

Orthex Corporation

# HALF-YEAR FINANCIAL REPORT

January – June 2022



**orthex**  
GROUP

## ORTHEX HALF-YEAR FINANCIAL REPORT 2022

### Cost inflation impacted profitability

#### APRIL – JUNE 2022

- Invoiced sales decreased by 4.5% and totalled EUR 21.5 million (22.5)
- Net sales decreased by 5.3% to EUR 21.0 million (22.2)
- Adjusted EBITDA was EUR 0.8 million (3.6)
- Adjusted EBITA was EUR -0.2 million (2.6), representing -0.8% of sales (11.9)
- Operating profit was EUR -0.3 million (2.4)
- Net cash flows from operating activities were EUR -0.4 million (2.2)
- Earnings per share, basic was EUR -0.03 (0.09)
- Orthex conducted a sustainability materiality assessment of the company's sustainability topics to align Orthex's sustainability work with stakeholders' expectations

#### JANUARY – JUNE 2022

- Invoiced sales decreased by 4.4% and totalled EUR 43.0 million (45.0)
- Net sales decreased by 5.1% to EUR 41.6 million (43.8)
- Adjusted EBITDA was EUR 3.5 million (7.8)
- EBITA was EUR 1.5 million (4.4)
- Adjusted EBITA was EUR 1.6 million (5.9), representing 3.9% of sales (13.6)
- Operating profit was EUR 1.4 million (4.3)
- Items affecting comparability totalled EUR 0.1 million (1.6)
- Net cash flows from operating activities were EUR 1.5 million (5.4)
- Net debt / Adjusted EBITDA was 2.6x (1.5)
- Earnings per share, basic was EUR 0.03 (0.16)
- Orthex's Lohja factory was granted an ISCC+ certificate
- Orthex published its Sustainability Report for the year 2021 as a part of the Annual Report

## ALEXANDER ROSENLEW, CEO:

During the second quarter Orthex's net sales decreased to 21.0 million euros (22.2). This was a result of both a high comparison base, as net sales in 2021 increased 25.5% vs previous year in the same period and further, especially at the beginning of the quarter, the purchase behaviour of our retail customers was negatively affected by the war in Ukraine. Nevertheless, and strategically importantly, our sales in Continental Europe grew slightly. Towards the end of the quarter, sales picked up: Importantly we gained new customers where distribution build-up will take place during the second half of the year. It is also positive that physical customer meetings and customer fair activities are finally picking up on all of our core markets after two years of COVID-related restrictions.

The rapid cost inflation had an impact on Orthex's profitability as the adjusted EBITA margin percentage decreased in the second quarter to -0.8% (11.9) and the adjusted EBITA to -0.2 million euros (2.6). Raw material prices continued to rise, further driven by, the sudden Russian attack on Ukraine. This also negatively affected transportation and energy prices. During the period between December 2020 and June 2022, the raw material price index has increased by 78%. This is an unprecedented pace of increase.

We have been actively working with price increases, already in the past 12 months we implemented two rounds of increases. We have also announced additional price increases to mitigate more of the negative cost effect. To add to the cost issue, we were affected by the deteriorated value of the Swedish Krona. Without the negative exchange rate effect, the Q2 EBITA would have been positive. Whereas we keep positive traction with our customers and our strategy is working well, it is disappointing to see the result we delivered in Q2.

We are committed to implementing our growth strategy with a focus on international growth and sustainability. Raw material prices reached their highest levels so far at the end of April 2022 and currently raw material prices, freight cost and energy prices are at very high levels. Even if we saw signs of decrease in raw material price indexes towards the end of the reporting period, the future development is hard to predict. Despite the prevailing short-term challenges and market uncertainty, our long-term target is to deliver an adjusted EBITA margin exceeding 18%, and we are committed to ensuring that our measures are in line with that long-term target.



We are putting strong efforts on growing sales especially outside the Nordic countries and improving profitability despite the unstable general market development. We believe that the operating environment will eventually stabilise over time, which will help us to fully focus on actively growing profitably.

As part of our core sustainability strategy, Orthex conducted a sustainability materiality assessment of the company's sustainability topics to align Orthex's sustainability work with stakeholders' expectations during Q2. We received an impressive 500+ replies, and the assessment results were supplemented by interviews with selected stakeholders. This shows widespread engagement and interest in sustainability issues and further confirms our strong commitment to our sustainability. In April, Orthex was certified as a Nasdaq ESG Transparency Partner. This certification is used to show engagement in the market transparency and environmental standards.

I take the opportunity to thank our employees for the commitment to adopt to the very fast changing business conditions, which put strain both on operations and sales. We are all prepared and eager to continue improving consumers' everyday life with practical and sustainable products and we have a strong new product and customer acquisition plan in place.

## KEY FIGURES

EUR million	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Invoiced sales	21.5	22.5	-4.5%	43.0	45.0	-4.4%	90.6
Net sales	21.0	22.2	-5.3%	41.6	43.8	-5.1%	88.7
Gross margin	3.1	5.6	-44.4%	8.0	12.3	-35.1%	23.2
Gross margin, %	14.7%	25.1%		19.2%	28.1%		26.2%
EBITDA	0.6	3.3	-80.7%	3.4	6.3	-45.7%	13.2
EBITDA margin, %	3.0%	15.0%		8.2%	14.3%		14.9%
Adjusted EBITDA	0.8	3.6	-78.4%	3.5	7.8	-54.8%	14.8
Adjusted EBITDA margin, %	3.7%	16.1%		8.5%	17.9%		16.7%
EBITA	-0.3	2.4	-112.9%	1.5	4.4	-65.7%	9.4
EBITA margin, %	-1.5%	10.8%		3.6%	10.0%		10.6%
Adjusted EBITA	-0.2	2.6	-106.7%	1.6	5.9	-72.5%	11.0
Adjusted EBITA margin, %	-0.8%	11.9%		3.9%	13.6%		12.4%
Operating profit	-0.3	2.4	-114.4%	1.4	4.3	-66.6%	9.3
Operating profit margin, %	-1.6%	10.6%		3.5%	9.9%		10.4%
Net cash flows from operating activities	-0.4	2.2	-118.0%	1.5	5.4	-72.6%	9.0
Net debt / Adjusted EBITDA	2.6x	1.5x		2.6x	1.5		1.7x
Adjusted return on capital employed (ROCE), %	-0.6%	8.2%		4.7%	18.3%		33.0%
Equity ratio, %	33.0%	33.0%		33.0%	33.0%		35.8%
Earnings per share, basic (EUR)	-0.03	0.09	-139.8%	0.03	0.16	-82.7%	0.35
FTEs	301	321	-6.4%	297	318	-6.5%	314

## 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 home 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. Household goods are purchased on demand and unit prices are generally low, which means that market downturns have a smaller impact on consumers' purchasing power and demand.

