

Half Year Financial Report

January – June 2024

Reka Industrial Plc



Reka Industrial Plc: Strategy work continues, financial situation is reflected in the order volumes of the Rubber segment

Reka Industrial Plc's half year financial report January-June 2024

January-June 2024

- The Rubber segment's turnover was EUR 14.7 (17.1) million
- The Rubber segment's EBITDA was EUR 0.4 (1.3) million
- The Rubber segment's EBITDA without extraordinary items was EUR 0.7 (1.3) million
- The Group's turnover was EUR 14.7 (78.1) million
- The Group's EBITDA was EUR -0.1 (38.1) million
- The Group's EBITDA without Rubber segment's extraordinary items was EUR 0.2 (38.1) million
- The Group's result for the period was EUR -0.2 (34.8) million
- The Group's cash and cash equivalents totalled at EUR 26.7 million
- The Group's assets were invested in low-risk instruments
- Reka Industrial's strategy work is in progress

The half year financial report is unaudited. The figures of comparison year include Reka Cables, whose figures are consolidated until the end of April 2023 and the gain of EUR 31.0 million on the sale of Reka Cables. Figures in brackets refer to the same period a year earlier, unless otherwise stated.

President and CEO Sari Tulander:

Year 2023 started the renewal of Reka Industrial, when Reka Cables Ltd was sold to Nexans Group in the end of April 2023.

With the corporate sale, Reka Industrial's cash equivalents increased notably and investments to funds started. During strategy work, investments are made mainly to low-risk instruments and short-term deposits. The company paid dividends of EUR 12.0 million in May 2024. At the end of the review period, the Group's cash and cash equivalents totalled at EUR 26.7 million.

Reka Industrial's industrial business consists currently of Reka Rubber, which is one of the leading manufacturers of industrial rubber products in Northern Europe. The general financial situation and uncertainty in the markets were reflected in the order volumes and shortened order lead times of Reka Rubber's customers. In the review period, Rubber segment's turnover was EUR 14.7 (17.1) million. The challenging market situation is estimated to continue for the rest of the year.

Reka Rubber has a strong position in its selected market segments and the company estimates that its market share is remained unchanged. Sales activities are active and we have received new customers. We are delivering samples to new customers this year and actual deliveries will start in 2025.

Profitability was affected by decreasing volumes and the delay in transferring the cost increases to customer prices. The Rubber segment continues to emphasize on transferring the cost increases to customer prices and developing productivity and profitability. With the change of the Managing director of Reka Rubber, we are seeking speed for efficiency measures and the development of conditions for future growth, such as a profitable product offering and efficient production technology. The extraordinary costs due to changing the Managing director of Reka Rubber, EUR 0.3 million, are taken into account in the review period's result.

The production lines and machines ordered by the Rubber segment are installed mainly after summer. Investments and recruitments to increase production capacity and profitability will be continued to accomplish long-term growth.

The Board of Directors of Reka Industrial Plc has drawn up a set of criteria for the next stages of the strategy work and is working on them together with Sisu Partners which was earlier chosen as the financial advisor.

MAJOR EVENTS DURING THE FINANCIAL PERIOD

The goal of Reka Industrial Plc is to carry out a strategic path, whereby the company can grow its turnover to become a medium-sized listed company within next 5 (five) years. Reka Industrial has strong expertise in industrial manufacturing and international operations. The sale of Reka Cables realized in spring 2023 creates an opportunity to develop the business of Reka Industrial from a new perspective based on strong ownership and entrepreneurial activity. Reka Industrial's status as a listed company creates an excellent opportunity for future arrangements. The Board of Directors of Reka Industrial Plc has drawn up a set of criteria for the next stages of the strategy work and has chosen Sisu Partners as the financial advisor.

Reka Industrial launched a recruitment process to find for its subsidiary Reka Kumi Oy a new Managing Director. Sari Tulander, the President and CEO of Reka Industrial, will act as Managing Director of Reka Kumi Oy in addition to her own duties from 11 June 2024 until a new Managing Director takes up his/her position.

