

Financial Statement Release

1 January–31 December 2023

Reka Industrial Plc



Reka Industrial Plc: The corporate sale of Reka Cables was completed – Reka Industrial's strategy work is in progress

JANUARY – DECEMBER 2023:

- The corporate sale of Reka Cables Ltd was completed at the end of April 2023 and as a result EUR 31.0 million sales profit was recorded. The turnover and result of Reka Cables in January – April 2023 is included in the financial figures of Reka Industrial. In the figures for the comparison year 2022, Reka Cables is included for the entire accounting period.
- Reka Industrial Group's turnover was EUR 91.6 million (202.9).
- EBITDA was EUR 37.6 million (15.2).
- The operating result was EUR 36.3 million (10.2).
- The result for the period was EUR 34.5 million (9.0).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 2.00 per share will be paid for 2023.
- The Group's assets were actively invested in low-risk instruments
- Reka Industrial's strategy work is in progress.

PRESIDENT AND CEO SARI TULANDER:

Year 2023 was a time for renewal for Reka Industrial. The corporate sale of Reka Cables Ltd to Nexans Group was completed at the end of April and during the year Reka Industrial's Board and management concentrated on strategy work, which was launched as a result of the change. Reka Industrial's sole industrial segment to continue is Reka Rubber, which is one of the leading manufacturers of industrial rubber products in Northern Europe. Rubber

segment invested in improving productivity and supporting future growth during the year.

The sale of shares of Reka Cables Ltd, agreement signed in November 2022 with Nexans Group, was completed at the end of April 2023. As a result of the corporate sale, a EUR 31.0 million sales profit was recorded in other operating income. After the corporate sale, Reka Industrial paid off its Green Bond and bank loans in Finland.

With the corporate sale, active investment work began by mapping and finding suitable investment products. During the ongoing strategy process, Reka Industrial's funds are mainly invested in low-risk investments and short-term deposits. On 31 December 2023 Group's cash and cash equivalents were in total EUR 38.5 million.

In 2023, Rubber segment's turnover remained stable and was EUR 30.6 million (30.6). EBITDA was EUR 1.2 million (2.6). Several key recruitments were made in the Rubber segment during the year, especially in sales, product development and procurement to support future growth. Profitability was affected by the increase in labor, material, component and service costs and the delay in transferring the cost increases to customer prices.

In order to support growth and productivity of the Polish production unit, the Rubber segment initiated a transfer of mold product manufacturing made with injection technology from Poland to Finland at the end of 2022. The transfer was completed in the spring 2023 and the Polish production unit concentrates on the manufacturing of black hoses and silicone hoses. To increase the

capacity of manufacturing black hoses the Rubber segment ordered a new extrusion line to the production unit 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 investments and efficiency measures both in Finland and Poland to support growth and productivity.

In 2023, Rubber segment invested in growth and clarifying the roles of factories created good conditions for the development of productivity and capacity growth. Investments and recruiting will continue also during the current year. However, the general economic situation and uncertainty are reflected in the order volumes and shortened order lead times on the Rubber segment's customers.

The Rubber segment has a strong position in its selected market segments and the delivery capability of its factories is good.

The company's strategy process is ongoing.

NEAR-TERM OUTLOOK

The company's strategy process continues. During the strategy process company's funds are mainly invested in low-risk investments and short-term deposits. In 2024, Rubber segment emphasizes increasing productivity and investing in future growth.

GROUP'S KEY FIGURES

	2023	2022	2021
Turnover, EUR million	91.6	202.9	158.1
EBITDA, EUR million	37.6	15.2	11.3
Operating profit, %	39.7	5.0	3.5
Result for the period, EUR million	34.5	9.0	1.0
IAS 19 corrected ROI, %	64.5	23.5	15.4
IAS 19 corrected Return on Equity, %	76.8	32.3	11.5
IAS 19 corrected Gearing, %	-62.2	125.2	190.0
IAS 19 corrected Equity ratio, %	80.4	22.8	21.4
Earnings per share	5.77	1.50	0.17
Gross investments, EUR million	1.6	5.8	4.1

The turnover and result of Reka Cables for January – April 2023 is included in the financial figures of Reka Industrial Group. In the figures for the comparison years 2022 and 2021, Reka Cables is included for the entire accounting periods.

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).

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, IAS 19 corrected Return on Investment (ROI) and Gross Investments.

Reka Industrial publishes key figures without IAS 19 defined benefit pension liabilities, because changes in the discount rate affect IAS 19 figures.

Reka Industrial presents alternative key figures so that the effects of IAS 19 recognition of defined benefit pension liabilities are eliminated from the result and balance sheet items of the key figures. 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 operational business can be better monitored.

The Financial Statement release is unaudited.

SEGMENTS

With the corporate sale of Reka Cables, Reka Industrial's industrial business consists of Reka Rubber Ltd's business and there is one segment, the Rubber segment.

Rubber segment

In 2023, the Rubber segment's turnover was EUR 30.6 million (30.6). EBITDA was EUR 1.2 million (2.6). The Rubber segment has made several key person recruitments in order to support growth in the future. Key recruitments were made especially in sales, product development and procurement.

In order to support growth and to support the productivity of the Polish production unit, the Rubber segment initiated a transfer of mold product manufacturing made with injection technology from Poland to Finland at the end of 2022. The transfer was completed in the spring 2023 and the Polish production unit concentrates on the manufacturing of black hoses and silicone hoses. To increase the capacity of manufacturing black hoses the Rubber segment ordered a new extrusion line to the production unit 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 investments and efficiency measures both in Finland and Poland to support the growth and productivity increases.

Inflation was reflected in higher costs for labour, materials, components and services. There is a clear delay in transferring increased costs to customer prices.

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 have been included in the Group figures.

