

ORTHEX

10/16/2026 4:39 pm EEST

This is a translated version of "Tuloskasvu ei ole vielä selvillä vesillä" report, published on 10/15/2026



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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

Earnings growth not yet on solid ground

We revise our target price to EUR 4.6 (was EUR 4.8) and lower our recommendation to Reduce (was Accumulate). Although Orthex's valuation appears moderate based on normalized earnings, prolonged inflationary pressures on plastic raw materials have weakened the short-term outlook and the stock's expected return within a 12-month period. At the same time, we believe that the need for price increases driven by inflation pressures makes achieving growth in the rest of Europe, which is critical to the investment story, more difficult.

Leading Nordic consumer goods company

Orthex is a leading Nordic household and consumer goods company. It has three main brands (Orthex, SmartStore, and GastroMax) and one side brand (Kökskungen), under which it offers products in different use categories (e.g. home storage, food storage, kitchen utensils, plant care, home and garden). Around 90% of the products are manufactured in the Nordic countries in Orthex's three highly automated factories. Nearly 80% of revenue comes from the Nordic countries, but the company has customers in more than 40 countries. The distribution channels for the products are mainly large European retail chains. Orthex's primary target market in Europe is worth approximately 4 BEUR and consists of sales of home and food storage solutions and kitchen utensils. Orthex is the Nordic market leader in home and food storage.

Confidence in the ability to grow must be earned back

Orthex's long-term financial targets include organic revenue growth in excess of 5% and a comparable EBITA margin in excess of 18% over time. Outside the Nordic countries, the aim is to grow by more than 10% per year with existing and new key customers. Except for its IPO year in 2021, the company has not achieved its growth target even once

during its time on the stock exchange. The comparable EBITA, which averaged 12% in 2020–2025, has remained well below the company's target. Nevertheless, the business is clearly creating value, supported by efficient capital turnover. The challenging demand environment in the Nordic countries and two inflation shocks in recent years have naturally made it harder to achieve targets, but after repeated gap years, the company is certainly under pressure to convince the market of its ability to deliver sustainable growth.

In our estimates, the company's revenue will grow by an average of 4% per year in 2026-2028, initially driven by price increases but also by a strengthening demand environment. The scalability of the cost structure allows for improved relative profitability in our estimates, and we forecast that the recovery of the operating margin to 12%, together with growing revenues, will drive significant earnings growth in the coming years. However, achieving earnings growth within a one-year timeframe will be difficult due to prolonged price pressures on plastic raw materials.

Balancing short-term risks and long-term potential

Orthex's earnings-based valuation (2026e P/E 14x, EV/EBIT 11x) is somewhat elevated, even though the dividend yield enables a short-term return of around 5%. However, it is difficult to identify other short-term share price drivers for the stock given the ongoing conflict in the Middle East, and we expect the result to remain on a downward trend for the next 3 quarters, driven by prolonged cost inflation. Our DCF model indicates upside for the share and a value of EUR 5.4 per share. However, realizing this potential requires a recovery in revenue and strengthening relative profitability, which we believe will take time in the current cost-inflationary operating environment.

Recommendation

Reduce

(was Accumulate)

Target price:

EUR 4.60

(was EUR 4.80)

Share price:

EUR 4.50

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	87.2	89.8	94.4	97.7
growth-%	-3%	3%	5%	4%
EBIT adj.	9.8	8.5	9.9	11.3
EBIT-% adj.	11.2 %	9.5 %	10.5 %	11.6 %
Net Income	6.8	5.2	6.6	7.7
EPS (adj.)	0.38	0.32	0.37	0.44
P/E (adj.)	12.2	13.9	12.0	10.3
P/B	2.0	1.9	1.8	1.7
Dividend yield-%	4.9 %	5.3 %	5.6 %	6.2 %
EV/EBIT (adj.)	10.1	11.2	9.6	8.3
EV/EBITDA	6.8	7.3	6.4	5.7
EV/S	1.1	1.1	1.0	1.0

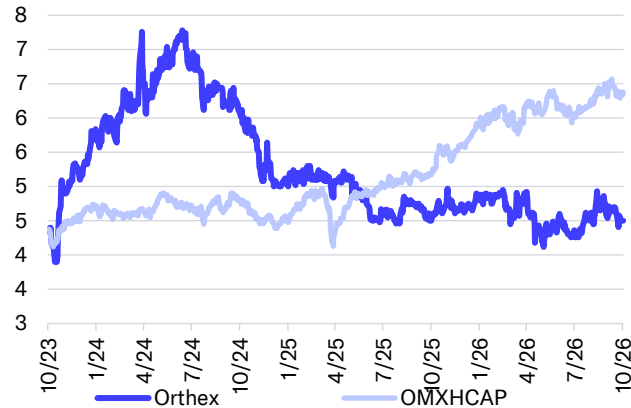
Source: Inderes

Guidance

(Unchanged)

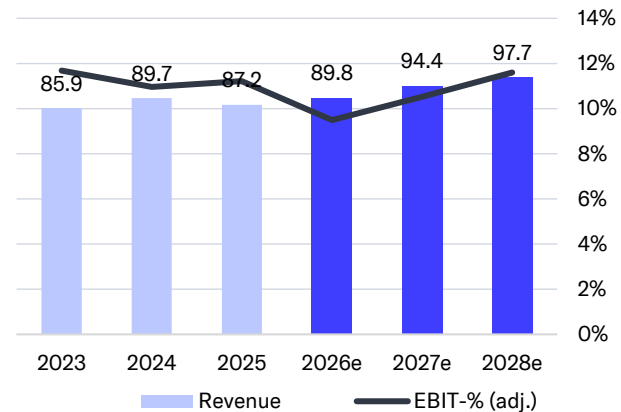
Orthex does not publish a short-term outlook. In the long term, the company targets average organic growth of over 5% and an adjusted EBITA margin of over 18%.

Share price



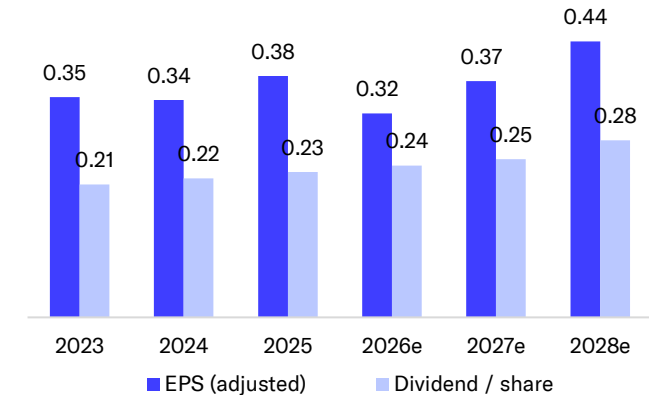
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Large and defensive target market
- Favorable megatrends drive product demand growth
- Leading position in the Nordic countries and the possibility of expanding to Europe through key customers
- Fragmented industry offers opportunities for acquisitions
- Known consumer brands
- Strong relations with retail chains
- Efficient and automated production with short delivery times

Risk factors

- Fluctuations in raw material prices and disruptions in availability
- Dependence on the operation of own production facilities
- Production capacity limits growth
- Success on export markets
- M&A risks
- Plastics have a bad reputation as a raw material

Valuation	2026e	2027e	2028e
Share price	4.50	4.50	4.50
Number of shares, millions	17.8	17.8	17.8
Market cap	80	80	80
EV	95	95	95
P/E (adj.)	13.9	12.0	10.3
P/E	15.5	12.0	10.3
P/B	1.9	1.8	1.7
P/S	0.9	0.8	0.8
EV/Sales	1.1	1.0	1.0
EV/EBITDA	7.3	6.4	5.7
EV/EBIT (adj.)	11.2	9.6	8.3
Payout ratio (%)	82.6 %	66.9 %	64.2 %
Dividend yield-%	5.3 %	5.6 %	6.2 %

Source: Inderes

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Orthex in brief

Orthex ranks among the leading houseware companies in the Nordic countries. The company offers a comprehensive range of storage solutions, from kitchenware to gardening. The distribution channels are mainly European retail chains.

1956

Year of establishment

20-25%¹

Market share in household storage categories in the Nordic countries

87.2 MEUR (-2.8% vs. 2024)

Revenue 2025

9.8 MEUR (adj. EBIT: 11.2%)

Comparable EBIT 2025

280

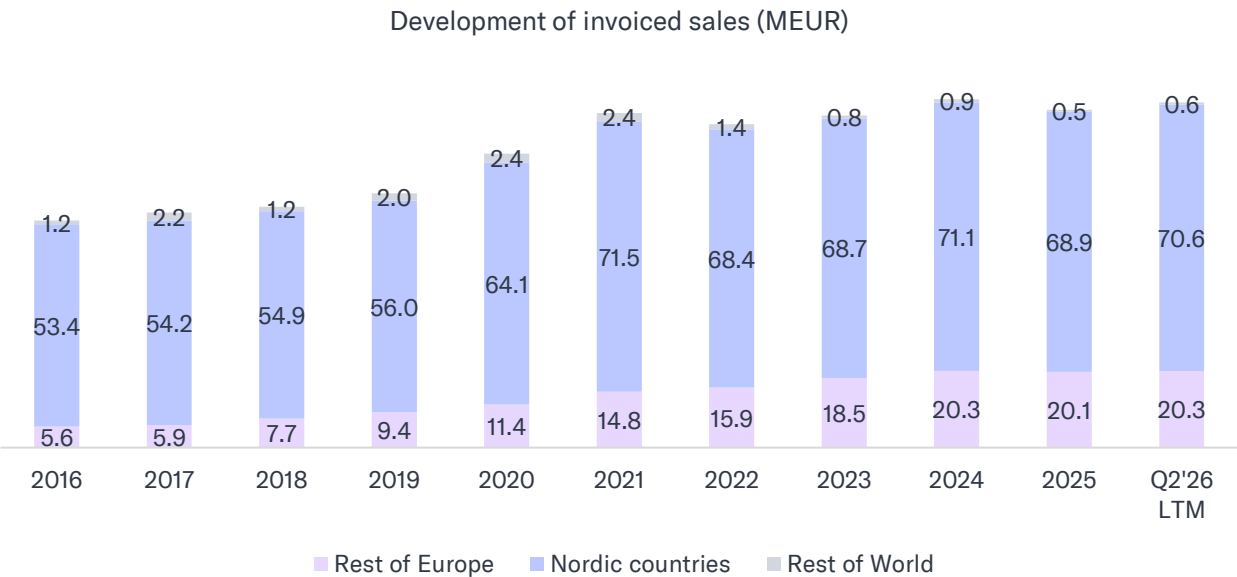
Average number of personnel, H1'26

3 factories

Sweden (2) Finland (1)

1) Estimate of 2019

1956-2011	2011-2014	2014-
Transformation through acquisitions	Integration of acquired companies and development in customer orientation	Expanding outside the Nordic countries
Strong market position in the Nordic countries and growing presence in other European countries	Sharpening the brand portfolio and product range	Establishment of a sales organization in France, Germany, the UK, and Benelux
	Focus from production to demand	Outsourced warehouse on the German-French border in 2020
		Several new sustainability projects
		IPO 3/2021



Company description and business model 1/6

Manufacturer of high-quality housewares

Orthex is a leading Nordic manufacturer of household goods, striving to provide functional and sustainable products. The company focuses on three different product categories: Storage, Kitchen, Home & Garden. Sustainability is a key part of the company's business, and it does not produce disposable products. The majority of the company's revenue comes from the Nordic countries, but the company's customer base is global and the company is looking for particularly fast growth in Europe outside of the Nordics.

Brand portfolio created through acquisitions

Orthex's main brands include SmartStore (storage boxes and food storage), GastroMax (kitchen products) and Orthex (home and garden products). In addition to the main brands, the range includes externally produced kitchenware under the Kökskungen brand.

The current product and brand portfolio has been created through acquisitions. In 2010, the company acquired the Swedish company Sveico AB, which increased the company's expertise in manufacturing high-quality kitchen products. The acquisition added the GastroMax kitchen brand to the company's portfolio and the Gnosjö factory to its operations. In 2011, Orthex acquired Hammarplast Consumer AB, which expanded the product range in the storage and gardening categories. The acquisition brought with it the SmartStore brand and the right to use the Tingsryd factory.

Revenue concentrated on sales of own-brand products to retailers

Around 90% of Orthex's sales come from its own brand products, and it also manufactures private label products for retailers on a discretionary basis.

Private label products are only produced for tactical reasons (e.g. to include own brand products in the same distribution channel), and there is no active effort to increase their sales.