KEY FIGURES

	1-6/2024	1-6/2023	2023
Turnover, EUR million	14.7	78.1	91.6
EBITDA, EUR million	-0.1	38.1	37.6
Operating profit, %	-5.1	48.0	39.7
Result for the period, EUR million	-0.2	34.8	34.5
Earnings per share	-0.04	5.81	5.77
Net cash provided by operating activities, EUR million	-0.4	1.70	0.80
IAS 19 corrected ROI, %	0.8	80.5	64.5
IAS 19 corrected Equity ratio, %	72.9	74.0	80.4

The turnover and result of Reka Cables for January-April 2023 and the gain on the sale of shares EUR 31.0 million is included in the financial figures of Reka Industrial Group in 2023.

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.

TURNOVER AND OPERATING RESULT

The Group's turnover was EUR 14.7 (78.1) million. EBITDA was EUR -0.1 (38.1) million and operating result was EUR -0.7 (37.4) million. The result for the review period was EUR -0.2 (34.8) million. The financial figures of Reka Cables Ltd has been noticed until the end of April 2023. As a result of corporate sale of Reka Cables Ltd EUR 31.0 million sales profit was recorded in comparison year.

BALANCE SHEET AND FINANCING

The balance sheet total at the end of the review period was EUR 61.9 million. On 31 December 2023 the balance sheet totalled at EUR 71.6 million.

At the end of the review period, the Group's cash and cash equivalents totalled at EUR 26.7 million (EUR 38.5 million on 31 December 2023). Other cash equivalents are invested mainly in low-risk instruments and short-term deposits.

At the end of the review period, the Group's interest-bearing liabilities were EUR 6.9 million (EUR 6.0 million on 31 December 2023), of which other than finance lease liabilities were EUR 1.7 million (EUR 0.7 million on 31 December 2023).

SUSTAINABILITY

Reka Industrial boosts sustainability in the development of its business and everyday work. The aims of the sustainability work are formed according to the UN Global Compact initiative and Reka Industrial has chosen five initiatives of 17 that are most important to its business.

Reka Industrial's goal is to take into account the needs and wishes of all its stakeholders and actively promote the sustainable development according to these needs. The company takes care of its personnel's working conditions and develops the competence of its personnel. The company is long-term responsible business partner to its customers and representatives of its delivery chain. Reka Industrial follows highly ethical rules, which it requires also from its business partners.

Reka Rubber promotes its shared goals with Reka Industrial and is part of the chemical industry's Responsible Care programme which key themes are sustainable use of natural resources and sustainability of production and products. Reka Rubber assesses its level of sustainability through the EcoVadis system which is an independent and international sustainability assessment system. Reka Rubber has achieved bronze level rating. EcoVadis reviews company's labour practices, ethics, environmental responsibility and sustainable supply chain. 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.

For Reka Rubber, climate actions means reducing emissions and improving energy efficiency in the company's own operations. At the same time, the aim is to influence factors affecting air quality. 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. Both Reka Rubber's factories use CO₂ -free electricity. Solar

panels have been installed at the factory in Aura and at both factories, the lightning is gradually replaced by LED lights.

The essential factor is also the rubber raw material, its efficient use and production waste. The Rubber segment strives to reduce the amount of rubber waste in proportion to production tonnes through material selection, process development and technical supports and enhancing the utilization of waste.

SEGMENTS

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

Rubber segment

In the first half year of 2024, the Rubber segment's turnover was EUR 14.7 (17.1) million. EBITDA was EUR 0.4 (1.3) million. EBITDA without extraordinary items was EUR 0.7 (1.3) million. There has been a clear delay in transferring increased costs to customer prices. Also volume reduction due to market situation reflected in profitability.

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 in 2023 a new extrusion line to the production unit in Poland. The price of the new line is EUR 1.3 million. There are plans for small investments both in Finland and Poland to support growth and productivity. The production lines and machines ordered by Rubber segment are installed mainly after summer.

The delivery capability in both factories have been good.

INVESTMENTS

During the review period the investments totalled at EUR 0.9 (0.9) million of which the investments to Rubber segment were EUR 0.8 (0.5) million. The figures of the comparison year includes EUR 0.4 million investments of Reka Cables Ltd sold in April 2023.

