

INTERIM REPORT

January – March 2023

17 May 2023

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A leading Nordic houseware company with strong brands and sustainable products



7 sales offices



>40 customer countries



3 factories (incl. warehouses)



>90% own brands



~ 300 employees (FTE)



Sustainability focus



GastroMax™
by orthex™

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

JANUARY-MARCH 2023 IN BRIEF

Interim report January-March 2023



January-March 2023

Net sales

- Orthex's net sales decreased slightly. In constant currency sales grew slightly.
- Strong sales development in strategically important European markets
- Consumer and customer uncertainty hampered sales in the Nordics

Cost inflation impacted profitability

- Cost inflation began to stabilize, but transport and energy cost on a high level
- Results were affected by a weak Swedish and Norwegian krona
- Adapting to lower demand and still high costs characterised Q1 in the Nordics

Raw material price development

- The price of raw materials was down from peak levels, but still higher than the long-term average
- Active work with long-term pricing strategy to adapt to changing cost

Q1 2023: Net sales decreased by 0.5% and adjusted EBITA was EUR 2.4 million

Net Sales and Invoiced Sales

- Net sales decreased 0.5% to EUR 20.5 million (20.6)
- In constant currency, overall net sales growth was 2.5%
- Invoiced sales decreased by 1.3% and totalled EUR 21.2 million (21.5)
- Invoiced sales in the rest of Europe grew by 37.3% to EUR 4.9 million (3.5)

Adjusted EBITA

- Adjusted EBITA was EUR 2.4 million (1.8)
- Adjusted EBITA margin was 11.7% (8.8)

Net debt to adjusted EBITDA ratio

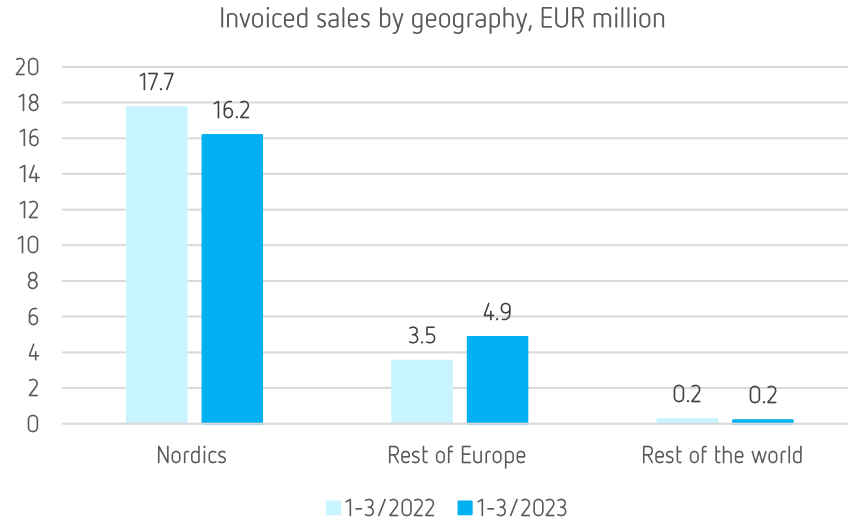
- Leverage was 2.4x (1.8)

Cash flows

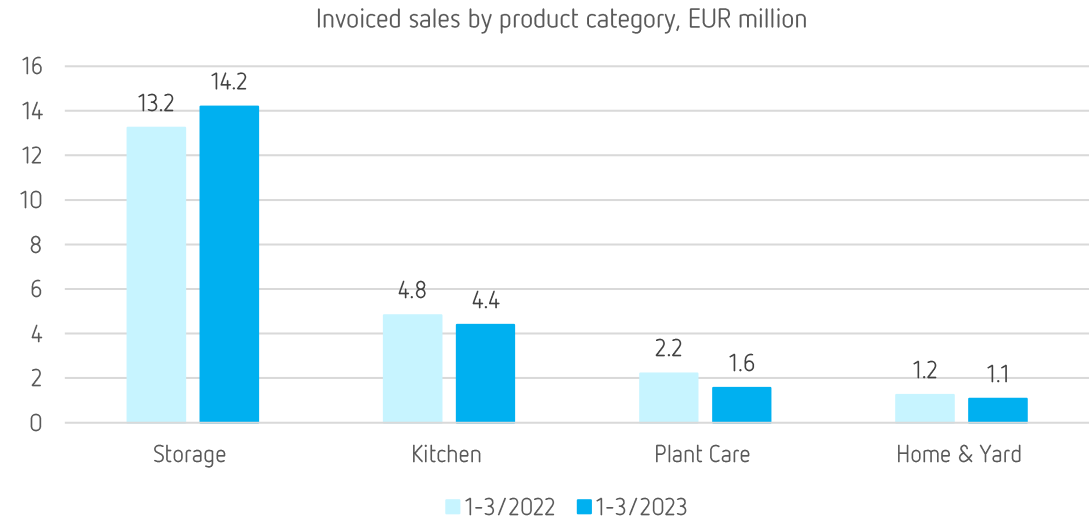
- Net cash flows from operating activities were EUR 2.5 million (1.9)



