

Orthex Corporation
FINANCIAL STATEMENTS RELEASE

January – December 2023



Novelty: SmartStore Collect Biowaste

orthex
GROUP

ORTHEX CORPORATION: FINANCIAL STATEMENTS RELEASE 2023

Strong profitability and record sales in the last quarter of 2023

OCTOBER – DECEMBER 2023

- Invoiced sales were EUR 23.9 million (20.6)
- Net sales increased by 15.0% to EUR 23.4 million (20.4)
- Adjusted EBITDA was EUR 3.9 million (2.6)
- Adjusted EBITA was EUR 2.9 million (1.6), representing 12.4% of net sales (7.9)
- Operating profit was EUR 2.9 million (1.6)
- Net cash flows from operating activities were EUR 0.4 million (0.3)
- Earnings per share, basic was EUR 0.12 (0.02)

JANUARY – DECEMBER 2023

- Invoiced sales increased by 2.6% and totalled EUR 88.0 million (85.8)
- Net sales increased by 2.3% to EUR 85.9 million (84.0)
- Adjusted EBITDA was EUR 14.9 million (9.3)
- Adjusted EBITA was EUR 10.9 million (5.5), representing 12.7% of net sales (6.5)
- Operating profit was EUR 10.8 million (5.2)
- Net cash flows from operating activities were EUR 10.2 million (6.2)
- Net debt / Adjusted EBITDA was 1.5x (2.8)
- Earnings per share, basic was EUR 0.39 (0.12)
- Orthex was granted and paid Swedish state electricity support (EUR 0.7 million included in adjusted EBITA) for the period 1 October 2021–30 September 2022.
- The Board of Directors proposes a dividend of EUR 0.21 per share, totalling approx. EUR 3.7 million. It is proposed that the dividend be paid in two instalments.

ALEXANDER ROSENLEW, CEO:

In the fourth quarter, Orthex's net sales increased by 15.0%. Including constant currency effects, Orthex's net sales increased by 15.9% to a record of 23.4 million euros (20.4). Aided by the strong finish of the year, the full-year net sales grew 2.3% to 85.9 million euros (84.0). Including constant currency effects, net sales grew by 5.3%. The net sales growth in the second half of the year was driven by strong in-store activities, new product and customer listings, and normalising demand in the Nordics.

The strong improvement in Orthex's profitability continued in the fourth quarter. The adjusted EBITA margin grew by 4.5 percentage points and adjusted EBITA was 2.9 million euros (1.6). Orthex's full-year profit performance was strong with almost doubled adjusted EBITA compared to 2022 despite challenging market conditions. The adjusted EBITA for 2023 was 10.9 million euros (5.5). A more normal raw material price level, the recovering demand, and efficiently adapting the operations to changing volumes affected the result positively. The Board of Directors proposes a dividend payout of 0.21 euros per share, totalling 3.7 million euros and 54.1% of net profit meaning an increase in both dividends and in percentages compared to the year 2021 which was the previous normal year in respect of profit performance.



Invoiced sales for the fourth quarter in the Nordics improved significantly by 19.4% compared to a weak comparison period and were 18.4 million euros (15.4). Rest of Europe delivered invoiced sales growth of 11.4% and sales were 5.4 million euros (4.9). Invoices sales in the Rest of the world decreased to 0.8 million euros (1.5). Quarter four sales were the highest ever so far, clearly surpassing the sales delivered in the weaker fourth quarter 2022. Sales were driven by the customers' assortment roll-out, e-commerce retailers and in-store activities in key European markets.

In 2023, invoiced sales in the Nordics were 68.7 million euros (68.5). Sales were affected by careful consumer behaviour during the first half, and weak currencies throughout the whole year. During the second half, we could see a recovery in demand and customer purchasing behaviour compared to a weaker year-end period in 2022. The growth that started in the second half of the year finally resulted in a slight full-year invoiced sales increase of +0.4% thanks to the very strong finish of the year.

The Storage category continued to grow at a good pace of 8.9% compared to the previous year. Orthex is focusing on launching several new products in the Storage category. A bedroller made from recycled material was a remarkable new launch. The Storage category accounted for 68.2% of total invoiced sales in 2023.

Kitchen, Plant Care and Home & Yard categories, traditionally strong in the Nordics, declined because of the careful Nordic customer and consumer behaviour. Invoiced sales in the Kitchen category declined 6.2% and in the Plant Care category 13.5%. The Home & Yard category also declined by 13.4%. In the fourth quarter, there was a strong recovery in the Kitchen category driven by campaigns in the Nordics and a new international customer listing.

Our growth strategy with a focus on accelerated European and international growth with a strong commitment to sustainability is progressing according to plan. Orthex's full-year invoiced sales in our European strategic markets grew by 16.4%. We have put additional focus on instore visibility to drive shopper action in the store. A milestone is the implementation of more than 160 SmartStore™ shelf solutions together with international retailers. During the year, we have grown with existing big retail chains and signed new important customer agreements outside the Nordics. We have also succeeded to increase our assortment in several important retail chains and continued strengthening our international commercial team, with more local resources in France, the UK, and the Benelux. Invoiced sales outside the Nordic markets accounted for 21.9% (20.2) of Orthex's invoiced sales.

