

Orthex Corporation

INTERIM REPORT

January–September 2024



Novelty: SmartStore™ Collect Stack-it

orthex
GROUP

ORTHEX CORPORATION: INTERIM REPORT 1 JANUARY-30 SEPTEMBER 2024

Strong sales growth outside the Nordics, higher costs affected profitability

JULY–SEPTEMBER 2024

- Invoiced sales amounted to EUR 23.3 million (22.2)
- Net sales increased by 4.2% to EUR 22.8 million (21.9)
- Adjusted EBITDA was EUR 4.0 million (4.5)
- Adjusted EBITA was EUR 2.9 million (3.5), representing 12.6% of net sales (16.1)
- Operating profit was EUR 2.8 million (3.5)
- Net cash flows from operating activities were EUR 5.7 million (5.3)
- Earnings per share, basic was EUR 0.10 (0.13)

JANUARY–SEPTEMBER 2024

- Invoiced sales increased by 6.0% and totalled EUR 67.9 million (64.0)
- Net sales increased by 5.3% to EUR 65.9 million (62.5)
- Adjusted EBITDA was EUR 10.5 million (11.0.)
- Adjusted EBITA was EUR 7.2 million (8.0), representing 10.9% of sales (12.8)
- Operating profit was EUR 7.1 million (7.9)
- Net cash flows from operating activities were EUR 9.4 million (9.8)
- Net debt / Adjusted EBITDA was 1.3 (1.4)
- Earnings per share, basic was EUR 0.24 (0.27)

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



SmartStore™ Classic 15

ALEXANDER ROSENLEW, CEO:

In the third quarter, Orthex's net sales increased by 4.2% to 22.8 million euros (21.9). Constant currency net sales growth for the quarter was 2.8%. January–September net sales grew by 5.3% and amounted to 65.9 million euros (62.5).

Invoiced sales growth outside the Nordics was one of the highlights of the third quarter: growth of 24.1% was reached amounting to a record of 5.5 million euros (4.4). In the Rest of Europe, increased distribution, campaigns and timing of orders resulted in strong invoiced sales growth of 19.8%, delivering in total 5.1 million euros (4.2). The third quarter invoiced sales in the Nordics improved only moderately by 0.3% compared to the previous year and were 17.9 million euros (17.8) as sell-out in some major accounts were slower than expected.

The biggest category Storage continued to grow, and the invoiced sales increased by 3.8% compared to July–September last year. Most of the growth came from markets outside the Nordics. The Kitchen category showed healthy sales growth of 12.1%. The Home & Garden category sales remained flat compared to the third quarter last year, well reflecting the sentiment on the Nordic market where most of the sales of these items come from.

Orthex's profitability declined compared to Q3 in the previous year, with an adjusted EBITA margin at 12.6% (16.1) and the adjusted EBITA at 2.9 million euros (3.5). The lower profitability is attributed to increased production cost planned for higher sales, commercial structural enforcement, and investment in commercial activities and campaigns. In addition, the depreciations related to right-of-use assets (IFRS 16) increased, and the impact on EBITA was 0.1 million euros.

The third quarter cash flows were strong and amounted to 5.7 million euros (5.3). The net debt to adjusted EBITDA ratio (leverage) was down at a healthy 1.3 (1.4) at the end of the period.

Orthex's investments in January–September amounted to EUR 3.1 million (1.8) and were related to growth investments in moulds for new products and capacity increases. Orthex invests in novelties on a continuous basis and our modern range of SmartStore™ Essence storage baskets, launched in the previous quarter, are showing promising consumer take-off. Our latest novelty is a stackable sorting solution Stack-it, an addition to our award-winning SmartStore™ Collect range. As sorting requirements grow, we are expanding this range to meet consumer needs and helping retailers to offer products that solve daily sorting and



waste sorting needs. Made entirely from recycled plastic, both new product ranges mark another step towards our sustainability goals and Orthex's ongoing commitment to increase the use of renewable and recycled materials in production. We have prepared a rich program of new exciting products to be launched in the coming quarters and are working systematically to improve the distribution of already launched novelties.

