

FINANCIAL STATEMENTS RELEASE

2021

9 March 2022
Alexander Rosenlew, CEO
Saara Mäkelä, CFO
Hanna Kukkonen, CMO



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A leading Nordic producer of everyday household goods



7 sales offices



40 customer countries



3 factories (incl. warehouses)



90% own brands



300+ FTEs



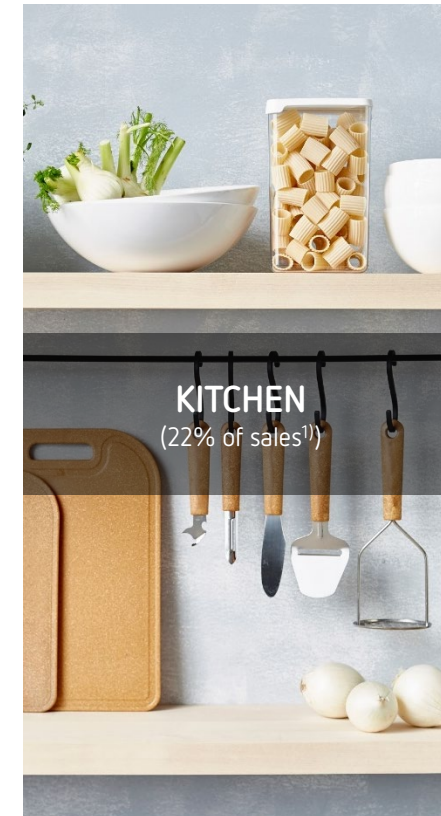
Sustainability focus



orthex™



Mission to make everyday life easier



Functional and award-winning design



Long-lasting high-quality products



Forerunner in sustainability²⁾



~10% of sales from new launches

FINANCIAL YEAR 2021 IN BRIEF

Financial statements release 2021



2021 HIGHLIGHTS

Strong growth under increasingly challenging conditions

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

Raw material price development

- Raw material prices exceptionally high
- Implementation of our first measures against high raw material prices started to have effect during the second half of the year. However, the cost development is increasingly challenging.
- Orthex has no Russian or Ukrainian suppliers nor any other ongoing business in Russia, so the effect of the crisis is not directly impacting Orthex's business. However, there can be negative business impacts from volatility or cost increases due to the crisis.

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

- Priority has been to take all necessary precautions to ensure the safety of our employees



2021: Net sales increased by 16.9% and adjusted EBITA was EUR 11.0 million

Net Sales

- Net sales increased by 16.9% to EUR 88.7 million (75.9)
- Invoiced sales increased by 16.3% and totalled EUR 90.6 million (77.9)

Adjusted EBITA

- Adjusted EBITA was EUR 11.0 million (12.9)
- Adjusted EBITA margin was 12.4% (17.0)

Net debt to adjusted EBITDA ratio

- Leverage was 1.7x

Net cash flows from operating activities were EUR 9.0 million (12.7)



Q4: Net sales increased by 6.8% and adjusted EBITA decreased to EUR 1.8 million

Net Sales

- Net sales increased by 6.8% to EUR 23.1 million (21.6)
- Invoiced sales increased by 7.1% and were EUR 23.5 million (22.0)

Adjusted EBITA

- Adjusted EBITA was EUR 1.8 million (3.8)
- Adjusted EBITA margin was 7.6% (17.5)
- Exceptionally high raw material prices affected profitability

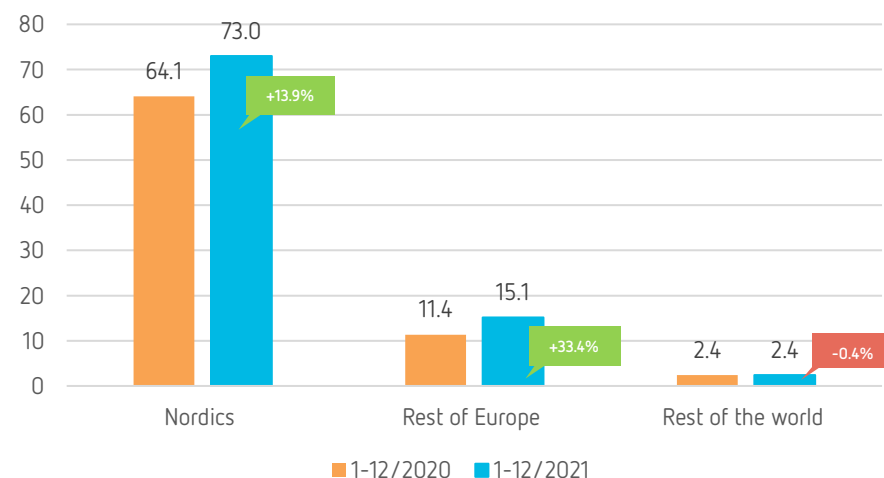
Net cash flows from operating activities were EUR 1.8 million (2.6)

