

# HALF-YEAR FINANCIAL REPORT

January – June 2023

24 August 2023  
Alexander Rosenlew, CEO  
Saara Mäkelä, CFO  
Hanna Kukkonen, CMO





# Content

1. Introduction to Orthex
2. January–June 2023 in brief
3. Strategy
4. Sustainability
5. Financials
6. Q&A



# 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 sustainability<sup>2)</sup>



Long-lasting high-quality products



~10% of sales from new launches

Note: 1) YTD Invoiced sales split by product category; 2) No single-use plastics

# JANUARY-JUNE 2023 IN BRIEF

Half-year financial report January-June 2023



# January-June 2023

## Net sales

- Orthex's net sales decreased by 2.3%. In constant currency, net sales grew by 1.2%.
- Continued growth in Europe outside the Nordics
- Careful consumer behaviour in the Nordics

## Profitability

- Significant profitability improvement
- The positive development is affected by lower raw-material prices and electricity support from the Swedish state
- The results were weakened by the Swedish and Norwegian krona

## Raw material price development

- Raw material prices were stable during the second quarter



# Q2 2023: Net sales decreased by 4.1% and adjusted EBITA increased to EUR 2.1 million

## Net Sales and Invoiced Sales

- Net sales decreased by 4.1% to EUR 20.1 million (21.0)
- In constant currency, overall net sales development was flat
- Invoiced sales decreased by 4.3% and totalled EUR 20.6 million (21.5)
- Invoiced sales in the Rest of Europe grew by 13.5% to EUR 3.9 million (3.5)

## Adjusted EBITA

- Adjusted EBITA was EUR 2.1 million (-0.2)
- Adjusted EBITA margin was 10.3% (-0.8)

## Cash flows

- Net cash flows from operating activities were EUR 2.0 million (-0.4)



# H1 2023: Net sales decreased by 2.3% and adjusted EBITA was EUR 4.5 million

## Net Sales

- Net sales decreased by 2.3% to EUR 40.6 million (41.6)
- Invoiced sales decreased by 2.8% and totalled EUR 41.8 million (43.0)

## Adjusted EBITA

- Adjusted EBITA was EUR 4.5 million (1.6)
- Adjusted EBITA margin was 11.0% (3.9)

## Net debt to adjusted EBITDA ratio

- Leverage was 2.0x (2.6)

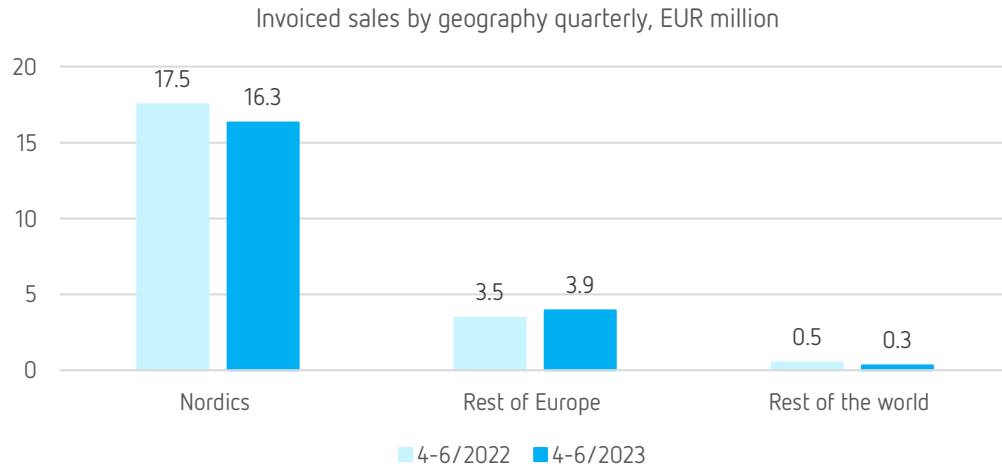
## Cash flows

- Net cash flows from operating activities were EUR 4.5 million (1.5)