In the Financial Statements, Reka Industrial presents the income statement separately for both continuing and discontinued operations and for the entire Group.

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

BALANCE SHEET AND FINANCING

The Balance sheet total at the end of the financial year was EUR 71.6 million. On 31 December 2022, the Balance sheet totalled EUR 87.1 million.

At the end of the financial year 2023 Group's cash and cash equivalents totalled EUR 38.5 million (0.8). Other cash equivalents are invested mainly in low-risk investments and short-term deposits.

At the end of the financial year Group's interest-bearing liabilities were EUR 6.0 million (27.6), of which other than finance lease liabilities were EUR 0.7 million (17.5).

The Group's interest-bearing liabilities to external parties on 31 December 2023:

EUR million	Continuing operations	Discontinued operations	Total
Lease liabilities	5.3	0.0	5.3
Other interest-bearing liabilities	0.7	0.0	0.7
Total	6.0	0.0	6.0

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 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 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 the 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 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 in the Balance sheet on 31 December 2022.

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.

SUSTAINABILITY

Since 2016, Reka Rubber has been part of the chemical industry's Responsible Care programme, through which the company is committed to sustainability in its industry. The aim of the Responsible Care programme is to develop activities and achieve excellent level in environmental, safety and health issues by working together with different groups and investing in transparent and open interaction.

Reka Rubber assesses its level of sustainability through the EcoVadis system. EcoVadis is an independent and international sustainability assessment system, in which a company's labour practices, ethics, environmental responsibility and sustainable supply chain are being reviewed. In 2022, Reka Rubber achieved bronze level rating.

The sustainability work is also supported by an ISO 14001 certified environmental management system and ISO 9001 certified quality management system. Reka Rubber has the required environmental permits.

Climate and environment

At the end of 2019 Reka Industrial started transformation to increase energy efficiency and reduce CO2 emissions in the Cable segment. Financing was implemented with a Green Bond and the measures targeted Reka Cables. As a result of the project Reka Cables became first carbon neutral cable producer (scope 1 and 2) as of 1 November 2021 and by the end of 2022 Reka Cables' energy efficiency had improved 7.3 percent since the comparison year 2017.

For Reka Rubber, climate actions means reducing emissions and improving energy efficiency in the company's own operations. Reka Rubber has

calculated the carbon footprint of its own operations, which it strives to reduce by consuming emission-free electricity and improving energy efficiency of its own operations. At the same time, the aim is to influence factors affecting air quality.

Climate and environment related issues require investments and development efforts to reduce own carbon footprint as well as to meet the growing demands of customers.

Reka Rubber's factories use CO₂-free electricity and solar panels have been installed at the factory in Aura. The solar panels produce approximately 90.000 kilowatt hours energy in one year. At the Polish factory, the lightning has been replaced by LED lights. The last installations of LED lights at the Aura factory will be completed in 2024.

Reka Rubber is unable to influence to the CO₂ percentage of the gas used at the factory in Poland, but the oil used in steam production at the Aura factory will be replaced. Survey of alternatives is underway. In addition, actions to improve energy efficiency have been made and several different projects are ongoing.

Rubber segment strives to reduce the amount of rubber waste in proportion to production tonnes through material selection, process development and technical supports.

Social responsibility

For Reka Industrial, sustainability means not only climate and environmental perspective, but also responsibility for the company's personnel. The company takes care of its personnel's working conditions, employees' rights and respect for human rights. Reka Industrial wants to be a safe and efficient work environment, where personnel's social, physical and mental wellbeing is taken into account. The company also wants to develop the competence of its personnel and encourages and commits them to excellent performance. Also business partners are required to have the same values and actions.

MACROECONOMIC ENVIRONMENT

Part of the Group's financing is tied to a reference interest rate and part to a fixed interest rate. The rise in reference interest rates increased the total interest costs both for the financing of trade receivables and for traditional loans. Reference rates are actively monitored and updated in the Group's forecasts and plans.

Inflation was reflected in higher costs for labour, materials, components and services. The increase in the costs and the high level of inflation in Poland accelerated some production arrangements and efficiency measures. Changes and efficiency measures are also being carried out at the factories in Finland. There is still a delay in transferring the costs into customer prices.

ACQUISITIONS AND DISPOSALS OF BUSINESSES

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 the note Discontinued operations. There were no other material corporate sales, acquisitions or divestments during the financial year.

GROUP STRUCTURE AND SHAREHOLDERS

Reka Industrial Corporation is the parent company of the Group, whose actual business company is Reka Rubber Ltd. Reka Industrial Plc is domiciled in Hyvinkää.

On 31 December 2023, Reka Industrial had 10,405 shareholders (10,322). 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 2023, the combined holding of the ten largest shareholders was 58.6 percent (60.14) of the shares and 72.6 percent (72.3) of the votes.

On 31 December 2023, the members of the Board, the Managing Director and CFO owned a total of 3,280,994 (2,971,834) Reka Industrial Plc's B shares directly and through their controlled entities.

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 the notes to the Financial Statements. The company's future risk factors are related to the investments activities and the development of its business segments.

The financial situation in the euro area and political uncertainties may have an effect on the purchase amounts and the launch of new projects of the customers in the Rubber segment. The availability of employees, employee turnover and absences may pose challenges to the growth of operations. Risks can be mitigated by developing employer image, active recruiting and taking care of the health and safety of the employees.

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

RESEARCH AND DEVELOPMENT

In 2023, the Group invested a total of EUR 0.9 million (EUR 1.5) in research and product development. Of the investments EUR 0.5 million was allocated to the continuing operations and EUR 0.4 million to the discontinued operations. During the financial period, a total of EUR 0.0 million (EUR 0.3) of the development costs of new products and product families were activated in the balance sheet.

