

Orthex Corporation
HALF-YEAR FINANCIAL REPORT

January–June 2024



Novelty: Smart Store™ Essence storage baskets

orthex
GROUP

ORTHEX CORPORATION: HALF-YEAR FINANCIAL REPORT JANUARY-JUNE 2024

Continued solid sales growth

APRIL-JUNE 2024

- Invoiced sales amounted to EUR 21.6 million (20.6)
- Net sales increased by 4.3% to EUR 21.0 million (20.1)
- Adjusted EBITDA was EUR 2.6 million (3.1)
- Adjusted EBITA was EUR 1.6 million (2.1), representing 7.4% of net sales (10.3)
- Operating profit was EUR 1.5 million (2.1)
- Net cash flows from operating activities were EUR -0.4 million (2.0)
- Earnings per share, basic was EUR 0.05 (0.06)

JANUARY-JUNE 2024

- Invoiced sales increased by 6.5% and totalled EUR 44.6 million (41.8)
- Net sales increased by 5.9% to EUR 43.0 million (40.6)
- Adjusted EBITDA was EUR 6.5 million (6.5)
- Adjusted EBITA was EUR 4.3 million (4.5), representing 10.0% of sales (11.0)
- Operating profit was EUR 4.3 million (4.4)
- Net cash flows from operating activities were EUR 3.7 million (4.5)
- Net debt / Adjusted EBITDA was 1.6 (2.0)
- Earnings per share, basic was EUR 0.14 (0.13)

The figures in brackets refer to the corresponding period in the previous year unless stated otherwise. The figures are unaudited.

ALEXANDER ROSENLEW, CEO:

Orthex had a strong start of the year, and we kept the positive momentum during the second quarter when Orthex's net sales increased by 4.3% to 21.0 million euros (20.1). Constant currency net sales growth was 4.4%. In the first half of the year, net sales grew by 5.9% and amounted to 43.0 million euros (40.6) driven by improving sell-out performance in the Nordic countries and strong commercial activities.

The second quarter invoiced sales in the Nordics improved by 5.4% compared to last year and were 17.2 million euros (16.3). In the Rest of Europe, the timing of orders resulted in balanced sales growth of 6.2%, delivering in total 4.2 million euros in sales (3.9). We are currently developing our German operations into an entity responsible for the whole DACH region. This is an important step to cater for growing cross-border customer demand from key partners with retail chains throughout this larger geographic region. The change is intended to make it possible to accelerate future growth in the area.



The biggest category Storage continued to perform well and grew by 5.0% compared to April–June last year. The Kitchen category showed sales growth of 7.0% thanks to widening customer distribution and the successful rebranding of SmartStore™ food storage products. The Home & Garden category sales improved slightly by 2.2% compared to the second quarter last year.

Orthex's profitability declined compared to Q2 in the previous year, with adjusted EBITA margin at 7.4% (10.3) and the adjusted EBITA at 1.6 million euros (2.1). Considering the one-time energy price compensation received last year in Sweden (0.8 million euros), the comparable EBITA improved by 16%. Fixed costs developed according to plan, particularly influenced by growth related costs such as additional commercial resources, strong in-store marketing activities and salary inflation.

Cash flows in the second quarter amounted to -0.4 million euros (2.0). During the period, preparations were made for summer maintenance breaks at the factories and working capital was increased, but the cash position remains strong. The net debt to adjusted EBITDA ratio (leverage) was 1.6 (2.0) at the end of the period.

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. During times of lower consumer confidence, the general market offering can get skewed towards cheaper, lower quality products, which are often not the most sustainable solutions. For Orthex, it is extremely important to enforce the quality and sustainability of its products through strong communication and giving the consumer and the retail professional buyers the opportunity to select long-lasting products with strong brands and up to 10 years guarantee.

Orthex invests in novelties on a continuous basis and the latest addition is the modern range of SmartStore™ Essence storage baskets made of recycled plastic.

Despite the somewhat depressed consumer sentiments, our systematic customer and distribution acquisition efforts kept progressing well in Europe and our qualitative products are gaining more space and visibility store by store.

Our strategy is working well, and I am grateful that we have a strong, dedicated and aligned team implementing value adding activities with our partners.



SmartStore™ Recycled storage boxes; all SmartStore™ boxes with 10 years guarantee