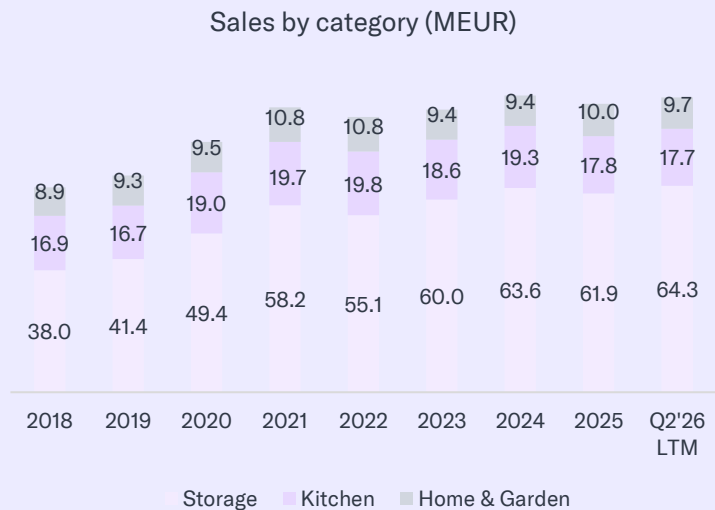
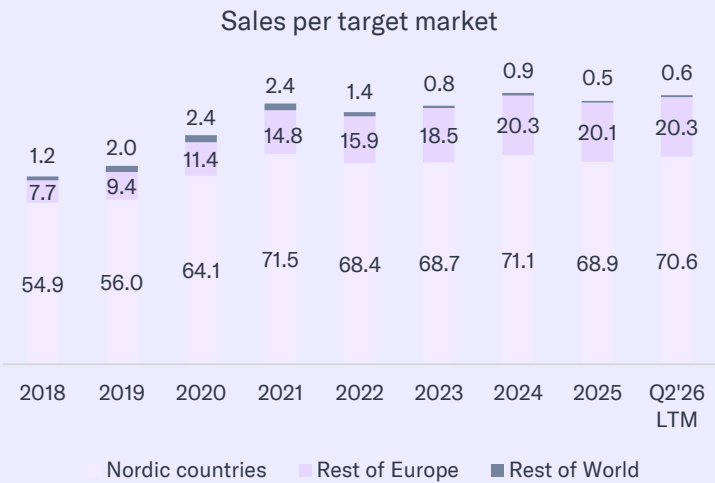
Sales focused on the Nordic countries

Nearly 80% of Orthex's sales come from the Nordic countries, where revenue has remained stable since consumption peaked in 2021. Among the Nordic countries, Sweden is clearly Orthex's largest market. Just over 20% of the company's revenue comes from European export markets, with Germany, France, and the United Kingdom being the most important ones for Orthex. Roughly half a percent of the company's sales come from outside Europe and these sales are concentrated in the US and one larger customer. Sales outside Europe are not a core part of Orthex's strategy and we do not expect them to grow significantly in the coming years.

Broad clientele

Orthex has a large customer base of approximately 800 customers in more than 40 countries spanning four continents. However, sales are clearly focused on Europe, which is at the heart of Orthex's growth strategy. Customers include department, specialty, discount, grocery and online retailers. The reference list consists of renowned distributors in the Nordic countries and Western Europe.

Despite its large key accounts, Orthex is not dependent on any single distributor, and its revenue is diversified.



Company description and business model 2/6

Long-term partner for retailers

Orthex's growth is based on winning new customers and deepening cooperation. The company aims to make its products available in new stores and online shops, while expanding its product range in existing distribution channels. In the export market, the company aims to grow through key accounts. In 2015, Orthex products were sold in around 130 stores in key export markets, but by 2020 that figure had risen to 2,200.

Orthex has framework agreements with its key customers containing product price lists, which are typically renewed annually. Typically, retailers have 2-3 price increase windows per year during which Orthex can negotiate price increases, and it typically takes 4-9 months to implement a price increase. Price increase processes cannot be altered once they have started. Although price increase windows are usually fixed, during the cost inflation spike of early 2026, the company was able to negotiate price increases with retailers in the Nordic countries outside the traditional pricing windows, which was unusual.

Orthex strives to provide its customers with excellent customer service to deepen customer relationships. According to the company, retailers are well served by selling interesting and well-known products and brands, product innovation, active marketing, efficient logistics and customized solutions.

The wide range of products allows the retailer to act as a one-stop shop, making it easier for the retailer to manage its own offering. Orthex also offers its customers electronic information systems that allow new orders to be automated by inventory. The company also assists customers by working with them to create attractive in-store displays and enhances products in customers' online stores with its own brand images. These measures are not unique among

consumer product companies, but we believe Orthex excels in presenting its products both in-store and online. About 4% of Orthex's invoiced sales are business sales. Customers in the corporate sector include suppliers of office and packaging supplies, professional equipment and food suppliers. Orthex has no specific growth plans in this customer segment.

Outlet sales enable dialogue with consumers

In addition to retail stores, Orthex products are also sold directly to consumers at the company's outlet stores in Tingsrydi and Lohja. Orthex has a shop at the factory in Lohja and a seasonal outlet tent in Tingsryd. Outlet sales accounted for about 1% of Orthex's revenue. Orthex is not actively looking to increase outlet sales, but there is a strategic benefit to getting direct consumer feedback on its products and concepts in its outlets. Alongside outlet sales, Orthex previously also had a small online store in Finland, but the company closed it to focus on B2B sales. We welcome the company's discipline to focus on its strengths.

Products can be found in almost every home

Orthex may not sound familiar as a brand, but the company's products can be found in almost every home in Finland. A good example of this is a survey conducted by *Ilta-Sanomat* in 2019, which found that two of the most common products found in Finnish homes are made by Orthex. Of the respondents (113,500 people), 89% owned an Orthex freezer box and 87% owned an Orthex 10-liter plastic bucket.

Sustainability at the heart of product development

Orthex aims to be the industry benchmark in sustainability. All products are recyclable and there are no disposable products in the product portfolio. Product design aims to create product solutions that are practical, timeless in style and support minimalism. Nordic quality and a growing range of innovative products made from recycled plastic are the company's selling points for growth. We believe one of the strengths of Orthex's product categories is that there is little need to customize products or collections for the target market.

The product range is regularly updated

To ensure a timely and innovative product offering and to grow the brand, Orthex aims for 10% of sales to come from new stock keeping units (SKUs). In this context, the product is classified as new in the year of launch and the following two years. New products are introduced with better features and higher margins than before. As a result, the sales focus on new products improves Orthex's profitability. Despite the regular introduction of new products, Orthex does not allow its product range to swell, but removes weak products from the range in order to improve working capital and the offering. Seasonal products for children (including plastic sleds and other snow toys) used to be one of Orthex's product categories, but the snow toy business was sold to the Finnish company Wiitta Oy in 2021 to optimize the product range.

Previously, Orthex's acquisitions created a need for a more efficient product offering. In 2011-2014, Orthex focused on integrating Sveico and Hammarplast into the group, and the size of the brand portfolio was reduced to four. The acquired brands Hammarplast, Sveico, Sarvis and HammarSarvis were discontinued as the company focused on its current core brands.

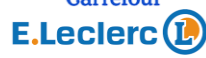
Orthex's products

Product category	Brand	Percentage of invoiced sales ⁽¹⁾	Examples of product description	
Storage	smart store™			• Storage boxes • Sorting & recycling • Storage baskets
Kitchen	GastroMax™ by orthex™ smart store™ 			• Food storage • Kitchen utensils • Baking • Tableware
Home & Garden	orthex™			• Laundry baskets • Waste bins • Buckets and tubs • Pots and watering cans



1) Q2'26 LTM, 2) 2020, does not include Kökskungen

Orthex's products

Distribution channel	Nordic retailers	Retailers outside the Nordics
 Discount stores	    	 
 Daily-goods stores	   	    
 Specialty stores	   	          
 E-commerce	  	   

Company description and business model 3/6

Seasonality of operations is minimal

Orthex's seasonal fluctuations in demand are small and do not result in large revenue swings from quarter to quarter. Typically, Q2 is the slowest quarter for sales due to lower volumes in the Storage and Kitchen product groups as retailers clear inventory to make room for summer season products. In turn, Q3 is typically the strongest quarter as retailers restock in the same product categories and due to the light cost structure resulting from the summer holiday period. Q4 is also strong in terms of sales as retailers prepare for promotional sales at the beginning of the year.

Production located in Sweden and Finland

Orthex has three production sites, located in Sweden (Gnosjö and Tingsryd) and Finland (Lohja). The company's factories are highly automated and capable of producing a wide range of products. Thanks to its high level of automation, Orthex has a relatively lower number of employees than its competitors of almost the same size (H1'2026: 280 FTE). Production efficiency and growth in new European markets are reflected in the fact that the company's revenue growth has outpaced headcount growth.

Most Orthex products are manufactured on injection molding machines. Depending on its size, a new injection molding machine costs between 200 and 750 thousand euros. Injection molding machines are flexible from a production standpoint because they can make products of different shapes by changing the mold in use. Agile manufacturing allows production to be adapted to demand.

The color of the finished product depends on the material used, so the same mold can be used to make products of

any color. In addition to the injection molding machines, Orthex has 8 metal machines that are used to manufacture products for the kitchen segment.

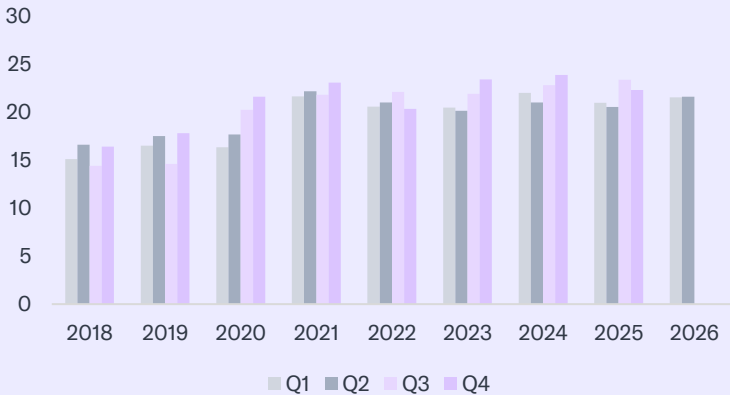
The Tingsryd factory is the heart of Orthex. It is by far the largest of the company's three factories and focuses on manufacturing products in the Storage category. The plant produces large batches and is highly efficient due to its high level of automation. The Lohja factory has the widest product portfolio and manufactures products for every product category in the company.

The Gnosjö plant is by far the smallest production site in the company. It specializes in products for the Kitchen segment and, in addition to injection molding machines, also has metal machines for the various manufacturing needs of the category. We estimate that Orthex's existing production facilities could support revenue of around 110-130 MEUR without major construction investments.

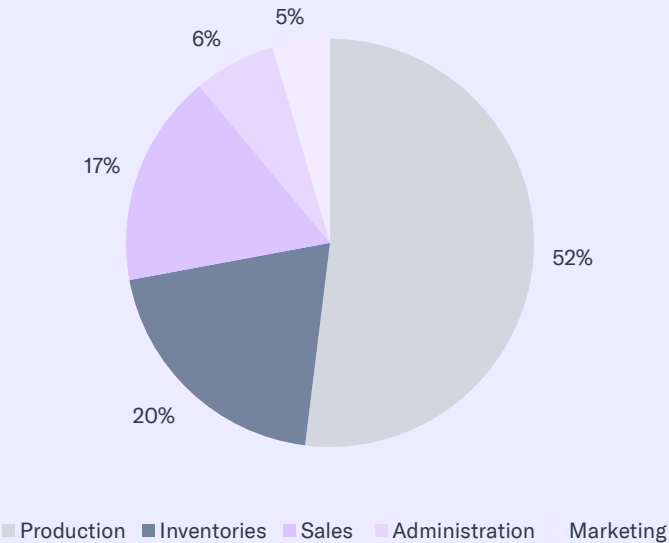
Investments have paid off quickly

New molds are Orthex's largest single cost in new product development. The target payback period for a new mold is 24 months, but after the very successful launch of SmartStore Collect, for example, the mold paid for itself in 9 months. A new mold typically costs around 50-150 thousand euros and has a life cycle of several million products.