PERSONNEL

In January-December 2023, the Group's continuing operations employed an average of 305 people (290). Including discontinued operations, the average number of employees in January-December was 398 (573 in 2022 and 563 in 2021).

The Group paid a total of EUR 13.3 million (21.0 million in 2022 and 20.1 million in 2021) in performance based salaries and fees in 2023.

ANNUAL GENERAL MEETING AND AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Reka Industrial's Annual General Meeting was held on 24 May 2023, in Hyvinkää.

The AGM approved the financial statements 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, in accordance with the Board's proposal, 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's 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 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 re-elected the following persons to the Board: Leena Saarinen, chairman, Matti Hyytiäinen, deputy chairman and Markku E. Rentto, member of the Board and Päivi Marttila, Eeva Raita and Ville Tolvanen as new 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 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 November 24, 2024. The authorization replaced 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 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. The authorization replaces the authorization given by the previous Annual General Meeting on April 6, 2022, for the handover of own shares.

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. If no Audit Committee has been appointed, the functions are carried out by the Board of

Directors. The members of Reka Industrial Plc's Audit Committee was Ari Jävelä and Leena Saarinen until the AGM 2023 and since the AGM 2023 the Board has taken care of the duty. In 2023 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.

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 2023 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 2023 the total number of shares includes 37,150 B-shares held by Reka Industrial Plc. The holding presents 0.6 percent of the company's share capital and 0.4 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 NASDAQ Helsinki stock exchange.

Company shares	31/12/2023	31/12/2022	31/12/2021
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	37,150	47,504	79,253

KEY FIGURES PER SHARE, SHARE PRICE AND TRADING VOLUME

A total of 1,117,484 (1,606,982 in 2022) of the company's B shares were traded on NASDAQ Helsinki Ltd, corresponding to 19.0 (27.3) percent of the number of shares and EUR 7.2 (7.5) million. The share price on December 31, 2023, was EUR 6.40 (5.74) and the average exchange rate for the financial year was EUR 6.47 (4.67). The lowest share price for the year was EUR 5.64 (2.86) and the highest was EUR 7.68 (6.24). The market value of the company's share capital on December 31, 2023, was EUR 38.3 million (December 31, 2022, EUR 34.1 million and December 31, 2021, EUR 23.0 million).

Key figures per share (A and B shares)	31/12/2023	31/12/2022	31/12/2021
Equity per share, EUR	9.23	3.56	1.88
Earnings per share (EPS), EUR	5.76	1.50	0.17
Dividend/share, EUR	2.00	0.20	0.09
Dividend/earnings, %	34.73 %	13.36 %	54.36 %
Effective dividend yield, %	31.25 %	3.48 %	2.33 %
Price/earnings (P/E)	1.11	3.80	23.40
Share performance, EUR			
- average share price	6.47	4.67	3.84
- lowest price	5.64	2.86	3.19
- highest price	7.68	6.24	4.75
- price at the end of the period	6.40	5.74	3.87

Key figures per share (A and B shares)	31/12/2023	31/12/2022	31/12/2021
Trading, number of shares	1,117,484	1,606,982	1,477,487
Trading, %	19.0 %	27.3 %	25.1 %
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

ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES

On 31 December 2023, the company held a total of 37,150 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 2023 Reka Industrial Plc has paid remuneration to the Board of Directors and Managing Director with a total of 10,354 shares.

DIVIDEND POLICY

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

MAJOR EVENTS AFTER THE FINANCIAL PERIOD

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

PROFIT DISTRIBUTION PROPOSAL

On 31 December 2023, the parent company's distributable funds were EUR 20,965,526.40, of which the result for the period was EUR 19,151,673.01. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 2.00 per share will be paid. A dividend of EUR 0.20 per share was paid for the financial year 2022. In 2023, in addition to the dividend, a return of capital of EUR 0.20 per share was paid.

ANNUAL GENERAL MEETING 2024

A notice to Reka Industrial's Annual General Meeting will be published later.

Hyvinkää 16 February 2024

Reka Industrial Plc
Board of Directors

Consolidated income statement (IFRS)

	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
EUR 1,000	1/1-31/12/2023	1/1-31/12/2023	1/1-31/12/2023	1/1-31/12/2022	1/1-31/12/2022	1/1-31/12/2022
Turnover	30,583	61,006	91,589	30,475	172,385	202,860
Change in inventories of finished products and production in progress	-683	3,225	2,542	458	1,235	1,693
Production for own use	0	4	4	0	67	67
Other operating income	600	31,081	31,681	2,327	187	2,514
Materials and services	-15,582	-49,006	-64,588	-17,322	-137,494	-154,816
Personnel expenses	-10,057	-5,901	-15,958	-8,735	-16,584	-25,319
Depreciation and impairment	-1,317	0	-1,317	-1,278	-3,751	-5,029
Other operating expenses	-4,203	-3,433	-7,636	-3,021	-8,791	-11,811
	-31,244	-24,030	-55,273	-27,570	-165,131	-192,701
Operating result	-660	36,976	36,316	2,905	7,254	10,159
Financial income	1,752	180	1,932	-136	668	532
Financial expenses	-1,429	-1,532	-2,961	-847	-3,710	-4,557
IAS19 defined benefit plans	16	-231	-215	3,571	0	3,571
Share of the result of associated companies	0	24	24	338	96	434
Result before taxes	-322	35,418	35,096	5,831	4,308	10,139
Taxes	49	-661	-612	-347	-814	-1,161
Result for the period	-273	34,757	34,483	5,484	3,494	8,978

