

HALF YEAR FINANCIAL REPORT

January – June 2021

25 August 2021
Alexander Rosenlew, CEO
Saara Mäkelä, CFO

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A leading Nordic producer of everyday household goods



7 sales offices



40 customer countries



3 factories (incl. warehouses)



90% own brands



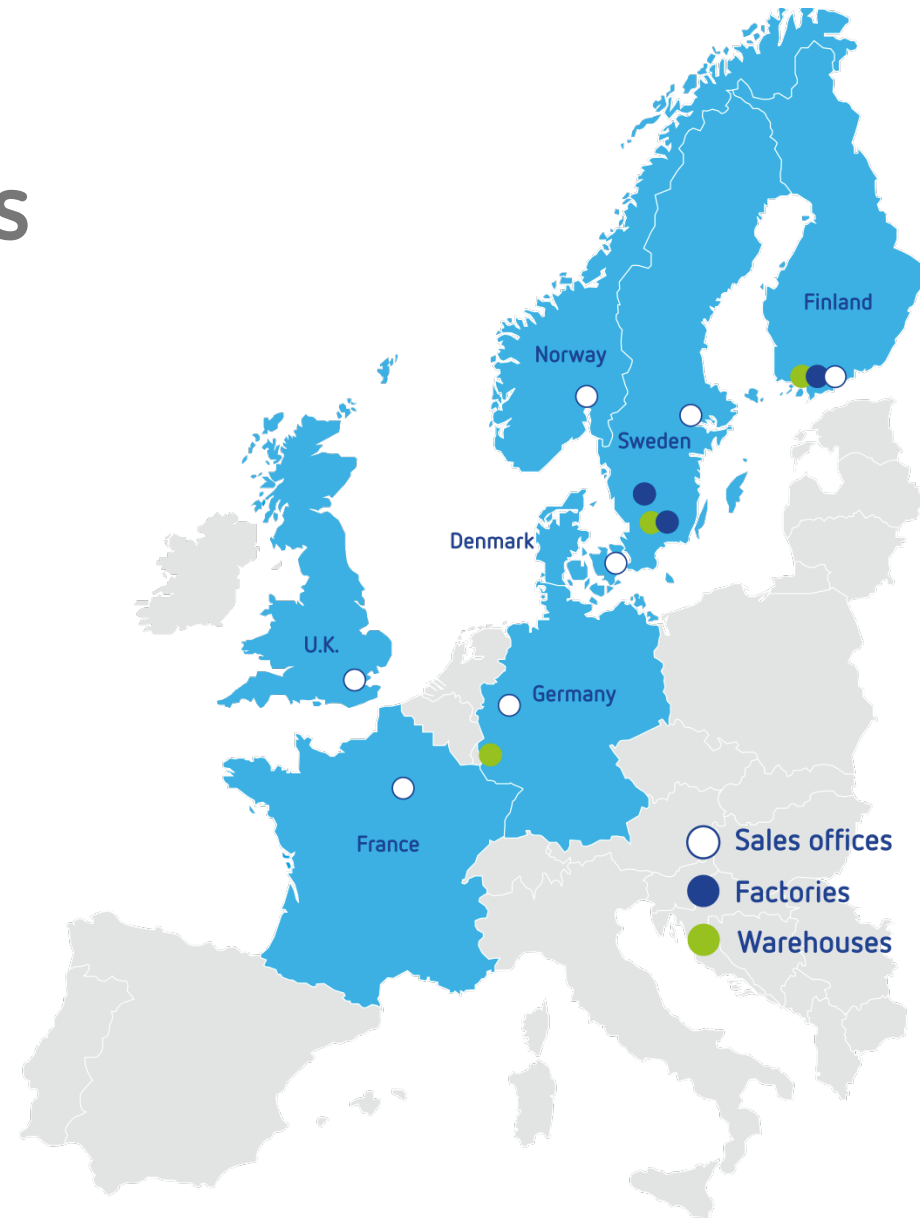
300+ FTEs



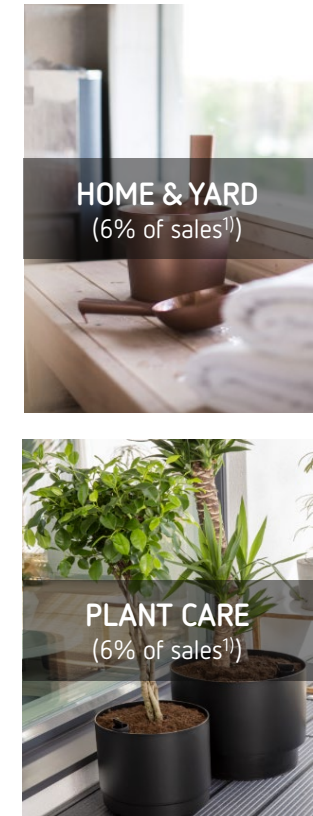
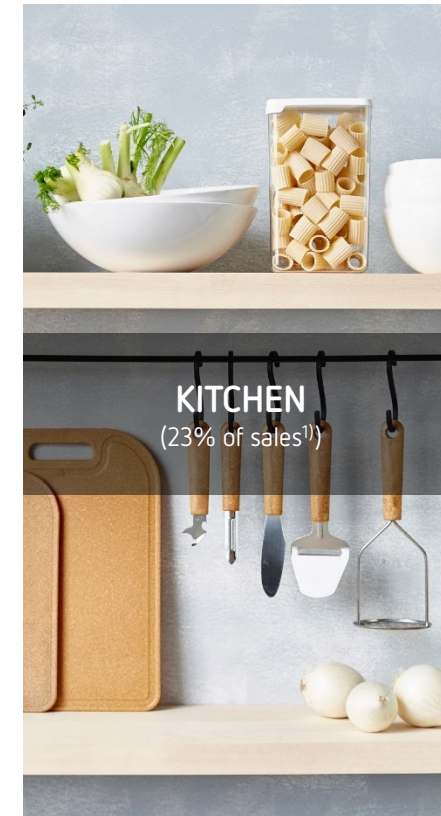
Sustainability focus



