

Orthex Corporation

INTERIM REPORT

January–March 2024



orthex
GROUP

Novelty: GastroMax™ BIO tableware

ORTHEX CORPORATION: INTERIM REPORT JANUARY-MARCH 2024

Momentum builds: strong sales and improving profitability

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.



SmartStore™ Collect Biowaste container

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.



Orthex™ Paulina self-watering pot

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

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 30.7% between 2009 and 2022. 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. The European Central Bank's forecast says that inflation pressures will ease in 2024 and the increase in earnings level will help the private consumption to recover. 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	1-3/2024	1-3/2023	Change	1-12/2023
Nordics	17.5	16.2	8.4%	68.7
Rest of Europe	5.3	4.9	9.9%	18.5
Rest of the world	0.1	0.2	-61.3%	0.8
Total	22.9	21.2	8.1%	88.0

Invoiced sales by product category

EUR million	1-3/2024	1-3/2023	Change	1-12/2023
Storage	15.6	14.2	10.0%	60.0
Kitchen	4.7	4.4	7.9%	18.6
Home & Garden	2.6	2.6	-2.1%	9.4
Total	22.9	21.2	8.1%	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.

January–March 2024

In the first quarter, the Group's net sales increased by 7.5% to EUR 22.0 million (20.5). Invoiced sales amounted to EUR 22.9 million (21.2). The increase in constant currency net sales was 8.3% compared to January–March 2023.

Campaigns, strong in-store activities, new product and customer listings, and normalising demand in the Nordics contributed to the increase in net sales in the first quarter.

Development by geography

January–March 2024

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in January–March increased to EUR 17.5 million (16.2). Invoiced sales in the Rest of Europe increased to EUR 5.3 million (4.9). In the Rest of the world, invoiced sales decreased to EUR 0.1 million (0.2).

Invoiced sales increased in the Nordic core markets thanks to generally successful campaigns and normalising demand. The strategically important European markets saw solid invoiced sales growth of 9.9% during the quarter.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 23.6% (23.7) of the Group's invoiced sales during the period.

Development by product category

January–March 2024

Orthex's largest category is Storage with invoiced sales totalling EUR 15.6 million (14.2) during January–March. Products in the Storage category play a key role in Orthex's expansion in Europe and the growth is driven mainly by the Rest of Europe.

The Group's invoiced sales in the Kitchen category increased in January–March to EUR 4.7 million (4.4).

Invoiced sales in the Home & Garden category amounted to EUR 2.6 million (2.6).

The Storage category grew driven by new customer and product listings and successful campaigns. The normalising Nordic demand is visible in the Kitchen category's sales growth.

Profitability

January–March 2024

In January–March, EBITA was 2.8 million (2.3), which was the same as adjusted EBITA of EUR 2.8 million (2.4). The adjusted EBITA margin increased to 12.6% (11.7). Operating profit was EUR 2.8 million (2.3). The operating profit did not include items affecting comparability.

Fixed cost increases are mainly coming from strengthening the commercial organisation for future growth and from demand activation such as instore marketing, sales campaigns and trade fairs. Last year administrative costs were exceptionally low but are now at the same level as in the previous years. More stable raw material prices had a positive effect on profitability.

Orthex's financial income and expenses during the review period consisted of EUR 0.7 million net expenses (0.6).

Profit before taxes was EUR 2.1 million (1.7) and profit for the period was EUR 1.6 million (1.3).

FINANCIAL POSITION AND CASH FLOW

At the end of March, the balance sheet totalled EUR 85.2 million (81.1), of which equity accounted for EUR 34.9 million (30.5).

The Group's net debt was EUR 19.4 million (24.1) at the end of the review period. Non-current interest-bearing liabilities were EUR 29.0 million (31.6) and Orthex's total interest-bearing liabilities were EUR 33.3 million (35.9). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

During the period January–March 2024, the Group's net cash flows from operating activities were EUR 4.1 million (2.5) and cash conversion was 72.7% (85.5). Interest paid during the period totalled EUR 0.1 million (0.1). Cash and cash equivalents amounted to EUR 13.9 million (11.8) at the end of the review period.