KEY FIGURES

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Invoiced sales	21.6	20.6	5.0%	44.6	41.8	6.5%	88.0
Net sales	21.0	20.1	4.3%	43.0	40.6	5.9%	85.9
Gross margin	5.7	5.2	10.2%	12.4	10.6	17.0%	24.3
Gross margin, %	27.0%	25.6%		28.7%	26.0%		28.3%
EBITDA	2.6	3.1	-15.2%	6.5	6.5	0.0%	14.9
EBITDA margin, %	12.5%	15.4%		15.0%	15.9%		17.3%
Adjusted EBITDA	2.6	3.1	-15.2%	6.5	6.5	-0.9%	14.9
Adjusted EBITDA margin, %	12.5%	15.4%		15.0%	16.0%		17.4%
EBITA	1.6	2.1	-25.5%	4.3	4.4	-2.6%	10.9
EBITA margin, %	7.4%	10.3%		10.0%	10.9%		12.6%
Adjusted EBITA	1.6	2.1	-25.5%	4.3	4.5	-3.8%	10.9
Adjusted EBITA margin, %	7.4%	10.3%		10.0%	11.0%		12.7%
Operating profit	1.5	2.1	-24.5%	4.3	4.4	-1.3%	10.8
Operating profit margin, %	7.4%	10.2%		10.0%	10.8%		12.5%
Net cash flows from operating activities	-0.4	2.0	-119.1%	3.7	4.5	-18.7%	10.2
Net debt / Adjusted EBITDA	1.6x	2.0x		1.6x	2.0x		1.5x
Adjusted return on capital employed (ROCE), %	4.7%	6.4%		12.6%	13.6%		31.8%
Equity ratio, %	39.8%	36.0%		39.8%	36.0%		40.2%
Earnings per share, basic (EUR)	0.05	0.06	-12.7%	0.14	0.13	4.5%	0.39
FTEs	294	280	5.0%	291	282	3.1%	281

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 21.0% from 2013 to 2023. 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 continues trending 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, avoiding food waste, 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 sorting and recycling solutions that can also function as interior design elements.

Another consumption pattern supporting Orthex's business is the demand for houseplants and interest in gardening. 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, plants, and vegetables indoors and outdoors. These trends are driving demand for plant care products.

The uncertainties related to the general development of the global economy, such as the risk of an economic recession, general cost inflation, increased 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. As a result of the prevailing consumption uncertainty, many retailers are carefully monitoring their inventory levels. 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. The European Central Bank's forecast says that inflation pressures will ease in 2024 and the increase in earnings level will help the private consumption to recover. Orthex will follow the market trends and strive to navigate through changing conditions as efficiently as possible.

NET SALES AND PROFITABILITY

Net sales and invoiced sales

Invoiced sales by geography

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Nordics	17.2	16.3	5.4%	34.7	32.5	6.9%	68.7
Rest of Europe	4.2	3.9	6.2%	9.5	8.8	8.2%	18.5
Rest of the world	0.2	0.3	-31.9%	0.3	0.5	-42.6%	0.8
Total	21.6	20.6	5.0 %	44.6	41.8	6.5%	88.0

Invoiced sales by product category

EUR million	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Storage	13.4	12.8	5.0%	29.0	27.0	7.6%	60.0
Kitchen	4.7	4.4	7.0%	9.5	8.8	7.4%	18.6
Home & Garden	3.5	3.4	2.2%	6.0	6.0	0.3%	9.4
Total	21.6	20.6	5.0%	44.6	41.8	6.5%	88.0

Orthex has combined the Home & Yard and Plant care categories into a new reporting category called Home & Garden as of the start of the year. The new Home & Garden category includes all the same items as the previous two, now combined categories in reporting.

April-June 2024

The Group's net sales increased in the second quarter by 4.3% and was 21.0 million EUR (20.1). The Group's invoiced sales were 21.6 million EUR (20.6). The increase in constant currency net sales was 4.4% compared to April-June 2023.

January-June 2024

In January-June, the Group's net sales increased by 5.9% to EUR 43.0 million (40.6). Invoiced sales amounted to EUR 44.6 million (41.8). The increase in constant currency net sales was 6.3% compared to January-June 2023.

Campaigns, strong in-store activities, new product and customer listings, and normalising demand in the Nordics contributed to the increase in net sales in the first half of the year.

Development by geography

April–June 2024

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in April–June increased to EUR 17.2 million (16.3). Invoiced sales in the rest of Europe increased to EUR 4.2 million (3.9). In the rest of the world, invoiced sales decreased to EUR 0.2 million (0.3).

January–June 2024

In the Nordics, the Group's invoiced sales in January–June increased to EUR 34.7 million (32.5). Invoiced sales in the Rest of Europe increased to EUR 9.5 million (8.8). In the Rest of the world, invoiced sales amounted to EUR 0.3 million (0.5).

Invoiced sales increased in the Nordic core markets generally due to successful campaigns and normalising demand. In the strategically important European markets, invoiced sales grew by solid 8.2% in January–June.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 22.0% (22.3) of the Group's invoiced sales during the period.

Development by product category

April–June 2024

Orthex's largest category is Storage with invoiced sales totalling EUR 13.4 million (12.8) during April–June. Products in the Storage category play a key role in Orthex's expansion in Europe. Strong commercial activities contributed to the sales growth.

The latest novelty in the Storage category is the range of SmartStore™ Essence storage baskets which are made of recycled plastic.

The Group's invoiced sales in the Kitchen category increased in April–June to EUR 4.7 million (4.4) driven by improving sell-out performance in the Nordic countries.

Invoiced sales in the Home & Garden category increased to EUR 3.5 million (3.4).