There were no significant changes in Orthex's market position or competitive situation during the reporting period or the financial years of 2020 and 2021. The management's view is that the growth in Europe outside the Nordic market in the recent years comes from a steadily improved competitive position with presence in new customers and widened distribution in existing customers' shop assortment.

There has typically not been significant seasonal variation in Orthex's sales. However, the uncertain market situation caused by the COVID-19 pandemic and the cost inflation accelerated by the war in Ukraine may affect the purchasing behaviour of customers and the comparability of sales between quarters and financial years.

During 2021, raw material prices rose to exceptionally high levels and have continued rising during the reporting period.



*SmartStore Compact*

## NET SALES AND PROFITABILITY

### Net sales and invoiced sales

#### Invoiced sales by geography

EUR million	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Nordics	17.5	18.5	-5.2%	35.3	36.4	-3.2%	73.0
Rest of Europe	3.5	3.4	1.0%	7.0	7.2	-2.5%	15.1
Rest of the world	0.5	0.6	-15.3%	0.8	1.4	-45.1%	2.4
<b>Total</b>	<b>21.5</b>	<b>22.5</b>	<b>-4.5%</b>	<b>43.0</b>	<b>45.0</b>	<b>-4.4%</b>	<b>90.6</b>

#### Invoiced sales by product category

EUR million	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Storage	12.4	13.6	-9.2%	25.6	28.4	-9.7%	59.4
Kitchen	5.3	5.0	6.2%	10.2	9.5	6.8%	20.1
Plant Care	1.9	2.2	-14.4%	4.1	4.0	2.3%	5.7
Home & Yard	1.9	1.7	14.5%	3.1	3.1	2.1%	5.4
<b>Total</b>	<b>21.5</b>	<b>22.5</b>	<b>-4.5%</b>	<b>43.0</b>	<b>45.0</b>	<b>-4.4%</b>	<b>90.6</b>

#### April–June 2022

In April–June, the Group's Net sales decreased by 5.3% to EUR 21.0 million (22.2). Invoiced sales amounted to EUR 21.5 million (22.5). The decrease of constant currency Net sales was 4.4% compared to April–June 2021.

#### January–June 2022

In January–June, the Group's Net sales decreased by 5.1% to EUR 41.6 million (43.8). Invoiced sales amounted to EUR 43.0 million (45.0). The decrease of constant currency Net sales was 4.2% compared to January–June 2021.

The first half of 2022 was characterised by balancing between campaign sales, price increases and sales volume, on a market influenced by customer uncertainty.

### Development by geography

#### April–June 2022

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in April–June amounted to EUR 17.5 million (18.5). Invoiced sales in the rest of Europe increased to EUR 3.5 million (3.4). In the rest of the world, invoiced sales decreased to EUR 0.5 million (0.6).

## January–June 2022

The Group's invoiced sales in the Nordics amounted to EUR 35.3 million (36.4) in January–June. Invoiced sales in the Nordics totalled 82.0% (81.0) of the Group's total invoiced sales.

Invoiced sales in the rest of Europe decreased to EUR 7.0 million (7.2). In the rest of the world, invoiced sales decreased to EUR 0.8 million (1.4).

The change in customer purchasing behaviour in a few major customers explains the decline in sales.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 18.0% (19.0) of the Group's invoiced sales during the period.

## Development by product category

### April–June 2022

Orthex's largest category is Storage with invoiced sales totalling EUR 12.4 million (13.6) during April–June. The decrease was driven by the purchase behaviour of our retail customers and lack of campaigns in a few major customers. Products in the Storage category will continue to play a key role in Orthex's expansion in Europe, as Orthex often uses them as flagship products when seeking agreements with new retailers.

Orthex has a strong position in the Nordics in food storage and kitchenware markets. The Group's invoiced sales in the Kitchen category grew to EUR 5.3 million (5.0) which was both due to new customers and increased assortment among existing customers.

Invoiced sales in the Plant Care category decreased to EUR 1.9 million (2.2).

Invoiced sales in the Home & Yard category increased to EUR 1.9 million (1.7), which was especially due to our new bin products and buckets made of recycled fishing nets.

### January–June 2022

Invoiced sales in the Storage category totalled EUR 25.6 million (28.4) during January–June and the Group's invoiced sales in the Kitchen category grew to EUR 10.2 million (9.5).

Invoiced sales in the Plant Care category grew to EUR 4.1 million (4.0) and invoiced sales in the Home & Yard category totalled EUR 3.1 million (3.1).

## Profitability

### April–June 2022

EBITA was -0.3 million (2.4) during the period. Adjusted EBITA decreased to EUR -0.2 million (2.6) and the adjusted EBITA margin decreased to -0.8% (11.9). Operating profit was EUR -0.3 million (2.4). Items affecting comparability totalled EUR 0.1 million (0.2).

Profitability was affected by high raw material prices and the deteriorated value of the Swedish Krona. Without the negative exchange rate effect, the Q2 EBITA would have been positive.

### January–June 2022

EBITA was 1.5 million (4.4) during the period and decreased by 65.7%. Adjusted EBITA decreased by 72.5% to EUR 1.6 million (5.9) and the adjusted EBITA margin decreased to 3.9% (13.6). Operating profit was EUR 1.4 million (4.3). Items affecting comparability totalled EUR 0.1 million (1.6).

Orthex's financial income and expenses during the review period consisted of EUR 0.8 million net expenses (0.7).

Profit before taxes was EUR 0.7 million (3.6) and profit for the period was EUR 0.5 million (2.8).

During the period between December 2020 and June 2022, the raw material price index has increased by 78%. The rapidly increased costs had an impact on Orthex's profitability.

## FINANCIAL POSITION AND CASH FLOW

The balance sheet totalled EUR 84.5 million (87.9) at the end of the review period, of which equity constituted EUR 27.9 million (29.0).

