

Orthex Corporation

FINANCIAL STATEMENTS RELEASE

January–December 2022



orthex
GROUP

ORTHEX CORPORATION: FINANCIAL STATEMENTS RELEASE 2022

Nordic sales decrease, growth in European strategic markets, and relative profitability started to improve at the end of the year

OCTOBER–DECEMBER 2022

- Invoiced sales decreased by 12.5% and totalled EUR 20.6 million (23.5)
- Net sales decreased by 11.8% to EUR 20.4 million (23.1)
- Adjusted EBITDA was EUR 2.6 million (2.8)
- Adjusted EBITA was EUR 1.6 million (1.8), representing 7.9% of sales (7.6)
- Operating profit was EUR 1.6 million (1.7)
- Net cash flows from operating activities were EUR 0.3 million (1.8)
- Earnings per share, basic was EUR 0.02 (0.06)
- SBTi approved Orthex's near-term science-based emissions reduction target meaning that Orthex's climate targets are aligned with the target to keep global warming below 1.5°C.
- Orthex signed a new 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. The loan agreement includes sustainability linked KPIs.

JANUARY–DECEMBER 2022

- Invoiced sales decreased by 5.3% and totalled EUR 85.8 million (90.6)
- Net sales decreased by 5.2% to EUR 84.0 million (88.7)
- Adjusted EBITDA was EUR 9.3 million (14.8)
- EBITA was EUR 5.3 million (9.4)
- Adjusted EBITA was EUR 5.5 million (11.0), representing 6.5% of net sales (12.4)
- Operating profit was EUR 5.2 million (9.3)
- Items affecting comparability totalled EUR 0.2 million (1.6)
- Net cash flows from operating activities were EUR 6.2 million (9.0)
- Net debt / Adjusted EBITDA was 2.8x (1.7)
- Earnings per share, basic was EUR 0.12 (0.35)
- Orthex has launched a significant research project for the development of future recycled plastic products and related ecosystem.
- Orthex participates in a large cooperation project of seven years that started in Finland in January 2023 to promote the circular economy of plastics.
- The Board of Directors proposes a dividend of EUR 0.11 per share, totalling approx. EUR 2.0 million. It is proposed that the dividend be paid in two instalments.

ALEXANDER ROSENLEW, CEO:

Orthex purpose is to improve everyday life with practical, beautiful, and sustainable products. We want to give consumers the opportunity to choose products that are better for the environment, therefore we constantly strive to improve the sustainability of our products and our operations.

In 2022, driven by lower consumer confidence, Orthex's net sales decreased by 5.2% to EUR 84.0 million. In the strategically important European markets, we managed to deliver growth year-on-year and the growth accelerated towards the end of the year. The positive European sales development is a result of a successful commercial strategy implementation including widened distribution, customer collaboration, new customers gained, price increases and launch of new products that all helped to counter the negative effects of careful customer and consumer behaviour. The sales decreased in the Nordic core markets driven by a few larger Nordic customers that limited their purchases during the fourth quarter. The fourth quarter comparison is against an all-time high sales quarter in 2021. No significant customers or important product listings were lost during the year.



In 2022, profitability was influenced by cost inflation, especially in raw materials. The weakening of the Swedish krona and more expensive purchased products, transports and energy also impacted the result negatively. During the year, active measures to off-set the rising cost levels were taken. Especially adopting the pricing of products to rapidly increasing cost levels was done with a long-term view. The full year adjusted EBITA decreased to EUR 5.5 million (11.0). In the fourth quarter, the adjusted EBITA percentage improved to 7.9% (7.6), adjusted EBITA being EUR 1.6 million (1.8). We are disappointed with the result development for the year. Especially market conditions during the second quarter of 2022 affected the overall result negatively. Towards the end of the year, we already saw improving relative profitability despite uncertainty in customer purchasing behaviour.

We are committed to implementing our growth strategy with a focus on accelerated European and international growth with a strong focus on sustainability. All functions and activities are designed to deliver and support our growth ambition to become the number one brand in the storage category in Europe while strengthening our Nordic category leader position. Orthex's products are sold in more than 40 countries, sales on our European strategic markets grew by 4.7 percentage points. In 2022, sales outside the Nordic core markets accounted for 20.2% (19.4) of Orthex's invoiced sales.

Orthex has been able to utilize its capacity efficiently, which has positively affected our delivery performance. The uncertainty in customer purchasing behaviour is seen in an increase in inventory value towards the end of the year. The inventory value is affected by higher raw material prices and higher stock of our best-selling products in anticipation of sales growth. Focus will be put in 2023 to manage the inventory to ensure more efficient working capital levels.

We reached many significant sustainability milestones during 2022. One major achievement was that SBTi approved Orthex's near-term science-based emissions reduction target, meaning that Orthex's climate targets are aligned with the target to keep global warming below 1.5°C. At the beginning of the year, we took an important step by ISCC PLUS certifying our Lohja factory, which gave us the opportunity to start business with mass balanced renewable materials in selected product series. In addition, we sharpened our sustainability strategy based on feedback from an extensive materiality assessment. In terms of working with transparency, we earned a Nasdaq ESG Transparency Partner certification, improved our rating to B in the CDP Climate Change program and as mentioned our CO2 reduction targets were approved as science-based targets. We also started two important raw material related projects together with partners, the aim of which is to find break-through solutions with which we can increase the use of sustainable raw materials in our products. This is in line with our ambition to reduce our carbon footprint and reach carbon neutrality in production by 2030.

Digitalisation and in-store excellence play an important role in Orthex business development and in our strategy execution. In digitalisation, there are several important milestones achieved in 2022 including the creation of strong in-house e-commerce competencies and thereto related new customer openings in the fast-growing e-commerce business. Our ambition is to be a strong value adding partner both to pure e-commerce players and multi-channel partners. In terms of in-store excellence, we are proud to have implemented several initiatives especially in the storage and kitchen categories together with major retail chains in Europe and the Nordic countries. Making shopping easier benefits both Orthex and its partners and gives the consumer the choice to select increasingly sustainable products in the store. Innovation within our categories will further support our growth. We believe that the demand for sustainable products will continue to increase and therefore we are ensuring that we have a pipeline of exciting and relevant new products to cater for the prevailing consumer trends.