January–June 2024

Invoiced sales in the Storage category totalled EUR 29.0 million (27.0) 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 7.6% compared to the same period last year.

The Group's invoiced sales in the Kitchen category increased in January–June to EUR 9.5 million (8.8).

Invoiced sales in the Home & Garden category amounted to EUR 6.0 million (6.0).

The Storage category grew driven by new customer and product listings and successful campaigns. Widening customer distribution and the successful rebranding of SmartStore™ food storage products is visible in the Kitchen category's sales growth.

Profitability

April–June 2024

EBITA for April–June was EUR 1.6 million (2.1). Adjusted EBITA decreased to EUR 1.6 million (2.1), and the adjusted EBITA margin decreased to 7.4% (10.3). Orthex's operating profit was EUR 1.5 million (2.1). The operating profit did not include items affecting comparability in the review period or the comparison period but considering the one-time energy price support received in Sweden last year (EUR 0.8 million), the comparable EBITA increased by 16% and the operating profit by 19%.

January–June 2024

EBITA for January–June was EUR 4.3 million (4.4), which was the same as adjusted EBITA of EUR 4.3 million (4.5). The adjusted EBITA margin decreased to 10.0% (11.0). Orthex's operating profit was EUR 4.3 million (4.4). The operating profit did not include items affecting comparability (0.1) but considering the one-time energy price support received in Sweden last year (EUR 0.8 million), the comparable EBITA increased by 16% and the operating profit by 17%.

Fixed cost increases are mainly coming from strengthening the commercial organisation for future growth and from demand activation such as instore marketing, sales campaigns and trade fairs as well as from salary inflation. The fluctuation of raw material prices has levelled off, but the effect on profitability is still slightly positive.

Orthex's financial income and expenses during the review period consisted of EUR 1.0 million net expenses (1.3).

Profit before taxes was EUR 3.3 million (3.0) and profit for the period was EUR 2.5 million (2.4).

FINANCIAL POSITION AND CASH FLOW

At the end of June, the balance sheet totalled EUR 81.8 million (79.3), of which equity accounted for EUR 32.6 million (28.5).

The Group's net debt was EUR 23.1 million (24.2) at the end of the review period. Non-current interest-bearing liabilities were EUR 27.6 million (29.8) and Orthex's total interest-bearing

liabilities were EUR 32.0 million (34.0). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

During the period January–June 2024, the Group's net cash flows from operating activities were EUR 3.7 million (4.5) and cash conversion was 69.8% (80.6). During the period, preparations were made for summer maintenance breaks at the factories and working capital was increased, but the cash position remains strong. The energy price compensation received in Sweden last year (EUR 0.8 million) was paid to the company in June 2023. Interest paid during the period totalled EUR 0.9 million (0.9). Cash and cash equivalents amounted to EUR 8.8 million (9.8) at the end of the review period.

At the end of June, Net debt to Adjusted EBITDA ratio was 1.6x (2.0). Orthex's long-term target is to keep the Net debt to Adjusted EBITDA ratio below 2.5x.

At the end of the review period, the Group's Equity ratio was 39.8% (30.6). Adjusted return on capital employed (ROCE) was 12.6% (13.6) and return on equity (ROE) 7.4% (8.2).

INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments in January–June 2024 amounted to EUR 2.0 million (1.3) and were mainly related to moulds for new products.

Orthex participates in three large research projects for the development of recycled and renewable plastics. Orthex is researching in collaboration with Fortum and other partners whether recycled plastic could be used in products suitable for food contact. Since 2023, Orthex is also participating in a large cooperation project of seven years to promote the circular economy of plastics. Orthex's goal is to find new potential, environmentally friendly plastic raw materials, test raw materials in production and as finished products, and then bring new products to the market. Orthex is also involved in the Reusify project that started in 2024 and aims to reduce single-use packaging.

These investments in research support Orthex's 2030 carbon neutrality target and the target to increase the use of renewable and recycled 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 6.2 million and 981,663 shares. The highest price of the share was EUR 7.30 and the lowest was EUR 5.39. The closing price of the

share at the end of June was EUR 7.22. At the end of the review period, the market value of the share capital stood at EUR 128.2 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 15,134, including nominee registers. At the end of the period, the ten largest registered shareholders possessed a total of 51.2% of Orthex's shares and votes.

The stock exchange releases on notifications of changes in holdings (flaggings) are available on the corporate website at [Media - Orthex Group](#). 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 2025.

GROUP STRUCTURE

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

GOVERNANCE

Changes in the Management Team

During the first half of the year, changes took place in the company's operational responsibilities and the Management Team. These changes are elaborated in further detail in the stock exchange releases issued by the company in January and February which are available on the corporate website at [Media - Orthex Group](#).

Annual General Meeting 2024

Orthex Corporation's Annual General Meeting was held in Espoo on 9 April 2024. 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 2023. The general meeting also approved the 2023 remuneration report for governing bodies.