Invoiced sales by geography & product category



- Orthex's invoiced sales in the core market Nordics were EUR 16.2 million (17.7)
- Invoiced sales in the rest of Europe grew by 37.3% to EUR 4.9 million (3.5). The positive European sales development is a result of successful commercial strategy implementation.
- Invoiced sales in the rest of the world were EUR 0.2 million (0.2)



- Invoiced sales in the largest category Storage increased to EUR 14.2 million (13.2)
- Invoiced sales in the Kitchen category decreased to EUR 4.4 million (4.8), which was mainly due to decreasing demand among existing Nordic customers
- Invoiced sales in the Plant Care category were EUR 1.6 million (2.2)
- Invoiced sales in the Home & Yard category were EUR 1.1 million (1.2)

Ambiente 2023



- Orthex's attendance at the Ambiente fair in Frankfurt was one of many commercial highlights of the quarter
- Ambiente is the industry's most important sales fair that was organised again after a 3-year COVID-19 break

STRATEGY

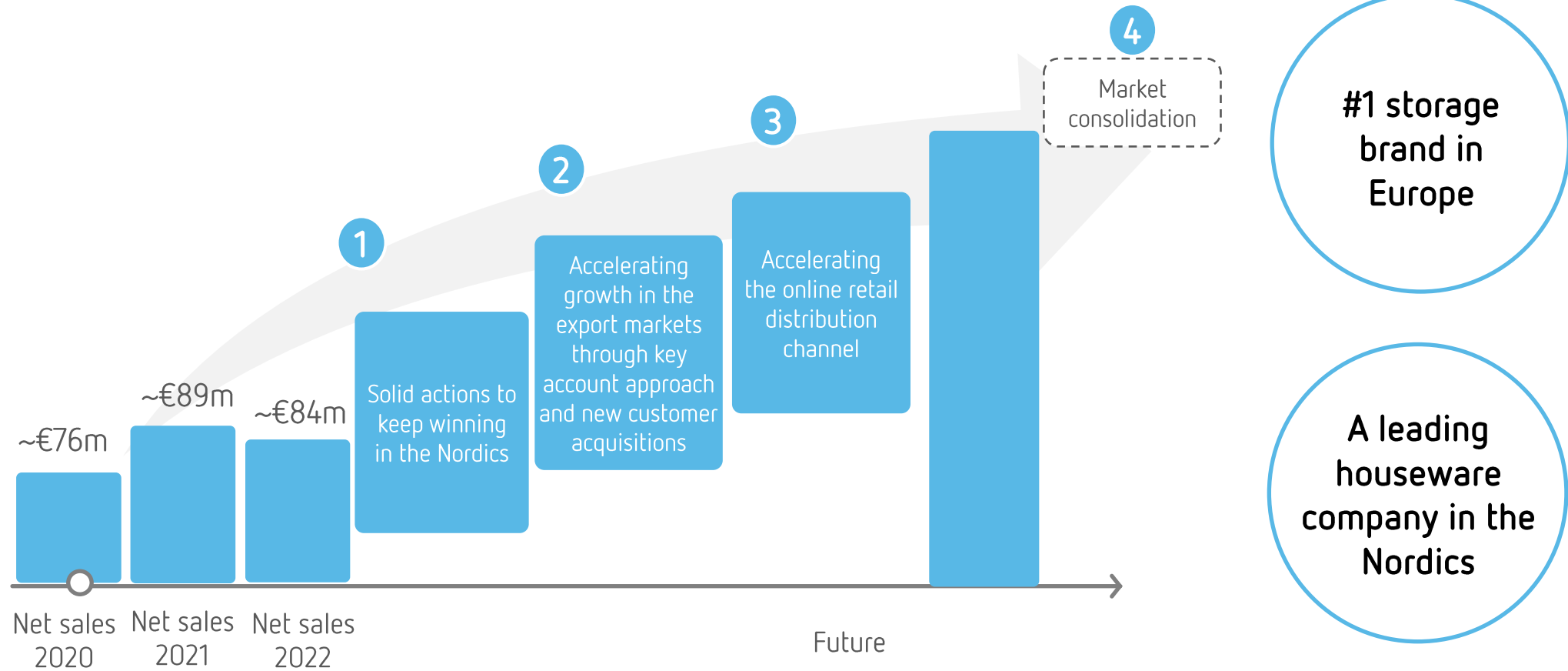
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Orthex's key growth strategy objectives are:

- 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



Clear category strategy focusing on storage



Showing the way in sustainability



Maintain a high innovation rate

SUSTAINABILITY

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Forerunner in sustainability in our industry

ENVIRONMENTAL



Long-lasting
products



NORDIC DESIGN
& QUALITY

Local
production

SOCIAL



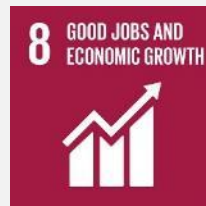
Increased usage of
renewable and recycled
materials

GOVERNANCE



Target: towards
carbon neutrality
in our production
by 2030

Active support of the
UN Sustainable
Development Goals



Sustainability

Significant sustainability milestones and results during 2022

- SBTi approved Orthex's near-term science-based emissions reduction target
- Sustainability strategy updated and road map towards carbon neutrality created
- Orthex's Scope 1, 2 and 3 emissions decreased by 23% (31,107 vs. 40,304 tCO₂ eq.)
- Relative carbon footprint was also significantly smaller than in 2021 (2.2 vs. 2.5 kgCO₂ eq./kg)
- Result of the employee survey improved to 14.6 (14.4 in 2021)

Sustainability highlights Q1 2023

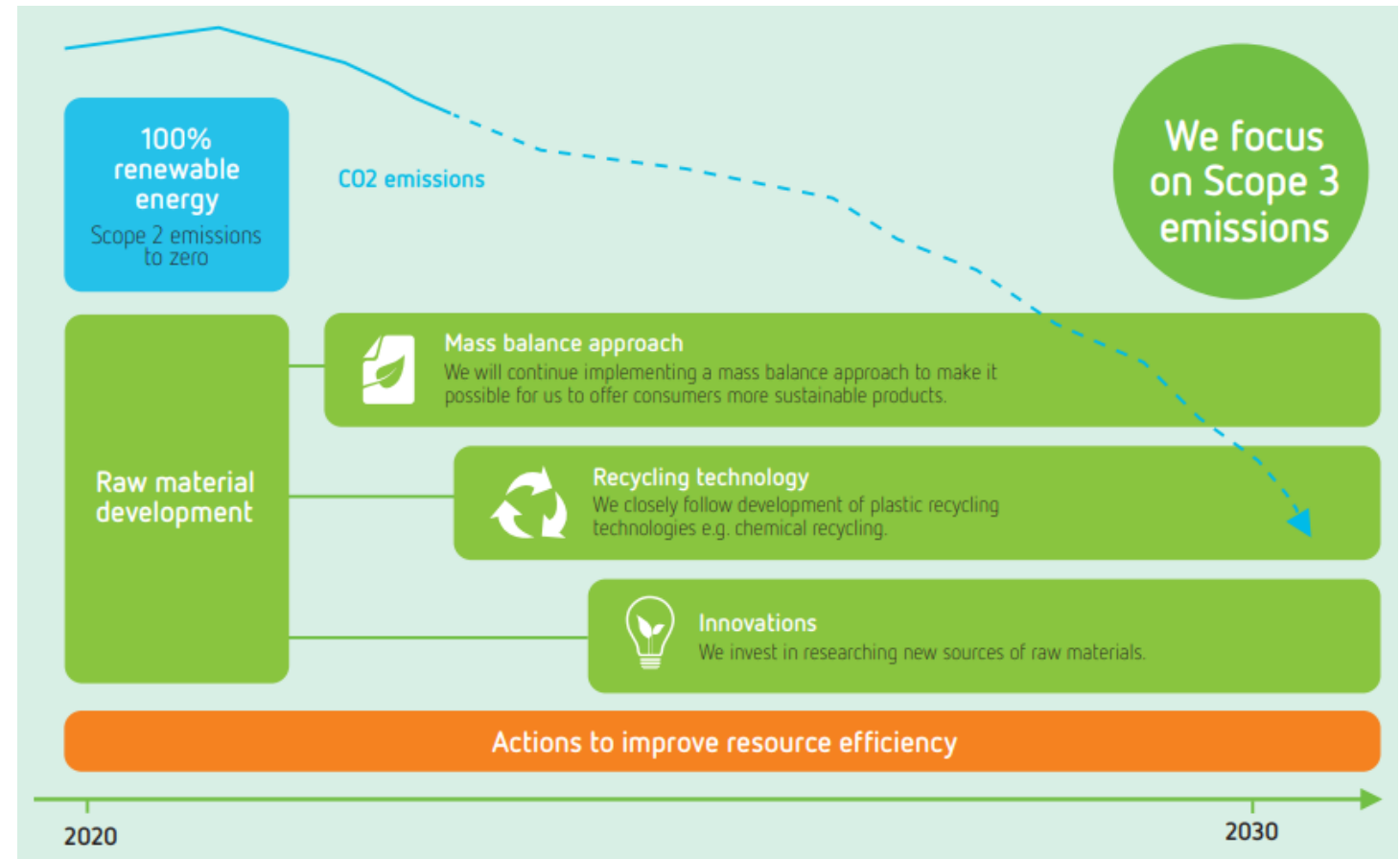
- Orthex's Lohja factory ISCC PLUS certificate was renewed
- Usage of ISCC PLUS certified renewable raw materials applying the mass balance approach support Orthex's long-term carbon neutrality target



Orthex road map towards carbon neutrality by 2030

- We have set an ambitious target and are aiming towards carbon neutrality in our production by 2030
- As our 2 emissions are already reduced to zero (renewable energy) and Scope 1 emissions are small - our focus is on our Scope 3 emissions (mostly raw materials)
- Increasing the share of renewable and recycled raw materials in our production will have the biggest impact on reducing our CO2 emissions
- Key drivers enabling us to move towards our goal are:
 - further adoption of the mass balance approach
 - development of plastic recycling technology
 - innovations and new sources of raw materials

Year	Scope 1	Scope 2	Scope 3	Total	kgCO2 eq./kg of plastic products	EoL sold products
2020	72	3,052	33,683	36,807	2.5	27,280
2021	66	0	40,238	40,304	2.5	30,203
2022	74	0	31,033	31,107	2.2	26,534

