

INTERIM REPORT

January – September 2021

11 November 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



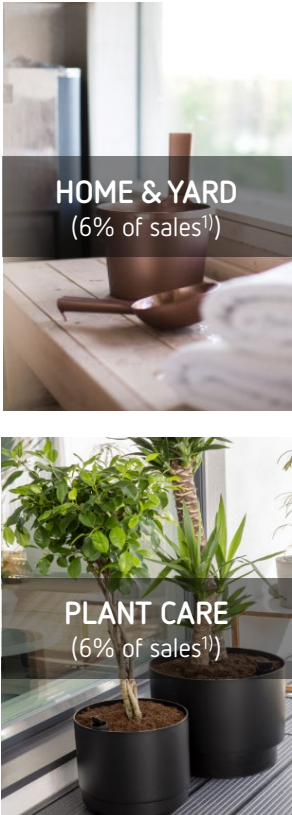
Sustainability focus



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—SEPTEMBER 2021 IN BRIEF

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orthex
GROUP



Q1–Q3 HIGHLIGHTS

Strong performance despite high raw material prices

- Strong growth in Net Sales
- Excellent growth outside Nordics and in the Storage category

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

- Priority has been to take all necessary precautions to ensure the safety of our employees
- A decrease in sick absences in production was visible during the third quarter
- Both positive and negative effects

Raw material price development

- Raw material prices still on exceptionally high levels
- Implementation of our first measures against high raw material prices started to have effect towards the end of the third quarter

Q1–Q3 2021: Net sales increased by 20.9% and adjusted EBITA was EUR 9.2 million

Net Sales

- Net sales increased by 20.9% to EUR 65.6 million (54.3)
- Invoiced sales increased by 19.9% and totalled EUR 67.0 million (55.9)

Adjusted EBITA

- Adjusted EBITA was EUR 9.2 million (9.2)
- Adjusted EBITA margin was 14.1% (16.9)

Net debt to adjusted EBITDA ratio

- Leverage was 1.6x

Net cash flows from operating activities were EUR 7.2 million (10.1)



Q3: Net sales increased by 7.7% and adjusted EBITA decreased to EUR 3.3 million

Net Sales

- Net sales increased by 7.7% to EUR 21.8 million (20.3)
- Invoiced sales increased by 6.4% and were EUR 22.0 million (20.7)

Adjusted EBITA

- Adjusted EBITA was EUR 3.3 million (4.0)
- Adjusted EBITA margin was 15.1% (19.9)
- Exceptionally high raw material prices affected profitability

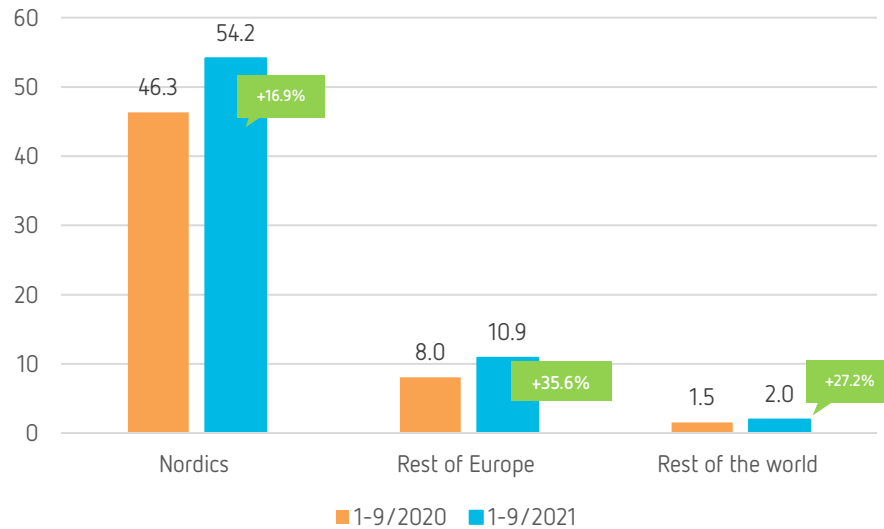
Net cash flows from operating activities were EUR 1.8 million (5.6)