The general meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.21 per share. The dividend will be paid in two instalments. The first instalment of EUR 0.11 per share was paid on 18 April 2024. The second instalment of EUR 0.10 per share will be paid on 9 October 2024.

The general meeting resolved that **Sanna Suvanto-Harsaae**, **Markus Hellström**, **Jyrki Mäki-Kala**, **Jens-Peter Poulsen** and **Anette Rosengren** be re-elected 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 Ryttilahti** continuing as the signing audit partner.

The general meeting 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. The Board of Directors was also authorised to decide on the acquisition of a maximum of 175,000 company shares. The authorisations are valid until 30 June 2025.

Further information about the decisions of the general meeting can be found in the AGM documents, which are available on the corporate website at [Annual General Meeting 2024 - Orthex Group](#).

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. For example, a prerequisite for all new product investments is that the material should be either recycled or renewable. Orthex does not make single-use products. On the contrary, Orthex's products are made for long-term use and are recyclable at the end of their life cycle.

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 neutral 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](#) and in the Annual and Sustainability Report 2023 which is available at [Reports & presentations - Orthex Group](#). As highlighted in the Sustainability Report, the company achieved or exceeded most of the sustainability targets set for the year 2023.

Sustainability highlights in January–June 2024

Orthex's active sustainability work continued during the first half of the year.

Recognitions

In January, Orthex was ranked in 6th place among the Nasdaq Helsinki small-cap companies in the Nordic Business Diversity Index examining the diversity of senior leadership in Nordic listed companies.

Orthex reached the highest Leadership level with a score A- in the Climate Disclosure Project's (CDP) climate change program which assesses climate change related risk management and practices. Outcome of the 2023 CDP reporting was disclosed in February 2024.

EcoVadis disclosed its sustainability rating outcome in July placing Orthex at the bronze level. EcoVadis rates businesses' sustainability based on their environmental impact, labour and human rights standards, ethics, and procurement practices.

In addition, Orthex was awarded the Nasdaq ESG Transparency Partner badge for 2023 ESG reporting for a third year in a row.

Audits

Orthex strives to minimise its impact on the environment and climate and invests in high-quality and safety of its products. All our three factories in Finland and Sweden have already since 2002 been ISO 14001 and 9001 certified for their environmental and quality management systems. Since 2021, Orthex's operations were awarded the ISO 45001 certification for occupational health and safety management system.

During the first months of the year, Orthex's operations were evaluated based on the principles of the SMETA sustainability audit. SMETA is the world's most widely used audit, and the abbreviation stands for Sedex Members Ethical Trade Audit. The SMETA audit was conducted at Orthex's Tingsryd factory for the second time and at the Lohja factory for the first time. The level of Orthex's operations were assessed in terms of occupational health and safety, working conditions, environmental performance, and business practices. The audit performed by an external party effectively maps the level of operations and shows potential areas for improvement, which is our goal: we want to improve our operations even further.

In March, Orthex's Lohja factory was audited and the ISCC PLUS certificate was renewed. Corresponding audit was carried out in the Gnosjö factory in May resulting in renewal of its ISCC PLUS certificate as well. Usage of ISCC PLUS certified renewable raw materials produced by applying the mass balance approach supports Orthex's long-term carbon neutrality target, and the target to increase the share of sustainable raw materials in production.

Research investments

Transparent plastic and food contact with plastic are still difficult or even impossible to achieve with recycled plastic. To tackle this challenge that is crucial for Orthex's carbon neutrality target, Orthex participates in three large research projects for the development of recycled and renewable plastics.

Orthex is researching in collaboration with Fortum and other partners whether recycled plastic could be used in products suitable for food contact. The research results have been promising, but the start of industrial use will require further research and improvements in the sorting technology. In 2024, the research project will focus on the development of sorting technology, improvement of recycled plastic's traceability, and further review of the legal restrictions.

Since 2023, Orthex is also participating in a large cooperation project of seven years to promote the circular economy of plastics. Orthex's goal is to find new potential, environmentally friendly plastic raw materials, test raw materials in production and as finished products, and then bring new products to the market.

Orthex is also involved in the Reusify project that started in 2024 and aims to reduce single-use packaging. The project includes several different stakeholders, as cooperation across the entire value chain is a prerequisite for a circular economy. The goal of the project is to increase the reuse of packaging by generating new knowledge and expertise on how the reuse of single-use packaging could be implemented and what kind of system it would require.

These significant investments in research support Orthex's 2030 carbon neutrality target and the target to increase the use of renewable and recycled raw materials.

In addition, Orthex continued preparations for the entry into force of the Corporate Sustainability Reporting Directive (CSRD), which applies to the company from the beginning of 2025.

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.

