



Orthex Corporation: Financial statements release 2023

Orthex Corporation, Stock exchange release, 5 March 2024 at 9.00 a.m. EET

Strong profitability and record sales in the last quarter of 2023

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

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.

Long-term financial targets

As long-term financial targets the company has adopted to an average annual organic Net sales growth to exceed 5 per cent at the Group level and to exceed 10 per cent outside the Nordics (growth in local currencies), adjusted EBITA margin (adjusted for items affecting comparability) to exceed 18 per cent over time and net debt to adjusted EBITDA ratio to stay below 2.5x. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions).

The company aims to distribute a stable and over time increasing dividend with a pay-out of at least 50 per cent of net profit, in total, on a biannual basis.

Orthex does not publish a short-term outlook.

Key figures

EUR million	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%

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."

Press conference on financial results:

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

Q&A:

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

Presentation material:

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

Recording of the event:

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

Further enquiries:

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

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

Distribution:

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

Orthex in brief

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

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

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