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—JUNE 2021 IN BRIEF

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orthex
GROUP



H1 SUMMARY

Continued growth in all markets and product categories

- Strong increase in Net Sales
- Invoiced sales growth in all product categories and market areas
- Excellent 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 continued to rise during the second quarter and are now on exceptionally high levels



H1: Net sales increased by 28.8% and adjusted EBITA grew to EUR 5.9 million

Net Sales

- Net sales increased by 28.8% to EUR 43.8 million (34.0)
- Invoiced sales increased by 27.9% and was EUR 45.0 million (35.2)

Adjusted EBITA

- Adjusted EBITA grew to EUR 5.9 million (5.1)
- Adjusted EBITA margin was 13.6% (15.0)

Net debt to adjusted EBITDA ratio

- Leverage was 1.5x

Net cash flows from operating activities were EUR 5.4 million (4.5)



Q2: Net sales increased by 25.5% and adjusted EBITA decreased to EUR 2.6 million

Net Sales

- Net sales increased by 25.5% to EUR 22.2 million (17.7)
- Invoiced sales increased by 22.7% and was EUR 22.5 million (18.4)

Adjusted EBITA

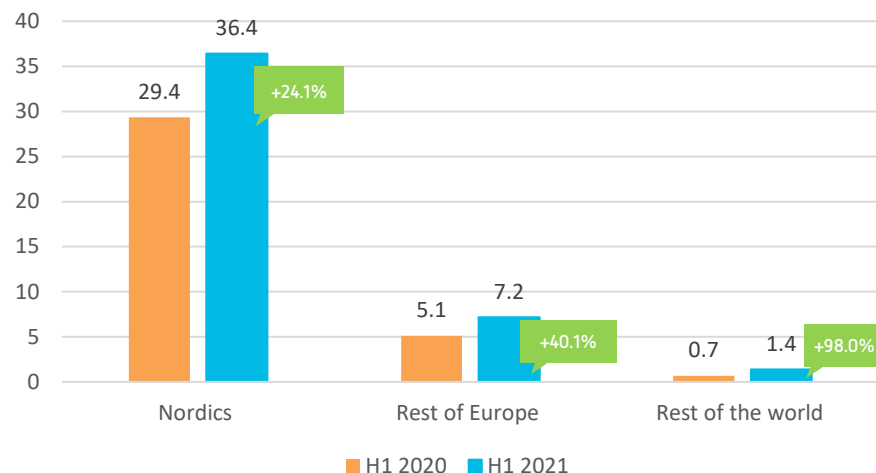
- Adjusted EBITA was EUR 2.6 million (3.2)
- Adjusted EBITA margin was 11.9% (17.9)
- Exceptionally high raw material prices affected profitability

**Net cash flows from operating activities were
EUR 2.2 million (1.9)**



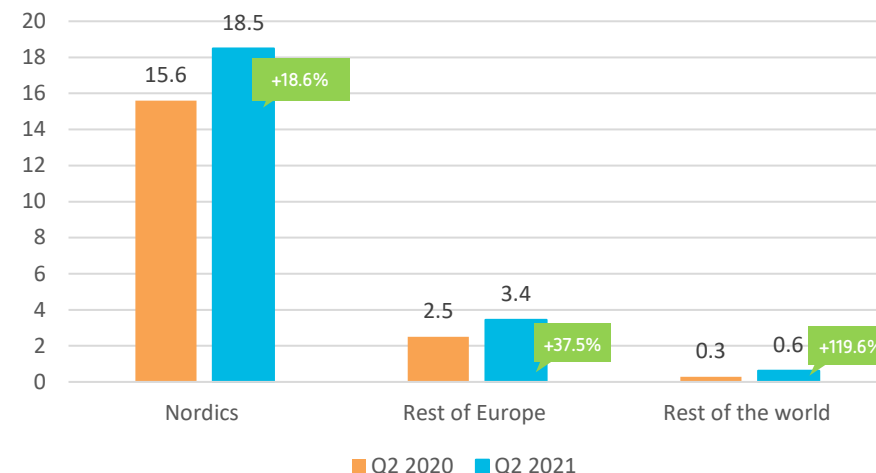
Invoiced sales by Geography

H1 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 36.4 million (29.4)
- Invoiced sales in the rest of Europe grew to EUR 7.2 million (5.1) and to EUR 1.4 million (0.7) 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