Revenue by quarter (MEUR)



Breakdown of staff by job function¹



1) 2025

Orthex's production plants and offices



8 Local sales organizations



3 Production plants

Tingsryd, Sweden

- Focused on the Storage category
- Orthex has leased the factory

Gnosjö, Sweden

- Focused on the Kitchen category
- Orthex has leased the factory

Lohja, Finland

- Manufactures products for every product category
- Orthex owns the factory



4 Warehouses

Tingsryd & Lohja

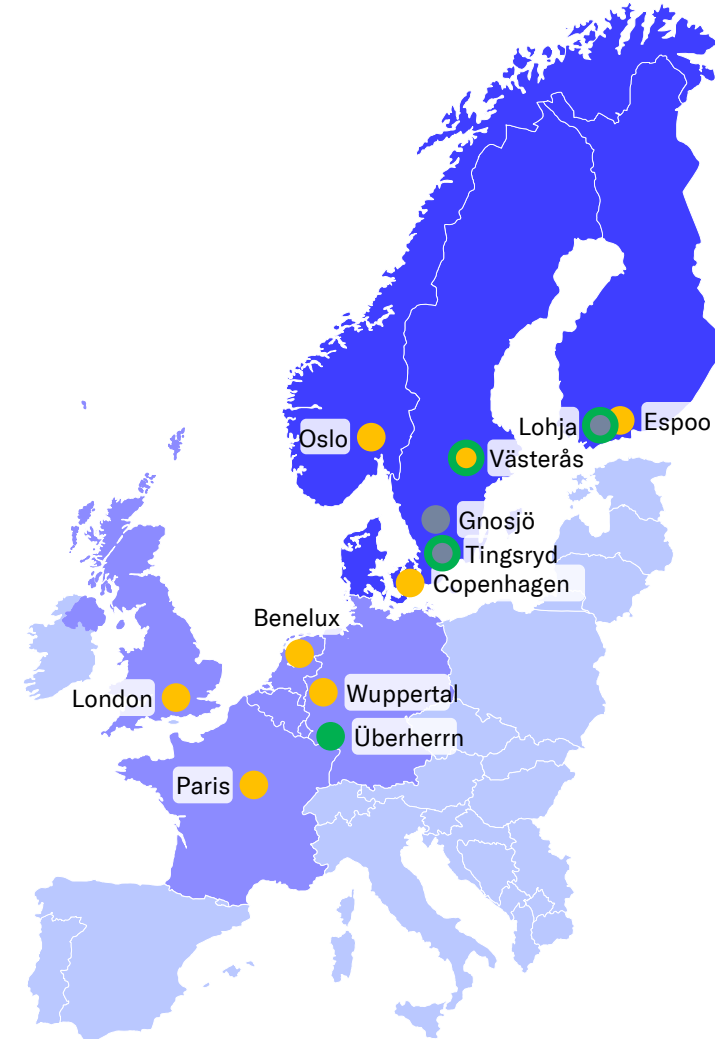
- Centralized warehouses at factories

Västerås, Sweden

- Small warehouse for Kökskungen products

Überherrn, Germany

- Outsourced warehouse
- Shortens delivery times to Western Europe
- An important tool for serving European customers



Company description and business model 4/6

Trying to get rid of virgin materials in manufacturing

Orthex uses many different raw materials in its production, depending on the intended use and desired properties of the product to be manufactured. Renewable and recycled raw materials are emphasized in product design, and the company has increased their share of production materials to about 18%. The company prefers to use recycled plastic, but virgin plastic is simply better for certain applications. Within the European Union, plastics that come into contact with food must be manufactured for food contact and recycled plastic is not suitable for this use. Another weakness of recycled plastic is that it is weaker than virgin plastic and cannot be made transparent.

Orthex aims to increase the share of renewable and recycled materials used in its production to 80% by 2035. While this indicator has risen along a slight linear trend in recent years, achieving the target will require significant improvements in material use in production. In 2025, the company changed its target year from 2030 to 2035. According to the company, the main reason for the change was shifting the focus from the mass balance approach to using recycled raw materials. The company believes that the environmental benefits of recycled raw materials are easier for consumers to understand and communicate than those of the mass balance approach, in which fossil and renewable raw materials are used in parallel. In order to achieve the target, changes in regulations regarding mechanical recycling and increased use of chemical recycling, for example, may allow for a more diverse use of recycled plastics in Orthex products in the future. We believe that Orthex's local and low-emission manufacturing is a selling point for some customers because by focusing

on Orthex products, the store can reduce the indirect greenhouse gas emissions generated by its value chain.

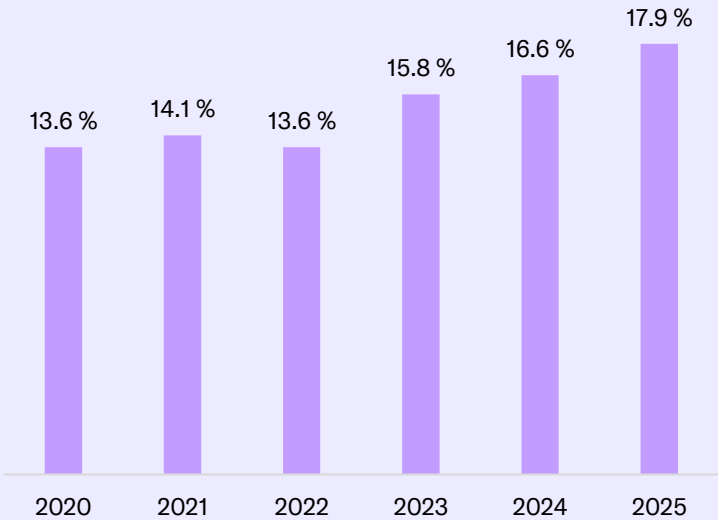
New materials are developed in collaboration with partners

To meet the growing consumer demand for products that support sustainability, Orthex collaborates on product development with companies such as BASF, Borealis, Fortum, Lassila & Tikanoja, Kesko and Stora Enso. Strategic partnerships reduce the cost of product development and the search for new raw materials as well as allow the company to benefit from the expertise of others.

Plastic price has significant impact on profitability

Manufacturing costs are clearly Orthex's largest expense and have historically accounted for slightly over 70% of revenue. Most of the raw materials used by Orthex are plastic polymers, and the company uses more than 30 different types of polymers in its production. Orthex buys polymers directly from producers, which includes a wide range of suppliers from small to large raw material producers. Raw material prices and manufacturer margins are typically negotiated annually based on estimated volumes for the following year. The company is a relatively large buyer of raw materials in the Nordic countries, which gives it some purchasing power and better purchasing conditions than smaller players. Orthex has two methods of negotiating raw material prices. The price can be linked to the current market price of the plastic polymer (PPC plastic), minus a discount.

Percentage of renewable and recycled materials used in manufacturing (share of the weight of raw materials used in production)



Company description and business model 5/6

Typically, 2/3 of the company's purchases follow this. Alternatively, the price of the plastic polymer is tied to the price index for propylene (C3), which is used to make polymers, plus a processor's margin. About 1/3 of purchases are typically agreed in this way. By linking purchase prices to different points in the value chain of plastic polymers, the company limits its exposure to various disruptions in the production chain.

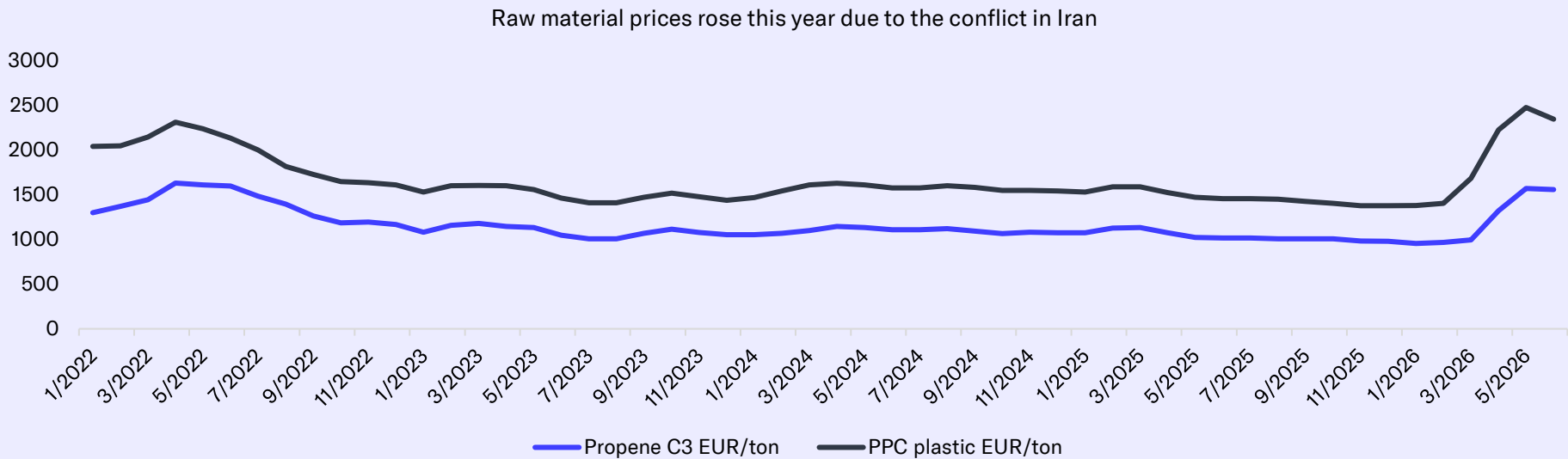
Raw materials are generally not purchased on the spot market, and the company does not take a position on price movements by timing the market. Nor does it hedge against price fluctuations with derivative instruments. In our opinion, there is no suitable product to hedge against fluctuations in

the price of Orthex's raw materials, as other factors besides oil affect the price of Orthex's raw materials. We do not see a material need for hedging instruments as the company was able to weather the exceptionally high cost inflation in 2022, although this increases earnings volatility.

Orthex uses mostly oil-based raw materials in its production, so their price is somewhat correlated to the price of oil. However, the company aims to increase the share of recycled plastics and renewable raw materials to 80% by 2035. The prices of renewable and recycled materials have historically been more stable than Orthex's other raw materials, so as their weight increases, profitability volatility is expected to decrease.

Other materials

Orthex's raw material sourcing includes not only various plastics, but also steel sheets, dyes and additives, product components, and packaging materials. Most of the company's products are manufactured entirely in-house, but some products use components from other manufacturers, such as some metal components and wooden covers for the SmartStore line.



Company description and business model 6/6

Former primary owner is no longer involved

Orthex has only one series of shares, so voting rights are allocated according to ownership. Prior to its IPO in March 2021, Orthex was owned by Sponsor Capital funds. Sponsor sold its last shares (11.6% of the total Orthex share capital) in November 2021 at a price of EUR 10 per share. The stake was sold to several different parties, including the largest shareholders, Conficap and Alexander Rosenlew, who serves as Orthex's CEO.

Two major owners

Orthex's ownership is fairly concentrated, with the top 10 owners holding about 55% of the shares. The two largest owners are Conficap Oy, owned by Maarit Toivanen and her children, and Alexander Rosenlew, CEO of Orthex. For the long-term management of the company, we welcome the ownership structure of the two institutional anchor shareholders. In particular, the significant shareholding of the CEO aligns the interests of management and other shareholders in our view.

Conficap became a more active owner of Orthex when its Investment Director, David Miller, joined the board of directors in spring 2026. The size of the anchor owners protects Orthex in the event of a hostile takeover, as any anchor owner could choose to prevent the buyer from achieving the 90% ownership required for a buyout.

Limited changes in ownership structure

Since Sponsor Capital's exit, there have been limited major changes in Orthex's ownership structure. With the exception of IAIK, the other 10 largest shareholders have been on board since the IPO. Among the long-term owners,

funds managed by Aktia and Fondita, in particular, have increased their ownership stakes. We believe that holding the shares beyond the challenging year 2022 is a sign of long-term commitment and confidence in the company. The company's largest owners are all Finnish, and a domestic market orientation is an unexpectedly distinct feature of the company's ownership structure. A total of 8.7% of Orthex shares were held by foreign owners or nominees at the end of September 2026. We believe this is a surprisingly moderate level, given Finland's limited weight in the company's sales.

However, one major entity has reduced its stake on the nominee register. In March 2026, Handelsbanken announced that the stake held by Handelsbanken Nordiska Småbolag, a fund it manages, in Orthex had fallen below the 5% threshold. Handelsbanken's fund had exceeded that threshold in September 2022.

Management has maintained its holdings

Orthex currently has seven members of the management team and, generally, the other members of the management team also have a significant shareholding in the company. Tom Ståhlberg, Chief Supply Officer, is one of Orthex's 10 largest shareholders, along with Rosenlew.

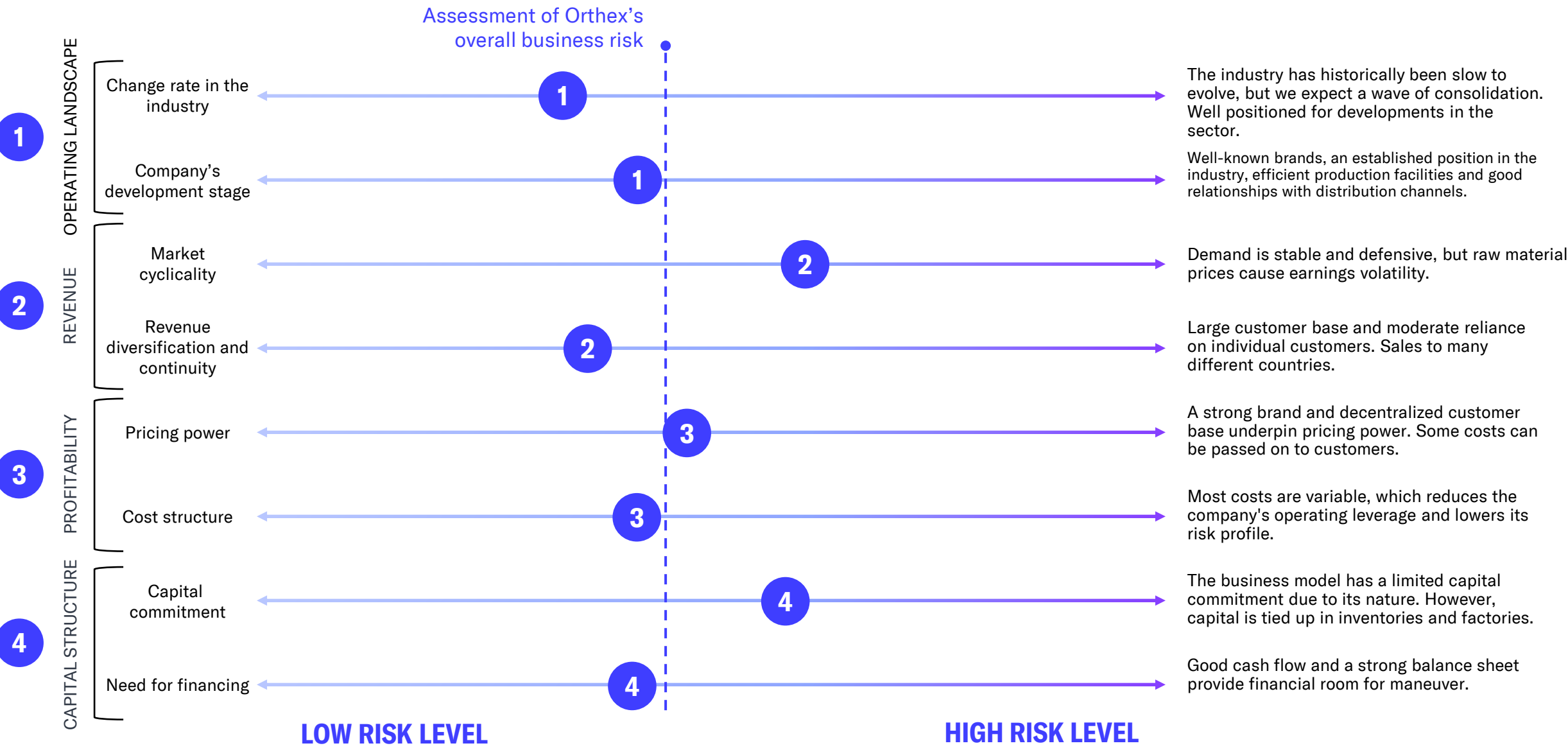
Since the IPO, several members of management have increased their holdings by purchasing shares on the stock exchange, but none of them or any board member has, to our knowledge, reduced their holdings. Virtually the entire Orthex management team purchased company shares in 2024, but this was followed by a quiet period in management trading. This ended in August 2026 when CEO Rosenlew reported buying 55,000 shares.