	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
EUR 1,000	1/1-31/12/2023	1/1-31/12/2023	1/1-31/12/2023	1/1-31/12/2022	1/1-31/12/2022	1/1-31/12/2022
Profit or loss attributable to						
Shareholders of the parent	-273	34,757	34,483	5,484	3,494	8,978
Non-controlling interest	0	0	0	0	0	0
	-273	34,757	34,483	5,484	3,494	8,978
Earnings per share attributable to the shareholders of the parent, continuing operations						
before dilution, EUR	-0.05	0.00	-0.05	0.92	0.00	0.92
after dilution, EUR	-0.05	0.00	-0.05	0.92	0.00	0.92
Earnings per share attributable to the shareholders of the parent, discontinued operations						
before dilution, EUR	0.00	5.81	5.81	0.00	0.58	0.58
after dilution, EUR	0.00	5.81	5.81	0.00	0.58	0.58
Earnings per share attributable to the shareholders of the parent						
before dilution, EUR	-0.05	5.81	5.76	0.92	0.58	1.50
after dilution, EUR	-0.05	5.81	5.76	0.92	0.58	1.50
Number of shares	5,983,210	5,983,210	5,983,210	5,972,856	5,972,856	5,972,856

	Continuing operations 1/1-31/12/2023	Discontinued operations 1/1-31/12/2023	Group in total 1/1-31/12/2023	Continuing operations 1/1-31/12/2022	Discontinued operations 1/1-31/12/2022	Group in total 1/1-31/12/2022
EUR 1,000						
Result for the period	-273	34,757	34,483	5,484	3,494	8,978
Other comprehensive items that may subsequently be reclassified to statement of income						
Translation differences related to foreign units	171	0	171	-41	0	-41
Change in the value of open customer derivatives	0	440	440	0	-1,054	-1,054
Taxes of items that may subsequently reclassified to statement of income	0	-88	-88	0	211	211
Total	171	352	523	-41	-843	-884
Other comprehensive items that are not subsequently reclassified to statement of income						
Items related to remeasurements of net defined liabilities	2,201	-580	1,621	2,866	0	2,866
Taxes of items that are not subsequently reclassified to statement of income	-440	116	-324	-573	0	-573
Total	1,761	-464	1,297	2,293	0	2,293
Total comprehensive income	1,658	34,644	36,303	7,736	2,651	10,387
Total comprehensive income attributable to						
Shareholders of the parent	1,658	34,644	36,303	7,736	2,651	10,387
Non-controlling interests	0	0	0	0	0	0
	1,658	34,644	36,303	7,736	2,651	10,387

Consolidated balance sheet (IFRS)

EUR 1,000	31/12/2023	31/12/2022
ASSETS		
Non-current assets		
Other intangible assets	2,645	3,213
Tangible assets	3,602	2,938
Right-of-use assets	2,903	3,278
Other shares and holdings	766	0
Guarantee capital investment	8,000	8,000
IAS19 pension receivable	6,491	4,270
Deferred tax assets	1,660	1,201
Total non-current assets	26,066	22,900
Current assets		
Inventories	3,816	4,445
Sales receivables and other receivables	3,031	4,799
Tax receivables from the profit for the financial year	192	154
Other cash equivalents	38,131	0
Cash and cash equivalents	319	802
Total current assets	45,489	10,200
Non-current assets held for sale	0	53,994
Total assets	71,555	87,094

EUR 1,000	31/12/2023	31/12/2022
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	24,081	24,081
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-136	-174
Translation differences	14	-157
Retained profit	29,523	-4,224
Other unrestricted equity	436	436
Equity attributable to shareholders of the parent	55,205	21,250
Non-controlling interests	0	0
Total shareholders' equity	55,205	21,250
Non-current liabilities		
Deferred tax liabilities	2,003	1,122
Provisions	2,021	1,987
Financial liabilities	0	8,376
Lease liabilities	4,818	5,171
Other liabilities	33	10
Current liabilities		
Tax liabilities from the profit	185	882
Provisions	2,400	302
Financial liabilities	677	3,556
Lease liabilities	487	424
Accounts payable and other liabilities	3,726	5,129
Total liabilities	16,349	26,960
Liabilities related to non-current assets held for sale	0	38,884
Total shareholders' equity and liabilities	71,555	87,094

Consolidated statement of changes in shareholders' equity (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other un-restricted equity	Retained profit	Shareholders' equity to the shareholders of the parent	Non-controlling interest	Total shareholders' equity
Shareholders' equity 31/12/2021	24,081	66	1,221	-287	-116	436	-14,149	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
Translation differences					-41			-41		-41
Total					-41		-843	-884		-884
Total comprehensive income					-41		10,428	10,387		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		-415
Shareholders' equity 31/12/2022	24,081	66	1,221	-174	-157	436	-4,224	21,250		21,250

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other un-restricted equity	Retained profit	Shareholders' equity to the shareholders of the parent	Non-controlling interests	Total shareholders' equity
Shareholders' equity 31/12/2022	24,081	66	1,221	-174	-157	436	-4,224	21,250		21,250
Comprehensive income										
Result for the period							34,483	34,483		34,483
Other comprehensive items										
Items related to remeasurements of net defined benefit liability							1,621	1,621		1,621
Taxes of net defined liability							-324	-324		-324
Total							1,297	1,297		1,297
Derivatives							440	440		440
Taxes of derivatives							-88	-88		-88
Translation differences					171			171		
Total					171		352	523		523
Total comprehensive income					171		36,132	36,303		36,303
Other change							3	3		3
Transactions with the owners										
Dividends paid/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		-2,350
Shareholders' equity 31/12/2023	24,081	66	1,221	-136	14	436	29,523	55,205		55,205

Consolidated cash flow statement (IFRS)