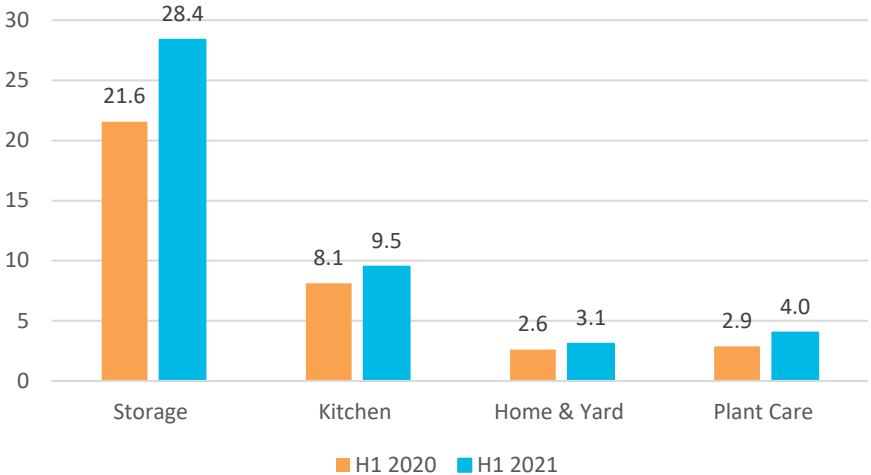
Q2 Invoiced sales by geography, EUR million



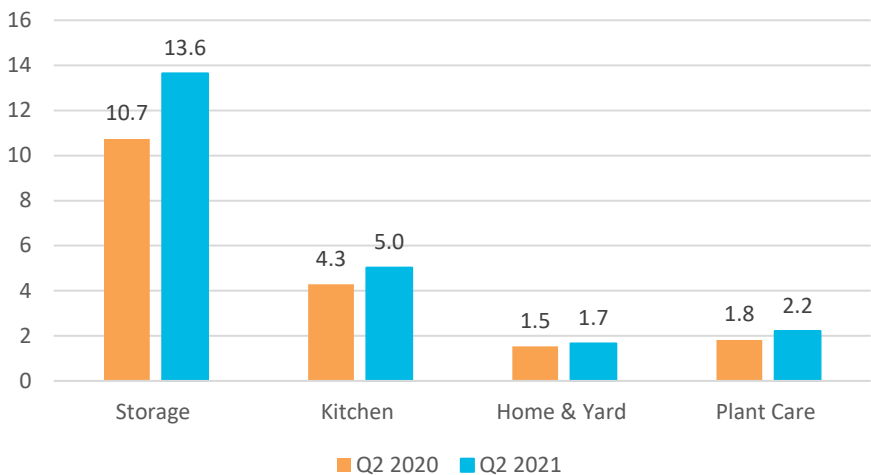
- Development in sales is according to strategy, where invoiced sales outside of the Nordics is growing faster than the sales growth in the Nordic market
- Change in Invoiced Sales outside Nordics totalled +45.8% compared to Q2 2020 and +47.0% compared to H1 2020

Invoiced sales by Product category

H1 Invoiced sales by product category, EUR million



Q2 Invoiced sales by product category, EUR million



- Largest category Storage totalling EUR 28.4 million (21.6) in invoiced sales
- Invoiced sales in the Kitchen category grew to EUR 9.5 million (8.1) which was mainly due to new customers and increased demand among old customers
- Invoiced sales in the Home & Yard category increased to EUR 3.1 million (2.6)
- 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

- Orthex's key goal in its growth strategy is to become Europe's leading brand in the Storage product category
- Orthex focuses on the most important product categories and markets and decided to exit local snow toy manufacturing to make room for growth
- Snow toys accounted for a small share of Orthex's Home & Yard product group sales



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.

Sustainability

Orthex's production facility in Lohja, Finland, deployed a green energy solution from the beginning of 2020 reducing the carbon footprint with more than 600,000 kg CO₂e.

The change to renewable energy has now also been made in the Swedish factories which means that the switch to renewable energy is now completed in all Orthex factories.

