

# INTERIM REPORT

January – March 2022

11 May 2022  
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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

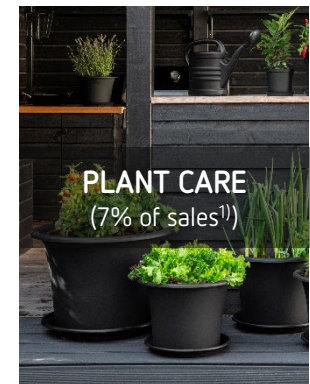


orthex™





# Mission to make everyday life easier



Functional and award-winning design



Forerunner in sustainability<sup>2)</sup>



Long-lasting high-quality products



~10% of sales from new launches



# JANUARY—MARCH 2022 IN BRIEF

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## January–March 2022

### **Sales slowed down, profitability affected by extraordinary high raw material prices**

- Market influenced by consumer and customer uncertainty
- Continued rising cost and balancing between campaign sales, price increases and sales volume
- Based on information and feedback from customers, we have not lost market share, but the demand has weakened

### **Raw material price development**

- Between December 2020 and March 2022, the raw material price index has increased by more than 77%
- The second round of price increases communicated to our customers in the third quarter of 2021 started to have an impact
- Russia's military actions have no direct impact on Orthex's business

### **Impact of the COVID-19 pandemic**

- Our most important trade show, the Ambiente scheduled for February, was cancelled



# Q1 2022: Net sales decreased by 4.9% and adjusted EBITA was EUR 1.8 million

## Net Sales

- Net sales decreased by 4.9% to EUR 20.6 million (21.6)
- Invoiced sales decreased by 4.2% and totalled EUR 21.5 million (22.4)

## Adjusted EBITA

- Adjusted EBITA was EUR 1.8 million (3.3)
- Adjusted EBITA margin was 8.8% (15.3)

## Net debt to adjusted EBITDA ratio

- Leverage was 1.8x (1.5)

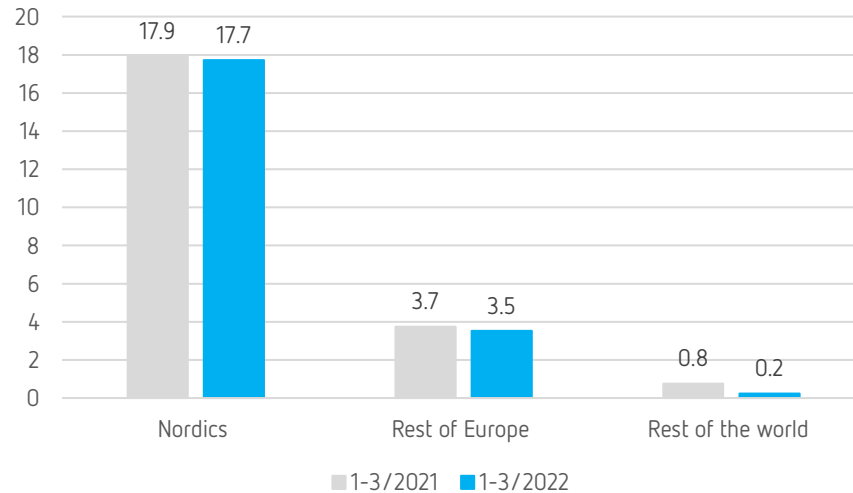
## Cash flows

- Net cash flows from operating activities were EUR 1.9 million (3.2)



