

Orthex Corporation

# HALF-YEAR FINANCIAL REPORT

January – June 2023



orthex  
GROUP

## ORTHEX CORPORATION: HALF-YEAR FINANCIAL REPORT JANUARY – JUNE 2023

### Improved profitability despite weak demand in the Nordics

#### APRIL – JUNE 2023

- Invoiced sales decreased by 4.3% and totalled EUR 20.6 million (21.5)
- Net sales decreased by 4.1% to EUR 20.1 million (21.0)
- Adjusted EBITDA was EUR 3.1 million (0.8)
- Adjusted EBITA was EUR 2.1 million (-0.2), representing 10.3% of sales (-0.8)
- Operating profit was EUR 2.1 million (-0.3)
- Net cash flows from operating activities were EUR 2.0 million (-0.4)
- Earnings per share, basic was EUR 0.06 (-0.03)
- Orthex was granted and paid Swedish state electricity support (EUR 0.8 million included in adjusted EBITA) for the period 1 October 2021–30 September 2022.
- Ecovadis awarded Orthex with a silver medal for its sustainability performance.
- Orthex's Gnosjö factory was granted an ISCC PLUS certificate.

#### JANUARY – JUNE 2023

- Invoiced sales decreased by 2.8% and totalled EUR 41.8 million (43.0)
- Net sales decreased by 2.3% to EUR 40.6 million (41.6)
- Adjusted EBITDA was EUR 6.5 million (3.5)
- Adjusted EBITA was EUR 4.5 million (1.6), representing 11.0% of sales (3.9)
- Operating profit was EUR 4.4 million (1.4)
- Net cash flows from operating activities were EUR 4.5 million (1.5)
- Net debt / Adjusted EBITDA was 2.0x (2.6)
- Earnings per share, basic was EUR 0.13 (0.03)



## ALEXANDER ROSENLEW, CEO:

In the second quarter, constant currency net sales development was flat at -0.1%. With currency effect, Orthex's net sales decreased by 4.1% to 20.1 million euros (21.0). The strategy of accelerating sales in the Rest of Europe delivered invoiced sales growth of 13.5% and sales were 3.9 million euros (3.5). International distribution build-up continued with Orthex's sales team being very committed to meeting customers and to attending trade and customer fairs. Active presence on our key markets is an important part of the growth strategy.

The sales in the Nordics were slowed down by careful consumer behaviour and weak currencies. The impact resulted in overall Nordic invoiced sales development of -6.9% mostly driven by the weak Swedish and Norwegian currencies.

The biggest category Storage represents most of the business outside of the Nordic countries. The positive sales development outside the Nordics took the overall Storage category growth to 3.1% compared to the same period last year. Kitchen, Plant Care and Home and Yard product categories, traditionally strong in the Nordics, declined overall because of the careful Nordic customer and consumer behaviour.

Orthex's profitability improved significantly compared to the same period last year. The adjusted EBITA margin in the second quarter was 10.3% (-0.8) and the adjusted EBITA was 2.1 million euros (-0.3). The more favourable raw-material prices, cost control and adapting the operations to lower volumes affected the result positively. In addition, Orthex received one-off support of 0.8 million euros relating to high electricity prices in Sweden between October 2021 and September 2022. The result was negatively influenced by cost inflation and the continued weak value of the Swedish and Norwegian Krona. Second quarter cash flows improved to 2.0 million euros (-0.4) and inventory level decreased according to plan.

Sales volumes have declined, however mostly off-set by increasing sales value. We are adapting our actions to the fast-changing market conditions to ensure future long-term success. Thus, we have increased our investment in commercial activity, strengthened the commercial team and put additional focus on improving in-store execution. We are constantly strengthening our pipeline of interesting new products for the years to come.

Sustainability is an important part of the core strategy. During the second quarter, Orthex participated for the first time in the EcoVadis ESG assessment and was awarded a silver medal for sustainability



performance. The result places Orthex globally among the top 18 percent of companies assessed by EcoVadis. In May, Orthex's Gnosjö factory was granted an ISCC PLUS certificate, to extend the usage of renewable raw materials applying the mass balance approach in production. Granting of the certificate supports Orthex's long-term carbon neutrality target, and the target to increase the share of sustainable raw materials in production. In June, Orthex was awarded the Nasdaq ESG Transparency Partner badge for 2022 ESG reporting.

Strong dedication to the strategy, along with our proactive approach in adapting to fast changing market conditions, is yielding positive traction. The strong efforts of our employees and the support from our stakeholders are key factors in achieving success. We are devoted and determined to capitalize and build on the momentum to accomplishing our long-term objectives.



*SmartStore bedroller 60 L*

## KEY FIGURES

EUR million	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	1-12/2022
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	1,277.2%	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

## LONG-TERM FINANCIAL TARGETS

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 30.7% between 2009 and 2022. 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 interest in cooking at home, which is becoming more common as a healthy, and less expensive way of eating. 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.

