

Orthex Corporation

INTERIM REPORT

January – September 2021



Orthex Q3: Strong performance despite high raw material prices

JANUARY–SEPTEMBER 2021 IN BRIEF

- Invoiced sales increased by 19.9% and totalled EUR 67.0 million (55.9)
- Net sales increased by 20.9% to EUR 65.6 million (54.3)
- Adjusted EBITDA was EUR 12.1 million (12.3)
- EBITA was EUR 7.7 million (8.9)
- Adjusted EBITA was EUR 9.2 million (9.2)
- Adjusted EBITA margin was 14.1% (16.9)
- Operating profit was EUR 7.6 million (8.8)
- Adjusted operating profit was EUR 9.1 million (9.1)
- Items affecting comparability totalled EUR 1.6 million (0.3)
- Net cash flows from operating activities were EUR 7.2 million (10.1)
- Net debt / Adjusted EBITDA was 1.6x
- Earnings per share, basic was EUR 0.29 (0.33)
- Equity ratio increased to 34.8% (25.1)
- Snow toys moulds were sold to Wiitta Oy
- Raw material prices have risen to exceptionally high levels

JULY–SEPTEMBER 2021 IN BRIEF

- Invoiced sales increased by 6.4% and totalled EUR 22.0 million (20.7)
- Net sales increased by 7.7% to EUR 21.8 million (20.3)
- Adjusted EBITA was EUR 3.3 million (4.0)
- Adjusted EBITA margin was 15.1% (19.9)
- Operating profit was EUR 3.3 million (4.0)
- Net cash flows from operating activities were EUR 1.8 million (5.6)
- 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

LONG-TERM FINANCIAL TARGETS

As long-term financial targets the company has adopted to an average annual organic Net sales growth to exceed 5 per cent at the Group level and to exceed 10 per cent outside the Nordics (growth in local currencies), adjusted EBITA margin (adjusted for items affecting comparability) to exceed 18 per cent over time and net debt to adjusted EBITDA ratio to stay below 2.5x. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions).

The company aims to distribute a stable and over time increasing dividend with a pay-out of at least 50 per cent of net profit, in total, on a biannual basis.

Orthex does not publish a short-term outlook.

ALEXANDER ROSENLEW, CEO:

Orthex's net sales growth in the third quarter was +7.7% compared to the third quarter of 2020, contributing to a total net sales growth of 20.9% for the period January–September 2021 and amounting to 65.6 million euros (54.3). Invoiced sales in the Nordic market grew strongly by 16.9% compared to January–September 2020, amounting to 54.2 million euros (46.3). In line with our strategy, invoiced sales outside of the Nordics grew even faster: in the rest of Europe, invoiced sales grew by 35.6% and amounted to 10.9 million euros (8.0) and in the rest of the world by 27.2%, amounting to 2.0 million euros (1.5).

Demand was weakened in the first half of 2020 due to the beginning of the COVID-19 pandemic but had a strong rebound in the third quarter. This is important to keep in mind when comparing the quarters between the years. September 2020 was the company's highest-ever sales month until we broke that record in September 2021 and finished the third quarter strongly.

The positive sales development is driven by successful commercial strategy implementation, which includes launch of new products, widened distribution, customer collaboration and new customers.

All Orthex product categories performed strongly during January–September 2021. The biggest category Storage, with the brand SmartStore, continued to deliver fast-growing sales, taking growth in January–September to 24.0%, with total invoiced sales increasing to 42.9 million euros (34.6). Our second largest category Kitchen, with the GastroMax brand, performed at a 9.8% growth rate. Of the smaller categories, Home & Yard grew by 8.7% and the Plant Care category by 30.4%.

I am happy to see COVID-19 related obstacles gradually being removed. We are now able to visit many of our customers and we have already participated in some physical trade fairs. Lockdowns of stores in our major markets are no longer imposed and the demand for our products is becoming more predictable. We can already see a normalising pattern with little seasonal variation in sales over the last few quarters.

As anticipated, adjusted EBITA margin was lower in the third quarter at 15.1% (19.9), mostly due to high raw material prices. For January–September, the adjusted EBITA margin was 14.1% (16.9). Adjusted EBITA for the third quarter was 3.3 million euros (4.0), taking the January–September adjusted EBITA to 9.2 million euros, which is at the same level as the January–September 2020 outcome (9.2).

Raw material prices started to increase sharply towards the end of 2020 and reached their highest levels during the second quarter of 2021. Since then, raw material prices have remained high. The cost for freights and electric power have risen in general but are not affecting the result notably as they are



a fairly small part of the total cost. Our understanding is that raw material availability has been scarce on the market. However, we have been able to source the needed raw material for production. Raw material price fluctuation and measures to off-set the effects are common to the business, and the implementation of our measures started to have an effect towards the end of the third quarter. Unpredictable and fast increases in raw material prices create a short-term profitability challenge due to the delayed effects of implementing price increases or cost savings. Our long-term target is to deliver an adjusted EBITA margin exceeding 18%, and we are committed to ensuring that our measures are in line with that target.

Our strong commitment to sustainability was recognised when 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. The panel of experts commented on the selection as follows: "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."

Orthex has been able to ramp up capacity according to plan to secure delivery performance. The volumes shipped through the German warehouse are increasing, driven by European sales growth. The installation of new moulds and injection moulding machines strengthens our production platform and we have now considerably increased capacity in our best-selling storage range products. We also see the negative effect of COVID-19 decreasing, as for example decreasing sick absences in production result in reduced need for over-time and temporary workforce.

We are committed to implementing our growth strategy with a focus on accelerated international growth and sustainability. We expect that the effect of our first measures to reduce the impact of high raw material prices will soon be fully visible. We will continue our targeted actions depending on the raw material price development. At the moment, raw material prices, freight cost and energy price are on high levels and future development is hard to predict.



SmartStore Collect

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 |

MARKET OVERVIEW

Orthex operates in Europe in the home storage, food storage and kitchenware market, which has historically been stable and resilient throughout different economic cycles. The market size was estimated at EUR 8.0 billion in 2019. Household goods are purchased on demand and unit prices are generally low, which means that market downturns have a smaller impact on consumers' purchasing power and demand.

