

FINANCIAL STATEMENTS RELEASE 2022

8 March 2023
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Saara Mäkelä, CFO
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A leading Nordic producer of everyday household goods



7 sales offices



>40 customer countries



3 factories (incl. warehouses)



90% own brands



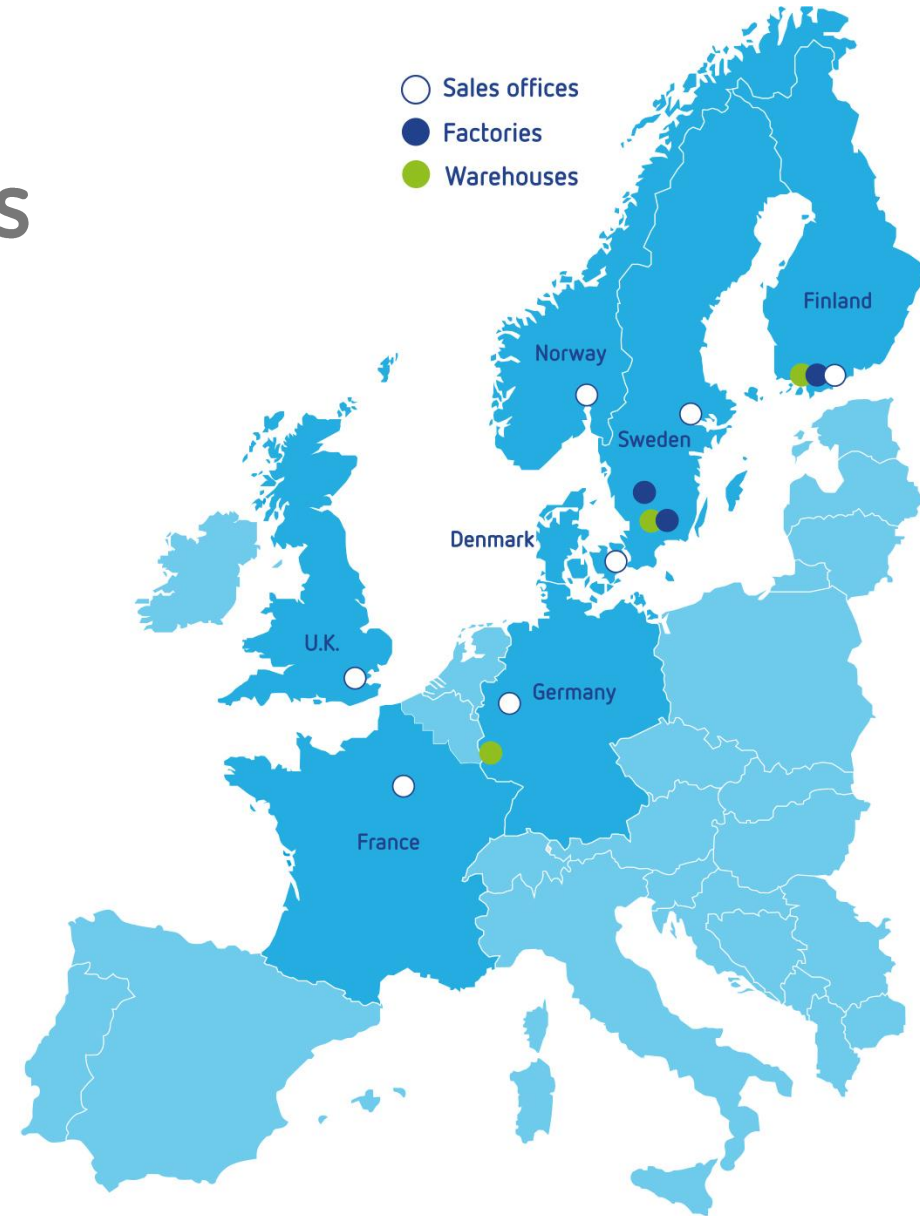
~300 FTEs



Sustainability focus



orthex™



Mission to make everyday life easier



Functional and award-winning design



Forerunner in sustainability²⁾



Long-lasting high-quality products



~10% of sales from new launches

FINANCIAL YEAR 2022 IN BRIEF

Financial statements release 2022



2022 HIGHLIGHTS

Net sales

- The sales decreased in the Nordic core markets driven by a few larger customers that limited their purchases during the fourth quarter
- In the strategically important European markets, sales development was positive towards the end of the year
- Customer purchasing behavior was impacted by market uncertainty

Cost inflation impacted profitability

- Cost inflation in raw materials, purchased goods, transportation and energy was high
- Results were affected by the weakening of the Swedish krona
- Continued rising costs and balancing between campaign sales, price increases and sales volume characterised the year, especially in the Nordics

Raw material price development

- The raw material prices were high during the whole year 2022
- Active work with a long-term pricing strategy to adapt to cost inflation