The uncertainties related to the general development of the global economy, such as the risk of an economic recession, general cost inflation, increasing interest rates and energy crisis as well as geopolitical tensions influence consumer confidence, purchasing power and behaviour and, as a result, can have an impact on Orthex's business in the Nordic core markets, especially in Sweden. 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	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Nordics	16.3	17.5	-6.9%	32.5	35.3	-7.8%	68.5
Rest of Europe	3.9	3.5	13.5%	8.8	7.0	25.5%	15.9
Rest of the world	0.3	0.5	-36.5%	0.5	0.8	-31.5%	1.5
<b>Total</b>	<b>20.6</b>	<b>21.5</b>	<b>-4.3%</b>	<b>41.8</b>	<b>43.0</b>	<b>-2.8%</b>	<b>85.8</b>

#### Invoiced sales by product category

EUR million	4–6/2023	4–6/2022	Change	1–6/2023	1–6/2022	Change	1–12/2022
Storage	12.8	12.4	3.1%	27.0	25.6	5.2%	55.1
Kitchen	4.4	5.3	-16.8%	8.8	10.2	-13.0%	19.8
Plant Care	1.8	1.9	-5.2%	3.4	4.1	-18.3%	5.5
Home & Yard	1.6	1.9	-16.7%	2.7	3.1	-15.3%	5.3
<b>Total</b>	<b>20.6</b>	<b>21.5</b>	<b>-4.3%</b>	<b>41.8</b>	<b>43.0</b>	<b>-2.8%</b>	<b>85.8</b>

#### April–June 2023

In April–June, the Group's Net sales decreased by 4.1% to EUR 20.1 million (21.0). Invoiced sales amounted to EUR 20.6 million (21.5). The decrease of constant currency Net sales was 0.1% compared to April–June 2022.

#### January–June 2023

In January–June, the Group's Net sales decreased by 2.3% to EUR 40.6 million (41.6). Invoiced sales amounted to EUR 41.8 million (43.0). The increase of constant currency Net sales was 1.2% compared to January–June 2022.

The review period was affected by careful consumer behaviour and customer uncertainty especially in the Nordics.

### Development by geography

#### April–June 2023

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in April–June amounted to EUR 16.3 million (17.5). Invoiced sales in the rest of Europe increased to EUR 3.9 million (3.5). In the rest of the world, invoiced sales decreased to EUR 0.3 million (0.5).

## January–June 2023

In the Nordics, the Group's invoiced sales in January–June amounted to EUR 32.5 million (35.3). Invoiced sales in the Rest of Europe increased to EUR 8.8 million (7.0). In the Rest of the world, invoiced sales amounted to EUR 0.5 million (0.8).

Invoiced sales decreased overall in the Nordic core market due to weakened consumer demand. In the strategically important European markets, sales development was positive during the first half of the year.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 22.3% (18.0) of the Group's invoiced sales during the period.

## Development by product category

### April–June 2023

Orthex's largest category is Storage with invoiced sales totalling EUR 12.8 million (12.4) during April–June. Products in the Storage category play a key role in Orthex's expansion in Europe and the growth is driven mainly by the Rest of the Europe.

The Group's invoiced sales in the Kitchen category decreased in April–June to EUR 4.4 million (5.3) due to weak consumer demand in the category.

Invoiced sales in the Plant Care category decreased to EUR 1.8 million (1.9).

Invoiced sales in the Home & Yard category decreased to EUR 1.6 million (1.9).

### January–June 2023

Invoiced sales in the Storage category totalled EUR 27.0 million (25.6) during January–June. The Storage category represents most of the business outside of the Nordic countries and the positive sales development in the Rest of Europe took the overall Storage category growth to 5.2% compared to the same period last year.

The Group's invoiced sales in the Kitchen category decreased to EUR 8.8 million (10.2). Sales of Kitchen products declined driven by the careful Nordic consumer and customer behaviour.

Invoiced sales in the Plant Care category decreased to EUR 3.4 million (4.1).

Invoiced sales in the Home and Yard category decreased to EUR 2.7 million (3.1).

In addition to careful consumer and customer behaviour, Plant Care and Home and Yard product sales suffered from the late spring in the Nordics.



## Profitability

### April–June 2023

In April–June, EBITA was 2.1 million (-0.3). Adjusted EBITA increased to EUR 2.1 million (-0.2) and the adjusted EBITA margin increased to 10.3% (-0.8). Operating profit was EUR 2.1 million (-0.3). Items affecting comparability totalled EUR 0.0 million (0.1).

Orthex's other operating income during the second quarter amounted to EUR 0.8 million (0.2) and consisted mainly of the electricity support received from the Swedish State. Orthex's Swedish group entity Orthex Sweden AB applied for this support as a limited liability company whose production is subject to fluctuations in electricity prices and whose financial position is sound. The amount of the subsidy was based on the electricity consumption during the period 1 October 2021–30 September 2022.

### January–June 2023

EBITA was 4.4 million (1.5) during the review period. Adjusted EBITA increased to EUR 4.5 million (1.6) and the adjusted EBITA margin grew to 11.0% (3.9). Operating profit was EUR 4.4 million (1.4). Items affecting comparability totalled EUR 0.1 million (0.1).

Orthex's financial income and expenses during the review period consisted of EUR 1.3 million net expenses (0.8).

Profit before taxes was EUR 3.0 million (0.7) and profit for the period was EUR 2.4 million (0.5).

During the first half of 2023, profitability was particularly affected by lower raw material prices, the electricity support from the Swedish State and the weakening value of the Swedish and Norwegian krona.

## FINANCIAL POSITION AND CASH FLOW

At the end of June, the balance sheet totalled EUR 79.3 million (84.5), of which equity accounted for EUR 28.5 million (27.9).

