

Orthex Corporation

INTERIM REPORT

January – March 2021



orthex
GROUP

Orthex Q1: Excellent growth in all product categories and market areas

JANUARY – MARCH 2021 IN BRIEF

- Invoiced sales increased by 33.5% and was EUR 22.4 million (16.8)
- Net sales increased by 32.4% to EUR 21.6 million (16.3)
- Adjusted EBITDA was EUR 4.3 million (3.0) (adjusted for IPO related costs EUR 1.3 million)
- EBITA was EUR 2.0 million (1.9)
- Adjusted EBITA was EUR 3.3 million (1.9)
- Adjusted EBITA margin was 15.3% (11.9)
- Operating profit was EUR 2.0 million (1.9)
- Adjusted operating profit increased by 69.5% to EUR 3.3 million (1.9)
- Net cash flows from operating activities were EUR 3.2 million (2.6)
- Earnings per share, basic was EUR 0.08 (0.05)
- Orthex was listed on Nasdaq Helsinki, and the number of shareholders in Orthex increased to more than 21,400 shareholders after the initial public offering. Trading in Orthex's shares started on the pre-list of Nasdaq Helsinki Ltd on 25 March 2021 and on the official list on 29 March 2021.

LONG-TERM FINANCIAL TARGETS

As long-term financial targets the company has adopted to an average annual organic Net sales growth to exceed 5 percent at the Group level and to exceed 10 percent outside the Nordics (growth in local currencies), EBITA margin (adjusted for items affecting comparability) to exceed 18 percent 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 percent of net profit, in total, on a biannual basis.

Orthex does not publish a short-term outlook.

ALEXANDER ROSENLEW, CEO:

I am happy that Orthex's first quarter as a listed company was particularly strong. Demand for our products was high throughout the period and led to very strong growth both in sales and results on all our key markets. Net sales for the first quarter was up by 32.4% and amounted to EUR 21.6 million compared to EUR 16.3 million in quarter one 2020. Strong growth in many of our European key customers outside the Nordic countries was accomplished by successful roll-out of our products assortment and product innovations. In this area the invoiced sales growth was as high as 42.5%. Overall, all our key product categories performed strongly and our biggest category Storage with the brand SmartStore continued to deliver fast growing sales. Our second largest category Kitchen with the GastroMax brand also performed at a convincing 16.7% growth rate. The smaller categories Home & Yard grew by 31.0% and the Plant Care category fuelled by good growth in flowerpots made of recycled plastic grew by 69.1%.

Our EBITA development was strong. This is due to strong sales growth, the scalability of our business model and our efficiency measures. The adjusted EBITA was EUR 3.3 million compared to EUR 1.9 million in the first quarter of 2020. Tightness of supply of our main raw materials on the market resulted in fast increasing raw material prices towards the end of the quarter. However, the increased price level has not yet had a significant impact on gross margin in the first quarter.

As part of our sustainability strategy we are continuously aiming to reduce our carbon footprint, and this includes increasing the use of recycled and bio-based raw materials. Our innovations performed well during quarter one. Especially the all new stylish series of SmartStore products for recycling and sorting of waste at home called SmartStore Collect should be mentioned as one of the stars of the year so far. We published our yearly sustainability report in April where more details of the development in this important part of our strategy can be read.

During the COVID-19 pandemic, our priority has been to take all necessary precautions to ensure the safety of our employees. COVID-19 has influenced us, some major export customers have been closed due to restrictions and that has limited our amount of sales to these areas for the duration of the store closures. Customer meetings have been harder to organise and in-store activities more challenging to implement. We have seen increased demand in the Nordic countries, probably driven by consumers spending more time at home and less time and money on travelling. We can also see increase in the development of e-commerce activities. Measures to keep our employees safe and our factories



operational, have resulted in higher sick absence in production for precautionary reasons. This comes at an increased cost in the form of over-time work and temporary personnel. I am happy that our personnel have not been severely hit by COVID-19 and our safety measures seem to have limited the spreading of the disease in the organisation. I am especially thankful for all the positive efforts shown by our personnel during these unusual and unpredictable circumstances.

Our ambition is to be the best partner for our customers and our highest priority is to ramp up the capacity in the fastest growing areas of the assortment. We have sped up the investment pace in new plastic injection machines, automation, and duplicate moulds. We have already received a total of 3 new injection moulding machines, and there are at least 4 more arriving this year. The increase in capacity investment is about EUR one million more than originally planned for the year. Overall, the start of the year has been positive, but we have to prepare for unpredictable and rising raw material cost level.

