

INTERIM REPORT

January – March 2021

11 May 2021

Alexander Rosenlew, CEO

Saara Mäkelä, CFO

Content

1. Introduction to Orthex
2. January-March 2021 in brief
3. Strategy
4. Financials
5. Sustainability
6. Q&A



A leading Nordic producer of everyday household goods



7 sales offices



40 customer countries



3 factories (incl. warehouses)



90% own brands



300+ FTEs



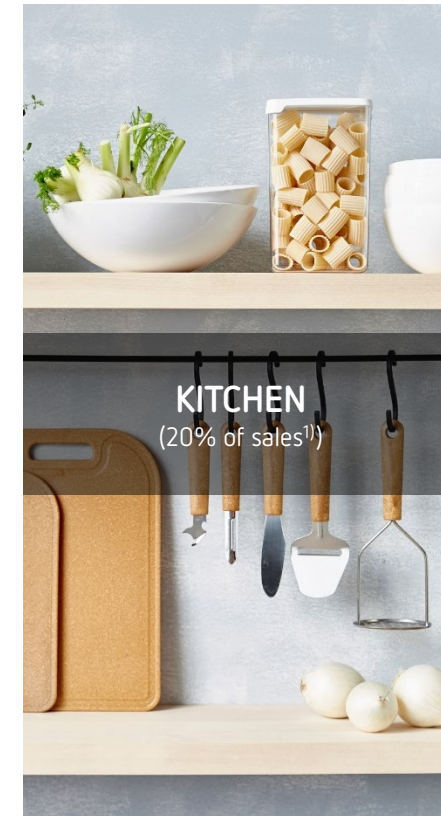
Sustainability focus



orthex™



Mission to make everyday life easier



Functional and award-winning design



Long-lasting high-quality products



Forerunner in sustainability²⁾



~10% of sales from new launches

JANUARY-MARCH 2021 IN BRIEF

Interim report January–March 2021

orthex
GROUP



Q1 SUMMARY

Excellent growth in all product categories and market areas

- Net sales and profitability increased
- Invoiced sales growth in all product categories and market areas
- Strong growth outside Nordics

Impact of the COVID-19 pandemic on Orthex's business

- Priority has been to take all necessary precautions to ensure the safety of employees
- Both positive and negative effects

Raw material price development

- Raw material prices have risen to exceptionally high levels



Q1: Net sales increased by 32.4% and adjusted operating profit grew to EUR 3.3 million

Net Sales

- Net sales increased by 32.4% to EUR 21.6 million (16.3)
- Invoiced sales increased by 33.5% and was EUR 22.4 million (16.8)

Adjusted EBITA

- Adjusted EBITA grew to EUR 3.3 million (1.9)
- Adjusted EBITA margin was 15.3% (11.9)