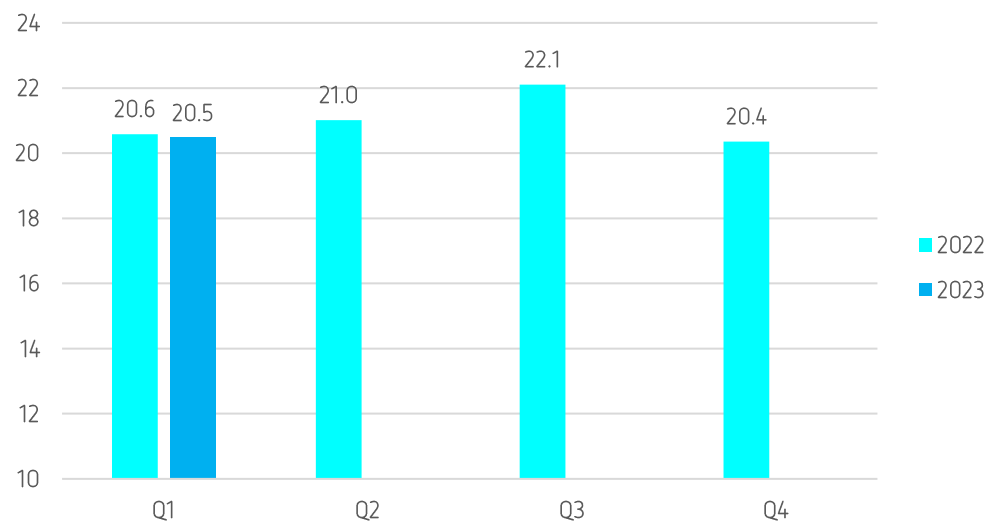


FINANCIALS

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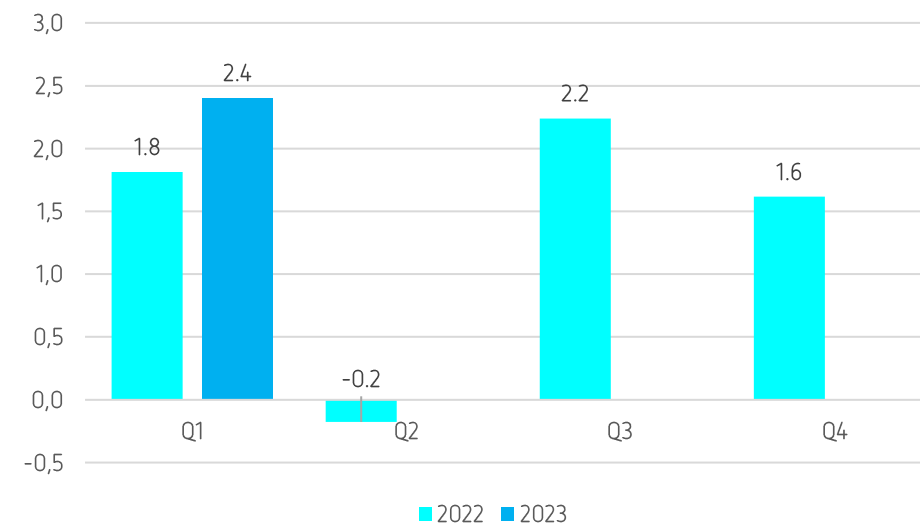
Net sales & profitability