The market for household products in Europe is fragmented. Orthex estimates that it had a leading market position in the Nordic home storage market, with an estimated market share of 20–25 per cent in 2019. Additionally, the company had a strong position in the food storage and kitchenware market. The size of the Nordic home storage market was estimated to be approximately EUR 140 million in 2019.

There were no significant changes in Orthex's market position or competitive situation during the financial year of 2020 or the review period January–September 2021. The management's view is that the fast growth in Europe outside the Nordic market comes from a steadily improving competitive position with presence in new customers and widened distribution in existing customers' shop assortment.

There has typically not been significant seasonal variation in Orthex's sales. However, the uncertain market situation caused by the COVID-19 pandemic may affect the comparability of sales between quarters and financial years. The COVID-19 pandemic affected Orthex's business both positively and negatively during the review period.

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 closed for part of 2020 and part of January–September 2021. Raw material prices fell exceptionally much in the spring of 2020 due to the COVID-19 pandemic, but prices started to rise during the latter part of 2020. During the review period, raw material prices have risen to exceptionally high levels.



GastroMax Dry food keeper

NET SALES AND PROFITABILITY

Net sales and invoiced sales

Invoiced sales by geography:

| EUR million | 7–9/2021 | 7–9/2020 | Change | 1–9/2021 | 1–9/2020 | Change | 1–12/2020 |
|-------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Nordics | 17.7 | 17.0 | 4.6% | 54.2 | 46.3 | 16.9% | 64.1 |
| Rest of Europe | 3.7 | 2.9 | 27.6% | 10.9 | 8.0 | 35.6% | 11.4 |
| Rest of the world | 0.6 | 0.8 | -31.4% | 2.0 | 1.5 | 27.2% | 2.4 |
| Total | 22.0 | 20.7 | 6.4% | 67.0 | 55.9 | 19.9% | 77.9 |

Invoiced sales by product category:

| EUR million | 7–9/2021 | 7–9/2020 | Change | 1–9/2021 | 1–9/2020 | Change | 1–12/2020 |
|--------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Storage | 14.5 | 13.0 | 11.2% | 42.9 | 34.6 | 24.0% | 49.4 |
| Kitchen | 5.3 | 5.4 | -1.1% | 14.9 | 13.5 | 9.8% | 19.0 |
| Home & Yard | 1.2 | 1.3 | -8.7% | 4.3 | 4.0 | 8.7% | 5.0 |
| Plant Care | 1.0 | 0.9 | 3.8% | 5.0 | 3.8 | 30.4% | 4.5 |
| Total | 22.0 | 20.7 | 6.4% | 67.0 | 55.9 | 19.9% | 77.9 |

January–September 2021

In January–September, the Group's Net sales increased by 20.9% to EUR 65.6 million (54.3). Invoiced sales amounted to EUR 67.0 million (55.9). The increase of constant currency Net sales was 19.2% compared to January–September 2020. All markets and categories grew during the review period. Net sales growth was strong especially in the Storage product category and in export markets.

July–September 2021

In July–September, 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.

Development by geography

January–September 2021

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in January–September 2021 amounted to EUR 54.2 million (46.3). In the Nordic countries, the increase in sales was mainly due to increased sales to existing customers. Invoiced sales in the Nordics totalled 80.8% (82.9) of the Group's total invoiced sales. 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 export market, the increase in sales was due to increased sales to both new and existing customers. Orthex's products are sold in more than 40

countries, and export to non-Nordic countries grew by 2.1 percentage points and accounted for 19.2% (17.1) of the Group's invoiced sales at the end of the period.

July–September 2021

The Group's invoiced sales grew especially in the rest of Europe. In the Nordic countries, growth was 4.6% compared to the third quarter of 2020 and 14.3% outside the Nordics. 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.

Development by product category

January–September 2021

Orthex has four product categories: Storage, Kitchen, Home & Yard and Plant Care. The largest category is Storage with invoiced sales totalling EUR 42.9 million (34.6) during January–September 2021. Products in the Storage category will play a key role in Orthex's expansion in Europe, as Orthex often uses them as flagship products when seeking agreements with new retailers.

Orthex has a strong position in the Nordics in food storage and kitchenware markets. The Group's invoiced sales in the Kitchen category grew to EUR 14.9 million (13.5) which was both 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).

Invoiced sales in the Plant Care category grew to EUR 5.0 million (3.8). The increase was mainly due to the increase in the cultivation of green plants, herbs and vegetables in flowerpots made of recycled plastic material.

July–September 2021

Invoiced sales grew in Storage and Plant Care categories during the third quarter. In Storage, growth was 11.2% compared to July–September 2020. 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 and 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.

Profitability

January–September 2021

EBITA was 7.7 million (8.9) during the period and decreased by 13.6%. Adjusted EBITA increased by 0.8% to EUR 9.2 million (9.2). Adjusted EBITA margin decreased to 14.1% (16.9). Operating profit was EUR 7.6 million (8.8). Items affecting comparability totalled EUR 1.6 million (0.3), of which listing costs affected the operating profit negatively with about EUR 1.5 million (0.3).

Orthex's financial income and expenses during the review period consisted of EUR 1.2 million net expenses (2.0). No interest expenses incurred during the period from convertible loans as the convertible loans were repaid at the end of 2020. Also, the impact of foreign exchange rates on Orthex's internal loan arrangements is smaller compared to last year.

Profit before taxes was EUR 6.4 million (6.8) and profit for the period was EUR 5.0 million (5.3).

July–September 2021

EBITA was EUR 3.3 million (4.0) during the period and decreased by 18.5%. Adjusted EBITA decreased by 18.5% to EUR 3.3 million (4.0). The adjusted EBITA margin decreased to 15.1% (19.9). Operating profit was EUR 3.3 million (4.0).

Raw material prices continued at exceptionally high levels affecting profitability.

FINANCIAL POSITION AND CASH FLOW

The balance sheet totalled EUR 89.2 million (77.0) at the end of the review period, of which equity constituted EUR 31.0 million (19.3). The listing carried out during the first quarter of the year had a net effect of EUR 9.3 million on the company's equity.