Net debt to adjusted EBITDA ratio

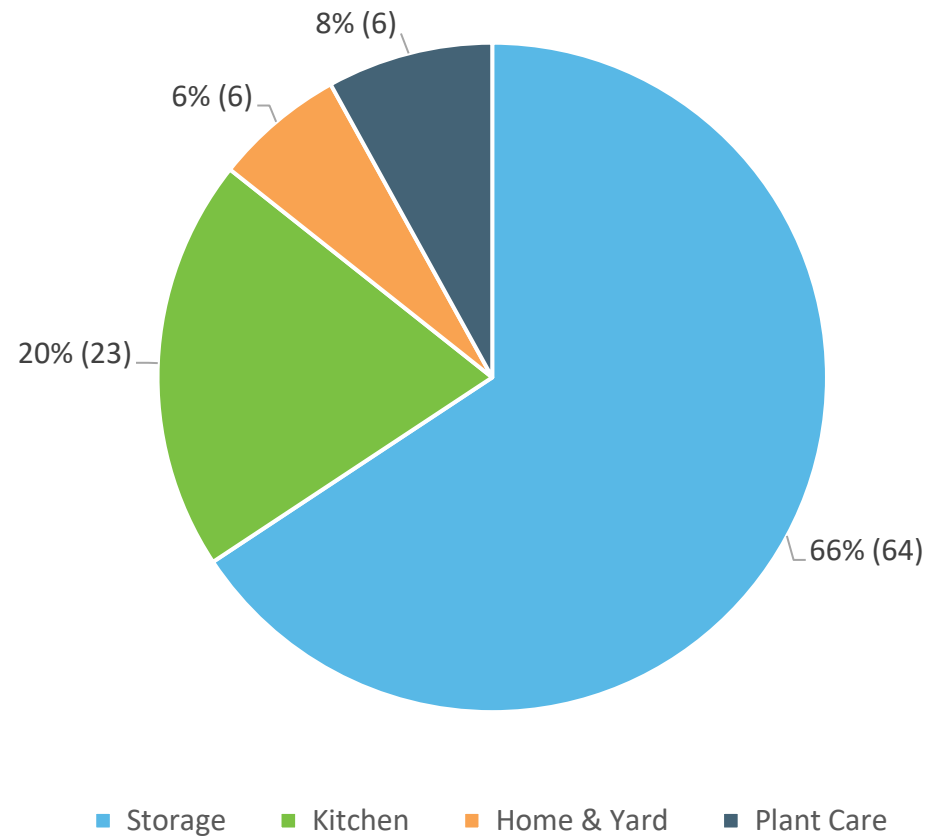
- Leverage was 1.5x

Net cash flows from operating activities grew 21.6% to EUR 3.2 million (2.6)



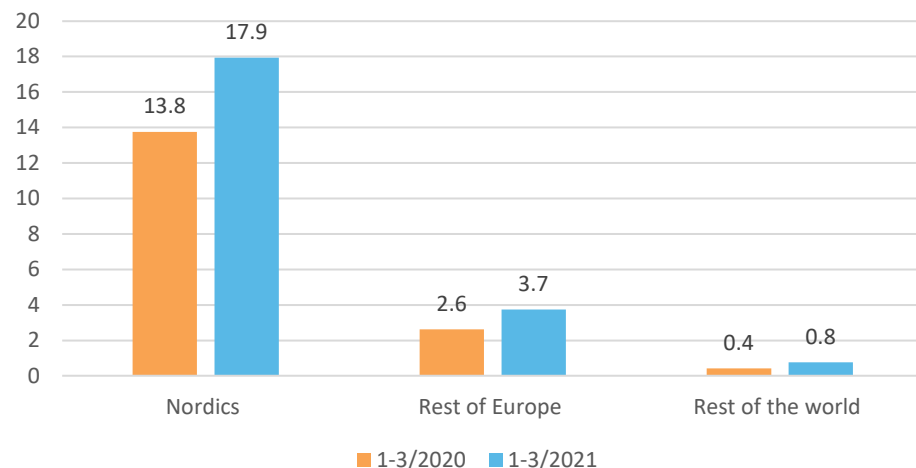
Largest category Storage continued delivering fast growing sales

Invoiced sales by product category, %



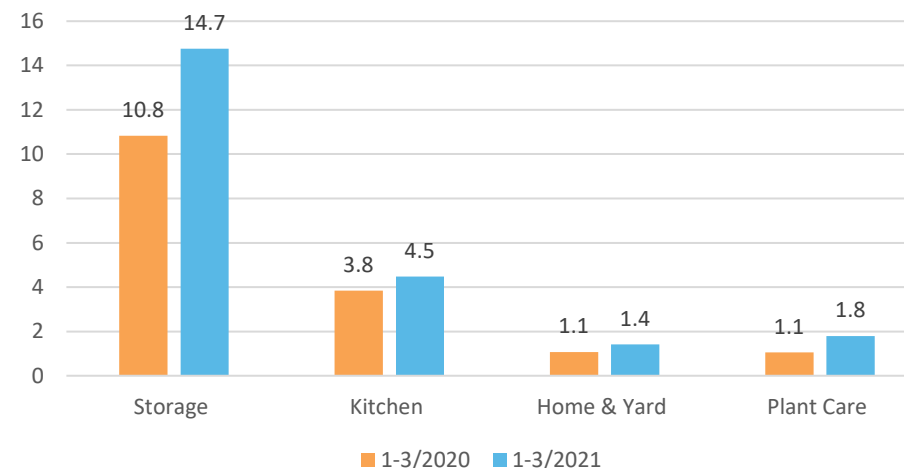
Q1: Growth in all product categories and market areas