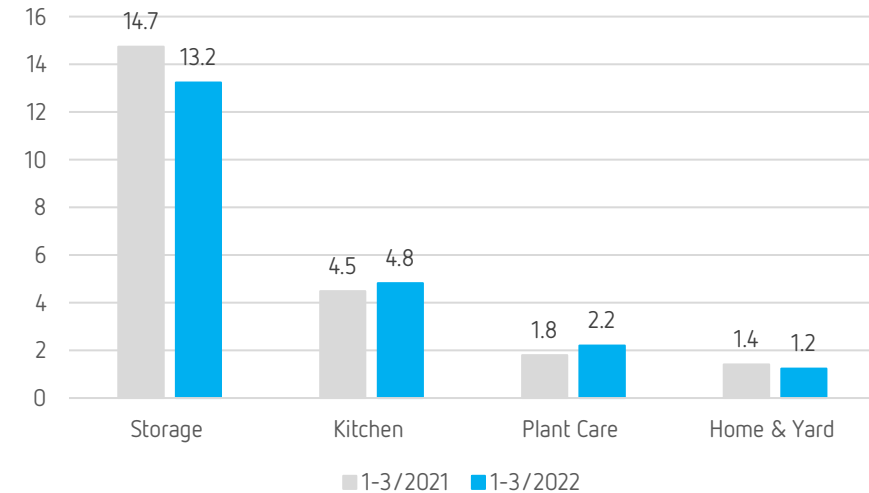
# Invoiced sales by Geography & Product category

Invoiced sales by geography, EUR million



- Orthex's invoiced sales in the core market Nordics were EUR 17.7 million (17.9)
- Invoiced sales in the rest of Europe were EUR 3.5 million (3.7). Invoiced sales in the rest of the world totalled EUR 0.2 million (0.8).
- The invoiced sales outside the Nordics declined by 16.5% compared to Q1 2021. The lack of campaigns with a few bigger customers explains the decline.

Invoiced sales by product category, EUR million



- Invoiced sales in the largest category Storage decreased to EUR 13.2 million (14.7)
- Invoiced sales in the Kitchen category increased to EUR 4.8 million (4.5) which was mainly due to new customers and increasing demand among existing customers
- The Plant Care category increased driven by the interest in cultivation of green plants, herbs and vegetables in flowerpots made of recycled plastic material
- Invoiced sales in the Home & Yard category were EUR 1.2 million (1.4)



# STRATEGY

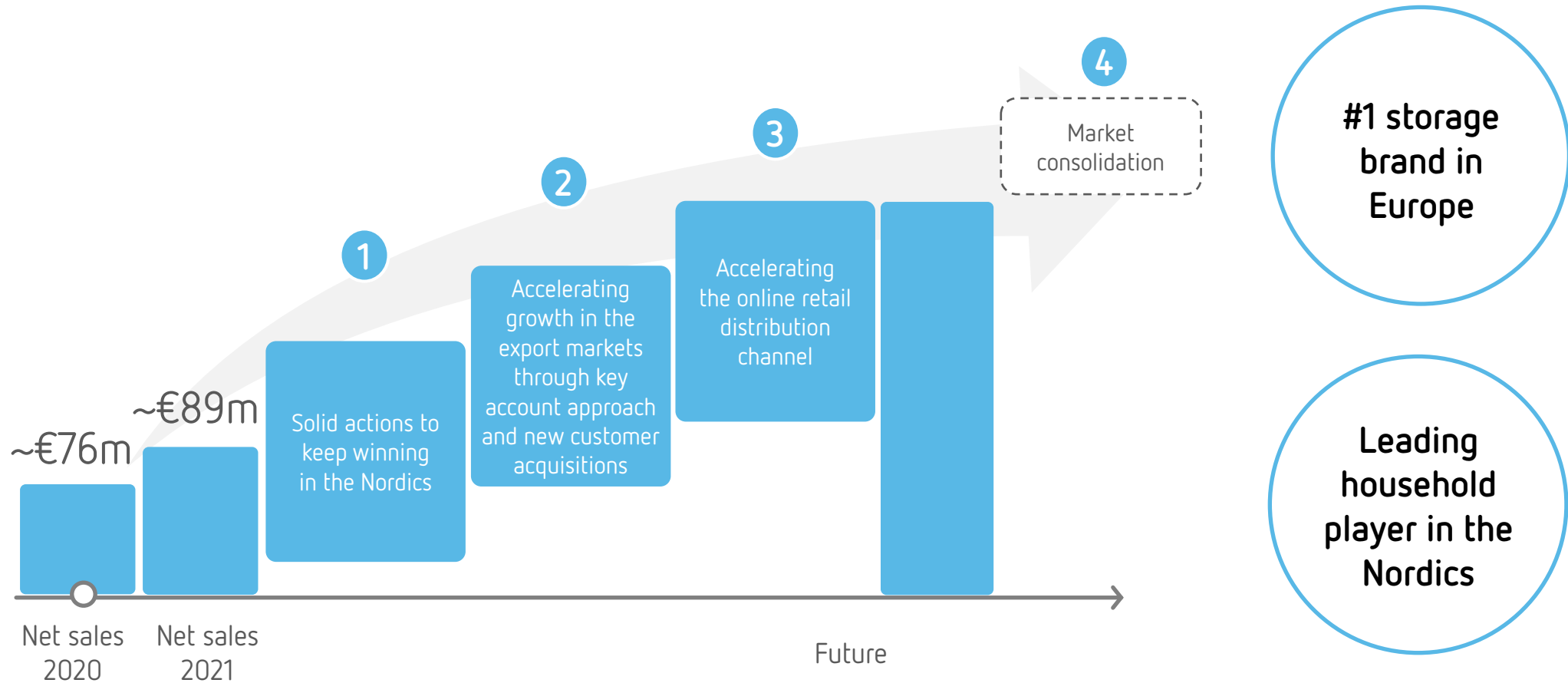
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Orthex's key objectives in its growth strategy are to become the number one brand in the Storage product category in Europe, and strengthen its position as a leading household company in the Nordics