EUR 1,000	1/1-31/12/2023	1/1-31/12/2022
Cash flows from operating activities		
Payments received from operating activities	93,345	206,598
Payments paid on operating activities	-90,324	-192,087
Paid interests and other financial expenses	-2,619	-4,152
Interests received and other financial incomes	1,702	92
Direct taxes paid	-1,314	-522
Net cash provided by operating activities	791	9,929
Cash flows from investments		
Sale of shares of subsidiaries	54,181	0
Investments in tangible assests	-1,441	-3,612
Sales of tangible assets	16	6,247
Sales of associated company shares	0	1,757
Investments in other assets	-1,138	-5,700
Net cash provided by investing activities	51,618	-1,308
Cash flows from financing activities		
Increase in loans	849	5,566
Decrease in loans	-14,949	-8,860
Payments on lease activities	-1,013	-1,967
Dividends paid/return on equity	-2,389	-539
Net cash provided by financing activities	-17,502	-5,800
Change in cash and cash equivalents at the end of the period	34,906	2,822
Cash and cash equivalents at the beginning of the period	802	767
Exchange rate differences	-15	-31
Cancellation of elimination of cash and cash equivalents related to discontinued operations	2,756	-2,756
Cash and cash equivalents at the end of the period	38,449	802

Notes to the consolidated financial statements

GENERAL INFORMATION

Reka Industrial Corporation is the parent company in the Group, whose actual business company is Reka Rubber Ltd.

In addition to Finland, the Group operates in Poland.

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.

ACCOUNTING POLICIES FOR INTERIM REPORT

The general accounting policies are described in this section. Detailed accounting policies and descriptions of decisions based on management's judgement and management's use of estimates are presented later for each item of the financial statements. Accounting policies are marked with light green.

Principles or 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 2023. 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.

Financial Statement release and Interim reports are unaudited.

NEW AND AMENDED STANDARDS APPLIED IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

IFRS 17 Insurance Contracts, including Amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard replaces IFRS 4 standard.

The amendments to IFRS 17 alleviate mismatches in comparative information arising from the different transition requirements of IFRS 9 and IFRS 17. The amendments also allow the comparative information about financial assets to be presented in a manner that is more consistent with the requirements in IFRS 9 *Financial Instruments*. This standard has no effect on company's reporting.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

The amendments give relief from accounting for deferred taxes arising from the OECD's (Organisation for Economic Co-operation and Development)

international tax reform and require new disclosures to compensate for the potential loss of information resulting from the relief. Reka Industrial Group falls below the value limits and therefore this change has no effect on Group's reporting.

SUSTAINABILITY

Since 2016, Reka Rubber has been part of the chemical industry's Responsible Care programme, through which the company is committed to sustainability in its industry. The aim of the Responsible Care programme is to develop activities and achieve excellent level in environmental, safety and health issues by working together with different groups and investing in transparent and open interaction.

Reka Rubber assesses its level of sustainability through the EcoVadis system. EcoVadis is an independent and international sustainability assessment system, in which a company's labour practices, ethics, environmental responsibility and sustainable supply chain are being reviewed. In 2022, Reka Rubber achieved bronze level rating.

The sustainability work is also supported by an ISO 14001 certified environmental management system and ISO 9001 certified quality management system. Reka Rubber has the required environmental permits.

Climate and environment

At the end of 2019 Reka Industrial started a transformation to increase energy efficiency and reduce CO2 emissions in Cable segment. Financing was implemented with a Green Bond and the measures targeted Reka Cables. As a result of the project Reka Cables became first carbon neutral cable producer (scope 1 and 2) as of 1 November 2021 and by the end of 2022 Reka Cables' energy efficiency had improved 7.3 percent since the comparison year 2017.

For Reka Rubber, climate actions means reducing emissions and improving energy efficiency in the company's own operations. Reka Rubber has calculated the carbon footprint of its own operations, which it strives to reduce by consuming emission-free electricity and improving energy efficiency of its own operations. At the same time, the aim is to influence factors affecting air quality.

Climate and environment related issues require investments and development efforts to reduce own carbon footprint as well as to meet the growing demands of customers.

Reka Rubber's factories use CO2 -free electricity and solar panels have been installed at the factory in Aura. The solar panels produce approximately 90.000 kilowatt hours energy in one year. At the Polish factory, lightning has been replaced by LED lights. The last installations of LED lights at the Aura factory will be completed in 2024.

Reka Rubber is unable to influence to the CO2 percentage of the gas used at the factory in Poland, but the oil used in steam production at the Aura factory will be replaced. Survey of alternatives is underway. In addition, actions to improve energy efficiency have been made and several different projects are ongoing.

Rubber segment strives to reduce the amount of rubber waste in proportion to production tonnes through material selection, process development and technical supports.

Social responsibility

For Reka Industrial, sustainability means not only climate and environmental perspective, but also responsibility for the company's personnel. The company takes care of its personnel's working conditions, employees' rights and respect for human rights. Reka Industrial wants to be a safe and efficient work environment, where personnel's social, physical and mental wellbeing is taken into account. The company also wants to develop the competence of its personnel and encourages and commits them to excellent performance. Also business partners are required to have the same values and actions.

MACROECONOMIC ENVIRONMENT

Part of the Group's financing is tied to a reference interest rate and part to a fixed interest rate. The rise in reference interest rates increased the total interest costs both for the financing of trade receivables and for traditional loans. Reference rates are actively monitored and updated in the Group's forecasts and plans.

Inflation was reflected in higher costs for labour, materials, components and services. The increase in the costs and the high level of inflation in Poland accelerated some production arrangements and efficiency measures. Changes and efficiency measures are also being carried out at the factories in Finland. There is still a delay in transferring the costs into customer prices.

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. Management estimates are marked with light blue.