PERSONNEL

In January-June 2024 the Group's continuing operations employed an average of 300 (305) people. Including discontinued operations, the number of personnel in January-June was an average of 300 (491) people.

ANNUAL GENERAL MEETING AND THE AUTHORISATION OF THE BOARD OF DIRECTORS

The Annual General Meeting of Reka Industrial Plc was held on 23 April, 2024, in Hyvinkää.

The AGM approved the financial accounts for the 2023 accounting period and granted the Company's Board and the Managing Director discharge from liability for the 2023 accounting period.

The AGM resolved, that for the financial year 2023 a dividend of EUR 2,00 per share will be paid.

The AGM resolved, in accordance with the Board's proposal, that the Board of Directors is authorized to decide on an additional dividend of up to EUR 1.20 per share (up to a total of EUR 7.2 million) and on the date of record and payment date for the additional dividend. The authorization is valid until the beginning of the next Annual General Meeting.

The AGM decided to approve the company's 2023 remuneration report. According to the Companies Act, the decision is advisory.

The AGM decided to approve the updated version of the Remuneration Policy for governing bodies. 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 chairperson of the Board and EUR 2,500 for the committee members. Voluntary pension insurance contributions are paid for the remuneration of the Board members. No separate meeting fees are paid. The AGM approved that the members of the Board are compensated for their travel expenses. The company currently has no committees.

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 four (4) and elected the following persons to the Board: Leena Saarinen, chairperson; Päivi Marttila, deputy chairperson and Eeva Raita and Markku E. Rentto 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 2025.

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 percent of all the shares in the Company and in total 10.0 percent 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 23, 2025. The authorization replaces the authorization given by the previous Annual General Meeting on May 24, 2023, 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 percent of all the shares of the Company and in total 10.0 percent 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 May 24, 2023, for the handover of own shares.

SHARES AND SHARE CAPITAL

Reka Industrial Plc's share capital is divided into A and B-shares. The total share capital of all the company's shares at the end of June 2024 was EUR 24,081,440 and the number of the shares 6,020,360. The total number of shares includes 37,150 B-shares held by Reka Industrial Plc. The holding represents 0.6 % of the company's share capital and 0.4 % of the votes. The company held no A-shares. Reka Industrial Plc's B-shares (REKA) are listed on the exchange list of NASDAQ Helsinki.

Company shares	30/6/2024	30/6/2023
Company share capital (EUR)	24,081,440	24,081,440
A-shares (20 votes per share)	139,600	139,600
B-shares (1 vote per share)	5,880,760	5,880,760
Total	6,020,360	6,020,360
B-shares held by the company	37,150	37,150

On January-June 2024, a total of 2,137,239 (683,249) of the company's B shares were traded on NASDAQ Helsinki Ltd, representing 36.3 % (11.6 %) of the total number of the shares. At the end of trading on June 2024 the share price was EUR 5.08 (6.20) and the average share price for the review period was EUR 7.28 (6.61). The lowest quotation in January-June was EUR 4.89 (5.64) with the highest being EUR 9.48 (7.68). The company's market capitalisation was valued at EUR 30.7 (37.2) million on June 30, 2024.

ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES

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

GROUP STRUCTURE AND SHAREHOLDERS

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

At the end of the review period, Reka Industrial had 12,122 (10,287) shareholders. The largest shareholder, Reka Ltd, held 50.2 (50.2) percent of the shares and 65.4 (65.4) percent of the votes. Reka Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

At the end of June, the combined holding of the ten largest shareholders was 54.9 (61.2) percent of the shares and 68.6 (73.0) percent of the votes.

The members of the Board of Directors, the Managing Director and the CFO directly and through their controlled corporations owned and controlled on June 30, 2024 a total of 2,943,653 (3,280,994) of Reka Industrial's B shares.

RISKS AND UNCERTAINTY FACTORS

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

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.

MAJOR EVENTS AFTER THE REVIEW PERIOD

There has not been any major events after the review period.