Q4 2022: Net sales decreased by 11.8% and adjusted EBITA was EUR 1.6 million

Net Sales and Invoiced Sales

- Net sales decreased 11.8% to EUR 20.4 million (23.1)
- Invoiced sales decreased by 12.5% and totalled EUR 20.6 million (23.5)
- Invoiced sales in the rest of Europe increased by 14.5% to EUR 4.9 million (4.3)

Adjusted EBITA

- Adjusted EBITA was EUR 1.6 million (1.8)
- Adjusted EBITA margin was 7.9% (7.6)

Cash flows

- Net cash flows from operating activities were EUR 0.3 million (1.8)
- High raw material prices and higher stock of our best-selling products in anticipation of sales growth visible in inventory value



2022: Net sales decreased by 5.2% and adjusted EBITA was EUR 5.5 million

Net Sales & Invoiced Sales

- Net sales decreased by 5.2% to EUR 84.0 million (88.7)
- Invoiced sales decreased by 5.3% and totalled EUR 85.8 million (90.6)
- Invoiced sales in the rest of Europe increased by 4.7% to EUR 15.9 million (15.1)

Adjusted EBITA

- Adjusted EBITA was EUR 5.5 million (11.0)
- Adjusted EBITA margin was 6.5% (12.4)

Net debt to adjusted EBITDA ratio

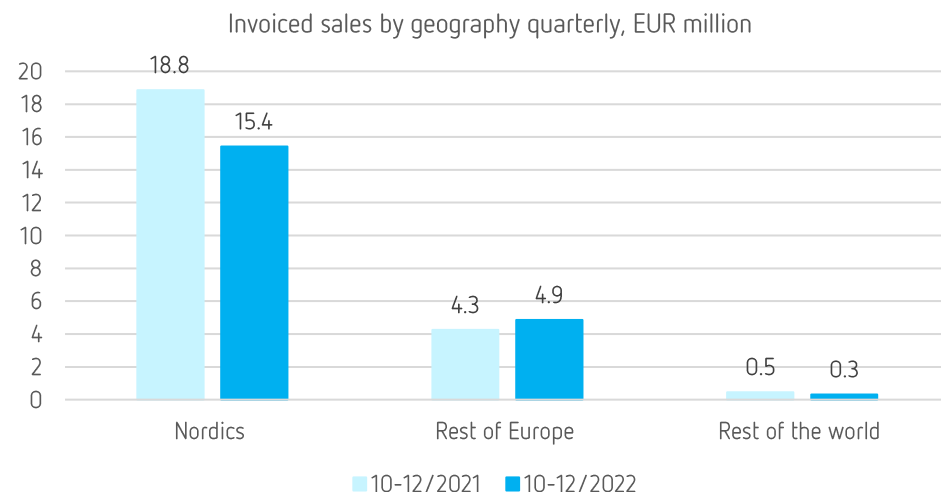
- Leverage was 2.8x (1.7)

Cash flows

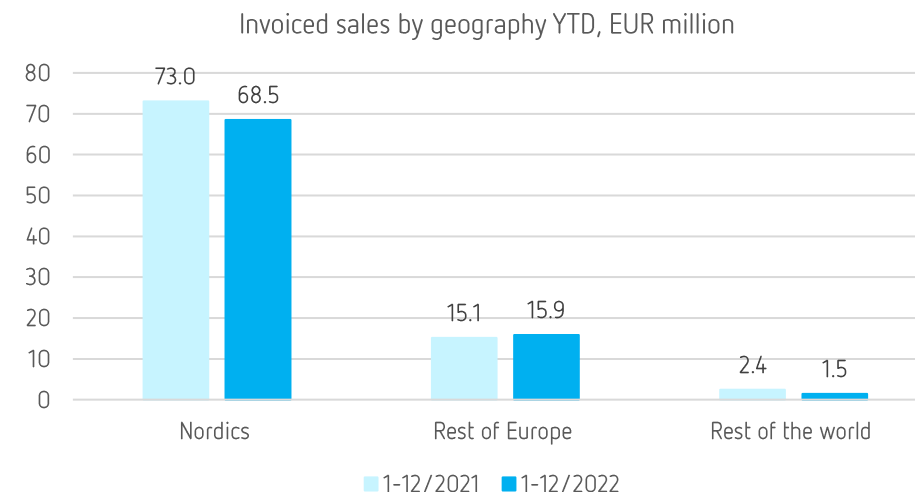
- Net cash flows from operating activities were EUR 6.2 million (9.0)