At the end of the review period the Group's net debt was EUR 26.4 million (33.5). Non-current interest-bearing liabilities were EUR 37.7 million (40.9) and Orthex's total interest-bearing liabilities were EUR 41.9 million (44.5). Interest-bearing liabilities include pension liabilities and lease liabilities.

During the period January–September 2021, the Group's net cash flows from operating activities were EUR 7.2 million (10.1) and cash conversion was 69.6% (86.7). Cash and cash equivalents amounted to EUR 15.5 million (11.0) at the end of the review period.

Net debt/adjusted EBITDA was 1.6x. Orthex's long-term target is to keep Net debt/adj. EBITDA below 2.5x.

At the end of the review period the Group's Equity ratio was 34.8% (25.1). Adjusted return on capital employed (ROCE) was 28.0% (29.6) and Return on equity (ROE) 20.9% (27.6).

INVESTMENTS, PRODUCT DEVELOPMENT AND ACQUISITIONS

Orthex's investments during January–September 2021 amounted to EUR 3.7 million (1.6) and were mainly related to increasing the production capacity for new and existing products.

The company's Board of Directors has decided to bring forward the production capacity increasing machinery investment originally planned for 2022. The machinery to be procured is a 650-tonne injection moulding machine to produce larger storage boxes. The decision to bring forward the investment was made to have the machine in operation already in the end of 2021 for Orthex to be able to better respond to the demand for Storage category products. In January–September 2021, Orthex has made a total of 5 significant machine investments at the Tingsryd and Lohja factories, as well as investments in automation and product moulds.

Orthex focuses on the most important product categories and markets and has decided to exit local snow toy manufacturing to make room for growth by selling its snow toys moulds to Wiitta Oy in June 2021. Snow toys accounted for a small share of Orthex's Home & Yard product group sales. The contract did not include any trademarks. The parties have agreed not to disclose the amount of the transaction.

SHARES AND SHAREHOLDERS

The company's registered share capital is EUR 80,000.00 and at the end of the period the company held 17,758,854 fully paid shares. Trading in the company's shares on the Nasdaq Helsinki main list began on 29 March 2021. Orthex has one series of shares, and each share entitles to one vote in the company's general meeting. There are no voting restrictions associated with the shares. Trading volume during the period was EUR 53.0 million and 5,507,899 shares. The highest price of the share was EUR 12.50 and the lowest was EUR 7.80. The closing price of the share at the end of September was EUR 10.84. These figures include share sales related to the IPO. At the end of the review period, the market value of the share capital stood at EUR 192.51 million. The company did not own any treasury shares at the end of the period.

The number of registered shareholders at the end of the review period was 18,773, including nominee registers. At the end of the period, the ten largest shareholders possessed a total of 53.41% of Orthex's shares and votes.

SUSTAINABILITY

Orthex has emphasised sustainability since the early 1990s. The company aims to be a pioneer in the industry in terms of sustainability by offering timelessly designed, high-quality, safe and long-lasting products, reducing the carbon footprint of its operations and products, and sourcing more and more of its raw materials from bio-based and recycled materials. Orthex has set as a main target to reach carbon neutrality in production by 2030.

Orthex's responsible choices are based on the United Nations Sustainable Development Goals and the company has identified four sustainable development goals: (i) decent work and economic growth, (ii) sustainable industry, innovation and infrastructure, (iii) responsible consumption and production, and (iv) climate action. Orthex reviews its sustainability strategy annually and sets targets and key performance indicators for three-year periods. Orthex publishes an annual sustainability report, which sets out the company's sustainability goals, achievements and investments.

Orthex's 2020 Sustainability Report was published on 22 April 2021. In its Sustainability Report, the company states that it has continued its investments in 2020 in the use of bio-based and recycled materials and in reducing the carbon footprint of production.

New products made from recycled materials had an increased interest in the domestic and export markets. In particular, the Red Dot-awarded SmartStore Collect sorting solution launched by Orthex in 2020, made from recycled materials, as well as buckets made from old fishing nets, were well received by customers.

One of the goals in Orthex's sustainability strategy is to decrease energy consumption. In 2020, Orthex improved its relative energy efficiency by 2.3 per cent and reached the energy consumption reduction goal. 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. This is a significant step for Orthex on its way to carbon neutral production by 2030.

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.

GOVERNANCE

Annual General Meeting

In the Annual General Meeting held on 28 February 2021, shareholders decided to approve the parent company's Financial Statements for the financial period 1 January–31 December 2020. The members of the Board of Directors and the CEO were discharged from liability for 2020. It was decided that no

dividend will be distributed and that the profit for the financial year of EUR 1,002,216.03 will be recognised in retained earnings.

Shareholders decided to change the company's company form into a public company and change the company's name to Orthex Corporation. At the same time, the company's share capital was increased from the company's invested unrestricted equity funds to the amount of EUR 80,000 required for a public company.

The Annual General Meeting decided to cancel the company's treasury shares and the Board of Directors was authorised to decide on a share issue to implement the public offering and on including the shares in the book-entry system managed by Euroclear Finland.

Extraordinary General Meeting

The Extraordinary General Meeting on 5 March 2021, decided to establish a Shareholders' Nomination Board in the company and the Nomination Board's charter was approved.

The Nomination Board consists of the four (4) largest shareholders of the company as of 31 August 2021 or, if the company has more than four (4) shareholders, whose shareholding and voting rights in the company are more than 10 per cent, the corresponding number of shareholders or persons appointed by them, and the Chair of the Board.

Shareholders' Nomination Board

On 23 September 2021, the company announced that its four largest registered shareholders have appointed the following representatives to the Shareholders' Nomination Board:

- Maarit Toivanen, CEO, Chair of the Board of Directors, Conficap Oy
- Juuso Kivinen, Partner, Sponsor Fund Iv Ky
- Alexander Rosenlew
- Mats Söderström, CEO, Thomasset Oy

The Nomination Board elected Maarit Toivanen as its chair. The Chair of Orthex's Board of Directors, Sanna Suvanto-Harsaae, acts as an expert member of the Nomination Board.

Board of Directors

On 30 September 2021 the company's Board of Directors consisted of the following members: Sanna Suvanto-Haarsae (Chair), Satu Huber, Ari Jokelainen, Juuso Kivinen and Jens-Peter Poulsen.