Orthex participates in two large research projects for the development of recycled and renewable plastics. During 2023, Orthex tested recycled plastic's suitability for food contact, and the results are promising. The significant investment in research supports Orthex's 2030 carbon neutrality target and the target to increase the use of sustainable raw materials. Overall, our target is to increase the share of renewable and recycled raw materials in our production to 80% by 2030. In 2023, the share increased to 15.8% (2022: 13.6%).

I am pleased with our strong performance and very proud of the teamwork, individual efforts, and commitment of our employees in delivering solid steps on our growth strategy. During turbulent times, it is important to fully align everyone in the organisation behind a successful strategy and adapt to fast-changing conditions. I want to thank everyone at Orthex for their strong contribution throughout the year and all our customers and stakeholders for the trust in Orthex that contributed to a successful 2023. We are eager and ready to take on 2024.



SmartStore Sustain

KEY FIGURES

EUR million	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Invoiced sales	23.9	20.6	16.2%	88.0	85.8	2.6%
Net sales	23.4	20.4	15.0%	85.9	84.0	2.3%
Gross margin	6.8	5.0	37.4%	24.3	17.9	35.7%
Gross margin, %	29.2%	24.4%		28.3%	21.3%	
EBITDA	3.9	2.6	49.9%	14.9	9.2	62.7%
EBITDA margin, %	16.7%	12.8%		17.3%	10.9%	
Adjusted EBITDA	3.9	2.6	49.6%	14.9	9.3	60.2%
Adjusted EBITDA margin, %	16.7%	12.9%		17.4%	11.1%	
EBITA	2.9	1.6	80.3%	10.9	5.3	104.3%
EBITA margin, %	12.4%	7.9%		12.6%	6.3%	
Adjusted EBITA	2.9	1.6	79.6%	10.9	5.5	98.9%
Adjusted EBITA margin, %	12.4%	7.9%		12.7%	6.5%	
Operating profit	2.9	1.6	82.3%	10.8	5.2	107.1%
Operating profit margin, %	12.3%	7.8%		12.5%	6.2%	
Net cash flows from operating activities	0.4	0.3	26.6%	10.2	6.2	64.6%
Net debt / Adjusted EBITDA	1.5x	2.8x		1.5x	2.8x	
Adjusted return on capital employed (ROCE), %	9.0%	5.0%		31.8%	15.9%	
Equity ratio, %	40.2%	36.3%		40.2%	36.3%	
Earnings per share, basic (EUR)	0.12	0.02	518.0%	0.39	0.12	225.0%
FTEs	281	289	-2.8%	281	295	-4.6%

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 is becoming more common 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.

A third consumption pattern supporting Orthex's business is the demand for houseplants. 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 and vegetables at home and indoors. These trends are driving demand for flowerpots and related 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.

NET SALES AND PROFITABILITY

Net sales and invoiced sales

Invoiced sales by geography

EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Nordics	18.4	15.4	19.4%	68.7	68.5	0.4%
Rest of Europe	5.4	4.9	11.4%	18.5	15.9	16.4%
Rest of the world	0.1	0.3	-65.2%	0.8	1.5	-46.0%
Total	23.9	20.6	16.2%	88.0	85.8	2.6%

Invoiced sales by product category

EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Storage	17.7	15.1	17.1%	60.0	55.1	8.9%
Kitchen	4.9	4.0	21.1%	18.6	19.8	-6.2%
Plant Care	0.7	0.5	36.0%	4.8	5.5	-13.5%
Home & Yard	0.7	0.9	-30.2%	4.6	5.3	-13.4%
Total	23.9	20.6	16.2%	88.0	85.8	2.6%

October–December 2023

In the fourth quarter, the Group's Net sales increased by 15.0% to EUR 23.4 million (20.4). Invoiced sales amounted to EUR 23.9 million (20.6). The increase in constant currency Net sales was 15.9% compared to October–December 2022.

January–December 2023

In January–December, the Group's Net sales increased by 2.3% to EUR 85.9 million (84.0). Invoiced sales amounted to EUR 88.0 million (85.8). The increase of constant currency Net sales was 5.3% compared to January–December 2022.

2023 net sales were particularly affected by careful consumer behaviour, cost inflation, consumer and customer uncertainty, and weak exchange rates in Sweden and Norway. The recovery in net sales in the third and fourth quarter was driven by strong in-store activities, new product and customer listings, and normalising demand especially in the Nordics.

Development by geography

October–December 2023

Orthex's core market area by geography is the Nordics, where the Group's invoiced sales in October–December amounted to EUR 18.4 million (15.4). Invoiced sales in the Rest of Europe increased to EUR 5.4 million (4.9). In the Rest of the world, invoiced sales decreased to EUR 0.1 million (0.3).

The development of invoiced sales in the Nordic countries and the good growth in the Rest of Europe were mainly due to the successful implementation of the strategy and the timing of campaigns. During the comparison period October–December 2022, a few significant Nordic customers limited their purchases to lower their inventory levels due to which the invoiced sales were lower than usual in the comparison period.

January–December 2023

In the Nordics, the Group's invoiced sales in January–December amounted to EUR 68.7 million (68.5). Invoiced sales in the Rest of Europe increased to EUR 18.5 million (15.9). In the Rest of the world, invoiced sales amounted to EUR 0.8 million (1.5).