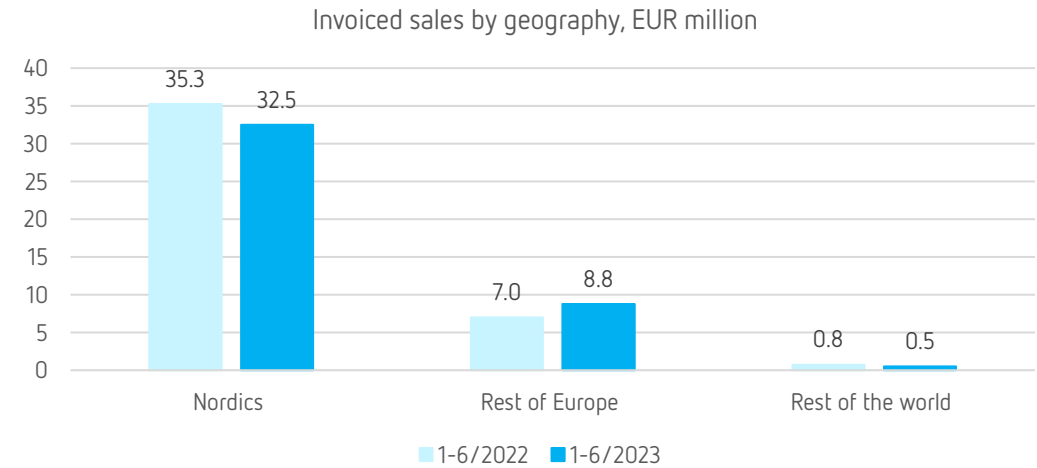




# Invoiced sales by Geography



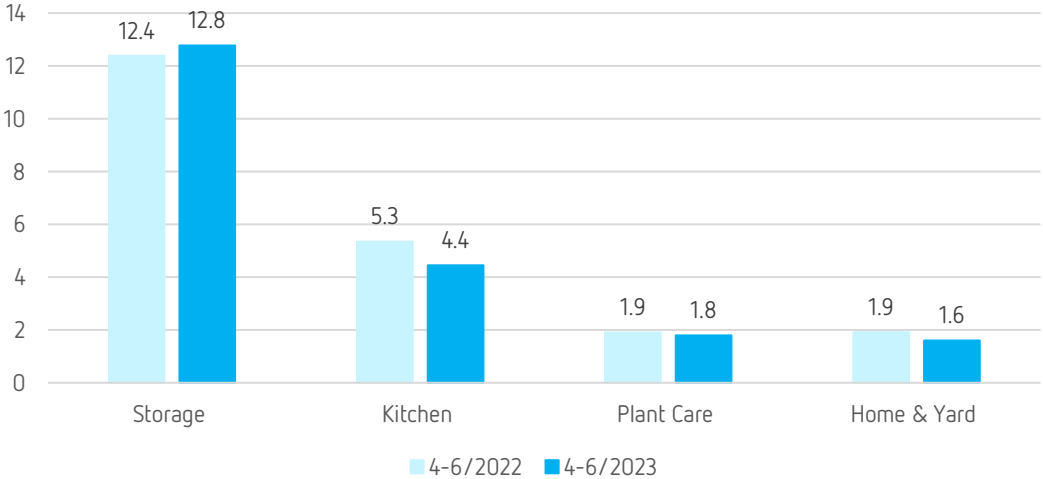
- Orthex's invoiced sales in the core market Nordics were EUR 16.3 million (17.5)
- The sales in the Nordics were slowed down by consumer behaviour and weak currency rates
- The strategy to accelerate sales in the Rest of Europe delivered invoiced sales growth of 13.5% and sales were EUR 3.9 million (3.5).
- Invoiced sales in the Rest of the world were EUR 0.3 million (0.5)



- Orthex's invoiced sales in the Nordics were EUR 32.5 million (35.3)
- Invoiced sales in the Rest of Europe were EUR 8.8 million (7.0). Invoiced sales in the Rest of the world totalled EUR 0.5 million (0.8)
- The invoiced sales outside the Nordics increased by 20.0% compared to H1 2022
- The positive European sales development is a result of successful commercial strategy implementation