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. General financial situation and uncertainty in markets reflects in the order volumes and shortened order lead times of the Reka Rubber's customers. The challenging market situation is estimated to continue for the rest of the year. In 2024, the Rubber segment emphasizes increasing productivity and profitability. Investments in long-term growth will continue.

In Hyvinkää 6 August 2024

Reka Industrial Plc
Board of Directors

Further information:

Sari Tulander, President and CEO, tel. +358 44 044 1015

Consolidated income statement (IFRS)

	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
EUR 1,000	1/1-30/6/2024	1/1-30/6/2024	1/1-30/6/2024	1/1-30/6/2023	1/1-30/6/2023	1/1-30/6/2023
Turnover	14,678	0	14,678	17,058	61,006	78,064
Change in inventories of finished products and production in progress	-140	0	-140	-366	3,225	2,859
Production for own use	0	0	0	0	4	4
Other operating income	117	0	117	457	31,081	31,537
Materials and services	-7,139	0	-7,139	-8,692	-49,006	-57,698
Personnel expenses	-5,373	0	-5,373	-5,325	-5,901	-11,226
Depreciation and impairment	-610	0	-610	-674	0	-674
Other operating expenses	-2,282	0	-2,282	-1,998	-3,433	-5,431
	-15,427	0	-15,427	-16,598	-24,030	-40,628
Operating result	-749	0	-749	460	36,976	37,435
Financial income	869	0	869	279	180	459
Financial expenses	-355	0	-355	-791	-1,532	-2,323
IAS 19 defined benefit plans	4	0	4	1	-231	-229
Share of result of associated companies	0	0	0	0	24	24
Result before taxes	-231	0	-231	-51	35,417	35,366
Taxes	-2	0	-2	63	-661	-598
Result for the period	-233	0	-233	12	34,756	34,768

	Continuing operations	Discontinued operations	Group in total	Continuing operations	Discontinued operations	Group in total
EUR 1,000	1/1-30/6/2024	1/1-30/6/2024	1/1-30/6/2024	1/1-30/6/2023	1/1-30/6/2023	1/1-30/6/2023
Profit or loss attributable to						
Shareholders of the parent	-233	0	-233	12	34,756	34,768
Earnings per share attributable to the shareholders of the parent, continuing operations						
before dilution, EUR	-0.04	0.00	-0.04	0.00	0.00	0.00
after dilution, EUR	-0.04	0.00	-0.04	0.00	0.00	0.00
Earnings per share attributable to the shareholders of the parent, discontinued operations						
before dilution, EUR	0.00	0.00	0.00	0.00	5.81	5.81
after dilution, EUR	0.00	0.00	0.00	0.00	5.81	5.81
Earnings per share attributable to the shareholders of the parent						
before dilution, EUR	-0.04	0.00	-0.04	0.00	5.81	5.81
after dilution, EUR	-0.04	0.00	-0.04	0.00	5.81	5.81
Number of shares	5,983,210	5,983,210	5,983,210	5,983,210	5,983,210	5,983,210

EUR 1,000	Continuing operations 1/1-30/6/2024	Discontinued operations 1/1-30/6/2024	Group in total 1/1-30/6/2024	Continuing operations 1/1-30/6/2023	Discontinued operations 1/1-30/6/2023	Group in total 1/1-30/6/2023
Result for the period	-233	0	-233	12	34,756	34,768
Other comprehensive items that may subsequently re-classified to statement of income						
Translation differences related to foreign units	3	0	3	126	0	126
Change in the value of open customer derivatives	0	0	0	0	440	440
Taxes of items that may subsequently reclassified to statement of income	0	0	0	0	-88	-88
Total	3	0	3	126	352	477
Other comprehensive items that are not subsequently re-classified to statement of income						
Items related to remeasurements of net defined benefit liability	470	0	470	-472	-580	-1,052
Taxes of items that are not subsequently reclassified to statement of income	-94	0	-94	94	116	210
Total	376	0	376	-378	-464	-842
Total comprehensive income	145	0	145	-240	34,644	34,403

Consolidated balance sheet (IFRS)