The Group's net debt was EUR 24.2 million (27.6) at the end of the review period. 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). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

During the period January–June 2023, the Group's net cash flows from operating activities were EUR 4.5 million (1.5) and cash conversion was 80.6% (64.6). Interest paid during the period totalled EUR 0.9 million (0.5). Cash and cash equivalents amounted to EUR 9.8 million (10.4) at the end of the review period.

Net debt/adjusted EBITDA was 2.0x (2.6). 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 36.0% (33.0). Adjusted return on capital employed (ROCE) was 13.6% (4.7) and return on equity (ROE) 8.2% (1.7).

## INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments during January–June 2023 amounted to EUR 1.3 million (1.3) 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 and the project will continue throughout the year 2023. 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 is participating 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 review 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 3.6 million and 732,572 shares. The highest price of the share was EUR 5.76 and the lowest was EUR 4.41. The closing price of the share at the end of June was EUR 4.65. At the end of the review period, the market value of the share capital stood at EUR 82.6 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 16,220, 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.

The stock exchange releases on notifications of changes in holdings (flaggings) are available on the corporate website at <https://investors.orthexgroup.com/>. Orthex did not receive any flagging notifications during the review period.

The Board of Directors is authorised to issue or convey a total maximum of 1,600,000 new shares and special rights entitling to shares in one or several issues. The Board of Directors is also authorised to

decide on the acquisition of a maximum of 175,000 company shares. The Board of Directors has not exercised these authorisations during the review period. The authorisations are valid until 30 June 2024.

## GROUP STRUCTURE

There were no changes in the Group structure during the review period.

## GOVERNANCE

Orthex Corporation's Annual General Meeting was held on 18 April 2023 in Espoo, Finland. The general meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022. The general meeting also approved the remuneration report 2022 and the amended remuneration policy for governing bodies.

The general meeting resolved that for the financial year 2022, shareholders will be paid a dividend of EUR 0.11 per share totalling approximately EUR 2.0 million in two instalments. The first instalment of the dividend amounting to EUR 0.06 per share was 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 second instalment of the dividend will be paid on 10 October 2023. The general meeting further authorised the Board 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.

The general meeting resolved that **Sanna Suvanto-Harsaae**, **Markus Hellström**, **Jyrki Mäki-Kala** and **Jens-Peter Poulsen** be re-elected to the Board and that **Anette Rosengren** be elected as new member to the Board, all for a term of office ending at the end of the next Annual General Meeting. Sanna Suvanto-Harsaae continues to chair the Board. The general meeting 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, was re-elected the company's auditor with **APA Mikko Ryttilähti** as the signing audit partner.

In addition, the general meeting resolved to make technical amendments to Articles 5 and 8 and to supplement the Article 10 of the Articles of Association so that the general meeting of shareholders may also be held completely without a physical meeting venue as a virtual meeting.

The general meeting also authorised the Board of Directors to issue or convey a total maximum of 1,600,000 new shares and special rights entitling to shares in one or several issues and to acquire a maximum of 175,000 shares in the company. The authorisations will be valid until 30 June 2024.

## 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 aim towards carbon neutrality in production by 2030.

Orthex has identified priority sustainability topics in environmental, social and governance (ESG) areas. 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 January-June 2023

Orthex published its Annual and Sustainability Report for the year 2022 on the corporate website in March. As highlighted in the Sustainability Report, the company 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 degrees. Another major achievement was that the company's Lohja factory was granted an ISCC PLUS certification giving the company the opportunity to start business with mass balanced renewable materials in selected product series.

During the first quarter of 2023, Orthex's Lohja factory was audited and 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, and the target to increase the share of sustainable raw materials in production.

During the second quarter of the year, Orthex participated in Ecovadis ESG assessment for the first time and was awarded with a silver medal for its sustainability performance. The assessment results places Orthex globally among the top 18 percent of companies assessed by EcoVadis, the world's largest and most trusted provider of business sustainability ratings. In May, Orthex's Gnosjö factory was granted an ISCC PLUS certificate, that will enable the company to extend the usage of ISCC PLUS certified renewable raw materials applying the mass balance approach in the production. In June, Orthex was awarded the Nasdaq ESG Transparency Partner badge for 2022 ESG reporting.



## 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, is available on the corporate website.

## EVENTS AFTER THE REVIEW PERIOD

After the review period, there have been no events materially affecting the half-yearly report.

## FINANCIAL RELEASES IN 2023

Orthex will publish its financial reports in 2023 as follows:

7 November 2023: Interim report January–September 2023

**Espoo, 23 August 2023**

ORTHEX CORPORATION  
Board of Directors

### **Additional information:**

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The results presentation will be held on 24 August 2023 at 11.00 a.m. EEST 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 HALF-YEAR FINANCIAL REPORT JANUARY – JUNE 2023