At the end of the review period the Group's net debt was EUR 27.6 million (27.2). Non-current interest-bearing liabilities were EUR 33.8 million (37.9) and Orthex's total interest-bearing liabilities were EUR 38.0 million (42.2). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

During the period January–June 2022, the Group's net cash flows from operating activities were EUR 1.5 million (5.4) and cash conversion was 64.6% (64.0). Capital returns paid during the period had an impact of EUR 1.6 million and repayment of short-term borrowings an impact of EUR 1.5 million on net cash flows. Interest paid during the period totalled EUR 0.5 million. Cash and cash equivalents amounted to EUR 10.4 million (15.0) at the end of the review period.

Net debt/adjusted EBITDA was 2.6x (1.5). Orthex's long-term target is to keep Net debt/adj. EBITDA below 2.5x.

At the end of the review period, the Group's Equity ratio was 33.0% (33.0). Adjusted return on capital employed (ROCE) was 4.7% (18.3) and Return on equity (ROE) 1.7% (12.2).

## INVESTMENTS, PRODUCT DEVELOPMENT AND ACQUISITIONS

Orthex's investments during January–June 2022 amounted to EUR 1.3 million (2.8) and were mainly related to increasing the production capacity and moulds for new products.

## 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 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 23.5 million and 2,946,801 shares. The highest price of the share was EUR 11.29 and the lowest was EUR 5.60. The closing price of the share at the end of June 2022 was EUR 5.98. At the end of the review period, the market value of the share capital stood at EUR 106.2 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 17,266, including nominee registers. At the end of the period, the ten largest shareholders possessed a total of 48.7% of Orthex's shares and votes.

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

The Board of Directors is authorised to issue a total maximum of 1,800,000 shares and special rights entitling to shares in one or several issues. The authorisation will be valid until 6 October 2023.

## GOVERNANCE

Orthex Corporation's Annual General Meeting was held on 6 April 2022 in Espoo, Finland. The general meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 2021. The general meeting also approved the remuneration policy and the remuneration report 2021 for the governing bodies.

The general meeting decided that no dividend will be distributed for the financial period ended on 31 December 2021. Instead, the general meeting decided that shareholders be paid a capital return of EUR 0.18 per share from the invested unrestricted equity fund totalling approximately EUR 3.2 million in two instalments. The first instalment of the capital return amounting to EUR 0.09 per share was paid on 21

April 2022. The second instalment of the capital return amounting to EUR 0.09 per share will be paid on 11 October 2022. The record date of the second instalment of the capital return is 3 October 2022. The general meeting authorised the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second instalment of the capital return, should the rules of Euroclear Finland Oy or statutes governing the Finnish book-entry system change or otherwise so require.

The general meeting resolved to re-elect Sanna Suvanto-Harsaae, Satu Huber and Jens-Peter Poulsen to the Board and elect Markus Hellström and Jyrki Mäki-Kala as new members to the Board. Sanna Suvanto-Haarsae 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. Ernst & Young Oy has informed the company that Johanna Winqvist-Ilkka, Authorised Public Accountant, will continue as the signing audit partner.

In addition, the general meeting authorised the Board of Directors to decide on the issuance of shares and on the issuance of special rights entitling to shares. A total maximum of 1,800,000 shares and special rights entitling to shares may be issued by virtue of the authorisation corresponding to approximately 10 per cent of all the shares in the company. The authorisation will be valid for 18 months from the decision of the general meeting.

## SUSTAINABILITY

Sustainability is a core element in realising Orthex's growth strategy and key objectives for being the number one brand in the Storage product category in Europe, and to strengthen Orthex's position as a leading household item company in the Nordics. Sustainability is a key factor in all decision making at Orthex and a significant driver of our development and investment agenda. Orthex aims to be a pioneer in the industry in terms of 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 bio-based and recycled materials. Orthex has set as a main target to reach carbon neutrality in production by 2030.

Orthex has identified priority sustainability topics in the areas of economic, environmental, and social responsibility. For each topic, the company has defined key performance indicators and targets. Further information is available on the corporate website at [Sustainability - Orthex Group](#).

### Sustainability highlights January– June 2022

Orthex published its Sustainability Report for the year 2021 as a part of the Annual Report on 16 March 2022. As is brought up in the Sustainability Report, the company has continued its investments in the use of bio-based and recycled materials and in building the roadmap towards carbon neutrality.

In March, Orthex's Lohja factory was granted an ISCC+ certificate. The international Sustainability and Carbon Certification (ISCC) is a globally applicable sustainability certification system, which covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials, and renewables. To further strengthen the company's sustainability resources, a new position in the company, ESG Advisor, was established and recruited in March 2022.

During Q2, Orthex conducted a sustainability materiality assessment of the company's sustainability topics to align Orthex's sustainability work with stakeholders' (customers, employees, investors, suppliers, and consumers) expectations. More than 500 replies to the materiality questionnaire were received, and the assessment results were supplemented by interviews with selected customers, investors, and suppliers. In April, Orthex was certified as a Nasdaq ESG Transparency Partner. This certification is used by Nasdaq to show engagement in the market transparency and raising environmental standards. In addition, Orthex disclosed environmental data in CDP Climate change program to meet the demands of investors and customers and to increase transparency. In June, Orthex promoted recycling of plastics in Finland by participating in awareness-raising campaign, organised by the Finnish Plastics Industries Federation.

## 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 bio-based 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 bio-based and recycled materials.

The COVID-19 pandemic has caused significant disruption to the global economy and the Group's geographic market. Although the COVID-19 pandemic did not materially impair the Group's operating profit during the review period, prolonged or extended restrictions could have a material adverse effect on business, financial condition and / or operating profit.

Increased inflation, raising interest rates, Russia's war against Ukraine, and political tensions impact the global economic trend as well as the development of consumers' purchasing behaviour and, as a result, can have an impact on Orthex's business. Russia's war against Ukraine does not directly affect Orthex's business as Orthex's products are not manufactured or sold in Russia, Belarus or Ukraine and the company does not source raw materials from these countries. However, Russia's war against Ukraine causes disturbances in global supply chains and contributes to the general economic situation and consumers' purchasing power and behaviour. These factors may affect the company's sales and profitability as well as operational reliability and efficiency. Currently, the Group has partially hedged energy prices, but the turbulence in the energy market may have an adverse effect on business going forward.

Thanks to its own production, the Group can control the quality of its products and the health and environmental aspects of production and products. Significant disruptions or interruptions in production

and operations would materially impair the Group's ability to deliver its products and adversely affect its business and operating profit.