EUR 1,000	30/6/2024	30/6/2023	31/12/2023
ASSETS			
Non-current assets			
Other intangible assets	2,441	2,901	2,645
Tangible assets	3,801	3,296	3,602
Right-of-use assets	2,738	3,033	2,903
Other shares and holdings	766	766	766
Guarantee capital investment	8,000	8,000	8,000
IAS19 pension receivable	6,966	3,800	6,491
Deferred tax assets	1,850	1,821	1,660
Total non-current assets	26,562	23,616	26,066
Current assets			
Inventories	3,649	4,353	3,816
Sales receivables and other receivables	4,730	3,267	3,031
Tax receivables from the profit for the financial year	303	26	192
Other cash equivalents	26,226	40,100	38,131
Cash and cash equivalents	466	415	319
Total current assets	35,374	48,161	45,489
Total assets	61,936	71,778	71,555

EUR 1,000	30/6/2024	30/6/2023	31/12/2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	24,081	24,081	24,081
Premium fund	66	66	66
Reserve fund	1,221	1,221	1,221
Own shares	-136	-136	-136
Translation differences	16	-31	14
Retained profit	17,712	27,690	29,523
Other unrestricted equity	436	436	436
Total shareholders' equity	43,396	53,327	55,205
Non-current liabilities			
Deferred tax liabilities	2,223	1,661	2,003
Provisions	2,040	2,175	2,021
Lease liabilities	4,675	4,924	4,818
Other liabilities	114	70	33
Current liabilities			
Tax liabilities from the profit	181	972	185
Provisions	2,389	2,451	2,400
Financial liabilities	1,676	931	677
Lease liabilities	530	421	487
Accounts payable and other liabilities	4,712	4,845	3,726
Total liabilities	18,540	18,450	16,349
Total shareholders' equity and liabilities	61,936	71,778	71,555

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	Shareholder's equity to the shareholders of the parent
Shareholders' equity 31/12/2022	24,081	66	1,221	-174	-157	436	-4,224	21,250
Comprehensive income								
Result for the period							34,768	34,768
Other comprehensive items								
Items related to remeasurements of net defined benefit liability							-1,052	-1,052
Taxes of net defined liability							210	210
Total							-842	-842
Derivatives							440	440
Taxes of derivatives							-88	-88
Total							352	352
Translation differences					126			126
Total comprehensive income					126		34,278	34,403
Other change							25	25
Transactions with the owners								
Dividends paid							-2,389	-2,389
Payments by own shares				38				38
Total transactions with the owners				38			-2,389	-2,350
Shareholders' equity 30/6/2023	24,081	66	1,221	-136	-31	436	27,690	53,327

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other un-restricted equity	Retained profit	Shareholder's equity to the shareholders of the parent
Shareholders' equity 31/12/2023	24,081	66	1,221	-136	14	436	29,523	55,205
Comprehensive income								
Result for the period							-233	-233
Other comprehensive items								
Items related to remeasurements of net defined benefit liability							470	470
Taxes of net defined liability							-94	-94
Total							376	376
Translation differences					3			3
Total					3			3
Total comprehensive income					3		142	145
Other change							12	12
Transactions with the owners								
Dividends paid/return of capital							-11,966	-11,966
Total transactions with the owners							-11,966	-11,966
Shareholders' equity 30/6/2024	24,081	66	1,221	-136	16	436	17,712	43,396

Consolidated cash flow statement (IFRS)

EUR 1,000	1/1-30/6/2024	1/1-30/6/2023
Cash flows from operating activities		
Payments received from operating activities	13,010	83,609
Payments paid on operating activities	-13,678	-79,755
Paid interests and other financial expenses	-308	-2,249
Interests received and other financial incomes	844	366
Direct taxes paid	-226	-315
Net cash provided by operating activities	-358	1,656
Cash flows from investments		
Sale of shares of subsidiaries	0	54,181
Investments in tangible assets	-347	-793
Sales of tangible assets	23	0
Investments in other assets	0	-1,138
Net cash provided by investing activities	-324	52,250
Cash flows from financing activities		
Increase in loans	1,011	275
Decrease in loans	-21	-14,076
Payments of finance lease activities	-100	-747
Dividends paid/Return of capital	-11,966	-2,389
Net cash provided by financing activities	-11,077	-16,937
Change in cash and cash equivalents at the end of the period	-11,758	36,970
Cash and cash equivalents at the beginning of the period	38,449	802
Exchange rate differences	0	-13
Elimination of cash and cash equivalents related to discontinued operations	0	2,756
Cash and cash equivalents at the end of the period	26,692	40,515