Cost inflation, interest rate levels, and geopolitical 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 or the conflict between Israel and Hamas do not directly affect Orthex's business as Orthex does not sell products to Russia, Belarus, Ukraine, or Israel or source raw materials from these countries. However, geopolitical tensions cause disturbances in global supply chains and contribute 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, Orthex can control the quality of its products and the health and environmental aspects of production and products. Although Orthex has several quality control measures in place, there can be no assurances that such measures will always be adequate to detect potential product quality defects. Any significant quality issue may require a considerable amount of management resources. Responding to detected or suspected quality issues, for example, by proactively adjusting production processes or by switching the materials or components used, usually gives rise to costs that may be significant. Product quality issues or product recalls may also harm Orthex's reputation and lead to loss of customers. Materialisation of the aforementioned risks may have a material adverse effect on Orthex's business, results of operations, financial position, and reputation.

As Orthex's production largely relies on its own production facilities, events that would cause significant disruptions in or the suspension of Orthex's production facilities could materially affect Orthex's ability to deliver its products to its customers in a timely manner. Significant disruptions or interruptions in production and operations would adversely affect Orthex 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 have had and may continue to have a material adverse effect on Orthex's results of operations.

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 2023. 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 2023, is available on the company's website at [Reports & presentations - Orthex Group](#).

EVENTS AFTER THE REVIEW PERIOD

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

FINANCIAL RELEASES IN 2024

Orthex will publish its financial reports in 2024 as follows:

15 November 2024: Interim report January–September 2024

Espoo, 21 August 2024

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, CMSO, +358 (0)40 053 8886

The results presentation will be held on 22 August 2024 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 [Reports & presentations - Orthex Group](#). 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 2024

Consolidated statement of comprehensive income

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	21,021	20,147	43,028	40,622	85,945
Cost of sales	-15,347	-14,997	-30,666	-30,053	-61,625
Gross Margin	5,674	5,151	12,361	10,569	24,320
Other operating income	5	764	13	790	811
Selling and marketing expenses	-2,593	-2,456	-5,143	-4,540	-9,237
Administrative expenses	-1,537	-1,406	-2,923	-2,453	-5,143
Operating profit	1,550	2,054	4,309	4,367	10,750
Financial income and expenses	-361	-729	-1,047	-1,346	-2,231
Profit before taxes	1,189	1,325	3,261	3,021	8,520
Income taxes	-258	-258	-768	-636	-1,628
Profit for the period	931	1,066	2,493	2,385	6,892
Profit for the period attributable to:					
Equity holders of the parent	931	1,066	2,493	2,385	6,892
Earnings per share, basic (and diluted), EUR	0.05	0.06	0.14	0.13	0.39
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Translation differences	448	-1,111	-649	-1,609	85
Items that will not be reclassified to profit or loss:					
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-	-298
Other comprehensive income for the period, net of tax	448	-1,111	-649	-1,609	-213
Total comprehensive income for the period	1,379	-45	1,845	776	6,679
Total comprehensive income attributable to:					
Equity holders of the parent	1,379	-45	1,845	776	6,679

Consolidated statement of financial position

EUR thousand	30 June 2024	30 June 2023	31 Dec 2023
Assets			
Non-current assets			
Intangible assets	21,906	21,343	22,303
Property, plant, and equipment	14,493	13,305	13,942
Right-of-use assets	6,571	6,291	6,999
Other non-current assets	104	244	107
Deferred tax assets	667	790	695
Total non-current assets	43,740	41,975	44,046
Current assets			
Inventories	13,392	12,902	12,088
Trade and other receivables	15,791	14,341	17,866
Derivative financial instruments	55	204	-
Cash and cash equivalents	8,821	9,844	11,568
Total current assets	38,058	37,291	41,522
Total assets	81,799	79,266	85,568
Equity and liabilities			
Equity attributable to the equity holders of the parent company			
Share capital	80	80	80
Invested unrestricted equity fund	7,851	7,851	7,851
Retained earnings	25,705	22,733	26,941
Translation differences	-1,084	-2,130	-436
Total equity	32,551	28,534	34,436
Non-current liabilities			
Loans from credit institutions	17,904	20,877	19,391
Lease liabilities	6,128	5,904	6,629
Pension liabilities	3,565	3,047	3,613
Deferred tax liabilities	793	831	796
Total non-current liabilities	28,390	30,660	30,429
Current liabilities			
Loans from credit institutions	3,000	3,000	3,000
Lease liabilities	1,367	1,165	1,252
Trade and other payables	15,994	15,703	15,687
Derivative financial instruments	11	-	41
Income tax liabilities	485	204	723
Total current liabilities	20,857	20,073	20,703
Total liabilities	49,247	50,732	51,132
Total equity and liabilities	81,799	79,266	85,568

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
As at 1 Jan 2024	80	7,851	26,941	-436	34,436
Profit for the period			2,493		2,493
Translation differences				-649	-649
Total comprehensive income			2,493	-649	1,845
Dividends			-3,729		-3,729
At 30 June 2024	80	7,851	25,705	-1,084	32,551
As at 1 Jan 2023	80	7,851	22,301	-521	29,711
Profit for the period			2,385		2,385
Translation differences				-1,609	-1,609
Total comprehensive income			2,385	-1,609	776
Dividends			-1,953		-1,953
At 30 June 2023	80	7,851	22,733	-2,130	28,534
As at 1 Jan 2023	80	7,851	22,301	-521	29,711
Profit for the period			6,892		6,892
Translation differences				85	85
Remeasurement gains/(losses) on defined benefit plan			-298		-298
Total comprehensive income			6,593	85	6,679
Dividends			-1,953		-1,953
At 31 Dec 2023	80	7,851	26,941	-436	34,436