Orthex has operations in several countries, so the company is exposed to transaction and translation risk. The Group is typically not hedged against currency risk, except for certain large purchases under the Kökskungen brand. Fluctuations in exchange rates and interest rates can have a material adverse effect on the Group.

Further information on the company's risk management principles and on the main strategic, operative, and financial risks is included in the Board of Directors' report for the year 2021. The main principles of Orthex's financial risk management are described in the notes to the consolidated financial statements. The company's annual report, which includes the Board of Directors' report and the consolidated financial statements with notes for the year 2021, was published on 16 March 2022 and is available on the corporate website.

## EVENTS AFTER THE REVIEW PERIOD

Alex Nielsen, (Danish citizen, born in 1972), has been appointed Sales Director, Europe and International Markets at Orthex as of 1 September 2022. He will be a member of the Group Management Team and report to CEO Alexander Rosenlew.

## FINANCIAL RELEASES IN 2022

Orthex will publish its financial reports in 2022 as follows:

11 November 2022, Interim report January–September 2022

**Espoo, 24 August 2022**

ORTHEX CORPORATION  
Board of Directors

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The results presentation will be held on 25 August 2022 at 11:00 am EEST as a webcast meeting.

**Webcast meeting**

[Access meeting online here.](#)

**Q&A**

Questions to the management can be sent through the meeting chat.

**Presentation material and webcast recording**

The presentation material will be shared in the online meeting, and it can be downloaded on Orthex's website at <https://investors.orthexgroup.com/>. A recording of the event will be available later at the same address.

**Distribution:**

Nasdaq Helsinki Ltd

Main media

<https://investors.orthexgroup.com/>

## ORTHEX HALF-YEAR FINANCIAL REPORT JANUARY – JUNE 2022

### Consolidated statement of comprehensive income

EUR thousand	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
<b>Net Sales</b>	<b>21,011</b>	<b>22,176</b>	<b>41,588</b>	<b>43,811</b>	<b>88,694</b>
Cost of sales	-17,915	-16,611	-33,590	-31,482	-65,490
<b>Gross Margin</b>	<b>3,096</b>	<b>5,565</b>	<b>7,998</b>	<b>12,329</b>	<b>23,204</b>
Other operating income	76	148	154	200	549
Selling and marketing expenses	-2,086	-1,986	-3,986	-4,459	-8,468
Administrative expenses	-1,426	-1,376	-2,725	-3,751	-6,035
<b>Operating profit</b>	<b>-340</b>	<b>2,350</b>	<b>1,441</b>	<b>4,318</b>	<b>9,250</b>
Financial income and expenses	-433	-352	-780	-702	-1,586
<b>Profit before taxes</b>	<b>-772</b>	<b>1,998</b>	<b>661</b>	<b>3,616</b>	<b>7,664</b>
Income taxes	153	-440	-156	-810	-1,629
<b>Profit for the period</b>	<b>-619</b>	<b>1,558</b>	<b>505</b>	<b>2,806</b>	<b>6,035</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent	-619	1,558	505	2,806	6,035
Earnings per share, basic (and diluted), EUR	-0.03	0.09	0.03	0.16	0.35
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Translation differences	-1,018	385	-1,248	-249	-622
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-	-58
<b>Other comprehensive income for the period, net of tax</b>	<b>-1,018</b>	<b>385</b>	<b>-1,248</b>	<b>-249</b>	<b>-680</b>
<b>Total comprehensive income for the period</b>	<b>-1,638</b>	<b>1,942</b>	<b>-742</b>	<b>2,556</b>	<b>5,355</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent	-1,638	1,942	-742	2,556	5,355

## Consolidated statement of financial position

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	23,054	24,210	23,901
Property, plant and equipment	12,843	12,352	13,131
Right-of-use assets	7,389	8,641	8,030
Other non-current assets	90	103	94
Deferred tax assets	1,613	1,090	1,163
<b>Total non-current assets</b>	<b>44,988</b>	<b>46,396</b>	<b>46,320</b>
<b>Current assets</b>			
Inventories	14,829	12,375	12,647
Trade and other receivables	14,209	13,792	15,528
Derivative financial instruments	92	-	14
Income tax receivables	-	411	-
Cash and cash equivalents	10,418	14,964	14,334
<b>Total current assets</b>	<b>39,547</b>	<b>41,543</b>	<b>42,522</b>
<b>Total assets</b>	<b>84,535</b>	<b>87,939</b>	<b>88,842</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to the equity holders of the parent company</b>			
Share capital	80	80	80
Invested unrestricted equity fund	7,851	11,047	11,047
Retained earnings	19,644	15,967	19,138
Translation differences	284	1,904	1,532
<b>Total equity</b>	<b>27,859</b>	<b>28,999</b>	<b>31,798</b>
<b>Non-current liabilities</b>			
Loans from credit institutions	22,255	25,185	23,720
Lease liabilities	6,938	8,076	7,544
Pension liabilities	4,643	4,656	4,742
Deferred tax liabilities	894	566	742
<b>Total non-current liabilities</b>	<b>34,730</b>	<b>38,483</b>	<b>36,748</b>
<b>Current liabilities</b>			
Loans from credit institutions	3,000	3,000	3,000
Lease liabilities	1,195	1,237	1,214
Trade and other payables	16,601	14,080	13,692
Derivative financial instruments	-	13	-
Income tax liabilities	1,150	2,127	2,390
<b>Total current liabilities</b>	<b>21,946</b>	<b>20,457</b>	<b>20,296</b>
<b>Total liabilities</b>	<b>56,676</b>	<b>58,940</b>	<b>57,044</b>
<b>Total equity and liabilities</b>	<b>84,535</b>	<b>87,939</b>	<b>88,842</b>