The strong cash flows in the quarter were partly affected by timing the completion of the investments made in 2023 to the start of the year.

Net debt/adjusted EBITDA was 1.3 (2.4). 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 41.0% (37.6). Adjusted return on capital employed (ROCE) was 8.2% (7.2) and return on equity (ROE) 4.5% (4.4).

INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments in January–March 2024 amounted to EUR 1.0 million (0.5) and were mainly related to moulds for new products.

Orthex participates in two 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.

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 3.1 million and 522,256 shares. The highest price of the share was EUR 6.85 and the lowest was EUR 5.39. The closing price of the share at the end of March was EUR 6.19. At the end of the review period, the market value of the share capital stood at EUR 109.9 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 15,203, including nominee registers. At the end of the period, the ten largest registered shareholders possessed a total of 50.5% 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.

During the review period, the Board of Directors was authorised to issue a total maximum of 1,600,000 shares and special rights entitling to shares. The Board of Directors also had an authorisation to decide on the acquisition of a maximum of 175,000 of the company's own shares. The Board of Directors has not used these authorisations during the review period.

Share-related authorisations granted to the Board of Directors by the 2024 general meeting are explained further under the events after the review period.

GROUP STRUCTURE

There were no changes in the Group structure during the review period.

GOVERNANCE

During the first quarter of the year, changes took place in the company's operational responsibilities and the Management Team.

In January, Orthex announced that Peter Ottosson, member of company's Management Team and Operations Director of the Gnosjö factory, had decided to leave his position at the end of April.

Orthex announced in February that it is clarifying its operational management towards increasing company-wide responsibilities resulting in corresponding changes in the Management Team. Tom Ståhlberg, member of the Management Team and Operations Director of the Lohja factory, was appointed Chief Supply Officer (CSO) assuming the overall responsibility for Orthex production, supply chain and purchasing from the beginning of March. The change also removed the need to replace Peter Ottosson in the Management Team.

Following these changes, the composition of the company's Management Team is:

Alexander Rosenlew, Chief Executive Officer

Saara Mäkelä, Chief Financial Officer and Head of IT

Hanna Kukkonen, Chief Marketing and Sustainability Officer, Head of Product Development

Tom Ståhlberg, Chief Supply Officer

Nicholas Ledin, Sales Director, Nordics

Alex Nielsen, Sales Director, Europe and International Markets

Hans Cronquist, Operations Director, Tingsryd

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 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](#).

Highlights of the Sustainability Report 2023

Orthex published its Annual and Sustainability Report for the year 2023 on the corporate website in March. As highlighted in the Sustainability Report, the company achieved or exceeded most of the sustainability targets set for the year 2023.

As disclosed in the 2023 report, the LTIF rate of Orthex's employees improved and was 6 (2022: 9), and our customer satisfaction rate rose to 4.08 (2021: 3.93), on a scale from 1 to 5. Orthex customers rated Orthex as a forerunner in sustainability with an improved score of 4.22 (2021: 3.88).

Our relative carbon footprint that eliminates the impact of business growth remained at the same level at 1.8 kg CO₂ eq./kg (2022: 1.8 kg CO₂ eq./kg). Due to volume growth, our total emissions

increased to 27,217 tCO₂-e (2022: 25,309 tCO₂-e). We will continue our work to increase the share of renewable and recycled raw materials in our production in order to reduce emissions.

On our journey towards carbon neutral production, Gnosjö factory was granted the ISCC PLUS certificate and we increased the share of renewable and recycled materials (used kg) to 15.8% (2022: 13.6%). Our target is to increase the share of used renewable and recycled raw materials in our production to 80% by 2030.

Sustainability highlights in January–March 2024

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 reports on risk management and management practices related to climate change in the Climate Disclosure Project's (CDP) climate change program annually. Outcome of the 2023 CDP reporting was disclosed in February 2024, and Orthex reached the highest Leadership level with a score A-.

In March, Orthex's Lohja factory was audited and the ISCC PLUS certificate was renewed. Usage of ISCC PLUS certified renewable raw materials produced by applying the mass balance approach support Orthex's long-term carbon neutrality target, and the target to increase the share of sustainable raw 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.