Invoiced sales by geography



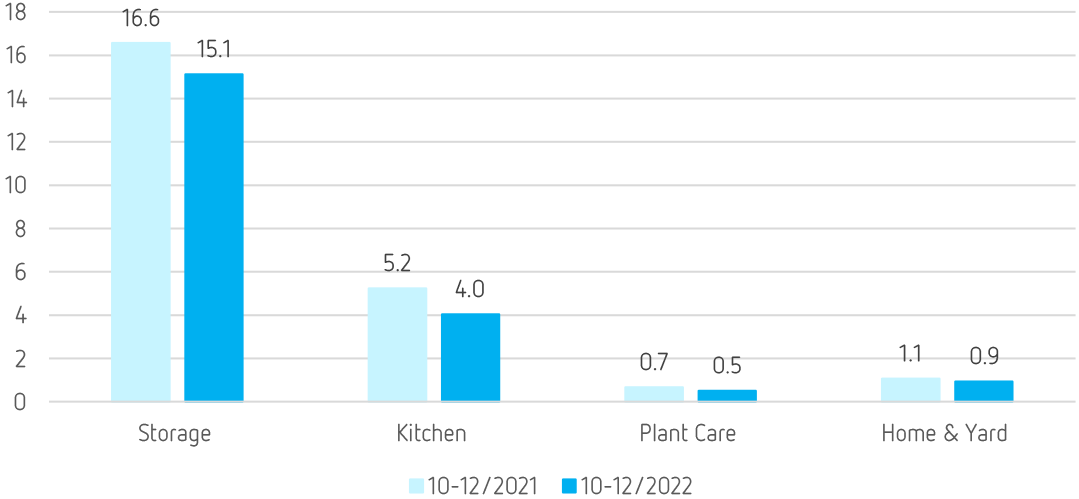
- Orthex's invoiced sales in the core market Nordics were EUR 15.4 million (18.8)
- Invoiced sales in the rest of Europe grew by 14.5% and were EUR 4.9 million (4.3). The positive European sales development is a result of a successful commercial strategy implementation. Invoiced sales in the rest of the world totalled EUR 0.3 million (0.5)
- The invoiced sales outside the Nordics increased by 10.2% compared to Q4 2021



- Orthex's invoiced sales in the Nordics were EUR 68.5 million (73.0)
- Invoiced sales in the rest of Europe grew by 4.7% and were EUR 15.9 million (15.1) and invoiced sales in the rest of the world totalled EUR 1.5 million (2.4)
- Invoiced sales outside the Nordics declined by 1.4% compared to 2021
- The change in customer purchasing behaviour in a few major customers explains the decline

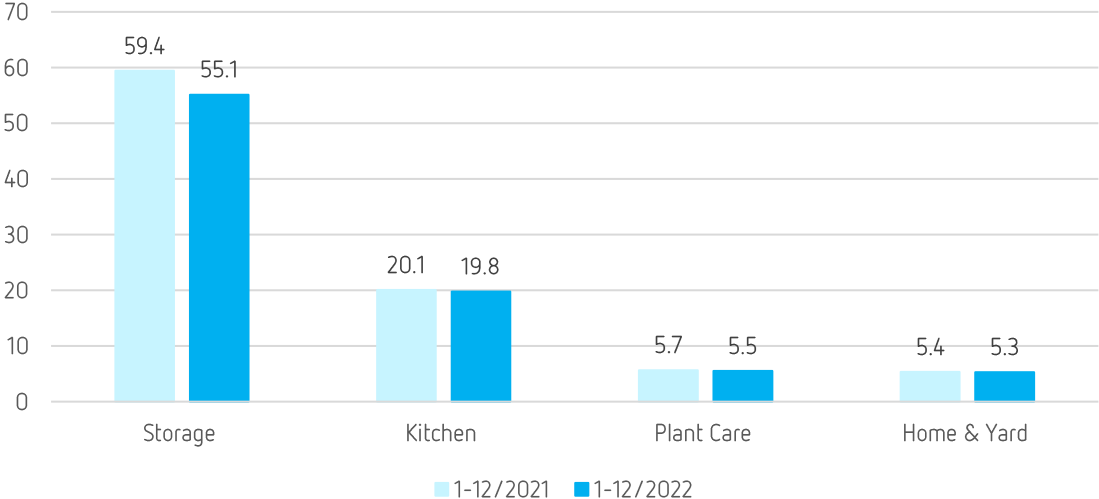
Invoiced sales by product category

Invoiced sales by product category quarterly, EUR million



- Invoiced sales in the largest category Storage were EUR 15.1 million (16.6).
- Invoiced sales in the Kitchen category decreased to EUR 4.0 million (5.2)
- Invoiced sales in the Plant care category were EUR 0.5 million (0.7)
- Invoiced sales in the Home & Yard category declined to EUR 0.9 million (1.1)
- The sales decrease was driven by the changed purchase behaviour of a few major customers limiting their overall purchases

Invoiced sales by product category YTD, EUR million



- Invoiced sales in the largest category Storage decreased to EUR 55.1 million (59.4).
- Invoiced sales in the Kitchen category decreased to EUR 19.8 million (20.1)
- Invoiced sales in the Plant care category were EUR 5.5 million (5.7)
- Invoiced sales in the Home & Yard category were EUR 5.3 million (5.4)