### Consolidated statement of comprehensive income

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
<b>Net Sales</b>	<b>20,147</b>	<b>21,011</b>	<b>40,622</b>	<b>41,588</b>	<b>84,048</b>
Cost of sales	-14,997	-17,915	-30,053	-33,590	-66,129
<b>Gross Margin</b>	<b>5,151</b>	<b>3,096</b>	<b>10,569</b>	<b>7,998</b>	<b>17,919</b>
Other operating income	764	76	790	154	206
Selling and marketing expenses	-2,456	-2,086	-4,540	-3,986	-7,846
Administrative expenses	-1,406	-1,426	-2,453	-2,725	-5,089
<b>Operating profit</b>	<b>2,054</b>	<b>-340</b>	<b>4,367</b>	<b>1,441</b>	<b>5,191</b>
Financial income and expenses	-729	-433	-1,346	-780	-2,182
<b>Profit before taxes</b>	<b>1,325</b>	<b>-772</b>	<b>3,021</b>	<b>661</b>	<b>3,009</b>
Income taxes	-258	153	-636	-156	-888
<b>Profit for the period</b>	<b>1,066</b>	<b>-619</b>	<b>2,385</b>	<b>505</b>	<b>2,121</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent	1,066	-619	2,385	505	2,121
Earnings per share, basic (and diluted), EUR	0.06	-0.03	0.13	0.03	0.12
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Translation differences	-1,111	-1,018	-1,609	-1,248	-2,053
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-	1,042
<b>Other comprehensive income for the period, net of tax</b>	<b>-1,111</b>	<b>-1,018</b>	<b>-1,609</b>	<b>-1,248</b>	<b>-1,011</b>
<b>Total comprehensive income for the period</b>	<b>-45</b>	<b>-1,638</b>	<b>776</b>	<b>-742</b>	<b>1,110</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent	-45	-1,638	776	-742	1,110

## Consolidated statement of financial position

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	21,343	23,054	22,377
Property, plant, and equipment	13,305	12,843	13,547
Right-of-use assets	6,291	7,389	7,011
Other non-current assets	244	90	95
Deferred tax assets	790	1,613	760
<b>Total non-current assets</b>	<b>41,975</b>	<b>44,988</b>	<b>43,790</b>
<b>Current assets</b>			
Inventories	12,902	14,829	14,283
Trade and other receivables	14,341	14,209	13,387
Derivative financial instruments	204	92	93
Cash and cash equivalents	9,844	10,418	10,284
<b>Total current assets</b>	<b>37,291</b>	<b>39,547</b>	<b>38,047</b>
<b>Total assets</b>	<b>79,266</b>	<b>84,535</b>	<b>81,837</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to the equity holders of the parent company</b>			
Share capital	80	80	80
Invested unrestricted equity fund	7,851	7,851	7,851
Retained earnings	22,733	19,644	22,301
Translation differences	-2,130	284	-521
<b>Total equity</b>	<b>28,534</b>	<b>27,859</b>	<b>29,711</b>
<b>Non-current liabilities</b>			
Loans from credit institutions	20,877	22,255	22,363
Lease liabilities	5,904	6,938	6,480
Pension liabilities	3,047	4,643	3,179
Deferred tax liabilities	831	894	769
<b>Total non-current liabilities</b>	<b>30,585</b>	<b>34,730</b>	<b>32,791</b>
<b>Current liabilities</b>			
Loans from credit institutions	3,000	3,000	3,000
Lease liabilities	1,165	1,195	1,290
Trade and other payables	15,703	16,601	14,000
Derivative financial instruments	-	-	8
Income tax liabilities	204	1,150	1,037
<b>Total current liabilities</b>	<b>20,073</b>	<b>21,946</b>	<b>19,335</b>
<b>Total liabilities</b>	<b>50,732</b>	<b>56,676</b>	<b>52,126</b>
<b>Total equity and liabilities</b>	<b>79,266</b>	<b>84,535</b>	<b>81,837</b>



## Consolidated statement of changes in equity

Equity attributable to the equity holders of the parent company					
EUR thousand	Share capital	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
<b>As at 1 Jan 2023</b>	<b>80</b>	<b>7,851</b>	<b>22,301</b>	<b>-521</b>	<b>29,711</b>
Profit for the period			2,385		2,385
Translation differences				-1,609	-1,609
<b>Total comprehensive income</b>			<b>2,385</b>	<b>-1,609</b>	<b>776</b>
Dividends			-1,953		-1,953
<b>At 30 Jun 2023</b>	<b>80</b>	<b>7,851</b>	<b>22,733</b>	<b>-2,130</b>	<b>28,534</b>
<b>As at 1 Jan 2022</b>	<b>80</b>	<b>11,047</b>	<b>19,138</b>	<b>1,532</b>	<b>31,798</b>
Profit for the period			505		505
Translation differences				-1,248	-1,248
<b>Total comprehensive income</b>			<b>505</b>	<b>-1,248</b>	<b>-742</b>
Capital returns		-3,197			-3,197
<b>At 30 Jun 2022</b>	<b>80</b>	<b>7,851</b>	<b>19,644</b>	<b>284</b>	<b>27,859</b>
<b>As at 1 Jan 2022</b>	<b>80</b>	<b>11,047</b>	<b>19,138</b>	<b>1,532</b>	<b>31,798</b>
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
<b>Total comprehensive income</b>			<b>3,163</b>	<b>-2,053</b>	<b>1,110</b>
Capital returns		-3,197			-3,197
<b>At 31 Dec 2022</b>	<b>80</b>	<b>7,851</b>	<b>22,301</b>	<b>-521</b>	<b>29,711</b>