- Inventory high in preparation for year end sales
- Accounts receivable high due to record sales in September



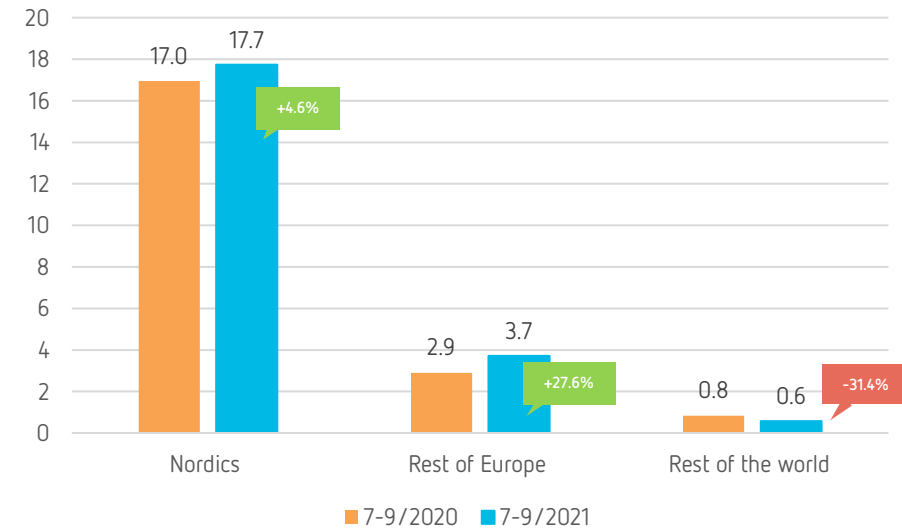
Invoiced sales by Geography

YTD 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 54.2 million (46.3)
- Invoiced sales in the rest of Europe grew to EUR 10.9 million (8.0) and to EUR 2.0 million (1.5) 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 and existing customers

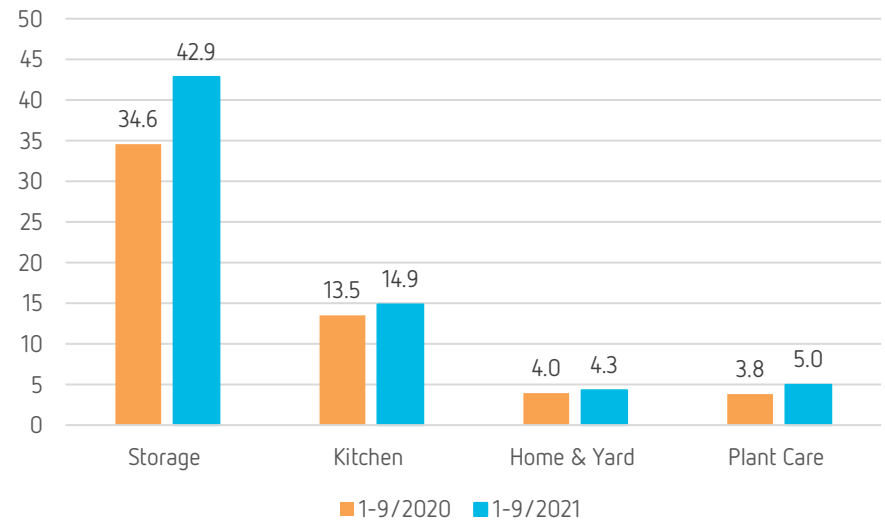
Q3 Invoiced sales by geography, EUR million