KEY PERFORMANCE INDICATORS

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

MARKET OVERVIEW

Orthex operates in Europe in the market for home storage, food storage and kitchenware, 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 percent 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 first quarter of 2021.

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. The COVID-19 pandemic continues to cause uncertainty in all geographic markets, and the company expects this uncertainty to continue in 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 closed for part of 2020. 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 early 2021, raw material prices have risen to exceptionally high levels.



NET SALES AND PROFITABILITY

January–March 2021

Net sales and invoiced sales

Invoiced sales split by geography:

EUR million	1–3/2021	1–3/2020	Change	1–12/2020
Nordics	17.9	13.8	30.3%	64.1
Rest of Europe	3.7	2.6	42.5%	11.4
Rest of the world	0.8	0.4	83.4%	2.4
Total	22.4	16.8	33.5%	77.9

Invoiced sales split by product category:

EUR million	1–3/2021	1–3/2020	Change	1–12/2020
Storage	14.7	10.8	36.3%	49.4
Kitchen	4.5	3.8	16.7%	19.0
Home & Yard	1.4	1.1	31.0%	5.0
Plant Care	1.8	1.1	69.1%	4.5
Total	22.4	16.8	33.5%	77.9

In January–March 2021, the Group's Net sales increased by 32.4% to EUR 21.6 million (16.3). Invoiced sales amounted to EUR 22.4 million (16.8). The increase of constant currency Net sales was 30.0% compared to the first quarter of 2020. Net sales growth was strong especially in the Storage product category and in export markets.

Development by geography

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales during the period amounted to EUR 17.9 million (13.8). In the Nordic countries, the increase in sales was mainly due to increased sales to existing customers. Invoiced sales in the Nordics totalled 79.9% (81.9) of the Group's total invoiced sales. 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 export market, the increase in sales was due to increased sales to both new customers and existing customers. Orthex's products are sold in more than 40 countries, and non-Nordic exporting countries grew by two percentage points and accounted for 20.1% (18.1) of the Group's invoiced sales at the end of the period.

Development by product category

Orthex has four product categories: Storage, Kitchen, Home & Yard and Plant Care. The largest category is Storage with invoiced sales totalling EUR 14.7 million (10.8) during January–March 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 4.5 million (3.8) which was both due to new customers and increased demand among existing customers.

Invoiced sales in the Home & Yard category increased to EUR 1.4 million (1.1).

Invoiced sales the Plant Care category grew to EUR 1.8 million (1.1). The increase was mainly due to the increase in the cultivation of green plants, herbs and vegetables in flowerpots made of recycled plastic material.

Profitability

EBITA increased by 2.6% to 2.0 million (1.9) during the period. Adjusted EBITA increased by 70.0% to EUR 3.3 million. The adjusted EBITA margin increased to 15.3% (11.9). Operating profit was EUR 2.0 million (1.9). The company's listing costs affected the operating profit negatively with about EUR 1.3 million (0.0).

Orthex's financial income and expenses during the review period consisted of EUR 0.4 million net expenses (1.0). The decrease was mainly due to the impact of foreign exchange rates on Orthex's internal loan arrangements. The convertible loans were repaid at the end of 2020, and the resulting interest expenses have not been incurred during the period. Interest on bank loans have decreased compared to the comparison period of the previous year.

Profit before taxes was EUR 1.6 million (1.0) and profit for the period was EUR 1.2 million (0.8).

FINANCIAL POSITION AND CASH FLOW

The balance sheet totalled EUR 87.3 million (70.2) at the end of the period, of which equity was EUR 27.1 million (13.6). The net effect of the listing carried out during the period on the company's equity was EUR 9.3 million.

At the end of the period the Group's net debt was EUR 28.0 million (39.0). The non-current interest-bearing liabilities were EUR 39.6 million (42.1) and Orthex's total interest-bearing liabilities were EUR 43.8 million (45.7) on 31 March 2021. Interest-bearing liabilities include pension liabilities and lease liabilities.

During the period January–March 2021 the Group's net cash flows from operating activities were EUR 3.2 million (2.6) and cash conversion was 60.8% (82.9). Cash and cash equivalents amounted to EUR 15.8 million (6.7).

Net debt/adjusted EBITDA was 1.5x. Orthex's long-term target is to keep the Net debt/adj. EBITDA below 2.5x.

At the end of the period the Group's Equity ratio was 31.1% (19.3). Adjusted return on capital employed (ROCE) was 10.4% (6.2) and Return on equity (ROE) 5.7% (5.7).