Comparison of CO₂-footprint reduction

This is comparable to CO₂ emission of:



Driving
100 times
around the globe
(4.3 million kilometres)



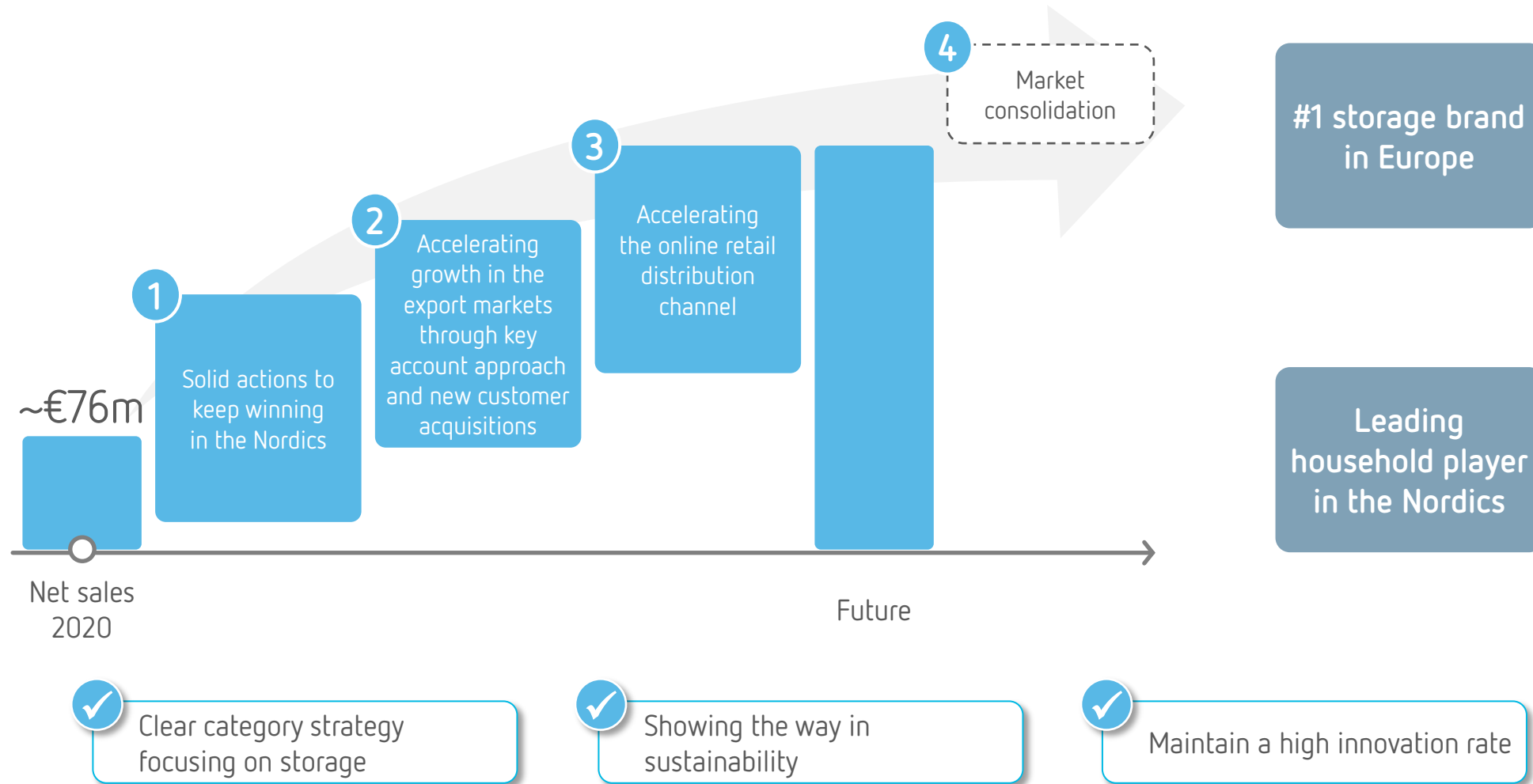
STRATEGY

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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 per cent on a Group level, and 10 per cent outside the Nordic region"</i>	28.8% Total 47.0% outside Nordics
PROFITABILITY	18%	<i>"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"</i>	13.6%
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

