-289	-240
Financial income	92	130
Guarantee capital investment	8,000	2,300
Purchase of real estate	6,200	0
Other debts at the end of the period	240	0
Other receivables at the end of the period	92	92

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.



Transactions with associated companies:

EUR 1,000	1-12/2022	1-12/2021
Sales of goods and services		
Nestor Cables Ltd	21	37
Other purchases		
Nestor Cables Ltd	187	99
Leasing rents		
Riihimäen Kaapelitehdas Ltd	1,119	1,051
Liabilities to associated companies		
Nestor Cables Ltd	0	58

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. The other owners of Riihimäen Kaapelitehdas Ltd are Riihimäen Tilat ja Kehitys and Reka Pension Fund.

#### Management fringe benefits and other related party transactions:

EUR 1,000	2022	2021
Salaries and other short-term fringe benefits	829	785
Pension benefits, defined contribution plans	112	112
Total	940	897

The Group's Board of Directors and management group have been defined as key management personnel of the company. The members of the Board are paid an annual remuneration in accordance with the decision of the Annual General Meeting. Travel expenses are paid according to the invoice. The members of the Board have no pension agreements with the company. Some of the fees may be paid in shares as decided by the Annual General Meeting. Payments in shares are always announced separately.

The Annual General Meeting in 2022:

- Confirmed the annual remuneration (12 months) of the members of the Board of Directors at EUR 25,000 and the annual remuneration of the Chairman of the Board at EUR 32,000 and the annual remuneration of committee members at EUR 2,500. No separate meeting fees are paid. 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 April 2022, and the shares will be handed over in May 2022.

Due to Reka Industrial's ownership structure company's member of the Board of Directors can be member of the Board of Directors in subsidiaries and get compensation. In addition, the Board of Directors can decide of separate remuneration, when member of the Board of Directors is taking additional measures and time for implementing company's important project (financing, acquisition, contract).

Transactions with other related parties:

EUR 1,000	1-12/2022	1-12/2021
Other purchases	18	8
Rental incomes	8	84

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 equity (ROE) %	=	$\frac{\text{IAS 19 corrected Result for the period}}{\text{Shareholders' equity excluding effects of IAS 19 bookings (average)}} \times 100$
IAS 19 corrected Equity ratio, %	=	$\frac{\text{Shareholders' equity} + \text{non-controlling interest excluding effects of IAS 19 bookings}}{\text{Balance sheet total} - \text{advances received excluding effects of IAS 19 bookings}} \times 100$
IAS 19 corrected Gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents, liquid financial and investment securities}}{\text{Shareholders' equity} + \text{non-controlling interest excluding effects of IAS 19 bookings}} \times 100$
Return on investment (ROI) %	=	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{[\text{Balance sheet total} - \text{obligatory provisions and non-interest-bearing liabilities}] \text{ (average)}} \times 100$
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.
Gross investments	=	New investments made to tangible and intangible assets and Right of Use assets
EBITDA	=	the net amount that is formed when depreciation and any impairment losses are added to the operating result
Earnings per share (EPS) EUR	=	$\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Number of shares adjusted for share issues (average)}}$
Equity per share, EUR	=	$\frac{\text{Shareholders' equity} - \text{non-controlling interest}}{\text{Number of shares adjusted for share issues at the end of the period}}$
Dividend per share, EUR	=	$\frac{\text{Dividend for the period}}{\text{Number of shares adjusted for share issues at the end of the period}}$
Dividend per earnings, %	=	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend/share}}{\text{Share price adjusted for share issues at the end of the period}} \times 100$
Price/earnings (P/E)	=	$\frac{\text{Share price adjusted for share issues at the end of the period}}{\text{Dividend/share}}$
Market capitalisation	=	(Number of B shares - own B shares) x share price at the end of the period + number of A shares x average share price

Reconciliation of IAS 19 adjusted Alternative Performance Measures to figures reported in Financial Statements:

EUR 1,000	2022	2021	2020
Result for the period in the Financial Statements	8,978	986	957
IAS 19 eliminations	-3,571	725	895
Result for the period in IAS 19 adjusted Performance Measures	5,407	1,711	1,852
IAS 19 effect on non-interest-bearing liabilities	0	4,979	3,666
IAS 19 effect on Shareholders' equity	1,880	-3,983	-2,933
IAS 19 effect on Balance sheet total	1,880	996	733
Shareholders' equity in financial statements	21,250	10,090	11,066
IAS 19 eliminations	-1,880	3,983	2,933
Shareholders' equity in IAS 19 adjusted Performance Measures	19,370	14,073	13,999
Balance sheet total in Financial Statements	87,094	72,237	73,150
IAS 19 eliminations	-1,880	-996	-733
Balance sheet total in IAS 19 adjusted Performance Measures	85,214	71,241	72,417

Disclaimer

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. Figures in brackets refer to the same period a year earlier, unless otherwise stated.

About Reka Industrial Plc

Reka Industrial is involved in the transition of both the energy and transport industries. As an industrial family company, we are committed to developing the performance and sustainability of the companies we own. Reka Industrial class B shares are listed on the Nasdaq Helsinki Ltd.