## Consolidated statement of changes in equity

Equity attributable to the equity holders of the parent company						
EUR thousand	Share capital	Treasury shares	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
<b>As at 1 Jan 2022</b>	<b>80</b>	<b>-</b>	<b>11,047</b>	<b>19,138</b>	<b>1,532</b>	<b>31,798</b>
Profit for the period				505		505
Translation differences					-1,248	-1,248
<b>Total comprehensive income</b>				<b>505</b>	<b>-1,248</b>	<b>-742</b>
Capital returns			-3,197			-3,197
<b>At 30 Jun 2022</b>	<b>80</b>	<b>-</b>	<b>7,851</b>	<b>19,644</b>	<b>284</b>	<b>27,859</b>
<b>As at 1 Jan 2021</b>	<b>3</b>	<b>-71</b>	<b>1,775</b>	<b>13,161</b>	<b>2,154</b>	<b>17,022</b>
Profit for the period				2,806		2,806
Translation differences					-249	-249
<b>Total comprehensive income</b>				<b>2,806</b>	<b>-249</b>	<b>2,556</b>
<b>Transactions with owners:</b>						
Increase in share capital	78		-78			-
Cancellation of treasury shares		71	-71			-
Share issue			10,000			10,000
Expenses related to the share issue			-686			-686
Discount related to the personnel share issue			106			106
<b>At 30 Jun 2021</b>	<b>80</b>	<b>-</b>	<b>11,047</b>	<b>15,967</b>	<b>1,904</b>	<b>28,999</b>
<b>As at 1 Jan 2021</b>	<b>3</b>	<b>-71</b>	<b>1,775</b>	<b>13,161</b>	<b>2,154</b>	<b>17,022</b>
Profit for the period				6,035		6,035
Translation differences					-622	-622
Remeasurement gains/(losses) on defined benefit plan				-58		-58
<b>Total comprehensive income</b>				<b>5,977</b>	<b>-622</b>	<b>5,355</b>
<b>Transactions with owners:</b>						
Increase in share capital	78		-78			-
Cancellation of treasury shares		71	-71			-
Share issue			10,000			10,000
Expenses related to the share issue			-686*			-686
Discount related to the personnel share issue			106			106
<b>At 31 Dec 2021</b>	<b>80</b>	<b>-</b>	<b>11,047</b>	<b>19,138</b>	<b>1,532</b>	<b>31,798</b>

\*In 2021, the company's fees and expenses related to the listing amounted to EUR 2,281 thousand, of which EUR 857 thousand was recognised as expenses in connection with the offering against the funds received in the invested unrestricted equity fund less deferred tax of EUR 171 thousand.

## Consolidated statement of cash flows

EUR thousand	1-6/2022	1-6/2021	1-12/2021
<b>Cash flows from operating activities</b>			
Profit before taxes	661	3,616	7,664
Adjustments:			
Depreciation, amortisation and impairment	1,961	1,949	3,976
Financial income and expenses	780	702	1,586
Other adjustments	527	-2	-48
<b>Cash flows before changes in working capital</b>	<b>3,930</b>	<b>6,265</b>	<b>13,179</b>
<b>Changes in working capital</b>			
Decrease (+) / increase (-) in trade and other receivables	843	390	-1,489
Decrease (+) / increase (-) in inventories	-2,606	-2,519	-2,905
Decrease (-) / increase (+) in trade and other payables	1,727	2,735	2,326
<b>Cash flows from operating activities before financial items and taxes</b>	<b>3,893</b>	<b>6,871</b>	<b>11,112</b>
Interests paid	-548	-739	-1,331
Income taxes paid	-1,868	-730	-801
<b>Net cash flows from operating activities</b>	<b>1,478</b>	<b>5,401</b>	<b>8,979</b>
<b>Cash flows from investing activities</b>			
Investments in tangible and intangible assets	-1,252	-2,817	-4,797
Sale of tangible and intangible assets	14	102	132
<b>Net cash flows from investing activities</b>	<b>-1,238</b>	<b>-2,715</b>	<b>-4,665</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	-	10,000	10,000
Costs from share issue recognised in equity	-	-857	-857
Capital returns paid	-1,598	-	-
Repayment of lease liabilities	-651	-635	-1,286
Repayment of short-term borrowings	-1,500	-1,500	-3,000
<b>Net cash flows from financing activities</b>	<b>-3,749</b>	<b>7,008</b>	<b>4,857</b>
Net change in cash and cash equivalents	-3,509	9,694	9,172
Net foreign exchange differences	-406	20	-88
Cash and cash equivalents at the beginning of the period	14,334	5,250	5,250
<b>Cash and cash equivalents at the end of the period</b>	<b>10,418</b>	<b>14,964</b>	<b>14,334</b>

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

### Basis of preparation

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

Orthex's Board of Directors has approved this half-year financial report in its meeting on 24 August 2022. Figures in the half-year financial report have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. The figures are unaudited.

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

The preparation of financial statements release 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 financial report information are identical to those applied in the consolidated financial statements for 2021.

### 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 review period. In January–June 2021, the company's related party transactions consisted of one purchase of EUR 25 thousand from a member of the Board.

## Property, plant and equipment, intangible assets and right-of-use assets

EUR thousand	Intangible asset	Goodwill	Property, plant and equipment	Right-of-use assets	Total
<b>Acquisition cost at 1 Jan 2022</b>	<b>1,189</b>	<b>23,680</b>	<b>66,938</b>	<b>12,313</b>	<b>104,121</b>
Additions			1,237	384	1,621
Disposals	-295		-269		-564
Transfers	30		-30		-
Translation differences		-814	-1,756	-325	-2,895
<b>Acquisition cost at 30 Jun 2022</b>	<b>925</b>	<b>22,866</b>	<b>66,120</b>	<b>12,372</b>	<b>102,283</b>
<b>Accumulated depreciation, amortisation and impairment at 1 Jan 2022</b>	<b>969</b>	<b>-</b>	<b>53,807</b>	<b>4,283</b>	<b>59,059</b>
Depreciation and amortisation	63		1,198	700	1,961
Accumulated depreciation and amortisation on disposals and transfers	-295		-269		-564
Translation differences			-1,459		-1,459
<b>Accumulated depreciation, amortisation and impairment at 30 Jun 2022</b>	<b>737</b>	<b>-</b>	<b>53,277</b>	<b>4,983</b>	<b>58,997</b>
<b>Carrying amount at 1 Jan 2022</b>	<b>221</b>	<b>23,680</b>	<b>13,131</b>	<b>8,030</b>	<b>45,062</b>
<b>Carrying amount at 30 Jun 2022</b>	<b>188</b>	<b>22,866</b>	<b>12,843</b>	<b>7,389</b>	<b>43,286</b>
<b>Acquisition cost at 1 Jan 2021</b>	<b>935</b>	<b>24,072</b>	<b>68,241</b>	<b>12,082</b>	<b>105,331</b>
Additions	268		2,171	390	2,829
Disposals	-18		-3,471	-209	-3,699
Translation differences		-141	-662	-64	-867
<b>Acquisition cost at 30 Jun 2021</b>	<b>1,185</b>	<b>23,931</b>	<b>66,279</b>	<b>12,199</b>	<b>103,594</b>
<b>Accumulated depreciation, amortisation and impairment at 1 Jan 2021</b>	<b>858</b>	<b>-</b>	<b>56,859</b>	<b>2,837</b>	<b>60,555</b>
Depreciation and amortisation	65		1,163	721	1,949
Accumulated depreciation and amortisation on disposals and transfers	-18		-3,471		-3,489
Translation differences			-625		-625
<b>Accumulated depreciation, amortisation and impairment at 30 Jun 2021</b>	<b>905</b>	<b>-</b>	<b>53,927</b>	<b>3,558</b>	<b>58,390</b>
<b>Carrying amount at 1 Jan 2021</b>	<b>77</b>	<b>24,072</b>	<b>11,382</b>	<b>9,244</b>	<b>44,776</b>
<b>Carrying amount at 30 Jun 2021</b>	<b>279</b>	<b>23,931</b>	<b>12,352</b>	<b>8,641</b>	<b>45,204</b>