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 two 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. Going forward 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.

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.

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 conflict between Israel and Hamas 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.

EVENTS AFTER THE REVIEW PERIOD

Orthex Corporation's Annual General Meeting was held on 9 April 2024 at the company's headquarters in Espoo, Finland. All the proposals made to the Annual General Meeting were approved.

Adoption of the financial statements, discharge of liability and distribution of dividend

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.

As proposed by the Board, the general meeting resolved that for the financial year 2023, shareholders will be paid a dividend of EUR 0.21 per share totalling approximately EUR 3.7 million in two instalments. The first instalment of the dividend amounting to EUR 0.11 per share was paid on 18 April 2024. The second instalment of the dividend amounting to EUR 0.10 per share will be paid in October 2024 to a shareholder who is registered in the company's shareholder register held by Euroclear Finland Oy on the record date of the second instalment of the dividend payment 2 October 2024. The second instalment of the dividend will be paid on 9 October 2024. The general meeting further authorised the Board to decide, if necessary, on a new record date and date of payment for the second instalment of the dividend should the rules of Euroclear Finland Oy or statutes governing the Finnish book-entry system change or otherwise so require.

The remuneration report for governing bodies

The general meeting approved the 2023 remuneration report for governing bodies.

Remuneration of the members of the Board of Directors

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. The general meeting further resolved that reasonable travel and other expenses related to the Board work be reimbursed in accordance with the company's travel rules.

Members of the Board of Directors

The general meeting resolved to elect five members to the Board and 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. Background information on the members of the Board of Directors is available on the corporate website at [Board of Directors - Orthex Group](#). At the constitutive meeting of the Board of Directors held on 9 April 2024, Sanna Suvanto-Harsaae was re-elected to chair the Board.

Auditor and auditor remuneration

Ernst & Young Oy, a firm of Authorised Public Accountants, was re-elected the company's auditor with APA **Mikko Rytilahti** continuing as the signing audit partner. The remuneration of the auditor will be paid according to a reasonable invoice approved by the Board.

Authorising the Board of Directors to decide on acquisition of the company's own shares

The general meeting authorised the Board of Directors to decide on acquisition of the company's own shares. Pursuant to the authorisation, the Board of Directors is authorised to decide on the acquisition of a maximum of 175,000 shares in the company corresponding to approximately 1.0 percent of all the company shares. Pursuant to the authorisation, the Board of Directors may decide to acquire the shares only with the company's unrestricted equity. The Board of Directors was authorised to decide on all other terms and conditions related to the acquisition of own shares. The authorisation will be valid until 30 June 2025.

Authorising the Board of Directors to decide on the issuance of shares and special rights entitling to shares

The general meeting authorised the Board of Directors to decide on issuing new shares and conveying treasury shares and granting options and other special rights referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. A total maximum of 1,600,000 shares may be issued or treasury shares conveyed in one or several instalments (including shares that can be issued based on the special rights) corresponding to approximately 9 per cent of all the shares in the company.

New shares may be issued, and treasury shares conveyed to the company's shareholders in proportion to their current shareholdings in the company, or in deviation from the shareholders' pre-emptive right, through a directed share issue if there is a weighty financial reason for it from the company's point of view. New shares may be issued also without payment to the company itself.

The subscription price of the new shares and the consideration payable for the treasury shares shall be recorded in the invested unrestricted equity fund. The authorisations revoked all earlier authorisations regarding issuance of shares and special rights entitling to shares. The Board of Directors was authorised to decide on all other terms and conditions related to the issuance of new shares, conveyance of treasury shares or issuance of special rights entitling to shares. The authorisations will be valid until 30 June 2025.

FINANCIAL RELEASES IN 2024

Orthex will publish its financial reports in 2024 as follows:

22 August 2024: Half-year financial report January–June 2024

15 November 2024: Interim report January–September 2024

Espoo, 14 May 2024

ORTHEX CORPORATION
Board of Directors

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The results presentation will be held on 15 May 2024 at 11.00 a.m. 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 [Reports & presentations - Orthex Group](#). A recording of the event will be available later at the same address.

