



# Orthex Corporation: Interim report January–September 2023

Orthex Corporation, Stock exchange release, 7 November 2023 at 9.00 a.m. EET

## Profitability continued to improve in the third quarter

This release is a summary of Orthex Corporation's Interim report for January–September 2023. The complete report is attached to this release as a pdf-file. It is also available on Orthex's website at <http://investors.orthexgroup.com/>.

### July–September 2023

- Invoiced sales were EUR 22.2 million (22.2)
- Net sales decreased by 0.9% to EUR 21.9 million (22.1)
- Adjusted EBITDA was EUR 4.5 million (3.2)
- Adjusted EBITA was EUR 3.5 million (2.2), representing 16.1% of sales (10.1)
- Operating profit was EUR 3.5 million (2.2)
- Net cash flows from operating activities were EUR 5.3 million (4.4)
- Earnings per share, basic was EUR 0.13 (0.07)

### January–September 2023

- Invoiced sales decreased by 1.7% and totalled EUR 64.0 million (65.2)
- Net sales decreased by 1.8% to EUR 62.5 million (63.7)
- Adjusted EBITDA was EUR 11.0 million (6.7)
- Adjusted EBITA was EUR 8.0 million (3.9), representing 12.8% of sales (6.1)
- Operating profit was EUR 7.9 million (3.6)
- Net cash flows from operating activities were EUR 9.8 million (5.9)
- Net debt / Adjusted EBITDA was 1.4x (2.5)
- Earnings per share, basic was EUR 0.27 (0.10)
- Orthex was granted and paid Swedish state electricity support (EUR 0.8 million included in adjusted EBITA) for the period 1 October 2021–30 September 2022.

## 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.

## Key figures

EUR million	7–9/2023	7–9/2022	Change	1–9/2023	1–9/2022	Change	1–12/2022
Invoiced sales	22.2	22.2	0.3%	64.0	65.2	-1.7%	85.8
Net sales	21.9	22.1	-0.9%	62.5	63.7	-1.8%	84.0
Gross margin	6.9	5.0	39.8%	17.5	13.0	35.1%	17.9
Gross margin, %	31.6%	22.4%		28.0%	20.3%		21.3%
EBITDA	4.5	3.1	43.8%	11.0	6.5	67.8%	9.2
EBITDA margin, %	20.6%	14.2%		17.6%	10.3%		10.9%
Adjusted EBITDA	4.5	3.2	42.1%	11.0	6.7	64.4%	9.3
Adjusted EBITDA margin, %	20.6%	14.4%		17.6%	10.5%		11.1%
EBITA	3.5	2.2	60.3%	8.0	3.7	114.8%	5.3
EBITA margin, %	16.1%	10.0%		12.7%	5.8%		6.3%
Adjusted EBITA	3.5	2.2	57.7%	8.0	3.9	106.9%	5.5
Adjusted EBITA margin, %	16.1%	10.1%		12.8%	6.1%		6.5%
Operating profit	3.5	2.2	61.5%	7.9	3.6	118.0%	5.2
Operating profit margin, %	16.0%	9.8%		12.6%	5.7%		6.2%
Net cash flows from operating activities	5.3	4.4	19.5%	9.8	5.9	66.4%	6.2
Net debt / Adjusted EBITDA	1.4x	2.5x		1.4x	2.5x		2.8x
Adjusted return on capital employed (ROCE), %	11.5%	7.0%		25.2%	11.9%		15.9%
Equity ratio, %	37.9%	33.3%		37.9%	33.3%		36.3%
Earnings per share, basic (EUR)	0.13	0.07	87.4%	0.27	0.10	168.3%	0.12
FTEs	280	298	-6.1%	281	298	-5.5%	295

### Alexander Rosenlew, CEO:

“The business climate was characterized by careful consumer behaviour and cost inflation. During these challenging market conditions, profit performance was strong with 57.7% increase in adjusted EBITA compared to the third quarter in the comparison period.

In the third quarter, Orthex’s constant currency net sales increased by 2.9%. Including currency effects, Orthex’s net sales decreased by 0.9% to 21.9 million euros (22.1). Rest of Europe delivered invoiced sales growth of 6.5% and sales were 4.2 million euros (4.0). The somewhat slower growth pace in the Rest of Europe during the third quarter is mostly due to timing of campaigns. During January–September, invoiced sales growth in the Rest of Europe was 18.6%.

