



Orthex Corporation: Interim Report January–March 2024

Orthex Corporation, Stock exchange release, 15 May 2024 at 9.00 a.m. EEST

Momentum builds: strong sales and improving profitability

This release is a summary of Orthex Corporation's Interim Report for the period January–March 2024. 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/>.

January–March 2024

- Invoiced sales amounted to EUR 22.9 million (21.2)
- Net sales increased by 7.5% to EUR 22.0 million (20.5)
- Adjusted EBITDA was EUR 3.8 million (3.4)
- Adjusted EBITA was EUR 2.8 million (2.4), representing 12.6% of net sales (11.7)
- Operating profit was EUR 2.8 million (2.3)
- Net cash flows from operating activities were EUR 4.1 million (2.5)
- Net debt / Adjusted EBITDA was 1.3 (2.4)
- Earnings per share, basic was EUR 0.09 (0.07)
- The new SmartStore™ Collect Biowaste container was awarded with "Winner" at the German Design Awards 2024 for excellent product design, in the category "Eco Design".
- Orthex reached the highest Leadership level with the top score A- in Climate Disclosure Project's (CDP) global climate reporting and ranked in 6th place among the Nasdaq Helsinki small-cap companies in the Nordic Business Diversity Index.
- Orthex published its Annual and Sustainability Report 2023 and reported it achieved or exceeded most of the sustainability targets set for the year 2023.

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	1–3/2024	1–3/2023	Change	1–12/2023
Invoiced sales	22.9	21.2	8.1%	88.0
Net sales	22.0	20.5	7.5%	85.9
Gross margin	6.7	5.4	23.4%	24.3

Gross margin, %	30.4%	26.5%		28.3%
EBITDA	3.8	3.4	14.1%	14.9
EBITDA margin, %	17.4%	16.4%		17.3%
Adjusted EBITDA	3.8	3.4	12.2%	14.9
Adjusted EBITDA margin, %	17.4%	16.6%		17.4%
EBITA	2.8	2.3	17.8%	10.9
EBITA margin, %	12.6%	11.5%		12.6%
Adjusted EBITA	2.8	2.4	15.1%	10.9
Adjusted EBITA margin, %	12.6%	11.7%		12.7%
Operating profit	2.8	2.3	19.3%	10.8
Operating profit margin, %	12.5%	11.3%		12.5%
Net cash flows from operating activities	4.1	2.5	62.3%	10.2
Net debt / Adjusted EBITDA	1.3x	2.4x		1.5x
Adjusted return on capital employed (ROCE), %	8.2%	7.2%		31.8%
Equity ratio, %	41.0%	37.6%		40.2%
Earnings per share, basic (EUR)	0.09	0.07	18.5%	0.39
FTEs	287	281	2.5%	281

Alexander Rosenlew, CEO:

“Orthex had a strong start to the year. In the first quarter, Orthex’s net sales increased by 7.5% to 22.0 million euros (20.5). Constant currency net sales growth was 8.3% driven by campaigns, strong in-store activities, and normalising demand in the Nordics.

Invoiced sales in the Nordics improved by 8.4% compared to a weak comparison period and were 17.5 million euros (16.2). Rest of Europe saw solid invoiced sales growth of 9.9% resulting in 5.3 million euros in sales (4.9). Invoiced sales in the Rest of the world declined to 0.1 million euros (0.2).

The biggest category Storage performed well and grew by 10.0% compared to January-March last year. The Kitchen category is strong in the Nordic countries and the normalising Nordic demand is visible in the sales growth of 7.9%. The newly implemented SmartStore rebranding of food storage products shows positive effects in the form of increasing customer interest.

In reporting, Orthex has combined the categories Home & Yard and Plant care from 1 of January 2024 to a new category called Home & Garden. The new Home & Garden reporting category includes all the same items as the previous two, now combined categories in reporting. The Home & Garden category sales declined slightly by 2.1% compared to the same period last year. The slight decline is due to careful pre-orders for the season.

Orthex’s profitability improved compared to the same period in the previous year, with adjusted EBITA margin at 12.6% (11.7) and the adjusted EBITA at 2.8 million euros (2.4). A more stable raw material price level had a positive effect on EBITA. Cost increases are coming from strengthening the commercial organisation for future growth and from demand activation such as instore marketing, sales campaigns and trade fairs. Cash flows in the quarter were strong at 4.1 million euros (2.5) partly affected by timing the completion of the investments made in 2023 to the start of the year. The net debt to adjusted EBITDA ratio (leverage) was down to 1.3 (2.4) at the end of the period.

Orthex’s sales and marketing teams presented Orthex in a formidable manner at the Ambiente fair in Frankfurt in January. Orthex has also invested in novelties and launched some important new products such as the SmartStore bedroller and the SmartStore Collect Biowaste container. New customer acquisition keeps progressing well in Europe with opportunities to test the sell-out of our products in the stores of some major retail chains not previously selling SmartStore products.

Changes in operational management were implemented towards increasing company-wide responsibilities. Our ambition to be the leading storage category brand in Europe and the best partner for our customers requires that our operations are structured for growth and for efficient

reactions to changing conditions.

Sustainability is a core element in implementing Orthex's growth strategy. As recognitions for our efforts, Orthex was ranked in 6th place among the Nasdaq Helsinki small-cap companies in the Nordic Business Diversity Index and reached the highest Leadership level with the top score A- in Climate Disclosure Project's (CDP) global climate reporting for the first time.

Our strategy is working well, we adapt to changes systematically, and our results are improving. Our employees' dedication and stakeholder support are crucial, and we keep building the positive momentum to achieve our goals. Together we will ensure strong foundations for continued growth and increasing profitability."

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. EEST. 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 [Reports & presentations - Orthex Group](#).

Recording of the event:

After the event, a recording will be available on the company's website at [Reports & presentations - Orthex Group](#).

Further enquiries:

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

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

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Main media
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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.

Orthex's net sales in 2023 was 85.9 million euros. The company has customers in more than 40 countries and local sales offices in the Nordics, Germany, France, the UK, and the Benelux.

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