INVESTMENTS, PRODUCT DEVELOPMENT AND ACQUISITIONS

Orthex's investments during the period amounted to EUR 1.7 million (0.5) 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 and, therefore, Orthex has committed to an EUR 1 million investment in machinery and automation in 2021. 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 demand for Storage category products.

SHARES AND SHAREHOLDERS

Trading in Orthex's share began on the Nasdaq Helsinki pre-list on 25 March 2021 and on the Nasdaq Helsinki main list on 29 March 2021. In the Initial Public Offering, Orthex issued 1,481,854 new shares, in addition to which funds managed by Sponsor Fund IV Ky and certain other current shareholders in the company sold a total of 10,668,937 shares. Orthex accumulated gross proceeds of approximately EUR 10 million in the initial public offering. The final subscription price of the share in the IPO was EUR 6.82 per share.

In connection with the company's listing, the Group's personnel subscribed for 156,236 shares in the personnel issue. The subscription price per employee share of EUR 6.14 was 10 percent lower than the subscription price of the shares offered to others in the listing. In accordance with IFRS, the discount received by the personnel, EUR 106 thousand, has been recognised as a share-based payment in its entirety in personnel expenses.

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. The ticker symbol for the shares is ORTHEX and their ISIN code is FI4000480504. 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. The shares hold no nominal value. The company's shares are included in a book-entry system. Trading volume during the period

was EUR 11.0 million and 1,301,582 shares. The highest price of the share was EUR 9.25 and the lowest was EUR 7.80. The closing price of the share at the end of March was EUR 8.30. These figures include share sales related to the IPO. The market value of the share capital stood at EUR 147.4 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 over 21,400, including nominee registers. At the end of the period, the ten largest shareholders possessed a total of 54.2% of Orthex's shares and votes.

SUSTAINABILITY

Orthex has emphasised responsibility since the early 1990s. The company aims to be a pioneer in the industry in terms of responsibility 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'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 responsibility 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 prepared its 2020 Sustainability Report, which it published on 22 April 2021. In its sustainability report, the company states that in 2020 it has continued its investments in the use of bio-based and recycled materials and in reducing the carbon footprint of production.

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

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 responsibility 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

At the Extraordinary General Meeting on 5 March 2021, it was decided to establish a Nomination Committee in the company and the Nomination Committee's rules of procedure were approved.

The Nomination Committee consists of four (4) largest shareholders of the company 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 Chairman of the Board.

The Chairman of the Board acts as an expert member of the Nomination Committee. For the sake of clarity, it is stated that the Chairman of the Board does not have voting rights. However, they have the right to attend the meetings of the Nomination Committee and to receive material related to these meetings.

Board of Directors

In the Annual General Meeting the number of members of the company's Board of Directors was confirmed to be four. On 31 March 2021 the company's Board of Directors consisted of the following members: Sanna Suvanto-Haarsae (chair), Juuso Kivinen, Satu Huber and Ari Jokelainen.

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.

CERTAIN 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 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.

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 2021

Orthex will publish its financial reports in 2021 as follows:

25 August 2021, Half-year financial report January–June 2021

11 November 2021, Interim report January–September 2021

Espoo, 10 May 2021

ORTHEX CORPORATION

Board of Directors

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The Q1 results presentation will be held on 11 May 2021 at 11:00 am EEST 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

Principal media

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

ORTHEX INTERIM REPORT JANUARY – MARCH 2021

Consolidated Statement of Comprehensive Income

€ 000	1 Jan - 31 March 2021	1 Jan - 31 March 2020	1 Jan - 31 Dec 2020
Net Sales	21,634	16,338	75,865
Cost of sales	-14,871	-11,444	-51,264
Gross Margin	6,763	4,895	24,601
Other operating income	52	28	278
Selling and marketing expenses	-2,473	-2,048	-7,978
Administrative expenses	-2,375	-939	-4,620
Operating profit	1,968	1,935	12,281
Financial income and expenses	-350	-955	-2,423
Profit before taxes	1,618	980	9,858
Income taxes	-370	-208	-2,165
Profit for the period	1,248	772	7,692
Profit for the period attributable to:			
Equity holders of the parent	1,248	772	7,692
Other comprehensive income/(loss) net of tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-634	-1,611	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	-634	-1,611	1,161
Total comprehensive income/(loss) for the period	614	-839	8,853
Total comprehensive income attributable to:			
Equity holders of the parent	614	-839	8,853
Earnings per share, basic (and diluted), EUR	0,08	0,05	0,47

