

INTERIM REPORT

January–September 2023

7 November 2023
Alexander Rosenlew, CEO
Saara Mäkelä, CFO
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Content

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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 – SEPTEMBER 2023 IN BRIEF

Interim report January – September 2023

January-September 2023

Net sales

- Orthex's net sales decreased by 1.8%. In constant currency, net sales grew by 1.8%.
- Continued strong 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 slightly increasing during the third quarter



Q3 2023: Net sales decreased by 0.9% and adjusted EBITA increased to EUR 3.5 million

Net Sales and Invoiced Sales

- Net sales decreased by 0.9% to EUR 21.9 million (22.1)
- In constant currency, overall net sales increased by 2.9%
- Invoiced sales was flat and totalled EUR 22.2 million (22.2)
- Invoiced sales in the Rest of Europe grew by 6.5% to EUR 4.2 million (4.0)

Adjusted EBITA

- Adjusted EBITA was EUR 3.5 million (2.2)
- Adjusted EBITA margin was 16.1% (10.1)

Cash flows

- Net cash flows from operating activities were EUR 5.3 million (4.4)



Q1-Q3 2023: Net sales decreased by 1.8% and adjusted EBITA was EUR 8.0 million

Net Sales

- Net sales decreased by 1.8% to EUR 62.5 million (63.7)
- Invoiced sales decreased by 1.7% and totalled EUR 64.0 million (65.2)

Adjusted EBITA

- Adjusted EBITA was EUR 8.0 million (3.9)
- Adjusted EBITA margin was 12.8% (6.1)

Net debt to adjusted EBITDA ratio

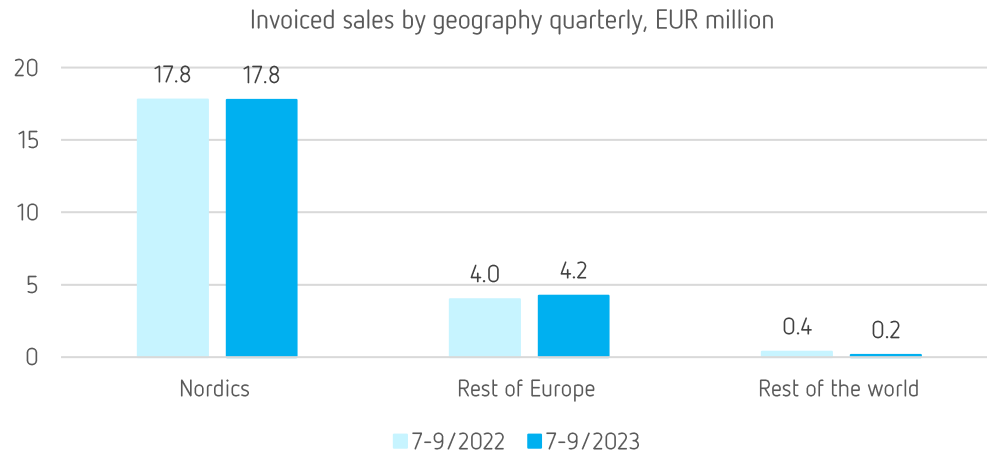
- Leverage was 1.4x (2.5)

Cash flows

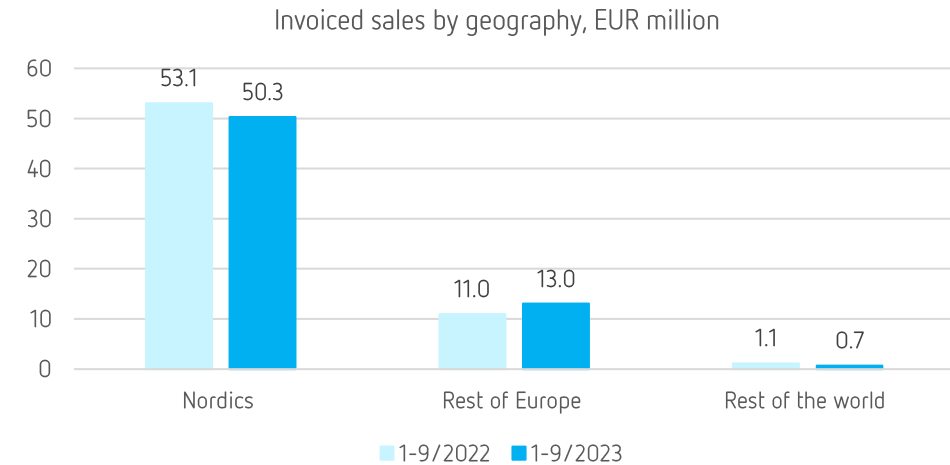
- Net cash flows from operating activities were EUR 9.8 million (5.9)