Now with the second year as a listed company behind us, I am pleased with many of the important strategic steps achieved in 2022. Despite the overall challenging conditions, we managed to achieve growth in strategically important markets, we managed to strengthen our product portfolio and we took important steps on our sustainability journey. I am especially proud of our committed and passionate personnel that makes the difference every day despite turbulent and unpredictable conditions.

With many good learnings from 2022, we are excited to start our third year as a listed company. I take this opportunity to thank the whole Orthex team, our stakeholders, and investors for the strong support in 2022.

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%



SmartStore Collect 76 L

LONG-TERM FINANCIAL TARGETS

The company's long-term financial targets remain unchanged. 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.

MARKET OVERVIEW

Orthex operates in the home storage, kitchenware, plant care and other household products market, which has historically been stable and resilient throughout different economic cycles. The market for household products in Europe is fragmented. According to Orthex's estimate, there are more than 30 significant competitors in Europe, 15 of which are roughly as big as Orthex in terms of net sales. Although the market is competitive, fragmentation lowers the threshold to increase market share and find attractive niches.

The major megatrends supporting Orthex's business include urbanisation and the related increase in the number of households and decrease in living space per household. As the area allocated for housing is sparser and more expensive in growth centres benefiting from urbanisation, consumers often choose location over space, resulting in increasing supply of smaller homes. Small spaces, in turn, drive demand for functional storage solutions and household products that allow efficient use of the living space. More people live in single-person households and family sizes are decreasing. According to Eurostat, the number of single-person households in the EU increased by 28.5% between 2009 and 2021. Despite households being inhabited by fewer people, the need for necessities, such as home storage, food storage and kitchen utensils, remains nearly the same per household.

Consumption patterns supporting Orthex's business are mainly related to how people spend their time at home. One of these is the increased interest in cooking at home, which is becoming more common as a pastime and as a healthy, and less expensive alternative to ready-made meals. Consequently, many households are updating and expanding their kitchen utensil assortments. In addition, consumers are increasingly concerned about climate change and biodiversity and want to do their part in the fight against them by buying sustainable products and sorting and recycling their waste. Tightening legislation also supports this development. However, only a few households have enough pre-installed waste recycling and sorting solutions, which creates a demand for these and for recycling and sorting solutions that can also function as interior design elements.

A third consumption pattern supporting Orthex's business is the demand for houseplants. Houseplants bring fresh air, colour, and cosiness into homes. Their use as design elements is becoming commonplace, particularly in dense urban areas that have limited green spaces. In addition, there is increasing popularity for gardening herbs and vegetables at home and indoors. These trends are driving demand for flowerpots and related products.

Volatility and uncertainty affected the business environment during 2022, with geopolitical disruption and high inflation across the value chain. The world after COVID-19 offered conditions where the scarcity of products and the lack of efficient transport further increased transportation costs both at land and sea to new record levels. Shift in consumer behaviour towards sustainability and digital marketplaces is accelerating post covid. Whilst demand remained overall solid, the pressure of inflation on consumers started to erode the consumption growth across product categories and geographical areas during the year. As a result of the prevailing consumption uncertainty, many retailers are carefully monitoring their inventory levels and limiting buying to ensure efficiency. Orthex product price points are relatively low, and the products are bought to solve real needs, therefore Orthex believes that its product categories will be less affected by careful consumer purchasing behaviour than other more expensive consumer goods categories.

NET SALES AND PROFITABILITY

Net sales and invoiced sales

Invoiced sales by geography

EUR million	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Nordics	15.4	18.8	-18.2%	68.5	73.0	-6.2%
Rest of Europe	4.9	4.3	14.5%	15.9	15.1	4.7%
Rest of the world	0.3	0.5	-29.7%	1.5	2.4	-39.7%
Total	20.6	23.5	-12.5%	85.8	90.6	-5.3%

Invoiced sales by product category

EUR million	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Storage	15.1	16.6	-8.8%	55.1	59.4	-7.2%
Kitchen	4.0	5.2	-23.0%	19.8	20.1	-1.5%
Plant Care	0.5	0.7	-23.4%	5.5	5.7	-2.1%
Home & Yard	0.9	1.1	-11.7%	5.3	5.4	-1.0%
Total	20.6	23.5	-12.5%	85.8	90.6	-5.3%

October–December 2022

In October–December, the Group's Net sales decreased by 11.8% to EUR 20.4 million (23.1). Invoiced sales amounted to EUR 20.6 million (23.5). The decrease of constant currency Net sales was 8.8% compared to October–December 2021.

January–December 2022

In January–December, the Group's Net sales decreased by 5.2% to EUR 84.0 million (88.7). Invoiced sales amounted to EUR 85.8 million (90.6). The decrease of constant currency Net sales was 3.8% compared to January–December 2021.

The review period was characterised by balancing between campaign sales, price increases and sales volume, on a market influenced by customer uncertainty especially in the Nordics.

Development by geography

October–December 2022

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in October–December amounted to EUR 15.4 million (18.8). Invoiced sales in the rest of Europe increased to EUR 4.9 million (4.3). In the rest of the world, invoiced sales decreased to EUR 0.3 million (0.5).

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.

January–December 2022

The Group's invoiced sales in the Nordics amounted to EUR 68.5 million (73.0) in January–December. Invoiced sales in the Nordics totalled 79.8% (80.6) of the Group's total invoiced sales.

The change in customer purchasing behaviour in a few major customers explains the decline in total sales in the Nordics.

Invoiced sales in the rest of Europe increased to EUR 15.9 million (15.1). In the rest of the world, invoiced sales decreased to EUR 1.5 million (2.4).