Consolidated Statement of Financial Position

€ 000	31 March 2021	31 March 2020	31 Dec 2020
Assets			
Non-current assets			
Intangible assets	23,993	22,444	24,149
Property, plant and equipment	11,774	10,291	11,382
Right-of-use assets	8,880	9,043	9,244
Other non-current assets	103	102	98
Deferred tax assets	1,191	1,240	1,070
Total non-current assets	45,940	43,120	45,944
Current assets			
Inventories	10,924	10,248	9,906
Trade and other receivables	14,608	10,070	14,264
Derivative financial instruments	-	39	-
Income tax receivables	5	-	5
Cash and cash equivalents	15,843	6,734	5,250
Total current assets	41,381	27,091	29,424
Total assets	87,321	70,211	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	11,119	8,003	1,775
Retained earnings	14,409	6,341	13,161
Translation differences	1,520	-718	2,154
Total equity	27,128	13,558	17,022
Non-current liabilities			
Loans from credit institutions	26,667	24,596	26,652
Convertible loans	-	5,120	-
Lease liabilities	8,356	8,309	8,668
Pension liabilities	4,624	4,117	4,658
Deferred tax liabilities	569	522	572
Total non-current liabilities	40,216	42,664	40,550
Current liabilities			
Loans from credit institutions	3,000	2,500	3,000
Lease liabilities	1,151	1,087	1,158
Trade and other payables	13,867	10,399	11,791
Derivative financial instruments	15	4	110
Income tax liabilities	1,944	-	1,736
Total current liabilities	19,977	13,990	17,796
Total liabilities	60,192	56,653	58,346
Total equity and liabilities	87,321	70,211	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				1,248		1,248
Translation differences					-634	-634
Total comprehensive income / (loss) for the period				1,248	-634	614
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			-614*			-614
Discount related to the personnel share issue			106			106
At 31 March 2021	80	-	11,119	14,409	1,520	27,128
As at 1 Jan 2020	3	-97	7,997	5,569	893	14,365
Profit for the period				772		772
Translation differences					-1,611	-1,611
Total comprehensive income / (loss) for the period				772	-1,611	-839
Transactions with owners in their capacity as owners:						
Directed issue of treasury shares		26	6			32
At 31 March 2020	3	-71	8,003	6,341	-718	13,558
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–March 2021, the company's fees and expenses related to the listing amounted to EUR 1,979 thousand, of which EUR 767 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 153 thousand.

Consolidated Statement of Cash Flows

€ 000	1 Jan - 31 March 2021	1 Jan - 31 March 2020	1 Jan - 31 Dec 2020
Cash flows from operating activities			
Profit before taxes	1,618	980	9,858
Adjustments:			
Depreciation, amortisation and impairment	976	1,047	4,177
Financial income and expenses	350	955	2,423
Other adjustments	-190	94	43
Cash flows before changes in working capital	2,754	3,077	16,501
Changes in working capital			
Decrease (+) / increase (–) in trade and other receivables	-566	1,067	-2,275
Decrease (+) / increase (–) in inventories	-977	-1,094	-149
Decrease (–) / increase (+) in trade and other payables	2,350	392	1,299
Cash flows from operating activities before financial items and taxes	3,561	3,442	15,376
Interests received	-	-	0
Interests paid	-	-704	-2,319
Dividends received	-	-	7
Income taxes paid	-368	-112	-355
Net cash flows from operating activities	3,193	2,626	12,709
Cash flows from investing activities			
Investments in tangible and intangible assets	-1,668	-511	-3,201
Other investments	-	0	4
Net cash flows from investing activities	-1,668	-511	-3,197
Cash flows from financing activities			
Proceeds from share issue	10,000	-	-
Costs from share issue recognised in equity	-586	-	-
Repayment of lease liabilities	-302	-279	-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	-	-	-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	9,112	-247	-9,516
Net change in cash and cash equivalents	10,637	1,868	-3
Net foreign exchange differences	-44	-307	81
Cash and cash equivalents at 1 Jan	5,250	5,173	5,173
Cash and cash equivalents at 31 March	15,843	6,734	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 May 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.

Related party transactions

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

During the review period January-March 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-March 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-March 2020, new accrued interest totalled EUR 125 thousand and convertible loans from related parties on 31 March 2020 amounted to EUR 5.1 million. The convertible loans including interest were repaid in full in November 2020.

