



Orthex Corporation: Interim Report January–September 2024

Orthex Corporation, Stock exchange release, 15 November 2024 at 9.00 a.m. EET

Strong sales growth outside the Nordics, higher costs affected profitability

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

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.

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	7–9/2024	7–9/2023	Change	1–9/2024	1–9/2023	Change	1–12/2023
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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

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 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.”

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.

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 the corporate website at [Reports & presentations - Orthex Group](#).

Recording of the event:

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

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<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.

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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