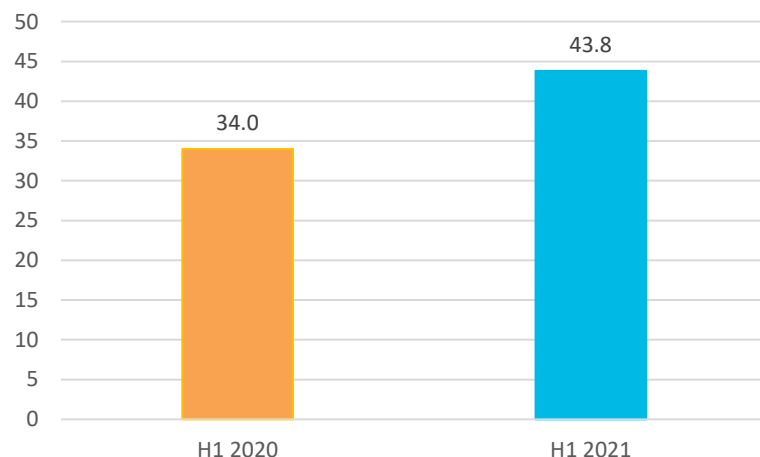
FINANCIALS

Saara Mäkelä, CFO



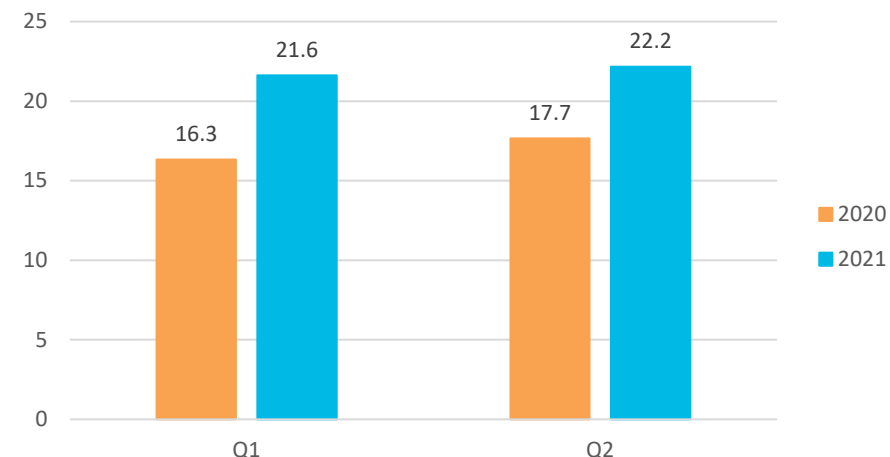
Net Sales

H1 Net sales, EUR million



- Total Net sales growth 28.8% compared to H1 2020
- 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.

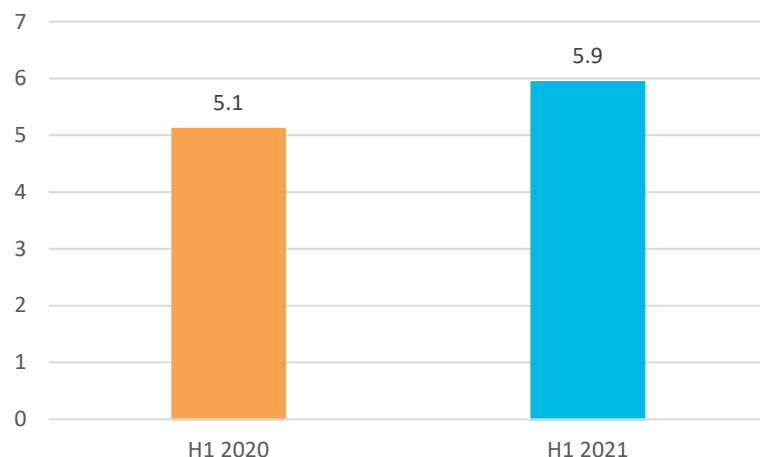
Q1 & Q2 Net sales, EUR million



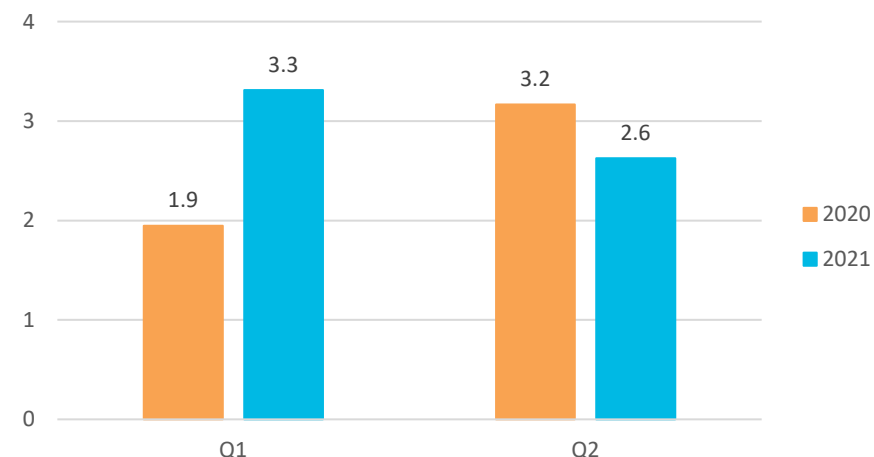
- In Q2 2021, the Group's Net sales increased by 25.5% to EUR 22.2 million (17.7). Invoiced sales amounted to EUR 22.5 million (18.4). The increase of constant currency Net sales was 22.6% compared to the second quarter of 2020.
- The Group's sales grew strongly in each geographic market. In the Nordic countries, growth was 18.6% compared to the second quarter of 2020 and 47.0% Outside the Nordics.
- Sales grew in all product categories during the second quarter. In Storage, which grew the fastest, growth was 27.1% compared to Q2 2020.