Our commercial strategy is working well, and our evolvement towards a function driven, European company is progressing according to plan. We will continue supporting our sales growth by consumer understanding, customer partnerships, commercial activities, innovation, and continuous improvement.

I am looking forward to continuing the interesting and rewarding journey together with a dedicated, strong, and ambitious team at Orthex.



Orthex™ Paulina pots

KEY FIGURES

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Invoiced sales	23.3	22.2	5.0%	67.9	64.0	6.0%	88.0
Net sales	22.8	21.9	4.2%	65.9	62.5	5.3%	85.9
Gross margin	6.5	6.9	-5.6%	18.9	17.5	8.0%	24.3
Gross margin. %	28.6%	31.6%		28.7%	28.0%		28.3%
EBITDA	3.9	4.5	-13.2%	10.4	11.0	-5.4%	14.9
EBITDA margin. %	17.2 %	20.6%		15.8 %	17.6%		17.3%
Adjusted EBITDA	4.0	4.5	-11.4%	10.5	11.0	-5.2%	14.9
Adjusted EBITDA margin. %	17.5%	20.6%		15.9%	17.6%		17.4%
EBITA	2.8	3.5	-20.6%	7.1	8.0	-10.6%	10.9
EBITA margin. %	12.3 %	16.1%		10.8 %	12.7%		12.6%
Adjusted EBITA	2.9	3.5	-18.4%	7.2	8.0	-10.2%	10.9
Adjusted EBITA margin. %	12.6%	16.1%		10.9%	12.8%		12.7%
Operating profit	2.8	3.5	-20.1%	7.1	7.9	-9.7%	10.8
Operating profit margin. %	12.3%	16.0%		10.8%	12.6%		12.5%
Net cash flows from operating activities	5.7	5.3	8.0%	9.4	9.8	-4.4%	10.2
Net debt / Adjusted EBITDA	1.3x	1.4x		1.3x	1.4x		1.5x
Adjusted return on capital employed (ROCE). %	8.8%	11.5%		21.8%	25.2%		31.8%
Equity ratio. %	40.0%	37.9%		40.0%	37.9%		40.2%
Earnings per share. basic (EUR)	0.10	0.13	-24.4%	0.24	0.27	-9.9%	0.39
FTEs	294	280	5.0%	292	281	3.7%	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. As the European Central Bank forecast inflation pressures have eased in 2024 whereas the private consumption has not recovered despite the increase in earnings level. 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	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Nordics	17.9	17.8	0.3%	52.6	50.3	4.5%	68.7
Rest of Europe	5.1	4.2	19.8%	14.6	13.0	12.0%	18.5
Rest of the world	0.4	0.2	142.3%	0.7	0.7	0.0%	0.8
Total	23.3	22.2	5.0%	67.9	64.0	6.0%	88.0

Invoiced sales by product category

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Storage	16.0	15.4	3.8%	45.0	42.3	6.3%	60.0
Kitchen	5.4	4.8	12.1%	14.9	13.7	9.1%	18.6
Home & Garden	2.0	2.0	-3.1%	8.0	8.0	-0.5%	9.4
Total	23.3	22.2	5.0%	67.9	64.0	6.0%	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.

July–September 2024

The Group's net sales increased in the third quarter by 4.2% and was 22.8 million EUR (21.9). The Group's invoiced sales were 23.3 million EUR (22.2). The increase in constant currency net sales was 2.8% compared to July–September 2023.

January–September 2024

In January–September, the Group's net sales increased by 5.3% to EUR 65.9 million (62.5). Invoiced sales amounted to EUR 67.9 million (64.0). The increase in constant currency net sales was 5.1% compared to January–September 2023.

Campaigns, strong in-store activities as well as new product and customer listings contributed to the sales growth.

Development by geography

July–September 2024

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in July–September increased to EUR 17.9 million (17.8). Invoiced sales in the Rest of Europe increased to EUR 5.1 million (4.2). In the rest of the world, invoiced sales increased to EUR 0.4 million (0.2).

In the Rest of Europe, increased distribution, campaigns and timing of orders resulted in exceptionally strong invoiced sales growth of 19.8%.