Invoiced sales increased in the Nordic core markets thanks to generally successful campaigns and levelled inflation. In the strategically important European markets, sales developed positively during the year.

Orthex's products are sold in more than 40 countries, and export to non-Nordic countries accounted for 21.9% (20.2) of the Group's invoiced sales during the period.

Development by product category

October–December 2023

Orthex's largest category is Storage with invoiced sales totalling EUR 17.7 million (15.1) during October–December. 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 October–December to EUR 4.9 million (4.0).

Invoiced sales in the Plant Care category increased to EUR 0.7 million (0.5).

Invoiced sales in the Home & Yard category decreased to EUR 0.7 million (0.9).

The Storage category grew driven by successful product launches and campaigns. The growth in Plant Care category is explained by the widening assortment of some existing customers.

January–December 2023

Invoiced sales in the Storage category totalled EUR 60.0 million (55.1) during January–December. The Storage category represents most of the business outside of the Nordic countries and the positive sales development in the Rest of Europe took the overall Storage category growth to 8.9% compared to the previous year.

The Group's invoiced sales in the Kitchen category decreased to EUR 18.6 million (19.8). Sales of Kitchen products declined driven by the careful Nordic customer and consumer behaviour.

Invoiced sales in the Plant Care category decreased to EUR 4.8 million (5.5).

Invoiced sales in the Home & Yard category decreased to EUR 4.6 million (5.3).

Profitability

October–December 2023

In October–December, EBITA was 2.9 million (1.6), which was the same as adjusted EBITA of EUR 2.9 million (1.6). The adjusted EBITA margin increased to 12.4% (7.9). Operating profit was EUR 2.9 million (1.6). The operating profit did not include items affecting comparability.

January–December 2023

EBITA was 10.9 million (5.3) during the review period. Adjusted EBITA increased to EUR 10.9 million (5.5) and the adjusted EBITA margin grew to 12.7% (6.5). Operating profit was EUR 10.8 million (5.2). Items affecting comparability negatively totalled EUR 0.1 million (0.2).

Orthex's financial income and expenses during the review period consisted of EUR 2.2 million net expenses (2.2).

Profit before taxes was EUR 8.5 million (3.0) and profit for the period was EUR 6.9 million (2.1).

During the review period, the most significant factor affecting profitability was the decrease in raw material prices from the exceptional high level in 2022 closer to the long-term average. The electricity support from the Swedish State during Q2 had a positive effect on profitability. The net effect of the weakening values of the Swedish and Norwegian krona on profitability was negative.

FINANCIAL POSITION AND CASH FLOW

At the end of December, the balance sheet totalled EUR 85.6 million (81.8), of which equity accounted for EUR 34.4 million (29.7).

The Group's net debt was EUR 22.3 million (26.0) at the end of the review period. Non-current interest-bearing liabilities were EUR 29.6 million (32.0) and Orthex's total interest-bearing liabilities were EUR 33.9 million (36.3). Interest-bearing liabilities include loans from credit institutions, pension liabilities and lease liabilities.

During the period January–December 2023, the Group's net cash flows from operating activities were EUR 10.2 million (6.2) and cash conversion was 82.6% (61.9). Interest paid during the period totalled EUR 1.9 million (1.1). Cash and cash equivalents amounted to EUR 11.6 million (10.3) at the end of the review period.

Net debt/adjusted EBITDA was 1.5x (2.8). 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 40.2% (36.3). Adjusted return on capital employed (ROCE) was 31.8% (15.9) and return on equity (ROE) 21.5% (6.9).

INVESTMENTS, RESEARCH, AND PRODUCT DEVELOPMENT

Orthex's investments during 2023 amounted to EUR 2.6 million (3.6) and were mainly related to moulds for new products.

In 2022, Orthex launched a research project for the development of recycled plastics and the project continued throughout the year 2023. The goals of the project are to build an ecosystem aimed at increasing the use of recycled plastic and to generate new information about the use of recycled plastic in different applications, especially in products suitable for food contact. In addition, Orthex is participating in a large seven-year cooperation research project to find new potential renewable plastic raw materials. During 2023, Orthex tested recycled plastic suitability for the food contact, and the results have been promising. In addition, Orthex has mapped potential renewable raw material suppliers and tested new renewable plastic raw materials.

These investments in research support Orthex's 2030 carbon neutrality target and the target to increase the use of sustainable 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 7.3 million and 1,497,211 shares. The highest price of the share was EUR 5.76 and the lowest was EUR 3.70. The closing price of the share at the end of December was EUR 5.40. At the end of the review period, the market value of the share capital stood at EUR 95.9 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 15,587, including nominee registers. At the end of the period, the ten largest registered shareholders possessed a total of 50.0% 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.

The Board of Directors is authorised to issue or convey a total maximum of 1,600,000 new shares and special rights entitling to shares in one or several issues. The Board of Directors is also authorised to decide on the acquisition of a maximum of 175,000 company shares. The Board of Directors has not exercised these authorisations during the review period. The authorisations will be valid until 30 June 2024.

GROUP STRUCTURE

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

GOVERNANCE

Orthex Corporation's Annual General Meeting was held on 18 April 2023 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 year 2022. The general meeting also approved the remuneration report 2022 and the amended remuneration policy for governing bodies.