STRATEGY

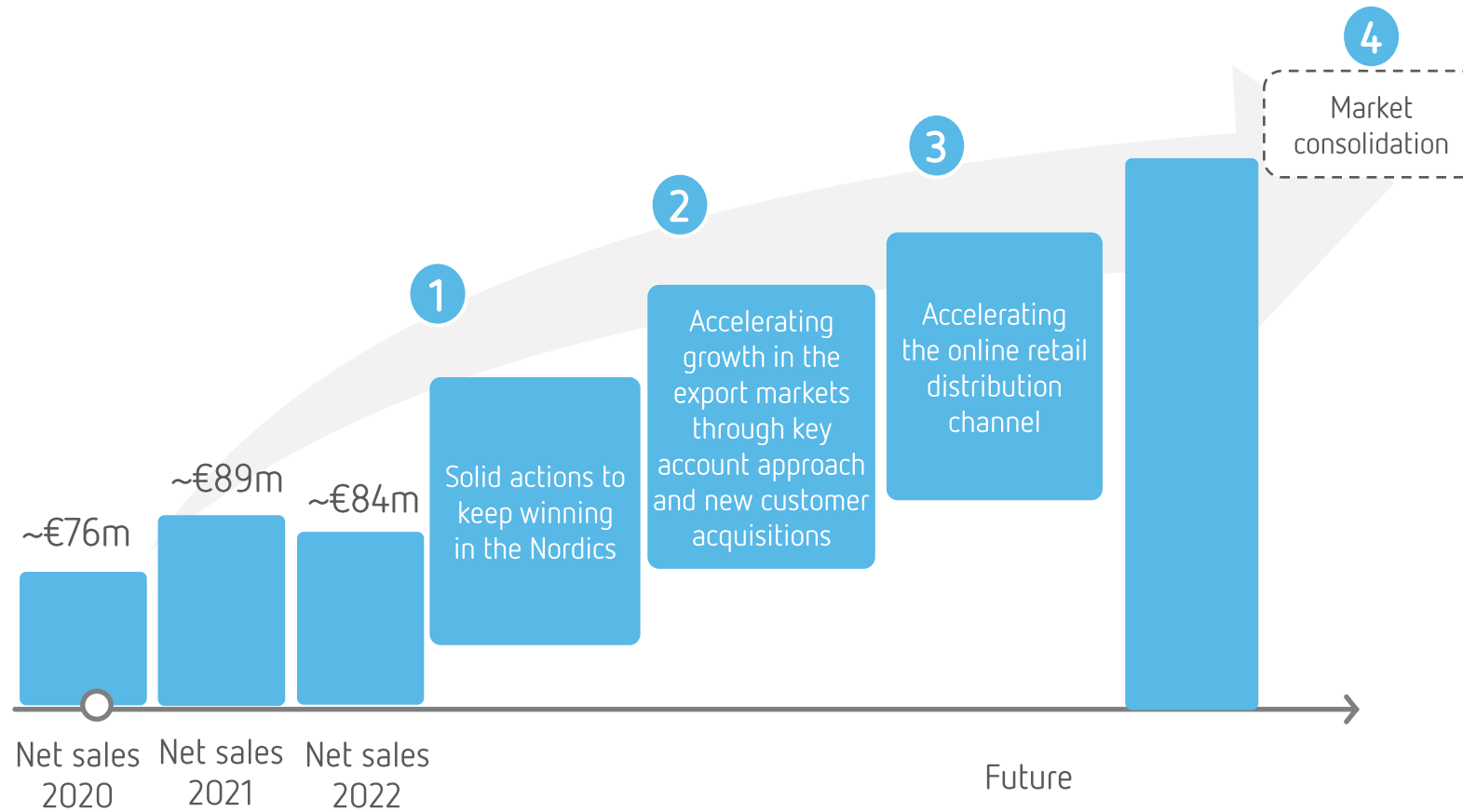
Financial report January–December 2022

Orthex's key objectives in its growth strategy are:

- To become the number one brand in the Storage product category in Europe
- Strengthen its position as a leading houseware company in the Nordics



Clear growth strategy to deliver objectives



#1 storage brand in Europe

A leading houseware company in the Nordics



Clear category strategy focusing on storage



Showing the way in sustainability



Maintain a high innovation rate

SUSTAINABILITY

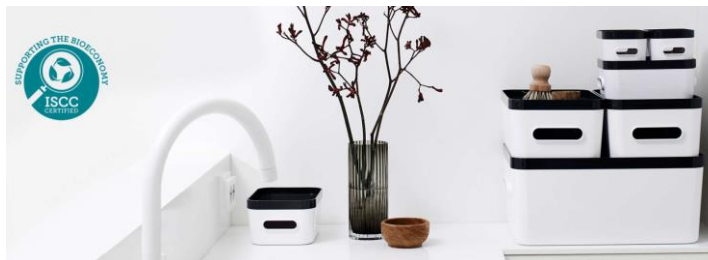
Financial report January – December 2022

Orthex sustainability actions 2022



Orthex certified as
Nasdaq ESG Transparency
Partner

ISSC+ certified renewable raw materials with Mass Balance
approach in the production of SmartStore™ Compact and
Compact Clear storage boxes