Auditor

The annual general meeting decided that Ernst & Young Oy will continue as the company's auditor, with Johanna Winqvist-Ilkka as the responsible auditor.

SHORT-TERM RISKS AND UNCERTAINTIES

Plastic polymers are the largest group of raw materials and the prices are typically negotiated annually. Fluctuations in raw material prices and supply disruptions may have a negative effect on profitability. The Group is not hedged against fluctuations in raw material prices but can better manage risks by tying prices to the plastic polymer supply chain. There is less volatility in the prices of bio-based and recycled materials and merchandise.

The COVID-19 pandemic has caused significant disruption to the global economy and the Group's geographic market. Although the COVID-19 pandemic did not materially impair the Group's operating profit during the review period, prolonged or extended restrictions could have a material adverse effect on business, financial condition and / or operating profit.

Thanks to its own production, the Group can control the quality of its products and the health and environmental aspects of production and products. Significant disruptions or interruptions in production and operations would materially impair the Group's ability to deliver its products and adversely affect its business and operating profit.

Orthex has operations in several countries, so the company is exposed to transaction and translation risk. The Group is typically not hedged against currency risk, except for certain large purchases under the Kökskungen brand. Fluctuations in exchange rates and interest rates can have a material adverse effect on the Group.

The main principles of Orthex's financial risk management are described in the consolidated financial statements and the general principles of risk management on the website at <https://investors.orthexgroup.com/>.

EVENTS AFTER THE REVIEW PERIOD

The company has not had any other significant events after the end of the review period.

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

Espoo, 10 November 2021

ORTHEX CORPORATION
Board of Directors

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The January–September 2021 results presentation will be held on 11 November 2021 at 11:00 am EET as a webcast meeting.

Webcast meeting

[Access meeting online here.](#)

Q&A

Questions to the management can be sent through the meeting chat.

Presentation material and on-demand recording

The presentation material will be shared in the online meeting, and it can be downloaded on Orthex's website at <https://investors.orthexgroup.com/>. A recording of the event will be available later at the same address.

Distribution:

Nasdaq Helsinki Ltd

Main media

<https://investors.orthexgroup.com/>

ORTHEX INTERIM REPORT JANUARY – SEPTEMBER 2021

Consolidated Statement of Comprehensive Income

| € 000 | 7–9/2021 | 7–9/2020 | 1–9/2021 | 1–9/2020 | 1–12/2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| Net Sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| Cost of sales | -16,056 | -13,501 | -47,538 | -36,800 | -51,264 |
| Gross Margin | 5,752 | 6,749 | 18,080 | 17,457 | 24,601 |
| Other operating income | 255 | 56 | 455 | 211 | 278 |
| Selling and marketing expenses | -1,700 | -1,735 | -6,160 | -5,540 | -7,978 |
| Administrative expenses | -1,047 | -1,045 | -4,798 | -3,282 | -4,620 |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Financial income and expenses | -449 | -901 | -1,151 | -2,009 | -2,423 |
| Profit before taxes | 2,811 | 3,124 | 6,427 | 6,837 | 9,858 |
| Income taxes | -594 | -694 | -1,404 | -1,495 | -2,165 |
| Profit for the period | 2,217 | 2,430 | 5,023 | 5,341 | 7,692 |
| Profit for the period attributable to: | | | | | |
| Equity holders of the parent | 2,217 | 2,430 | 5,023 | 5,341 | 7,692 |
| Earnings per share, basic (and diluted), EUR | 0.12 | 0.15 | 0.29 | 0.33 | 0.47 |
| Other comprehensive income/(loss) net of tax | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Translation differences | -174 | -246 | -424 | -402 | 1,261 |
| Items that will not be reclassified to profit or loss: | | | | | |
| Remeasurement gains/(losses) on defined benefit plans | - | - | - | - | -100 |
| Other comprehensive income/(loss) for the period, net of tax | -174 | -246 | -424 | -402 | 1,161 |
| Total comprehensive income/(loss) for the period | 2,043 | 2,184 | 4,599 | 4,939 | 8,853 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | 2,043 | 2,184 | 4,599 | 4,939 | 8,853 |

Consolidated Statement of Financial Position

| € 000 | 30 Sep 2021 | 30 Sep 2020 | 31 Dec 2020 |
|--|---------------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 24,079 | 23,200 | 24,149 |
| Property, plant and equipment | 12,702 | 10,248 | 11,382 |
| Right-of-use assets | 8,331 | 8,943 | 9,244 |
| Other non-current assets | 94 | 97 | 98 |
| Deferred tax assets | 1,092 | 1,276 | 1,070 |
| Total non-current assets | 46,299 | 43,764 | 45,944 |
| Current assets | | | |
| Inventories | 11,852 | 8,901 | 9,906 |
| Trade and other receivables | 15,507 | 13,345 | 14,264 |
| Derivative financial instruments | 8 | - | - |
| Income tax receivables | - | - | 5 |
| Cash and cash equivalents | 15,534 | 11,005 | 5,250 |
| Total current assets | 42,902 | 33,251 | 29,424 |
| Total assets | 89,201 | 77,015 | 75,368 |
| Equity and liabilities | | | |
| Equity attributable to the equity holders of the parent company | | | |
| Share capital | 80 | 3 | 3 |
| Treasury shares | - | -71 | -71 |
| Invested unrestricted equity fund | 11,047 | 8,003 | 1,775 |
| Retained earnings | 18,184 | 10,910 | 13,161 |
| Translation differences | 1,730 | 491 | 2,154 |
| Total equity | 31,042 | 19,336 | 17,022 |
| Non-current liabilities | | | |
| Loans from credit institutions | 25,202 | 22,945 | 26,652 |
| Convertible loans | - | 5,371 | - |
| Lease liabilities | 7,809 | 8,339 | 8,668 |
| Pension liabilities | 4,667 | 4,212 | 4,658 |
| Deferred tax liabilities | 562 | 381 | 572 |
| Total non-current liabilities | 38,240 | 41,248 | 40,550 |
| Current liabilities | | | |
| Loans from credit institutions | 3,000 | 2,500 | 3,000 |
| Lease liabilities | 1,225 | 1,099 | 1,158 |
| Trade and other payables | 12,945 | 12,802 | 11,791 |
| Derivative financial instruments | - | 30 | 110 |
| Income tax liabilities | 2,748 | - | 1,736 |
| Total current liabilities | 19,918 | 16,431 | 17,796 |
| Total liabilities | 58,159 | 57,679 | 58,346 |
| Total equity and liabilities | 89,201 | 77,015 | 75,368 |