Invoiced sales by geography



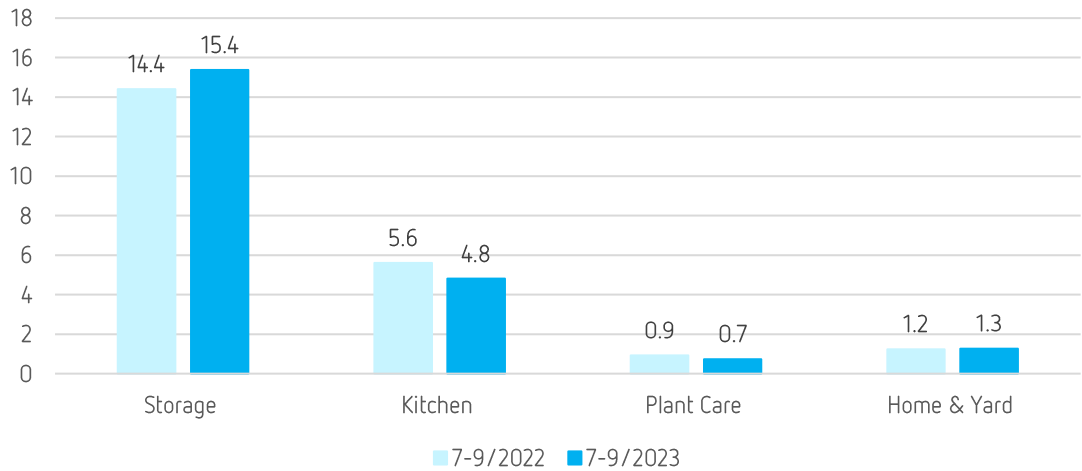
- Orthex's invoiced sales in the core market Nordics were EUR 17.8 million (17.8)
- Invoiced sales growth in the Rest of Europe was 6.5% and sales were EUR 4.2 million (4.0)
- The somewhat slower growth pace in the Rest of Europe is mostly due to timing of campaigns
- Invoiced sales in the Rest of the world were EUR 0.2 million (0.4)



- Orthex's invoiced sales in the Nordics were EUR 50.3 million (53.1)
- Invoiced sales in the Rest of Europe were EUR 13.0 million (11.0).
- Invoiced sales in the Rest of the world totalled EUR 0.7 million (1.1)
- The invoiced sales outside the Nordics increased by 13.1% compared to Q1-Q3 2022
- The positive European sales development is a result of successful commercial strategy implementation