The general meeting resolved that for the financial year 2022, shareholders will be paid a dividend of EUR 0.11 per share totalling approximately EUR 2.0 million in two instalments. The first instalment of the dividend amounting to EUR 0.06 per share was paid on 27 April 2023 and the second instalment amounting to EUR 0.05 per share on 10 October 2023.

The general meeting resolved that Sanna Suvanto-Harsaae, Markus Hellström, Jyrki Mäki-Kala and Jens-Peter Poulsen be re-elected to the Board and that Anette Rosengren be elected as new member to the Board. Sanna Suvanto-Harsaae 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 with APA Mikko Ryttilähti as the signing audit partner.

In addition, the general meeting resolved to make technical amendments to Articles 5 and 8, and to supplement the Article 10 of the Articles of Association so that the general meeting of shareholders may also be held completely without a physical meeting venue as a virtual meeting.

The general meeting also authorised the Board of Directors to issue or convey a total maximum of 1,600,000 new shares and special rights entitling to shares in one or several issues and to acquire a maximum of 175,000 shares in the company. The authorisations will be valid until 30 June 2024.

Composition of the Shareholders' Nomination Board

The Extraordinary General Meeting on 5 March 2021 decided to establish a Shareholders' Nomination Board for the company and the Nomination Board's charter was approved. The Nomination Board consists of the four largest registered shareholders of the company as of 31 August. According to the shareholders' register, the company's four largest shareholders on 31 August 2023 were Conficap Oy, Alexander Rosenlew, Ilmarinen Mutual Pension Insurance Company, and Thominvest Oy (former Thomasset Oy).

On 12 September 2023, the company announced that these shareholders have appointed their representatives to the Shareholders' Nomination Board, the composition of which is as follows:

- Maarit Toivanen, Chair of the Board of Conficap Oy
- Alexander Rosenlew
- Annika Ekman, Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company
- Mats Söderström, CEO of Thominvest Oy

The Nomination Board has elected Maarit Toivanen as its chair. The Chair of Orthex's Board of Directors, Sanna Suvanto-Harsaae, acts as an expert member of the Nomination Board.

More information on the Nomination Board is available on the corporate website at [Nomination Board - Orthex Group](#).

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 neutrality in production by 2030. The Science Based Targets initiative (SBTi) has approved Orthex's near-term science-based emissions reduction target, which means that Orthex's climate targets are aligned with the target to keep global warming below 1.5°C in accordance with the Paris Agreement.

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](#).

Sustainability highlights in 2023

During the first quarter of 2023, Orthex's Lohja factory was audited and ISCC PLUS certificate was renewed. Usage of ISCC PLUS certified renewable raw materials 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.

During the second quarter of the year, Orthex participated in Ecovadis ESG assessment for the first time and was awarded with a silver medal for its sustainability performance. The assessment results places Orthex globally among the top 18 percent of companies assessed by EcoVadis, the world's largest and most trusted provider of business sustainability ratings. In May, Orthex's Gnosjö factory was granted an ISCC PLUS certificate, that will enable the company to extend the usage of ISCC PLUS certified renewable raw materials applying the mass balance approach in the production. In June, Orthex was awarded the Nasdaq ESG Transparency Partner badge for 2022 ESG reporting.

During Q3, Orthex extended its usage of ISCC PLUS certified renewable raw materials applying mass balance approach in the production into new products: SmartStore™ Vision dry food keepers and SmartStore™ Snack lunch boxes as well as GastroMax™ measuring cups. Each product has on average at least 20% of renewable content allocated to it, according to the mass balance approach. In September, Orthex started preparations for the entry into force of the Corporate Sustainability Reporting Directive (CSRD), which applies to the company from the beginning of 2025.

During Q4, Orthex renewed ISO 9001, 14001 and 45001 certificates for quality, environment and health and safety in all its factories and offices in Finland and Sweden. These management systems support

Orthex's journey for even better product quality, environmental performance, and safety at work. In October, Orthex participated in a competition for the most sustainable product in Finland with two products: Orthex™ Paulina flowerpot and the SmartStore™ Collect sorting solution. Out of almost 200 pre-screened products, the competition panel selected Orthex's SmartStore™ Collect sorting solution as one of the 16 finalists. The purpose of this competition is to fight against greenwashing by highlighting consumer products that support a sustainable lifestyle.

Orthex participates in two large research projects for the development of recycled and renewable plastics. During 2023, Orthex tested recycled plastic suitability for the food contact, and the results have been promising. In addition, Orthex has mapped potential renewable raw material suppliers and tested new renewable plastic raw materials. These significant investments in research support Orthex's 2030 carbon neutrality target and the target to increase the use of sustainable raw materials.

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-.

Orthex's sustainable business practices are described comprehensively in the 2023 Annual and Sustainability Report's dedicated section on sustainability. The report will be published on the corporate website during week 12 at the latest. As brought up in the sustainability report, the company has continued its investments in building the roadmap towards carbon neutrality and in the use of renewable and recycled materials to reduce the carbon footprint of its products and production.

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, will be published on the corporate website during week 12 at the latest.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

According to the financial statements to be adopted for the financial year ended 31 December 2023, the parent company's distributable funds amount to EUR 18,987,687.26, including the profit for the period of EUR 8,636,002.00.