- Inventory high in anticipation of continuing growth
- High raw material prices visible in high inventory value



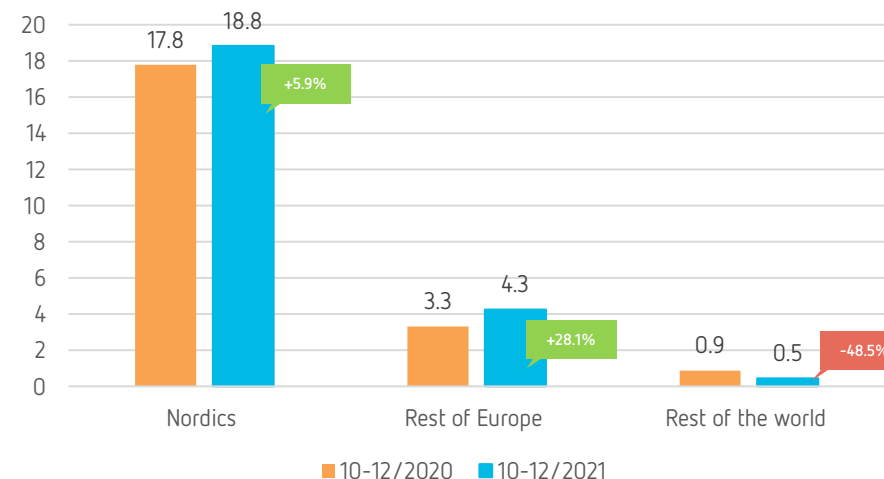
Invoiced sales by Geography

2021 Invoiced sales by geography, EUR million



- Orthex's core market area by geography is the Nordics, where the Group's invoiced sales during the period totalled EUR 73.0 million (64.1)
- Invoiced sales in the rest of Europe grew to EUR 15.1 million (11.4). Invoiced sales in the rest of the world were at the same level as in 2020 at EUR 2.4 million (2.4)
- In the Nordic countries, the increase in sales was mainly due to increased sales to existing customers
- In the export markets, the increase in sales was due to increased sales to both new and existing customers

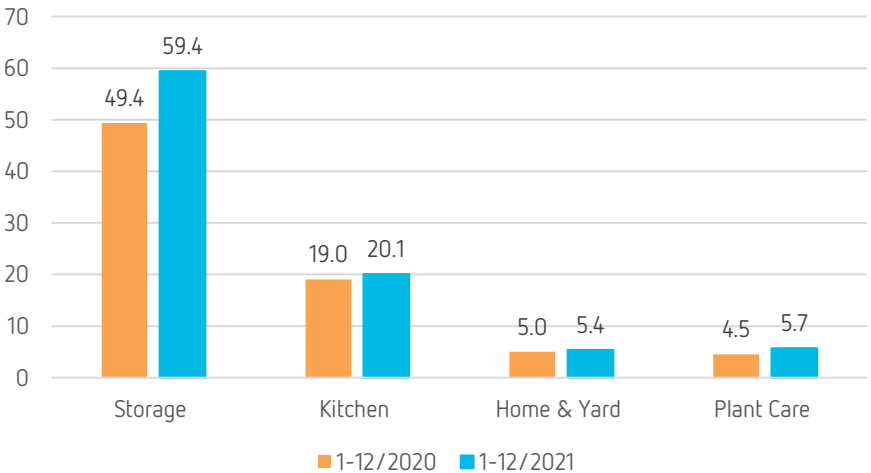
Q4 Invoiced sales by geography, EUR million