Competition for the most sustainable product in Finland –
Fishnet bucket selected as finalist



MATERIALITY ASSESSMENT

SUSTAINABILITY STRATEGY UPDATE

March

April

May

June

July

August

September

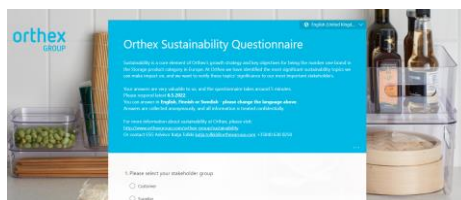
October

November



Lohja granted with
the ISCC+ certificate

Extensive materiality
assessment



Disclosing environmental data in
CDP Climate change program

Significant research project for the
development of recycled plastics



SBTi approved Orthex's near term
CO2 reduction target



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Sustainability news during Q4

- Orthex joined the group of international pioneering companies by committing to science-based climate targets set by the Science Based Targets initiative (SBTi)
- Orthex reports on risk management and management practices related to climate change in Climate Disclosure Project's (CDP) climate change program annually. In 2022, we set a target, and achieved it, to reach B-level in CDP reporting
- Orthex joined forces with UPM Raflatac and introduced Ocean Action label materials on its fishing net products. The Ocean Action label materials are the world's first label materials made from ocean bound plastic waste.

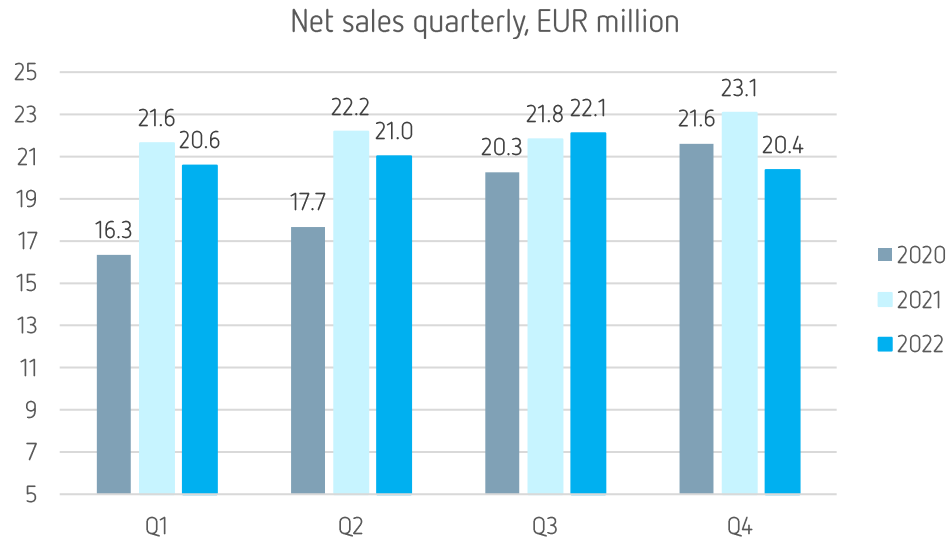
More information about these and other sustainability topics will be available in Orthex Annual and Sustainability Report 2022, which will be published during week 12