# Clear growth strategy to deliver objectives



Clear category strategy  
focusing on storage



Showing the way  
in sustainability



Maintain a high  
innovation rate



# SUSTAINABILITY

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# Sustainability

## Sustainability Report

- Sustainability Report for 2021 published as a part of the Annual Report on 16 March 2022

## Targets, indicators and results

- Key sustainability areas are economic, environmental, and social responsibility. For each area clear KPIs and targets are defined
- Examples:
  - Economic: Improved customer satisfaction **3.93/5** (3.87)
  - Environmental: Increase of sales of products made of sustainable materials in 2021: **30%**
  - Social: Reduced work-related accidents **9** (13)

## Nasdaq ESG Transparency Partner

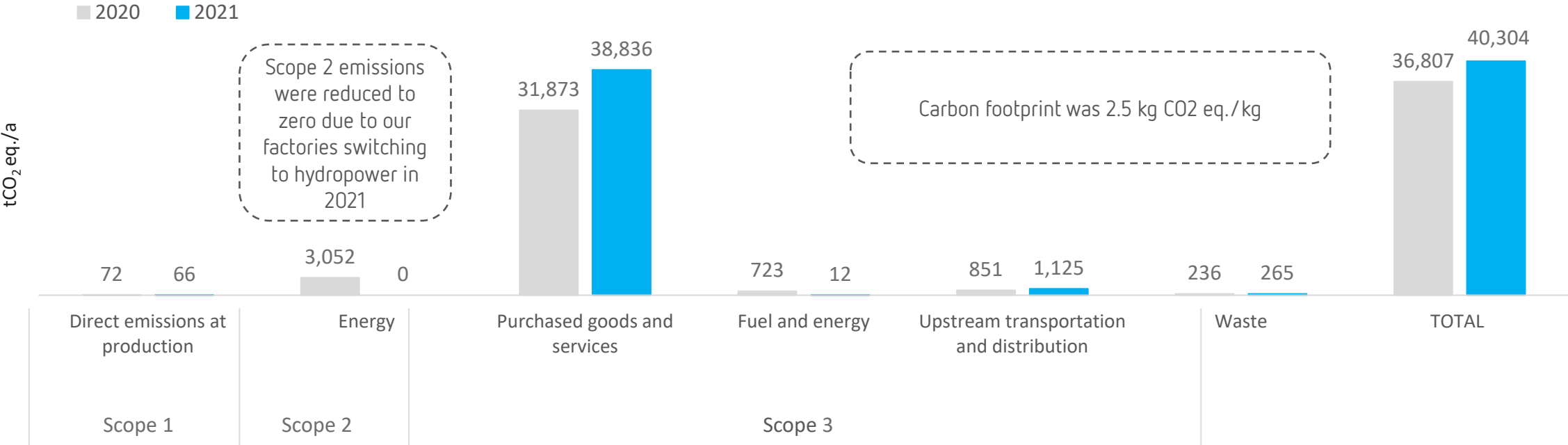
- Providing quantifiable and transparent data on environmental, social and governance issues to the public and investors