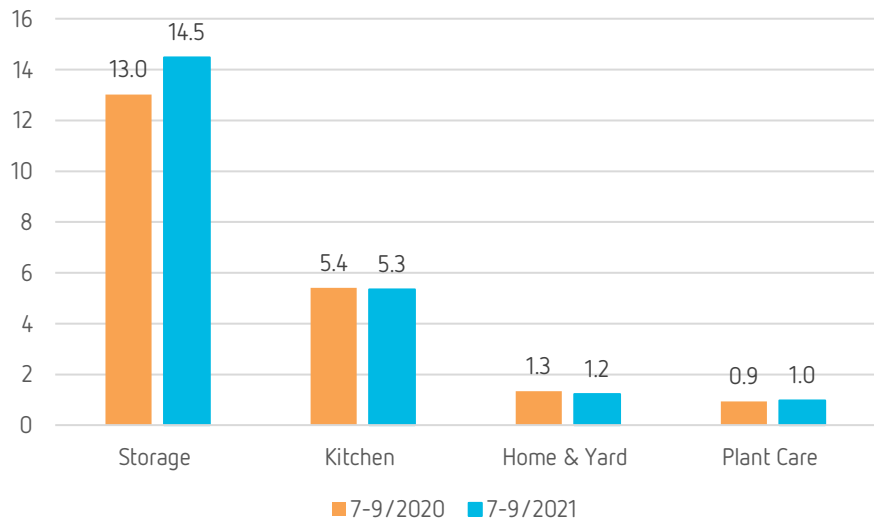
- Change in invoiced sales outside the Nordics totalled +14.3% compared to Q3 2020 and +34.2% compared to 1-9/2020
- According to our strategy, invoiced sales outside the Nordics is growing faster than invoiced sales in the Nordic market
- The rest of the world third quarter comparison shows a decline in invoiced sales against a record quarter that was driven by the release of cumulated demand due to COVID-19 shop closures in the US market

Invoiced sales by Product category

YTD Invoiced sales by product category, EUR million



Q3 Invoiced sales by product category, EUR million



- Invoiced sales in the largest category Storage totalled EUR 42.9 million (34.6)
- Invoiced sales in the Kitchen category grew to EUR 14.9 million (13.5) which was mainly due to new customers and increased demand among existing customers
- Invoiced sales in the Home & Yard category increased to EUR 4.3 million (4.0)
- 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
- The sales decline in the Kitchen category in the third quarter is explained by availability issues in sourced products and somewhat lower demand of seasonal products
- The decline in invoiced sales in the Home & Yard category was driven by the executed streamlining of the product portfolio to ensure efficient production of strategically important products



COVID-19

- The COVID-19 pandemic has caused significant disruption to the global economy and the Group's geographic market. Although COVID-19 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 and this has resulted in higher sick absence levels in production for precautionary reasons. This has resulted in increased cost in the form of over-time and temporary personnel. Sick absences started to decrease during the third quarter of 2021.
- 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

In September 2021, Orthex was selected as a pioneering company to the Finnish Innovation Fund Sitra's list of the most interesting companies in circular economy in Finland. The list presents 41 pioneering companies that offer circular economy solutions to the global sustainability crisis.

"A traditional company that has executed the circular economy for years by growing the usage of recycled plastics and by designing recyclable products. The company brings innovation to the market." -Sitra

