



Reka Industrial Plc: Low volumes in Rubber segment continued throughout the year, EBITDA better than previous year

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Reka Industrial Plc's financial statement release January-December 2024

October - December 2024

- The Rubber segment's turnover was EUR 6.5 (7.0) million
- The Rubber segment's EBITDA was EUR 0.6 (-0.1) million
- The Group's turnover was EUR 6.5 (7.0) million
- The Group's EBITDA was EUR 0.3 (-0.4) million
- The Group's result for the period was EUR 0.4 (0.1) million

January - December 2024

- The Rubber segment's turnover was EUR 27.2 (30.6) million
- The Rubber segment's EBITDA was EUR 1.4 (1.2) million
- The Group's turnover was EUR 27.2 (91.6) million
- The Group's EBITDA was EUR 0.4 (37.6) million
- The Group's result for the period was EUR 0.4 (34.5) million
- The Group's cash and cash equivalents totalled at EUR 26.4 million on December 31, 2024

President and CEO Sari Tulander:

Currently, Reka Industrial's industrial business consists of Reka Rubber Ltd, the Rubber segment. Reka Rubber is one of the leading manufacturers of industrial rubber products in Northern Europe.

The general economic situation and uncertainty in the market reflected in the decreased order volumes and shortened order times of Reka Rubber's customers throughout the year. The challenging market situation is estimated to continue in 2025.

The volumes in the last quarter were also lower than the previous year. The turnover was EUR 6.5 (7.0) million in Q4/2024. The turnover of the rubber segment in 2024 fell to EUR 27.2 (30.6) million. Reka Rubber has a strong position in selected market segments and the company estimates that its market share has remained unchanged.

Reka Rubber's EBITDA in the last quarter was slightly better than the previous year, EUR 0.6 (-0.1) million, and on an annual basis EUR 1.4 (1.2) million. Profitability is burdened by decreased volumes and increased costs. The aim is to take the increase in costs into account in the selling prices as quickly as possible. In addition, the company invests in improving productivity and cost efficiency and strengthening the conditions for future growth by developing its product offering and production technology.

The Group's turnover in 2024 was EUR 27.2 (91.6) million and the EBITDA was EUR 0.4 (37.6) million. The comparative figures include Reka Cables' turnover and EBITDA for four months, as well as the EUR 31.0 million profit from the corporate sale of Reka Cables.

With its strategy, Reka Industrial aims to increase shareholder value through corporate restructuring. Reka Industrial has strong competence in industrial manufacturing and international operations, as well as an entrepreneurial approach. While the strategy work is in progress, the funds are mainly invested in low-risk investments. At the end of December 2024, the group's cash and cash equivalents were EUR 26.4 million.

Near-term outlook

The general economic situation and uncertainty in the market are reflected in the decreased order volumes and shortened order times of Reka Rubber's customers. The challenging market situation is estimated to continue in 2025. The Rubber segment continues to improve productivity and profitability, while creating more conditions for future growth. Investments will be continued for long-term growth, which is supported by our investments in production technology that has lower emissions and consumes less natural resources.

During the company's strategy work, the company's funds are mainly invested in low-risk investments and short-term deposits.

Group's key figures

| | 2024 | 2023 | 2022 |
|--------------------------------------|-------|-------|-------|
| Turnover, EUR million | 27.2 | 91.6 | 202.9 |
| EBITDA, EUR million | 0.4 | 37.6 | 15.2 |
| Operating profit, % | -3.2 | 39.7 | 5.0 |
| Result for the period, EUR million | 0.4 | 34.5 | 9.0 |
| Earnings per share | 0.07 | 5.77 | 1.50 |
| IAS 19 corrected ROI, % | 2.6 | 64.5 | 23.5 |
| IAS 19 corrected Return on Equity, % | 0.9 | 76.8 | 32.3 |
| IAS 19 corrected Gearing, % | -51.0 | -62.2 | 125.2 |
| IAS 19 corrected Equity ratio, % | 73.4 | 80.4 | 22.8 |
| Gross investment, EUR million | 1.6 | 1.6 | 5.8 |

The turnover and result of Reka Cables for January – April 2023 and the EUR 31.0 million sales profit of the corporate sale of Reka Cables are included in the year 2023 financial figures of Reka Industrial Group. In the figures for the comparison year 2022, 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

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

Rubber segment

In 2024, the Rubber segment's turnover was EUR 27.2 million (30.6). EBITDA was EUR 1.4 million (1.2). There has been a clear delay in transferring increased costs to customer prices. The reduced volume due to the market situation is also reflected in profitability. Efficiency improvement measures are already slightly visible in the second half of the year.