# Carbon footprint of Orthex operations

## Net sales growth in 2021 +16.9%, carbon footprint +9.5%

- Most of our greenhouse gas emissions originate from purchased goods and services, such as raw material extraction
- Increasing the share of bio-based and recycled raw materials in our production will have the biggest impact on reducing our emissions





# Orthex develops new sustainable solutions

Our target is to increase the share of recycled and bio-based raw materials to 80% by 2030

## RECYCLED MATERIALS

- We use many different recycled materials in our production, for example post-consumer and post-industrial plastic, and even raw material made of recycled fishing nets
- New products line: SmartStore™ Ocean



## BIO-BASED MATERIALS

- We currently use bio-based raw materials from sugarcane, wood fiber and castor oil
- For example, GastroMax™ Bio food storage products' carbon footprint is more than 80% lower compared to using conventional plastic



## RECYCLING

- All Orthex products are recyclable
- Increasing demand for recycling solutions
- SmartStore™ Collect products help consumers sort and recycle waste





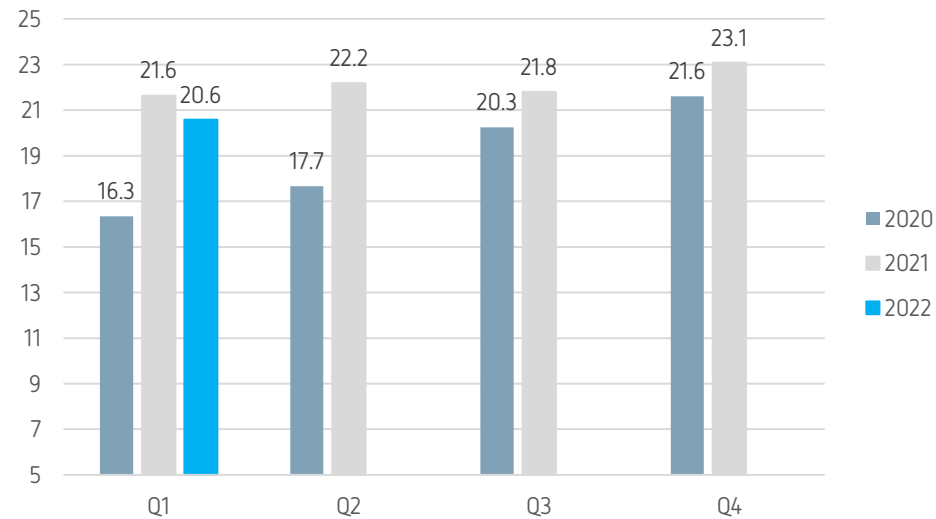
# FINANCIALS

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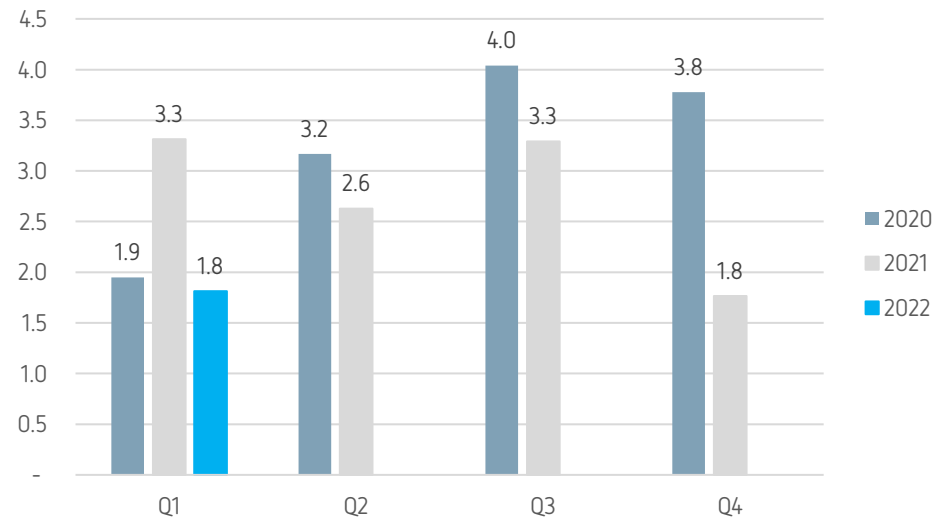
# Net Sales & Profitability

Net sales quarterly, EUR million



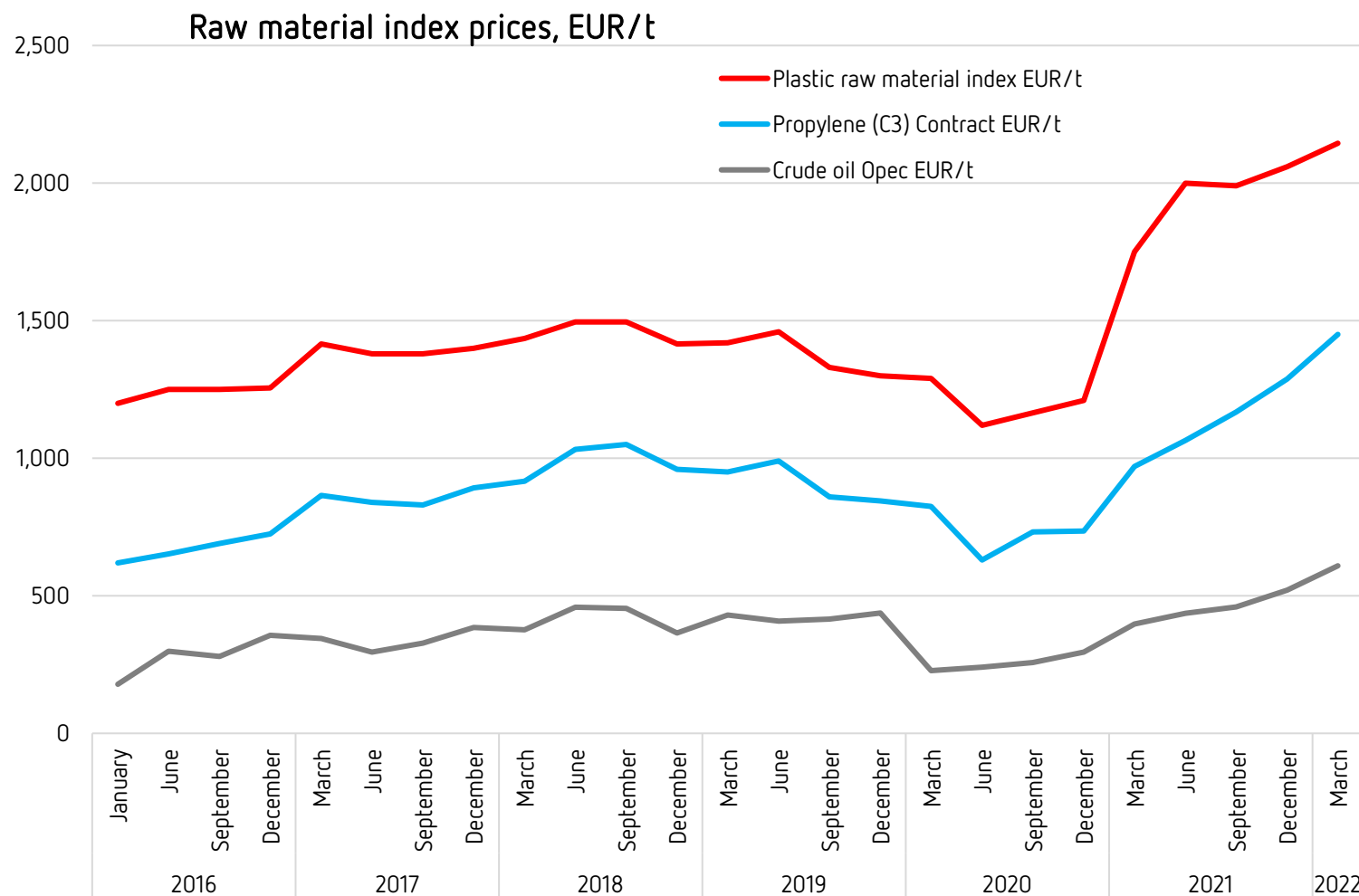
- In Q1 2022, the Group's Net sales decreased by 4.9% to EUR 20.6 million (21.6)
- The decrease in constant currency Net sales was 4.0% compared to the first quarter of 2021
- Sales decreased mainly due to limiting storage campaigns in the market area Rest of the World
- Compared to Q1 2020 Net sales in Q1 2022 increased 26%