FROM FINLAND
2.1
CIRCULAR
ECONOMY



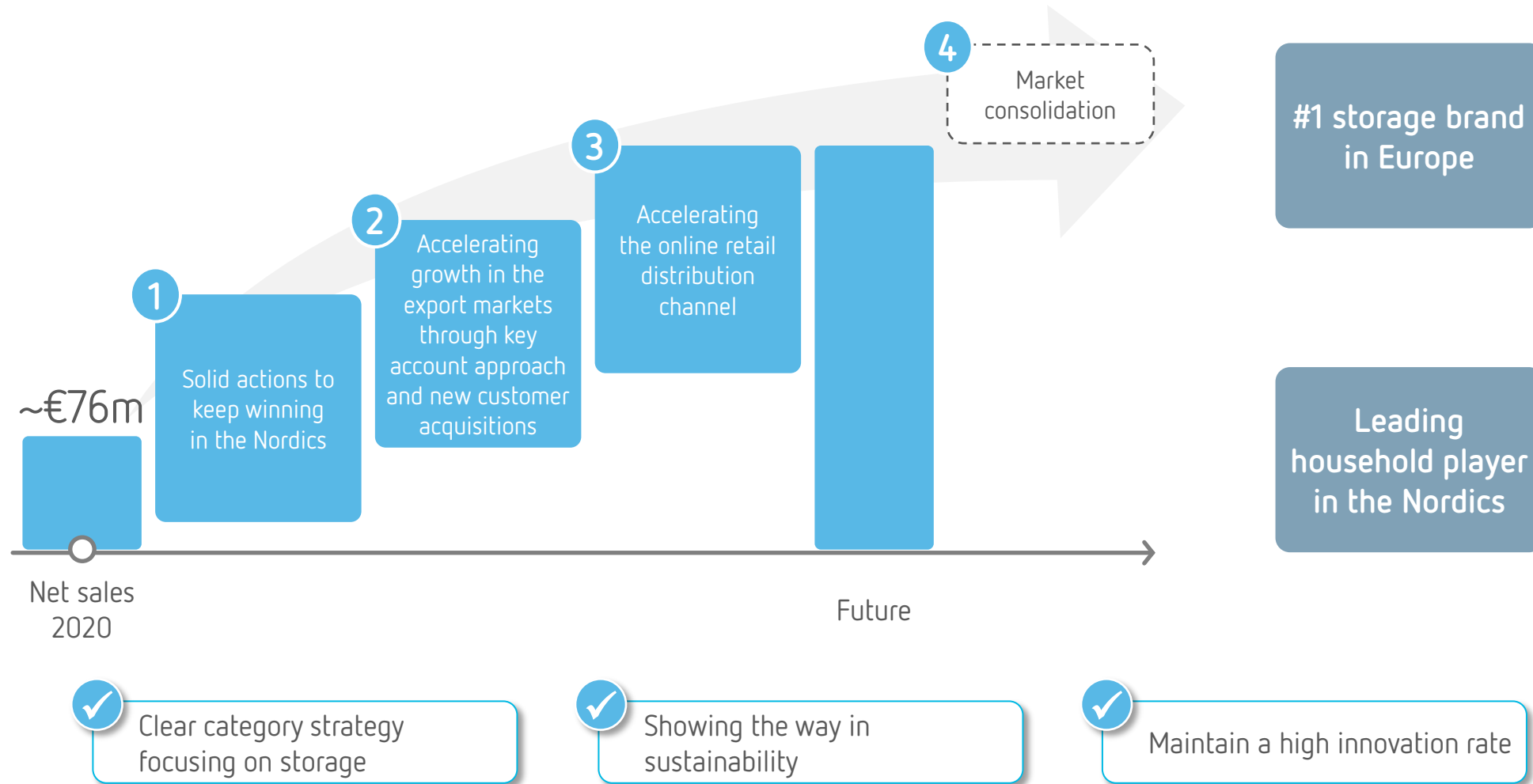
STRATEGY

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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