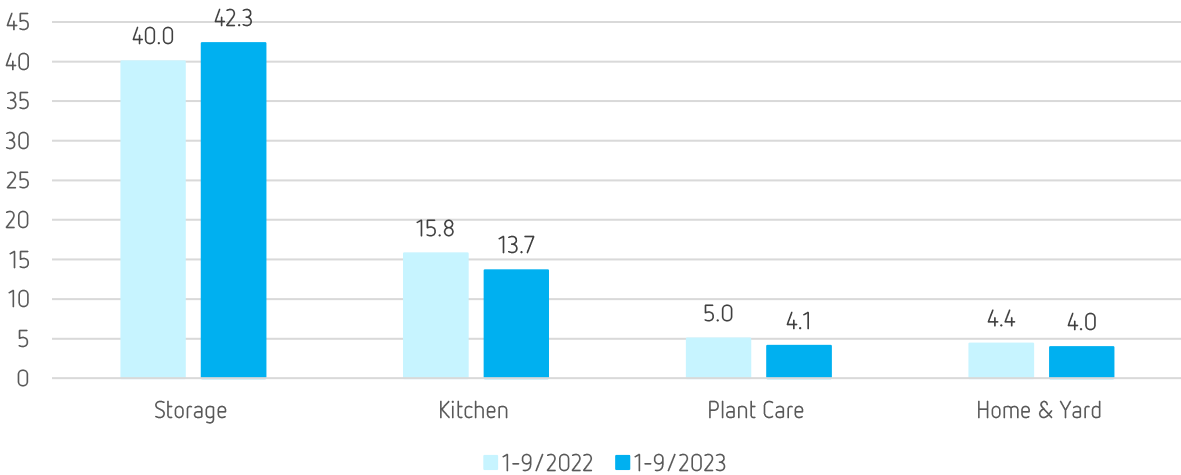
Invoiced sales by product category

Invoiced sales by product category quarterly, EUR million



- Invoiced sales in the largest category Storage increased to EUR 15.4 million (14.4)
- Invoiced sales in the Kitchen category decreased to EUR 4.8 million (5.6) due to weak consumer demand in the Nordics
- Invoiced sales in the Plant Care category were EUR 0.7 million (0.9)
- Invoiced sales in the Home & Yard category were EUR 1.3 million (1.2)

Invoiced sales by product category, EUR million



- Invoiced sales in the largest category Storage increased to EUR 42.3 million (40.0). The positive development in sales outside the Nordics takes the overall Storage category growth to 5.8%
- Invoiced sales in the Kitchen category decreased to EUR 13.7 million (15.8)
- Invoiced sales in the Plant Care category were EUR 4.1 million (5.0)
- Invoiced sales in the Home & Yard category were EUR 4.0 million (4.4)

STRATEGY

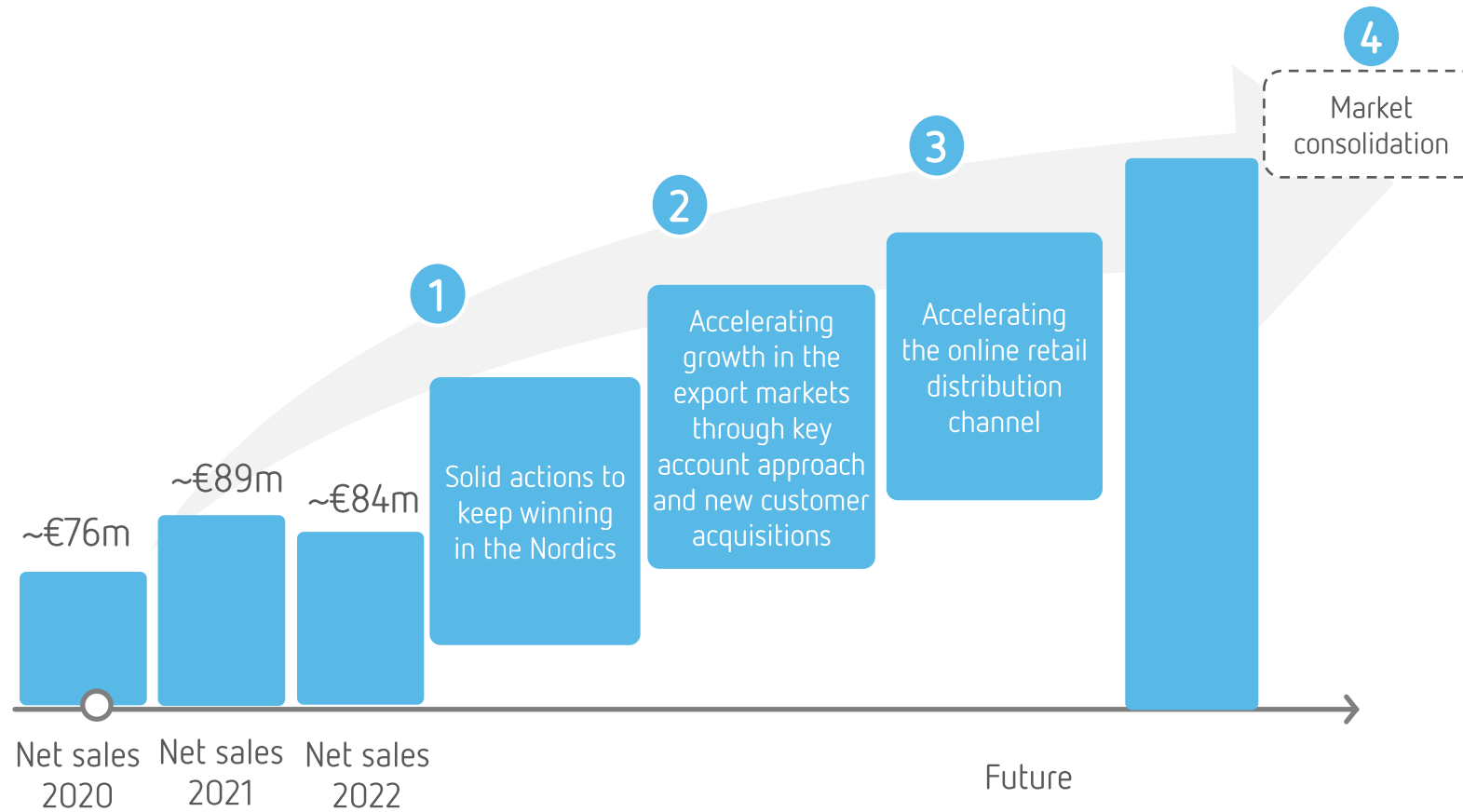
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Orthex's key growth strategy objectives are:

- To become the number one brand in the storage product category in Europe
- To strengthen 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

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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

Extension of ISCC PLUS products offering

- In Q3, Orthex extended its usage of ISCC PLUS certified renewable raw materials applying mass balance approach in the production into new products:
 - SmartStore Vision dry food keepers
 - SmartStore Snack lunch boxes
 - GastroMax measuring cups
- 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

Preparations for the Corporate Sustainability Reporting Directive (CSRD)

- In September, Orthex started preparations for the entry into force of the Corporate Sustainability Reporting Directive (CSRD), which applies to the company from the beginning of 2025
- Preparation work started with establishing ESG working group and GAP analysis

Extension of SmartStore™ brand product offering

Re-branding of GastroMax™ food storage items to SmartStore™

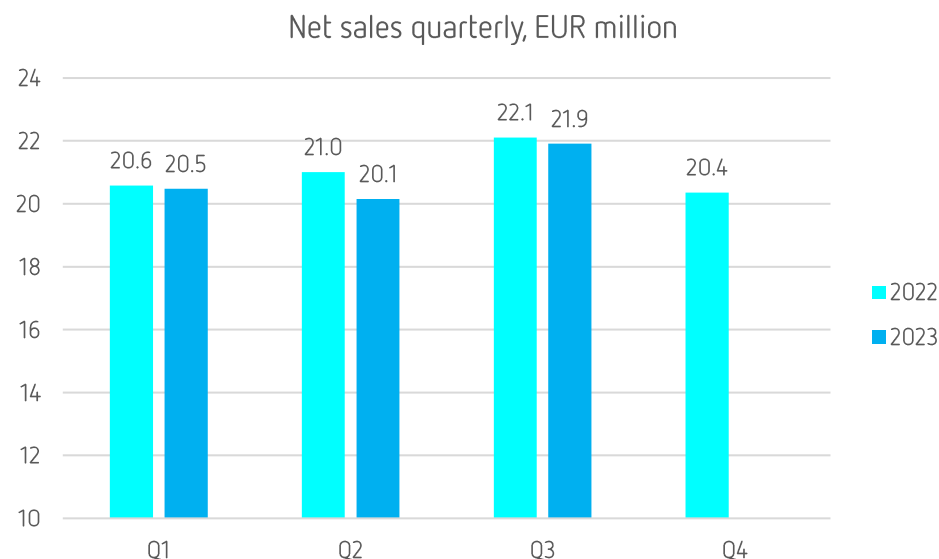
- Key priority to become a category leader in Europe in home storage with the SmartStore brand
- Product offering under the SmartStore brand extended with stylish food storage items
- Use of renewable raw materials in the production of SmartStore Vision dry food keepers and SmartStore Snack lunch boxes using mass balance approach – at least 20% of renewable content on average
- At the same time, we launched two new round dry food keepers
- The re-branding allows more efficient investments in brand building
- No effect on financial reporting by product categories
- All food storage products rebranded by February 2024