Invoiced sales by geography, EUR million



- Orthex's core market area by geography is the Nordics where the Group's invoiced sales during the period totalled EUR 17.9 million (13.8)
- Invoiced sales in the rest of Europe grew to EUR 3.7 million (2.6) and to EUR 0.8 million (0.4) in the rest of the world
- In the Nordic countries, the increase in sales was mainly due to increased sales to existing customers
- In the export market, the increase in sales was due to increased sales to both new customers and existing customers

Invoiced sales by product category, EUR million



- Largest category Storage totalling EUR 14.7 million (10.8) in invoiced sales
- Invoiced sales in the Kitchen category grew to EUR 4.5 million (3.8) which was mainly due to new customers and increased demand among old customers
- Invoiced sales in the Home & Yard category increased to EUR 1.4 million (1.1)
- Increase in Plant Care mainly due to the increase in the cultivation of green plants, herbs and vegetables in flowerpots made of recycled plastic material

COVID-19

- The COVID-19 pandemic has caused significant disruption to the global economy and the Group's geographic market. Although the COVID-19 virus did not materially impair the Group's operating profit during the period, prolonged or extended restrictions could have a material adverse effect on business, financial condition and / or operating profit.
- Orthex's main target during the pandemic has been to keep employees safe and factories operational, this has resulted in higher sick absence levels in production for precautionary reasons. This comes at an increased cost in the form of over-time and temporary personnel.
- As a result of the pandemic, restrictions on movement in some markets had a positive impact on Orthex's sales, as people spent more time at home and focused on, for example, cooking and interior design solutions, including storage solutions.
- However, in some export markets, restrictions on movement adversely affected the company's sales, as stores selling the company's products were partly closed during the period.