Largest shareholders (9/2026)	Number of shares	Share of shares
Conficap Oy	2,486,240	14.0%
Rosenlew Alexander ¹	2,139,405	12.0%
Mutual Pension Insurance Company Ilmarinen	1,061,000	6.0%
Sijoitusrahassto Aktia Capital	857,480	4.8%
Mutual Pension Insurance Company Varma	831,106	4.7%
Thominvest Oy	761,000	4.3%
IAIK Oy	669,610	3.8%
Julius Tallberg Corp.	352,571	2.0%
Fondita Nordic Micro Cap	332,135	1.9%
Ståhlberg Tom	314,000	1.8%
10 largest total	9,804,547	55.2%

Management holdings (9/2026)	Number of shares	Share of shares
Rosenlew Alexander ¹	2,139,405	12.0%
Ståhlberg Tom	314,000	1.8%
Kukkonen Hanna	201,530	1.1%
Mäkelä Saara-Kaisa	141,833	0.8%
Cronquist Hans	100,700	0.6%
Ledin Nicholas	62,475	0.4%
Chabannier Aurélien	0	0.0%
Total	2,959,943	16.7%
Total number of shares	17,758,854	100%

1) Takes into account both direct ownership and ownership through Rosaco, under his control

Risk profile of the business model



Storage category

Orthex's largest and most profitable category

Storage is Orthex's largest, most profitable, and fastest growing product category. 70% of Orthex's invoiced sales come from the Storage category, although only about a third of the group's SKUs fall into this category. The category is sold under the SmartStore brand and includes products such as storage boxes, storage baskets, and waste sorting bins. SmartStore aims to serve the full range of consumer storage needs.

Between 2014 and 2019, the total market for storage products grew by 2% per year in Orthex's main markets. Sales of storage products are stable and resilient to economic cycles, and Orthex has grown by around 12% per year in this category since 1998. Between 2018 and 2026, growth has slowed to around 7%. 2021 was a very strong year for consumer companies across the board due to a favorable business environment, which was reflected in Orthex's figures. Sales in Orthex's Storage category have already recovered from this spending hangover and the category set a new sales record in 2024, and trailing 12-month sales are at an all-time high. We consider this an impressive performance, given the changing business environment.

As a category leader, SmartStore is able to maintain good sales margins, but margins are occasionally squeezed by promotional sales that Orthex uses to win new accounts or defend market share. Depending on the year, promotional sales can account for 20-30% of Orthex's sales and are typically scaled back in a cost-inflationary business environment.

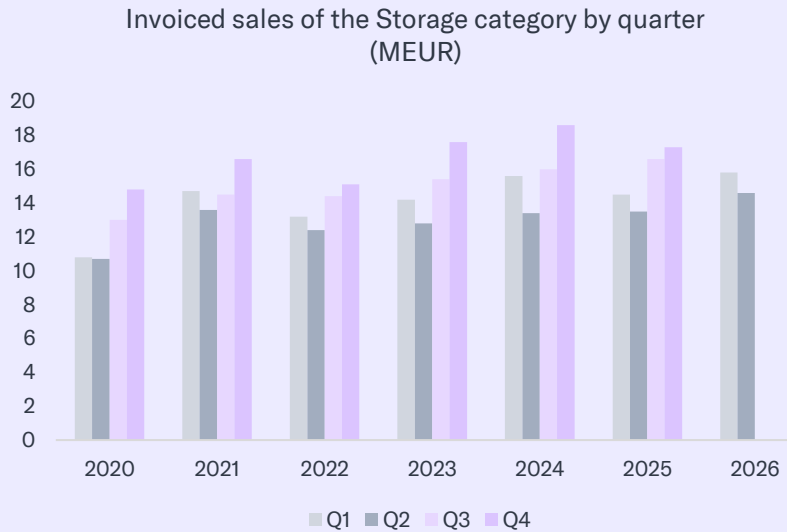
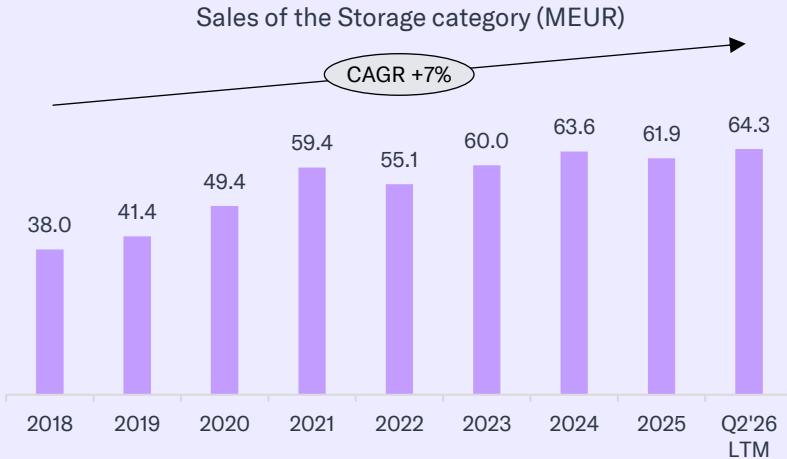
Renowned for quality

SmartStore products are known for their durability and modularity, with an emphasis on Nordic design and sustainability. Orthex is certain of the quality of its products and thus offers a warranty of up to ten years. The goal is to manufacture SmartStore boxes from recycled plastic if the intended use of the product aligns with the properties of recycled plastic. For example, a product may be designed for aesthetics, durability, or even waterproofing. Orthex boxes stack conveniently inside each other, reducing transportation costs and storage space.

An example of a versatile and practical product is the SmartStore Collect sorter, launched in 2020. In addition to its original purpose, the container is made really sturdy and can be used as a stool, for example. The product has responded well to consumer demand for stylish product solutions that facilitate recycling.

SmartStore as a key to negotiating new customer contracts

SmartStore is Orthex's strongest brand and its prestigious image in the storage segment gives the company bargaining power. As a result, products in the Storage category are typically used as a starting point for negotiations with a new distributor. Retailers value brands like SmartStore that are "category captains". As a result of the successful collaboration, Orthex is looking to increase the number of SKUs and product categories in the retailer's offering.



Kitchen category

Second largest product category

The Kitchen category is Orthex's second largest, accounting for about a fifth of invoiced sales. Products in this category are primarily sold under the GastroMax brand. Kitchen is the group's largest product category, accounting for about half of all SKUs. Examples of kitchen products sold include cutting boards, food storage containers, and kitchen utensils.

In Orthex's primary market, the food storage category grew 3% per annum between 2014 and 2019, while kitchen utensils grew only 1%. Orthex experienced a growth spurt in the Kitchen category as the pandemic-driven home cooking boom inspired consumers to cook and drove the category's sales to a new level in 2020, but development in the category has been sluggish since then. Growth in the Kitchen category is limited by its strong sales concentration in the Nordic countries.

Wide range of products suits distributors

The range of kitchen products is really wide, which is one of Orthex's strengths in retail. Retailers typically want convenience, so buying all kitchenware from the same manufacturer is an advantage for a company like Orthex, which has a wide range of products. Typically, the goal is to add kitchen products to the range of retailers who already have a positive experience with Orthex SmartStore storage solutions. In 2023, Orthex moved its food storage category products under the SmartStore brand to more efficiently invest in brand building.

The company's goal for the Kitchen category is to expand its product range with sustainable materials. The industry

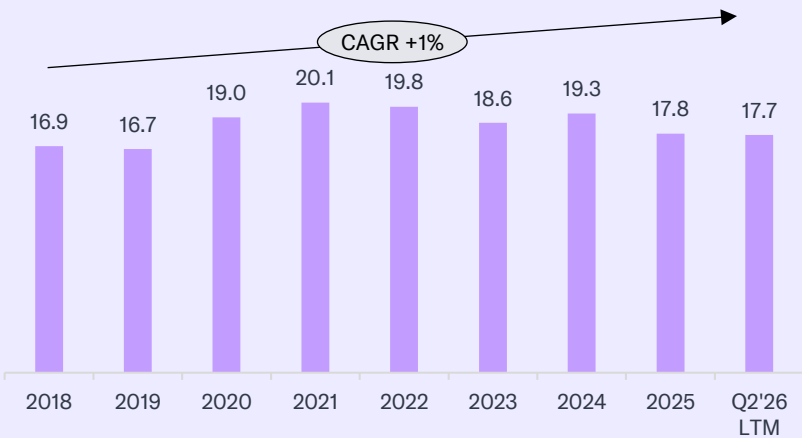
uses a lot of plastic in food storage and kitchen utensils, and Orthex believes in its potential to become a preferred supplier of sustainable products. Innovative use is made of alternative materials to plastic, and the company manufactures products in this category using materials such as sugar cane, castor oil and wood fiber.

The category includes the "side brand" Kökskungen

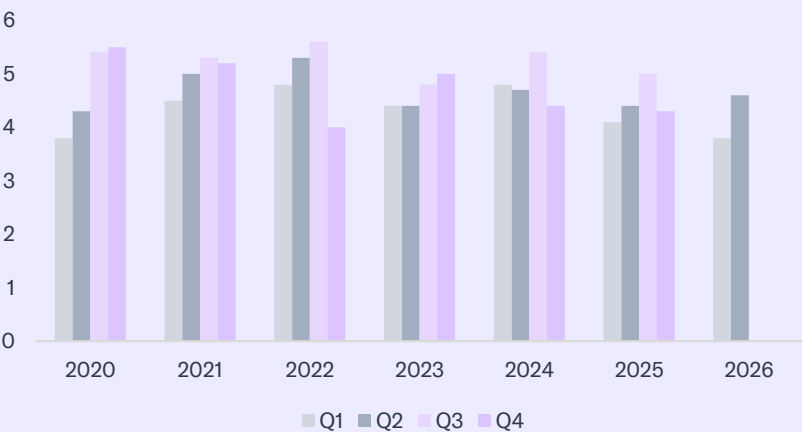
In addition to GastroMax, there is another brand under the Kitchen category: Kökskungen. Kökskungen products are typically less expensive than GastroMax, making them suitable for retailers for whom GastroMax's price range is too high. The Kökskungen brand is partly tactical in that it gives Orthex visibility into the demand for lower-priced products and its evolution in the category. Kökskungen is managed from Västerås, where it has its own warehouse. The brand is clearly differentiated from the rest of the group, so that products from external suppliers are not confused with the brand, quality and image of Orthex's own production.

Orthex is mainly responsible for the production of GastroMax products, while Kökskungen products are manufactured by European and Asian partners. Kökskungen complements the GastroMax range with a number of products not found on GastroMax. If a Kökskungen product proves successful, the company may launch a similar product under GastroMax at a higher price point. The Kökskungen business is profitable for Orthex, but there is no determined effort to grow it. The brand is mainly concentrated in Sweden (and to a lesser extent in Finland), so sales of the category in other countries are dependent on GastroMax.