Commitments

€ 000	31 March 2021	31 March 2020	31 Dec 2020
Guarantees and mortgages given on own behalf:			
Enterprise mortgages	53,521	53,117	53,631
Property mortgages	10,192	6,192	10,192
Other guarantees	55	-	56
Total	63,768	59,309	63,879

APPENDIX:

Key Performance Indicators

€ 000	1-3/2021	1-3/2020	1-12/2020
Net sales	21,634	16,338	75,865
Net sales growth, %	32.4%	n.a.	14.2%
Constant currency invoiced sales growth, %	30.0%	n.a.	14.8%
Invoiced sales	22,443	16,808	77,877
Invoiced sales growth, %	33.5%	n.a.	15.5%
Gross Margin	6,763	4,895	24,601
Gross Margin, %	31.3%	30.0%	32.4%
EBITDA	2,944	2,983	16,458
EBITDA margin, %	13.6%	18.3%	21.7%
EBITA	1,999	1,949	12,336
EBITA margin, %	9.2%	11.9%	16.3%
Operating profit	1,968	1,935	12,281
Operating profit margin, %	9.1%	11.8%	16.2%
Items affecting comparability	1,313	-	597
Adjusted Gross Margin	6,763	4,895	24,601
Adjusted Gross Margin, %	31.3%	30.0%	32.4%
Adjusted EBITDA	4,257	2,983	17,054
Adjusted EBITDA margin, %	19.7%	18.3%	22.5%
Adjusted EBITA	3,312	1,949	12,933
Adjusted EBITA margin, %	15.3%	11.9%	17.0%
Adjusted operating profit	3,281	1,935	12,878
Adjusted operating profit margin, %	15.2%	11.8%	17.0%
Earnings per share, basic (and diluted), EUR	0.08	0.05	0.47
FTEs	314	277	285
Personnel expenses	5,426	4,060	17,056
Key cash flows indicators			
Net cash flows from operating activities	3,193	2,626	12,709
Operating free cash flows	2,588	2,472	13,853
Cash conversion, %	60.8%	82.9%	81.2%
Investments in tangible and intangible assets	-1,668	-511	-3,201
Financial position key figures			
Net debt	27,954	38,994	38,886
Net debt / adjusted EBITDA last 12 months	1.5x	n.a.	2.3x
Net working capital	11,665	9,919	12,379
Capital employed excluding goodwill	31,381	30,207	31,835
Return on capital employed (ROCE), %	6.2%	6.2%	38.4%
Adjusted return on capital employed (ROCE), %	10.4%	6.2%	40.3%
Equity ratio, %	31.1%	19.3%	22.6%
Return on equity, %	5.7%	5.7%	49.0%

Reconciliation of APMs

€ 000	1-3/2021	1-3/2020	1-12/2020
Net sales growth, %			
Net sales	21,634	16,338	75,865
Net sales growth, %	32.4%	n.a.	14.2%
Constant currency Net sales growth, %			
Net sales	21,634	16,338	75,865
FX rate adjustment	-	308	-
Constant currency Net sales	21,634	16,646	75,865
Constant currency Net sales growth, %	30.0%	n.a.	14.8%
Invoiced sales			
Net sales	21,634	16,338	75,865
Discounts and bonuses	693	549	2,757
Other sales and refunds	116	-79	-746
Invoiced sales	22,443	16,808	77,877
Invoiced sales growth, %	33.5%	n.a.	15.5%
Gross Margin			
Net sales	21,634	16,338	75,865
Cost of sales	-14,871	-11,444	-51,264
Gross Margin	6,763	4,895	24,601
Gross Margin (%)	31.3%	30.0%	32.4%
EBITDA			
Operating profit	1,968	1,935	12,281
Depreciation, amortisation and impairment	976	1,047	4,177
EBITDA	2,944	2,983	16,458
EBITDA margin (%)	13.6%	18.3%	21.7%
EBITA			
Operating profit	1,968	1,935	12,281
Amortisation and impairment	31	13	55
EBITA	1,999	1,949	12,336
EBITA margin (%)	9.2%	11.9%	16.3%
Operating profit			
Operating profit	1,968	1,935	12,281
Operating profit margin, %	9.1%	11.8%	16.2%
Items affecting comparability / adjustments (EBITDA)			
Costs related to listing	1,313	-	597
Items affecting comparability / adjustments (EBITDA)	1,313	-	597
Adjusted Gross Margin			
Gross Margin	6,763	4,895	24,601
Adjusted Gross Margin	6,763	4,895	24,601
Adjusted Gross Margin (%)	31.3%	30.0%	32.4%