Consolidated Statement of Changes in Equity

| Equity attributable to the equity holders of the parent company | | | | | | |
|---|---------------|-----------------|-----------------------------------|-------------------|-------------------------|---------------|
| € 000 | Share capital | Treasury shares | Invested unrestricted equity fund | Retained earnings | Translation differences | Total equity |
| As at 1 Jan 2021 | 3 | -71 | 1,775 | 13,161 | 2,154 | 17,022 |
| Profit for the period | | | | 5,023 | | 5,023 |
| Translation differences | | | | | -424 | -424 |
| Total comprehensive income/ (loss) for the period | | | | 5,023 | -424 | 4,599 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Increase in share capital | 78 | | -78 | | | - |
| Cancellation of treasury shares | | 71 | -71 | | | - |
| Share issue | | | 10,000 | | | 10,000 |
| Expenses related to the share issue | | | -686* | | | -686 |
| Discount related to the personnel share issue | | | 106 | | | 106 |
| At 30 Sep 2021 | 80 | - | 11,047 | 18,184 | 1,730 | 31,042 |
| As at 1 Jan 2020 | 3 | -97 | 7,997 | 5,569 | 893 | 14,365 |
| Profit for the period | | | | 5,341 | | 5,341 |
| Translation differences | | | | | -402 | -402 |
| Total comprehensive income/ (loss) for the period | | | | 5,341 | -402 | 4,939 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Directed issue of treasury shares | | 26 | 6 | | | 32 |
| At 30 Sep 2020 | 3 | -71 | 8,003 | 10,910 | 491 | 19,336 |
| As at 1 Jan 2020 | 3 | -97 | 7,997 | 5,569 | 893 | 14,365 |
| Profit for the period | | | | 7,692 | | 7,692 |
| Translation differences | | | | | 1,261 | 1,261 |
| Remeasurement gains/(losses) on defined benefit plan | | | | -100 | | -100 |
| Total comprehensive income/ (loss) for the period | | | | 7,592 | 1,261 | 8,853 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Capital return from the invested unrestricted equity fund | | | -6,228 | | | -6,228 |
| Directed issue of treasury shares | | 26 | 6 | | | 32 |
| At 31 Dec 2020 | 3 | -71 | 1,775 | 13,161 | 2,154 | 17,022 |

*In January–September 2021, the company's fees and expenses related to the listing amounted to EUR 2,281 thousand, of which EUR 857 thousand was recognised as expenses in connection with the offering against the funds received in the invested unrestricted equity fund less deferred tax of EUR 171 thousand.

Consolidated Statement of Cash Flows

| € 000 | 1–9/2021 | 1–9/2020 | 1–12/2020 |
|--|---------------|---------------|---------------|
| Cash flows from operating activities | | | |
| Profit before taxes | 6,427 | 6,837 | 9,858 |
| Adjustments: | | | |
| Depreciation, amortisation and impairment | 2,955 | 3,216 | 4,177 |
| Financial income and expenses | 1,151 | 2,009 | 2,423 |
| Other adjustments | 215 | 168 | 43 |
| Cash flows before changes in working capital | 10,748 | 12,230 | 16,501 |
| Changes in working capital | | | |
| Decrease (+) / increase (–) in trade and other receivables | -1,170 | -1,852 | -2,275 |
| Decrease (+) / increase (–) in inventories | -2,040 | 507 | -149 |
| Decrease (–) / increase (+) in trade and other payables | 1,370 | 459 | 1,299 |
| Cash flows from operating activities before financial items and taxes | 8,907 | 11,343 | 15,376 |
| Interests received | - | - | 0 |
| Interests paid | -901 | -1,007 | -2,319 |
| Dividends received | - | 7 | 7 |
| Income taxes paid | -796 | -272 | -355 |
| Net cash flows from operating activities | 7,210 | 10,072 | 12,709 |
| Cash flows from investing activities | | | |
| Investments in tangible and intangible assets | -3,680 | -1,642 | -3,201 |
| Sale of tangible and intangible assets | 102 | - | - |
| Other investments | - | 5 | 4 |
| Net cash flows from investing activities | -3,578 | -1,636 | -3,197 |
| Cash flows from financing activities | | | |
| Proceeds from share issue | 10,000 | - | - |
| Costs from share issue recognised in equity | -857 | - | - |
| Repayment of lease liabilities | -963 | -884 | -1,183 |
| Proceeds from long-term borrowings | - | - | 27,000 |
| Repayment of long-term borrowings | - | - | -29,637 |
| Proceeds from short-term borrowings | - | - | 3,000 |
| Repayment of short-term borrowings | -1,500 | -1,666 | -2,500 |
| Capital return from the invested unrestricted equity fund | - | - | -6,228 |
| Directed issue of treasury shares | - | 32 | 32 |
| Net cash flows from financing activities | 6,680 | -2,519 | -9,516 |
| Net change in cash and cash equivalents | 10,311 | 5,917 | -3 |
| Net foreign exchange differences | -27 | -85 | 81 |
| Cash and cash equivalents at the beginning of the period | 5,250 | 5,173 | 5,173 |
| Cash and cash equivalents at the end of the period | 15,534 | 11,005 | 5,250 |

NOTES TO THE GROUP'S INTERIM INFORMATION

Basis of preparation

Orthex's interim information has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. Interim information does not contain all the notes presented in the consolidated financial statements for 2020 and should therefore be read in conjunction with the consolidated financial statements for 2020 prepared in accordance with IFRS. The same accounting principles have been applied to the interim information as to the consolidated financial statements taking into account.