Profitability

H1 Adjusted EBITA, EUR million



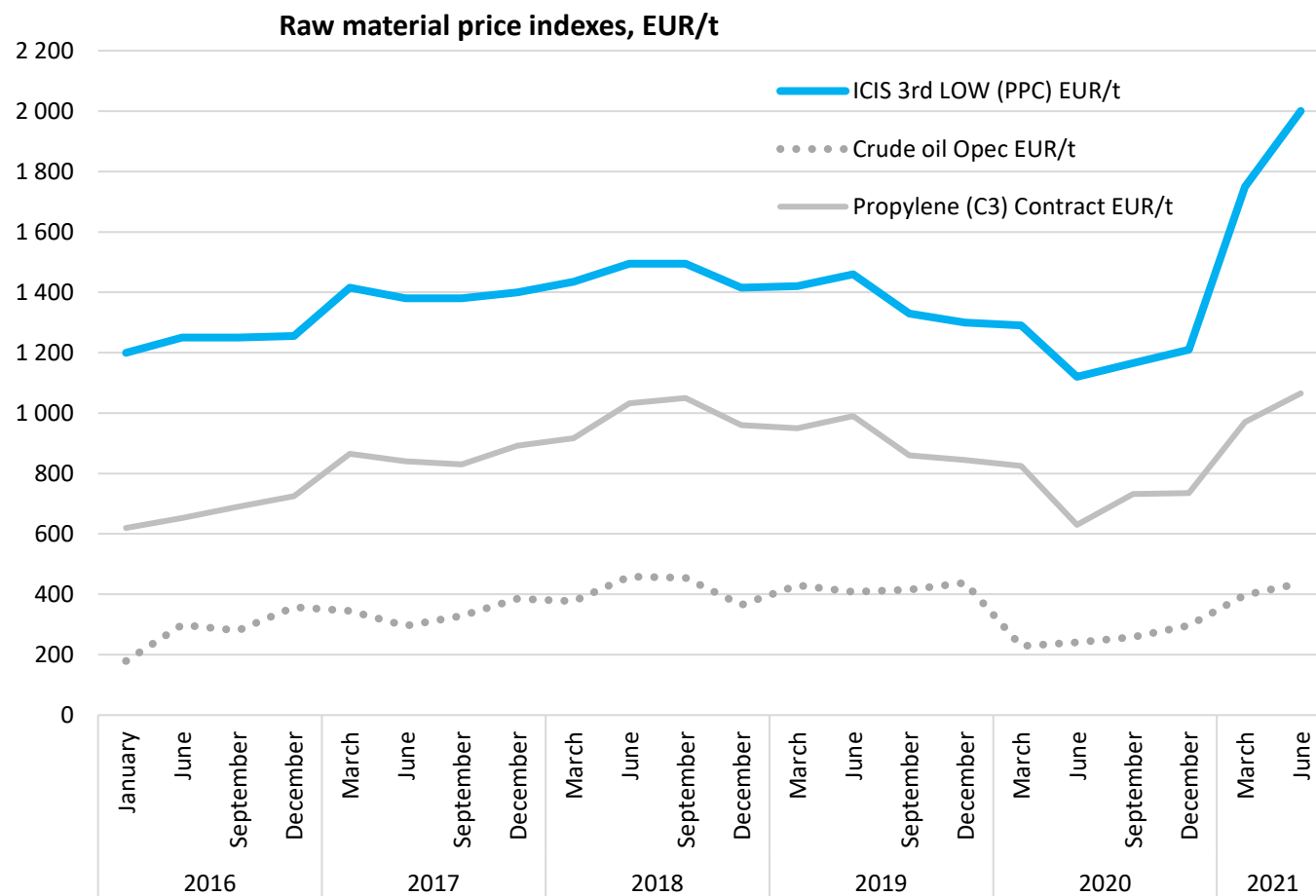
Q1 & Q2 Adjusted EBITA, EUR million



- Adjusted Gross margin was EUR 12.3 million (10.7)
- Adjusted Gross margin % decreased 3.3 percentage points from 31.5% to 28.2% mainly due to exceptionally high raw material prices
- Adjusted EBITA increased by 16.1% to EUR 5.9 million. The adjusted EBITA margin decreased to 13.6% (15.0).
- Profitability was driven by strong sales growth and scalability of the business model.

- Adjusted Gross margin was EUR 5.6 million (5.8)
- Adjusted Gross margin % decreased 7.7 percentage points from 32.9% to 25.2%
- Adjusted EBITA decreased by 17.1% to EUR 2.6 million. The adjusted EBITA margin decreased to 11.9% (17.9).
- Increased raw material prices affected profitability in Q2 2021

