

Interim Report

January – September 2024

Reka Industrial Plc



Strategy work ongoing, uncertainty in the market reflected in Reka Rubber's result

July-September 2024

- The Rubber segment's turnover was EUR 6.0 (6.6) million
- The Rubber segment's EBITDA was EUR 0.5 (0.1) million
- The Group's turnover was EUR 6.0 (6.5) million
- The Group's EBITDA was EUR 0.2 (-0.1) million

January-September 2024

- The Rubber segment's turnover was EUR 20.7 (23.6) million
- The Rubber segment's EBITDA was EUR 0.8 (1.4) million
- The Group's turnover was EUR 20.7 (84.6) million
- The Group's EBITDA was EUR 0.1 (38.0) million
- The Group's result for the period was EUR 0.0 (34.4) million
- The Group's cash and cash equivalents totalled at EUR 26.0 million
- The Group's assets were invested in low-risk instruments

The interim 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:

The renewal of Reka Industrial started with the sale of Reka Cables Ltd at the end of April 2023. Reka Industrial is working together with Sisu Partners Oy on a strategy that will help the company grow into a medium-sized listed company in terms of turnover over the next five years. Currently, Reka Industrial's

industrial business consists of Reka Rubber, one of the leading manufacturers of industrial rubber products in Northern Europe.

The Group's turnover in January-September was EUR 20.7 (84.6) million and EBITDA was EUR 0.1 (38.0) million. The comparison figure includes Reka Cables' turnover for four months. The Group's cash and cash equivalents and other financial assets amounted to EUR 26.0 million. While strategy work is ongoing, assets are mainly invested in low-risk investments.

The general economic situation and uncertainty in the market were reflected in Reka Rubber's customers' order volumes and shortened order times. In January-September, the rubber segment's turnover decreased to EUR 20.7 (23.6) million and EBITDA to EUR 0.8 (1.4) million. Reka Rubber has a strong position in selected market segments and the company estimates that its market share has remained unchanged. Active sales work brought in new customers, for whom actual deliveries will start in 2025. However, the challenging market situation is expected to continue in the coming months.

Reka Rubber's profitability in January-September was weakened by lower volumes and increased costs. The aim is to pass on cost increases to sales prices as soon as possible. In addition, the company invests in improving productivity and cost-efficiency as well as strengthening the prerequisites for future growth by developing its product offering and production technology. Efficiency improvement measures are already slightly visible in the third quarter profitability.

Reka Industrial's strategy aims to increase shareholder value through acquisitions. Reka Industrial has strong expertise in industrial manufacturing and international operations, as well as an entrepreneurial way of operating. Its position as a listed company creates an excellent opportunity for future arrangements.

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 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 Rubber Ltd a new Managing Director. Sari Tulander, the President and CEO of Reka Industrial, will act as Managing Director of Reka Rubber Ltd in addition to her own duties from 11 June 2024 until a new Managing Director takes up his/her position.

KEY FIGURES

	1-9/2024	1-9/2023	1-12/2023
Turnover, EUR million	20.7	84.6	91.6
EBITDA, EUR million	0.1	38.0	37.6
Result for the period, EUR million	0.0	34.4	34.5
Earnings per share	0.01	5.75	5.77
Net cash from operating activities, EUR million	-0.1	1.4	0.8
IAS 19 corrected Equity ratio, %	75.0	74.8	80.4

The turnover and result of Reka Cables for January-April 2023 and the gain on the sale of shares of 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 20.7 (84.6) million. EBITDA was EUR 0.1 (38.0) million and operating result was EUR -0.8 (37.0) million. Non-recurring items burdened the review period by EUR 0.3 million. The result for the review period was EUR 0.0 (34.4) million. The financial figures of Reka Cables Ltd have been taken into account until the end of April 2023. The capital gain of EUR 31.0 million from the sale of Reka Cables Ltd is included in the comparison year's other income.

BALANCE SHEET AND FINANCING

The balance sheet total at the end of the review period was EUR 60.3 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 26.0 million (EUR 38.5 million on 31 December 2023). 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 review period, the Group's interest-bearing liabilities were EUR 6.0 million (EUR 6.0 million on 31 December 2023), of which other than finance lease liabilities were EUR 1.0 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.

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.

SEGMENTS

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

Rubber segment

In January-September 2024, the Rubber segment's turnover was EUR 20.7 (23.6) million. EBITDA was EUR 0.8 (1.4) million. EBITDA without extraordinary items due to changing Managing Director was EUR 1.1 (1.4) million. 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 third quarter.

	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Turnover, EUR million	6.0	6.6	20.7	23.6	30.6
EBITDA, EUR million	0.5	0.1	0.8	1.4	1.2

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 turn of the year. The Rubber segment's other previously ordered production machines have either been installed or are currently in the commissioning phase after the summer. There are plans for small investments both in Finland and Poland to support growth and productivity.

PERSONNEL

In January-September 2024 the Group employed on average 291 (304) people. Including discontinued operations, the number of personnel was on average 291 (428).

RISKS AND UNCERTAINTY FACTORS

The financial situation in the euro area and political uncertainties may have an effect on the purchase volumes 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 for 2023. The company's future risk factors are related to the investments activities and the development of its industrial business segments.

MAJOR EVENTS AFTER THE REVIEW PERIOD

There were no 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. General economic situation and uncertainty in markets is reflected 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 next few months. In 2024, the Rubber segment will emphasize increasing productivity and profitability. Investments in long-term growth will continue.

In Hyvinkää 22 October 2024

Reka Industrial Plc
Board of Directors

Further information:

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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 rate



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