Consolidated statement of cash flows

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Cash flows from operating activities			
Profit before taxes	3,261	3,021	8,520
Adjustments:			
Depreciation, amortisation, and impairment	2,151	2,094	4,142
Financial income and expenses	1,047	1,346	2,230
Other adjustments	-26	-353	-206
Cash flows before changes in working capital	6,435	6,107	14,686
Changes in working capital			
Decrease (+) / increase (-) in trade and other receivables	2,024	-1,839	-4,383
Decrease (+) / increase (-) in inventories	-1,304	874	2,196
Decrease (-) / increase (+) in trade and other payables	-1,557	1,247	1,346
Cash flows from operating activities before financial items and taxes	5,597	6,388	13,845
Interests paid	-926	-949	-1,918
Income taxes paid	-985	-905	-1,757
Net cash flows from operating activities	3,686	4,534	10,170
Cash flows from investing activities			
Investments in tangible and intangible assets	-1,950	-1,261	-2,594
Net cash flows from investing activities	-1,950	-1,261	-2,594
Cash flows from financing activities			
Dividends	-1,953	-1,066	-1,953
Repayment of lease liabilities	-772	-685	-1,329
Repayment of short-term borrowings	-1,500	-1,500	-3,000
Net cash flows from financing activities	-4,226	-3,250	-6,283
Net change in cash and cash equivalents	-2,491	22	1,293
Net foreign exchange differences	-256	-462	-9
Cash and cash equivalents at the beginning of the period	11,568	10,284	10,284
Cash and cash equivalents at the end of the period	8,821	9,844	11,568

NOTES TO THE HALF-YEAR FINANCIAL REPORT

Basis of preparation

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

Orthex's Board of Directors has approved this half-year financial report at its meeting on 21 August 2024. The figures in the half-year financial report are rounded, so the total sum of the individual figures may differ from the total figure presented. 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 2023.

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
Acquisition cost at 1 Jan 2024	1,218	22,292	71,949	12,737	108,197
Additions			2,041	536	2,577
Transfers			-8		-8
Translation differences		-390	-153	-149	-692
Acquisition cost at 30 June 2024	1,218	21,901	73,830	13,124	110,074
Accumulated depreciation, amortisation and impairment at 1 Jan 2024	1,207		58,006	5,739	64,952
Depreciation and amortisation	7		1,330	815	2,152
Accumulated depreciation, amortisation and impairment at 30 June 2024	1,213		59,336	6,554	67,103
Carrying amount at 1 Jan 2024	12	22,292	13,942	6,999	43,244
Carrying amount at 30 June 2024	5	21,901	14,493	6,571	42,970
Acquisition cost at 1 Jan 2023	1,218	22,252	68,979	12,697	105,147
Additions			1,662	386	2,048
Disposals			-2		-2
Translation differences		-972	-2,242	-356	-3,570
Acquisition cost at 30 June 2023	1,218	21,280	68,397	12,727	103,623
Accumulated depreciation, amortisation and impairment at 1 Jan 2023	1,094		55,432	5,686	62,211
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
Accumulated depreciation, amortisation and impairment at 30 June 2023	1,156		55,091	6,436	62,682
Carrying amount at 1 Jan 2023	125	22,252	13,547	7,011	42,936
Carrying amount at 30 June 2023	63	21,280	13,305	6,291	40,941

Fair value of financial assets and liabilities

Financial assets			
EUR thousand	30 June 2024	30 June 2023	31 Dec 2023
Level 2			
Assets measured at fair value			
Derivative financial instruments:			
Foreign exchange forward contracts and interest rate hedging	55	204	-
Total	55	204	-
Financial liabilities			
EUR thousand	30 June 2024	30 June 2023	31 Dec 2023
Level 2			
Liabilities measured at fair value			
Derivative financial instruments:			
Foreign exchange forward contracts	11	-	41
Total	11	-	41

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 June 2024	30 June 2023	31 Dec 2023
Guarantees and mortgages given on own behalf:			
Enterprise mortgages	50,019	49,947	50,065
Property mortgages	10,192	10,192	10,192
Other guarantees	100	48	102
Total	60,312	60,186	60,359

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 report, the company's claim for adjustment was still pending.