Development of raw material price indexes

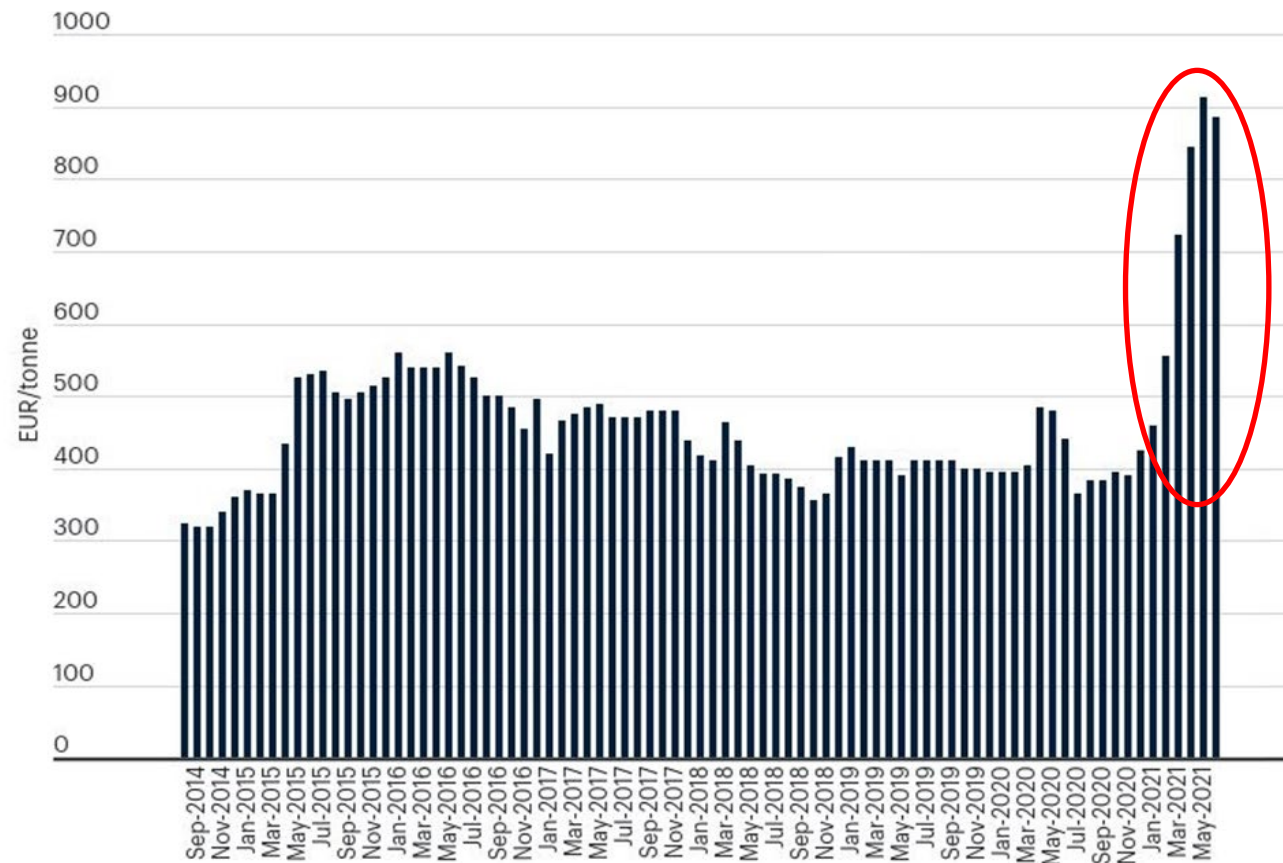


Raw material price peak is caused by several reasons:

- Globally high demand in polypropylene
- Imports to EU remained limited
- Challenges in global logistic flows continued
- Spread between propylene (C3) and raw material for polypropylene (ICIS) in EU peaked on exceptionally high level
- High unpredictability in raw material prices

Spread between C3 and ICIS

Propylene contract price comparison with low and quote of polypropylene from 2014:



Source: ICIS Pricing Data (updated 30 July 2021)

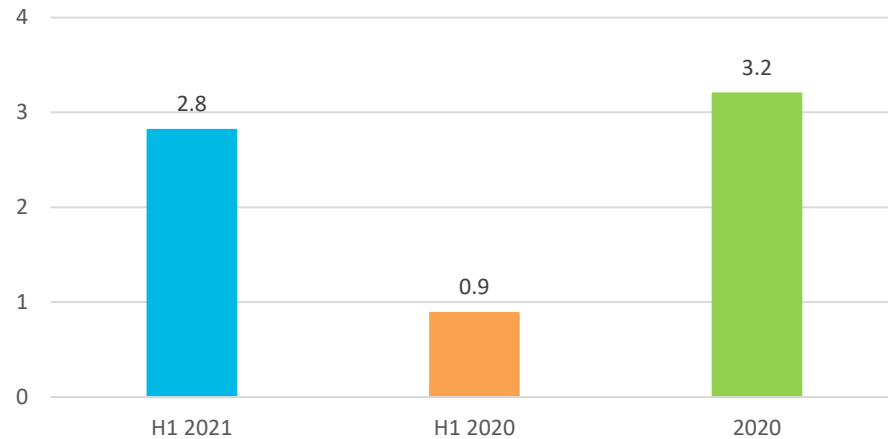
Raw material price determined either by:

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

Spread between propylene (C3) and raw material for polypropylene (ICIS) in EU peaked on exceptionally high level