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

ORTHEX INTERIM REPORT JANUARY–MARCH 2024

Consolidated statement of comprehensive income

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Net Sales	22,006	20,475	85,945
Cost of sales	-15,319	-15,056	-61,625
Gross Margin	6,687	5,419	24,320
Other operating income	7	26	811
Selling and marketing expenses	-2,550	-2,084	-9,237
Administrative expenses	-1,385	-1,047	-5,143
Operating profit	2,759	2,313	10,750
Financial income and expenses	-686	-617	-2,231
Profit before taxes	2,073	1,696	8,520
Income taxes	-510	-377	-1,628
Profit for the period	1,563	1,319	6,892
Profit for the period attributable to:			
Equity holders of the parent	1,563	1,319	6,892
Earnings per share, basic (and diluted), EUR	0.09	0.07	0.39
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-1,097	-498	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	-1,097	-498	-213
Total comprehensive income for the period	466	821	6,679
Total comprehensive income attributable to:			
Equity holders of the parent	466	821	6,679

Consolidated statement of financial position

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Non-current assets			
Intangible assets	21,673	22,110	22,303
Property, plant, and equipment	13,874	13,330	13,942
Right-of-use assets	6,577	6,577	6,999
Other non-current assets	103	251	107
Deferred tax assets	649	801	695
Total non-current assets	42,877	43,068	44,046
Current assets			
Inventories	12,366	13,012	12,088
Trade and other receivables	15,949	13,202	17,866
Derivative financial instruments	81	77	-
Income tax receivables	60	-	-
Cash and cash equivalents	13,898	11,763	11,568
Total current assets	42,354	38,053	41,522
Total assets	85,231	81,121	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	28,504	23,620	26,941
Translation differences	-1,533	-1,019	-436
Total equity	34,902	30,532	34,436
Non-current liabilities			
Loans from credit institutions	19,397	22,370	19,391
Lease liabilities	6,129	6,134	6,629
Pension liabilities	3,479	3,142	3,613
Deferred tax liabilities	794	832	796
Total non-current liabilities	29,799	32,479	30,429
Current liabilities			
Loans from credit institutions	3,000	3,000	3,000
Lease liabilities	1,329	1,223	1,252
Trade and other payables	15,210	13,232	15,687
Derivative financial instruments	9	12	41
Income tax liabilities	982	643	723
Total current liabilities	20,530	18,111	20,703
Total liabilities	50,329	50,589	51,132
Total equity and liabilities	85,231	81,121	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			1,563		1,563
Translation differences				-1,097	-1,097
Total comprehensive income			1,563	-1,097	466
At 31 Mar 2024	80	7,851	28,504	-1,532	34,902
As at 1 Jan 2023	80	7,851	22,301	-521	29,711
Profit for the period			1,319		1,319
Translation differences				-498	-498
Total comprehensive income			1,319	-498	821
At 31 Mar 2023	80	7,851	23,620	-1,019	30,532
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	1-3/2024	1-3/2023	1-12/2023
Cash flows from operating activities			
Profit before taxes	2,073	1,696	8,520
Adjustments:			
Depreciation, amortisation, and impairment	1,063	1,038	4,142
Financial income and expenses	382	617	2,230
Other adjustments	17	-10	-206
Cash flows before changes in working capital	3,536	3,341	14,686
Changes in working capital			
Decrease (+) / increase (-) in trade and other receivables	1,840	-104	-4,383
Decrease (+) / increase (-) in inventories	-279	1,172	2,196
Decrease (-) / increase (+) in trade and other payables	-608	-986	1,346
Cash flows from operating activities before financial items and taxes	4,488	3,422	13,845
Interests paid	-143	-133	-1,918
Income taxes paid	-273	-781	-1,757
Net cash flows from operating activities	4,073	2,509	10,170
Cash flows from investing activities			
Investments in tangible and intangible assets	-1,044	-495	-2,594
Net cash flows from investing activities	-1,044	-495	-2,594
Cash flows from financing activities			
Dividends	-	-	-1,953
Repayment of lease liabilities	-399	-339	-1,329
Repayment of short-term borrowings	-	-	-3,000
Net cash flows from financing activities	-399	-339	-6,283
Net change in cash and cash equivalents	2,629	1,674	1,293
Net foreign exchange differences	-299	-196	-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	13,898	11,763	11,568

NOTES TO THE GROUP'S INTERIM REPORT

Basis of preparation

Orthex's interim report has been prepared in accordance with the IAS 34 Interim Reports standard. In the interim report, the same preparation principles have been applied as in the consolidated financial statements.