The Polish production unit concentrates on the manufacturing of silicone hoses and black hoses. In 2023, to increase the volume of black hoses, the Rubber segment ordered a new extrusion line costing approximately EUR 1.3 million for the production unit in Poland. The installation of the extrusion line will take place at the beginning of year 2025. The Rubber segment's other previously ordered production machines have either been installed at the end of the year 2024 or are

currently in the commissioning phase. There are plans for small investments both in Finland and Poland to support growth and productivity.

Balance sheet and financing

The Balance sheet total at the end of the financial year was EUR 59.3 million. On 31 December 2023, the Balance sheet totalled EUR 71.6 million.

At the end of the financial year 2024 Group's cash and cash equivalents totalled EUR 26.4 million. The company distributed EUR 12.0 million in dividends from its cash resources in May 2024. Other cash equivalents are invested mainly in low-risk instruments and short-term deposits.

At the end of the financial year Group's interest-bearing liabilities were EUR 6.3 million (6.0), of which other than finance lease liabilities were EUR 1.0 million (0.7).

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

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.

An 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.

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.

According to current legislation Reka Pension fund needs to have at least 150 working members. Reka Cables Ltd, previous Group company, has announced to leave Reka Pension fund at the end of March 2025. After the departure of Reka Cables, Reka Pension fund has, according to the current view, less than 150 working members. If the number of working members of Reka Pension fund does not increase over 150 persons during the next 2 years, possibly with an additional 1 year if receiving official permit, may the pension fund be dissolved in 2028. If Reka Pension fund is dissolved, the IAS 19 entries related to the pension fund will be removed (IAS 19 pension receivable EUR 5.7 million on December 31, 2024). The view of the Board of the Group and the parent company and Reka Pension fund is that the number of members will increase and the required limit of 150 working people will be met.

On December 31, 2024 Reka Rubber sub-group has a total of EUR 8.0 million guarantee capital investments in Reka Pension fund. If Reka Pension fund is dissolved and at the time of dissolution the pension fund's solvency is not sufficient to repay the guarantee capital investments, an investment loss will arise to the extent that the investment cannot be recovered. In the financial statements on December 31, 2024, an expense provision of EUR 2.3 million has been taken into account in case the development of Reka Pension fund's membership does not develop favorably and thus the guarantee capital investment would be subject to a write-down risk in 2028.

Dividend policy

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

Major events after the financial period

The Board of Directors of Reka Industrial Plc prepared a set of criteria for the next stages of the strategy work in spring 2024. The Board of Directors evaluated several companies. However, there was a limited number of potential companies that met the criteria, and in the end, no transaction was completed because the Board of Directors did not have a common vision of how to proceed. On January 8, 2024 the company published a notice to the Extraordinary General Meeting, which was held on January 30, 2025. The Extraordinary General Meeting confirmed the number of the new board as four and elected Markku Rentto as chairperson, Riitta Mynttinen as deputy chairperson and Matti Copeland and Riku Kytömäki as members of the Board.

Reka Rubber Ltd, a subsidiary of Reka Industrial, launched in February 2025 an energy project to improve the energy efficiency of the Aura factory and convert the energy used in steam-powered production processes into CO2-free energy. The energy used in other production processes in Aura has already been CO2-free in the past.

The power-to-heat thermal storage solution will enable Reka Rubber to completely eliminate oil from its production processes at the Aura factory, and the thermal storage will also serve as the factory's primary source of heating energy. After commissioning, it will be determined whether other forms of energy are needed in addition to the thermal storage (5 MWh storage capacity) selected for heating the buildings.

The total investment in the energy project is approximately EUR 1.35 million and Business Finland has granted the project a 20% energy subsidy. In addition to the thermal storage, the investment includes, among other things, the construction of foundations for the thermal storage, the renewal of the steam pipeline and the update of the control system, and the introduction of the necessary connections to the power-to-heat thermal storage building. The preparations will start this year and the new thermal storage will be commissioned early next year.

Profit distribution proposal

On 31 December 2024, the parent company's distributable funds were EUR 9,846,422.85, of which the result for the period was EUR 847,346.61. The Board of Director's proposal is to pay dividend of EUR 0.07 per share. The proposal is based on company's financial situation and future strategic investments. A dividend of EUR 2.00 per share was paid for the financial year 2023 as a result of the corporate sale of Reka Cables.

Annual General Meeting 2025

Reka Industrial Plc's Annual General Meeting will be held April 24, 2025.
A notice to Reka Industrial's Annual General Meeting will be published later.

Disclosure procedure of financial review

Reka Industrial follows the disclosure procedure enabled by Standard 5.2b published by the Finnish Financial Supervision Authority, and discloses relevant information related to its Financial Statement Release with this Stock Exchange Release. Reka Industrial's Financial Statement Release is attached to this release and is also available on company's website at www.rekaindustrial.fi

Hyvinkää 27 February 2025

Reka Industrial Plc
Board of Directors

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 Group - Financial Statement release 2024.pdf](#)