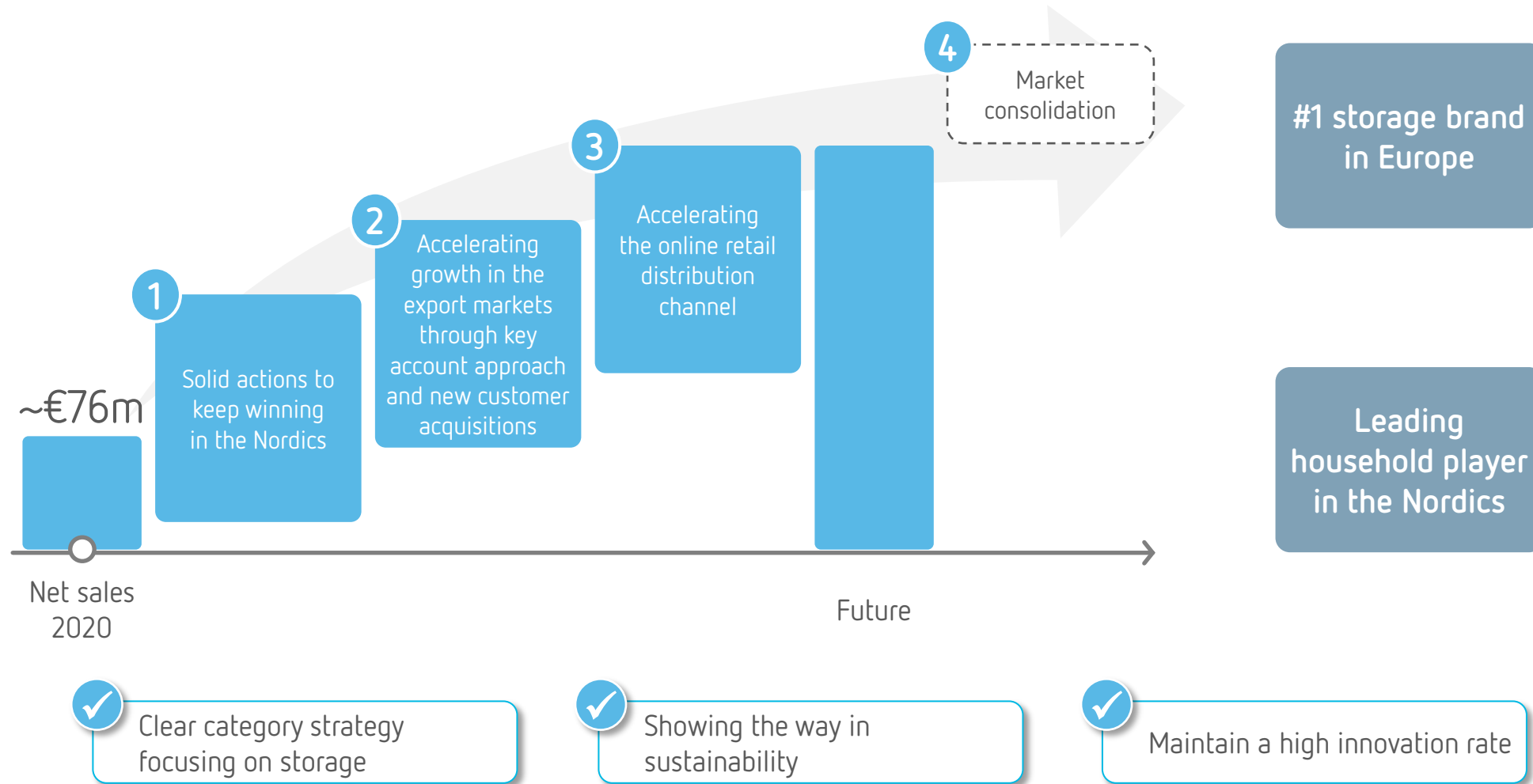
STRATEGY

Interim report January—March 2021

Orthex's key objectives in its growth strategy are to become the number one brand in the Storage product category in Europe, and strengthen its position as a leading household company in the Nordics



Clear growth strategy to deliver objectives



Long term financial targets

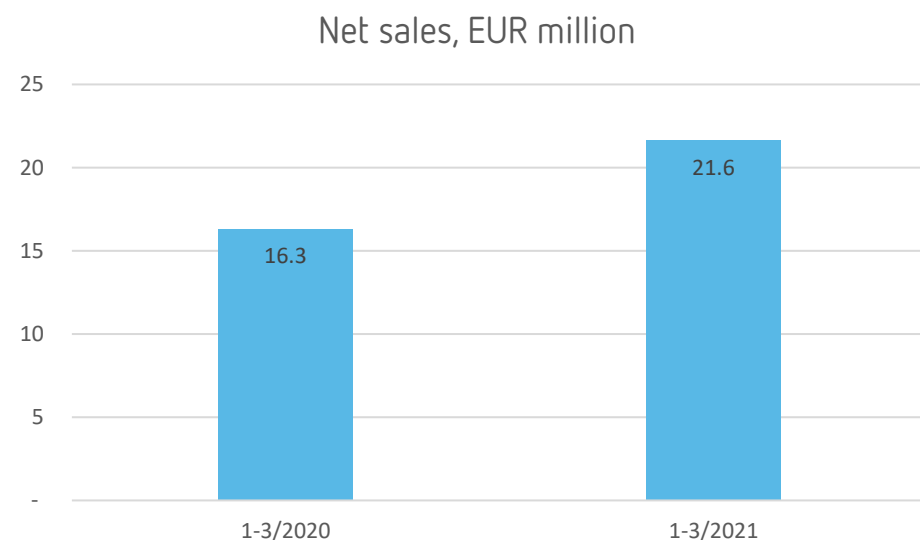
	Target	Description	Latest reported
SALES GROWTH	Total growth of >5% Outside Nordics >10%	<i>"An over time annual organic net sales growth to exceed 5 percent on a Group level, and 10 percent outside the Nordic region"</i>	32.4% Total 48.1% outside Nordics
PROFITABILITY	18%	<i>"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 percent over time"</i>	15.3%
LEVERAGE	<2.5x	<i>"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"</i>	1.5x
PAY-OUT RATIO	>50%	<i>"To distribute a stable and over time increasing dividend with a pay-out of at least 50% of net profit on a bi-annual basis"</i>	N/A

