



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

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In January-March 2024:

- The Rubber segment's turnover was EUR 7.4 million (EUR 8.8 million)
- The Rubber segment's EBITDA was EUR 0.2 million (EUR 0.8 million)
- The Group's turnover was EUR 7.4 million (EUR 55.4 million)
- The Group's EBITDA was EUR 0.0 million (EUR 6.4 million)
- The Group's result for the period was EUR 0.0 million (EUR 4.1 million)
- The Group's assets were invested in low-risk instruments
- Reka Industrial's strategy work is in progress

Interim report is unaudited. In the figures of comparison year, Reka Cables is included and the figures are consolidated until the end of April 2023.

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. At the end of the review period, the Group's cash and cash equivalents totalled at EUR 38.7 million, of which is proposed to share EUR 12.0 million by dividends in May 2024.

Reka Industrial's industrial business consists of Reka Rubber, which is one of the leading manufacturers of industrial rubber products in Northern Europe. General financial situation and uncertainty in markets reflected in the order volumes and shortened order lead times of the Reka Rubber's customers. At the review period, Rubber segment's turnover was EUR 7.4 million (EUR 8.8 million). The challenging market situation is estimated to continue at least until autumn.

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. At the moment we are delivering samples to new customers.

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. In addition, the company ensures the conditions for future growth with a profitable product offering and efficient production technology. The production lines and machines ordered by the Rubber segment are installed mainly after summer. Investments and recruitments to increase production capacity and profitability are continued to accomplish long-term growth.

Reka Industrial's Board of Directors and management are focusing on strategy work that was started as a result of the corporate sale of Reka Cables.

MAJOR EVENTS DURING THE FINANCIAL PERIOD

There has not been any major events to publish during the financial period.

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 quarter of 2024, the Rubber segment's turnover was EUR 7.4 million (EUR 8.8 million). EBITDA was EUR 0.2 million (EUR 0.8 million). There is 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 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.

BALANCE SHEET AND FINANCING

At the end of the review period, the balance sheet totalled at EUR 72.4 million. On 31 December 2023 the balance sheet totalled at EUR 76.1 million.

At the end of the review period, the Group's cash and cash equivalents totalled at EUR 38.7 million. 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 5.5 million, of which other than finance lease liabilities were EUR 0.3 million.

PERSONNEL

In January-March 2024, the Group employed an average of 302 people (304). Including discontinued operations, the number of employees in comparison year was an average of 579 employees.

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.

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. Rubber segment emphasizes increasing productivity and profitability. Investments in long-term growth will continue.

In Hyvinkää 23 April 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

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