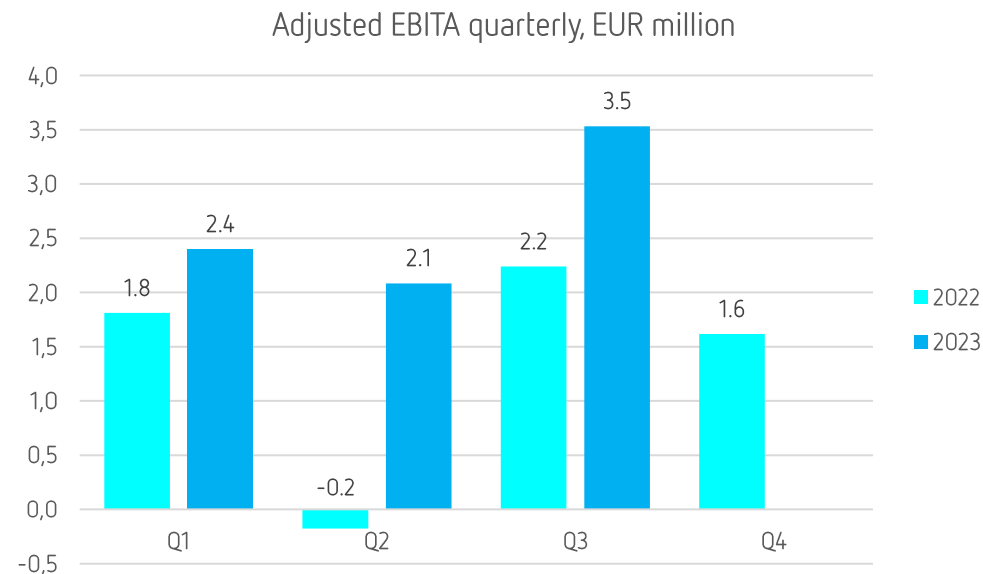
FINANCIALS

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Net sales & profitability

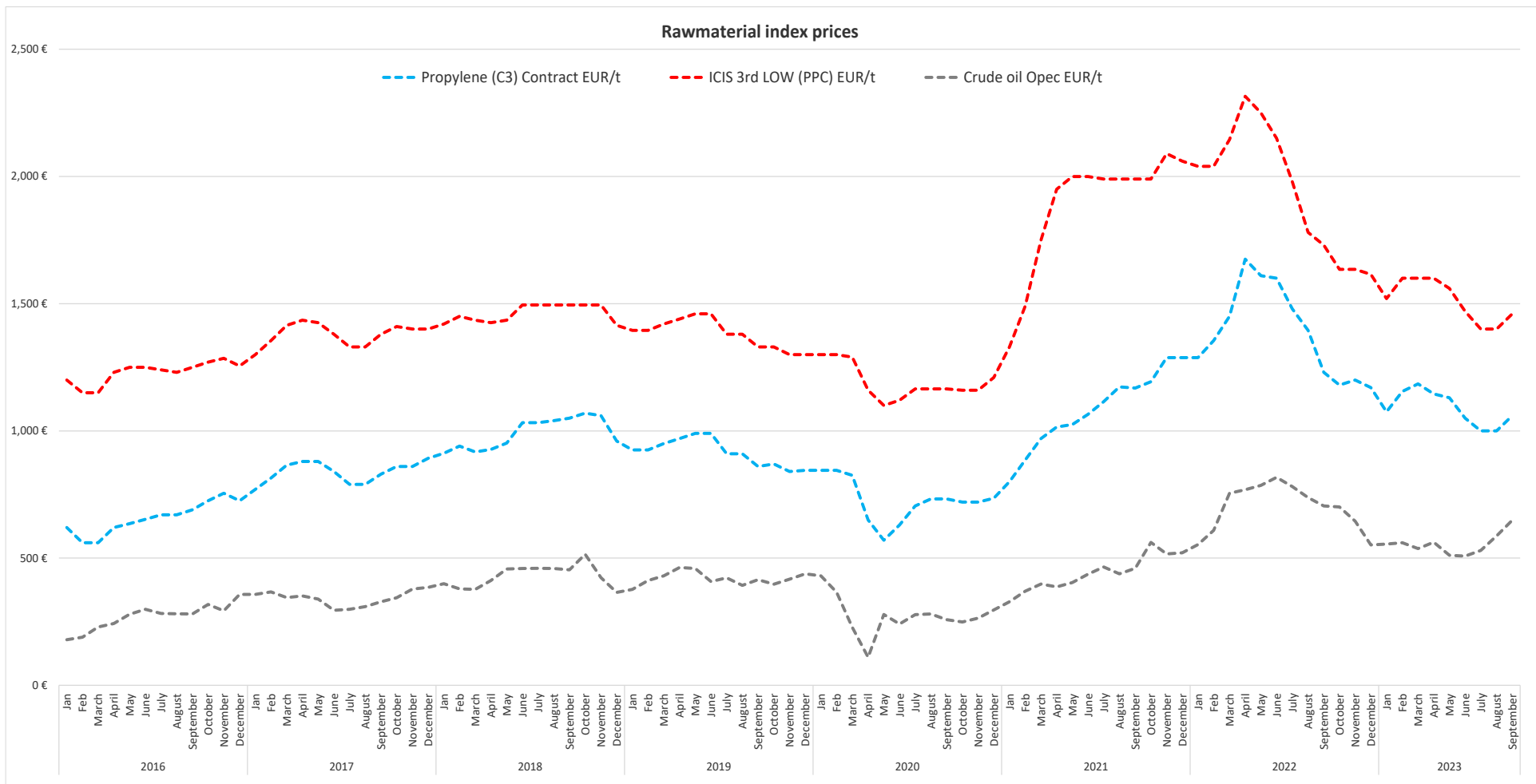


- In Q3 2023, the Group's Net sales decreased by 0.9% to EUR 21.9 million (22.1)
- The increase in constant currency Net sales was 2.9% compared to the third quarter of 2022