## Fair value of financial assets and liabilities

<b>Financial assets</b>			
EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Level 2</b>			
<b>Assets measured at fair value</b>			
<b>Derivative financial instruments:</b>			
Foreign exchange forward contracts	92	-	14
<b>Total</b>	<b>92</b>	<b>-</b>	<b>14</b>
<b>Financial liabilities</b>			
EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Level 2</b>			
<b>Liabilities measured at fair value</b>			
<b>Derivative financial instruments:</b>			
Foreign exchange forward contracts	-	13	-
<b>Total</b>	<b>-</b>	<b>13</b>	<b>-</b>

The derivatives have been presented in the note above. The carrying amounts of other financial assets and liabilities in the balance sheet equal their fair value.

## Commitments

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Guarantees and mortgages given on own behalf:</b>			
Enterprise mortgages	53,272	53,589	53,514
Property mortgages	10,192	10,192	10,192
Other guarantees	52	55	55
<b>Total</b>	<b>63,517</b>	<b>63,837</b>	<b>63,762</b>

## Contingent liabilities

Orthex Group was subject to a tax audit of Orthex Corporation regarding the financial years 2020 and 2021. Orthex Corporation received early in May 2022 a tax audit report from the Finnish tax authorities. The tax audit report included subsequent taxes and tax increases amounting to a total of EUR 0.3 million relating to the VAT deductibility of IPO related costs. The company disagrees with the interpretation made in the tax audit. The company was requested to pay additional taxes in accordance with the interpretations set out in the tax audit report. The company paid the subsequent taxes and tax increases in June 2022 but has filed a claim for adjustment to its taxation to the Assessment Adjustment Board of the Finnish tax authority. The Group has not recognised the subsequent taxes and tax increases in the consolidated statement of comprehensive income.

## APPENDIX:

### Key Performance Indicators

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net sales	21,011	22,176	41,588	43,811	88,694
Net sales growth, %	-5.3%	25.5%	-5.1%	28.8%	16.9%
Constant currency invoiced sales growth, %	-4.4%	22.6%	-4.2%	26.1%	15.7%
Invoiced sales	21,525	22,544	43,028	44,987	90,552
Invoiced sales growth, %	-4.5%	22.7%	-4.4%	27.9%	16.3%
Gross Margin	3,096	5,565	7,998	12,329	23,204
Gross Margin, %	14.7%	25.1%	19.2%	28.1%	26.2%
EBITDA	640	3,324	3,402	6,267	13,226
EBITDA margin, %	3.0%	15.0%	8.2%	14.3%	14.9%
EBITA	-308	2,384	1,504	4,383	9,380
EBITA margin, %	-1.5%	10.8%	3.6%	10.0%	10.6%
Operating profit	-340	2,350	1,441	4,318	9,250
Operating profit margin, %	-1.6%	10.6%	3.5%	9.9%	10.4%
Items affecting comparability	131	218	131	1,556	1,616
Adjusted Gross Margin	3,096	5,581	7,998	12,344	23,279
Adjusted Gross Margin, %	14.7%	25.2%	19.2%	28.2%	26.2%
Adjusted EBITDA	771	3,567	3,533	7,824	14,842
Adjusted EBITDA margin, %	3.7%	16.1%	8.5%	17.9%	16.7%
Adjusted EBITA	-177	2,628	1,635	5,940	10,996
Adjusted EBITA margin, %	-0.8%	11.9%	3.9%	13.6%	12.4%
Adjusted operating profit	-209	2,594	1,572	5,874	10,867
Adjusted operating profit margin, %	-1.0%	11.7%	3.8%	13.4%	12.3%
Earnings per share, basic (and diluted), EUR	-0.03	0.09	0.03	0.16	0.35
FTEs	301	321	297	318	314
Personnel expenses	4,901	5,166	9,973	10,592	19,693
<b>Key cash flows indicators</b>					
Net cash flows from operating activities	-397	2,209	1,478	5,401	8,979
Operating free cash flows	10	2,418	2,281	5,007	10,046
Cash conversion, %	1.3%	67.8%	64.6%	64.0%	67.7%
Investments in tangible and intangible assets	-761	-1,149	-1,252	-2,817	-4,797
<b>Financial position key figures</b>					
Net debt	27,614	27,190	27,614	27,190	25,887
Net debt / adjusted EBITDA last 12 months	2.6x	1.5x	2.6x	1.5x	1.7x
Net working capital	12,437	12,087	12,437	12,087	14,482
Capital employed excluding goodwill	32,607	32,257	32,607	32,257	34,004
Return on capital employed (ROCE), %	-1.0%	7.4%	4.3%	13.5%	28.1%
Adjusted return on capital employed (ROCE), %	-0.6%	8.2%	4.7%	18.3%	33.0%
Equity ratio, %	33.0%	33.0%	33.0%	33.0%	35.8%
Return on equity, %	-2.0%	5.6%	1.7%	12.2%	24.7%