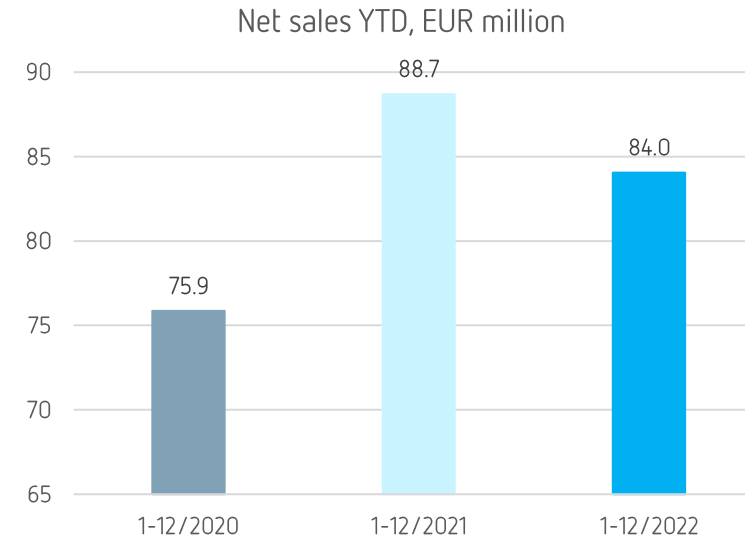
FINANCIALS

Financial report January–December 2022

Net Sales Quarterly & Full Year 2022



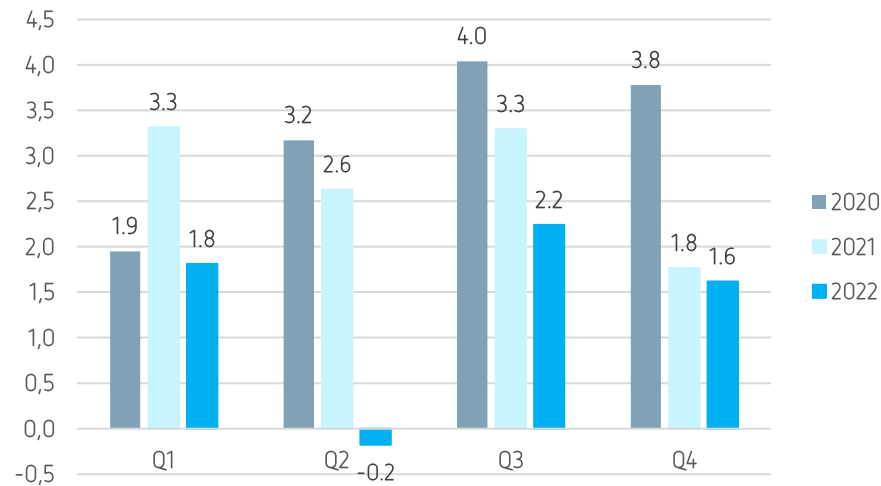
- In Q4 2022, the Group's Net sales decreased by 11.8% to EUR 20.4 million (23.1)
 - In constant currency, Net sales decreased by 8.8% compared to the Q4 2021
- Sales weakened in all product groups in Q4



- Total Net sales declined by 5.2% compared to 2021
- Weakening of the Swedish krona affected the sales, Net sales declined in constant currency by 3.8%
- In the Nordics, the decrease in net sales was due to decreased sales to some major customers, who were limiting their purchases

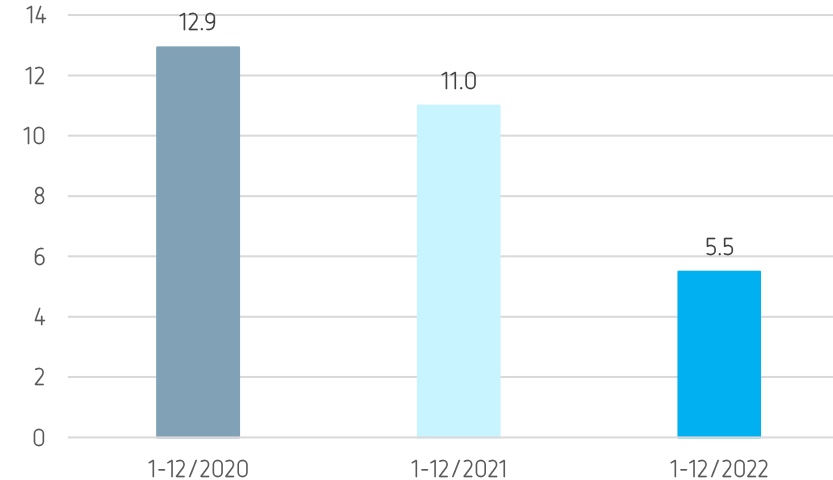
Profitability Quarterly & Full Year 2022