The Board of Directors proposes to the general meeting that based on the financial statements to be adopted for the financial year ended on 31 December 2023, shareholders be paid a dividend of EUR 0.21 per share totalling approximately EUR 3.7 million based on the number of registered shares in the company at the time of the proposal.

The dividend is proposed to be paid in two instalments as follows:

- The first instalment of the dividend amounting to EUR 0.11 per share will be paid to a shareholder who is registered in the company's shareholder register held by Euroclear Finland Oy on the record date of the first instalment of the dividend payment 11 April 2024. The Board of Directors proposes that the first instalment of the dividend be 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 Board of Directors proposes that the second instalment of the dividend be paid on 9 October 2024. The Board of Directors further proposes that the Board be authorised 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.

There have been no significant changes in the parent company's financial position after the financial year-end. The company's liquidity is good, and the Board of Directors deems that the company's solvency will not be jeopardised by the proposed dividend distribution.

EVENTS AFTER THE REVIEW PERIOD

On 9 January 2024, Orthex announced that Peter Ottosson, member of Orthex's Management Team and Operations Director of the Gnosjö factory, has decided to leave his position to assume a role with another employer. Mr Ottosson will continue in his current role until the month of May. Orthex has started the succession planning process.

On 30 January 2024, Orthex disclosed the Shareholders' Nomination Board's proposals to the Annual General Meeting 2024 regarding the composition and remuneration of the Board of Directors.

The Shareholders' Nomination Board proposes that the Board of Directors would consist of five (5) members and 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.

All director nominees have consented to their election and confirmed that they are independent of the company and its significant shareholders. Background information on the director nominees is available on the corporate website [Board of Directors - Orthex Group](#).

Regarding the remuneration of the members of the Board of Directors, the Shareholders' Nomination Board proposes that the Board fees 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 Nomination Board further proposes that reasonable travel and other expenses related to the Board work be reimbursed in accordance with the company's travel rules.

On 14 February 2024, Orthex announced that Operations Director Tom Ståhlberg has been appointed Chief Supply Officer (CSO) assuming the overall responsibility for Orthex production, supply chain and purchasing starting 1 March 2024. The change also removed the need to replace Peter Ottosson's position in the Management Team.

MARKET OUTLOOK

Global volatility, cost inflation, consumer and customer uncertainty, and weak exchange rates in Sweden and Norway affected the business environment during 2023. Whilst inflation pressures eroded consumer demand in the first half of the year, demand recovered towards the end of the year.

To ensure effective implementation and adoption of its strategy, Orthex is constantly evaluating consumer trends, customer demands and market conditions. The strategy is designed to deliver the specified long-term financial targets. In addition, an overall focus on sustainability is at the heart of business development.

In 2023, raw material prices stabilised from exceptionally high levels a year before. The price level in 2024 will be affected by the development of the demand for plastic raw materials and the potential escalation of the crisis in the Middle East. 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.

Orthex long-term target is to exceed 10 percent growth in organic net sales outside the Nordics. In 2023, invoiced sales in the Rest of Europe grew 16.4 percent. International distribution build-up is progressing according to plan, delivering a growing base of customers and point of sales throughout Europe. In addition, Orthex has strengthened its international sales organisation supporting the positive sales development in the Rest of Europe in 2024.

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 trend and consumers' purchasing power and behaviour.

FINANCIAL RELEASES IN 2024

Orthex will publish its financial reports in 2024 as follows:

15 May 2024: Interim report January–March 2024

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

15 November 2024: Interim report January–September 2024

The company's Annual and Sustainability Report, including the financial statements, the Board of Directors' report and the auditor's report for the financial year 2023, will be published on the corporate website during week 12 at the latest. Orthex Corporation's Annual General meeting will be held on 9 April 2024 starting at 10.00 a.m. EEST.

Espoo, 4 March 2024

ORTHEX CORPORATION
Board of Directors

Additional information:

Alexander Rosenlew, CEO, +358 (0)40 500 3826

Saara Mäkelä, CFO, +358 (0)40 083 8782

Contacts:

Analysts and investors: Saara Mäkelä, CFO, +358 (0)40 083 8782

Media: Hanna Kukkonen, CMSO, +358 (0)40 053 8886

The results presentation will be held on 5 March 2024 at 11.00 a.m. EET 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 FINANCIAL STATEMENTS RELEASE JANUARY – DECEMBER 2023

Consolidated statement of comprehensive income

EUR thousand	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net Sales	23,415	20,357	85,945	84,048
Cost of sales	-16,589	-15,388	-61,625	-66,129
Gross Margin	6,826	4,969	24,320	17,919
Other operating income	16	13	811	206
Selling and marketing expenses	-2,582	-2,112	-9,237	-7,846
Administrative expenses	-1,381	-1,290	-5,143	-5,089
Operating profit	2,879	1,579	10,750	5,191
Financial income and expenses	-561	-736	-2,231	-2,182
Profit before taxes	2,318	843	8,520	3,009
Income taxes	-194	-500	-1,628	-888
Profit for the period	2,123	344	6,892	2,121
Profit for the period attributable to:				
Equity holders of the parent	2,123	344	6,892	2,121
Earnings per share, basic (and diluted), EUR	0.12	0.02	0.39	0.12
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Translation differences	1,082	-364	85	-2,053
Items that will not be reclassified to profit or loss:				
Remeasurement gains/(losses) on defined benefit plans	-298	1,042	-298	1,042
Other comprehensive income for the period, net of tax	784	678	-213	-1,011
Total comprehensive income for the period	2,907	1,021	6,679	1,110
Total comprehensive income attributable to:				
Equity holders of the parent	2,907	1,021	6,679	1,110