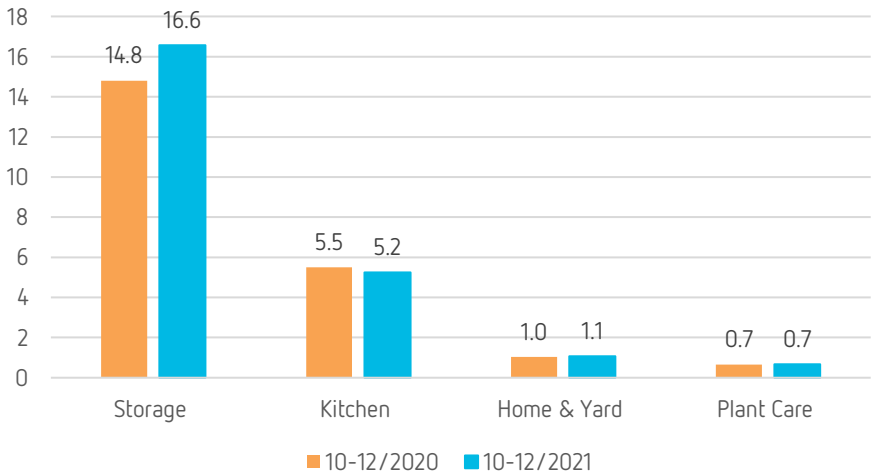
- Change in invoiced sales outside the Nordics totalled +12.0% compared to Q4 2020 and +27.4% compared to 2020
- According to our strategy, invoiced sales outside the Nordics grew faster than invoiced sales in the Nordic market
- The rest of the world fourth quarter comparison shows a decline in invoiced sales against a record quarter that was driven by the release of cumulated demand due to COVID-19 shop closures in the US market

Invoiced sales by product category

2021 Invoiced sales by product category, EUR million



Q4 Invoiced sales by product category, EUR million



- Invoiced sales in the largest category Storage grew 20.4%, totalling EUR 59.4 million (49.4)
- Invoiced sales in the Kitchen category grew to EUR 20.1 million (19.0) which was mainly due to new customers and increased demand among existing customers
- Invoiced sales in the Home & Yard category increased to EUR 5.4 million (5.0)
- Increase in Plant Care mainly due to the increase in the cultivation of green plants, herbs and vegetables in flowerpots made of recycled plastic material

- Orthex's key goal in its growth strategy is to become Europe's leading brand in the Storage product category
- The sales decline in the Kitchen category in the fourth quarter is explained by availability issues in sourced products and somewhat lower demand of seasonal products

Sustainability highlights 2021



We introduced and rolled out the **Orthex Code of Conduct**.



Our operations were audited for and received the **ISO 45001** certification for occupational safety.



The Finnish Innovation Fund Sitra selected Orthex as one of the **pioneering Finnish circular economy** companies.



All of our factories switched to **100% fossil-free hydro** powered electricity.



We calculated the **carbon footprint** for our operations and value chain.