Invoiced sales in the Nordics improved only moderately by 0.3% compared to the previous year as sell-out in some major accounts were slower than expected.

January–September 2024

In the Nordics, the Group's invoiced sales in January–September increased to EUR 52.6 million (50.3). Invoiced sales in the Rest of Europe increased to EUR 14.6 million (13.0). In the Rest of the world, invoiced sales amounted to EUR 0.7 million (0.7).

During the first half of the year, invoiced sales increased in the Nordic core markets due to successful campaigns and normalising demand. In the third quarter, invoiced sales in the Nordics improved only moderately by 0.3% compared to the previous year as sell-out in some major accounts were slower than expected. In January–September, invoiced sales in the Rest of Europe grew in line with the long-term strategic target by solid 12.0%.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 22.5% (21.4) of the Group's invoiced sales during the period.

Development by product category

July–September 2024

Orthex's largest category is Storage with invoiced sales totalling EUR 16.0 million (15.4) during July–September. 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 stackable sorting solution SmartStore™ Collect Stack-it which is made of durable recycled plastic.

The Group's invoiced sales in the Kitchen category increased in July–September to EUR 5.4 million (4.8).

Invoiced sales in the Home & Garden category amounted to EUR 2.0 million (2.0).

January–September 2024

Invoiced sales in the Storage category totalled EUR 45.0 million (42.3) during January–September. The Storage category grew driven by new customer and product listings and successful campaigns. 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 6.3% compared to the same period last year.

The Group's invoiced sales in the Kitchen category increased in January–September to EUR 14.9 million (13.7). Widening customer distribution and the successful rebranding of SmartStore™ food storage products is visible in the Kitchen category's sales growth.

Invoiced sales in the Home & Garden category amounted to EUR 8.0 million (8.0).

Profitability

July–September 2024

EBITA for July–September was EUR 2.8 million (3.5). Adjusted EBITA decreased to EUR 2.9 million (3.5), and the adjusted EBITA margin decreased to 12.6% (16.1). Orthex's operating profit was EUR 2.8 million (3.5). The operating profit included items affecting comparability of EUR 0.1 million (0.0). The lower profitability is attributed to increased production cost planned for higher sales, commercial structural enforcement, and investment in commercial activities and campaigns. In addition, the depreciations related to right-of-use assets increased, and the impact on EBITA was 0.1 million euros. While fluctuations in raw material prices have stabilised, their impact on profitability was slightly negative in July–September.

Orthex's financial income and expenses during the review period consisted of EUR 0.5 million net expenses (0.3). The increase in net financial expenses is mainly due to higher exchange rate losses related to intercompany loans.

January–September 2024

EBITA in January–September was EUR 7.1 million (8.0). Adjusted EBITA was EUR 7.2 million (8.0). The adjusted EBITA margin weakened to 10.9% (12.8). Orthex's operating profit was EUR 7.1 million (7.9). The operating profit included items affecting comparability of EUR 0.1 million (0.1). When considering the one-time energy price support received in Sweden last year (EUR 0.7 million), the comparable EBITA weakened by 1.0% and the operating profit remained the same (7.1).

The lower profitability is attributed to increased production cost planned for higher sales, commercial structural enforcement, and investment in commercial activities and campaigns. In addition, the depreciations related to right-of-use assets increased, and the impact on EBITA was 0.2 million euros. While fluctuations in raw material prices have stabilised, their cumulative impact on profitability remains positive.

Orthex's financial income and expenses during the review period consisted of EUR 1.5 million net expenses (1.7). The decrease in net financial expenses is mainly due to lower exchange rate losses related to intercompany loans.

Profit before taxes was EUR 5.6 million (6.2) and profit for the period was EUR 4.3 million (4.8).

FINANCIAL POSITION AND CASH FLOW

At the end of September, the balance sheet totalled EUR 86.1 million (83.2) of which equity accounted for EUR 34.4 million (31.5).

The Group's net debt was EUR 18.9 million (19.5) at the end of the review period. Non-current interest-bearing liabilities were EUR 27.7 million (29.7) and Orthex's total interest-bearing liabilities were EUR 32.0 million (33.9). Interest-bearing liabilities include loans from credit institutions, pension liabilities, and lease liabilities.