Consolidated statement of financial position

EUR thousand	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Intangible assets	22,303	22,377
Property, plant, and equipment	13,942	13,547
Right-of-use assets	6,999	7,011
Other non-current assets	107	95
Deferred tax assets	695	760
Total non-current assets	44,046	43,790
Current assets		
Inventories	12,088	14,283
Trade and other receivables	17,866	13,387
Derivative financial instruments	-	93
Cash and cash equivalents	11,568	10,284
Total current assets	41,522	38,047
Total assets	85,568	81,837
Equity and liabilities		
Equity attributable to the equity holders of the parent company		
Share capital	80	80
Invested unrestricted equity fund	7,851	7,851
Retained earnings	26,941	22,301
Translation differences	-426	-521
Total equity	34,436	29,711
Non-current liabilities		
Loans from credit institutions	19,391	22,363
Lease liabilities	6,629	6,480
Pension liabilities	3,613	3,179
Deferred tax liabilities	796	769
Total non-current liabilities	30,429	32,791
Current liabilities		
Loans from credit institutions	3,000	3,000
Lease liabilities	1,252	1,290
Trade and other payables	15,687	14,000
Derivative financial instruments	41	8
Income tax liabilities	723	1,037
Total current liabilities	20,703	19,335
Total liabilities	51,132	52,126
Total equity and liabilities	85,568	81,837

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 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
As at 1 Jan 2022	80	11,047	19,138	1,532	31,798
Profit for the period			2,121		2,121
Translation differences				-2,053	-2,053
Remeasurement gains/(losses) on defined benefit plan			1,042		1,042
Total comprehensive income			3,163	-2,053	1,110
Capital returns		-3,197			-3,197
At 31 Dec 2022	80	7,851	22,301	-521	29,711

Consolidated statement of cash flows

EUR thousand	1-12/2023	1-12/2022
Cash flows from operating activities		
Profit before taxes	8,520	3,009
Adjustments:		
Depreciation, amortisation, and impairment	4,142	3,964
Financial income and expenses	2,230	2,182
Other adjustments	-206	204
Cash flows before changes in working capital	14,686	9,358
Changes in working capital		
Decrease (+) / increase (-) in trade and other receivables	-4,383	1,324
Decrease (+) / increase (-) in inventories	2,196	-2,358
Decrease (-) / increase (+) in trade and other payables	1,346	1,155
Cash flows from operating activities before financial items and taxes	13,845	9,479
Interests paid	-1,918	-1,135
Income taxes paid	-1,757	-2,167
Net cash flows from operating activities	10,170	6,177
Cash flows from investing activities		
Investments in tangible and intangible assets	-2,594	-3,553
Sale of tangible and intangible assets	-	28
Net cash flows from investing activities	-2,594	-3,525
Cash flows from financing activities		
Dividends	-1,953	-
Capital returns paid	-	-3,197
Repayment of lease liabilities	-1,329	-1,312
Proceeds from long-term borrowings	-	25,500
Repayment of long-term borrowings	-	-25,500
Repayment of short-term borrowings	-3,000	-1,500
Net cash flows from financing activities	-6,283	-6,008
Net change in cash and cash equivalents	1,293	-3,356
Net foreign exchange differences	-9	-694
Cash and cash equivalents at the beginning of the period	10,284	14,334
Cash and cash equivalents at the end of the period	11,568	10,284

NOTES TO THE FINANCIAL STATEMENTS RELEASE

Basis of preparation

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

Orthex's Board of Directors has approved this financial statements release at its meeting on 4 March 2024. The figures in the financial statements are rounded, so the total sum of the individual figures may differ from the total figure presented. The figures are unaudited.

The figures presented in this financial statements release are based on Orthex Corporation's financial statements for 2023.

Accounting estimates and management judgements made in preparation of the financial statements release information

The preparation of the 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 financial statements release 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.