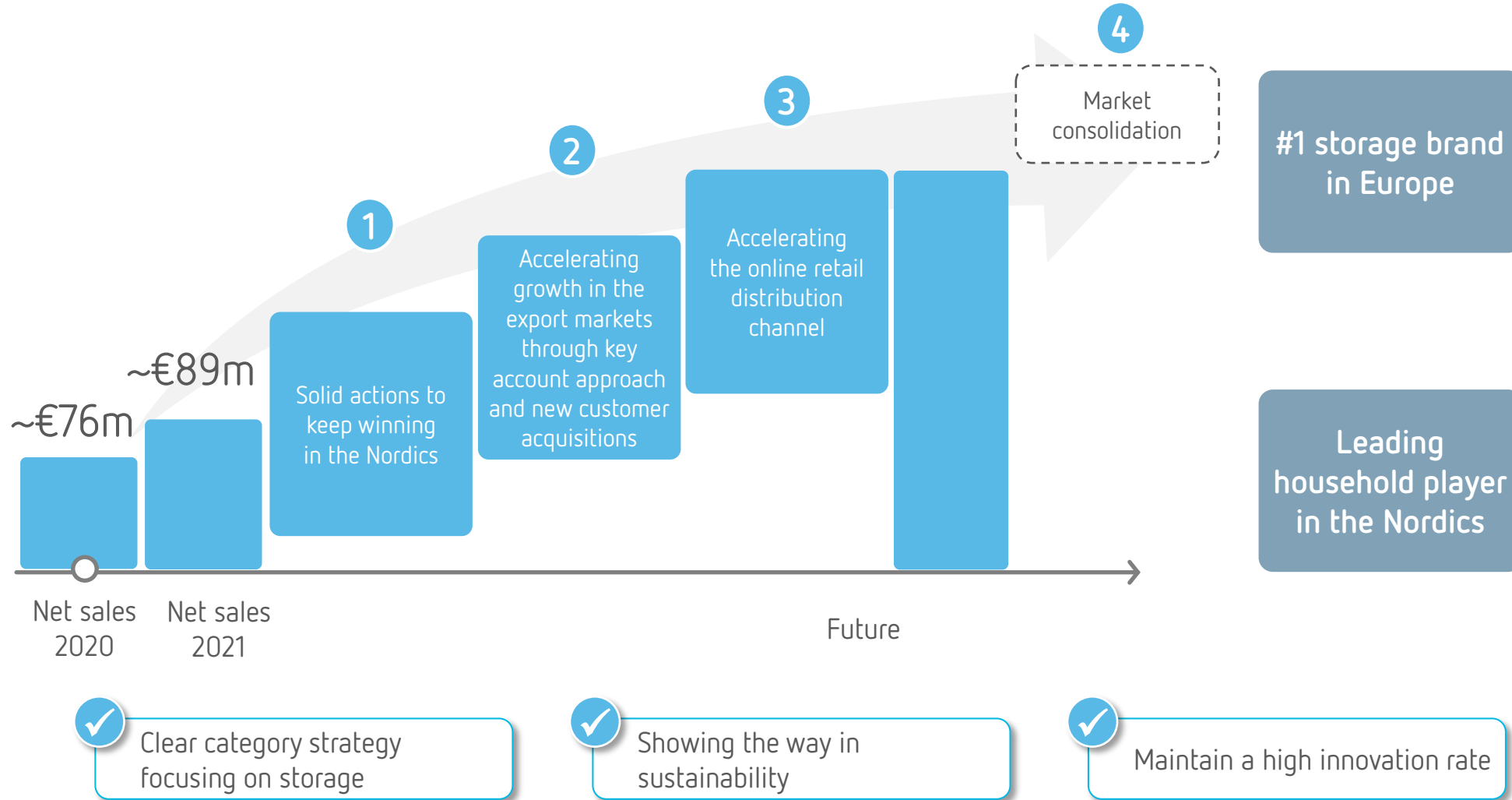
STRATEGY

Financial statements release 2021

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



Clear growth strategy to deliver objectives

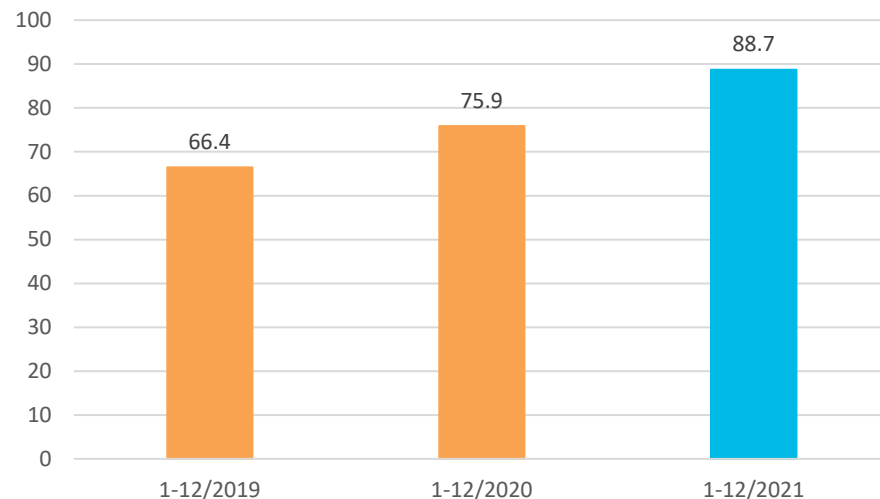


FINANCIALS

Saara Mäkelä, CFO

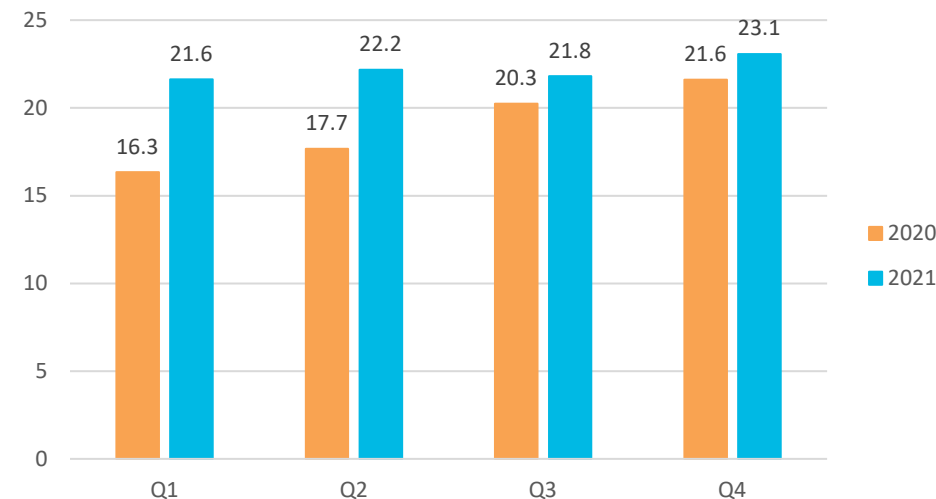
Net Sales

Net sales YTD, EUR million