APPENDIX:

Key Performance Indicators

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	21,021	20,147	43,028	40,622	85,945
Net sales growth, %	4.3%	-4.1%	5.9%	-2.3%	2.3%
Constant currency net sales growth, %	4.4%	-0.1%	6.3%	1.2%	5.3%
Invoiced sales	21,619	20,599	44,551	41,815	87,989
Invoiced sales growth, %	5.0%	-4.3%	6.5%	-2.8%	2.6%
Gross Margin	5,674	5,151	12,361	10,569	24,320
Gross Margin, %	27.0%	25.6%	28.7%	26.0%	28.3%
EBITDA	2,638	3,110	6,460	6,461	14,892
EBITDA margin, %	12.5%	15.4%	15.0%	15.9%	17.3%
EBITA	1,553	2,084	4,315	4,429	10,863
EBITA margin, %	7.4%	10.3%	10.0%	10.9%	12.6%
Operating profit	1,550	2,054	4,309	4,367	10,750
Operating profit margin, %	7.4%	10.2%	10.0%	10.8%	12.5%
Items affecting comparability	-	-	-	55	55
Adjusted Gross Margin	5,674	5,151	12,361	10,569	24,320
Adjusted Gross Margin, %	27.0%	25.6%	28.7%	26.0%	28.3%
Adjusted EBITDA	2,638	3,110	6,460	6,516	14,947
Adjusted EBITDA margin, %	12.5%	15.4%	15.0%	16.0%	17.4%
Adjusted EBITA	1,553	2,084	4,315	4,484	10,918
Adjusted EBITA margin, %	7.4%	10.3%	10.0%	11.0%	12.7%
Adjusted operating profit	1,550	2,054	4,309	4,422	10,805
Adjusted operating profit margin, %	7.4%	10.2%	10.0%	10.9%	12.6%
Earnings per share, basic (and diluted), EUR	0.05	0.06	0.14	0.13	0.39
FTEs	294	280	291	282	281
Personnel expenses	5,047	4,814	9,906	9,069	17,921
Key cash flows indicators					
Net cash flows from operating activities	-386	2,026	3,685	4,534	10,170
Operating free cash flows	1,731	2,344	4,510	5,255	12,353
Cash conversion, %	65.6%	75.4%	69.8%	80.6%	82.6%
Investments in tangible and intangible assets	-906	-766	-1,950	-1,261	-2,594
Financial position key figures					
Net debt	23,143	24,150	23,143	24,150	22,317
Net debt / adjusted EBITDA last 12 months	1.6x	2.0x	1.6x	2.0x	1.5x
Net working capital	13,188	11,540	13,188	11,540	14,266
Capital employed excluding goodwill	33,793	31,404	33,793	31,404	34,462
Return on capital employed (ROCE), %	4.7%	6.4%	12.6%	13.5%	31.6%
Adjusted return on capital employed (ROCE), %	4.7%	6.4%	12.6%	13.6%	31.8%
Equity ratio, %	39.8%	36.0%	39.8%	36.0%	40.2%
Return on equity, %	2.8%	3.6%	7.4%	8.2%	21.5%

Reconciliation of APMs

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales growth, %					
Net sales	21,021	20,147	43,028	40,622	85,945
Net sales growth, %	4.3%	-4.1%	5.9%	-2.3%	2.3%
Constant currency Net sales growth, %					
Net sales	21,021	20,147	43,028	40,622	85,945
FX rate adjustment	-	-7	-	-162	-
Constant currency Net sales	21,021	20,141	43,028	40,460	85,945
Constant currency Net sales growth, %	4.4%	-0.1%	6.3%	1.2%	5.3%
Invoiced sales					
Net sales	21,021	20,147	43,028	40,622	85,945
Discounts and bonuses	916	814	1,938	1,688	3,715
Other sales and refunds	-318	-363	-415	-494	-1,672
Invoiced sales	21,619	20,599	44,551	41,815	87,989
Invoiced sales growth, %	5.0%	-4.3%	6.5%	-2.8%	2.6%
Gross Margin					
Net sales	21,021	20,147	43,028	40,622	85,945
Cost of sales	-15,347	-14,997	-30,666	-30,053	-61,625
Gross Margin	5,674	5,151	12,361	10,569	24,320
Gross Margin, %	27.0%	25.6%	28.7%	26.0%	28.3%
EBITDA					
Operating profit	1,550	2,054	4,309	4,367	10,750
Depreciation, amortisation, and impairment	1,088	1,056	2,151	2,094	4,142
EBITDA	2,638	3,110	6,460	6,461	14,892
EBITDA margin, %	12.5%	15.4%	15.0%	15.9%	17.3%
EBITA					
Operating profit	1,550	2,054	4,309	4,367	10,750
Amortisation and impairment	3	30	7	62	113
EBITA	1,553	2,084	4,315	4,429	10,863
EBITA margin, %	7.4%	10.3%	10.0%	10.9%	12.6%
Operating profit					
Operating profit	1,550	2,054	4,309	4,367	10,750
Operating profit margin, %	7.4%	10.2%	10.0%	10.8%	12.5%
Items affecting comparability / adjustments (EBITDA)					
Other items affecting comparability	-	-	-	55	55
Items affecting comparability / adjustments (EBITDA)	-	-	-	55	55