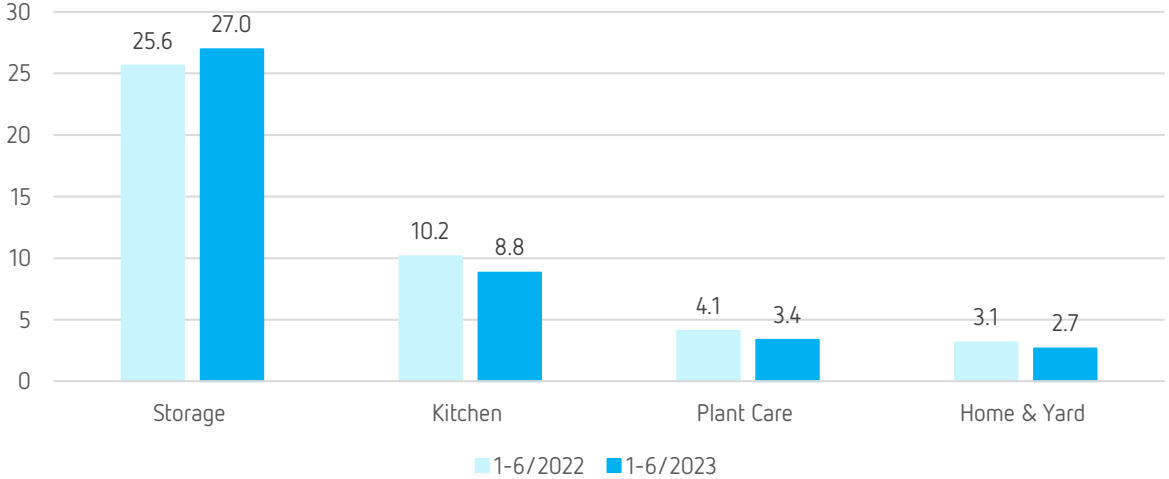
# Invoiced sales by Product category

Invoiced sales by product category quarterly, EUR million



- Invoiced sales in the largest category Storage increased to EUR 12.8 million (12.4)
- Invoiced sales in the Kitchen category decreased to EUR 4.4 million (5.3) due to weak consumer demand in the Nordics
- Invoiced sales in the Plant Care category were EUR 1.8 million (1.9)
- Invoiced sales in the Home & Yard category were EUR 1.6 million (1.9)

Invoiced sales by product category, EUR million



- Invoiced sales in the largest category Storage increased to EUR 27.0 million (25.6). The positive development in sales outside the Nordics takes the overall Storage category growth to 5.2%
- Invoiced sales in the Kitchen category decreased to EUR 8.8 million (10.2)
- Invoiced sales in the Plant Care category were EUR 3.4 million (4.1)
- Invoiced sales in the Home & Yard category were EUR 2.7 million (3.1)