Orthex's Board of Directors has approved this interim report at its meeting on 14 May 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	31 Mar 2024	31 Mar 2023	31 Dec 2023
Guarantees and mortgages given on own behalf:			
Enterprise mortgages	49,992	50,033	50,065
Property mortgages	10,192	10,192	10,192
Other guarantees	99	50	102
Total	60,282	60,275	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 the interim report, the company's claim for adjustment was still pending.

APPENDIX:

Key Performance Indicators

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Net sales	22,006	20,475	85,945
Net sales growth, %	7.5%	-0.5%	2.3%
Constant currency net sales growth, %	8.3%	2.5%	5.3%
Invoiced sales	22,932	21,217	87,989
Invoiced sales growth, %	8.1%	-1.3%	2.6%
Gross Margin	6,687	5,419	24,320
Gross Margin, %	30.4%	26.5%	28.3%
EBITDA	3,822	3,351	14,892
EBITDA margin, %	17.4%	16.4%	17.3%
EBITA	2,762	2,345	10,863
EBITA margin, %	12.6%	11.5%	12.6%
Operating profit	2,759	2,313	10,750
Operating profit margin, %	12.5%	11.3%	12.5%
Items affecting comparability	-	55	55
Adjusted Gross Margin	6,687	5,419	24,320
Adjusted Gross Margin, %	30.4%	26.5%	28.3%
Adjusted EBITDA	3,822	3,406	14,947
Adjusted EBITDA margin, %	17.4%	16.6%	17.4%
Adjusted EBITA	2,762	2,400	10,918
Adjusted EBITA margin, %	12.6%	11.7%	12.7%
Adjusted operating profit	2,759	2,368	10,805
Adjusted operating profit margin, %	12.5%	11.6%	12.6%
Earnings per share, basic (and diluted), EUR	0.09	0.07	0.39
FTEs	287	281	281
Personnel expenses	4,859	4,255	17,921
Key cash flows indicators			
Net cash flows from operating activities	4,072	2,509	10,170
Operating free cash flows	2,778	2,911	12,353
Cash conversion, %	72.7%	85.5%	82.6%
Investments in tangible and intangible assets	-1,044	-495	-2,594
Financial position key figures			
Net debt	19,436	24,107	22,317
Net debt / adjusted EBITDA last 12 months	1.3x	2.4x	1.5x
Net working capital	13,105	12,982	14,266
Capital employed excluding goodwill	32,673	32,623	34,462
Return on capital employed (ROCE), %	8.2%	7.0%	31.6%
Adjusted return on capital employed (ROCE), %	8.2%	7.2%	31.8%
Equity ratio, %	41.0%	37.6%	40.2%
Return on equity, %	4.5%	4.4%	21.5%

Reconciliation of APMs

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Net sales growth, %			
Net sales	22,006	20,475	85,945
Net sales growth, %	7.5%	-0.5%	2.3%
Constant currency Net sales growth, %			
Net sales	22,006	20,475	85,945
FX rate adjustment	-	-156	-
Constant currency Net sales	22,006	20,319	85,945
Constant currency Net sales growth, %	8.3%	2.5%	5.3%
Invoiced sales			
Net sales	22,006	20,475	85,945
Discounts and bonuses	1,022	874	3,715
Other sales and refunds	-96	-132	-1,672
Invoiced sales	22,932	21,217	87,989
Invoiced sales growth, %	8.1%	-1.3%	2.6%
Gross Margin			
Net sales	22,006	20,475	85,945
Cost of sales	-15,319	-15,056	-61,625
Gross Margin	6,687	5,419	24,320
Gross Margin, %	30.4%	26.5%	28.3%
EBITDA			
Operating profit	2,759	2,313	10,750
Depreciation, amortisation, and impairment	1,063	1,038	4,142
EBITDA	3,822	3,351	14,892
EBITDA margin, %	17.4%	16.4%	17.3%
EBITA			
Operating profit	2,759	2,313	10,750
Amortisation and impairment	4	32	113
EBITA	2,762	2,345	10,863
EBITA margin, %	12.6%	11.5%	12.6%
Operating profit			
Operating profit	2,759	2,313	10,750
Operating profit margin, %	12.5%	11.3%	12.5%
Items affecting comparability / adjustments (EBITDA)			
Other items affecting comparability	-	55	55
Items affecting comparability / adjustments (EBITDA)	-	55	55