FINANCIALS

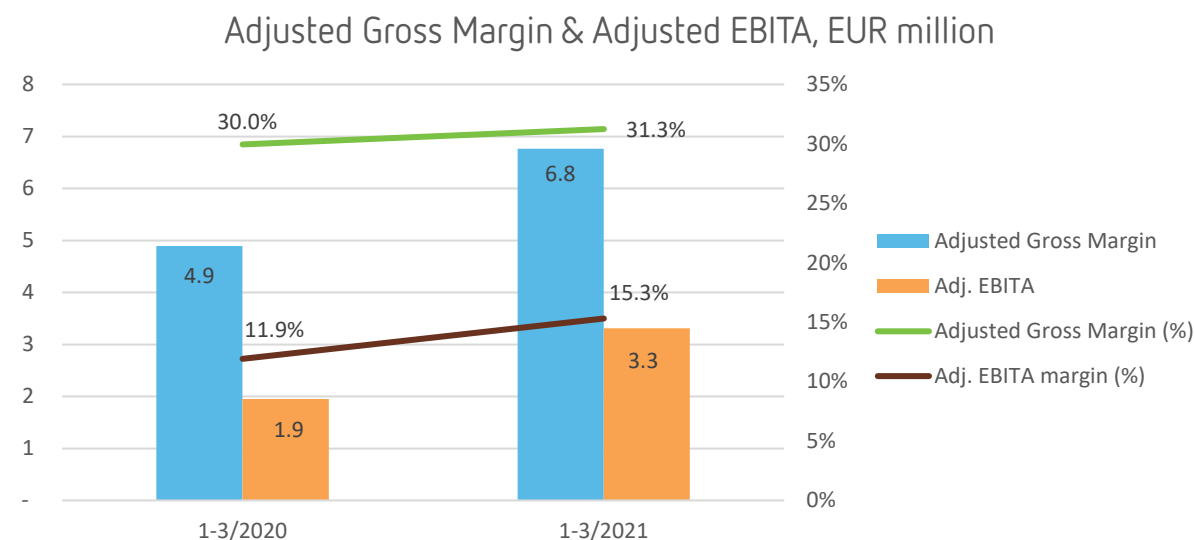
Saara Mäkelä, CFO



Net Sales & Profitability

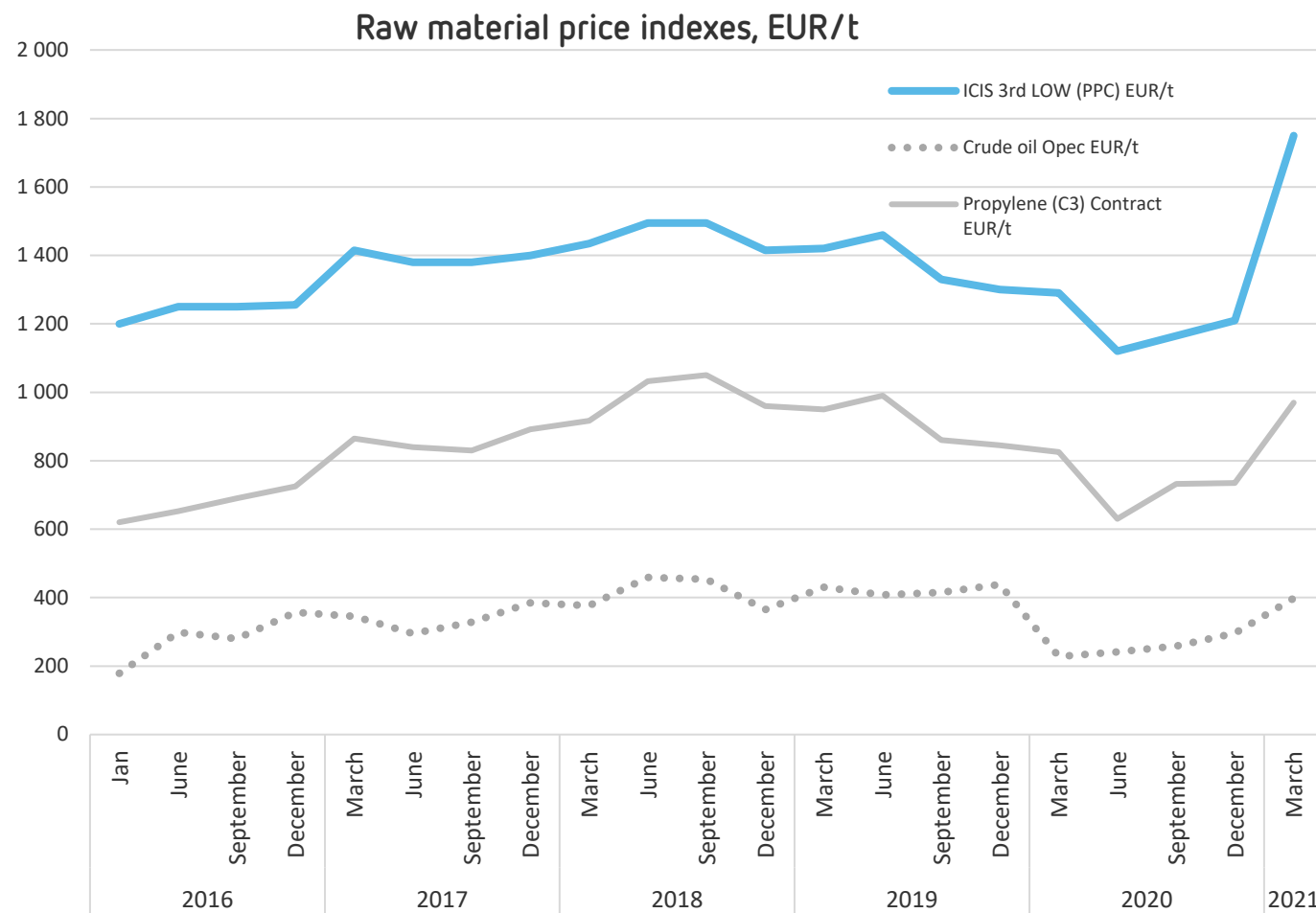


- Total Net sales growth 32.4% compared to Q1 2020
- High growth compared to low base
- Net sales growth was strong especially in the Storage category and in the export markets, especially in Germany and France, as a result of increased new customer sales. In the Nordics, the increase in net sales was mostly due to existing customers.



- Adjusted Gross margin grew by 1.3 percentage point and was EUR 6.8 million
- Adjusted EBITA increased by 70.0% to EUR 3.3 million. The adjusted EBITA margin increased to 15.3% (11.9%).
- Profitability is driven by strong sales growth, scalability of the business model and efficiency measures