During the period January–September 2024, the Group's net cash flows from operating activities were EUR 9.4 million (9.8) and cash conversion was 70.7% (83.5). The energy price compensation received in Sweden last year (EUR 0.7 million) was paid to the company in June 2023. Interest paid during the period totalled EUR 1.1 million (1.1). Cash and cash equivalents amounted to EUR 13.1 million (14.4) at the end of the review period.

At the end of September, Net debt to Adjusted EBITDA ratio was 1.3 (1.4). 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 40.0% (37.9). Adjusted return on capital employed (ROCE) was 21.8% (25.2) and return on equity (ROE) 12.5% (15.6).

INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments in January–September 2024 amounted to EUR 3.1 million (1.8) and were related to moulds for new products and capacity increases.

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 8.6 million (4.8) and 1,354,360 shares (977,725). The highest price of the share was EUR 7.30 (5.76) and the lowest was EUR 5.39 (4.41). The closing price of the share at the end of September was EUR 6.42 (4.62). At the end of the review period, the market value of the share capital stood at EUR 114.0 (82.0) 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 14,899 (15,968) including nominee registers. At the end of the period, the ten largest registered shareholders possessed a total of 51.5% (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 [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. Orthex clarified its operational management towards increasing company-wide responsibilities and appointed **Tom Ståhlberg** Chief Supply Officer (CSO) assuming the overall responsibility for Orthex production, supply chain and purchasing from the beginning of March. In addition, **Peter Ottosson**, member of the company's Management Team

and Operations Director of the Gnosjö factory, left the company at the end of April. 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 was 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 was 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](#).

Composition of the Shareholders' Nomination Board

The Extraordinary General Meeting on 5 March 2021 decided to establish a Shareholders' Nomination Board for the company and the Nomination Board's charter was approved. The Nomination Board consists of the four largest registered shareholders of the company as of 31 August. According to the shareholders' register, the company's four largest shareholders on 31 August 2024 were Conficap Oy, Alexander Rosenlew, Ilmarinen Mutual Pension Insurance Company, and Varma Mutual Pension Insurance Company.

On 11 September 2024, the company announced that these shareholders have appointed their representatives to the Shareholders' Nomination Board, the composition of which is as follows:

- **Erik Toivanen**, CEO of Conficap Oy
- **Alexander Rosenlew**
- **Annika Ekman**, Head of Direct Equity Investments of Ilmarinen Mutual Pension Insurance Company
- **Erkka Kohonen**, Senior Portfolio Manager of Varma Mutual Pension Insurance Company

The Nomination Board has elected **Erik Toivanen** as its chair. The Chair of Orthex's Board of Directors, **Sanna Suvanto-Harsaae**, acts as an expert member of the Nomination Board.

More information on the Nomination Board is available on the corporate website at [Nomination Board - 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 fully recyclable in all our markets 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–September 2024

Orthex's active sustainability work continued during 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 and ensures that we maintain the highest standards in all aspects of our operations.

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 a 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.

Orthex also invests in novelties on a continuous basis and a prerequisite for all new product investments is that the material should be either recycled or renewable. Our modern range of SmartStore™ Essence storage baskets and a stackable sorting solution SmartStore™ Collect Stack-it are our latest new products. Both new product ranges are made entirely from recycled plastic, and they mark another step towards our sustainability goals and Orthex's ongoing commitment to increase the use of renewable and recycled materials in production.

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 crisis in the Middle East 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

In accordance with the decision taken at the Annual General Meeting on 9 April 2024, the second instalment of the dividend amounting to EUR 0.10 per share and totalling EUR 1.8 million was paid on 9 October 2024.

Orthex announced on 11 October 2024 that **Jens-Peter Poulsen**, member of Orthex's Board of Directors since 2021, had decided to resign from the Board as of 31 October 2024. Mr. Poulsen has been appointed to a new, time-consuming full-time position; hence he resigned from the Orthex Board. Following his resignation, the Board of Directors of Orthex will consist of four members until the next Annual General Meeting.