International distribution build-up is progressing according to plan, delivering a growing base of customers and point of sales throughout Europe. During the period, it was decided that the time is right to strengthen our local presence also in the Benelux area, hence a local Benelux country manager will join our international sales team before the year end.

The third quarter sales in the Nordics were affected by careful consumer behaviour and weak currencies. The impact resulted in a flat overall Nordic invoiced sales development of +0.2%. Whereas the weak Swedish and Norwegian currencies affect the consolidated euro sales negatively, there is an adverse effect on EBITA from having a substantial amount of local costs in Swedish Krona in the Swedish production units.

The Storage category continued to grow at a pace of 6.7% compared to the third quarter last year. To keep strengthening the product offering under the SmartStore™ brand, Orthex will extend it with stylish food storage products by changing the branding of all food storage items to SmartStore™. The re-branding allows more efficient investments in brand building.

Kitchen and Plant Care categories, traditionally strong in the Nordics, declined because of the careful Nordic customer and consumer behaviour. Invoiced sales in the Kitchen category declined 13.5% and in the Plant Care category 19.8%. There was a 4.2% increase in the Home and Yard category, driven by sales of new outdoor bin products gaining in distribution.

The strong improvement in Orthex’s profitability continued in the third quarter. The adjusted EBITA margin was 16.1% (10.1) and the adjusted EBITA was 3.5 million euros (2.2). The more

favourable raw-material prices and efficiently adapting the operations to changing volumes affected the result positively. Third quarter cash flows improved to 5.3 million euros (4.4). The inventory level continued to decrease according to plan. The net debt to adjusted EBITDA ratio (leverage) was down to 1.4 at the end of the period.

Active sustainability work is an important part of implementing the corporate strategy. During the third quarter, Orthex continued extending the usage of ISCC PLUS certified renewable raw materials applying a mass balance approach on new products. The applying of the mass balance approach means that products have on average at least 20% of renewable content allocation.

We keep increasing our investment in commercial activity and have strengthened the commercial team and put additional focus on improving in-store execution. All of this is to support product sell-out of the stores during a period of weaker consumer demand. We are currently accelerating our pipeline of interesting new products to be launched in the coming 1–3 years. There is continued uncertainty in consumer demand, raw material price development and cost inflation development. I am happy to see that the business is progressing well thanks to consistent deployment of the strategy regardless of the prevailing conditions.”

**Press conference on financial results:**

Orthex’s CEO **Alexander Rosenlew**, CFO **Saara Mäkelä** and CMSO **Hanna Kukkonen** will present the report today in a webcast starting at 11.00 a.m. EET. The webcast can be joined through [this link](#). The webcast presentation will be held in English.

**Q&A:**

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

**Presentation material:**

The presentation material will be shared in the online meeting, and it can be downloaded in the same day on Orthex’s website at <http://investors.orthexgroup.com/>.

**Recording of the event:**

After the event, a recording will be available on the company’s website at <http://investors.orthexgroup.com/>.

**Further enquiries:**

Alexander Rosenlew, CEO, Orthex Corporation  
Tel. +358 (0)40 500 3826  
[alexander.rosenlew@orthexgroup.com](mailto:alexander.rosenlew@orthexgroup.com)

Saara Mäkelä, CFO, Orthex Corporation  
Tel. +358 (0)40 083 8782  
[saara.makela@orthexgroup.com](mailto:saara.makela@orthexgroup.com)

**Distribution:**

Nasdaq Helsinki Ltd  
Main media  
<https://investors.orthexgroup.com/>

**Orthex in brief**

*Orthex (ORTHEX, Nasdaq Helsinki, Finland) is a leading Nordic houseware company. Orthex offers a broad assortment of practical and durable household products with a mission to make consumers’ everyday life easier. Orthex main consumer brands are SmartStore™ in storage products, GastroMax™ in kitchenware and Orthex™ in home and plant care categories. Orthex aims to be the industry forerunner in sustainability and to become carbon neutral in its production by 2030. Read more [www.orthexgroup.com](http://www.orthexgroup.com).*

*Orthex’s net sales in 2022 was 84.0 million euros. The company has customers in more than 40 countries and local sales offices in the Nordics, Germany, France, and the UK.*

Follow Orthex on [LinkedIn](#) | [Twitter](#) | [Facebook](#) | [Instagram](#)