Orthex's Board of Directors has approved this interim information in its meeting on 10 November 2021. This interim information is unaudited. Figures in the interim information have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Accounting estimates and management judgements made in preparation of the interim information

The preparation of interim information requires management to make accounting estimates and judgements as well as assumptions that affect the application of the preparation principles and the accounting estimates on assets, liabilities, income, and expenses. Actual results may differ from previously made estimates and judgements. Estimates and judgements are reviewed regularly. Changes in estimates are presented in the period during which the change occurs if the change only affects one period. If it affects both the period under review and following periods, the changes are presented in the period under review and following periods.

The significant management judgements and accounting estimates concerning key uncertainty factors in connection with the preparation of this interim information are identical to those applied in the consolidated financial statements for 2020.



Orthex Eden

Related party transactions

Transactions with related parties have been made on an arm's length basis.

During the review period January–September 2021, the company's related party transactions consisted of one purchase of EUR 25 thousand from a member of the Board.

In the comparison period January–September 2020, related party transactions consisted of accrued interest on convertible loans. The accrued interest from previous year amounted to EUR 83 thousand and was paid during the period. In January–September 2020, new accrued interest totalled EUR 375 thousand and convertible loans from related parties on 30 September 2020 amounted to EUR 5.4 million. The convertible loans including interest were repaid in full in November 2020.

Commitments

| € 000 | 30 Sep 2021 | 30 Sep 2020 | 31 Dec 2020 |
|--|---------------|---------------|---------------|
| Guarantees and mortgages given on own behalf: | | | |
| Enterprise mortgages | 53,558 | 53,350 | 53,631 |
| Property mortgages | 10,192 | 6,192 | 10,192 |
| Other guarantees | 55 | - | 56 |
| Total | 63,806 | 59,542 | 63,879 |

APPENDIX:

Key Performance Indicators

| € 000 | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|---|----------|----------|----------|----------|-----------|
| Net sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| Net sales growth, % | 7.7% | n.a. | 20.9% | n.a. | 14.2% |
| Constant currency invoiced sales growth, % | 7.4% | n.a. | 19.2% | n.a. | 14.8% |
| Invoiced sales | 22,020 | 20,704 | 67,007 | 55,888 | 77,877 |
| Invoiced sales growth, % | 6.4% | n.a. | 19.9% | n.a. | 15.5% |
| Gross Margin | 5,752 | 6,749 | 18,080 | 17,457 | 24,601 |
| Gross Margin, % | 26.4% | 33.3% | 27.6% | 32.2% | 32.4% |
| EBITDA | 4,266 | 5,100 | 10,533 | 12,062 | 16,458 |
| EBITDA margin, % | 19.6% | 25.2% | 16.1% | 22.2% | 21.7% |
| EBITA | 3,292 | 4,039 | 7,675 | 8,885 | 12,336 |
| EBITA margin, % | 15.1% | 19.9% | 11.7% | 16.4% | 16.3% |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Operating profit margin, % | 14.9% | 19.9% | 11.5% | 16.3% | 16.2% |
| Items affecting comparability | - | - | 1,556 | 271 | 597 |
| Adjusted Gross Margin | 5,752 | 6,749 | 18,096 | 17,457 | 24,601 |
| Adjusted Gross Margin, % | 26.4% | 33.3% | 27.6% | 32.2% | 32.4% |
| Adjusted EBITDA | 4,266 | 5,100 | 12,089 | 12,333 | 17,054 |
| Adjusted EBITDA margin, % | 19.6% | 25.2% | 18.4% | 22.7% | 22.5% |
| Adjusted EBITA | 3,292 | 4,039 | 9,232 | 9,156 | 12,933 |
| Adjusted EBITA margin, % | 15.1% | 19.9% | 14.1% | 16.9% | 17.0% |
| Adjusted operating profit | 3,260 | 4,025 | 9,134 | 9,117 | 12,878 |
| Adjusted operating profit margin, % | 14.9% | 19.9% | 13.9% | 16.8% | 17.0% |
| Earnings per share, basic (and diluted), EUR | 0.12 | 0.15 | 0.29 | 0.33 | 0.47 |
| FTEs | 319 | 292 | 318 | 279 | 285 |
| Personnel expenses | 4,120 | 4,113 | 14,712 | 12,415 | 17,056 |
| Key cash flows indicators | | | | | |
| Net cash flows from operating activities | 1,809 | 5,561 | 7,210 | 10,072 | 12,709 |
| Operating free cash flows | 3,402 | 4,344 | 8,409 | 10,691 | 13,853 |
| Cash conversion, % | 79.8% | 85.2% | 69.6% | 86.7% | 81.2% |
| Investments in tangible and intangible assets | -863 | -755 | -3,680 | -1,642 | -3,201 |
| Financial position key figures | | | | | |
| Net debt | 26,370 | 33,461 | 26,370 | 33,461 | 38,886 |
| Net debt / adjusted EBITDA last 12 months | 1.6x | n.a. | 1.6x | n.a. | 2.3x |
| Net working capital | 14,415 | 10,755 | 14,415 | 10,755 | 12,379 |
| Capital employed excluding goodwill | 33,480 | 29,542 | 33,480 | 29,542 | 31,835 |
| Return on capital employed (ROCE), % | 9.7% | 13.6% | 23.2% | 28.7% | 38.4% |
| 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% |
| Return on equity, % | 7.4% | 13.3% | 20.9% | 27.6% | 49.0% |