## Consolidated statement of cash flows

EUR thousand	1–6/2023	1–6/2022	1-12/2022
<b>Cash flows from operating activities</b>			
Profit before taxes	3,021	661	3,009
Adjustments:			
Depreciation, amortisation and impairment	2,094	1,961	3,964
Financial income and expenses	1,346	780	2,182
Other adjustments	-353	527	204
<b>Cash flows before changes in working capital</b>	<b>6,107</b>	<b>3,930</b>	<b>9,358</b>
<b>Changes in working capital</b>			
Decrease (+) / increase (–) in trade and other receivables	-1,839	843	1,324
Decrease (+) / increase (–) in inventories	874	-2,606	-2,358
Decrease (–) / increase (+) in trade and other payables	1,247	1,727	1,155
<b>Cash flows from operating activities before financial items and taxes</b>	<b>6,388</b>	<b>3,893</b>	<b>9,479</b>
Interests paid	-949	-548	-1,135
Income taxes paid	-905	-1,868	-2,167
<b>Net cash flows from operating activities</b>	<b>4,534</b>	<b>1,478</b>	<b>6,177</b>
<b>Cash flows from investing activities</b>			
Investments in tangible and intangible assets	-1,261	-1,252	-3,553
Sale of tangible and intangible assets	-	14	28
<b>Net cash flows from investing activities</b>	<b>-1,261</b>	<b>-1,238</b>	<b>-3,525</b>
<b>Cash flows from financing activities</b>			
Dividends	-1,066	-	-
Capital returns paid	-	-1,598	-3,197
Repayment of lease liabilities	-685	-651	-1,312
Proceeds from long-term borrowings	-	-	25,500
Repayment of long-term borrowings	-	-	-25,500
Repayment of short-term borrowings	-1,500	-1,500	-1,500
<b>Net cash flows from financing activities</b>	<b>-3,250</b>	<b>-3,749</b>	<b>-6,008</b>
Net change in cash and cash equivalents	22	-3,509	-3,356
Net foreign exchange differences	-462	-406	-694
Cash and cash equivalents at the beginning of the period	10,284	14,334	14,334
<b>Cash and cash equivalents at the end of the period</b>	<b>9,844</b>	<b>10,418</b>	<b>10,284</b>

## NOTES TO THE GROUP'S HALF-YEAR REPORT

### Basis of preparation

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

Orthex's Board of Directors has approved this half-year report in its meeting on 23 August 2023. Figures in the half-year report have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. The figures are unaudited.

### Accounting estimates and management judgements made in preparation of the half-year information

The preparation of the half-year 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 half-year 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.

## 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
<b>Acquisition cost at 1 Jan 2023</b>	<b>1,218</b>	<b>22,252</b>	<b>68,979</b>	<b>12,697</b>	<b>105,147</b>
Additions			1,662	386	2,048
Disposals			-2		-2
Transfers					-
Translation differences		-972	-2,242	-356	-3,570
<b>Acquisition cost at 30 Jun 2023</b>	<b>1,218</b>	<b>21,280</b>	<b>68,397</b>	<b>12,727</b>	<b>103,623</b>
<b>Accumulated depreciation, amortisation and impairment at 1 Jan 2023</b>	<b>1,094</b>	<b>-</b>	<b>55,432</b>	<b>5,686</b>	<b>62,211</b>
Depreciation and amortisation	62		1,282	750	2,094
Accumulated depreciation and amortisation on disposals and transfers			280		280
Translation differences			-1,903		-1,903
<b>Accumulated depreciation, amortisation and impairment at 30 Jun 2023</b>	<b>1,156</b>	<b>-</b>	<b>55,091</b>	<b>6,436</b>	<b>62,682</b>
<b>Carrying amount at 1 Jan 2023</b>	<b>125</b>	<b>22,252</b>	<b>13,547</b>	<b>7,011</b>	<b>42,936</b>
<b>Carrying amount at 30 Jun 2023</b>	<b>63</b>	<b>21,280</b>	<b>13,305</b>	<b>6,291</b>	<b>40,941</b>
<b>Acquisition cost at 1 Jan 2022</b>	<b>1,189</b>	<b>23,680</b>	<b>66,938</b>	<b>12,313</b>	<b>104,121</b>
Additions	-		1,237	384	1,621
Disposals	-295		-269	-	-564
Transfers	30		-30		
Translation differences		-814	-1,756	-325	-2,895
<b>Acquisition cost at 30 Jun 2022</b>	<b>925</b>	<b>22,866</b>	<b>66,120</b>	<b>12,372</b>	<b>102,283</b>
<b>Accumulated depreciation, amortisation and impairment at 1 Jan 2022</b>	<b>969</b>	<b>-</b>	<b>53,807</b>	<b>4,283</b>	<b>59,059</b>
Depreciation and amortisation	63		1,198	700	1,961
Accumulated depreciation and amortisation on disposals and transfers	-295		-269		-564
Translation differences			-1,459		-1,459
<b>Accumulated depreciation, amortisation and impairment at 30 Jun 2022</b>	<b>737</b>	<b>-</b>	<b>53,277</b>	<b>4,983</b>	<b>58,997</b>
<b>Carrying amount at 1 Jan 2022</b>	<b>221</b>	<b>23,680</b>	<b>13,131</b>	<b>8,030</b>	<b>45,062</b>
<b>Carrying amount at 30 Jun 2022</b>	<b>188</b>	<b>22,866</b>	<b>12,843</b>	<b>7,389</b>	<b>43,286</b>