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Adjusted Gross Margin					
Gross Margin	5,674	5,151	12,361	10,569	24,320
Adjusted Gross Margin	5,674	5,151	12,361	10,569	24,320
Adjusted Gross Margin, %	27.0%	25.6%	28.7%	26.0%	28.3%
Adjusted EBITDA					
Operating profit	1,550	2,054	4,309	4,367	10,750
Depreciation, amortisation, and impairment	1,088	1,056	2,151	2,094	4,142
Adjustments (EBITDA)	-	-	-	55	55
Adj. EBITDA	2,638	3,110	6,460	6,516	14,947
Adj. EBITDA margin, %	12.5%	15.4%	15.0%	16.0%	17.4%
Adjusted EBITA					
Operating profit	1,550	2,054	4,309	4,367	10,750
Amortisation and impairment	3	30	7	62	113
Adjustments (EBITA)	-	-	-	55	55
Adj. EBITA	1,553	2,084	4,315	4,484	10,918
Adj. EBITA margin, %	7.4%	10.3%	10.0%	11.0%	12.7%
Adjusted operating profit					
Operating profit	1,550	2,054	4,309	4,367	10,750
Adjustments	-	-	-	55	55
Adj. operating profit	1,550	2,054	4,309	4,422	10,805
Adj. operating profit margin, %	7.4%	10.2%	10.0%	10.9%	12.6%
Earnings per share, basic (and diluted), EUR					
Profit for the period	931	1,066	2,493	2,385	6,892
Average number of shares	17,759	17,759	17,759	17,759	17,759
Earnings per share, basic (and diluted), EUR	0.05	0.06	0.14	0.13	0.39
Operating free cash flows					
Adj. EBITDA	2,638	3,110	6,460	6,516	14,947
Investments in tangible and intangible assets	-906	-766	-1,950	-1,261	-2,594
Operating free cash flows	1,731	2,344	4,510	5,255	12,353
Cash conversion, %					
Operating free cash flows	1,731	2,344	4,510	5,255	12,353
Adj. EBITDA	2,638	3,110	6,460	6,516	14,947
Cash conversion, %	65.6%	75.4%	69.8%	80.6%	82.6%
Net debt					
Total interest-bearing liabilities	31,964	33,994	31,964	33,994	33,885
Cash and cash equivalents	-8,821	-9,844	-8,821	-9,844	-11,568
Net debt	23,143	24,150	23,143	24,150	22,317
Net debt/ Adj. EBITDA					
Net debt	23,143	24,150	23,143	24,150	22,317
Adj. EBITDA, 12 months	14,891	12,310	14,891	12,310	14,947
Net debt/ Adj. EBITDA	1.6x	2.0x	1.6x	2.0x	1.5x

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net working capital					
Inventories	13,392	12,902	13,392	12,902	12,088
Trade and other receivables	15,791	14,341	15,791	14,341	17,866
Trade and other payables	-15,994	-15,703	-15,994	-15,703	-15,687
Net working capital	13,188	11,540	13,188	11,540	14,266
Capital employed excluding goodwill					
Total Equity	32,551	28,534	32,551	28,534	34,436
Net debt	23,143	24,150	23,143	24,150	22,317
Goodwill	-21,901	-21,280	-21,901	-21,280	-22,292
Capital employed excluding goodwill	33,793	31,404	33,793	31,404	34,462
Return on capital employed (ROCE), %					
Operating profit	1,550	2,054	4,309	4,367	10,750
Average capital employed excluding goodwill	33,233	32,013	34,128	32,445	33,975
Return on capital employed (ROCE), %	4.7%	6.4%	12.6%	13.5%	31.6%
Adjusted return on capital employed (ROCE), %					
Adjusted operating profit	1,550	2,054	4,309	4,422	10,805
Average capital employed excluding goodwill	33,233	32,013	34,128	32,445	33,975
Adjusted return on capital employed (ROCE), %	4.7%	6.4%	12.6%	13.6%	31.8%
Equity ratio, %					
Total Equity	32,551	28,534	32,551	28,534	34,436
Total assets	81,799	79,266	81,799	79,266	85,568
Equity ratio, %	39.8%	36.0%	39.8%	36.0%	40.2%
Return on equity, %					
Profit for the period	931	1,066	2,493	2,385	6,892
Total equity (average for the first and last day of the period)	33,727	29,533	33,494	29,122	32,074
Return on equity, %	2.8%	3.6%	7.4%	8.2%	21.5%

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 financial measures defined in the IFRS, nor are they defined or named in the IFRS. 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 net sales growth, %	Net 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 Equivalentents
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, markets, 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 kitchen products under the Kökskungen™ brand.

Orthex has more than 100 years of experience in the design, production, 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 eight local sales organisations located in the Nordics, Germany, France, the United Kingdom, and the Benelux. 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 more and more of raw materials from renewable and recycled materials. Orthex aims towards carbon neutrality in its production by 2030.



Orthex™ Botanica pots



GastroMax™ ladles

orthex
GROUP

Orthex Corporation
www.investors.orthexgroup.com