- Sales in the Rest of the Europe grew due to the successful commercial strategy implementation



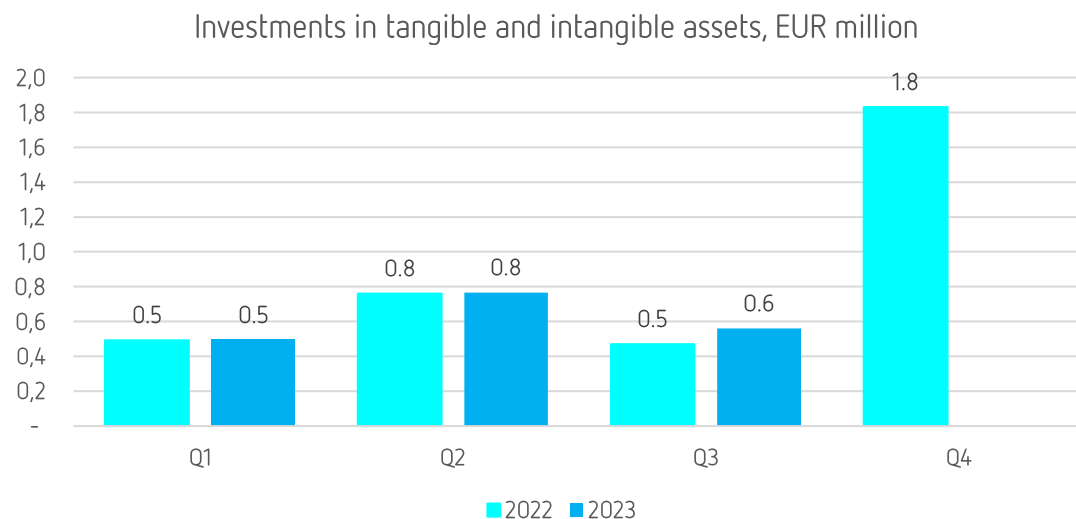
- Q3 adjusted EBITA increased to EUR 3.5 million (2.2). The adjusted EBITA margin increased to 16.1% (10.1)
- Year to date adjusted EBITA was EUR 8.0 million (3.9)
- Adjusted Gross margin was EUR 6.9 million (5.0)
- Adjusted Gross margin % increased 9.2 percentage points from 22.4% to 31.6%