Orthex announced on 12 November 2024 that Orthex and **Alex Nielsen**, member of the company's Management Team and Sales Director, Europe and International Markets, have agreed that Mr. Nielsen will leave the company as of 30 November 2024. The international sales organisation will temporarily report to CEO **Alexander Rosenlew**. Orthex has started the succession planning process for the recruitment of a new Sales Director responsible for Europe and International Markets.

FINANCIAL RELEASES IN 2025

Orthex will publish its financial statements release for 2024 and financial reports in 2025 as follows:

12 March 2025: Financial statements release for 2024

15 May 2025: Interim report January–March 2025

21 August 2025: Half-year financial report January–June 2025

13 November 2025: Interim report January–September 2025

The Annual and Sustainability Report 2024 will be published during the week starting 24 March 2025. The Annual General Meeting is planned to take place on Tuesday, 29 April 2025.

Espoo, 14 November 2024

ORTHEX CORPORATION
Board of Directors

Additional information:

Alexander Rosenlew, CEO, +358 (0)40 500 3826

Saara Mäkelä, CFO, +358 (0)40 083 8782

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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 15 November 2024 at 11.00 a.m. EET 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 INTERIM REPORT JANUARY–SEPTEMBER 2024

Consolidated statement of comprehensive income

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales	22,823	21,909	65,851	62,530	85,945
Cost of sales	-16,289	-14,984	-46,956	-45,036	-61,625
Gross Margin	6,534	6,925	18,895	17,494	24,320
Other operating income	2	5	15	795	811
Selling and marketing expenses	-2,375	-2,115	-7,518	-6,655	-9,237
Administrative expenses	-1,360	-1,310	-4,283	-3,763	-5,143
Operating profit	2,801	3,505	7,109	7,872	10,750
Financial income and expenses	-494	-323	-1,541	-1,669	-2,231
Profit before taxes	2,307	3,181	5,568	6,202	8,520
Income taxes	-504	-798	-1,272	-1,434	-1,628
Profit for the period	1,803	2,383	4,296	4,768	6,892
Profit for the period attributable to:					
Equity holders of the parent	1,803	2,383	4,296	4,768	6,892
Earnings per share, basic (and diluted), EUR	0.10	0.13	0.24	0.27	0.39
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Translation differences	95	612	-554	-997	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	95	612	-554	-997	-213
Total comprehensive income for the period	1,898	2,996	3,742	3,772	6,679
Total comprehensive income attributable to:					
Equity holders of the parent	1,898	2,996	3,742	3,772	6,679