The positive European sales development is a result of a successful commercial strategy implementation including widened distribution, customer collaboration, new customers, price increases and launch of new products.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 20.2% (19.4) of the Group's invoiced sales during the period.

Development by product category

October–December 2022

Orthex's largest category is Storage with invoiced sales totalling EUR 15.1 million (16.6) during October–December. 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. However, the Group's invoiced sales in the Kitchen category decreased to EUR 4.0 million (5.2).

Invoiced sales in the Plant Care category decreased to EUR 0.5 million (0.7).

Invoiced sales in the Home & Yard category decreased to EUR 0.9 million (1.1).

The sales decrease was driven by the changed purchase behaviour of our retail customers. A few major customers limited their overall purchases to lower their inventory levels towards the year-end.

January–December 2022

Invoiced sales in the Storage category totalled EUR 55.1 million (59.4) during January–December and the Group's 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), and invoiced sales in the Home & Yard category totalled EUR 5.3 million (5.4).

Profitability

October–December 2022

EBITA was 1.6 million (1.7) during the period. Adjusted EBITA decreased to EUR 1.6 million (1.8) and the adjusted EBITA margin grew to 7.9% (7.6). Operating profit was EUR 1.6 million (1.7). Items affecting comparability totalled EUR 0.0 million (0.1).

January–December 2022

EBITA was 5.3 million (9.4) during the period. Adjusted EBITA decreased to EUR 5.5 million (11.0) and the adjusted EBITA margin decreased to 6.5% (12.4). Operating profit was EUR 5.2 million (9.3). Items affecting comparability totalled EUR 0.2 million (1.6).

Orthex's financial income and expenses during the review period consisted of EUR 2.2 million net expenses (1.6).

Profit before taxes was EUR 3.0 million (7.7) and profit for the period was EUR 2.1 million (6.0).

In 2022, profitability was influenced by cost inflation, especially in raw materials. The weakening of the Swedish krona and more expensive purchased products, transports and energy also impacted the result negatively.

FINANCIAL POSITION AND CASH FLOW

The balance sheet totalled EUR 81.8 million (88.8) at the end of the review period, of which equity accounted for EUR 29.7 million (31.8).

At the end of the review period, the Group's net debt was EUR 26.0 million (25.9). Non-current interest-bearing liabilities were EUR 32.0 million (36.0) and Orthex's total interest-bearing liabilities were EUR 36.3 million (40.2). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

In 2022, Orthex entered into a credit facility agreement of EUR 32.5 million with Nordea Bank Plc. The credit facility agreement includes a 3 + 1 + 1-year term loan of EUR 25.5 million and a revolving credit facility of EUR 7.0 million. If the conditions specified in the credit facility agreement are met, the company may extend the agreement by 1 + 1 year.

During the period January–December 2022, the Group's net cash flows from operating activities were EUR 6.2 million (9.0) and cash conversion was 61.9% (67.7). Capital returns paid during the period had an impact of EUR 3.2 million and repayment of short-term borrowings an impact of EUR 1.5 million on net cash flows. Interest paid during the period totalled EUR 1.1 million. Cash and cash equivalents amounted to EUR 10.3 million (14.3) at the end of the review period.

Net debt/adjusted EBITDA was 2.8x (1.7). 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 36.3% (35.8). Adjusted return on capital employed (ROCE) was 15.9% (33.0) and return on equity (ROE) 6.9% (24.7).

INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments during January–December 2022 amounted to EUR 3.6 million (4.8) and were mainly related to increasing the production capacity and moulds for new products.

In 2022, Orthex launched a research project for the development of recycled plastics. The goals of the project are to build an ecosystem aimed at increasing the use of recycled plastic and to generate new information about the use of recycled plastic in different applications, especially in products suitable for food contact. In addition, Orthex announced that starting in January 2023, it will participate in a large seven-year cooperation research project to find new potential renewable plastic raw materials. These investments in research support Orthex's 2030 carbon neutrality target and the target to increase

the use of sustainable raw materials. Research and product development expenses have not been capitalized.

SHARES AND SHAREHOLDERS

Orthex's shares are listed on Nasdaq Helsinki.

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. 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 37.4 million and 5,653,412 shares. The highest price of the share was EUR 11.29 and the lowest was EUR 3.82. The closing price of the share at the end of December 2022 was EUR 4.68. At the end of the review period, the market value of the share capital stood at EUR 83.1 million. The company did not have any treasury shares at the end of the period.

The number of registered shareholders at the end of the review period was 16,596, including nominee registers. At the end of the period, the ten largest registered shareholders possessed a total of 49.7% of Orthex's shares and votes.

In September 2022, Orthex received information pursuant to Chapter 9, Section 5 of the Securities Market Act, according to which Handelsbanken Fonder AB's ownership of all shares and votes in Orthex had exceeded the five percent limit. The stock exchange releases on notifications of changes in holdings (flaggings) are available on the corporate website at <https://investors.orthexgroup.com/>.

The Board of Directors is authorised to issue a total maximum of 1,800,000 shares and special rights entitling to shares in one or several issues. The authorisation will be valid until 6 October 2023.

GOVERNANCE

Annual General Meeting

Orthex Corporation's Annual General Meeting on 6 April 2022 adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 2021. The general meeting also approved the remuneration policy and the remuneration report 2021 for the governing bodies.

The general meeting decided that for the financial period ended on 31 December 2021, shareholders be paid a capital return of EUR 0.18 per share from the invested unrestricted equity fund totalling approximately EUR 3.2 million in two instalments. The first instalment of the capital return amounting to EUR 0.09 per share was paid on 21 April 2022 and the second instalment amounting to EUR 0.09 per share on 11 October 2022.

The general meeting resolved to re-elect Sanna Suvanto-Harsaae, Satu Huber and Jens-Peter Poulsen to the Board and elect Markus Hellström and Jyrki Mäki-Kala as new members to the Board. Ari Jokelainen and Juuso Kivinen stepped down from the Board. Sanna Suvanto-Harsaae continues to chair the Board. The general meeting further resolved that the remuneration of the members of the Board of Directors remain the same and that the Chair of the Board of Directors be paid a monthly fee of EUR 4,000 and other members of the Board of Directors a monthly fee of EUR 2,000.