Adjusted EBITA quarterly, EUR million



- Adjusted EBITA decreased to EUR 1.8 million (3.3). The adjusted EBITA margin decreased to 8.8% (15.3).
- Adjusted Gross margin was EUR 4.9 million (6.8)
- Adjusted Gross margin % decreased 7.4 percentage points from 31.3% to 23.8%
- Profitability was affected by high raw material prices

# Development of raw material price indexes



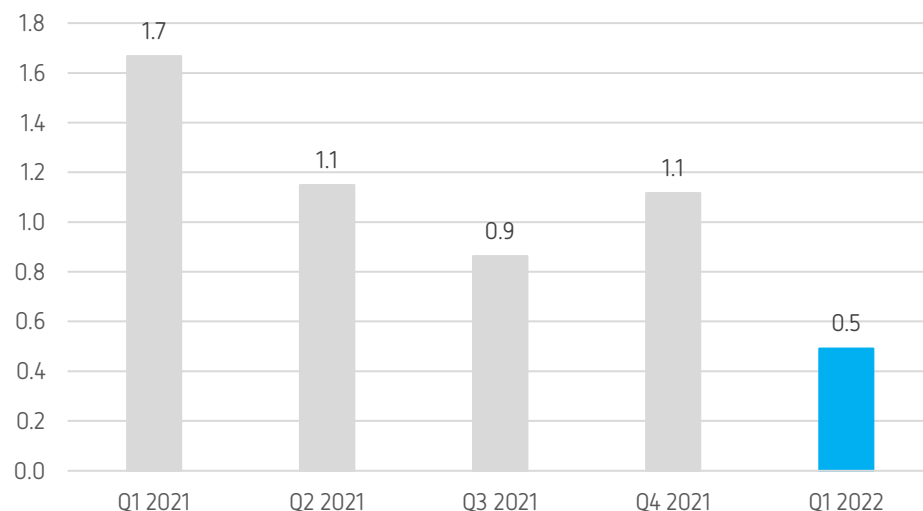
## Raw material price increase:

- Currently no availability issues
- Turbulent European energy market due to the war in Ukraine has caused unpredictable increase in market prices during Q1
- Imports to EU remained limited due to high logistics costs and challenges in global logistic flows
- Lack of clarity in European demand in general
- High unpredictability in raw material price development