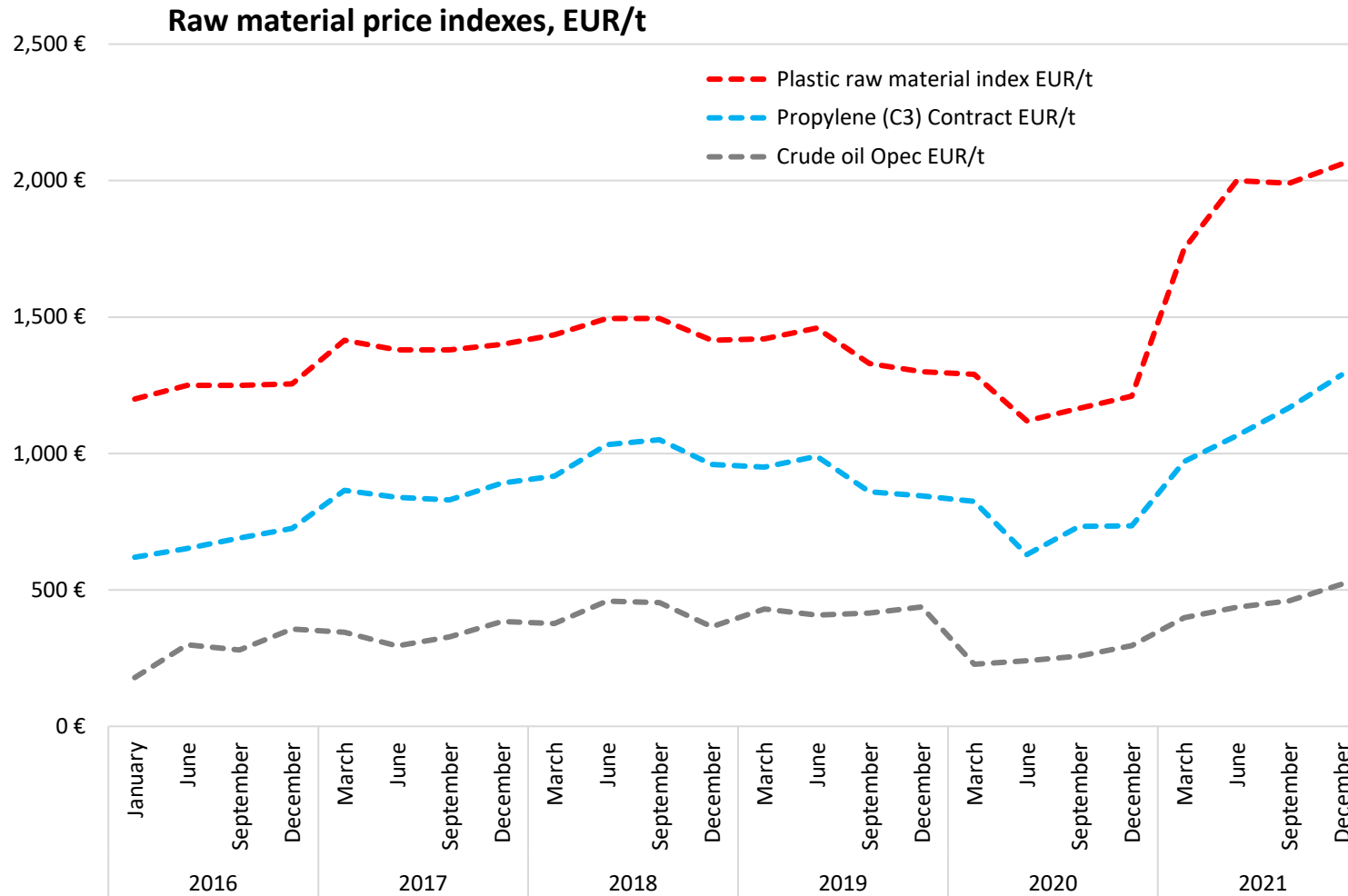
- Total Net sales growth 16.9% compared to 2020
- Sales growth was strong especially in the Storage category and in the export markets, especially in Germany and France, as a result of increased new customer sales
- In the Nordics, the increase in net sales was mostly due to increased sales to existing customers