Net sales quarterly, EUR million



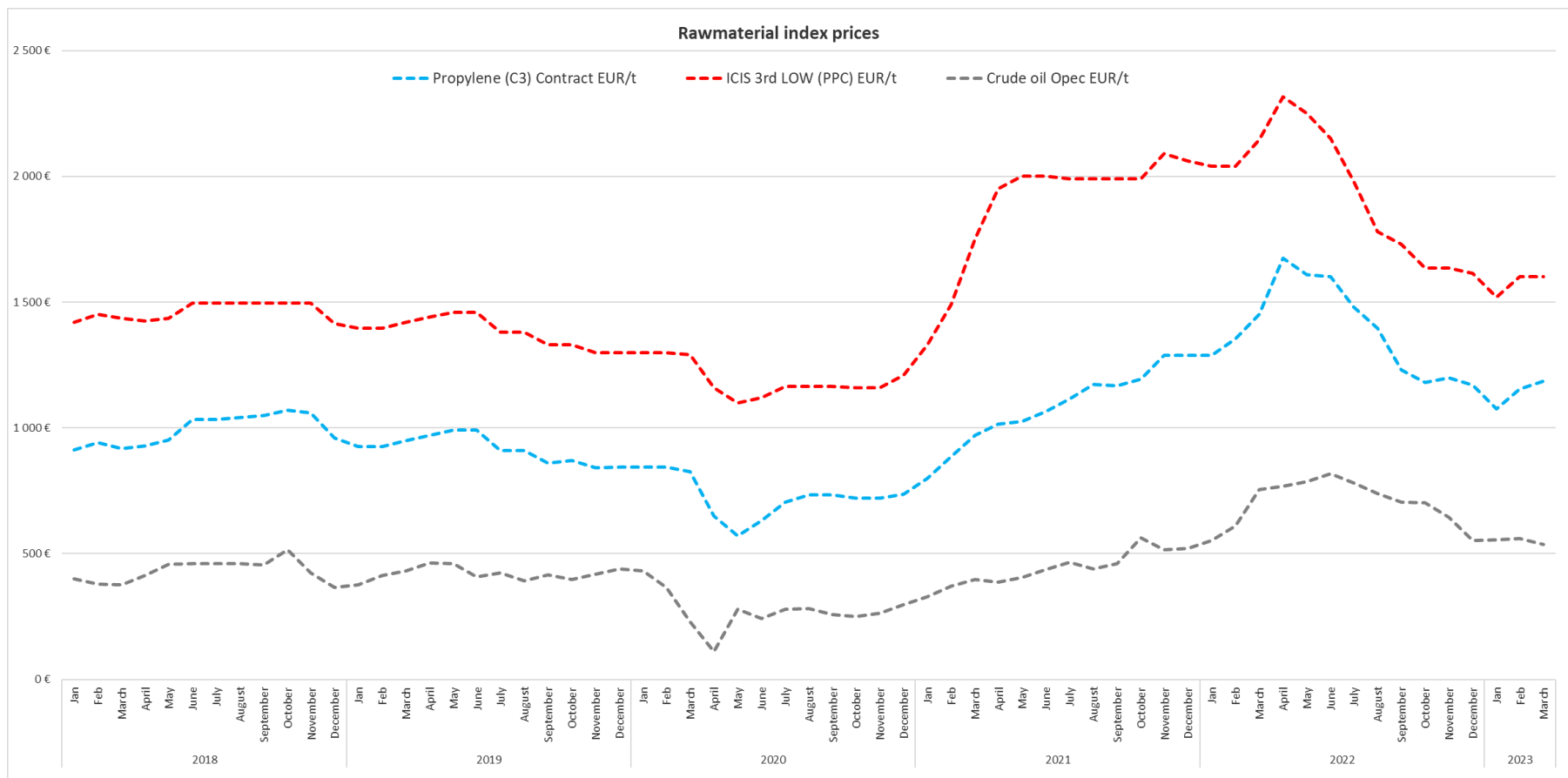
- In Q1 2023, the Group's Net sales decreased by 0.5% to EUR 20.5 million (20.6)
- The increase in constant currency Net sales was 2.5% compared to the first quarter of 2022
- Sales in Nordics decreased mainly due consumer and customer uncertainty