€ 000

Adjusted EBITDA

Operating profit
Depreciation, amortisation and impairment
Adjustments (EBITDA)

Adj. EBITDA

Adj. EBITDA margin (%)

Adjusted EBITA

Operating profit
Amortisation and impairment
Adjustments (EBITA)

Adj. EBITA

Adj. EBITA margin (%)

Adjusted operating profit

Operating profit
Adjustments

Adj. operating profit

Adj. operating profit margin (%)

Earnings per share, basic (and diluted), EUR

Profit for the period
Average number of shares

Earnings per share, basic (and diluted), EUR

Operating free cash flows

Adj. EBITDA
Investments in tangible and intangible assets

Operating free cash flows

Cash conversion, %

Operating free cash flows
Adj. EBITDA

Cash conversion, %

Net debt

Total interest-bearing liabilities
Cash and cash equivalents

Net debt

Net debt/ Adj. EBITDA

Net debt
Adj. EBITDA, 12 months

Net debt/ Adj. EBITDA

Net working capital

Inventories
Trade and other receivables
Trade and other payables

Net working capital

	1-3/2021	1-3/2020	1-12/2020
Adjusted EBITDA			
Operating profit	1,968	1,935	12,281
Depreciation, amortisation and impairment	976	1,047	4,177
Adjustments (EBITDA)	1,313	-	597
Adj. EBITDA	4,257	2,983	17,054
Adj. EBITDA margin (%)	19.7%	18.3%	22.5%
Adjusted EBITA			
Operating profit	1,968	1,935	12,281
Amortisation and impairment	31	13	55
Adjustments (EBITA)	1,313	-	597
Adj. EBITA	3,312	1,949	12,933
Adj. EBITA margin (%)	15.3%	11.9%	17.0%
Adjusted operating profit			
Operating profit	1,968	1,935	12,281
Adjustments	1,313	-	597
Adj. operating profit	3,281	1,935	12,878
Adj. operating profit margin (%)	15.2%	11.8%	17.0%
Earnings per share, basic (and diluted), EUR			
Profit for the period	1,248	772	7,692
Average number of shares	16,409	16,277	16,277
Earnings per share, basic (and diluted), EUR	0.08	0.05	0.47
Operating free cash flows			
Adj. EBITDA	4,257	2,983	17,054
Investments in tangible and intangible assets	-1,668	-511	-3,201
Operating free cash flows	2,588	2,472	13,852
Cash conversion, %			
Operating free cash flows	2,588	2,472	13,852
Adj. EBITDA	4,257	2,983	17,054
Cash conversion, %	60.8%	82.9%	81.2%
Net debt			
Total interest-bearing liabilities	43,798	45,728	44,136
Cash and cash equivalents	-15,843	-6,734	-5,250
Net debt	27,954	38,994	38,886
Net debt/ Adj. EBITDA			
Net debt	27,954	38,994	38,886
Adj. EBITDA, 12 months	18,328	2,983	17,054
Net debt/ Adj. EBITDA	1.5x	n.a.	2.3x
Net working capital			
Inventories	10,924	10,248	9,906
Trade and other receivables	14,608	10,070	14,264
Trade and other payables	-13,867	-10,399	-11,791
Net working capital	11,665	9,919	12,379

€ 000	1-3/2021	1-3/2020	1-12/2020
Capital employed excluding goodwill			
Total Equity	27,128	13,558	17,022
Net debt	27,954	38,994	38,886
Goodwill	-23,702	-22,344	-24,072
Capital employed excluding goodwill	31,381	30,207	31,835
Return on capital employed (ROCE), %			
Operating profit	1,968	1,935	12,281
Average capital employed excluding goodwill	31,608	31,155	31,970
Return on capital employed (ROCE), %	6.2%	6.2%	38.4%
Adjusted return on capital employed (ROCE), %			
Adjusted operating profit	3,281	1,935	12,878
Average capital employed excluding goodwill	31,608	31,155	31,970
Adjusted return on capital employed (ROCE), %	10.4%	6.2%	40.3%
Equity ratio (%)			
Total Equity	27,128	13,558	17,022
Total assets	87,321	70,211	75,368
Equity ratio (%)	31.1%	19.3%	22.6%
Return on equity, %			
Profit for the period	1,248	772	7,692
Total equity (average for the first and last day of the period)	22,075	13,558	15,693
Return on equity, %	5.7%	5.7%	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 reorganization, 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

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 centralized 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.





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