Net sales quarterly, EUR million



- In Q4 2021, the Group's Net sales increased by 6.8% to EUR 23.1 million (21.6). Invoiced sales amounted to EUR 23.5 million (22.0). The increase of constant currency Net sales was 6.5% compared to the last quarter of 2020.
- In the Nordic countries, growth was 5.9% compared to the fourth quarter of 2020 and 12.0% outside the Nordics
- In Storage, which grew the fastest of Orthex's product categories, growth was 11.9% compared to Q4 2020

Development of raw material price indexes

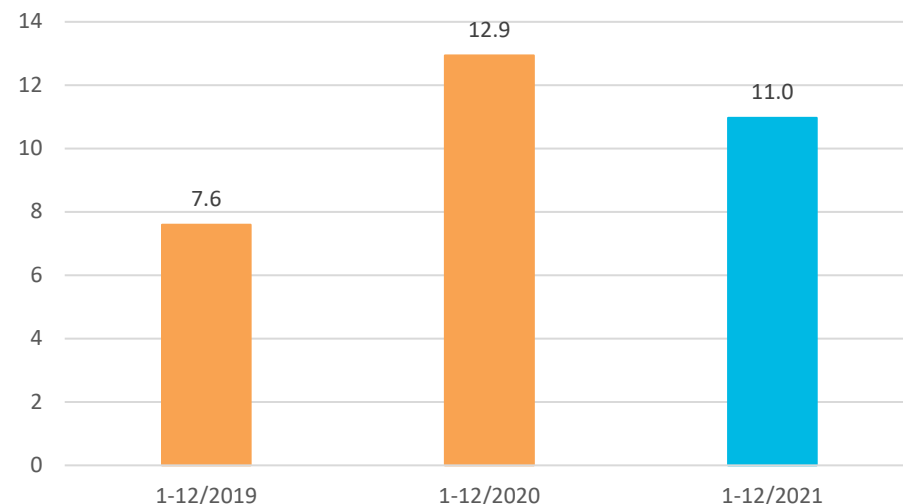


Raw material price increase is caused by several reasons:

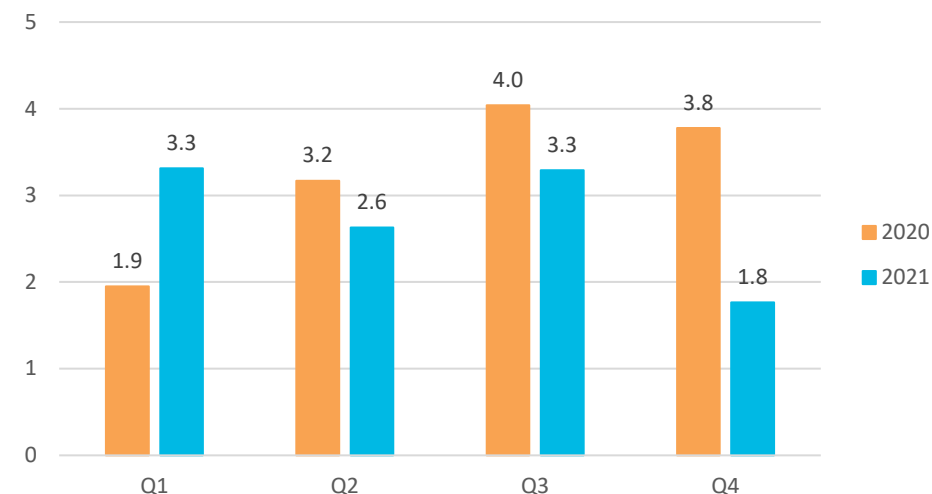
- Currently no availability issues
- After high, but stable level prices started to increase again during Q4
- Raw material for plastic raw material produces (C3) increased
- Imports to EU remained limited due to high logistics costs and challenges in global logistic flows
- High unpredictability in raw material price development