Reconciliation of APMs

| € 000 | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| Net sales growth, % | | | | | |
| Net sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| Net sales growth, % | 7.7% | n.a. | 20.9% | n.a. | 14.2% |
| Constant currency Net sales growth, % | | | | | |
| Net sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| FX rate adjustment | - | 49 | - | 780 | - |
| Constant currency Net sales | 21,807 | 20,300 | 65,618 | 55,037 | 75,865 |
| Constant currency Net sales growth, % | 7.4% | n.a. | 19.2% | n.a. | 14.8 % |
| Invoiced sales | | | | | |
| Net sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| Discounts and bonuses | 693 | 655 | 2,130 | 1,811 | 2,757 |
| Other sales and refunds | -481 | -201 | -741 | -179 | -746 |
| Invoiced sales | 22,020 | 20,704 | 67,007 | 55,888 | 77,877 |
| Invoiced sales growth, % | 6.4% | n.a. | 19.9% | n.a. | 15.5% |
| Gross Margin | | | | | |
| Net sales | 21,807 | 20,250 | 65,618 | 54,257 | 75,865 |
| Cost of sales | -16,056 | -13,501 | -47,538 | -36,800 | -51,264 |
| Gross Margin | 5,752 | 6,749 | 18,080 | 17,457 | 24,601 |
| Gross Margin (%) | 26.4% | 33.3% | 27.6% | 32.2% | 32.4% |
| EBITDA | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Depreciation, amortisation and impairment | 1,006 | 1,074 | 2,955 | 3,216 | 4,177 |
| EBITDA | 4,266 | 5,100 | 10,533 | 12,062 | 16,458 |
| EBITDA margin (%) | 19.6% | 25.2% | 16.1% | 22.2% | 21.7% |
| EBITA | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Amortisation and impairment | 32 | 13 | 97 | 40 | 55 |
| EBITA | 3,292 | 4,039 | 7,675 | 8,885 | 12,336 |
| EBITA margin (%) | 15.1% | 19.9% | 11.7% | 16.4% | 16.3% |
| Operating profit | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Operating profit margin, % | 14.9% | 19.9% | 11.5% | 16.3% | 16.2% |
| Items affecting comparability / adjustments (Gross Margin) | | | | | |
| Other items affecting comparability | - | - | 15 | - | - |
| Items affecting comparability / adjustments (Gross Margin) | - | - | 15 | - | - |
| Items affecting comparability / adjustments (EBITDA) | | | | | |
| Other items affecting comparability | - | - | 26 | - | - |
| Costs related to listing | - | - | 1,531 | 271 | 597 |
| Items affecting comparability / adjustments (EBITDA) | - | - | 1,556 | 271 | 597 |

| € 000 | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| Adjusted Gross Margin | | | | | |
| Gross Margin | 5,752 | 6,749 | 18,080 | 17,457 | 24,601 |
| Adjustments (Gross Margin) | - | - | 15 | - | - |
| Adjusted Gross Margin | 5,752 | 6,749 | 18,096 | 17,457 | 24,601 |
| Adjusted Gross Margin (%) | 26.4% | 33.3% | 27.6% | 32.2% | 32.4% |
| Adjusted EBITDA | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Depreciation, amortisation and impairment | 1,006 | 1,074 | 2,955 | 3,216 | 4,177 |
| Adjustments (EBITDA) | - | - | 1,556 | 271 | 597 |
| Adj. EBITDA | 4,266 | 5,100 | 12,089 | 12,333 | 17,054 |
| Adj. EBITDA margin (%) | 19.6% | 25.2% | 18.4% | 22.7% | 22.5% |
| Adjusted EBITA | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Amortisation and impairment | 32 | 13 | 97 | 40 | 55 |
| Adjustments (EBITA) | - | - | 1,556 | 271 | 597 |
| Adj. EBITA | 3,292 | 4,039 | 9,232 | 9,156 | 12,933 |
| Adj. EBITA margin (%) | 15.1% | 19.9% | 14.1% | 16.9% | 17.0% |
| Adjusted operating profit | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Adjustments | - | - | 1,556 | 271 | 597 |
| Adj. operating profit | 3,260 | 4,025 | 9,134 | 9,117 | 12,878 |
| Adj. operating profit margin (%) | 14.9% | 19.9% | 13.9% | 16.8% | 17.0% |
| Earnings per share, basic (and diluted), EUR | | | | | |
| Profit for the period | 2,217 | 2,430 | 5,023 | 5,341 | 7,692 |
| Average number of shares | 17,759 | 16,277 | 17,314 | 16,277 | 16,277 |
| Earnings per share, basic (and diluted), EUR | 0.12 | 0.15 | 0.29 | 0.33 | 0.47 |
| Operating free cash flows | | | | | |
| Adj. EBITDA | 4,266 | 5,100 | 12,089 | 12,333 | 17,054 |
| Investments in tangible and intangible assets | -863 | -755 | -3,680 | -1,642 | -3,201 |
| Operating free cash flows | 3,402 | 4,344 | 8,409 | 10,691 | 13,853 |
| Cash conversion, % | | | | | |
| Operating free cash flows | 3,402 | 4,344 | 8,409 | 10,691 | 13,853 |
| Adj. EBITDA | 4,266 | 5,100 | 12,089 | 12,333 | 17,054 |
| Cash conversion, % | 79.8% | 85.2% | 69.6% | 86.7% | 81.2% |
| Net debt | | | | | |
| Total interest-bearing liabilities | 41,904 | 44,466 | 41,904 | 44,466 | 44,136 |
| Cash and cash equivalents | -15,534 | -11,005 | -15,534 | -11,005 | -5,250 |
| Net debt | 26,370 | 33,461 | 26,370 | 33,461 | 38,886 |
| Net debt/ Adj. EBITDA | | | | | |
| Net debt | 26,370 | 33,461 | 26,370 | 33,461 | 38,886 |
| Adj. EBITDA, 12 months | 16,810 | n.a. | 16,810 | n.a. | 17,054 |
| Net debt/ Adj. EBITDA | 1.6x | n.a. | 1.6x | n.a. | 2.3x |