Ernst & Young Oy, a firm of Authorised Public Accountants with APA Johanna Winqvist-Ilkka as the signing audit partner, was re-elected the company's auditor.

In addition, the general meeting authorised the Board of Directors to decide on the issuance of shares and on the issuance of special rights entitling to shares. A total maximum of 1,800,000 shares and special rights entitling to shares may be issued by virtue of the authorisation corresponding to approximately 10 per cent of all the shares in the company. The authorisation will be valid for 18 months from the decision of the general meeting.

Composition of Shareholders' Nomination Board

The Extraordinary General Meeting on 5 March 2021 decided to establish a Shareholders' Nomination Board for the company and the Nomination Board's charter was approved. The Nomination Board consists of the four largest registered shareholders of the company as of 31 August. According to the shareholders' register, the company's four largest shareholders on 31 August 2022 were Conficap Oy, Alexander Rosenlew, Ilmarinen Mutual Pension Insurance Company, and Thomasset Oy.

On 1 September 2022, the company announced that these shareholders have appointed their representatives to the Shareholders' Nomination Board, the composition of which is as follows:

- Maarit Toivanen, CEO and Chair of the Board of Conficap Oy
- Alexander Rosenlew
- Annika Ekman, Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company
- Mats Söderström, CEO of Thomasset Oy

The Nomination Board has 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.

More information on the Nomination Board is available on the corporate website at [Nomination Board - Orthex Group](#).

Group structure

In order to simplify the Group structure, Orthex Corporation's Swedish subsidiary Smartstore AB was merged into its parent company Orthex Sweden AB as of 15 September 2022.

SUSTAINABILITY

Sustainability is a core element in implementing Orthex's growth strategy and key objectives as we strive to be the number one brand in storage products in Europe, and to strengthen our position as a leading houseware company in the Nordics. Sustainability is a key factor in all decision making at Orthex and a significant driver of our development and investment agenda. Orthex aims to be the industry forerunner in 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 renewable and recycled materials. Orthex's main sustainability target is to reach carbon neutrality in production by 2030.

Orthex has identified priority sustainability topics in the areas of economic, environmental, and social responsibility. For each topic, the company has defined key performance indicators and targets. Further information is available on the corporate website at [Sustainability - Orthex Group](#).

Sustainability highlights in 2022

In March, Orthex's Lohja factory was granted an ISCC PLUS certificate. The international Sustainability and Carbon Certification (ISCC) is a globally applicable sustainability certification system, which covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials, and renewables. To further strengthen the company's sustainability resources, a new position in the company, ESG Advisor, was established and recruited in March 2022.

During Q2, Orthex conducted a sustainability materiality assessment of the company's sustainability topics to align Orthex's sustainability work with stakeholders' (customers, employees, shareholders, suppliers, and consumers) expectations. More than 500 replies to the materiality questionnaire were received, and the assessment results were supplemented by interviews with selected customers, shareholders, and suppliers. In April, Orthex was certified as a Nasdaq ESG Transparency Partner. This certification is used by Nasdaq to show engagement in the market transparency and raising environmental standards. In addition, Orthex disclosed environmental data in CDP Climate change program to meet the demands of investors and customers and to increase transparency. In June, Orthex promoted recycling of plastics in Finland by participating in awareness-raising campaign, organised by the Finnish Plastics Industries Federation.

In September, Orthex launched a significant research project for the development of recycled plastics. The goals of the project are to build an ecosystem aimed at increasing the use of recycled plastic and to generate new information about the use of recycled plastic in different applications, especially in products suitable for food contact. In addition, Orthex announced that starting in January 2023, it will participate in a large seven-year cooperation research project to find new potential renewable plastic raw materials. These significant investments in research support Orthex's 2030 carbon neutrality target and the target to increase the use of sustainable raw materials.

During Q3, Orthex started using ISCC PLUS certified renewable raw materials applying mass balance approach in the production of its popular SmartStore™ Compact and Compact Clear storage boxes. In addition, Orthex extended its selection of products made from recycled plastics by launching

SmartStore™ Collect Slim recycling solution. Orthex also participated in a competition for the most sustainable product in Finland with two products: Orthex bucket from old fishing nets and the SmartStore™ Collect sorting solution. Out of 291 pre-screened products, the competition panel selected Orthex bucket from old fishing nets as one of the 11 finalists.

In November, the Science Based Targets initiative (SBTi) approved Orthex's near-term science-based emissions reduction target, which means that Orthex's climate targets are aligned with the target to keep global warming below 1.5°C in accordance with the Paris Agreement.

Orthex will publish its Annual and Sustainability Report for the year 2022 on the corporate website during week 12 at the latest. As will be brought up in the report, the company has continued its investments in building the roadmap towards carbon neutrality and in the use of renewable and recycled materials to reduce the carbon footprint of its products and production.

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 renewable and recycled materials and merchandise. However, there has been shortage on the market because of higher demand and this can lead to higher prices also in renewable and recycled materials.

Increased inflation, raising interest rates, Russia's war against Ukraine, and political tensions impact the global economic trend as well as the development of consumers' purchasing behaviour and, as a result, can have an impact on Orthex's business. Russia's war against Ukraine does not directly affect Orthex's business as Orthex's products are not manufactured or sold in Russia, Belarus or Ukraine and the company does not source raw materials from these countries. However, Russia's war against Ukraine causes disturbances in global supply chains and contributes to the general economic situation and consumers' purchasing power and behaviour. These factors may affect the company's sales and profitability as well as operational reliability and efficiency. The Group has hedged part of its interest-bearing liabilities against rising interest rates with interest derivatives. In addition, some of the electricity contracts have been purchased at fixed prices due to the strong volatility of market electricity.

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.