Consolidated statement of financial position

EUR thousand	30 Sep 2024	30 Sep 2023	31 Dec 2023
Assets			
Non-current assets			
Intangible assets	21,990	21,692	22,303
Property, plant, and equipment	15,135	13,331	13,942
Right-of-use assets	6,585	6,102	6,999
Other non-current assets	104	110	107
Deferred tax assets	672	885	695
Total non-current assets	44,486	42,119	44,046
Current assets			
Inventories	12,100	11,425	12,088
Trade and other receivables	16,339	15,025	17,866
Derivative financial instruments	-	200	-
Cash and cash equivalents	13,133	14,401	11,568
Total current assets	41,572	41,051	41,522
Total assets	86,059	83,170	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	27,508	25,116	26,941
Translation differences	-989	-1,518	-436
Total equity	34,449	31,529	34,436
Non-current liabilities			
Loans from credit institutions	17,911	20,884	19,391
Lease liabilities	6,187	5,785	6,629
Pension liabilities	3,555	3,062	3,613
Deferred tax liabilities	792	831	796
Total non-current liabilities	28,445	30,562	30,429
Current liabilities			
Loans from credit institutions	3,000	3,000	3,000
Lease liabilities	1,355	1,141	1,252
Trade and other payables	18,163	15,907	15,687
Derivative financial instruments	42	1	41
Income tax liabilities	604	1,030	723
Total current liabilities	23,165	21,079	20,703
Total liabilities	51,610	51,641	51,132
Total equity and liabilities	86,059	83,170	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			4,296		4,296
Translation differences				-554	-554
Total comprehensive income			4,296	-554	3,742
Dividends			-3,729		-3,729
At 30 Sep 2024	80	7,851	27,508	-989	34,449
As at 1 Jan 2023	80	7,851	22,301	-521	29,711
Profit for the period			4,768		4,768
Translation differences				-997	-997
Total comprehensive income			4,768	-997	3,772
Dividends			-1,953		-1,953
At 30 Sep 2023	80	7,851	25,116	-1,518	31,529
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	1-9/2024	1-9/2023	1-12/2023
Cash flows from operating activities			
Profit before taxes	5,568	6,202	8,520
Adjustments:			
Depreciation, amortisation, and impairment	3,271	3,105	4,142
Financial income and expenses	1,541	1,669	2,230
Other adjustments	-253	-230	-206
Cash flows before changes in working capital	10,129	10,747	14,686
Changes in working capital			
Decrease (+) / increase (-) in trade and other receivables	1,530	-1,759	-4,383
Decrease (+) / increase (-) in inventories	-12	2,858	2,196
Decrease (-) / increase (+) in trade and other payables	184	690	1,346
Cash flows from operating activities before financial items and taxes	11,830	12,535	13,845
Interests paid	-1,065	-1,073	-1,918
Income taxes paid	-1,376	-1,645	-1,757
Net cash flows from operating activities	9,390	9,817	10,170
Cash flows from investing activities			
Investments in tangible and intangible assets	-3,064	-1,821	-2,594
Net cash flows from investing activities	-3,064	-1,821	-2,594
Cash flows from financing activities			
Dividends	-1,953	-1,066	-1,953
Repayment of lease liabilities	-1,186	-1,024	-1,329
Repayment of short-term borrowings	-1,500	-1,500	-3,000
Net cash flows from financing activities	-4,640	-3,590	-6,283
Net change in cash and cash equivalents	1,685	4,406	1,293
Net foreign exchange differences	-120	-289	-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	13,133	14,401	11,568

NOTES TO THE INTERIM REPORT

Basis of preparation

Orthex's interim report has been prepared in accordance with the accounting and valuation principles of the IFRS accounting standards, but all the requirements of the IAS 34 Interim Reports standard have not been applied in the preparation of the interim report.

Orthex's Board of Directors has approved this interim report at its meeting on 14 November 2024. The figures in the interim 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 interim information

The preparation of the interim 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 interim 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.

Commitments

EUR thousand	30 Sep 2024	30 Sep 2023	31 Dec 2023
Guarantees and mortgages given on own behalf:			
Enterprise mortgages	50,029	49,990	50,065
Property mortgages	10,192	10,192	10,192
Other guarantees	101	49	102
Total	60,322	60,231	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	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales	22,823	21,909	65,851	62,530	85,945
Net sales growth, %	4.2%	-0.9%	5.3%	-1.8%	2.3%
Constant currency net sales growth, %	2.8%	2.9%	5.1%	1.8%	5.3%
Invoiced sales	23,345	22,234	67,897	64,049	87,989
Invoiced sales growth, %	5.0%	0.3%	6.0%	-1.7%	2.6%
Gross Margin	6,534	6,925	18,895	17,494	24,320
Gross Margin, %	28.6%	31.6%	28.7%	28.0%	28.3%
EBITDA	3,921	4,516	10,381	10,977	14,892
EBITDA margin, %	17.2%	20.6%	15.8%	17.6%	17.3%
EBITA	2,803	3,530	7,118	7,959	10,863
EBITA margin, %	12.3%	16.1%	10.8%	12.7%	12.6%
Operating profit	2,801	3,505	7,109	7,872	10,750
Operating profit margin, %	12.3%	16.0%	10.8%	12.6%	12.5%
Items affecting comparability	79	-	79	55	55
Adjusted Gross Margin	6,534	6,925	18,895	17,494	24,320
Adjusted Gross Margin, %	28.6%	31.6%	28.7%	28.0%	28.3%
Adjusted EBITDA	4,000	4,516	10,460	11,032	14,947
Adjusted EBITDA margin, %	17.5%	20.6%	15.9%	17.6%	17.4%
Adjusted EBITA	2,882	3,530	7,198	8,014	10,918
Adjusted EBITA margin, %	12.6%	16.1%	10.9%	12.8%	12.7%
Adjusted operating profit	2,880	3,505	7,188	7,927	10,805
Adjusted operating profit margin, %	12.6%	16.0%	10.9%	12.7%	12.6%
Earnings per share, basic (and diluted), EUR	0.10	0.13	0.24	0.27	0.39
FTEs	294	280	292	281	281
Personnel expenses	4,425	3,848	14,331	12,918	17,921
Key cash flows indicators					
Net cash flows from operating activities	5,704	5,283	9,389	9,817	10,170
Operating free cash flows	2,886	3,956	7,396	9,211	12,353
Cash conversion, %	72.2%	87.6%	70.7%	83.5%	82.6%
Investments in tangible and intangible assets	-1,114	-560	-3,064	-1,821	-2,594
Financial position key figures					
Net debt	18,875	19,470	18,875	19,470	22,317
Net debt / adjusted EBITDA last 12 months	1.3x	1.4x	1.3x	1.4x	1.5x
Net working capital	10,276	10,543	10,276	10,543	14,266
Capital employed excluding goodwill	31,336	29,344	31,336	29,344	34,462
Return on capital employed (ROCE), %	8.6%	11.5%	21.6%	25.1%	31.6%
Adjusted return on capital employed (ROCE), %	8.8%	11.5%	21.8%	25.2%	31.8%
Equity ratio, %	40.0%	37.9%	40.0%	37.9%	40.2%
Return on equity, %	5.4%	7.9%	12.5%	15.6%	21.5%