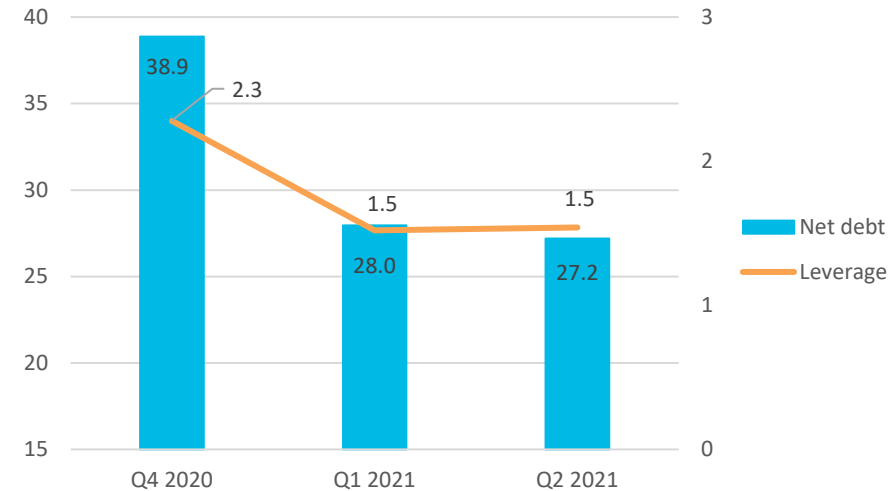
Investments & Net Debt

Investments in tangible and intangible assets,
EUR million



- Orthex's investments during H1 2021 amounted to EUR 2.8 million (0.9) and were mainly related to capacity increases
- Phasing different compared to last year as part of the investments were postponed from H1 to H2 due to COVID-19
- 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 27.2 million.
- The non-current interest-bearing liabilities were EUR 37.9 million and Orthex's total interest-bearing liabilities were EUR 42.2 million on 30 June 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	4–6/2021	4–6/2020	Change	1–6/2021	1–6/2020	Change	1–12/2020
Invoiced sales	22.5	18.4	22.7%	45.0	35.2	27.9%	77.9
Net sales	22.2	17.7	25.5%	43.8	34.0	28.8%	75.9
Gross margin	5.6	5.8	-4.2%	12.3	10.7	15.1%	24.6
Gross margin, %	25.1%	32.9%		28.1%	31.5%		32.4%
EBITDA	3.3	4.0	-16.5%	6.3	7.0	-10.0%	16.5
EBITDA margin, %	15.0%	22.5%		14.3%	20.5%		21.7%
Adjusted EBITDA	3.6	4.3	-16.1%	7.8	7.2	8.2%	17.1
Adjusted EBITDA margin, %	16.1%	24.1%		17.9%	21.3%		22.5%
EBITA	2.4	2.9	-17.7%	4.4	4.8	-9.6%	12.3
EBITA margin, %	10.8%	16.4%		10.0%	14.3%		16.3%
Adjusted EBITA	2.6	3.2	-17.1%	5.9	5.1	16.1%	12.9
Adjusted EBITA margin, %	11.9%	17.9%		13.6%	15.0%		17.0%
Operating profit	2.4	2.9	-18.5%	4.3	4.8	-10.4%	12.3
Operating profit margin, %	10.6%	16.3%		9.9%	14.2%		16.2%
Net cash flows from operating activities	2.2	1.9	17.1%	5.4	4.5	19.7%	12.7
Net debt / Adjusted EBITDA	1.5x	n.a.		1.5x	n.a.		2.3x
Adjusted return on capital employed (ROCE), %	8.0%	9.9%		18.3%	15.9%		40.3%
Equity ratio, %	33.0%	23.4%		33.0%	23.4%		22.6%
Earnings per share, basic (EUR)	0.09	0.13	-33.3%	0.16	0.18	-8.2%	0.47
FTEs	321	269	19.7%	318	273	16.5%	285

Effects of the company's listing:

- Balance sheet totalled EUR 87.9 million (73.4) at the end of the period, of which equity was EUR 29.0 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 33.0% due to share issue
- In January–June 2021, the company's fees and expenses related to the listing amounted to EUR 2.3 million, of which EUR 0.7 million was recognised as expenses in connection with the offering against the funds received, and EUR 1.5 million affected the operating profit negatively

Board of Directors as of August 1, 2021



Sanna Suvanto-Harsaee

Chair of the Board

*Independent of the Company and
main shareholder*

- B.Sc. Econ.
- Board experience:

posti Chair of the Board **ALTIA** Chair of the Board

BoConcept Chair of the Board **TCM Group** Chair of the Board



Satu Huber

Board member

*Independent of the Company and
main shareholder*

- M.Sc. Econ.
- Board experience:

TELA Chair of the Board **S** Board member

- Previous professional experience:

elo CEO **TAPIOLA** CEO



Ari Jokelainen

Board member

Independent of the Company

- M.Soc.Sci.
- Board experience:

HALTIJA Board member

- Previous professional experience:

exel President & CEO **SPONSOR CAPITAL** Partner



Juuso Kivinen

Board member

Independent of the Company

- M.Sc. Econ.
- Board experience:

StaffPoint Chair of the board

- Previous professional experience:

SPONSOR CAPITAL Founding Partner



Jens-Peter Poulsen

Board member

*Independent of the Company and
main shareholder*

- M.Sc. Econ.
- Board experience:

HOLMRIS B8 Board member

- Previous professional experience:

kvik CEO **LEGO** Director

SUMMARY



CONTINUED STRONG
SALES GROWTH

EXCEPTIONALLY HIGH
RAW MATERIAL PRICES

ADAPTING TO HIGHER COST
LEVELS

Q&A

www.investors.orthexgroup.com



orthexTM

Practical is Beautiful