Profitability

Adjusted EBITA YTD, EUR million



Adjusted EBITA quarterly, EUR million

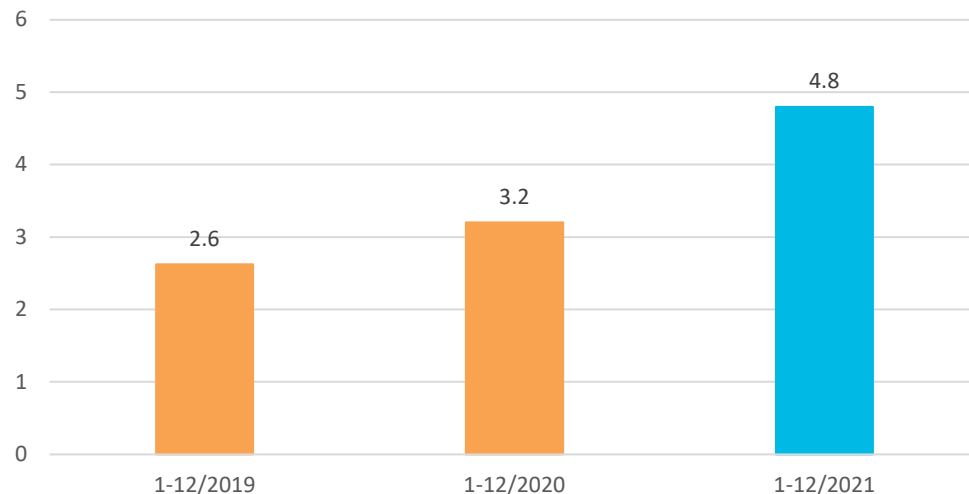


- Adjusted Gross margin was EUR 23.3 million (24.6)
- Adjusted Gross margin % decreased 6.2 percentage points from 32.4% to 26.2% mainly due to exceptionally high raw material prices
- Adjusted EBITA decreased by 15.0% to EUR 11.0 million (12.9). The adjusted EBITA margin decreased to 12.4% (17.0).
- Profitability was driven by strong sales growth and adjusted EBITA was affected mostly by high raw material prices

- Adjusted Gross margin was EUR 5.2 million (7.1)
- Adjusted Gross margin % decreased 10.6 percentage points from 33.1% to 22.5%
- Adjusted EBITA decreased by 53.3% to EUR 1.8 million (3.8). The adjusted EBITA margin decreased to 7.6% (17.5).
- Increased raw material prices affected profitability in Q2-Q4 2021
- Increase also in other costs e.g., freights and electricity

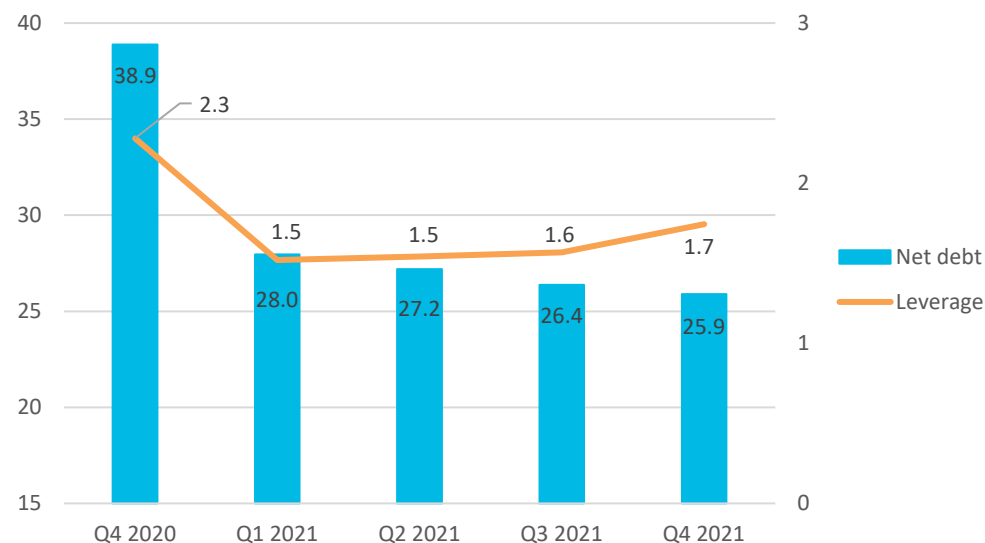
Investments & Net Debt

Investments in tangible and intangible assets YTD,
EUR million



- Orthex's investments during the financial year 2021 amounted to EUR 4.8 million (3.2) and were mainly related to capacity increases
- Strong sales growth brought forward the decision to invest EUR 1 million more in capacity increase originally planned for 2022