Further information on the company's risk management principles and on the main strategic, operative, and financial risks is included in the Board of Directors' report for the year 2022. The main principles of Orthex's financial risk management are described in the notes to the consolidated financial statements. The company's Annual and Sustainability Report, which includes the Board of Directors' report and the consolidated financial statements with notes for the year 2022, will be published on the corporate website during week 12 at the latest.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF ASSETS

According to the financial statements to be adopted for the financial year ended 31 December 2022, the parent company's distributable funds amount to EUR 12,305,159.20, including the profit for the period of EUR 4,303,730.55.

The Board of Directors proposes to the general meeting that based on the financial statements to be adopted for the financial year ended on 31 December 2022, shareholders be paid a dividend of EUR 0.11 per share totalling approximately EUR 2.0 million based on the number of registered shares in the company at the time of the proposal.

The dividend is proposed to be paid in two instalments as follows:

- The first instalment of the dividend amounting to EUR 0.06 per share will be paid to a shareholder who is registered in the company's shareholder register held by Euroclear Finland Oy on the record date of the first instalment of the dividend payment 20 April 2023. The Board of Directors proposes that the first instalment of the dividend be paid on 27 April 2023.
- The second instalment of the dividend amounting to EUR 0.05 per share will be paid in October 2023 to a shareholder who is registered in the company's shareholder register held by Euroclear Finland Oy on the record date of the second instalment of the dividend payment 2 October 2023. The Board of Directors proposes that the second instalment of the dividend be paid on 10 October 2023. The Board of Directors further proposes that the Board be authorised to decide, if necessary, on a new record date and date of payment for the second instalment of the dividend should the rules of Euroclear Finland Oy or statutes governing the Finnish book-entry system change or otherwise so require.

There have been no significant changes in the parent company's financial position after the financial year-end. The company's liquidity is good, and the Board of Directors deems that the company's solvency will not be jeopardised by the proposed dividend distribution.

EVENTS AFTER THE REVIEW PERIOD

On 24 January 2023, Orthex Corporation disclosed the Shareholders' Nomination Board's proposals to the Annual General Meeting 2023 regarding the composition and remuneration of the Board of Directors.

The Shareholders' Nomination Board proposes that the Board of Directors would consist of five (5) members and that **Sanna Suvanto-Harsaae, Markus Hellström, Jyrki Mäki-Kala** and **Jens-Peter Poulsen** would be re-elected to the Board and that **Anette Rosengren** be elected as a new member to the Board, all for a term of office ending at the end of the next Annual General Meeting.

Satu Huber was no longer available for re-election to the Board.

All director nominees have consented to their election and confirmed that they are independent of the company and its significant shareholders. Background information on the director nominees is available on the corporate website [Board of Directors - Orthex Group](#).

Regarding the remuneration of the members of the Board of Directors, the Shareholders' Nomination Board proposes that the Board fees remain the same and that the Chair of the Board of Directors be paid a monthly fee of EUR 4,000 and other members of the Board of Directors a monthly fee of EUR 2,000. The Nomination Board further proposes that reasonable travel and other expenses related to the Board work be reimbursed in accordance with the company's travel rules.

MARKET OUTLOOK

Volatility and uncertainty affected the business environment during 2022, with geopolitical disruption and high inflation across the value chain. Whilst demand remained overall solid, the pressure of inflation on consumers started to erode the consumption growth across product categories and geographical areas during the year.

To ensure effective implementation and adoption of its strategy, Orthex is constantly evaluating consumer trends, customer demands and market conditions. The strategy is designed to deliver the specified long-term financial targets. In addition, an overall focus on sustainability is at the heart of business development. It is likely that the unpredictable market conditions seen in 2022 will continue, including volatile cost drivers with quick changes in cost components and high overall or increasing cost levels compared to the year 2022.

Orthex will strive to navigate as efficiently as possible, adopting swiftly to potentially fast changing conditions. In 2021, we successfully increased the production capacity in our factories, and we are prepared for growth. We are also prepared to further increase capacity when needed. Product and process innovation and testing new sustainable materials will have a continued important role in the commercial strategy. The focus will be on growing the sales of our branded products throughout Europe, thus improving everyday life with practical sustainable products.

Russia's war against Ukraine does not directly affect Orthex's business as Orthex's products are not manufactured or sold in Russia, Belarus or Ukraine and the company does not source raw materials from these countries. However, Russia's war against Ukraine causes disturbances in global supply chains and contributes to the general economic situation and consumers' purchasing power and behaviour.

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 during week 12 at the latest. Orthex Corporation's Annual General meeting will be held on 18 April 2023 starting at 10.00 a.m. EEST.

Espoo, 7 March 2023

ORTHEX CORPORATION
Board of Directors

Additional information:

Alexander Rosenlew, CEO, +358 (0)40 500 3826

Saara Mäkelä, CFO, +358 (0)40 083 8782

Contacts:

Analysts and investors: Saara Mäkelä, CFO, +358 (0)40 083 8782

Media: Hanna Kukkonen, CMO, +358 (0)40 053 8886

The results presentation will be held on 8 March 2023 at 11.00 a.m. 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 webcast 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 FINANCIAL STATEMENTS RELEASE JANUARY – DECEMBER 2022

Consolidated statement of comprehensive income

EUR thousand	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Net Sales	20,357	23,076	84,048	88,694
Cost of sales	-15,388	-17,952	-66,129	-65,490
Gross Margin	4,969	5,124	17,919	23,204
Other operating income	13	93	206	549
Selling and marketing expenses	-2,112	-2,308	-7,846	-8,468
Administrative expenses	-1,290	-1,237	-5,089	-6,035
Operating profit	1,579	1,672	5,191	9,250
Financial income and expenses	-736	-435	-2,182	-1,586
Profit before taxes	843	1,237	3,009	7,664
Income taxes	-500	-225	-888	-1,629
Profit for the period	344	1,012	2,121	6,035
Profit for the period attributable to:				
Equity holders of the parent	344	1,012	2,121	6,035
Earnings per share, basic (and diluted), EUR	0.02	0.06	0.12	0.35
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Translation differences	-364	-198	-2,053	-622
Items that will not be reclassified to profit or loss:				
Remeasurement gains/(losses) on defined benefit plans	1,042	-58	1,042	-58
Other comprehensive income for the period, net of tax	678	-256	-1,011	-680
Total comprehensive income for the period	1,021	756	1,110	5,355
Total comprehensive income attributable to:				
Equity holders of the parent	1,021	756	1,110	5,355