Adjusted EBITA quarterly, EUR million



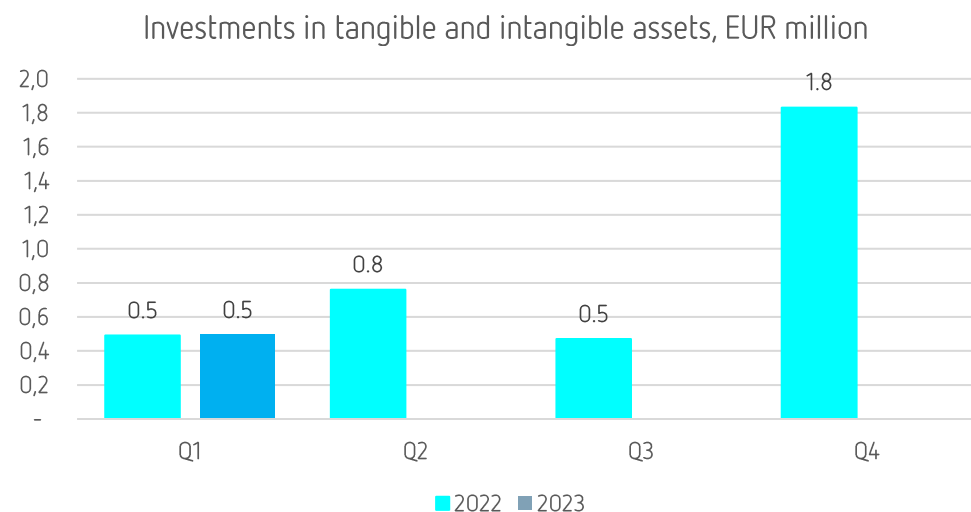
- Adjusted EBITA increased to EUR 2.4 million (1.8). The adjusted EBITA margin increased to 11.5% (8.8).
- Adjusted Gross margin was EUR 5.4 million (4.9)
- Adjusted Gross margin % increased 1.7 percentage points from 23.8% to 25.5%