- Increased raw material prices not yet affecting significantly gross margin

Development of raw material price indexes



Raw material price determined either by:

- ICIS Polypropylene price index minus agreed discount
- Propylene (C3), raw material for Polypropylene, index price plus refiner mark-up

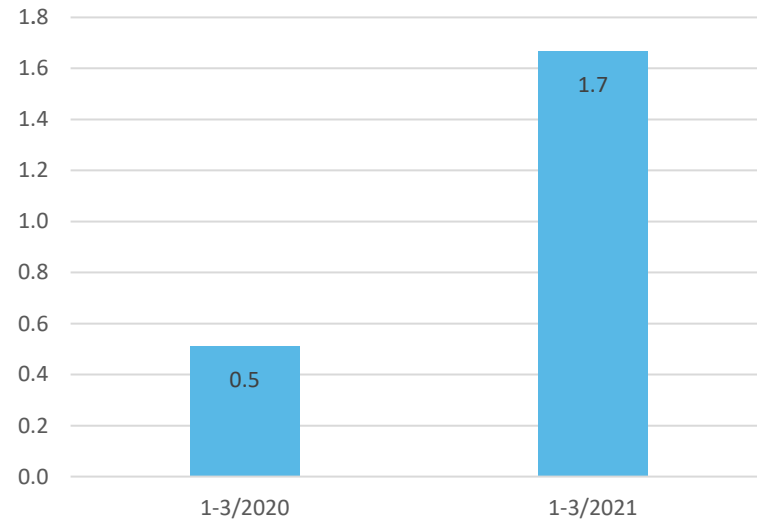
Tight material supply is caused by several reasons:

- Globally increased demand in polypropylene
- Exceptional challenges at several polypropylene production plants in Europe
- Challenges in global logistic flows

Spread between polypropylene (ICIS) and raw material for Polypropylene (C3) is in EU on exceptionally high level.

