



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

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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	1-12/2023
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	1.7	0.8
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 CO<sub>2</sub>-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.

### **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.

### **Disclosure policy of half year financial report**

Reka Industrial discloses relevant information related to its Half Year Financial Report with this Stock Exchange Release. The entire Half Year Report for January-June 2024 is attached to this release and is also available on company's website at [www.rekaindustrial.fi/en](http://www.rekaindustrial.fi/en)

In Hyvinkää 6 August 2024

Reka Industrial Plc  
Board of Directors

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## **Disclosure regulation**

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

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

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

## **Contacts**

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## **About Reka Industrial Oyj**

*As an industrial family company, we are committed to developing the performance and sustainability of the companies we own. Reka Industrial class B shares are listed on the Nasdaq Helsinki Ltd.*

## **Attachments**

- [Download announcement as PDF.pdf](#)
- [Reka Industrial half year financial report\\_H12024.pdf](#)