# STRATEGY

Half-year financial report January–June 2023

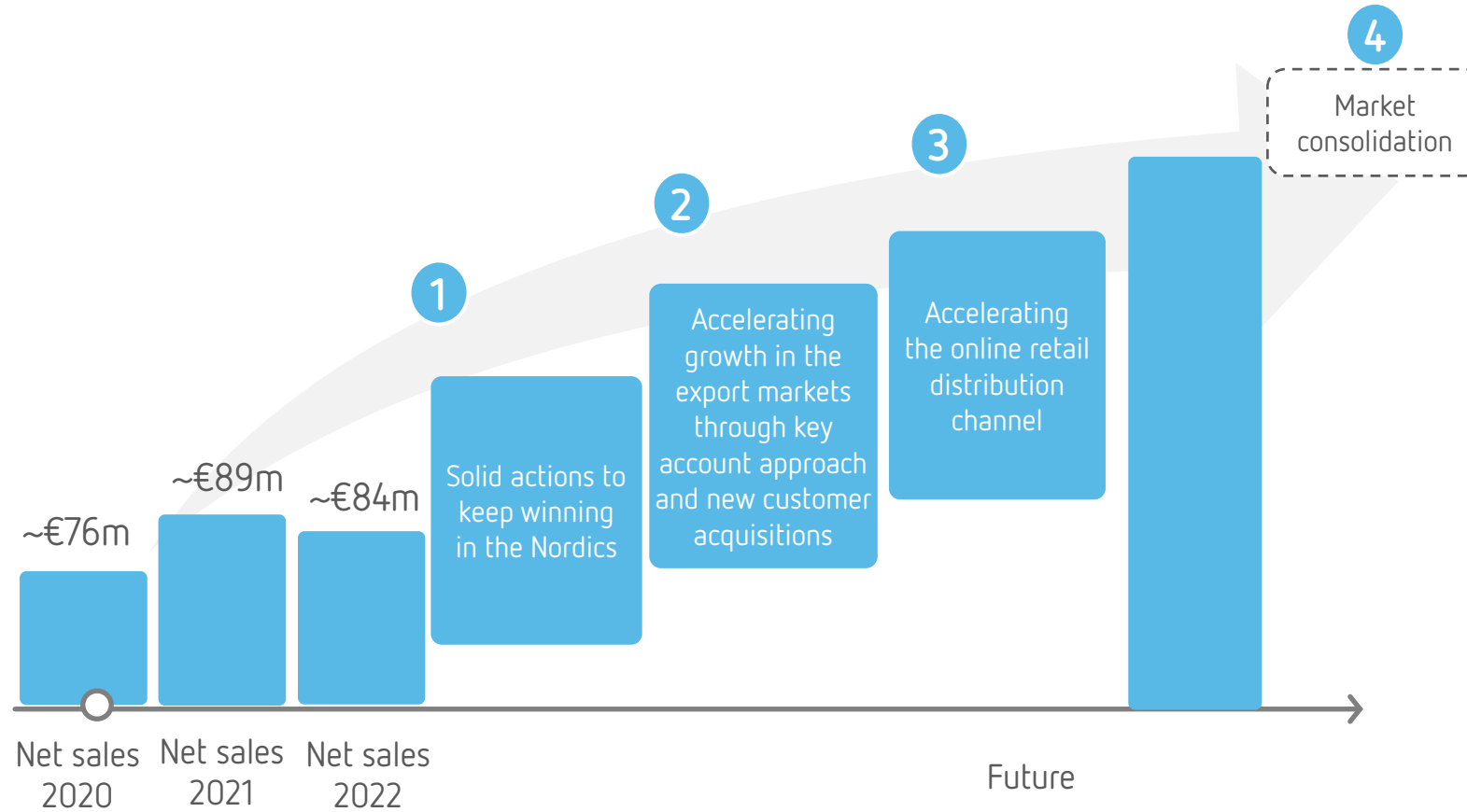
Orthex's key growth strategy objectives are:

- 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



**#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

Half-year financial report January–June 2023



# 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

## Ecovadis ESG assessment

- Orthex participated in the Ecovadis ESG assessment for the first time and was awarded with a silver medal on its sustainability performance
- The assessment results places Orthex among the top 18 percent of companies globally assessed by EcoVadis, the world's largest and most trusted provider of business sustainability ratings



## Nasdaq ESG Transparency

- In June, Orthex was awarded with the Nasdaq ESG Transparency Partner badge for 2022 ESG reporting



## ISCC PLUS certificate

- In May, Orthex's Gnosjö factory was granted an ISCC PLUS certificate
- Usage of ISCC PLUS certified renewable raw materials applying the mass balance approach support Orthex's long-term carbon neutrality target, and the target to increase the share of sustainable raw materials in production