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 changes in open customer-specific hedges are booked to equity. Other changes in the value of derivatives are recognized through the income statement. Derivatives that hedge net sales are included in net sales. Changes in metal derivatives hedging 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 and/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 AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank accounts, deposits and other short-term investments. Cash and cash equivalents are recognized in cash flow statement as cash and cash equivalents. Cash and bank accounts and deposits maturing less than 3 months are recognized in cash and cash

equivalents in the balance sheet. Bank deposits maturing in more than 3 months, other deposits maturing in less than 12 months and short-term investments are recognized in other cash equivalents in the balance sheet.

OPERATING RESULT AND EBITDA

IAS 1 standard Presentation of Financial Statements does not define operating result. The Group has defined operating result as follows: the net amount formed by deducting from the net sales 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. Deductions from the net sales also include expenses arising from employee benefits without IAS 19 defined benefit pension arrangements related items, depreciation, amortization and any impairment losses. Other operating incomes and expenses are also taken into account. Other items than those stated above are presented below operating result. Exchange rate differences and changes in fair value of derivatives are included in operating result, if they arise from business-related items. Otherwise they are recognized in financial items. Operating profit is also referred to as operating profit or operating loss, depending on the situation.

IAS 1 standard does not define EBITDA. The Group has defined EBITDA as follows: EBITDA is the net amount that is formed when depreciation and any impairment losses are added to the operating profit.

ACQUISITIONS AND DISVESTMENTS OF BUSINESSES

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 the note Discontinued operations. There were no other material divestments or acquisitions during the financial year.

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 Industrial's Cable segment ended and Reka Cables Ltd and its subsidiaries were classified as discontinued operations. The purchase price for the shares was EUR 53 million. 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 authorities approved the transaction in April 2023.

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 are reported in Reka Industrial's financial figures for the period of four months, 1 January – 30 April 2023.

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. Intragroup income and expenses between continuing and discontinued operations have been eliminated.

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 items	-231	0
Result before taxes	4,383	4,308
Taxes	-661	-814
Result for the period	3,721	3,494
Sales profit from discontinued operations	31,035	
Result from discontinued operations	34,757	3,494
Profit or loss attributable to		
Shareholders of the parent	34,757	3,494
Non-controlling interest	0	0
	34,757	3,494

The effect of discontinued operations on the balance sheet, EUR 1,000	30/4/2023	31/12/2022
ASSETS		
Non-current assets		
Consolidated goodwill	3,252	3,252
Other intangible assets	1,954	1,684
Tangible assets	16,597	16,492
Right-of-use assets	3,614	3,614
Holdings in associates	3,775	1,115
Receivables	40	40
Deferred tax assets	847	387
Total non-current assets	30,079	26,586
Current assets		
Inventories	25,555	23,166
Sales receivables and other receivables	3,971	1,033
Tax receivables from the profit for the financial year	57	57
Derivative contracts	291	395
Other financial assets	524	1,490
Cash and cash equivalents	3,022	1,267
Total current assets	33,420	27,408
Total assets	63,499	53,994

The effect of discontinued operations on the balance sheet, EUR 1,000	30/4/2023	31/12/2022
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	516	549
Provisions	1,488	1,370
Financial liabilities	292	365
Lease liabilities	1,924	2,568
IAS 19 pension liability	2,789	1,920
Total non-current liabilities	7,009	6,772
Current liabilities		
Tax liabilities from the profit	546	92
Financial liabilities	2,618	5,199
Lease liabilities	1,959	1,982
Derivative contracts	369	914
Accounts payable and other liabilities	27,852	23,925
Total current liabilities	33,344	32,111
Total liabilities	40,353	38,884

Cash flow from discontinued operations, EUR 1, 000	1/1-30/4/2023	1/1-31/12/2022
Cash flows from operating activities	2,974	8,036
Cash flows from investments	38,831	-3,032
Cash flows from financing activities	-9,981	-2,483
Cash flow for the financial year	31,824	-2,521

SEGMENT INFORMATION

Reka Industrial Group's industrial business segment is Rubber industry. All other operations are categorized as Other operations and eliminations.

As the Group's highest operational decision-maker, the Board of Directors evaluates the segment's performance and makes decisions about the resources allocated to the segment.

Accounting policy of segment information

In accordance with IFRS 8, segment-specific reporting is based on the internal management 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 recognized in Other operations and eliminations.

31/12/2023

EUR 1,000	Rubber	Other operations and eliminations	Group in total
Turnover	30,576	61,013	91,589
EBITDA	1,227	36,407	37,633
Unallocated items		-3,150	-3,150
Result before taxes			35,096
Result for the period			34,483
Assets			
Segment's assets	17,892	53,663	71,555
Total assets	17,892	53,663	71,555
Liabilities			
Segment's liabilities	8,995	7,355	16,349
Total liabilities	8,995	7,355	16,349
Assets – liabilities	8,897	46,308	55,205
Investments	1,108	455	1,562
Depreciations		1,317	1,317

31/12/2022

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

Rubber segment's turnover by product group, EUR million	1-12/2023	1-12/2022
Moulded	9.7	10.3
Hoses	17.2	16.3
Other	3.6	4.0
Total	30.6	30.6

Rubber segment's turnover by sales area, EUR million	1-12/2023	1-12/2022
EU-countries	27.1	27.5
Non-EU-countries	3.5	3.1
Total	30.6	30.6

Taken all market areas into the consideration the largest customer group's share of the Group's turnover was 14.9 %. Other individual customer's share of the Group's turnover was under 10 %.

On 31 December 2023, non-current assets other than financial instruments and deferred taxes were EUR 24.4 million (21.7), of which EUR 21.8 million were located in Finland and EUR 2.6 million in Poland.

OTHER OPERATING INCOME

Accounting policy

Income related to other than normal business is recognized as other operating income. Such items are, for example, proceeds from sales of items of property and equipment and intangible assets, revenue recognition of fair acquisition, rental income, subsidies received and government grants.