Sales of the Kitchen category (MEUR)



Invoiced sales of the Kitchen category by quarter (MEUR)



Home & Garden

Small categories were combined into a single entity

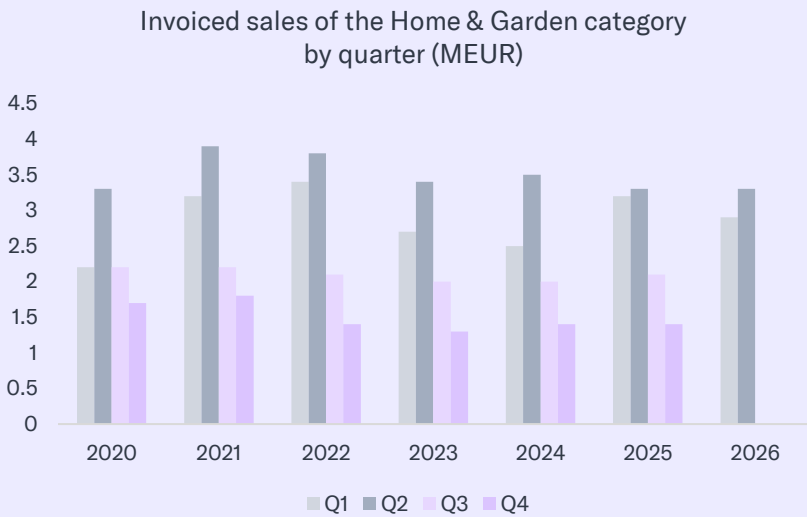
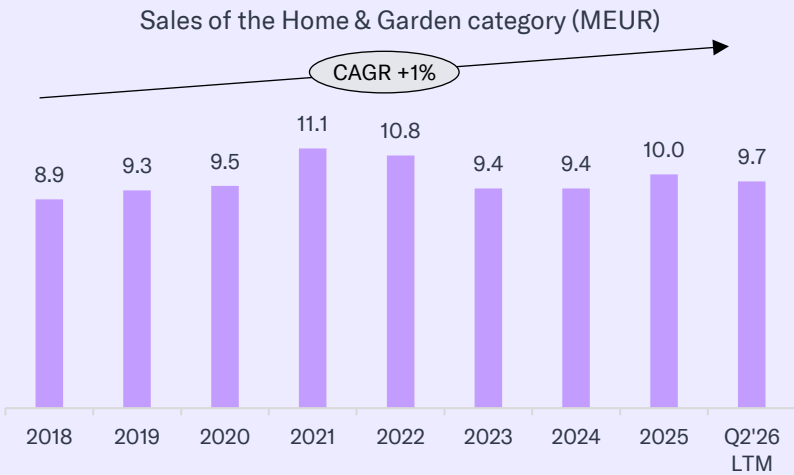
As of 2024, Orthex combined the Home & Yard and Plant Care categories into a single product category in its reports. The combined category accounts for around 10% of the group's invoiced sales. Its offerings include everyday home and yard accessories such as laundry baskets, buckets, pails, water buckets, mailboxes, and sauna equipment, as well as flower pots, watering cans, and pot saucers. The category's share of the group's SKUs is clearly larger than its share of revenue, which reflects the breadth of the product range and the comparatively small sales volumes of individual products. The historical growth and profitability profiles of the product areas within the category differ significantly. Home & Yard products represent a mature, stable, cash-flow-generating business, whereas Plant Care, despite its small size, has been one of Orthex's fastest-growing product areas in percentage terms. Since relatively few resources have been invested in the product category's product development and marketing so far, management has described it as a potential "latent opportunity." From a strategic perspective, the Home & Yard product area is a typical cash cow. Its market is not growing much, but sales are profitable, and the aim is to optimize the cash flow of the business. From 2018 to 2023, the product area's invoiced sales declined by an average of 3% per year. The decline in sales was due to Orthex's focus on proven concepts, winding down less profitable children's and seasonal products, as well as divesting the snow toy business. To our understanding, the Home & Yard product area has seen the largest reduction in the number of SKUs. The product portfolio streamlining may slightly reduce revenue, but we see it as a net positive because it supports sales margin, releases working capital, and increases return on capital.

Range of products made from recycled materials

The combined category is particularly well-suited for utilizing recycled plastic. The products do not typically need to be transparent, nor do they come into contact with food. This allows their production to use almost entirely recycled plastic without compromising their properties. Plant Care products are made from recycled plastic, most of which is originally consumer plastic. Plastic is a practical raw material for the category's products due to its durability, light weight, and water resistance.

Competition is local

In the European market, Home & Yard products are usually produced by a domestic company with a strong local market position. The simple nature of the products limits the pricing power provided by the brand, and high shipping costs relative to the selling price make it difficult to compete internationally. The same dynamics protect local manufacturers from foreign competitors. This is also reflected in Orthex's sales, as demand for Home & Yard products is more heavily weighted towards Finland than other product categories. Orthex does not target significant international growth in Home & Yard products but primarily aims to optimize its market share in the Nordic countries. Thus, the growth potential of the combined category relies on Plant Care products, whose demand outlook is stronger than that of the other products in the category. At the same time, the category's sluggish growth profile creates opportunities for M&A, as companies focused on Home & Yard products could be attractive acquisition targets from a pricing perspective. Due to the flexibility of the injection molding machines, the target's capacity could be used to manufacture other group products by changing the molds.



Industry and competitive landscape 1/4

Cyclically stable demand

Orthex products are affordable and everyday. We believe that the low unit price of products limits their price elasticity and the need for consumers to postpone purchases during a weaker economic cycle. These factors make demand steady and improve its predictability. Orthex's target market has grown by around 2% per year historically. However, developments in 2025 showed that defensive demand does not guarantee immunity. At the time, weakness in the consumer segment weighed on the company's invoiced sales, causing a 3% decrease in the Nordic countries.

Target market of about 4 BEUR

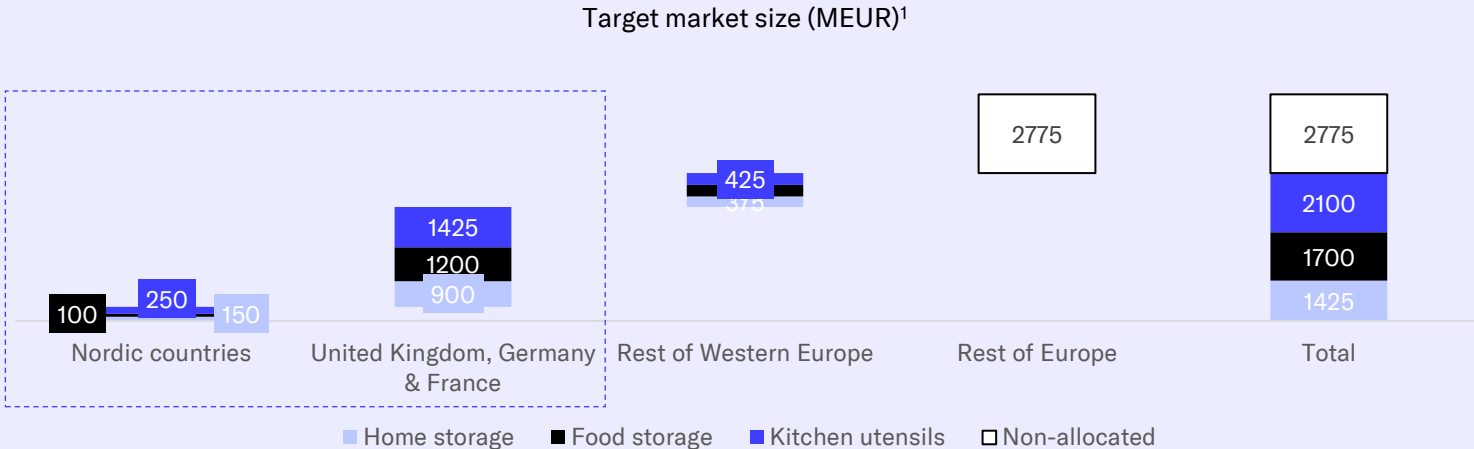
Storage, food storage and kitchen utensils constitute a target market of approximately 500 MEUR in the Nordic

countries. Including France, Germany and the United Kingdom as Orthex's largest export markets (totaling 3.5 BEUR), the target market is approximately 4 billion euros. On a European scale, the total market is approximately 8 BEUR but includes several countries where Orthex does not operate. Large investments in factories, brand building and retailer relationships make it difficult for Orthex to enter its target market and limit potential competition.

Fragmented competitive landscape provides M&A opportunities

The market for plastic products is truly fragmented and there are typically no clear market leaders in European countries. Orthex's 20-25% market share in the Nordic storage category² makes it a major player locally, but its

market share in Western Europe is only ~0.5%. The sector's players are typically small, which makes it suitable for mergers and acquisitions. Increasing production capacity, entering new markets and product segments, and attracting new partners are the factors we believe will drive Orthex to identify potential acquisition targets. The IPO gave the company more room to maneuver, and we estimate that the strengthened balance sheet provides nearly 30 MEUR of firepower for M&A transactions through debt financing alone (assuming a temporary net debt/EBITDA ratio of 3.0x). So far, however, M&A transactions have remained at the level of talk in the public investment case.



1) 2019. Excludes Home & Garden categories because their size is difficult to determine. 2) Includes food storage.
Source: Study by an international consultancy

Industry and competitive landscape 2/4

	Revenue (MEUR)	Home storage	Food storage	Kitchen utensils	Home & Yard	Plant Care	Finland
Nordic companies		87 ¹	✓	✓	✓	✓	
		1,140 ¹		✓	✓	✓	
	 HOUSEHOLDING MADE SIMPLE	101 ¹	✓	✓	✓	✓	
	 ORGANIZED LIVING	69 ²	✓	✓	✓		
		21 ²	✓	✓	✓		
International competitors		1,360 ³	✓	✓	✓	✓	
		3,380 ^{1*}	✓	✓			
		1,580 ¹		✓	✓		
		167 ²	✓		✓	✓	
		123 ⁴	✓	✓	✓		
		76 ⁴	✓	✓	✓	✓	
		80 ⁴	✓	✓	✓		
		58 ⁴	✓				
		43 ²	✓	✓	✓	✓	
		43 ²	✓		✓	✓	

Industry and competitive landscape 3/4

A few giants in the industry and a long line of smaller players

Orthex's competitive landscape is clearly divided into two parts. At the upper end are a few international houseware companies that have grown to billion-euro scale with the help of M&As, the largest of which is Newell Brands' Home & Commercial Solutions segment. The other end consists of a long line of fairly local players with revenues of 40–110 MEUR, while the space between size categories is practically empty. Almost all mid-sized players have a strong domestic market and a weak position elsewhere. This is partly due to the physical properties of plastic products. Their high volume-to-value ratio makes transporting them expensive and favors local manufacturing. This logic protects Orthex in the Nordic countries but also makes expansion into Central Europe more difficult. The fragmented nature of the industry, combined with a few significantly larger players, makes it ripe for corporate restructuring. Orthex estimates that it has more than 30 significant competitors, 15 of which are approximately the size of Orthex in terms of revenue. According to Sponsor Capital, there are dozens of companies in Finland alone that use injection molding in their production. We understand that most companies in the industry were founded in the 1950s and 60s and are facing a generational change. In addition to branded products, private labels are major competitors, accounting for 12% of the kitchenware market and 10% of the food storage market in Western Europe, according to Euromonitor estimates. However, private-label products need a category leader on the shelves alongside them to reinforce their image as affordable, which limits the threat they pose.

Orthex still has plenty of room to increase production without significant investment, but we believe it will participate in the consolidation of the sector if a suitable target is found. In particular, we believe that new factory capacity in Western Europe would be attractive as it would allow for smoother service to key customers. In addition to new production capacity and product line extensions, acquisitions typically enable synergies in sales, marketing, and increased negotiating power.

In the Storage category, Orthex estimates that in 2019 it had a share of around 20-25% of the Nordic market of around 150 MEUR. The quality and premium segment covered approximately 30-40% of the market and Orthex was estimated to be the market leader in this segment. Plast1 A/S, NHG's Plast Team A/S and Nordiska Plast AB are among Orthex's closest Nordic competitors. In the market, Orthex is larger than its competitors, offers a wider range of products and is one of the few companies in the Storage category with significant operations outside the Nordic countries. In terms of size, range and positioning, Orthex's closest competitors in Europe are Curver LTD and Rotho Group. IKEA also offers home storage solutions, but consumers tend to buy its products in conjunction with larger home furnishing projects. In addition, the products are typically more fragile than Orthex products, reducing durability.

The kitchenware market is characterized by a huge number of small companies and a few large global brands offering a wide range of products. Orthex's main competitors are the Danish Plast Team, and the British What More UK. Both companies are smaller than Orthex and also offer solutions in the Storage category. Orthex also competes in this category with Fiskars, Brabantia, Mepal BV, Joseph Ltd, and

Tefal. Competition in this segment is particularly diverse due to low transportation costs, which contributes to international sales and competition.

In the Home & Garden category, the competition is local and the companies offer mainly similar product titles. As Orthex is mainly positioned in this category in Finland, its closest competitors are Plast1 and Nordiska Plast. In Plant Care, the company's products also compete with ceramic pots, and plastic is a competitive material because it is more durable, lighter, and better able to withstand cold.