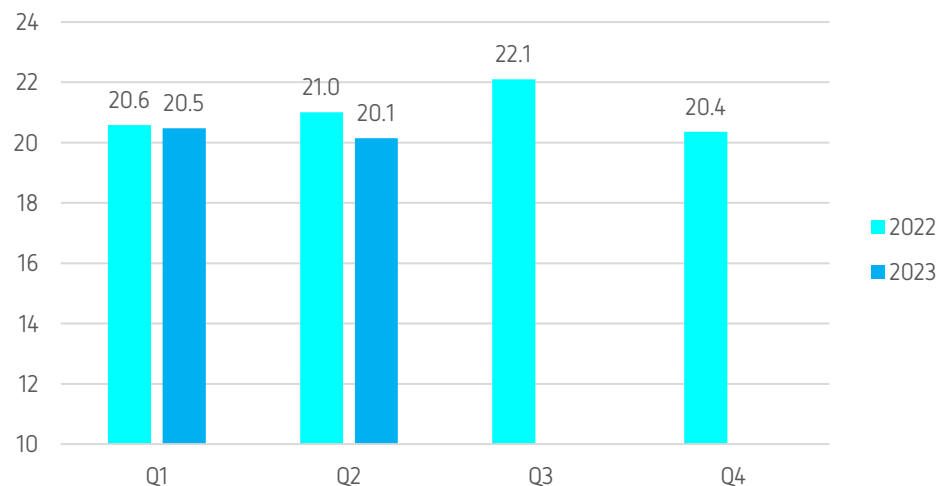


# FINANCIALS

Half-year financial report January – June 2023

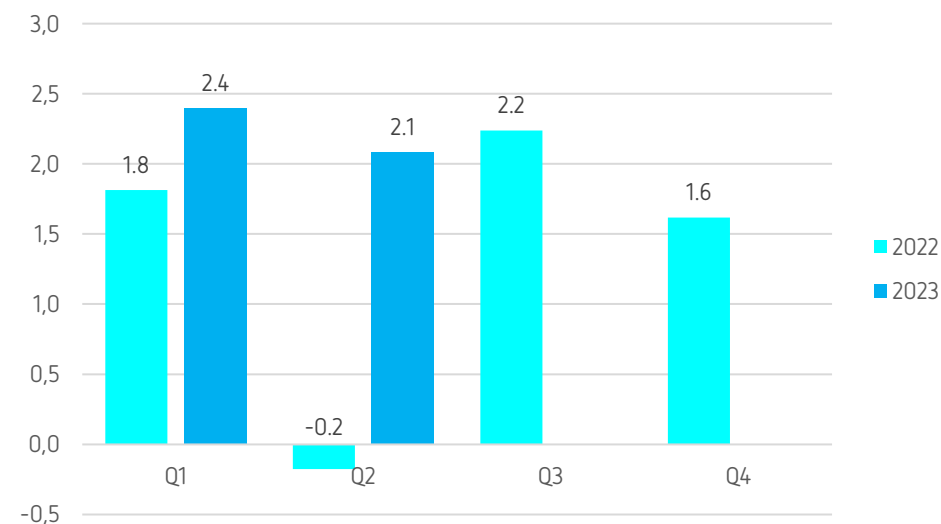
# Net sales & profitability

Net sales quarterly, EUR million



- In Q2 2023, the Group's Net sales decreased by 4.1% to EUR 20.1 million (21.0)
- In Q2 Net sales in constant currency were flat (-0.1) compared to the second quarter of 2022
- Sales in the Nordics decreased mainly due to consumer uncertainty and currency rates