Consolidated statement of financial position

EUR thousand	31 Dec 2022	31 Dec 2021
Assets		
Non-current assets		
Intangible assets	22,377	23,901
Property, plant, and equipment	13,547	13,131
Right-of-use assets	7,011	8,030
Other non-current assets	95	94
Deferred tax assets	760	1,163
Total non-current assets	43,790	46,320
Current assets		
Inventories	14,283	12,647
Trade and other receivables	13,387	15,528
Derivative financial instruments	93	14
Cash and cash equivalents	10,284	14,334
Total current assets	38,047	42,522
Total assets	81,837	88,842
Equity and liabilities		
Equity attributable to the equity holders of the parent company		
Share capital	80	80
Invested unrestricted equity fund	7,851	11,047
Retained earnings	22,301	19,138
Translation differences	-521	1,532
Total equity	29,711	31,798
Non-current liabilities		
Loans from credit institutions	22,363	23,720
Lease liabilities	6,480	7,544
Pension liabilities	3,179	4,742
Deferred tax liabilities	769	742
Total non-current liabilities	32,791	36,748
Current liabilities		
Loans from credit institutions	3,000	3,000
Lease liabilities	1,290	1,214
Trade and other payables	14,000	13,692
Derivative financial instruments	8	-
Income tax liabilities	1,037	2,390
Total current liabilities	19,335	20,296
Total liabilities	52,126	57,044
Total equity and liabilities	81,837	88,842

Consolidated statement of changes in equity

Equity attributable to the equity holders of the parent company						
EUR thousand	Share capital	Treasury shares	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
As at 1 Jan 2022	80	-	11,047	19,138	1,532	31,798
Profit for the period				2,121		2,121
Translation differences					-2,053	-2,053
Remeasurement gains/(losses) on defined benefit plan				1,042		1,042
Total comprehensive income				3,163	-2,053	1,110
Capital returns			-3,197			-3,197
At 31 Dec 2022	80	-	7,851	22,301	-521	29,711
As at 1 Jan 2021	3	-71	1,775	13,161	2,154	17,022
Profit for the period				6,035		6,035
Translation differences					-622	-622
Remeasurement gains/(losses) on defined benefit plan				-58		-58
Total comprehensive income				5,977	-622	5,355
Transactions with 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 31 Dec 2021	80	-	11,047	19,138	1,532	31,798

*In 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

EUR thousand	1-12/2022	1-12/2021
Cash flows from operating activities		
Profit before taxes	3,009	7,664
Adjustments:		
Depreciation, amortisation and impairment	3,964	3,976
Financial income and expenses	2,182	1,586
Other adjustments	204	-48
Cash flows before changes in working capital	9,358	13,179
Changes in working capital		
Decrease (+) / increase (-) in trade and other receivables	1,324	-1,489
Decrease (+) / increase (-) in inventories	-2,358	-2,905
Decrease (-) / increase (+) in trade and other payables	1,155	2,326
Cash flows from operating activities before financial items and taxes	9,479	11,112
Interests paid	-1,135	-1,331
Income taxes paid	-2,167	-801
Net cash flows from operating activities	6,177	8,979
Cash flows from investing activities		
Investments in tangible and intangible assets	-3,553	-4,797
Sale of tangible and intangible assets	28	132
Net cash flows from investing activities	-3,525	-4,665
Cash flows from financing activities		
Proceeds from share issue	-	10,000
Costs from share issue recognised in equity	-	-857
Capital returns paid	-3,197	-
Repayment of lease liabilities	-1,312	-1,286
Proceeds from long-term borrowings	25,500	-
Repayment of long-term borrowings	-25,500	-
Repayment of short-term borrowings	-1,500	-3,000
Net cash flows from financing activities	-6,008	4,857
Net change in cash and cash equivalents	-3,356	9,172
Net foreign exchange differences	-694	-88
Cash and cash equivalents at the beginning of the period	14,334	5,250
Cash and cash equivalents at the end of the period	10,284	14,334

NOTES TO THE GROUP'S FINANCIAL STATEMENTS RELEASE

Basis of preparation

Orthex's financial statements release has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles have been applied to the financial statements release as to the consolidated financial statements.

Orthex's Board of Directors has approved this financial statements release in its meeting on 7 March 2023. Figures in the financial statements release have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The figures in the financial statements release are based on Orthex Corporation's 2022 financial statements. The figures are unaudited.

Accounting estimates and management judgements made in preparation of the financial statements release information

The preparation of the financial statements release 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 financial statements release information are identical to those applied to the consolidated financial statements for 2022.

Related party transactions

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

Orthex did not have any related party transactions during the reporting period. In 2021, the company's related party transactions consisted of one purchase of EUR 25 thousand from a member of the Board.