Net debt, EUR million & Leverage



- At the end of the financial year, the Group's net debt was EUR 25.9 million
- The non-current interest-bearing liabilities were EUR 36.0 million (40.0) and Orthex's total interest-bearing liabilities were EUR 40.2 million (44.1) on 31 December 2021. Interest-bearing liabilities include pension liabilities and lease liabilities.
- Leverage 1.7x compared to 2.3x on 31 December 2020

Long-term financial targets

	Target	Description	Latest reported
SALES GROWTH	Total growth of >5% Outside Nordics >10%	"An over time annual organic net sales growth to exceed 5 per cent on a Group level, and 10 per cent outside the Nordic region"	16.9% total 27.4% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	12.4%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	1.7x
PAY-OUT RATIO	>50%	"To distribute a stable and over time increasing dividend with a pay-out of at least 50% of net profit on a bi-annual basis"	Board proposal for FY2021: 52.0% 0.18€ per share

SUMMARY



STRONG SALES GROWTH

**CONTINUED HIGH
RAW MATERIAL PRICES**

**HIGH UNCERTAINTY AND
VOLATILE COST LEVELS**



Q&A

www.investors.orthexgroup.com

Key Figures

EUR million	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Invoiced sales	23.5	22.0	7.1%	90.6	77.9	16.3%
Net sales	23.1	21.6	6.8%	88.7	75.9	16.9%
Gross margin	5.1	7.1	-28.3%	23.2	24.6	-5.7%
Gross margin, %	22.2%	33.1%		26.2%	32.4%	
EBITDA	2.7	4.4	-38.7%	13.2	16.5	-19.6%
EBITDA margin, %	11.7%	20.3%		14.9%	21.7%	
Adjusted EBITDA	2.8	4.7	-41.7%	14.8	17.1	-13.0%
Adjusted EBITDA margin, %	11.9%	21.9%		16.7%	22.5%	
EBITA	1.7	3.5	-50.6%	9.4	12.3	-24.0%
EBITA margin, %	7.4%	16.0%		10.6%	16.3%	
Adjusted EBITA	1.8	3.8	-53.3%	11.0	12.9	-15.0%
Adjusted EBITA margin, %	7.6%	17.5%		12.4%	17.0%	
Operating profit	1.7	3.4	-51.3%	9.3	12.3	-24.7%
Operating profit margin, %	7.2%	15.9%		10.4%	16.2%	
Net cash flows from operating activities	1.8	2.6	-32.9%	9.0	12.7	-29.3%
Net debt / Adjusted EBITDA	1.7	2.3		1.7	2.3	
Adjusted return on capital employed (ROCE), %	5.1%	12.3%		33.0%	40.3%	
Equity ratio, %	35.8%	22.6%		35.8%	22.6%	
Earnings per share, basic (EUR)	0.06	0.14	-60.5%	0.35	0.47	-26.7%
FTEs	302	302	0.1%	314	285	10.2%

Effects of the company's listing:

- Balance sheet totalled EUR 88.8 million (77.0) at the end of the period, of which equity was EUR 31.0 million
- Net effect of the listing carried out during the first quarter on the company's equity was EUR 9.3 million
- Equity ratio, % increased to 34.8% mainly due to the share issue
- In the financial year 2021, the company's fees and expenses related to the listing amounted to EUR 2.3 million, of which EUR 0.7 million was recognised as expenses in connection with the offering against the funds received, and EUR 1.5 million affected the operating profit negatively

Financial Releases in 2022

Orthex will publish its financial reports in 2022 as follows:

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

The company's annual report, including the financial statements, the Board of Directors' report and the auditor's report for the financial period 2021, will be published on 16 March 2022 and will be available on the corporate website as of said date. Orthex Corporation's Annual General meeting will be held on 6 April 2022 at 10:00 a.m.



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Practical is Beautiful