## Fair value of financial assets and liabilities

### Financial assets

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Level 2</b>			
<b>Assets measured at fair value</b>			
Derivative financial instruments:			
Foreign exchange forward contracts and interest rate hedging	204	92	93
<b>Total</b>	<b>204</b>	<b>92</b>	<b>93</b>

### Financial liabilities

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Level 2</b>			
<b>Liabilities measured at fair value</b>			
Derivative financial instruments:			
Foreign exchange forward contracts	-	-	8
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8</b>

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	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Guarantees and mortgages given on own behalf:</b>			
Enterprise mortgages	49,947	53,272	50,060
Property mortgages	10,192	10,192	10,192
Other guarantees	48	52	50
<b>Total</b>	<b>60,186</b>	<b>63,517</b>	<b>60,303</b>

## 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. At the time of releasing this half-year report, the company's claim for adjustment was still pending.

## APPENDIX:

### Key Performance Indicators

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Net sales	20,147	21,011	40,622	41,588	84,048
Net sales growth, %	-4.1%	-5.3%	-2.3%	-5.1%	-5.2%
Constant currency invoiced sales growth, %	-0.1%	-4.4%	1.2%	-4.2%	-3.8%
Invoiced sales	20,599	21,525	41,815	43,028	85,794
Invoiced sales growth, %	-4.3%	-4.5%	-2.8%	-4.4%	-5.3%
Gross Margin	5,151	3,096	10,569	7,998	17,919
Gross Margin, %	25.6%	14.7%	26.0%	19.2%	21.3%
EBITDA	3,110	640	6,461	3,402	9,154
EBITDA margin, %	15.4%	3.0%	15.9%	8.2%	10.9%
EBITA	2,084	-308	4,429	1,504	5,317
EBITA margin, %	10.3%	-1.5%	10.9%	3.6%	6.3%
Operating profit	2,054	-340	4,367	1,441	5,191
Operating profit margin, %	10.2%	-1.6%	10.8%	3.5%	6.2%
Items affecting comparability	-	131	55	131	173
Adjusted Gross Margin	5,151	3,096	10,569	7,998	17,919
Adjusted Gross Margin, %	25.6%	14.7%	26.0%	19.2%	21.3%
Adjusted EBITDA	3,110	771	6,516	3,533	9,328
Adjusted EBITDA margin, %	15.4%	3.7%	16.0%	8.5%	11.1%
Adjusted EBITA	2,084	-177	4,484	1,635	5,490
Adjusted EBITA margin, %	10.3%	-0.8%	11.0%	3.9%	6.5%
Adjusted operating profit	2,054	-209	4,422	1,572	5,364
Adjusted operating profit margin, %	10.2%	-1.0%	10.9%	3.8%	6.4%
Earnings per share, basic (and diluted), EUR	0.06	-0.03	0.13	0.03	0.12
FTEs	280	301	282	297	295
Personnel expenses	4,814	4,901	9,069	9,973	18,300
<b>Key cash flows indicators</b>					
Net cash flows from operating activities	2,026	-397	4,534	1,478	6,177
Operating free cash flows	2,344	10	5,255	2,281	5,774
Cash conversion, %	75.4%	1.3%	80.6%	64.6%	61.9%
Investments in tangible and intangible assets	-766	-761	-1,261	-1,252	-3,553
<b>Financial position key figures</b>					
Net debt	24,150	27,614	24,150	27,614	26,028
Net debt / adjusted EBITDA last 12 months	2.0	2.6	2.0	2.6	2.8
Net working capital	11,540	12,437	11,540	12,437	13,670
Capital employed excluding goodwill	31,404	32,607	31,404	32,607	33,487
Return on capital employed (ROCE), %	6.4%	-1.0%	13.5%	4.3%	15.4%
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%
Return on equity, %	3.6%	-2.0%	8.2%	1.7%	6.9%

## Reconciliation of APMs

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
<b>Net sales growth, %</b>					
Net sales	20,147	21,011	40,622	41,588	84,048
<b>Net sales growth, %</b>	<b>-4.1%</b>	<b>-5.3%</b>	<b>-2.3%</b>	<b>-5.1%</b>	<b>-5.2%</b>
<b>Constant currency Net sales growth, %</b>					
Net sales	20,147	21,011	40,622	41,588	84,048
FX rate adjustment	-	-838	-	-1,461	-
Constant currency Net sales	20,147	20,173	40,622	40,127	84,048
<b>Constant currency Net sales growth, %</b>	<b>-0.1%</b>	<b>-4.4%</b>	<b>1.2%</b>	<b>-4.2 %</b>	<b>-3.8%</b>
<b>Invoiced sales</b>					
Net sales	20,147	21,011	40,622	41,588	84,048
Discounts and bonuses	814	847	1,688	1,600	3,182
Other sales and refunds	-363	-333	-494	-160	-1,437
<b>Invoiced sales</b>	<b>20,599</b>	<b>21,525</b>	<b>41,815</b>	<b>43,028</b>	<b>85,794</b>
Invoiced sales growth, %	-4.3%	-4.5%	-2.8%	-4.4 %	-5.3%
<b>Gross Margin</b>					
Net sales	20,147	21,011	40,622	41,588	84,048
Cost of sales	-14,997	-17,915	-30,053	-33,590	-66,129
<b>Gross Margin</b>	<b>5,151</b>	<b>3,096</b>	<b>10,569</b>	<b>7,998</b>	<b>17,919</b>
Gross Margin, %	25.6%	14.7%	26.0%	19.2%	21.3%
<b>EBITDA</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Depreciation, amortisation and impairment	1,056	979	2,094	1,961	3,964
<b>EBITDA</b>	<b>3,110</b>	<b>640</b>	<b>6,461</b>	<b>3,402</b>	<b>9,154</b>
EBITDA margin, %	15.4%	3.0%	15.9%	8.2%	10.9%
<b>EBITA</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Amortisation and impairment	30	32	62	63	126
<b>EBITA</b>	<b>2,084</b>	<b>-308</b>	<b>4,429</b>	<b>1,504</b>	<b>5,317</b>
EBITA margin, %	10.3%	-1.5%	10.9%	3.6%	6.3%
<b>Operating profit</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Operating profit margin, %	10.2%	-1.6%	10.8%	3.5%	6.2%
<b>Items affecting comparability / adjustments (EBITDA)</b>					
Other items affecting comparability	-	131	55	131	173
<b>Items affecting comparability / adjustments (EBITDA)</b>	<b>-</b>	<b>131</b>	<b>55</b>	<b>131</b>	<b>173</b>