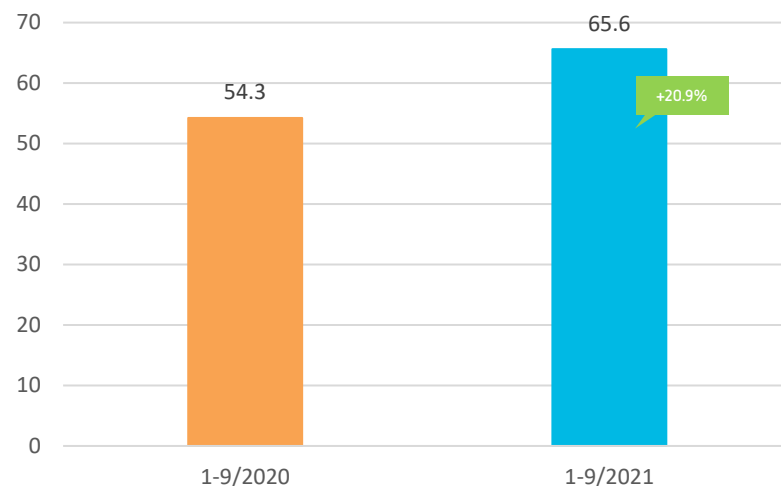
FINANCIALS

Saara Mäkelä, CFO



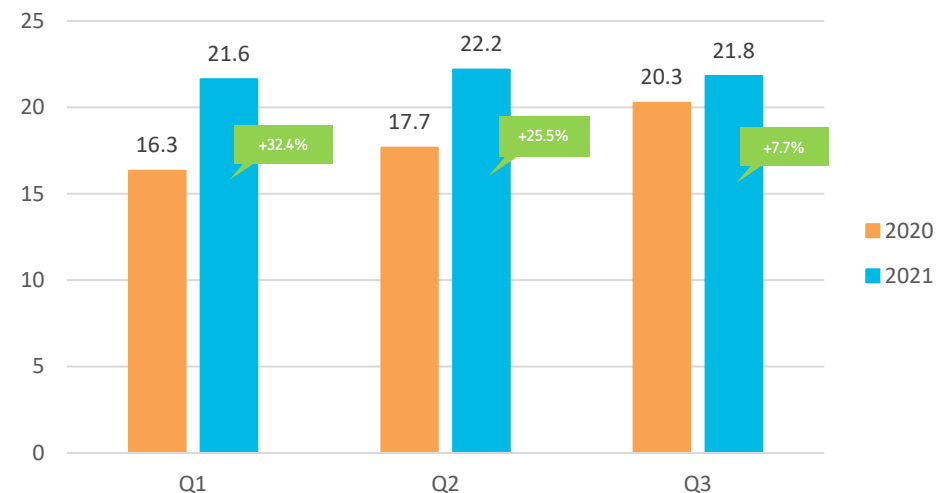
Net Sales

YTD Net sales, EUR million



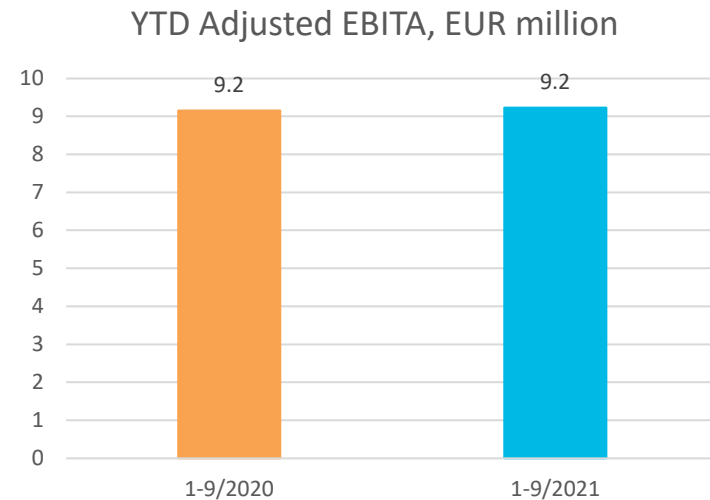
- Total Net sales growth 20.9% compared to January–September 2020
- Sales growth was strong especially in the Storage category and in the export markets, especially in Germany and France, as a result of increased new customer sales.
- In the Nordics, the increase in net sales was mostly due to increased sales to existing customers.

Net sales quarterly, EUR million

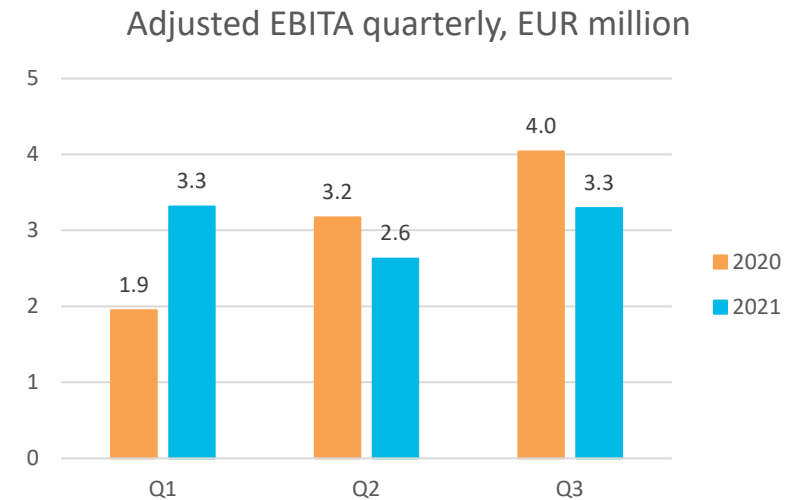


- In Q3 2021, the Group's Net sales increased by 7.7% to EUR 21.8 million (20.3). Invoiced sales amounted to EUR 22.0 million (20.7). The increase of constant currency Net sales was 7.4% compared to the third quarter of 2020.
- In the Nordic countries, growth was 4.6% compared to the third quarter of 2020 and 14.3% outside the Nordics.
- In Storage, which grew the fastest of Orthex's product categories, growth was 11.2% compared to Q3 2020.