EUR 1,000	2023	2022
Gain on the sale of fixed assets	9	1,436
Subsidies received	31	101
Rental income	185	168
Gain on the sale of fixed assets, sale of shares of Reka Cables Ltd	31,035	0
Other income	420	810
Total	31,681	2,514

The gain on the sale of shares of Reka Cables Ltd is presented in its own line. Other gains on the sales of fixed assets in 2023 consist of sales of machinery and equipment.

FINANCIAL INCOME AND EXPENSES

Accounting policy

Costs of liabilities are recognized as expenses in income statement in the financial period during which they have incurred. Direct transaction costs related to a specified loan, are included in the original allocated acquisition costs of a financial liability and are noticed as interest costs by using the effective interest method. The unrealized and realized exchange rate differences relating to financing are recognized in financial income and expenses.

Revenue recognition principle

Interest income is recognized using the effective interest method or according to given market valuation. Interest income consists of interest revenue of guarantee capital investments, loan receivables and deposits as well as realized and unrealized revenues of other cash equivalents. Dividend income is recognized when the right to receive the dividend is established.

Financial income

EUR 1,000	2023	2022
Interest revenues	836	92
Changes in the fair value of financial assets	831	0
Exchange rate differences	266	440
Total	1,932	532

Financial expenses

EUR 1,000	2023	2022
Interest expenses	-405	-1,100
Interest expenses on lease liabilities	-441	-374
Exchange rate differences	-335	-761
Financial expenses on sales receivable	-1,283	-1,926
Other financial expenses	-496	-397
Total	-2,961	-4,557
Total exchange rate differences	-70	-321

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	2023	2022
Pension costs – Defined benefit plans	-427	4,539
Interest expenses – Defined benefit plans	158	-77
Taxes – Defined benefit plans	54	-893
Total	-215	3,571

The positive pension cost in 2022 resulted mainly from changes in the discount rate used and IFRS 5 reclassification.

CHANGES IN TANGIBLE ASSETS

EUR 1,000	2023	2022
Acquisition costs 1/1	10,781	61,217
Increase	1,069	3,573
Decrease	-215	-5,448
Transfers to assets classified as held for sale	0	-48,561
Exchange rate differences	163	0
Acquisition costs 31/12	11,799	10,781
Accumulated depreciation and impairment 1/1	7,846	37,659
Depreciation	351	3,214
Decrease	0	-958
Transfers to assets classified as held for sale	0	-32,068
Accumulated depreciation and impairment 31/12	8,197	7,846
Book value 1/1	2,938	23,556
Book value 31/12	3,602	2,938

CHANGES IN RIGHT-OF-USE ASSETS

EUR 1,000	2023	2022
Acquisition costs 1/1	7,977	12,089
Increase	118	6,066
Transfers to assets classified as held for sale	-71	-10,189
Acquisition costs 31/12	8,024	7,977
Accumulated depreciation and impairment 1/1	4,698	7,915
Depreciation	423	3,227
Transfers to assets classified as held for sale	0	-6,574
Impairment	0	130
Accumulated depreciation and impairment 31/12	5,121	4,698
Book value 1/1	3,278	4,175
Book value 31/12	2,903	3,278

GUARANTEE CAPITAL INVESTMENTS

Accounting policy

Long-term investments or investments where the repayment depends on the other party are recognized in non-current investments. Guarantee capital investments are long-term investments and they support Reka Pension fund's solvency.

Guarantee capital investment is a strategic investment in the Reka Pension fund and it is recognized at fair value through other items in comprehensive income. In Financial Statements 2023, guarantee capital investment's fair value is estimated to correspond to the amount of the original investment and to the amount of investment received through the sale of the shares of Reka Cables Ltd in 2023. The investment has been described in more detail in note 3.4. Related-party events.

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 the Reka Pension Fund. The guarantee capital investment supports the solvency of the pension fund. The interest paid on the guarantee capital investment is 4 % p.a.

When Reka Cables Ltd joined Nexans Group at the end of April 2023, the EUR 2.3 million guarantee capital investment made by Reka Cables Ltd remained at the Reka Industrial Group.

FINANCIAL ASSETS

Accounting policy

Investment are recognized at fair value when the Group becomes party to the contract. The value of investments are updated using third-party market value reports.

Gains and losses arising from changes in fair value are recognized in financial income and/or expenses.

Money market deposits are recognized at nominal value in the balance sheet and interest revenue is recognized in interest receivables. Escrow accounts are recognized at nominal value.

Financial assets valid on 31 December 2023:

EUR 1,000	Positive current values	Negative current values	Current net values 2023	Current net values 2022	Nominal values 2023	Nominal values 2022
Investments						
Mandatum -funds	10,535		10,535	0	10,000	0
Lähi-Tapiola -funds	10,267		10,267	0	10,000	0
Aristoi -financial management	3,028		3,028	0	3,000	0
Money market deposits	10,300		10,300	0	10,300	0
Escrow -account	4,000		4,000	0	4,000	0
Total	38,131	0	38,131	0	37,300	0

Investments included in financial assets have been valued using third-party market value reports (hierarchy level 2).

Funds are interest investments related to corporate loans and short-term interests. Aristoi -financial management is an investment portfolio including money market deposits, investments in bonds (companies and state) and other commodities. Withdrawal from the funds is possible within 2 banking days.

CASH AND CASH EQUIVALENTS

EUR 1,000	2023	2022
Cash and bank	319	802

LIQUIDITY MANAGEMENT

Ways to ensure liquidity and sufficient funding include in addition to negotiations on financing and payment terms, measures to improve inventory turnover and freeing up capital from assets.