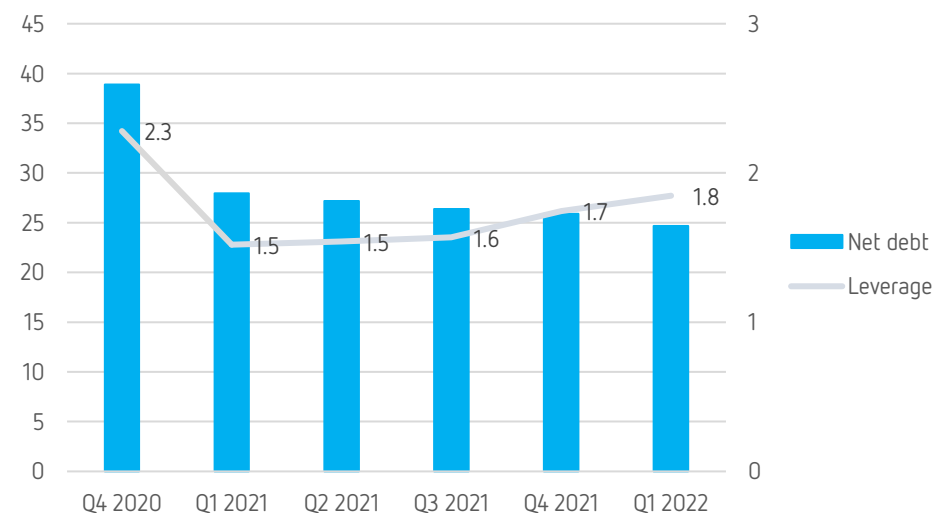
# Investments & Net Debt

Investments in tangible and intangible assets, EUR million



- Orthex's investments during the first quarter of 2022 amounted to EUR 0.5 million and were mainly related to product novelties and capacity increases
- During H1 2021 investments on higher level due to a decision to speed up capacity investments

Net debt & Leverage



- At the end of the reporting period, the Group's net debt was EUR 24.7 million (28.0)
- The non-current interest-bearing liabilities were EUR 35.8 million (39.6) and Orthex's total interest-bearing liabilities were EUR 40.0 million (43.8) on 31 March 2022.
- Interest-bearing liabilities include loans from financial institutions, pension liabilities and lease liabilities
- Leverage was 1.8x at the end of the reporting period

# 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"	-4.9% total -16.5% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	8.8%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	1.8x
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"	52.0% 0.18 per share



# SUMMARY



UNCERTAINTY IN THE  
MARKET

EXCEPTIONALLY HIGH  
RAW MATERIAL PRICES

VOLATILE COST LEVELS



Q&A

[www.investors.orthexgroup.com](http://www.investors.orthexgroup.com)





# Key Figures

EUR million	1-3/2022	1-3/2021	Change	1-12/2021
Invoiced sales	21.5	22.4	-4.2%	90.6
Net sales	20.6	21.6	-4.9%	88.7
Gross margin	4.9	6.8	-27.5%	23.2
Gross margin, %	23.8%	31.3%		26.2%
EBITDA	2.8	2.9	-6.2%	13.2
EBITDA margin, %	13.4%	13.6%		14.9%
Adjusted EBITDA	2.8	4.3	-35.1%	14.8
Adjusted EBITDA margin, %	13.4%	19.7%		16.7%
EBITA	1.8	2.0	-9.3%	9.4
EBITA margin, %	8.8%	9.2%		10.6%
Adjusted EBITA	1.8	3.3	-45.3%	11.0
Adjusted EBITA margin, %	8.8%	15.3%		12.4%
Operating profit	1.8	2.0	-9.5%	9.3
Operating profit margin, %	8.7%	9.1%		10.4%
Net cash flows from operating activities	1.9	3.2	-41.3%	9.0
Net debt / Adjusted EBITDA	1.8x	1.5x		1.7x
Adjusted return on capital employed (ROCE), %	5.3%	10.4%		33.0%
Equity ratio, %	36.7%	31.1%		35.8%
Earnings per share, basic (EUR)	0.06	0.08	-16.7%	0.35
FTEs	294	314	-6.5%	314

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Practical is Beautiful