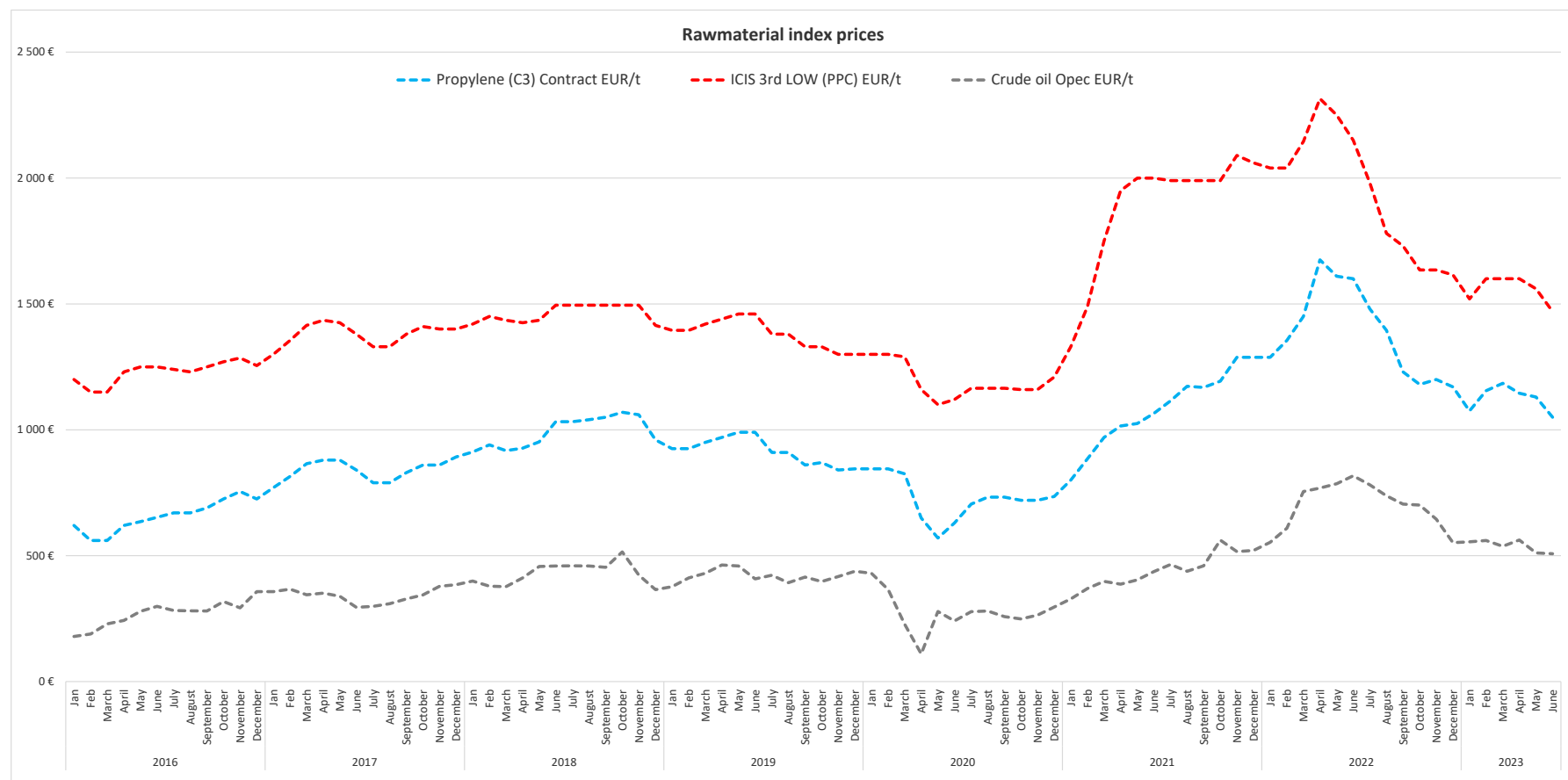
Adjusted EBITA quarterly, EUR million



- Adjusted EBITA increased to EUR 2.1 million (-0.2). The adjusted EBITA margin increased to 10.3% (-0.8)
- Adjusted Gross margin was EUR 5.2 million (3.1)
- Adjusted Gross margin % increased 10.9 percentage points from 14.7% to 25.6%