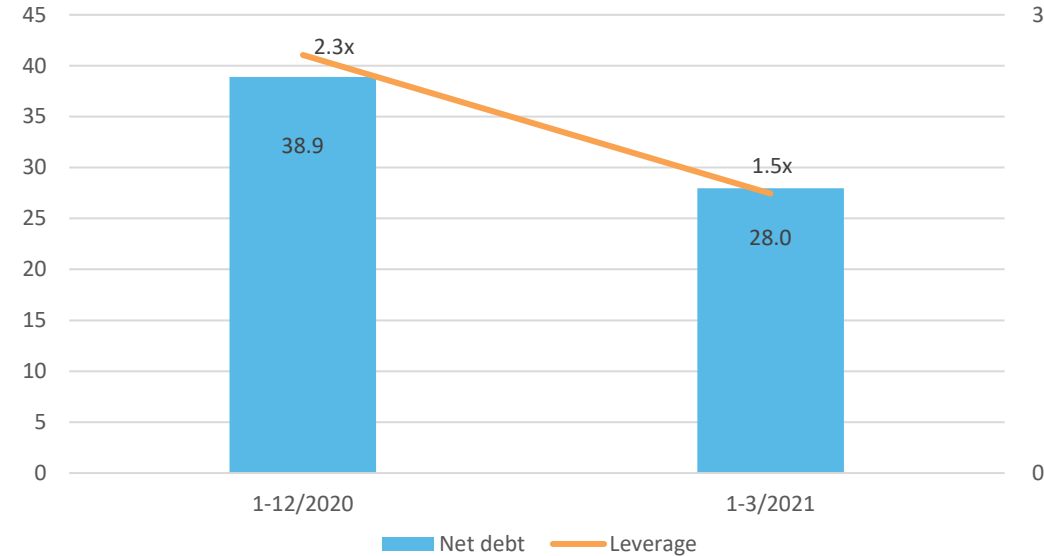
Investments & Net Debt

Investments in tangible and intangible assets, EUR million



- Orthex's investments during the period amounted to EUR 1.7 million (0.5) and were mainly related to capacity increases
- Investment phasing different compared to last year
- Strong sales growth brings forward the decision to invest 1 million more in capacity increase originally planned for 2022

Net debt, EUR million & Leverage



- At the end of the period the Group's net debt was EUR 28.0 million.
- The non-current interest bearing-liabilities were EUR 39.6 million and Orthex's total interest bearing-liabilities were EUR 43.8 million on 31 March 2021. Interest bearing-liabilities include pension liabilities and lease liabilities.
- Leverage 1.5x compared to 2.3x on 31 December 2020.

Key Figures

EUR million	1–3/2021	1–3/2020	Change	1–12/2020
Invoiced sales	22.4	16.8	33.5%	77.9
Net sales	21.6	16.3	32.4%	75.9
Gross margin	6.8	4.9	38.2%	24.6
Gross margin, %	31.3%	30.0%		32.4%
EBITDA	2.9	3.0	-1.3%	16.5
EBITDA margin, %	13.6%	18.3%		21.7%
Adjusted EBITDA	4.3	3.0	42.7%	17.1
Adjusted EBITDA margin, %	19.7%	18.3%		22.5%
EBITA	2.0	1.9	2.6%	12.3
EBITA margin, %	9.2%	11.9%		16.3%
Adjusted EBITA	3.3	1.9	70.0%	12.9
Adjusted EBITA margin, %	15.3%	11.9%		17.0%
Operating profit	2.0	1.9	1.7%	12.3
Operating profit margin, %	9.1%	11.8%		16.2%
Net cash flows from operating activities	3.2	2.6	21.6%	12.7
Net debt / Adjusted EBITDA	1.5x	n/a		2.3x
Adjusted return on capital employed (ROCE), %	10.4%	6.2%		40.3%
Equity ratio, %	31.1%	19.3%		22.6%
Earnings per share, basic (EUR)	0.08	0.05	60.4%	0.47
FTEs	314	277	13.4%	285

Effects of the company's listing:

- Balance sheet totalled EUR 87.3 million (70.2) at the end of the period, of which equity was EUR 27.1 million
- Net effect of the listing carried out during the period on the company's equity was EUR 9.3 million
- Equity ratio, % increased to 31.0% due to share issue
- The company's listing costs affected the operating profit negatively with about EUR 1.3 million

Orthex's ten largest shareholders, 31 March 2021

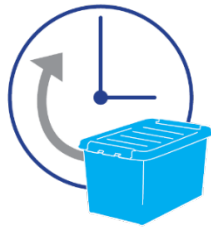
	Shareholder	Number of shares	% of shares
1	Conficap Oy	2,219,941	12.50
2	Sponsor Fund Iv Ky	2,057,725	11.59
3	Rosenlew Alexander	2,022,726	11.39
4	Keskinäinen Eläkevakutusyhtiö Ilmarinen	711,000	4.00
5	Thomasset Oy	711,000	4.00
6	Keskinäinen työeläkevakuutusyhtiö Varma	460,000	2.59
7	OP-Suomi Mikroyhtiöt Esr	439,883	2.48
8	Oy Julius Tallberg Ab	439,883	2.48
9	Ståhlberg Tom Christian	314,000	1.77
10	Keskinäinen Työeläkevakuutusyhtiö Elo	250,000	1.41
	Total	9,626,158	54.21