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
Acquisition cost at 1 Jan 2023	1,218	22,252	68,979	12,697	105,147
Additions			3,857	1,431	5,289
Disposals			-	-1,400	-1,400
Transfers			-864		-864
Translation differences		39	-23	9	26
Acquisition cost at 31 Dec 2023	1,218	22,292	71,949	12,737	108,197
Accumulated depreciation, amortisation, and impairment at 1 Jan 2023	1,094	-	55,432	5,686	62,211
Depreciation and amortisation	113		2,574	1,453	4,140
Accumulated depreciation and amortisation on disposals and transfers			-	-1,400	-1,400
Accumulated depreciation, amortisation and impairment at 31 Dec 2023	1,207	-	58,006	5,739	64,952
Carrying amount at 1 Jan 2023	125	22,252	13,547	7,011	42,935
Carrying amount at 31 Dec 2023	12	22,292	13,942	6,999	43,244
Acquisition cost at 1 Jan 2022	1,189	23,680	66,938	12,313	104,121
Additions	30		5,414	980	6,425
Disposals	-32		-284	-34	-349
Transfers	30		-30		0
Translation differences	-	-1,428	-3,059	-563	-5,050
Acquisition cost at 31 Dec 2022	1,218	22,252	68,979	12,697	105,147
Accumulated depreciation, amortisation, and impairment at 1 Jan 2022	969	-	53,807	4,283	59,059
Depreciation and amortisation	126		2,435	1,403	3,964
Accumulated depreciation and amortisation on disposals and transfers	-2		1,850		1,848
Translation differences			-2,660		-2,660
Accumulated depreciation, amortisation, and impairment at 31 Dec 2022	1,094	-	55,432	5,686	62,211
Carrying amount at 1 Jan 2022	221	23,680	13,131	8,030	45,062
Carrying amount at 31 Dec 2022	125	22,252	13,547	7,011	42,935

Fair value of financial assets and liabilities

Financial assets		
EUR thousand	31 Dec 2023	31 Dec 2022
Level 2		
Assets measured at fair value		
Derivative financial instruments:		
Foreign exchange forward contracts and interest hedging	-	93
Total	-	93
Financial liabilities		
EUR thousand	31 Dec 2023	31 Dec 2022
Level 2		
Liabilities measured at fair value		
Derivative financial instruments:		
Foreign exchange forward contracts and interest hedging	41	8
Total	41	8

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

Commitments

EUR thousand	31 Dec 2023	31 Dec 2022
Guarantees and mortgages given on own behalf:		
Enterprise mortgages	50,065	50,060
Property mortgages	10,192	10,192
Other guarantees	102	50
Total	60,359	60,303

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 this financial statements release, the company's claim for adjustment was still pending.

APPENDIX:

Key Performance Indicators

EUR thousand	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	23,415	20,357	85,945	84,048
Net sales growth, %	15.0%	-11.8%	2.3%	-5.2%
Constant currency net sales growth, %	15.9%	2.3%	5.3%	-3.8%
Invoiced sales	23,940	20,607	87,989	85,794
Invoiced sales growth, %	16.2%	-12.5%	2.6%	-5.3%
Gross Margin	6,826	4,969	24,320	17,919
Gross Margin, %	29.2%	24.4%	28.3%	21.3%
EBITDA	3,915	2,611	14,892	9,154
EBITDA margin, %	16.7%	12.8%	17.3%	10.9%
EBITA	2,904	1,611	10,863	5,317
EBITA margin, %	12.4%	7.9%	12.6%	6.3%
Operating profit	2,879	1,579	10,750	5,191
Operating profit margin, %	12.3%	7.8%	12.5%	6.2%
Items affecting comparability	-	6	55	173
Adjusted Gross Margin	6,826	4,969	24,320	17,919
Adjusted Gross Margin, %	29.2%	24.4%	28.3%	21.3%
Adjusted EBITDA	3,915	2,617	14,947	9,328
Adjusted EBITDA margin, %	16.7%	12.9%	17.4%	11.1%
Adjusted EBITA	2,904	1,617	10,918	5,490
Adjusted EBITA margin, %	12.4%	7.9%	12.7%	6.5%
Adjusted operating profit	2,879	1,585	10,805	5,364
Adjusted operating profit margin, %	12.3%	7.8%	12.6%	6.4%
Earnings per share, basic (and diluted), EUR	0.12	0.02	0.39	0.12
FTEs	281	289	281	295
Personnel expenses	5,003	4,391	17,921	18,300
Key cash flows indicators				
Net cash flows from operating activities	352	278	10,170	6,177
Operating free cash flows	3,142	786	12,353	5,774
Cash conversion, %	80.3%	30.0%	82.6%	61.9%
Investments in tangible and intangible assets	-773	-1,831	-2,594	-3,553
Financial position key figures				
Net debt	22,317	26,028	22,317	26,028
Net debt / adjusted EBITDA last 12 months	1.5x	2.8x	1.5x	2.8x
Net working capital	14,266	13,670	14,266	13,670
Capital employed excluding goodwill	34,462	33,487	34,462	33,487
Return on capital employed (ROCE), %	9.0%	5.0%	31.6%	15.4%
Adjusted return on capital employed (ROCE), %	9.0%	5.0%	31.8%	15.9%
Equity ratio, %	40.2%	36.3%	40.2%	36.3%
Return on equity, %	6.4%	1.2%	21.5%	6.9%