Reconciliation of APMs

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales growth, %					
Net sales	22,823	21,909	65,851	62,530	85,945
Net sales growth, %	4.2%	-0.9%	5.3%	-1.8%	2.3%
Constant currency Net sales growth, %					
Net sales	22,823	21,909	65,851	62,530	85,945
FX rate adjustment	-	287	-	125	-
Constant currency Net sales	22,823	22,195	65,851	62,655	85,945
Constant currency Net sales growth, %	2.8%	2.9%	5.1%	1.8%	5.3%
Invoiced sales					
Net sales	22,823	21,909	65,851	62,530	85,945
Discounts and bonuses	1,058	981	2,996	2,669	3,715
Other sales and refunds	-535	-656	-950	-1,150	-1,672
Invoiced sales	23,345	22,234	67,897	64,049	87,989
Invoiced sales growth, %	5.0%	0.3%	6.0%	-1.7%	2.6%
Gross Margin					
Net sales	22,823	21,909	65,851	62,530	85,945
Cost of sales	-16,289	-14,984	-46,956	-45,036	-61,625
Gross Margin	6,534	6,925	18,895	17,494	24,320
Gross Margin, %	28.6%	31.6%	28.7%	28.0%	28.3%
EBITDA					
Operating profit	2,801	3,505	7,109	7,872	10,750
Depreciation, amortisation, and impairment	1,120	1,011	3,271	3,105	4,142
EBITDA	3,921	4,516	10,381	10,977	14,892
EBITDA margin, %	17.2%	20.6%	15.8%	17.6%	17.3%
EBITA					
Operating profit	2,801	3,505	7,109	7,872	10,750
Amortisation and impairment	3	26	9	88	113
EBITA	2,803	3,530	7,118	7,959	10,863
EBITA margin, %	12.3%	16.1%	10.8%	12.7%	12.6%
Operating profit					
Operating profit	2,801	3,505	7,109	7,872	10,750
Operating profit margin, %	12.3%	16.0%	10.8%	12.6%	12.5%
Items affecting comparability / adjustments (EBITDA)					
Restructuring related expenses	79	-	79	-	-
Other items affecting comparability	-	-	-	55	55
Items affecting comparability / adjustments (EBITDA)	79	-	79	55	55