Development of raw material price indexes

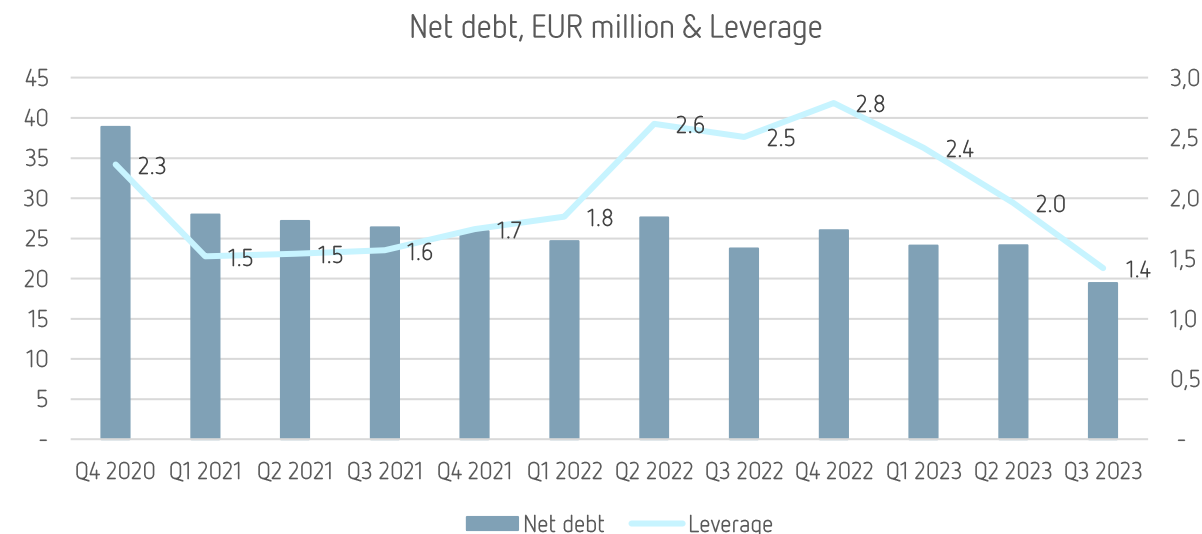


- Prices have stabilized from exceptionally high levels last year
- Index prices were slightly increasing during the third quarter
- Tension in The Middle East might be affecting the oil-based product prices and risk for further escalations is keeping the market very nervous
- Low demand in Europe currently keeping polymer prices on rather stable level

Investments & net debt



- Orthex's investments during the third quarter of 2023 amounted to EUR 0.6 million and were mainly related to new products



- At the end of the reporting period, the Group's net debt was EUR 19.5 million (23.7)
- The non-current interest-bearing liabilities were EUR 29.7 million (33.4) and Orthex's total interest-bearing liabilities were EUR 33.9 million (37.6) on 30 September 2023
- Leverage was 1.4x 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"	-1.8% total 13.1% outside Nordics
PROFITABILITY	18%	"Improving EBITA margin (adjusted for items affecting comparability) exceeding 18 per cent over time"	12.8%
LEVERAGE	<2.5x	"Net debt to adj. EBITDA below 2.5x. Leverage may temporarily exceed the target, for example, in conjunction with acquisitions"	1.4x
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



STRONG PROFIT PERFORMANCE

CAREFUL CONSUMER BEHAVIOUR



Q&A

www.investors.orthexgroup.com

Key Figures

Key Performance Indicators

EUR million	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Invoiced sales	22.2	22.2	0.3%	64.0	65.2	-1.7%	85.8
Net sales	21.9	22.1	-0.9%	62.5	63.7	-1.8%	84.0
Gross margin	6.9	5.0	39.8%	17.5	13.0	35.1%	17.9
Gross margin, %	31.6%	22.4%		28.0%	20.3%		21.3%
EBITDA	4.5	3.1	43.8%	11.0	6.5	67.8%	9.2
EBITDA margin, %	20.6%	14.2%		17.6%	10.3%		10.9%
Adjusted EBITDA	4.5	3.2	42.1%	11.0	6.7	64.4%	9.3
Adjusted EBITDA margin, %	20.6%	14.4%		17.6%	10.5%		11.1%
EBITA	3.5	2.2	60.3%	8.0	3.7	114.8%	5.3
EBITA margin, %	16.1%	10.0%		12.7%	5.8%		6.3%
Adjusted EBITA	3.5	2.2	57.7%	8.0	3.9	106.9%	5.5
Adjusted EBITA margin, %	16.1%	10.1%		12.8%	6.1%		6.5%
Operating profit	3.5	2.2	61.5%	7.9	3.6	118.0%	5.2
Operating profit margin, %	16.0%	9.8%		12.6%	5.7%		6.2%
Net cash flows from operating activities	5.3	4.4	19.5%	9.8	5.9	66.4%	6.2
Net debt / Adjusted EBITDA	1.4	2.5		1.4	2.5		2.8
Adjusted return on capital employed (ROCE), %	11.5%	7.0%		25.2%	11.9%		15.9%
Equity ratio, %	37.9%	33.3%		37.9%	33.3%		36.3%
Earnings per share, basic (EUR)	0.13	0.07	87.4%	0.27	0.10	168.3%	0.12
FTEs	280	298	-6.1%	281	298	-5.5%	295

Financial releases in 2024

Orthex will publish its financial statements release for 2023 and financial reports in 2024 as follows:

- 5 March 2024: Financial statements release for 2023
- 15 May 2024: Interim report January–March 2024
- 21 August 2024: Half-year financial report January–June 2024
- 15 November 2024: Interim report January–September 2024



orthexTM

Practical is Beautiful