Reconciliation of APMs

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales growth, %				
Net sales	23,415	20,357	85,945	84,048
Net sales growth, %	15.0%	-11.8%	2.3%	-5.2%
Constant currency Net sales growth, %				
Net sales	23,415	20,357	85,945	84,048
FX rate adjustment	-	-159	-	-2,412
Constant currency Net sales	23,415	20,198	85,945	81,636
Constant currency Net sales growth, %	15.9%	2.3%	5.3%	-3.8%
Invoiced sales				
Net sales	23,415	20,357	85,945	84,048
Discounts and bonuses	1,046	810	3,715	3,182
Other sales and refunds	-521	-560	-1,672	-1,437
Invoiced sales	23,940	20,607	87,989	85,794
Invoiced sales growth, %	16.2%	-12.5%	2.6%	-5.3%
Gross Margin				
Net sales	23,415	20,357	85,945	84,048
Cost of sales	-16,589	-15,388	-61,625	-66,129
Gross Margin	6,826	4,969	24,320	17,919
Gross Margin, %	29.2%	24.4%	28.3%	21.3%
EBITDA				
Operating profit	2,879	1,579	10,750	5,191
Depreciation, amortisation, and impairment	1,036	1,032	4,142	3,964
EBITDA	3,915	2,611	14,892	9,154
EBITDA margin, %	16.7%	12.8%	17.3%	10.9%
EBITA				
Operating profit	2,879	1,579	10,750	5,191
Amortisation and impairment	25	32	113	126
EBITA	2,904	1,611	10,863	5,317
EBITA margin, %	12.4%	7.9%	12.6%	6.3%
Operating profit				
Operating profit	2,879	1,579	10,750	5,191
Operating profit margin, %	12.3%	7.8%	12.5%	6.2%
Items affecting comparability / adjustments (EBITDA)				
Other items affecting comparability	-	6	55	173
Items affecting comparability / adjustments (EBITDA)	-	6	55	173

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Adjusted Gross Margin				
Gross Margin	6,826	4,969	24,320	17,919
Adjusted Gross Margin	6,826	4,969	24,320	17,919
Adjusted Gross Margin, %	29.2%	24.4%	28.3%	21.3%
Adjusted EBITDA				
Operating profit	2,879	1,579	10,750	5,191
Depreciation, amortisation, and impairment	1,036	1,032	4,142	3,964
Adjustments (EBITDA)	-	6	55	173
Adj. EBITDA	3,915	2,617	14,947	9,328
Adj. EBITDA margin, %	16.7%	12.9%	17.4%	11.1%
Adjusted EBITA				
Operating profit	2,879	1,579	10,750	5,191
Amortisation and impairment	25	32	113	126
Adjustments (EBITA)	-	6	55	173
Adj. EBITA	2,904	1,617	10,918	5,490
Adj. EBITA margin, %	12.4%	7.9%	12.7%	6.5%
Adjusted operating profit				
Operating profit	2,879	1,579	10,750	5,191
Adjustments	-	6	55	173
Adj. operating profit	2,879	1,585	10,805	5,364
Adj. operating profit margin, %	12.3%	7.8%	12.6%	6.4%
Earnings per share, basic (and diluted), EUR				
Profit for the period	2,123	344	6,892	2,121
Average number of shares	17,759	17,759	17,759	17,759
Earnings per share, basic (and diluted), EUR	0.12	0.02	0.39	0.12
Operating free cash flows				
Adj. EBITDA	3,915	2,617	14,947	9,328
Investments in tangible and intangible assets	-773	-1,831	-2,594	-3,553
Operating free cash flows	3,142	786	12,353	5,774
Cash conversion, %				
Operating free cash flows	3,142	786	12,353	5,774
Adj. EBITDA	3,915	2,617	14,947	9,328
Cash conversion, %	80.3%	30.0%	82.6%	61.9%
Net debt				
Total interest-bearing liabilities	33,885	36,312	33,885	36,312
Cash and cash equivalents	-11,568	-10,284	-11,568	-10,284
Net debt	22,317	26,028	22,317	26,028
Net debt/ Adj. EBITDA				
Net debt	22,317	26,028	22,317	26,028
Adj. EBITDA. 12 months	14,947	9,328	14,947	9,328
Net debt/ Adj. EBITDA	1.5x	2.8x	1.5x	2.8x

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net working capital				
Inventories	12,088	14 283	12,088	14,283
Trade and other receivables	17,866	13 387	17,866	13,387
Trade and other payables	-15,687	-14 000	-15,687	-14,000
Net working capital	14,266	13 670	14,266	13,670
Capital employed excluding goodwill				
Total Equity	34,436	29 711	34,436	29,711
Net debt	22,317	26 028	22,317	26,028
Goodwill	-22,292	-22 252	-22,292	-22,252
Capital employed excluding goodwill	34,462	33 487	34,462	33,487
Return on capital employed (ROCE), %				
Operating profit	2,879	1 579	10,750	5,191
Average capital employed excluding goodwill	31,903	31 530	33,975	33,746
Return on capital employed (ROCE), %	9.0%	5.0%	31.6%	15.4%
Adjusted return on capital employed (ROCE), %				
Adjusted operating profit	2,879	1 585	10,805	5,364
Average capital employed excluding goodwill	31,903	31 530	33,975	33,746
Adjusted return on capital employed (ROCE), %	9.0%	5.0%	31.8%	15.9%
Equity ratio, %				
Total Equity	34,436	29 711	34,436	29,711
Total assets	85,568	81 837	85,568	81,837
Equity ratio, %	40.2%	36.3%	40.2%	36.3%
Return on equity, %				
Profit for the period	2,123	344	6,892	2,121
Total equity (average for the first and last day of the period)	32,983	29 200	32,074	30,754
Return on equity, %	6.4%	1.2%	21.5%	6.9%

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 outsourced 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.



Orthex Botanica window box



SmartStore Recycled

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