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 the sale of accounts receivables as a part of optimising circulation of working capital and controlling liquidity risk.

The financial covenants (Equity ratio and loan servicing margin) of the financing in the Polish subsidiary were met with at the balance sheet date. The Group has not other financial covenants.

EUR1,000	Balance sheet value	Cash flow	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
31/12/2023						
Repayable bank loans	8	8	8	0	0	0
Loan limits	642	642	642	0	0	0
Regression of sales receivables	26	26	26	0	0	0
Lease liabilities	5,305	7,071	823	1,560	2,154	2,534
Accounts payable and other liabilities	3,726	3,726	3,726	0	0	0
Total	9,707	11,474	5,226	1,560	2,154	2,534

EUR 1,000	Balance sheet value	Cash flow	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
31/12/2022						
Repayable bank loans	2,409	2,409	2,400	8	0	0
Account limits	881	881	881	0	0	0
Regression of sales receivables	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

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

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	31/12/2023	31/12/2022
Loans from financial institutes	677	7,549
Bond	0	7,230
Granted business mortgages	1,800	27,800
Granted real estate mortgages	1,900	8,900
Book value of pledged securities	0	8,969
Granted guarantees	0	3,148
Guarantees and payment commitments	0	1,220

The amount of corporate mortgages on December 31, 2023 was EUR 1.8 million.

One million euros of corporate mortgages are held by the financier but available to the company, if necessary.

Investment commitments

On December 31, 2023 the investment commitments for tangible fixed assets amounted to EUR 1.2 million (3.3).

On December 31, 2023, commitments to rental agreements of less than 12 months or low value totaled EUR 0.1 million (0.9).

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. Related parties also 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. The Group's management group consists of the CEO 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 in Reka Industrial Plc.

Related-party transactions

Transactions with the Reka Group:

EUR1,000	1-12/2023	1-12/2022
Other purchases	-562	-847
Other income	7	5
Guarantee commissions	-18	-70
Sales receivables and other receivables at the end of the period	168	556

Reka Ltd has earlier guaranteed financing and other agreements of the Reka Industrial Group. Reka Industrial paid 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	1-12/2023	1-12/2022
Purchase of real estate	0	6,200
Paid pension expenses	-1,494	-2,721
Rental expenses	-639	-289
Financial income	320	92
Financial expenses	0	-4
Guarantee capital investment	8,000	8,000
Other debts at the end of the period	47	240
Other receivables at the end of the period	27	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.

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

Transactions with associated companies:

EUR 1,000	1-12/2023	1-12/2022
Sales		
Nestor Cables Ltd	0	21
Other purchases		
Nestor Cables Ltd	0	187
Leasing rents		
Riihimäen Kaapelitehdas Ltd	396	1,119

Nestor Cables Ltd was sold in July 2022.

Leasing rents to Riihimäen Kaapelitehdas Ltd consisted of rents paid by Reka Cables Ltd. Reka Cables Ltd belonged to the Reka Industrial Group until the end of April 2023.

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 Metsämarkka 1 Ltd.

Management fringe benefits and other related-party transactions:

EUR 1,000	2023	2022
Salaries and other short-term fringe benefits	952	829
Pension benefits, defined contribution plans	121	112
Total	1,073	940

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 2023:

- 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 50,000 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 May 2023, and the shares will be handed over in June 2023.

Due to Reka Industrial's ownership structure, member of the Board of Directors can be a 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 an important company project (financing, acquisition, contract).

Transactions with other related parties:

EUR 1,000	1-12/2023	1-12/2022
Rental incomes	10	8
Other purchases	17	18

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), %

IAS 19 corrected result for the period

Shareholders' equity excluding effects of IAS 19 bookings (average)

IAS 19 corrected Equity ratio, %

Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings

Balance sheet total – advances received excluding effects of IAS 19 bookings

IAS 19 corrected Gearing, %

Interest-bearing liabilities – cash and cash equivalents, liquid financial and investment securities

Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings

IAS 19 corrected Return on investment (ROI), %

IAS 19 corrected result before taxes + interest and other financial expenses

[Balance sheet total – obligatory provisions and non-interest-bearing liabilities excluding effects of IAS 19 bookings (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. Other operating incomes and expenses are also taken into account.

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 profit

Earnings per share (EPS), EUR

Profit for the period attributable to equity holders of the parent

Numbers of shares adjusted for share issues (average)

Equity per share, EUR

Shareholders' equity – non-controlling interest

Number of shares adjusted for share issues at the end of the period

Dividend per share, EUR

Dividend for the period

Number of shares adjusted for share issues at the end of the period

Dividend per earnings, %

Dividend / share

Earnings / share

Effective dividend yield, %

Dividend / share

Share price adjusted for share issues at the end of the period

Price per earnings (P/E)

Share price adjusted for share issues at the end of the period

Earnings / 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

EUR 1,000	2023	2022	2021
Result for the period in Financial Statements	34,483	8,978	986
IAS 19 eliminations	215	-3,571	725
Result for the period in IAS 19 adjusted Performance Measures	34,699	5,407	1,711
IAS 19 effect on non-interest-bearing liabilities	0	0	4,979
IAS 19 effect on Shareholders' equity	2,962	1,880	-3,983
IAS 19 effect on Balance sheet total	6,491	1,880	996
Shareholders' equity in Financial Statements	55,205	21,250	10,090
IAS 19 eliminations	-2,962	-1,880	3,983
Shareholders' equity in IAS 19 adjusted Performance Measures	52,244	19,370	14,073
Balance sheet total in Financial Statements	71,555	87,094	72,237
IAS 19 eliminations	-6,491	-1,880	-996
Balance sheet total in IAS 19 adjusted Performance Measures	65,064	85,214	71,241

NOTE

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 Industrial Plc

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