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
<b>Adjusted Gross Margin</b>					
Gross Margin	5,151	3,096	10,569	7,998	17,919
<b>Adjusted Gross Margin</b>	<b>5,151</b>	<b>3,096</b>	<b>10,569</b>	<b>7,998</b>	<b>17,919</b>
Adjusted Gross Margin, %	25.6%	14.7%	26.0%	19.2%	21.3%
<b>Adjusted EBITDA</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Depreciation, amortisation and impairment	1,056	979	2,094	1,961	3,964
Adjustments (EBITDA)	-	131	55	131	173
<b>Adj. EBITDA</b>	<b>3,110</b>	<b>771</b>	<b>6,516</b>	<b>3,533</b>	<b>9,328</b>
Adj. EBITDA margin, %	15.4%	3.7%	16.0%	8.5%	11.1%
<b>Adjusted EBITA</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Amortisation and impairment	30	32	62	63	126
Adjustments (EBITA)	-	131	55	131	173
<b>Adj. EBITA</b>	<b>2,084</b>	<b>-177</b>	<b>4,484</b>	<b>1,635</b>	<b>5,490</b>
Adj. EBITA margin, %	10.3%	-0.8%	11.0%	3.9%	6.5%
<b>Adjusted operating profit</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Adjustments	-	131	55	131	173
<b>Adj. operating profit</b>	<b>2,054</b>	<b>-209</b>	<b>4,422</b>	<b>1,572</b>	<b>5,364</b>
Adj. operating profit margin, %	10.2%	-1.0%	10.9%	3.8%	6.4%
<b>Earnings per share, basic (and diluted), EUR</b>					
Profit for the period	1,148	-619	2,466	505	2,121
Average number of shares	17,759	17,759	17,759	17,759	17,759
<b>Earnings per share, basic (and diluted), EUR</b>	<b>0.06</b>	<b>-0.03</b>	<b>0.14</b>	<b>0.03</b>	<b>0.12</b>
<b>Operating free cash flows</b>					
Adj. EBITDA	3,110	771	6,516	3,533	9,328
Investments in tangible and intangible assets	-766	-761	-1,261	-1,252	-3,553
<b>Operating free cash flows</b>	<b>2,344</b>	<b>10</b>	<b>5,255</b>	<b>2,281</b>	<b>5,774</b>
<b>Cash conversion, %</b>					
Operating free cash flows	2,344	10	5,255	2,281	5,774
Adj. EBITDA	3,110	771	6,516	3,533	9,328
<b>Cash conversion, %</b>	<b>75.4%</b>	<b>1.3%</b>	<b>80.6%</b>	<b>64.6%</b>	<b>61.9%</b>
<b>Net debt</b>					
Total interest-bearing liabilities	33,994	38,032	33,994	38,032	36,312
Cash and cash equivalents	-9,844	-10,418	-9,844	-10,418	-10,284
<b>Net debt</b>	<b>24,150</b>	<b>27,614</b>	<b>24,150</b>	<b>27,614</b>	<b>26,028</b>
<b>Net debt/ Adj. EBITDA</b>					
Net debt	24,150	27,614	24,150	27,614	26,028
Adj. EBITDA, 12 months	12,310	10,552	12,310	10,552	9,328
<b>Net debt/ Adj. EBITDA</b>	<b>2.0x</b>	<b>2.6x</b>	<b>2.0x</b>	<b>2.6x</b>	<b>2.8x</b>



EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
<b>Net working capital</b>					
Inventories	12,902	14,829	12,902	14,829	14,283
Trade and other receivables	14,341	14,209	14,341	14,209	13,387
Trade and other payables	-15,703	-16,601	-15,703	-16,601	-14,000
<b>Net working capital</b>	<b>11,540</b>	<b>12,437</b>	<b>11,540</b>	<b>12,437</b>	<b>13,670</b>
<b>Capital employed excluding goodwill</b>					
Total Equity	28,534	27,859	28,534	27,859	29,711
Net debt	24,150	27,614	24,150	27,614	26,028
Goodwill	-21,280	-22,866	-21,280	-22,866	-22,252
<b>Capital employed excluding goodwill</b>	<b>31,404</b>	<b>32,607</b>	<b>31,404</b>	<b>32,607</b>	<b>33,487</b>
<b>Return on capital employed (ROCE), %</b>					
Operating profit	2,054	-340	4,367	1,441	5,191
Average capital employed excluding goodwill	32,013	33,216	32,445	33,306	33,746
<b>Return on capital employed (ROCE), %</b>	<b>6.4%</b>	<b>-1.0%</b>	<b>13.5%</b>	<b>4.3%</b>	<b>15.4%</b>
<b>Adjusted return on capital employed (ROCE), %</b>					
Adjusted operating profit	2,054	-209	4,422	1,572	5,364
Average capital employed excluding goodwill	32,013	33,216	32,445	33,306	33,746
<b>Adjusted return on capital employed (ROCE), %</b>	<b>6.4%</b>	<b>-0.6%</b>	<b>13.6%</b>	<b>4.7%</b>	<b>15.9%</b>
<b>Equity ratio, %</b>					
Total Equity	28,534	27,859	28,534	27,859	29,711
Total assets	79,266	84,535	79,266	84,535	81,837
<b>Equity ratio, %</b>	<b>36.0%</b>	<b>33.0%</b>	<b>36.0%</b>	<b>33.0%</b>	<b>36.3%</b>
<b>Return on equity, %</b>					
Profit for the period	1,066	-619	2,385	505	2,121
Total equity (average for the first and last day of the period)	29,533	30,276	29,122	29,828	30,754
<b>Return on equity, %</b>	<b>3.6%</b>	<b>-2.0%</b>	<b>8.2%</b>	<b>1.7%</b>	<b>6.9%</b>

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

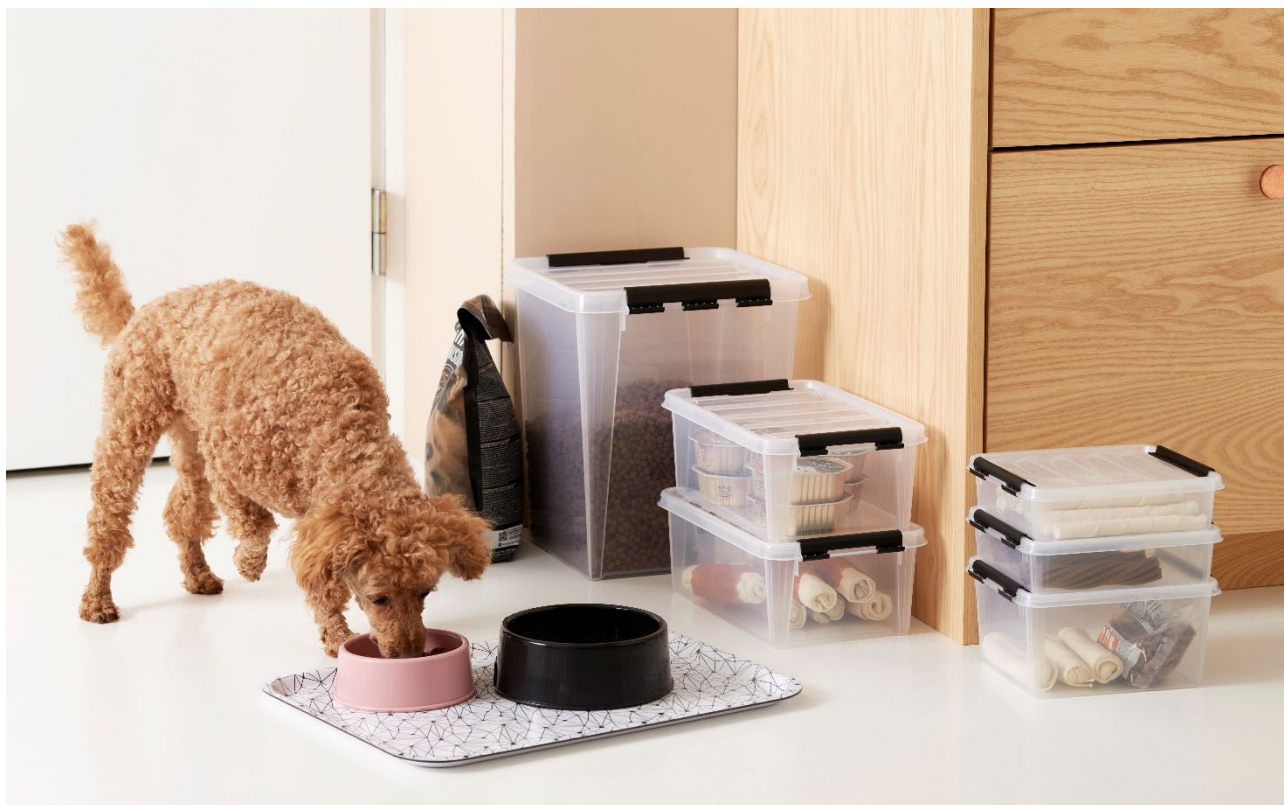
Financial position key figures	Formula
Net debt	Current and non-current interest-bearing liabilities less cash and cash equivalents
Net debt / adjusted EBITDA last 12 months	Net debt / Adjusted EBITDA
Net working capital	Inventories, trade, and other receivables less trade and other payables
Capital 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.



*SmartStore Classic*





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