Initial investment and brand create a barrier to entry

There are certain barriers to entry in the plastics industry that protect Orthex from new competitors. To start production, a new entrant has to invest heavily in production capacity. In addition to capacity, selling large volumes requires building long-term relationships with customers. Customers often prefer large players because of their broad product range, high production volumes and perceived lower risk profile. Large companies also benefit from economies of scale and have an advantage with raw material suppliers. Producers prioritize their large accounts, and small buyers may not be able to source raw materials efficiently if there is a shortage of capacity in the sector. In addition to operational efficiency, Orthex has been very successful in building its own brand, which is reflected in high profitability. Some consumer goods manufacturers end up as private label manufacturers for a large company like IKEA, which squeezes margins and makes it difficult to build your own brand. Orthex does not rely on the production of retailers' private labels, but rather uses it as a tool in negotiations with customers. Roughly 90% of Orthex's sales are own brand sales.

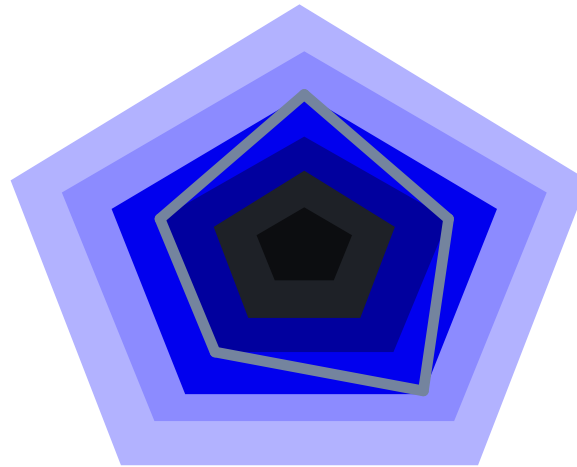
Industry and competitive landscape 4/4

Current competitive situation (moderate*)

- The industry is growing at a moderate pace and competition for shelf space is fairly fierce
- In the Nordic countries, Orthex has a strong market share and its brands provide pricing power, but in export markets, the company's pricing power is weaker
- Product differentiation is a challenge that intensifies competition
- The high volume of products relative to price limits the price competitiveness of distant goods through freight prices, and local competition appears rational

Threat of substitutes (low*)

- At product level, the sector is very mature. Products evolve over time, e.g., through material innovation, but the threat of new product groups replacing current ones is not relevant
- In terms of material innovation, we see Orthex as a disruptor



Suppliers' bargaining power (low*)

- There are many suppliers of raw materials in the sector
- Supplier differentiation capability is modest, so market mechanisms determine price levels
- Single operator switching costs are limited
- Orthex is a fairly large buyer, which strengthens its negotiating position
- The threat of vertical integration of suppliers is non-existent

Threat of new competitors (low*)

- The industry's growth prospects are not particularly attractive, which limits its appeal
- In addition to production, entry into the sector requires investment in product development and building a brand and distribution network
- In manufacturing, product development, and distribution, local economies of scale can create competitive advantages that create moats

Customers' bargaining power (moderate*)

- Brand and product locality underpin pricing power
- Distributors typically have several suppliers in the same category
- From the consumer's point of view, storage products have a low unit cost at the price point, which reduces price sensitivity. Price flexibility of demand is higher for retailers
- Retailers' private label products pose a competitive threat, although they also need a category leader on the shelf to support a low price image

Strategy and financial targets 1/2

The Storage category is at the heart of the growth strategy

Orthex aims to: 1) to become Europe's leading brand in the Storage product group and 2) to strengthen its position as one of the leading household goods companies in the Nordic countries. The key priorities for achieving these objectives are:

Continued success in the Nordic countries

The Nordic countries account for nearly 80% of Orthex's sales and will continue to be an important market for the company. The goal is to further strengthen the market position by implementing the lessons learned from previous years. The company will continue to grow the Storage product line through promotions and expand the use of "excellent in-store display" concepts. We believe that commercial excellence, such as product presentation, is Orthex's strength, both in-store and online. To enable growth in the Nordic countries, the company will continue striving to launch innovative products and grow the Kitchen product group by focusing on sustainability and identified opportunities as well as by expanding cross-selling. By working closely with online and multi-channel retailers, Orthex aims to unlock the potential of online sales.

Accelerating export market growth through key accounts

The export market still represents a modest share of sales, but represents a significant growth opportunity for Orthex, and the strategy of geographic expansion is being implemented through key accounts. Orthex established

local sales offices in Germany, France, and the UK in 2016-2017 and a local sales office for the Benelux in 2023. Growth will be sought mainly through key customers headquartered in these countries (e.g. Bauhaus, Carrefour and John Lewis) and expansion into their stores in other countries. Orthex has the most to prove in terms of exports because, despite significant room for growth, export revenue has been stagnant since 2024.

Factors supporting the growth strategy

Clear strategy focused on storage solutions

Orthex is targeting growth in the export market with products in the Storage category, as the company has a strong position in the category in the Nordic countries, many industry trends are expected to support demand, and these products have the highest margins of any of Orthex's product categories.

The Kitchen product group aims to accelerate growth by focusing on kitchen utensils and food preservation products, some of which are made from sustainable raw materials. The Kitchen product group also aims to cross-sell by leveraging Orthex's existing customer and supplier networks. In the Home & Garden product group, Orthex focuses on existing products that are in steady demand in the Nordic countries. The company makes limited investments in the product group and is strongly cash flow driven. Orthex has a strong position in certain specialty products (e.g. sauna equipment) that are in high demand, especially in Finland.

A benchmark in sustainability

Orthex strives to differentiate itself from the competition through sustainability, high quality, and timeless Nordic design. The company will continue to increase its focus on renewable and recycled raw materials in its production and believes it is a competitive advantage in the industry.

Maintaining a high level of innovation

Orthex differentiates itself in the industry with innovative products and in-store presentation capabilities. With a high level of innovation and increasing use of bio-based/recycled materials, the company aims to stay on the cutting edge. These factors have also historically enabled the introduction of new, higher-margin products.

An industry ripe for consolidation

The European plastics industry is very fragmented. The company expects that M&A will be important opportunities to achieve its objectives. Orthex says it will carefully evaluate the acquisition potential of the Storage product group in particular, should such opportunities arise. We believe it is unlikely that Orthex will build a new production facility, so the company has a clear incentive for M&A as it nears its current capacity limits. According to our estimates, the existing production facilities are quite capable of supporting a higher sales load (Inderes estimate +30%), so there is no urgent need to make moves.

Strategy and financial targets 2/2

Financial targets

Orthex's financial targets are:

- Average annual organic revenue growth of more than 5% at group level and more than 10% outside the Nordic countries (in local currencies)
- Adjusted EBITA margin of over 18% over time
- Net debt to adjusted EBITDA ratio below 2.5x
- Dividend payout ratio of at least 50%

Orthex has kept its financial targets unchanged since its IPO in 2021. In our view, the company's growth target is achievable, but the profitability target should be updated to a more realistic level. Orthex's key customers are at the heart of the growth objective. We believe that the target of over 5% growth at group level through new customer wins and expansion of existing customers is credible. Orthex has grown at an average annual rate of 5% between 2019 and 2025, although revenue contracted in 2022 and 2025. Despite the challenges of recent years, we believe the company has the preconditions for growth in line with its targets as consumption recovers in the Nordic countries. However, Orthex' target market is growing moderately, and to achieve the growth target the company needs to gain market share.

EBITA target above 18% cannot be justified based on historical track record

Orthex's profitability target of an adjusted EBITA margin in excess of 18 % is a very high level and would require further scaling of the current cost structure. Fluctuating oil-based raw material prices disrupt profitability, and low manufacturing

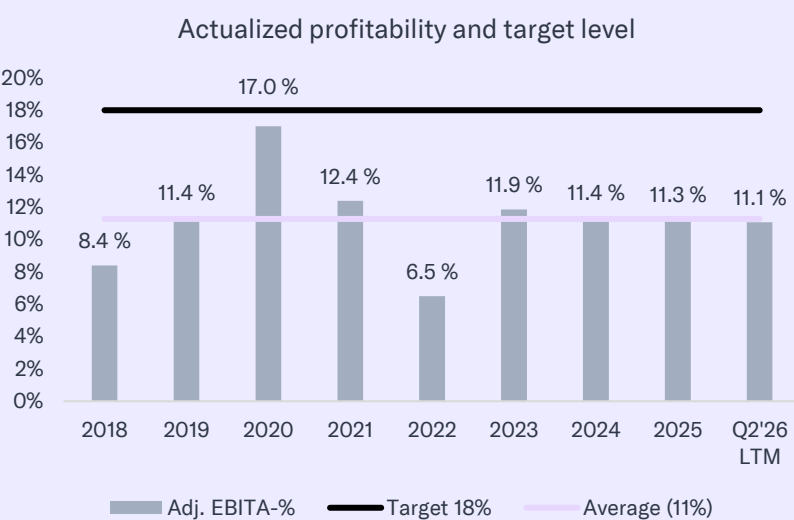
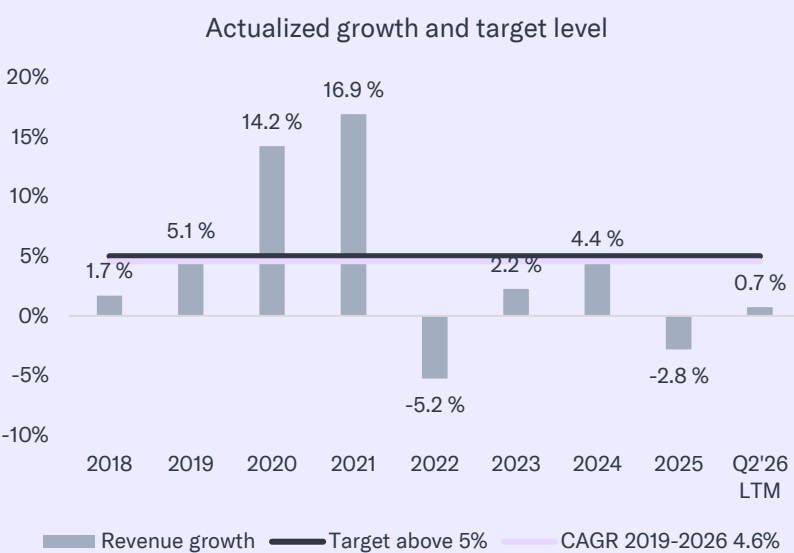
costs have pushed the company to an EBITA margin of 17% in 2020, but otherwise the outcome has averaged in the 11–12% range. Based on the current track record, we consider using a level above 18% as a starting point for valuation to be unwarranted. Despite the lower-than-targeted profitability, the business is clearly value-creating. Due to the efficient use of the balance sheet, a margin of 11–12% yields a return on capital employed of around 28–30%, adjusted for goodwill.

Indebtedness is not a constraint

At the end of Q2'26, Orthex's net debt-to-adjusted EBITDA ratio was down to 1.1x, while the target is below 2.5x. The figure has clearly decreased from 1.7x five years ago, while the dividend has grown significantly as well. Increasing the leverage ratio to the target level would provide Orthex with a total of around 20 MEUR in firepower for M&A. However, the company can temporarily increase its leverage ratio above the target level and also use its own shares for M&A. The balance sheet, strengthened by limited investments, has improved the company's resilience and financial flexibility.

Dividends well positioned for continued growth

The profit distribution policy, which targets a payout ratio of at least 50% and dividend growth over time, has been fulfilled, with the dividend per share growing from EUR 0.18 in 2021 to EUR 0.23 in 2025. Around 60% of last year's earnings were distributed whereas, in our current-year forecasts, we expect the payout ratio to rise significantly due to dipping earnings as a result of raw material inflation. As in 2022, we continue to believe that temporary dividend cuts are possible (and even prudent) if the company identifies greater investment opportunities.



Investment profile

- 1 Leading Nordic brand company specializing in household products
- 2 Broad customer base, diverse product portfolio and strong retail relationships
- 3 Highly automated production and well-known brands drive industry-leading profitability
- 4 Established position in the Nordic countries and good platform for European expansion through key customers
- 5 A defensive and fragmented market provides stability to the business and the opportunity for M&A

Potential

- The target market is large and defensive
- Favorable megatrends behind the business (urbanization, sustainability)
- Expansion into Europe through major retail chains
- Opportunity for growth through M&A
- Automated factories, high-quality and durable products, efficient logistics and well-known brands support competitiveness
- Orthex is also a potential takeover target

Risks

- Raw material price fluctuations and availability issues
- The company is dependent on the performance of its own production facilities
- Production capacity limits growth
- M&A risks

Economic situation and historical development 1/4

Orthex was established in 1956 when Aulis Kallonen bought Orth-Export from its Danish parent company, Orth-Plast. In 2009, private equity investor Intera Partners purchased the majority of the company from the founding family. The company's majority ownership was transferred to Sponsor Capital in 2015.

New size through acquisitions

In 2010, Orthex acquired the Swedish kitchenware manufacturer Sveico AB. The acquisition roughly doubled Orthex's revenue to 25 MEUR and brought the Sveico, GastroMax and Kökskungen brands into the group. The consolidation of the sector continued the following year and this time the target company was Hammarplast Consumer

AB of Sweden. The acquisition of Hammarplast, which focused on the home storage and yard product categories, again doubled the group's revenue to 56 MEUR.

A few years to integrate acquisitions

In 2011-2014 Orthex invested in the integration and reorganization of Sveico and Hammarplast. The group, which had previously operated on a production-oriented basis, began to focus more closely on consumer needs when designing its product portfolio. Management's attention shifted from eight brands to three main brands (Orthex, SmartStore, GastroMax) and the side brand (Kökskungen) around which the business was built.