Property, plant and equipment, Intangible assets, and Right-of-use assets

EUR thousand	Intangible asset	Goodwill	Property, plant, and equipment	Right-of-use assets	Total
Acquisition cost at 1 Jan 2022	1,189	23,680	66,938	12,313	104,121
Additions	30		5,414	980	6,425
Disposals	-32		-284	-34	-349
Transfers	30		-30		0
Translation differences	-	-1,428	-3,059	-563	-5,050
Acquisition cost at 31 Dec 2022	1,218	22,252	68,979	12,697	105,147
Accumulated depreciation, amortisation, and impairment at 1 Jan 2022	969	-	53,807	4,283	59,059
Depreciation and amortisation	126		2,435	1,403	3,964
Accumulated depreciation and amortisation on disposals and transfers	-2		1,850		1,848
Translation differences			-2,660		-2,660
Accumulated depreciation, amortisation and impairment at 31 Dec 2022	1,094	-	55,432	5,686	62,211
Carrying amount at 1 Jan 2022	221	23,680	13,131	8,030	45,062
Carrying amount at 31 Dec 2022	125	22,252	13,547	7,011	42,935
Acquisition cost at 1 Jan 2021	935	24,072	68,241	12,082	105,331
Additions	5		4,547	607	5,159
Disposals	-18		-4,721	-209	-4,948
Transfers	268		-268		-
Translation differences		-392	-861	-167	-1,420
Acquisition cost at 31 Dec 2021	1,189	23,680	66,938	12,313	104,121
Accumulated depreciation, amortisation, and impairment at 1 Jan 2021	858	-	56,859	2,837	60,555
Depreciation and amortisation	129		2,401	1,446	3,976
Accumulated depreciation and amortisation on disposals and transfers	-18		-4,721		-4,739
Translation differences			-733		-733
Accumulated depreciation, amortisation, and impairment at 31 Dec 2021	969	-	53,807	4,283	59,059
Carrying amount at 1 Jan 2021	77	24,072	11,382	9,244	44,776
Carrying amount at 31 Dec 2021	221	23,680	13,131	8,030	45,062

Fair value of financial assets and liabilities

Financial assets

EUR thousand	31 Dec 2022	31 Dec 2021
Level 2		
Assets measured at fair value		
Derivative financial instruments:		
Foreign exchange forward contracts and interest hedging	93	14
Total	93	14

Financial liabilities

EUR thousand	31 Dec 2022	31 Dec 2021
Level 2		
Liabilities measured at fair value		
Derivative financial instruments:		
Foreign exchange forward contracts	8	-
Total	8	-

The derivatives have been presented in the note above. The carrying amounts of other financial assets and liabilities in the balance sheet equal their fair value.

Commitments

EUR thousand	31 Dec 2022	31 Dec 2021
Guarantees and mortgages given on own behalf:		
Enterprise mortgages	50,060	53,514
Property mortgages	10,192	10,192
Other guarantees	50	55
Total	60,303	63,762

Contingent liabilities

Orthex Group was subject to a tax audit of Orthex Corporation regarding the financial years 2020 and 2021. Orthex Corporation received early in May 2022 a tax audit report from the Finnish tax authorities. The tax audit report included subsequent taxes and tax increases amounting to a total of EUR 0.3 million relating to the VAT deductibility of IPO related costs. The company disagrees with the interpretation made in the tax audit. The company was requested to pay additional taxes in accordance with the interpretations set out in the tax audit report. The company paid the subsequent taxes and tax increases in June 2022 but has filed a claim for adjustment to its taxation to the Assessment Adjustment Board of the Finnish tax authority. The Group has not recognised the subsequent taxes and tax increases in the consolidated statement of comprehensive income.

APPENDIX:

Key Performance Indicators

EUR thousand	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Net sales	20,357	23,076	84,048	88,694
Net sales growth, %	-11.8%	6.8%	-5.2%	16.9%
Constant currency invoiced sales growth, %	-8.8%	6.5%	-3.8%	15.7%
Invoiced sales	20,607	23,546	85,794	90,552
Invoiced sales growth, %	-12.5%	7.1%	-5.3%	16.3%
Gross margin	4,969	5,124	17,919	23,204
Gross margin, %	24.4%	22.2%	21.3%	26.2%
EBITDA	2,611	2,693	9,154	13,226
EBITDA margin, %	12.8%	11.7%	10.9%	14.9%
EBITA	1,611	1,704	5,317	9,380
EBITA margin, %	7.9%	7.4%	6.3%	10.6%
Operating profit	1,579	1,672	5,191	9,250
Operating profit margin, %	7.8%	7.2%	6.2%	10.4%
Items affecting comparability	6	60	173	1,616
Adjusted gross margin	4,969	5,184	17,919	23,279
Adjusted gross margin, %	24.4%	22.5%	21.3%	26.2%
Adjusted EBITDA	2,617	2,753	9,328	14,842
Adjusted EBITDA margin, %	12.9%	11.9%	11.1%	16.7%
Adjusted EBITA	1,617	1,764	5,490	10,996
Adjusted EBITA margin, %	7.9%	7.6%	6.5%	12.4%
Adjusted operating profit	1,585	1,732	5,364	10,867
Adjusted operating profit margin, %	7.8%	7.5%	6.4%	12.3%
Earnings per share, basic (and diluted), EUR	0.02	0.06	0.12	0.35
FTEs	289	302	295	314
Personnel expenses	4,391	4,981	18,300	19,693
Key cash flows indicators				
Net cash flows from operating activities	278	1,769	6,177	8,979
Operating free cash flows	786	1,637	5,774	10,046
Cash conversion, %	30.0%	59.5%	61.9%	67.7%
Investments in tangible and intangible assets	-1,831	-1,116	-3,553	-4,797
Financial position key figures				
Net debt	26,028	25,887	26,028	25,887
Net debt / adjusted EBITDA last 12 months	2.8x	1.7x	2.8x	1.7x
Net working capital	13,670	14,482	13,670	14,482
Capital employed excluding goodwill	33,487	34,004	33,487	34,004
Return on capital employed (ROCE), %	5.0%	5.0%	15.4%	28.1%
Adjusted return on capital employed (ROCE), %	5.0%	5.1%	15.9%	33.0%
Equity ratio, %	36.3%	35.8%	36.3%	35.8%
Return on equity, %	1.2%	3.2%	6.9%	24.7%