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Adjusted Gross Margin			
Gross Margin	6,687	5,419	24,320
Adjusted Gross Margin	6,687	5,419	24,320
Adjusted Gross Margin, %	30.4%	26.5%	28.3%
Adjusted EBITDA			
Operating profit	2,759	2,313	10,750
Depreciation, amortisation, and impairment	1,063	1,038	4,142
Adjustments (EBITDA)	-	55	55
Adj. EBITDA	3,822	3,406	14,947
Adj. EBITDA margin, %	17.4%	16.6%	17.4%
Adjusted EBITA			
Operating profit	2,759	2,313	10,750
Amortisation and impairment	4	32	113
Adjustments (EBITA)	-	55	55
Adj. EBITA	2,762	2,400	10,918
Adj. EBITA margin, %	12.6%	11.7%	12.7%
Adjusted operating profit			
Operating profit	2,759	2,313	10,750
Adjustments	-	55	55
Adj. operating profit	2,759	2,368	10,805
Adj. operating profit margin, %	12.5%	11.6%	12.6%
Earnings per share, basic (and diluted), EUR			
Profit for the period	1,563	1,319	6,892
Average number of shares	17,759	17,759	17,759
Earnings per share, basic (and diluted), EUR	0.09	0.07	0.39
Operating free cash flows			
Adj. EBITDA	3,822	3,406	14,947
Investments in tangible and intangible assets	-1,044	-495	-2,594
Operating free cash flows	2,778	2,911	12,353
Cash conversion, %			
Operating free cash flows	2,778	2,911	12,353
Adj. EBITDA	3,822	3,406	14,947
Cash conversion, %	72.7%	85.5%	82.6%
Net debt			
Total interest-bearing liabilities	33,334	35,870	33,885
Cash and cash equivalents	-13,898	-11,763	-11,568
Net debt	19,436	24,107	22,317
Net debt/ Adj. EBITDA			
Net debt	19,436	24,107	22,317
Adj. EBITDA. 12 months	15,363	9,971	14,947
Net debt/ Adj. EBITDA	1.3x	2.4x	1.5x

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Net working capital			
Inventories	12,366	13,012	12,088
Trade and other receivables	15,949	13,202	17,866
Trade and other payables	-15,210	-13,232	-15,687
Net working capital	13,105	12,982	14,266
Capital employed excluding goodwill			
Total Equity	34,902	30,532	34,436
Net debt	19,436	24,107	22,317
Goodwill	-21,665	-22,016	-22,292
Capital employed excluding goodwill	32,673	32,623	34,462
Return on capital employed (ROCE), %			
Operating profit	2,759	2,313	10,750
Average capital employed excluding goodwill	33,568	33,055	33,975
Return on capital employed (ROCE), %	8.2%	7.0%	31.6%
Adjusted return on capital employed (ROCE), %			
Adjusted operating profit	2,759	2,368	10,805
Average capital employed excluding goodwill	33,568	33,055	33,975
Adjusted return on capital employed (ROCE), %	8.2%	7.2%	31.8%
Equity ratio, %			
Total Equity	34,902	30,532	34,436
Total assets	85,231	81,121	85,568
Equity ratio, %	41.0%	37.6%	40.2%
Return on equity, %			
Profit for the period	1,563	1,319	6,892
Total equity (average for the first and last day of the period)	34,669	30,121	32,074
Return on equity, %	4.5%	4.4%	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.



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