Notes

ACCOUNTING POLICIES

This unaudited interim report has been prepared in accordance with IAS 34 requirements for interim reports. This interim report has been prepared in accordance with the same principles as the financial statements for 2023. The Group has adopted following new or amended IAS/IFRS standards and interpretations effective from January 1, 2024, but these do not have essential effect on the financial statements.

SUSTAINABILITY

Reka Industrial boosts sustainability in the development of its business and everyday work. The aims of the sustainability work are formed according to the UN Global Compact initiative and Reka Industrial has chosen five initiatives of 17 that are most important to its business.

Reka Industrial's goal is to take into account the needs and wishes of all its stakeholders and actively promote the sustainable development according to these needs. The company takes care of its personnel's working conditions and develops the competence of its personnel. The company is long-term responsible business partner to its customers and representatives of its delivery chain. Reka Industrial follows highly ethical rules, which it requires also from its business partners.

Reka Rubber promotes its shared goals with Reka Industrial and is part of the chemical industry's Responsible Care programme which key themes are sustainable use of natural resources and sustainability of production and products. Reka Rubber assesses its level of sustainability through the EcoVadis system which is an independent and international sustainability assessment system. Reka Rubber has achieved bronze level rating. EcoVadis reviews company's labour practices, ethics, environmental responsibility and sustainable supply chain. 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.

For Reka Rubber, climate actions means reducing emissions and improving energy efficiency in the company's own operations. At the same time, the aim is to influence factors affecting air quality. 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. Both Reka Rubber's factories use CO₂-free electricity. Solar panels have been installed at the factory in Aura and at both factories, the lightning is gradually replaced by LED lights.

The essential factor is also the rubber raw material, its efficient use and production waste. The Rubber segment strives to reduce the amount of rubber waste in proportion to production tonnes through material selection, process development and technical supports and enhancing the utilization of waste.

SEGMENTS

Reka Industrial's industrial business consists of Reka Rubber Ltd's business and there is one segment, the Rubber segment. All other operations are categorised to Other operations and eliminations.

30/6/2024			
EUR 1,000	Rubber	Eliminations and other operations	Group
Turnover	14,678	0	14,678
EBITDA	377	-516	-139
Unallocated items		-95	-95
Result before taxes			-231
Result for the period			-233
Assets			
Segment's assets	19,641	42,295	61,936
Total assets	19,641	42,295	61,936
Liabilities			
Segment's liabilities	10,951	7,590	18,540
Total liabilities	10,951	7,590	18,540
Assets - Liabilities	8,691	34,705	43,396
Investments	827	113	940
Depreciations		610	610

30/6/2023			
EUR 1,000	Rubber	Eliminations and other operations	Group
Turnover	17,055	61,009	78,064
EBITDA	1,296	36,813	38,109
Unallocated items		-3,342	-3,342
Result before taxes			35,366
Result for the period			34,768
Assets			
Segment's assets	18,332	53,445	71,778
Total assets	18,332	53,445	71,778
Liabilities			
Segment's liabilities	10,601	7,850	18,450
Total liabilities	10,601	7,850	18,450
Assets - Liabilities	7,731	45,596	53,327
Investments	467	430	897
Depreciations		674	674

Rubber segment's turnover by product group, EUR million	1-6/2024	1-6/2023
Moulded	4.8	5.6
Hoses	8.3	9.5
Other	1.6	2.0
Total	14.7	17.1

Rubber segment's turnover by sales area, EUR million	1-6/2024	1-6/2023
EU-countries	13.0	13.3
Non-EU-countries	1.6	3.8
Total	14.7	17.1

Taken all market areas into the consideration the largest customer group's share of the Group's turnover was 25.0 %. Other individual customer's share of the Group's turnover was under 10 %.