## Reconciliation of APMs

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
<b>Net sales growth, %</b>					
Net sales	21,011	22,176	41,588	43,811	88,694
<b>Net sales growth, %</b>	<b>-5.3%</b>	<b>25.5%</b>	<b>-5.1%</b>	<b>28.8%</b>	<b>16.9%</b>
<b>Constant currency Net sales growth, %</b>					
Net sales	21,011	22,176	41,588	43,811	88,694
FX rate adjustment	-	-206	-	-393	-
Constant currency Net sales	21,011	21,970	41,588	43,418	88,694
<b>Constant currency Net sales growth, %</b>	<b>-4.4%</b>	<b>22.6%</b>	<b>-4.2%</b>	<b>26.1 %</b>	<b>15.7%</b>
<b>Invoiced sales</b>					
Net sales	21,011	22,176	41,588	43,811	88,694
Discounts and bonuses	847	744	1,600	1,436	3,067
Other sales and refunds	-333	-376	-160	-260	-1,209
<b>Invoiced sales</b>	<b>21,525</b>	<b>22,544</b>	<b>43,028</b>	<b>44,987</b>	<b>90,552</b>
Invoiced sales growth, %	-4.5%	22.7%	-4.4%	27.9%	16.3%
<b>Gross Margin</b>					
Net sales	21,011	22,176	41,588	43,811	88,694
Cost of sales	-17,915	-16,611	-33,590	-31,482	-65,490
<b>Gross Margin</b>	<b>3,096</b>	<b>5,565</b>	<b>7,998</b>	<b>12,329</b>	<b>23,204</b>
Gross Margin, %	14.7%	25.1%	19.2%	28.1%	26.2%
<b>EBITDA</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Depreciation, amortisation and impairment	979	973	1,961	1,949	3,976
<b>EBITDA</b>	<b>640</b>	<b>3,324</b>	<b>3,402</b>	<b>6,267</b>	<b>13,226</b>
EBITDA margin, %	3.0%	15.0%	8.2%	14.3%	14.9%
<b>EBITA</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Amortisation and impairment	32	34	63	65	129
<b>EBITA</b>	<b>-308</b>	<b>2,384</b>	<b>1,504</b>	<b>4,383</b>	<b>9,380</b>
EBITA margin, %	-1.5%	10.8%	3.6%	10.0%	10.6%
<b>Operating profit</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Operating profit margin, %	-1.6%	10.6%	3.5%	9.9%	10.4%
<b>Items affecting comparability / adjustments (Gross Margin)</b>					
Other items affecting comparability	-	15	-	15	75
<b>Items affecting comparability / adjustments (Gross Margin)</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>75</b>
<b>Items affecting comparability / adjustments (EBITDA)</b>					
Other items affecting comparability	131	26	131	26	85
Costs related to listing	-	218	-	1,531	1,531
<b>Items affecting comparability / adjustments (EBITDA)</b>	<b>131</b>	<b>244</b>	<b>131</b>	<b>1,556</b>	<b>1,616</b>

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
<b>Adjusted Gross Margin</b>					
Gross Margin	3,096	5,565	7,998	12,329	23,204
Adjustments (Gross Margin)	-	15	-	15	75
<b>Adjusted Gross Margin</b>	<b>3,096</b>	<b>5,581</b>	<b>7,998</b>	<b>12,344</b>	<b>23,279</b>
Adjusted Gross Margin, %	14.7%	25.2%	19.2%	28.2%	26.2%
<b>Adjusted EBITDA</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Depreciation, amortisation and impairment	979	973	1,961	1,949	3,976
Adjustments (EBITDA)	131	244	131	1,556	1,616
<b>Adj. EBITDA</b>	<b>771</b>	<b>3,567</b>	<b>3,533</b>	<b>7,824</b>	<b>14,842</b>
Adj. EBITDA margin, %	3.7%	16.1%	8.5%	17.9%	16.7%
<b>Adjusted EBITA</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Amortisation and impairment	32	34	63	65	129
Adjustments (EBITA)	131	244	131	1,556	1,616
<b>Adj. EBITA</b>	<b>-177</b>	<b>2,628</b>	<b>1,635</b>	<b>5,940</b>	<b>10,996</b>
Adj. EBITA margin, %	-0.8%	11.9%	3.9%	13.6%	12.4%
<b>Adjusted operating profit</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Adjustments	131	244	131	1,556	1,616
<b>Adj. operating profit</b>	<b>-209</b>	<b>2,594</b>	<b>1,572</b>	<b>5,874</b>	<b>10,867</b>
Adj. operating profit margin, %	-1.0%	11.7%	3.8%	13.4%	12.3%
<b>Earnings per share, basic (and diluted), EUR</b>					
Profit for the period	-619	1,558	505	2,806	6,035
Average number of shares	17,759	17,759	17,759	17,088	17,426
<b>Earnings per share, basic (and diluted), EUR</b>	<b>-0.03</b>	<b>0.09</b>	<b>0.03</b>	<b>0.16</b>	<b>0.35</b>
<b>Operating free cash flows</b>					
Adj. EBITDA	771	3,567	3,533	7,824	14,842
Investments in tangible and intangible assets	-761	-1,149	-1,252	-2,817	-4,797
<b>Operating free cash flows</b>	<b>10</b>	<b>2,418</b>	<b>2,281</b>	<b>5,007</b>	<b>10,046</b>
<b>Cash conversion, %</b>					
Operating free cash flows	10	2,418	2,281	5,007	10,046
Adj. EBITDA	771	3,567	3,533	7,824	14,842
<b>Cash conversion, %</b>	<b>1.3%</b>	<b>67.8%</b>	<b>64.6%</b>	<b>64.0%</b>	<b>67.7%</b>
<b>Net debt</b>					
Total interest-bearing liabilities	38,032	42,154	38,032	42,154	40,220
Cash and cash equivalents	-10,418	-14,964	-10,418	-14,964	-14,334
<b>Net debt</b>	<b>27,614</b>	<b>27,190</b>	<b>27,614</b>	<b>27,190</b>	<b>25,887</b>
<b>Net debt/ Adj. EBITDA</b>					
Net debt	27,614	27,190	27,614	27,190	25,887
Adj. EBITDA, 12 months	10,552	17,644	10,552	17,644	14,842
<b>Net debt/ Adj. EBITDA</b>	<b>2.6x</b>	<b>1.5x</b>	<b>2.6x</b>	<b>1.5x</b>	<b>1.7x</b>