| € 000 | 7-9/2021 | 7-9/2020 | 1-9/2021 | 1-9/2020 | 1-12/2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| Net working capital | | | | | |
| Inventories | 11,852 | 8,901 | 11,852 | 8,901 | 9,906 |
| Trade and other receivables | 15,507 | 13,345 | 15,507 | 13,345 | 14,264 |
| Trade and other payables | -12,945 | -11,491 | -12,945 | -11,491 | -11,791 |
| Net working capital | 14,415 | 10,755 | 14,415 | 10,755 | 12,379 |
| Capital employed excluding goodwill | | | | | |
| Total Equity | 31,042 | 19,336 | 31,042 | 19,336 | 17,022 |
| Net debt | 26,370 | 33,461 | 26,370 | 33,461 | 38,886 |
| Goodwill | -23,931 | -23,256 | -23,931 | -23,256 | -24,072 |
| Capital employed excluding goodwill | 33,480 | 29,542 | 33,480 | 29,542 | 31,835 |
| Return on capital employed (ROCE), % | | | | | |
| Operating profit | 3,260 | 4,025 | 7,578 | 8,846 | 12,281 |
| Average capital employed excluding goodwill | 33,480 | 29,542 | 32,658 | 30,823 | 31,970 |
| Return on capital employed (ROCE), % | 9.7% | 13.6% | 23.2% | 28.7% | 38.4% |
| Adjusted return on capital employed (ROCE), % | | | | | |
| Adjusted operating profit | 3,260 | 4,025 | 9,134 | 9,117 | 12,878 |
| Average capital employed excluding goodwill | 33,480 | 29,542 | 32,658 | 30,823 | 31,970 |
| Adjusted return on capital employed (ROCE), % | 9.7% | 13.6% | 28.0% | 29.6% | 40.3% |
| Equity ratio (%) | | | | | |
| Total Equity | 31,042 | 19,336 | 31,042 | 19,336 | 17,022 |
| Total assets | 89,201 | 77,015 | 89,201 | 77,015 | 75,368 |
| Equity ratio (%) | 34.8% | 25.1% | 34.8% | 25.1% | 22.6% |
| Return on equity, % | | | | | |
| Profit for the period | 2,217 | 2,430 | 5,023 | 5,341 | 7,692 |
| Total equity (average for the first and last day of the period) | 30,020 | 18,244 | 24,032 | 19,336 | 15,693 |
| Return on equity, % | 7.4% | 13.3% | 20.9% | 27.6% | 49.0% |

Orthex presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS. In Orthex's view, alternative performance measures provide significant additional information on Orthex's results of operations, financial position and cash flows to management, investors, analysts and other stakeholders.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore Orthex's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Calculation of key figures

| Key Performance Indicators | Formula |
|--|---|
| Net sales | N.A. |
| Net sales growth, % | N.A. |
| Constant currency invoiced sales growth, % | Invoiced sales growth calculated by using previous year's revenue translated at average foreign exchange rates for the current year |
| Invoiced sales | Product sales to resale customers excluding off invoice discounts, customer bonuses and cash discounts |
| Invoiced sales growth, % | Increase in invoiced sales |
| Gross Margin | Net Sales less Cost of sales |
| Gross Margin, % | Gross Margin / Net Sales |
| EBITDA | Operating profit before depreciation, amortisation and impairment |
| EBITDA margin, % | EBITDA / Net sales |
| EBITA | Operating profit before amortisation and impairment |
| EBITA margin, % | EBITA / Net sales |
| Operating profit | Operating profit |
| Operating profit margin, % | Operating profit / Net sales |
| Items affecting comparability | Material items outside ordinary course of business including restructuring costs, net gains or losses from sale of business operations or other non-current assets, strategic development projects, external advisory costs related to capital reorganisation, impairment charges on non-current assets incurred in connection with restructurings, compensation for damages and transaction costs related to business acquisitions |
| Adjusted Gross Margin | Gross Margin excluding items affecting comparability |
| Adjusted Gross Margin, % | Adjusted Gross Margin / Net Sales |
| Adjusted EBITDA | EBITDA excluding items affecting comparability |
| Adjusted EBITDA margin, % | Adjusted EBITDA / Net Sales |
| Adjusted EBITA | EBITA excluding items affecting comparability |
| Adjusted EBITA margin, % | Adjusted EBITA / Net sales |
| Adjusted operating profit | Operating profit excluding items affecting comparability |
| Adjusted operating profit margin, % | Adjusted operating profit / Net Sales |
| Earnings per share, basic (and diluted), EUR | Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding |
| FTEs | Full-Time Equivalents |
| Personnel expenses | Total personnel expenses during the period |

| Key cash flows indicators | Formula |
|---|--|
| Net cash flows from operating activities | Net cash from operating activities as presented in the consolidated statement of cash flows |
| Operating free cash flows | Adjusted EBITDA less investments in tangible and intangible assets |
| Cash conversion, % | Operating free cash flows / Adjusted EBITDA |
| Investments in tangible and intangible assets | Investments in tangible and intangible assets as presented in the consolidated statement of cash flows |

| Financial position key figures | Formula |
|---|---|
| Net debt | Current and non-current interest-bearing liabilities less cash and cash equivalents |
| Net debt / adjusted EBITDA last 12 months | Net debt / Adjusted EBITDA |
| Net working capital | Inventories, trade and other receivables less trade and other payables |
| Capital employed excluding goodwill | Total equity and net debt and less goodwill |
| Return on capital employed (ROCE), % | Operating profit / Average capital employed excluding goodwill |
| Adjusted return on capital employed (ROCE), % | Adjusted operating profit / Average capital employed excluding goodwill |
| Equity ratio, % | Total equity / Total assets |
| Return on equity, % | Result for the period / Total equity (average for the first and last day of the period) |

ORTHEX IN BRIEF

Orthex is a leading Nordic houseware company. Orthex designs, produces, and sells household products with a mission to make consumers' everyday life easier: Orthex strives to create functional, long lasting, and sustainable high-quality household products. Orthex's products cover multifunctional assortment of storage boxes, kitchen products and products for home and yard. Orthex markets and sells its products under three main consumer brands: SmartStore, GastroMax and Orthex. In addition, it sells externally produced kitchen products under the Kökskungen brand.

Orthex has more than 100 years of experience in the production, design, and marketing of household products, and it has approximately 800 customers in more than 40 countries. Orthex's core geographic markets include the Nordics (i.e., Finland, Sweden, Norway, Denmark, and Iceland) and export markets, including Germany, France, and the United Kingdom. Orthex is headquartered in Espoo, Finland, and it currently has seven local sales offices located in the Nordics, Germany, France, and the United Kingdom. Orthex's production facilities are located in Tingsryd and Gnosjö, Sweden, and in Lohja, Finland. In addition, Orthex has centralised warehousing in Sweden and Finland in connection with its Tingsryd and Lohja production facilities, as well as an outsourced warehouse in Überherrn, Germany.

Orthex aims to be the industry forerunner in sustainability by promoting safe and long-lasting products, reducing the carbon footprint of its operations and products, as well as by sourcing an ever-increasing amount of raw materials from bio-based and recycled materials. Orthex aims for its production process to be carbon neutral by 2030.



SmartStore Compact



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