OTHER OPERATING INCOME

EUR 1,000	1-6/2024	1-6/2023
Gains on the sale of fixed assets	1	0
Subsidies received	10	29
Rental income	79	90
Gains on the sale of fixed assets, sale of shares of Reka Cables Ltd.	0	31,035
Other income	27	383
Total	117	31,537

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

OTHER OPERATING EXPENSES

EUR 1,000	1-6/2024	1-6/2023
Short-term variable compensation	-192	-183
Other variable compensation	-26	-423
Rental expenses total	-218	-606
Machinery and property maintenance costs	-724	-1,837
Sales and marketing expenses	-300	-721
Voluntary personnel expenses	-306	-542
Other expenses	-734	-1,723
Total	-2,282	-5,431

CHANGES IN NON-CURRENT ASSETS

EUR 1,000	1-6/2024	1-6/2023
Book value at the beginning of the period	6,505	6,216
Investments	940	522
Decrease	-368	0
Depreciation	-407	-362
Translation differences	-132	-47
Book value at the end of the period	6,538	6,329

FINANCIAL ASSETS

EUR 1,000	Positive current values	Negative current values	Current net values 30/06/24	Current net values 31/12/23	Nominal values 30/06/24	Nominal values 31/12/23
Investments						
Mandatum -funds	10,701		10,701	10,535	10,000	10,000
Lähi-Tapiola -funds	5,365		5,365	10,267	5,000	10,000
Aristoi -funds	5,159		5,159	3,028	5,000	3,000
Money market deposits	1,000		1,000	10,300	1,000	10,300
Escrow -account	4,000		4,000	4,000	4,000	4,000
Total	26,226		26,226	38,131	25,000	37,300

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.

The company paid dividends of EUR 12.0 million from its cash equivalents in May 2024.

FINANCIAL LIABILITIES

EUR 1,000	30/6/2024	30/6/2023
Long-term financial liabilities valued at allocated acquisition cost		
Lease liabilities	4,675	4,924
Total	4,675	4,924

EUR 1,000	30/6/2024	30/6/2023
Short-term financial liabilities valued at allocated acquisition cost		
Bank loans	1,664	764
Factoring- liability	12	167
Lease liabilities	530	421
Total	2,206	1,352

CONTINGENT LIABILITIES AND COMMITMENTS

EUR 1,000	30/6/2024	30/6/2023
Loans from financial institutions	1,676	931
Granted business mortgages	1,800	1,800
Granted real estate mortgages	4,667	1,900
Guarantees and payment commitments	0	2,000

The amount of corporate mortgages on June 30, 2024 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 June 30, 2024, the investment commitments for tangible assets amounted to EUR 1.0 (1.0) million.

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. At the moment Group CEO acts also as Group CFO.

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

Related-party transactions

Transactions with the Reka Group:

EUR 1,000	1-6/2024	1-6/2023
Other purchases	-150	-388
Other income	0	3
Guarantee commissions	0	-22
Sales receivables and other receivables at the end of the period	151	209

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 the Reka Pension fund:

EUR 1,000	1-6/2024	1-6/2023
Paid pension expenses	-357	-1,130
Rental expenses	-289	-360
Financial income	160	162
Guarantee capital investment	8,000	8,000
Other debts at the end of the period	0	351
Other receivables at the end of the period	26	0

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 4.0 % 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 other related parties:

EUR 1,000	1-6/2024	1-6/2023
Rental incomes	7	4
Other purchases	65	3

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

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

CALCULATION OF KEY FINANCIAL INDICATORS

IAS 19 corrected Return on investment (ROI), %

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)

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

Earnings per share (EPS), EUR

Profit for the period attributable to equity holders of the parent

Numbers of shares adjusted for share issues (average)

Operating profit

The net amount formed when from the net sales are deducted the purchase costs adjusted by the change in the stocks of non-finished and finished goods as well as expenses for production for own 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.

EBITDA

The net amount that is formed when depreciation and any impairment losses are added to the operating profit.

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



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