The brands Hammarplast, Sveico, Sarvis and HammarSarvis, which came to the group through the acquisitions of Sveico and Hammarplast, were discontinued and Kökskungen became a less visible "side brand".

Expanding beyond the Nordic countries

Since 2015, Orthex has focused on developing its distribution and sales network in Europe and getting its products into the assortment of major retailers. To support the project, the company established separate subsidiaries and sales organizations in Germany, France, and the United Kingdom. In 2020, Orthex opened a new warehouse in Überherrn, Germany to speed up the transportation of goods to Central and Western Europe.



Economic situation and historical development 2/4

Revenue in the 84–90 MEUR range for five years

Orthex's revenue has remained in the range of 84–90 MEUR since 2021. After rising strongly to 88.7 MEUR in 2021, revenue dropped to 84 MEUR in 2022 but has grown since then. From 2019 to H1'26, average growth is 4.6%, which is slightly below the company's own target of over 5%, but most of this growth occurred before 2022. We estimate that the sluggish development in recent years is due to retailers reducing inventory levels, weakened consumer purchasing power and, in part, Orthex's own efforts to reduce low-margin promotional sales to defend profitability.

In 2025, Orthex's invoiced sales decreased by 3% in the Nordics, 1% in other European markets, and 44% outside of Europe. Consumer caution weighed on the company's performance in the Nordic countries. In export markets, the company's performance suffered due to increased credit risks among a few key customers, forcing the company to restrict shipments to them. Outside of Europe, Orthex sales have been sluggish and we believe that the development is largely dependent on a single customer. We do not see this market as a key area for measuring Orthex's performance.

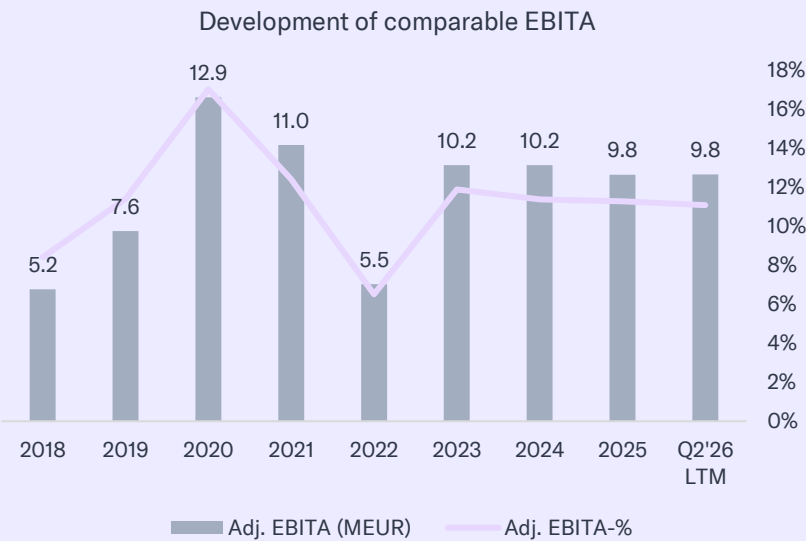
Fluctuations in raw material prices have made the gross margin volatile

Orthex's gross margin has been volatile in recent years due to swings in plastic raw material prices. Historically averaging around 29%, the gross margin decreased to 21% in 2022, driven by declining revenue and significant cost inflation. However, exceptionally high cost inflation subsided fairly quickly and Orthex's gross margin recovered to a healthy 28% in 2023, driven by lower manufacturing costs and recovering sales. Since then, the gross margin has hovered around 28–29%.

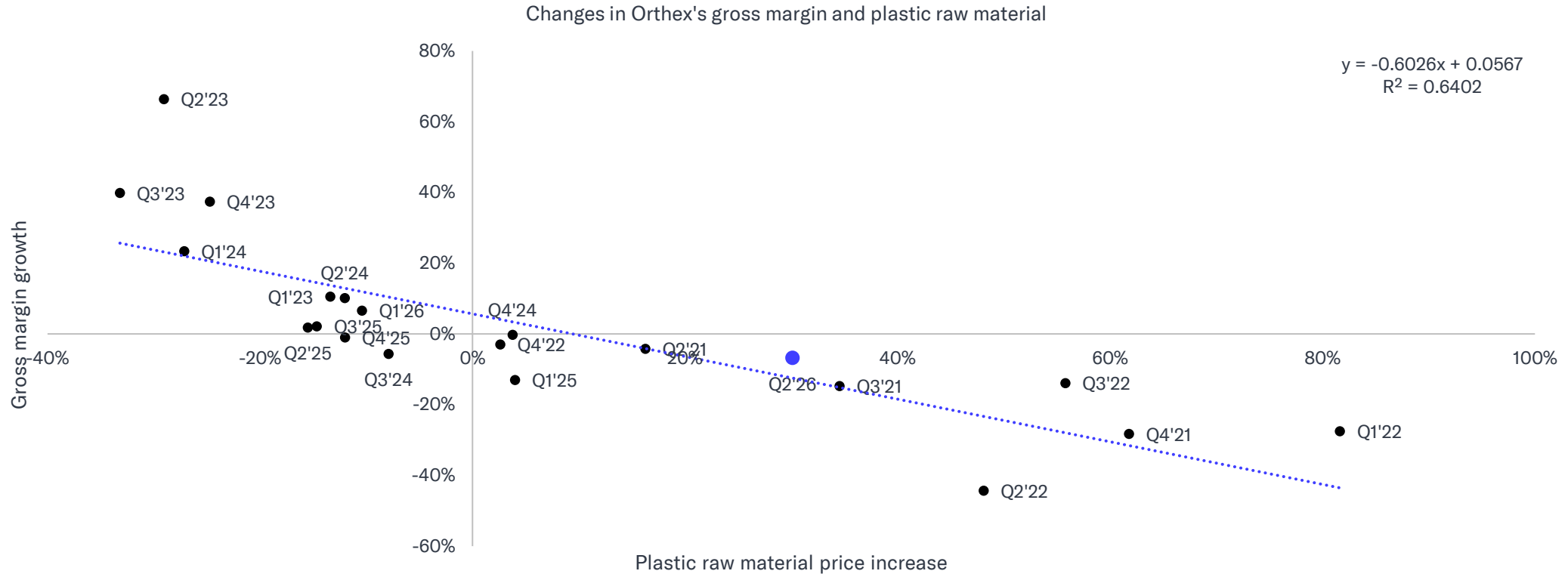
Cost inflation has also rocked the EBITA margin

Orthex has maintained a strict cost discipline, but the fluctuation in gross margin has inevitably affected the company's operating result. Supported by low raw material prices, comparable EBITA temporarily reached as high as 17% in 2020 before decreasing to 7% in 2022, weighed down by cost inflation. Since then, the EBITA margin has remained at approximately 11–12%, which we believe corresponds to Orthex's normalized profitability level over the cycle. Notably, the adjusted EBITA margin remained practically unchanged in 2025 (11.3% vs. 11.4%), despite the decreasing revenue.

In Orthex's cost structure, administrative costs have steadily remained at around 6–6.5% of revenue. This expense item has occasionally experienced temporary pressure due to the 2021 IPO, the strategic project underway in early 2026, and other factors, but otherwise, the expense item has developed very predictably. Orthex's sales and marketing investments, in turn, have been more volatile. They have accounted for around 10–11% of revenue, though this temporarily decreased to 9% in 2022. Since 2021, Orthex's sales and marketing investments have increased by 16%, even though revenue has stagnated. This development is influenced by a weaker demand environment as well as costs related to building the sales organization in the Benelux region. From an investment perspective, however, we believe it is crucial for the company to generate greater returns from its sales and marketing efforts in the coming years.



Progress of Orthex's gross margin 2021-2026



Orthex primarily uses plastic-based raw materials in its production, and as a result, the company's gross margin has been affected by the significant fluctuations in raw material prices in recent years. Based on regression analysis, changes in the price of plastic raw material have a -0.6x impact on Orthex's gross margin. The company has conducted its own sensitivity analysis, based on which a 10% change in the price of virgin plastic raw material would have had an impact of 1.9 MEUR on the result before taxes. Based on a sample of Orthex quarterly reports, the trend between plastic raw material price developments and gross margin seems clear, but the correlation can be expected to weaken as production shifts increasingly from virgin plastic to recycled and renewable raw materials. Based on a highly simplified model, gross margin increased by an average of 6% per year over the sample period, after adjusting for the impact of plastic raw material.

Economic situation and historical development 3/4

A strong balance sheet

At the end of Q2'26, Orthex had 15.8 MEUR net debt on its balance sheet, which is 1.1x the rolling 12-month adjusted EBITDA. Three years ago, the corresponding figures were 22.3 MEUR and 1.5x, indicating a clear strengthening of the balance sheet.

Interest-bearing liabilities at the end of the first half of the year stood at 26.1 MEUR, 7.3 MEUR of which were lease liabilities. Orthex's leverage is moderate, with the company targeting a net debt-to-adjusted EBITDA ratio below 2.5x. A strong balance sheet provides resilience against surprises, such as raw material price spikes, and allows for M&A. Orthex's loans have variable interest rates, which exposes the company to changes in Euribor rates. Generally, however, we consider the company's bank loans favorable, as their interest rates were 3.8–4.7% in the year 2025 and ~5.5% in the year 2024.

At the end of June 2026, Orthex had 37.3 MEUR in equity on its balance sheet and an equity ratio of 44% (the equity ratio has dipped slightly due to the dividend distribution, but it is also in a clear upward trend). We estimate that Orthex's economic value of equity is higher than its book value as the book value of the Lohja plant, which the company owns and has had on its balance sheet since the 1950s, is significantly lower than its market value. This also partly explains the company's high turnover and return on capital employed.

Goodwill is the largest single asset on the balance sheet

The largest asset item of Orthex's balance sheet is intangible assets (22.3 MEUR), which consist almost entirely of goodwill. Most of the goodwill was created during the group's formation in 2015, and under IFRS accounting it is tested for impairment annually instead of being amortized.

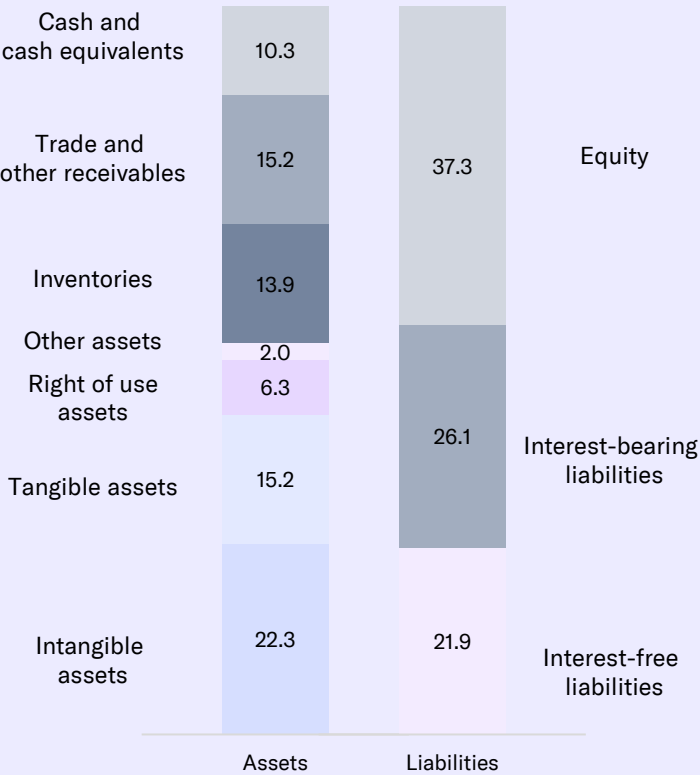
Due to Orthex's positive earnings position and subsequent growth investments, we do not see a material risk of impairment of goodwill.

Otherwise, the balance sheet is typical for a manufacturing company

Apart from the large intangible assets, Orthex's balance sheet is fairly traditional for a manufacturing company. At the end of June 2026, the balance sheet contained 15.2 MEUR of tangible assets (primarily machinery, equipment, and buildings), 6.3 MEUR of right-of-use assets, 13.9 MEUR of inventory, and 10.3 MEUR of cash and cash equivalents. The company makes effective use of its balance sheet, as evidenced by its high employed capital turnover ratio of approximately 1.6x and the good return on capital it generates for its business operations. Since the company's current production facilities allow for higher revenue volumes than present levels, we anticipate strengthening balance sheet turnover conditions until the company invests in new production facilities closer to key customers.