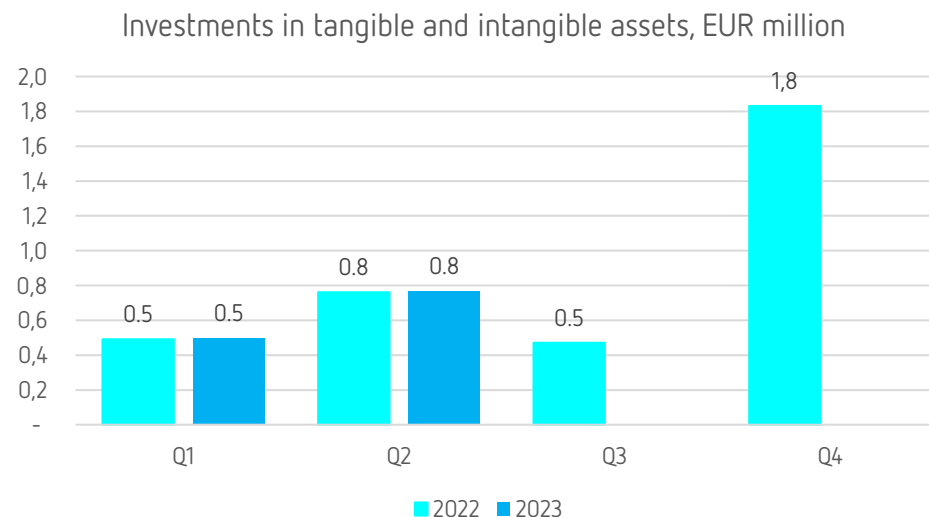


# Development of raw material price indexes

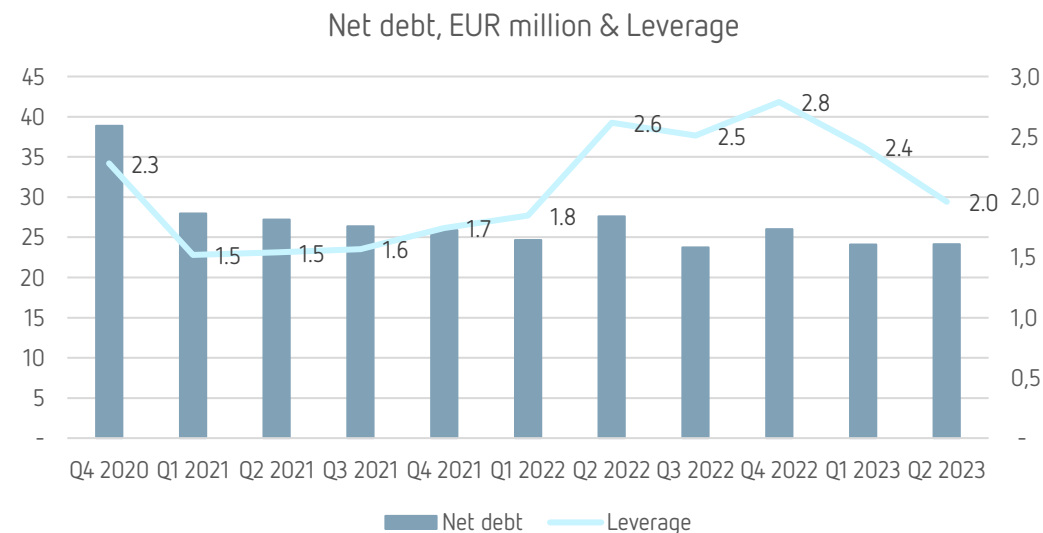


- Prices have decreased from all time high levels last year
- The pricing was fairly stable during the second quarter
- Uncertainty in raw material demand continues
- No availability issues

# Investments & net debt



- Orthex's investments during the second quarter of 2023 amounted to EUR 0.8 million and were mainly related to new products



- At the end of the reporting period, the Group's net debt was EUR 24.2 million (27.6)
- The non-current interest-bearing liabilities were EUR 29.8 million (33.8) and Orthex's total interest-bearing liabilities were EUR 34.0 million (38.0) on 30 June 2023
- Leverage was 2.0x 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"	-2.8% total 20.0% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	11.0%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	2.0x
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



SIGNIFICANTLY IMPROVED  
PROFITABILITY

CONTINUED SALES GROWTH  
IN EUROPE

WEAK DEMAND IN THE  
NORDICS



Q&A

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



# Key Figures

EUR million	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	2022
Invoiced sales	20.6	21.5	-4.3%	41.8	43.0	-2.8%	85.8
Net sales	20.1	21.0	-4.1%	40.6	41.6	-2.3%	84.0
Gross margin	5.2	3.1	66.3%	10.6	8.0	32.1%	17.9
Gross margin, %	25.6%	14.7%		26.0%	19.2%		21.3%
EBITDA	3.1	0.6	386.1%	6.5	3.4	89.9%	9.2
EBITDA margin, %	15.4%	3.0%		15.9%	8.2%		10.9%
Adjusted EBITDA	3.1	0.8	303.4%	6.5	3.5	84.4%	9.3
Adjusted EBITDA margin, %	15.4%	3.7%		16.0%	8.5%		11.1%
EBITA	2.1	-0.3	776.5%	4.4	1.5	194.4%	5.3
EBITA margin, %	10.3%	-1.5%		10.9%	3.6%		6.3%
Adjusted EBITA	2.1	-0.2	1277.2%	4.5	1.6	174.2%	5.5
Adjusted EBITA margin, %	10.3%	-0.8%		11.0%	3.9%		6.5%
Operating profit	2.1	-0.3	704.8%	4.4	1.4	203.0%	5.2
Operating profit margin, %	10.2%	-1.6%		10.8%	3.5%		6.2%
Net cash flows from operating activities	2.0	-0.4	609.7%	4.5	1.5	206.9%	6.2
Net debt / Adjusted EBITDA	2.0	2.6		2.0	2.6		2.8
Adjusted return on capital employed (ROCE), %	6.4%	-0.6%		13.6%	4.7%		15.9%
Equity ratio, %	36.0%	33.0%		36.0%	33.0%		36.3%
Earnings per share, basic (EUR)	0.06	-0.03	272.1%	0.13	0.03	372.1%	0.12
FTEs	280	301	-6.8%	282	297	-5.2%	295



# Financial releases in 2023

**Orthex will publish its financial reports in 2023 as follows:**

- 7 November 2023, Interim report January–September 2023



orthex<sup>TM</sup>

Practical is Beautiful