Orthex Sustainability report 2020



Orthex's sustainable choices in a nutshell

ECONOMIC



Long-lasting
products

Active support for the UN
Sustainable Development Goals

SOCIAL



NORDIC DESIGN
& QUALITY

Local production



8 GOOD JOBS AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



ENVIRONMENTAL



Frequent use of
recycled and bio-
based materials

CO₂ 
Neutral

Target: carbon
neutral production
by 2030

Lifecycle perspective in Orthex's business model

Long lasting and high-quality products with timeless design



Environmentally sustainable choices

Goal to increase the use of recycled and bio-based material


1990

Recycled post-industrial raw-material has been used by Orthex since 1990's.

2014

Orthex changed the majority of black, grey and terracotta coloured **flower pots** to **recycled raw-material**.

2017

Orthex started to use post-consumer recycled raw-material in flower pots.

2018

All plant care products made of recycled raw material.

2019

Orthex launched SmartStore Storage boxes made from recycled raw-material and a bucket made from old fishing nets.

2020

- 6 March 2020 Orthex signed the European Plastics Pact.
- Launch of SmartStore Collect – a system for sorting waste.
- Blue Angel certification for our SmartStore recycled products.



In 2019, Orthex more than doubled its use of bio-based and recycled materials. And the use of these raw materials continued to grow in 2020.



SmartStore Collect

A Sustainable, all-round storage solution

- In February 2020, Orthex launched the SmartStore Collect product series for sorting waste
- Design based on customers' need to recycle sustainably while many homes have few pre-installed waste recycling options
- Stylish Nordic design that can be placed on visibly in the home
- Made from recycled raw materials



red dot

Buckets made out of old fishing nets

- Fishing nets are one of the major sources of plastic waste in the oceans. In 2016*, 17% of all rubbish on European shores consisted of fishing nets.
- Reusing old fishing nets as raw material for new products has two-fold benefits: it prevents ocean pollution and it considerably reduces the carbon footprint of the new products (compared to virgin plastic)



Watch how we make buckets from old fishing nets:
[CLICK HERE](#)



*source: European Commission / Helsingin Sanomat 25 October 2018

Environmentally sustainable choices

Goal to increase the use of recycled and bio-based material

2016

Orthex launched its **first 100% bio-based product**: A herb pot made from sugarcane-based PE.

**2018**

Orthex started to use wood fibre composite.

**2019**

Orthex launched various bio-based kitchen products.

**2020**

Orthex launched a unique bio-based kitchen utensils range from castor bean oil.

OK Biobased certification to provide independent proof of the bio-based origin of products.

**2021**

Implementing Bio based mass balance materials (ISCC + certificate).



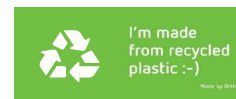
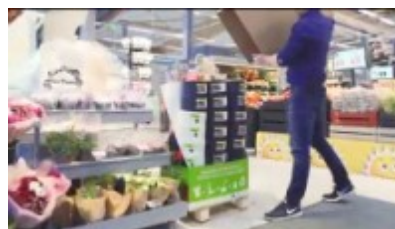
Orthex Collaborations are leading the way in material innovation



- Orthex and Stora Enso collaborated to create a GastroMax product line from a new bio composite
- The material combines sugar cane based plastic and wooden fibres
- Products have the same functional properties as conventional plastics while reducing the carbon footprint by 60%



- Kesko stores used to run through 300k + single-use flower transport pots each year
- In the new arrangement, used flower pots are refined into recycled plastic by L&T, which are then used as raw material by Orthex to produce new flowerpots
- Finally, the brand new flower pots are delivered back to the store for re-use – over and over again



[Watch the video](#)



- Orthex is the first company planning to launch durable products made from Finnish start-up Woody's materials
- Woody's cellulose-based plastics were previously used in single-use grocery packaging
- The material is carbon neutral while surpassing all food packaging safety requirements



SUMMARY



EXCEPTIONAL
SALES GROWTH

EXPANSION
INVESTMENTS

INCREASING
RAW MATERIAL PRICES

Q&A

www.investors.orthexgroup.com

orthexTM

Practical is Beautiful