Profitability

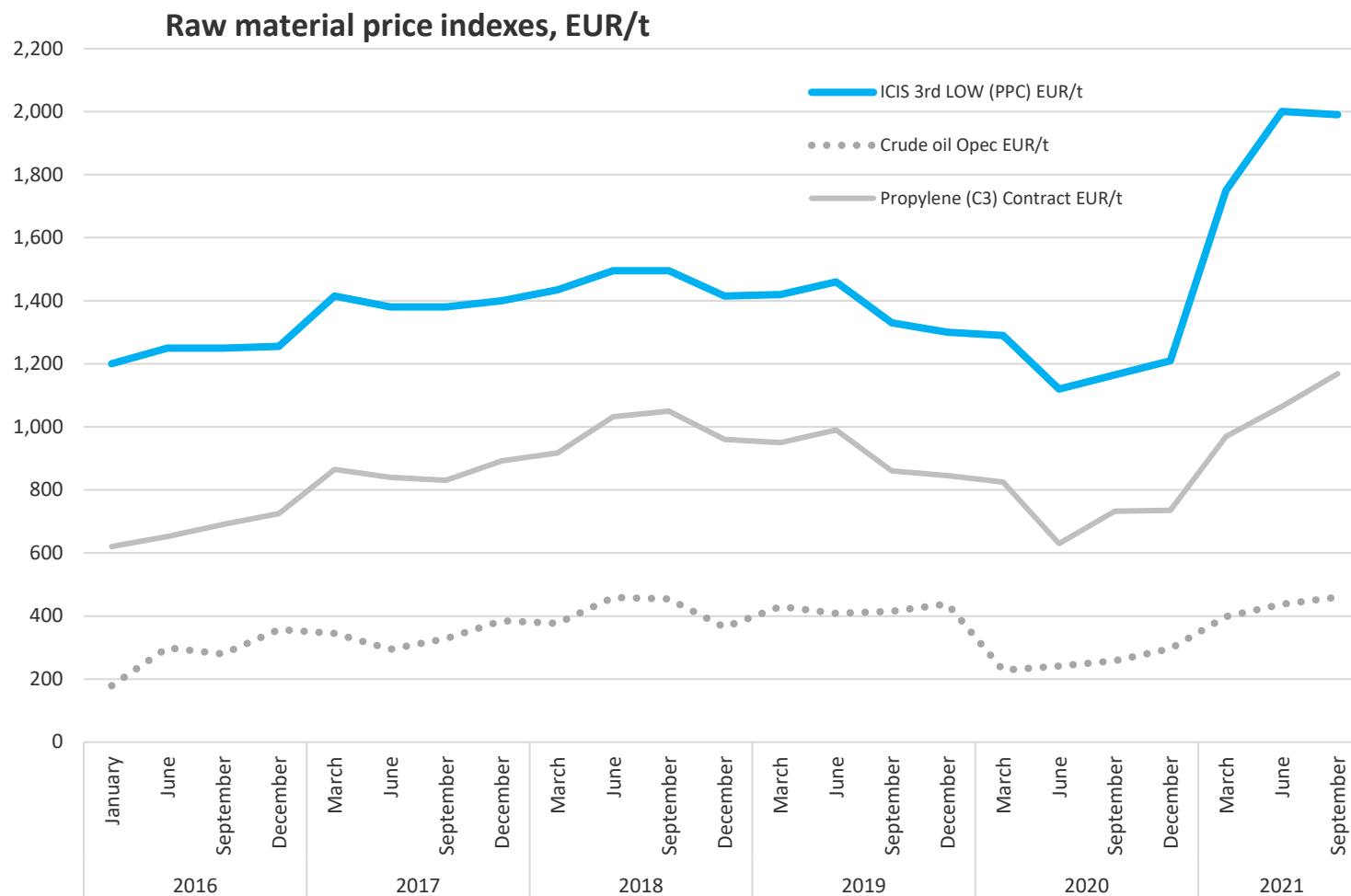


- Adjusted Gross margin was EUR 18.1 million (17.5)
- Adjusted Gross margin % decreased 4.6 percentage points from 32.2% to 27.6% mainly due to exceptionally high raw material prices
- Adjusted EBITA increased by 0.8% to EUR 9.2 million. The adjusted EBITA margin decreased to 14.1% (16.9).
- Profitability was driven by strong sales growth and adjusted EBITA was affected mostly by high raw material prices