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
<b>Net working capital</b>					
Inventories	14,829	12,375	14,829	12,375	12,647
Trade and other receivables	14,209	13,792	14,209	13,792	15,528
Trade and other payables	-16,601	-14,080	-16,601	-14,080	-13,692
<b>Net working capital</b>	<b>12,437</b>	<b>12,087</b>	<b>12,437</b>	<b>12,087</b>	<b>14,482</b>
<b>Capital employed excluding goodwill</b>					
Total Equity	27,859	28,999	27,859	28,999	31,798
Net debt	27,614	27,190	27,614	27,190	25,887
Goodwill	-22,866	-23,931	-22,866	-23,931	-23,680
<b>Capital employed excluding goodwill</b>	<b>32,607</b>	<b>32,257</b>	<b>32,607</b>	<b>32,257</b>	<b>34,004</b>
<b>Return on capital employed (ROCE), %</b>					
Operating profit	-340	2,350	1,441	4,318	9,250
Average capital employed excluding goodwill	33,216	31,819	33,306	32,046	32,920
<b>Return on capital employed (ROCE), %</b>	<b>-1.0%</b>	<b>7.4%</b>	<b>4.3%</b>	<b>13.5%</b>	<b>28.1%</b>
<b>Adjusted return on capital employed (ROCE), %</b>					
Adjusted operating profit	-209	2,594	1,572	5,874	10,867
Average capital employed excluding goodwill	33,216	31,819	34,306	32,046	32,920
<b>Adjusted return on capital employed (ROCE), %</b>	<b>-0.6%</b>	<b>8.2%</b>	<b>4.7%</b>	<b>18.3%</b>	<b>33.0%</b>
<b>Equity ratio, %</b>					
Total Equity	27,859	28,999	27,859	28,999	31,798
Total assets	84,535	87,939	84,535	87,939	88,842
<b>Equity ratio, %</b>	<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>35.8%</b>
<b>Return on equity, %</b>					
Profit for the period	-619	1,558	505	2,806	6,035
Total equity (average for the first and last day of the period)	30,276	28,064	29,828	23,010	24,410
<b>Return on equity, %</b>	<b>-2.0%</b>	<b>5.6%</b>	<b>1.7%</b>	<b>12.2%</b>	<b>24.7%</b>

Orthex presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS. In Orthex's view, alternative performance measures provide significant additional information on Orthex's results of operations, financial position and cash flows to management, investors, analysts and other stakeholders.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore Orthex's alternative performance measures may not be comparable with similarly named measures presented by other companies.

## Calculation of key figures

Key Performance Indicators	Formula
Constant currency invoiced sales growth, %	Invoiced sales growth calculated by using previous year's revenue translated at average foreign exchange rates for the current year
Invoiced sales	Product sales to resale customers excluding off invoice discounts, customer bonuses and cash discounts
Invoiced sales growth, %	Increase in invoiced sales
Gross Margin	Net Sales less Cost of sales
Gross Margin, %	Gross Margin / Net Sales
EBITDA	Operating profit before depreciation, amortisation and impairment
EBITDA margin, %	EBITDA / Net sales
EBITA	Operating profit before amortisation and impairment
EBITA margin, %	EBITA / Net sales
Operating profit	Operating profit
Operating profit margin, %	Operating profit / Net sales
Items affecting comparability	Material items outside ordinary course of business including restructuring costs, net gains or losses from sale of business operations or other non-current assets, strategic development projects, external advisory costs related to capital reorganisation, impairment charges on non-current assets incurred in connection with restructurings, compensation for damages and transaction costs related to business acquisitions
Adjusted Gross Margin	Gross Margin excluding items affecting comparability
Adjusted Gross Margin, %	Adjusted Gross Margin / Net Sales
Adjusted EBITDA	EBITDA excluding items affecting comparability
Adjusted EBITDA margin, %	Adjusted EBITDA / Net Sales
Adjusted EBITA	EBITA excluding items affecting comparability
Adjusted EBITA margin, %	Adjusted EBITA / Net sales
Adjusted operating profit	Operating profit excluding items affecting comparability
Adjusted operating profit margin, %	Adjusted operating profit / Net Sales
Earnings per share, basic (and diluted), EUR	Profit for the period attributable to the owners of the parent divided by weighted average number of shares outstanding
FTEs	Full-Time Equivalents
Personnel expenses	Total personnel expenses during the period

Key cash flows indicators	Formula
Net cash flows from operating activities	Net cash from operating activities as presented in the consolidated statement of cash flows
Operating free cash flows	Adjusted EBITDA less investments in tangible and intangible assets
Cash conversion, %	Operating free cash flows / Adjusted EBITDA
Investments in tangible and intangible assets	Investments in tangible and intangible assets as presented in the consolidated statement of cash flows

<b>Financial position key figures</b>	<b>Formula</b>
Net debt	Current and non-current interest-bearing liabilities less cash and cash equivalents
Net debt / adjusted EBITDA last 12 months	Net debt / Adjusted EBITDA
Net working capital	Inventories, trade and other receivables less trade and other payables
Capital employed excluding goodwill	Total equity and net debt and less goodwill
Return on capital employed (ROCE), %	Operating profit / Average capital employed excluding goodwill
Adjusted return on capital employed (ROCE), %	Adjusted operating profit / Average capital employed excluding goodwill
Equity ratio, %	Total equity / Total assets
Return on equity, %	Result for the period / Total equity (average for the first and last day of the period)

## ORTHEX IN BRIEF

Orthex is a leading Nordic houseware company. Orthex designs, produces, and sells household products with a mission to make consumers' everyday life easier: Orthex strives to create functional, long lasting, and sustainable high-quality household products. Orthex's products cover multifunctional assortment of storage boxes, kitchen products and products for home and yard. Orthex markets and sells its products under three main consumer brands: SmartStore, GastroMax and Orthex. In addition, it sells externally produced kitchen products under the Kökskungen brand.

Orthex has more than 100 years of experience in the production, design, and marketing of household products, and it has approximately 800 customers in more than 40 countries. Orthex's core geographic markets are the Nordics and the export markets. The export markets are divided into the rest of Europe and the rest of the world. Orthex is headquartered in Espoo, Finland, and it currently has seven local sales offices located in the Nordics, Germany, France, and the United Kingdom. Orthex's production facilities are located in Tingsryd and Gnosjö, Sweden, and in Lohja, Finland. In addition, Orthex has centralised warehousing in Sweden and Finland in connection with its Tingsryd and Lohja production facilities, as well as an outsourced warehouse in Überherrn, Germany.

Orthex aims to be the industry forerunner in sustainability by promoting safe and long-lasting products, reducing the carbon footprint of its operations and products, as well as by sourcing an ever-increasing amount of raw materials from bio-based and recycled materials. Orthex aims for its production process to be carbon neutral by 2030.



*GastroMax mixing bowl*



SmartStore Collect 76 L, Orthex Pamela pots. On the front page: Orthex Botanica pots

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