Adjusted EBITA quarterly, EUR million



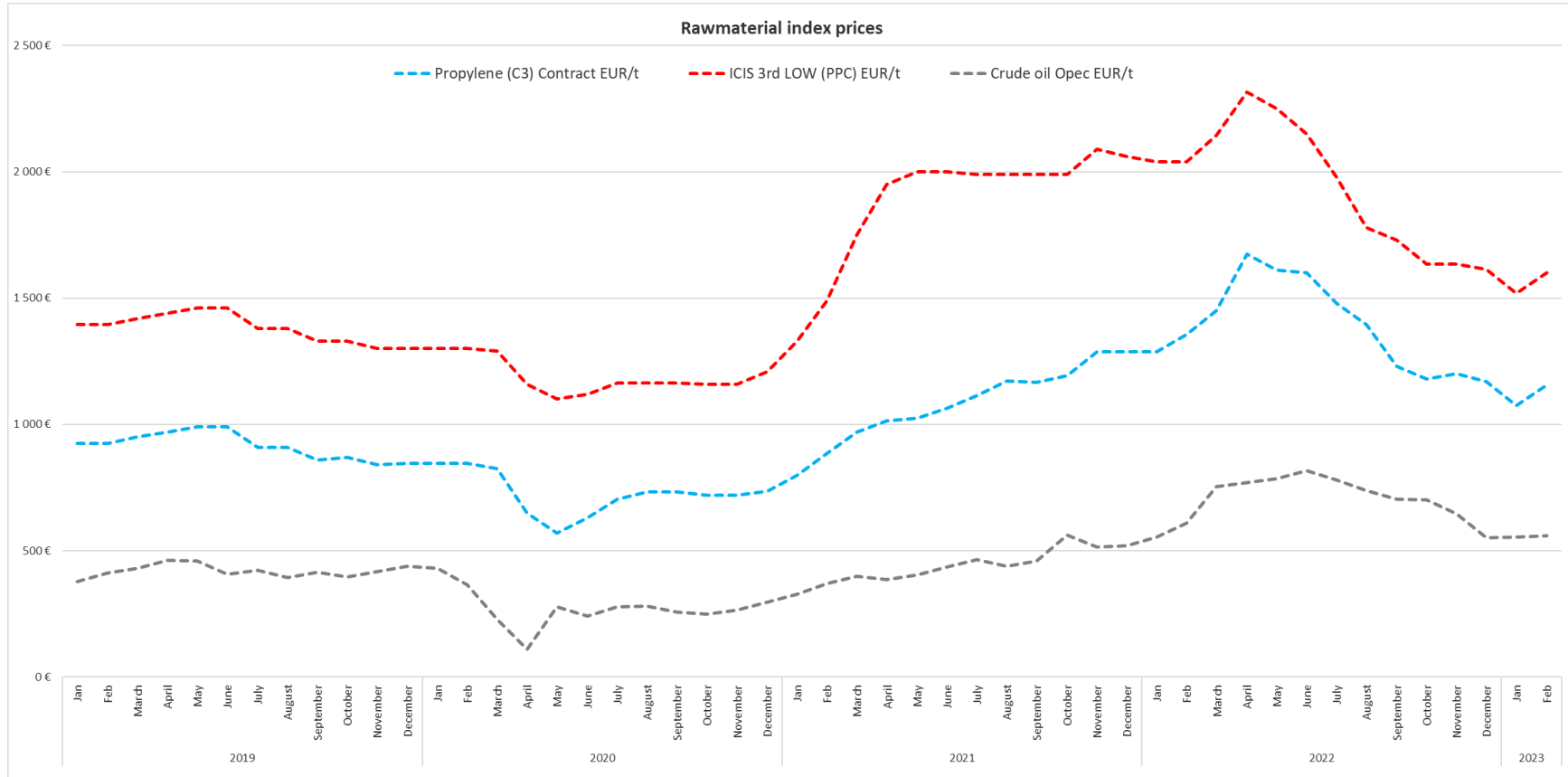
- Adjusted EBITA decreased to EUR 1.6 million (1.8). The adjusted EBITA margin increased to 7.9% (7.6)
- Adjusted Gross margin was EUR 5.0 million (5.1)
- Adjusted Gross margin % increased 2.2 percentage points from 22.2% to 24.4%
- Profitability was affected by high raw material prices, cost inflation, high electricity cost and the deteriorated value of the Swedish Krona

Adjusted EBITA YTD, EUR million



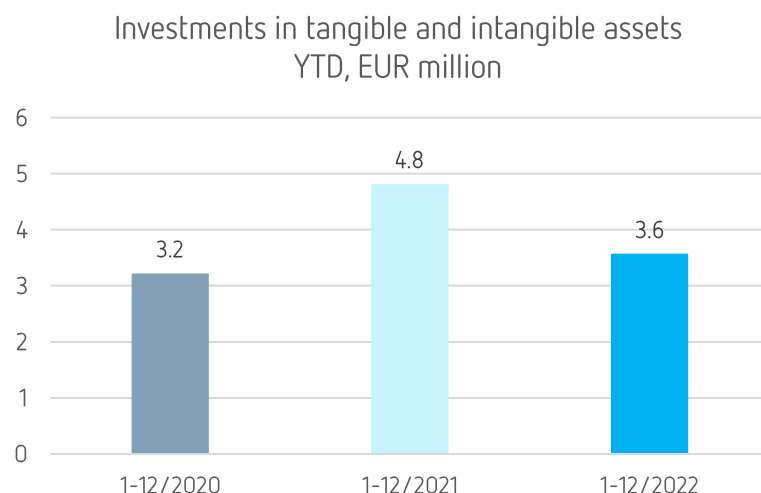
- Adjusted Gross margin was EUR 17.9 million (23.3)
- Adjusted Gross margin % decreased 4.9 percentage points from 26.2% to 21.3% mainly due to exceptionally high raw material prices
- Adjusted EBITA decreased by 50.1% to EUR 5.5 million (11.0). The adjusted EBITA margin decreased to 6.5% (12.4)
- Profitability suffered from slow sales development. Adjusted EBITA was mostly affected by high raw material prices