- Adjusted Gross margin was EUR 5.8 million (6.7)
- Adjusted Gross margin % decreased 6.9 percentage points from 33.3% to 26.4%
- Adjusted EBITA decreased by 18.5% to EUR 3.3 million. The adjusted EBITA margin decreased to 15.1% (19.9).
- Increased raw material prices affected profitability in Q2 & Q3 2021

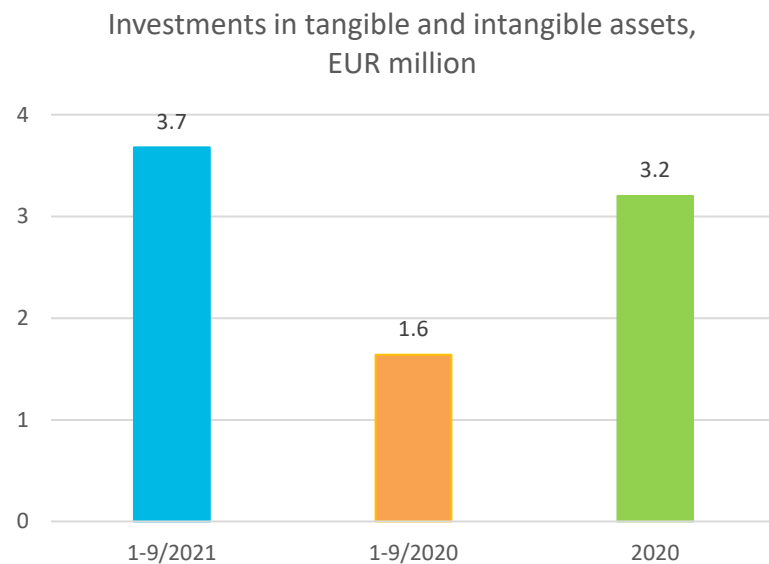
Development of raw material price indexes



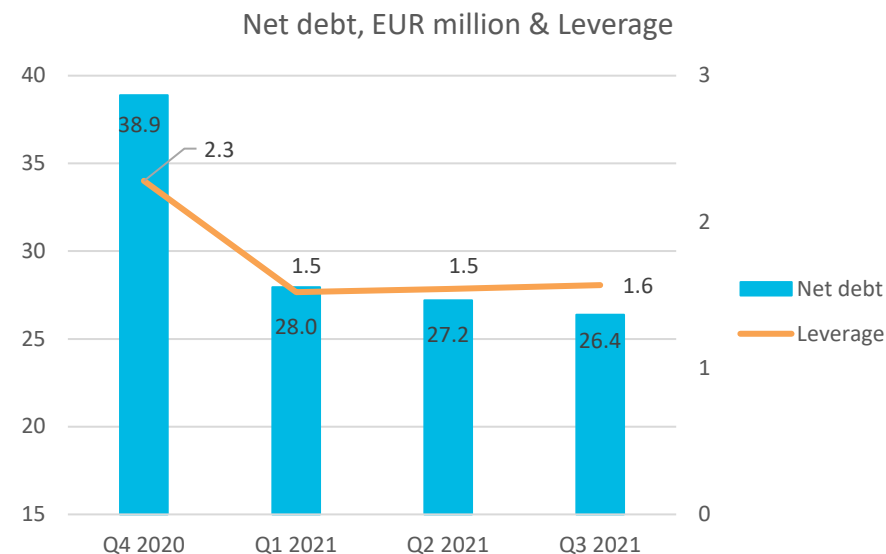
Raw material price peak is caused by several reasons:

- 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 on exceptionally high level
- High unpredictability in raw material price development

Investments & Net Debt



- Orthex's investments during January–September 2021 amounted to EUR 3.7 million (1.6) and were mainly related to capacity increases
- Phasing different compared to last year as part of the investments were postponed to the end of 2020 due to COVID-19
- Strong sales growth brings forward the decision to invest EUR 1 million more in capacity increase originally planned for 2022



- At the end of the period, the Group's net debt was EUR 26.4 million.
- The non-current interest-bearing liabilities were EUR 37.7 million and Orthex's total interest-bearing liabilities were EUR 41.9 million on 30 September 2021. Interest-bearing liabilities include pension liabilities and lease liabilities.
- Leverage 1.6x compared to 2.3x on 31 December 2020.

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>	20.9% total 34.2% outside Nordics
PROFITABILITY	18%	<i>"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"</i>	14.1%
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>	1.6x
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

Financial Releases in 2022

Orthex will publish its financial reports in 2022 as follows:

9 March 2022, Financial statements release for 2021

11 May 2022, Interim report January–March 2022

25 August 2022, Half year financial report January–June 2022

11 November 2022, Interim report January–September 2022

SUMMARY



STRONG SALES GROWTH

CONTINUED HIGH
RAW MATERIAL PRICES

ADAPTING TO HIGH COST
LEVELS AND UNCERTAINTY

Q&A

www.investors.orthexgroup.com



Key Figures

EUR million	7–9/2021	7–9/2020	Change	1–9/2021	1–9/2020	Change	1–12/2020
Invoiced sales	22.0	20.7	6.4%	67.0	55.9	19.9%	77.9
Net sales	21.8	20.3	7.7%	65.6	54.3	20.9%	75.9
Gross margin	5.8	6.7	-14.8%	18.1	17.5	3.6%	24.6
Gross margin, %	26.4%	33.3%		27.6%	32.2%		32.4%
EBITDA	4.3	5.1	-16.4%	10.5	12.1	-12.7%	16.5
EBITDA margin, %	19.6%	25.2%		16.1%	22.2%		21.7%
Adjusted EBITDA	4.3	5.1	-16.4%	12.1	12.3	-2.0%	17.1
Adjusted EBITDA margin, %	19.6%	25.2%		18.4%	22.7%		22.5%
EBITA	3.3	4.0	-18.5%	7.7	8.9	-13.6%	12.3
EBITA margin, %	15.1%	19.9%		11.7%	16.4%		16.3%
Adjusted EBITA	3.3	4.0	-18.5%	9.2	9.2	0.8%	12.9
Adjusted EBITA margin, %	15.1%	19.9%		14.1%	16.9%		17.0%
Operating profit	3.3	4.0	-19.0%	7.6	8.8	-14.3%	12.3
Operating profit margin, %	14.9%	19.9%		11.5%	16.3%		16.2%
Net cash flows from operating activities	1.8	5.6	-67.5%	7.2	10.1	-28.4%	12.7
Net debt / Adjusted EBITDA	1.6x	n.a.		1.6x	n.a.		2.3x
Adjusted return on capital employed (ROCE), %	9.7%	13.6%		28.0%	29.6%		40.3%
Equity ratio, %	34.8%	25.1%		34.8%	25.1%		22.6%
Earnings per share, basic (EUR)	0.12	0.15	-16.4%	0.29	0.33	-11.6%	0.47
FTEs	319	292	9.1%	318	279	13.9%	285

Effects of the company's listing:

- Balance sheet totalled EUR 89.2 million (77.0) at the end of the period, of which equity was EUR 31.0 million
- Net effect of the listing carried out during the first quarter on the company's equity was EUR 9.3 million
- Equity ratio, % increased to 34.8% mainly due to the share issue
- In January–September 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

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Practical is Beautiful