Development of raw material price indexes

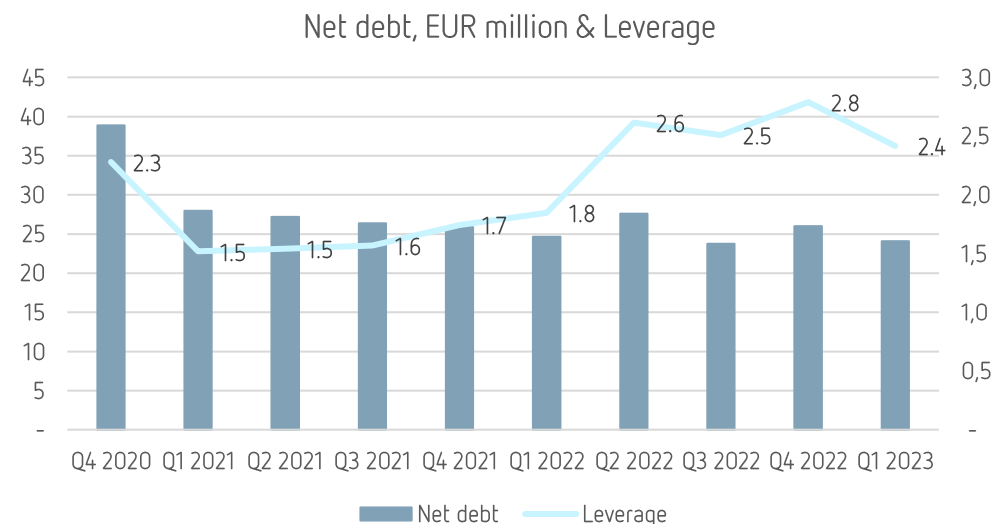


- Prices have decreased from all time high levels
- Compared to long term average, the raw material price indexes are still on a high level
- Still uncertainty in raw material demand
- No availability issues

Investments & net debt



- Orthex's investments during the first quarter of 2023 amounted to EUR 0.5 million and were mainly related to new products and capacity increases



- At the end of the reporting period, the Group's net debt was EUR 24.1 million (24.7)
- The non-current interest-bearing liabilities were EUR 31.6 million (35.8) and Orthex's total interest-bearing liabilities were EUR 35.9 million (40.0) on 31 March 2023
- Leverage was 2.4x at the end of the quarter

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"	-0.5% total 33.7% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	11.7%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	2.4x
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

SUMMARY



IMPROVED PROFITABILITY

STRONG SALES GROWTH IN
EUROPE

CONSUMER UNCERTAINTY
IN THE NORDICS

Q&A

www.investors.orthexgroup.com



Key Figures

KEY FIGURES

EUR million	1–3/2023	1–3/2022	Change	1–12/2022
Invoiced sales	21.2	21.5	-1.3%	85.8
Net sales	20.5	20.6	-0.5%	84.0
Gross margin	5.4	4.9	10.5%	17.9
Gross margin, %	26.5%	23.8%		21.3%
EBITDA	3.4	2.8	21.3%	9.2
EBITDA margin, %	16.4%	13.4%		10.9%
Adjusted EBITDA	3.4	2.8	23.3%	9.3
Adjusted EBITDA margin, %	16.6%	13.4%		11.1%
EBITA	2.3	1.8	29.4%	5.3
EBITA margin, %	11.5%	8.8%		6.3%
Adjusted EBITA	2.4	1.8	32.4%	5.5
Adjusted EBITA margin, %	11.7%	8.8%		6.5%
Operating profit	2.3	1.8	29.9%	5.2
Operating profit margin, %	11.3%	8.7%		6.2%
Net cash flows from operating activities	2.5	1.9	33.8%	6.2
Net debt / Adjusted EBITDA	2.4x	1.8x		2.8x
Adjusted return on capital employed (ROCE), %	7.2%	5.3%		15.9%
Equity ratio, %	37.6%	36.7%		36.3%
Earnings per share, basic (EUR)	0.07	0.06	17.3%	0.12
FTEs	281	294	-4.4%	295

Financial releases in 2023

Orthex will publish its financial reports in 2023 as follows:

- 24 August 2023, Half-year financial report January–June 2023
- 7 November 2023, Interim report January–September 2023



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Practical is Beautiful