Development of raw material price indexes

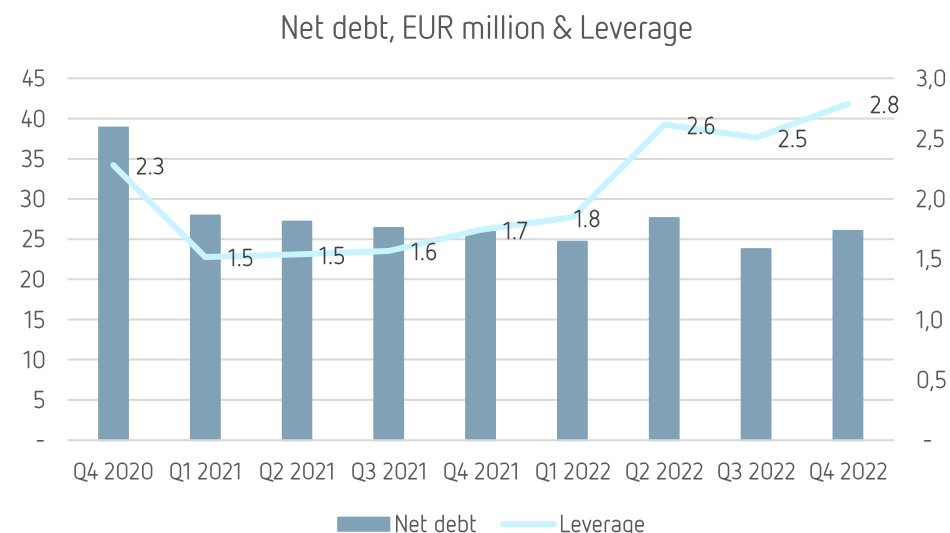


- Prices have decreased from all time high levels
- Compared to long term average, the raw material price indexes are still high
- Stabilized supplier margins
- High uncertainty in raw material demand, currently low visibility due to inflation and uncertainty in customer behavior
- No availability issues

Investments & Net Debt



- Orthex's investments during the fourth quarter of 2022 amounted to EUR 1.8 million and were mainly related to new products and capacity increases
- During 2021, investments were on higher level due to a decision to speed up capacity investments



- At the end of the reporting period, the Group's net debt was EUR 26.0 million (25.9)
- Capital returns paid during the Q2 had an impact of EUR 1.6 million on the Group's net debt
- The non-current interest-bearing liabilities were EUR 32.0 million (36.6) and Orthex's total interest-bearing liabilities were EUR 36.3 million (40.2) on 31 December 2022
- Leverage was 2.8x at the end of the year

New Senior Term and Revolving Facilities Agreement

- Orthex signed in December a new Senior Term and Revolving Facilities Agreement with Nordea Bank
- New facility is a EUR 32.5 million credit facility agreement including a 3+1+1-year term loan of EUR 25.5 million and a revolving credit facility of EUR 7.0 million
- Loan agreement includes sustainability-linked KPI's



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"	-5.2% total -1.5% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	6.5%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	2.8x
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"	92,1% 0.11* per share

* Board proposal

Financial Releases in 2023

Orthex will publish its financial reports in 2023 as follows:

17 May 2023, Interim report January–March 2023

24 August 2023, Half-year financial report January–June 2023

7 November 2023, Interim report January–September 2023

The company's annual and sustainability report, including the financial statements, the Board of Directors' report and the auditor's report for the financial year 2022, will be published on the corporate website in pdf-format during week 12 in March 2023.

Orthex Corporation's Annual General meeting will be held on 18 April 2023 starting at 10:00 a.m. EEST



SUMMARY



UNCERTAINTY IN CUSTOMER
PURCHASING BEHAVIOUR

COST INFLATION

ACCELERATING SALES
MOMENTUM IN EUROPE

Q&A

www.investors.orthexgroup.com

Key Figures

EUR million	10–12/2022	10–12/2021	Change	1–12/2022	1–12/2021	Change
Invoiced sales	20.6	23.5	-12.5%	85.8	90.6	-5.3%
Net sales	20.4	23.1	-11.8%	84.0	88.7	-5.2%
Gross margin	5.0	5.1	-3.0%	17.9	23.2	-22.8%
Gross margin, %	24.4%	22.2%		21.3%	26.2%	
EBITDA	2.6	2.7	-3.1%	9.2	13.2	-30.8%
EBITDA margin, %	12.8%	11.7%		10.9%	14.9%	
Adjusted EBITDA	2.6	2.8	-5.0%	9.3	14.8	-37.2%
Adjusted EBITDA margin, %	12.9%	11.9%		11.1%	16.7%	
EBITA	1.6	1.7	-5.5%	5.3	9.4	-43.3%
EBITA margin, %	7.9%	7.4%		6.3%	10.6%	
Adjusted EBITA	1.6	1.8	-8.3%	5.5	11.0	-50.1%
Adjusted EBITA margin, %	7.9%	7.6%		6.5%	12.4%	
Operating profit	1.6	1.7	-5.6%	5.2	9.3	-43.9%
Operating profit margin, %	7.8%	7.2%		6.2%	10.4%	
Net cash flows from operating activities	0.3	1.8	-84.3%	6.2	9.0	-31.2%
Net debt / Adjusted EBITDA	2.8x	1.7x		2.8x	1.7x	
Adjusted return on capital employed (ROCE), %	5.0%	5.1%		15.9%	33.0%	
Equity ratio, %	36.3%	35.8%		36.3%	35.8%	
Earnings per share, basic (EUR)	0.02	0.06	-66.0%	0.12	0.35	-65.5%
FTEs	289	302	-4.3%	295	314	-6.1%

orthexTM

Practical is Beautiful