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Adjusted Gross Margin					
Gross Margin	6,534	6,925	18,895	17,494	24,320
Adjusted Gross Margin	6,534	6,925	18,895	17,494	24,320
Adjusted Gross Margin, %	28.6%	31.6%	28.7%	28.0%	28.3%
Adjusted EBITDA					
Operating profit	2,801	3,505	7,109	7,872	10,750
Depreciation, amortisation, and impairment	1,120	1,011	3,271	3,105	4,142
Adjustments (EBITDA)	79	-	79	55	55
Adj. EBITDA	4,000	4,516	10,460	11,032	14,947
Adj. EBITDA margin, %	17.5%	20.6%	15.9%	17.6%	17.4%
Adjusted EBITA					
Operating profit	2,801	3,505	7,109	7,872	10,750
Amortisation and impairment	3	26	9	88	113
Adjustments (EBITA)	79	-	79	55	55
Adj. EBITA	2,882	3,530	7,198	8,014	10,918
Adj. EBITA margin, %	12.6%	16.1%	10.9%	12.8%	12.7%
Adjusted operating profit					
Operating profit	2,801	3,505	7,109	7,872	10,750
Adjustments	79	-	79	55	55
Adj. operating profit	2,880	3,505	7,188	7,927	10,805
Adj. operating profit margin, %	12.6%	16.0%	10.9%	12.7%	12.6%
Earnings per share, basic (and diluted), EUR					
Profit for the period	1,803	2,383	4,296	4,768	6,892
Average number of shares	17,759	17,759	17,759	17,759	17,759
Earnings per share, basic (and diluted), EUR	0.10	0.13	0.24	0.27	0.39
Operating free cash flows					
Adj. EBITDA	4,000	4,516	10,460	11,032	14,947
Investments in tangible and intangible assets	-1,114	-560	-3,064	-1,821	-2,594
Operating free cash flows	2,886	3,956	7,396	9,211	12,353
Cash conversion, %					
Operating free cash flows	2,886	3,956	7,396	9,211	12,353
Adj. EBITDA	4,000	4,516	10,460	11,032	14,947
Cash conversion, %	72.2%	87.6%	70.7%	83.5%	82.6%
Net debt					
Total interest-bearing liabilities	32,009	33,871	32,009	33,871	33,885
Cash and cash equivalents	-13,133	-14,401	-13,133	-14,401	-11,568
Net debt	18,875	19,470	18,875	19,470	22,317
Net debt/ Adj. EBITDA					
Net debt	18,875	19,470	18,875	19,470	22,317
Adj. EBITDA, 12 months	14,375	13,649	14,375	13,649	14,947
Net debt/ Adj. EBITDA	1.3x	1.4x	1.3x	1.4x	1.5x

EUR thousand	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net working capital					
Inventories	12,100	11,425	12,100	11,425	12,088
Trade and other receivables	16,339	15,025	16,339	15,025	17,866
Trade and other payables	-18,163	-15,907	-18,163	-15,907	-15,687
Net working capital	10,276	10,543	10,276	10,543	14,266
Capital employed excluding goodwill					
Total Equity	34,449	31,529	34,449	31,529	34,436
Net debt	18,875	19,470	18,875	19,470	22,317
Goodwill	-21,988	-21,655	-21,988	-21,655	-22,292
Capital employed excluding goodwill	31,336	29,344	31,336	29,344	34,462
Return on capital employed (ROCE), %					
Operating profit	2,801	3,505	7,109	7,872	10,750
Average capital employed excluding goodwill	32,565	30,374	32,899	31,416	33,975
Return on capital employed (ROCE), %	8.6%	11.5%	21.6%	25.1%	31.6%
Adjusted return on capital employed (ROCE), %					
Adjusted operating profit	2,880	3,505	7,188	7,927	10,805
Average capital employed excluding goodwill	32,565	30,374	32,899	31,416	33,975
Adjusted return on capital employed (ROCE), %	8.8%	11.5%	21.8%	25.2%	31.8%
Equity ratio, %					
Total Equity	34,449	31,529	34,449	31,529	34,436
Total assets	86,059	83,170	86,059	83,170	85,568
Equity ratio, %	40.0%	37.9%	40.0%	37.9%	40.2%
Return on equity, %					
Profit for the period	1,803	2,383	4,296	4,768	6,892
Total equity (average for the first and last day of the period)	33,500	30,031	34,443	30,620	32,074
Return on equity, %	5.4%	7.9%	12.5%	15.6%	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 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, 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.



GastroMax™ Ladles



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