Reconciliation of APMs

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales growth, %				
Net sales	20,357	23,076	84,048	88,694
Net sales growth, %	-11.8%	6.8%	-5.2%	16.9%
Constant currency Net sales growth, %				
Net sales	20,357	23,076	84,048	88,694
FX rate adjustment	-	-747	-	-1,291
Constant currency Net sales	20,357	22,329	84,048	87,403
Constant currency Net sales growth, %	-8.8%	6.5%	-3.8%	15.7 %
Invoiced sales				
Net sales	20,357	23,076	84,048	88,694
Discounts and bonuses	810	937	3,182	3,067
Other sales and refunds	-560	-468	-1,437	-1,209
Invoiced sales	20,607	23,546	85,794	90,552
Invoiced sales growth, %	-12.5%	7.1%	-5.3%	16.3 %
Gross margin				
Net sales	20,357	23,076	84,048	88,694
Cost of sales	-15,388	-17,952	-66,129	-65,490
Gross margin	4,969	5,124	17,919	23,204
Gross margin, %	24.4%	22.2%	21.3%	26.2%
EBITDA				
Operating profit	1,579	1,672	5,191	9,250
Depreciation, amortisation, and impairment	1,032	1,021	3,964	3,976
EBITDA	2,611	2,693	9,154	13,226
EBITDA margin, %	12.8%	11.7%	10.9%	14.9%
EBITA				
Operating profit	1,579	1,672	5,191	9,250
Amortisation and impairment	32	32	126	129
EBITA	1,611	1,704	5,317	9,380
EBITA margin, %	7.9%	7.4%	6.3%	10.6%
Operating profit				
Operating profit	1,579	1,672	5,191	9,250
Operating profit margin, %	7.8%	7.2%	6.2%	10.4%
Items affecting comparability / adjustments (Gross margin)				
Other items affecting comparability	-	60	-	75
Items affecting comparability / adjustments (Gross margin)	-	60	-	75
Items affecting comparability / adjustments (EBITDA)				
Other items affecting comparability	6	60	173	85
Costs related to listing	-	-	-	1,531
Items affecting comparability / adjustments (EBITDA)	6	60	173	1,616

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted gross margin				
Gross margin	4,969	5,124	17,919	23,204
Adjustments (Gross margin)	-	60	-	75
Adjusted gross margin	4,969	5,184	17,919	23,279
Adjusted gross margin, %	24.4%	22.5%	21.3%	26.2%
Adjusted EBITDA				
Operating profit	1,579	1,672	5,191	9,250
Depreciation, amortisation, and impairment	1,032	1,021	3,964	3,976
Adjustments (EBITDA)	6	60	173	1,616
Adj. EBITDA	2,617	2,753	9,328	14,842
Adj. EBITDA margin, %	12.9%	11.9%	11.1%	16.7%
Adjusted EBITA				
Operating profit	1,579	1,672	5,191	9,250
Amortisation and impairment	32	32	126	129
Adjustments (EBITA)	6	60	173	1,616
Adj. EBITA	1,617	1,764	5,490	10,996
Adj. EBITA margin, %	7.9%	7.6%	6.5%	12.4%
Adjusted operating profit				
Operating profit	1,579	1,672	5,191	9,250
Adjustments	6	60	173	1,616
Adj. operating profit	1,585	1,732	5,364	10,867
Adj. operating profit margin, %	7.8%	7.5%	6.4%	12.3%
Earnings per share, basic (and diluted), EUR				
Profit for the period	344	1,012	2,121	6,035
Average number of shares	17,759	17,759	17,759	17,426
Earnings per share, basic (and diluted), EUR	0.02	0.06	0.12	0.35
Operating free cash flows				
Adj. EBITDA	2,617	2,753	9,328	14,842
Investments in tangible and intangible assets	-1,831	-1,116	-3,553	-4,797
Operating free cash flows	786	1,637	5,774	10,046
Cash conversion, %				
Operating free cash flows	786	1,637	5,774	10,046
Adj. EBITDA	2,617	2,753	9,328	14,842
Cash conversion, %	30.0%	59.5%	61.9%	67.7%
Net debt				
Total interest-bearing liabilities	36,312	40,220	36,312	40,220
Cash and cash equivalents	-10,284	-14,334	-10,284	-14,334
Net debt	26,028	25,887	26,028	25,887
Net debt/ Adj. EBITDA				
Net debt	26,028	25,887	26,028	25,887
Adj. EBITDA, 12 months	9,328	14,842	9,328	14,842
Net debt/ Adj. EBITDA	2.8x	1.7x	2.8x	1.7x

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net working capital				
Inventories	14,283	12,647	14,283	12,647
Trade and other receivables	13,387	15,528	13,387	15,528
Trade and other payables	-14,000	-13,692	-14,000	-13,692
Net working capital	13,670	14,482	13,670	14,482
Capital employed excluding goodwill				
Total equity	29,711	31,798	29,711	31,798
Net debt	26,028	25,887	26,028	25,887
Goodwill	-22,252	-23,680	-22,252	-23,680
Capital employed excluding goodwill	33,487	34,004	33,487	34,004
Return on capital employed (ROCE), %				
Operating profit	1,579	1,672	5,191	9,250
Average capital employed excluding goodwill	31,530	33,742	33,746	32,920
Return on capital employed (ROCE), %	5.0%	5.0%	15.4%	28.1%
Adjusted return on capital employed (ROCE), %				
Adjusted operating profit	1,585	1,732	5,364	10,867
Average capital employed excluding goodwill	31,530	33,742	33,746	32,920
Adjusted return on capital employed (ROCE), %	5.0%	5.1%	15.9%	33.0%
Equity ratio, %				
Total equity	29,711	31,798	29,711	31,798
Total assets	81,837	88,842	81,837	88,842
Equity ratio, %	36.3%	35.8%	36.3%	35.8%
Return on equity, %				
Profit for the period	344	1,012	2,121	6,035
Total equity (average for the first and last day of the period)	29,200	31,420	30,754	24,410
Return on equity, %	1.2%	3.2%	6.9%	24.7%

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
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 are the Nordics and the export markets. The export markets are divided into the rest of Europe and the rest of the world. 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 renewable and recycled materials. Orthex aims for its production to be carbon neutral by 2030.



Orthex Epoque window box 60 cm with self-watering insert



orthex
GROUP

Orthex Corporation
www.investors.orthexgroup.com