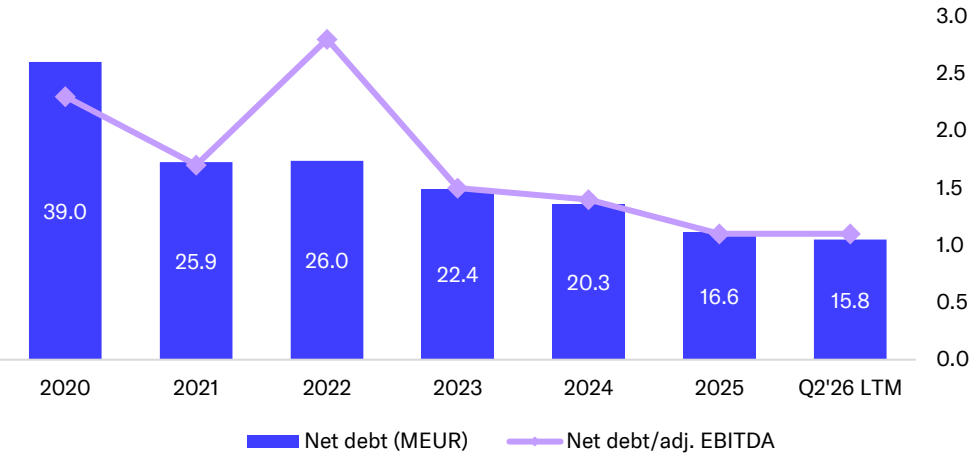
Orthex's return on capital employed has averaged 16–19% during its time on the stock exchange, excluding the outliers of 2020 (22%) and 2022 (9%). Orthex has not made any acquisitions in the last ten years, so we believe that examining invested capital adjusted for goodwill is also meaningful when assessing operational profitability. In this case, the company's return on capital employed has been 28–32% during its time on the stock exchange, excluding the extremes of 2020 and 2022. In our view, at these levels the business is clearly value-creating, and we see room for improvement as the company increases its factory utilization rates. We estimate that the conservative balance sheet value of the Lohja plant artificially supports the company's return on capital employed to a slight degree.

Orthex's balance sheet structure Q2'26
85.2 (MEUR)

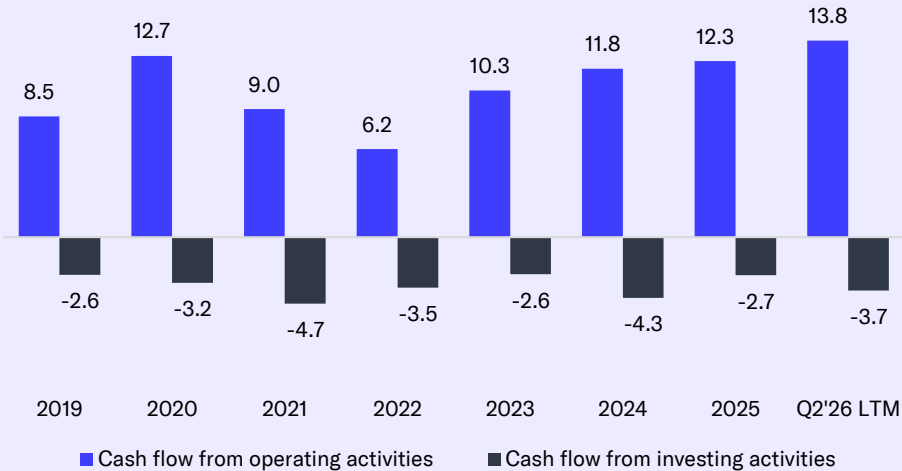


Financial position 4/4

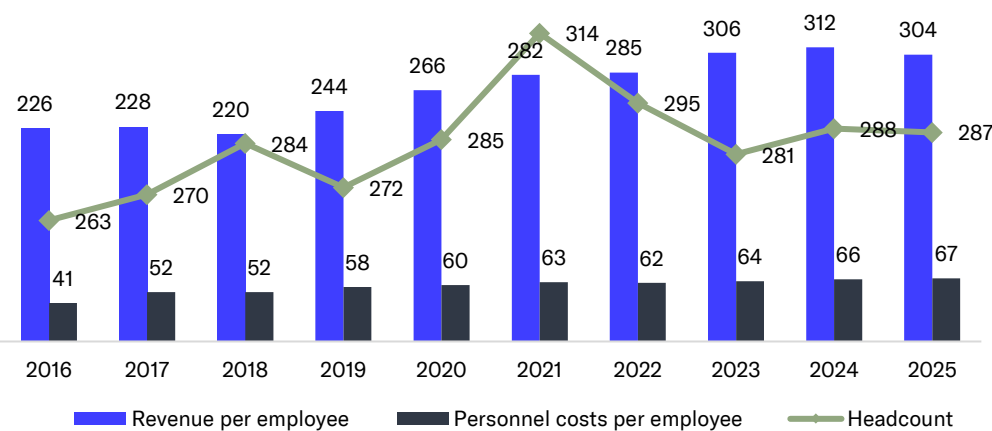
Indebtedness has decreased



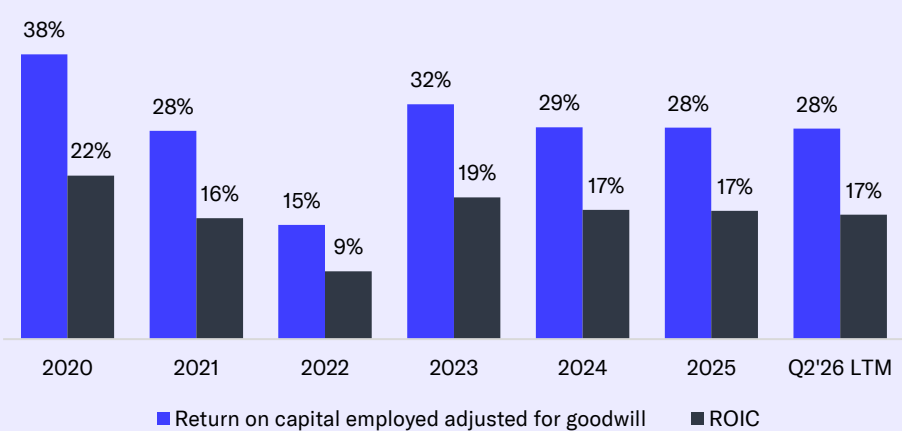
Business creates good cash flow



Developments in staff productivity



Capital yields a good return¹



1) Invested capital = equity + net debt

Estimates 1/3

We model invoiced sales by market area

We model Orthex's invoiced sales by market area. We apply an estimate of the cash discounts granted by the company to the invoiced sales to arrive at our revenue estimates. Since the company does not break down its profitability by segment or market area, we model profitability development at the group level.

Forecasting Orthex's profitability is complicated by two key factors. First, the price of plastic raw materials fluctuates significantly, and the current politically unstable environment exacerbates this volatility. In our assumptions, we rely on oil futures prices, among other things, as they provide a market-implied estimate of future development. Second, Orthex does not report the volume of promotional sales. A sales mix that differs from our expectations may therefore be reflected in both revenue and the gross margin. The impact is significant, as a one percentage-point change in the gross margin affects EBIT by around 0.9 MEUR.

However, we believe Orthex's normalized profitability level can be relied upon with a fair degree of confidence, as despite the current pressure on profitability, the business remains clearly profitable and the company has no balance sheet risk.

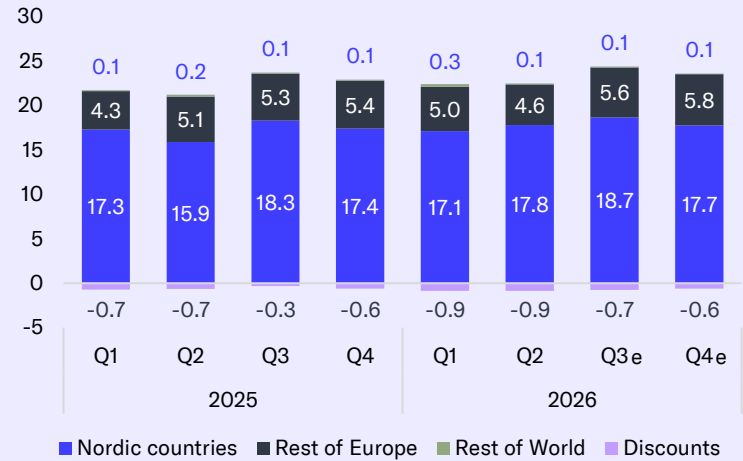
No guidance, but a divided outlook

Consistent with its past practices, Orthex does not provide guidance, which makes short-term forecasting difficult. The outlook for the current year is divided. In the Nordic countries, the company has been able to grow volume-based despite price increases, while in the European growth markets, these same increases have so far weakened

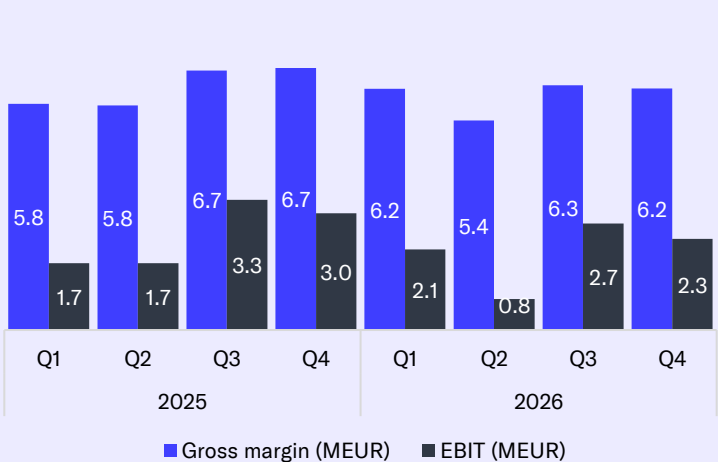
growth prospects. Orthex's invoiced sales in the Nordic countries grew 5% in the first half of the year, driven by a strong Q2, while growth in the rest of Europe remained at 2%. Comparable EBIT remained flat year-on-year in the early part of the year, but we estimate that cost inflation resulting from the war in Iran impacted the company's profitability starting in May. In addition to cost inflation, the company's reported profitability was weighed down by a 0.6 MEUR item related to strategic initiatives. During the earnings call, the company provided limited commentary on the project and its continuation, but based on the CEO's share purchases in August, we anticipate that the project has concluded.

We expect Orthex's revenue to grow in the second half of the year, driven by the Nordic countries and the rest of Europe. Our revenue forecast for the current year thus stands at 90 MEUR, which represents 3% revenue growth. In our view, Orthex's outlook is supported in particular by the strengthened economic outlook in the Nordic countries, although the comparison figures for the rest of the year are stronger than those in the first half. The outlook is weakened by sharply rising raw material prices, which make it more difficult to negotiate campaigns with retailers, and the impact of these prices was first seen in profitability in Q2. The price increases were not fully reflected in the Q2 figures, which, conversely, also applies to the impact of price hikes. Therefore, in connection with this report, we have lowered Orthex's profitability estimates for the remainder of 2026 and 2027 due to stubbornly high raw material prices.

Orthex's invoiced sales per quarter (MEUR)



Orthex's quarterly profitability



Estimates 2/3

We expect the company's profitability to remain under pressure for the remainder of the year. We forecast that EBIT will weaken in both Q3 and Q4 due to lower gross margins, despite revenue growth. Our comparable EBIT forecast for the current year stands at 8.5 MEUR, which represents a decline of around 13% year-on-year.

As of 2027, we expect earnings growth from two sources

From next year onward, we expect the company to achieve earnings growth through both revenue growth and relative profitability, supported by declining raw material costs. Our revenue growth estimate accelerates to 5% in 2027, driven by strong performance in the Nordic countries and normalization in the rest of Europe. In addition to growth, Orthex's profitability development is supported by a decrease in manufacturing costs in our estimates.

Both the futures market and oil price estimates project a gradual decrease in raw material costs, despite the protracted conflict in the Middle East. However, cheaper raw materials are a double-edged sword, as retail customers' pressure to lower prices or increase campaigns grows as costs decrease. Nevertheless, the company is not expected to return to its normalized profitability level of recent years (EBIT-%: 12%) until 2028 according to our forecasts.

Growth will normalize to 2–3%

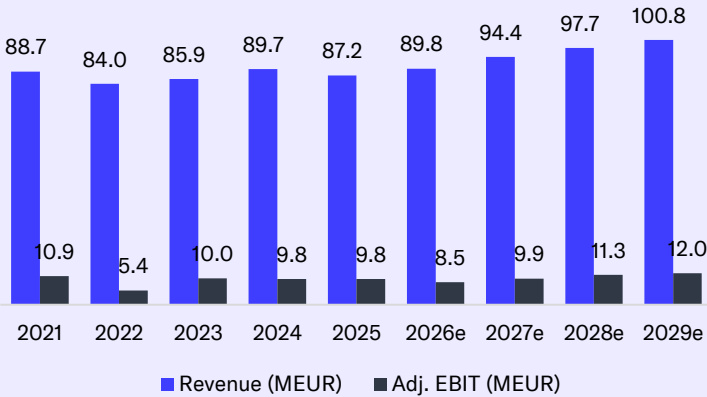
Looking ahead, we expect Orthex to grow slightly faster than the overall market, driven by its European growth strategy, but revenue growth will remain moderate at 2-3%. While this falls short of the company's target of over 5% revenue growth, we believe that, after several years of lackluster growth, the company should provide further

evidence of its ability to accelerate growth. Orthex's target market is growing moderately, and it is difficult for the company to increase its market share significantly in the Nordic countries, meaning that, in the long run, the company's growth will inevitably depend more and more on the rest of Europe. For now, however, growth in the rest of Europe alone is still insufficient to make a difference on Orthex's scale. We estimate that growth in the rest of Europe could well accelerate with new production capacity closer to key customers because it would enable more flexible service and decrease logistics costs.

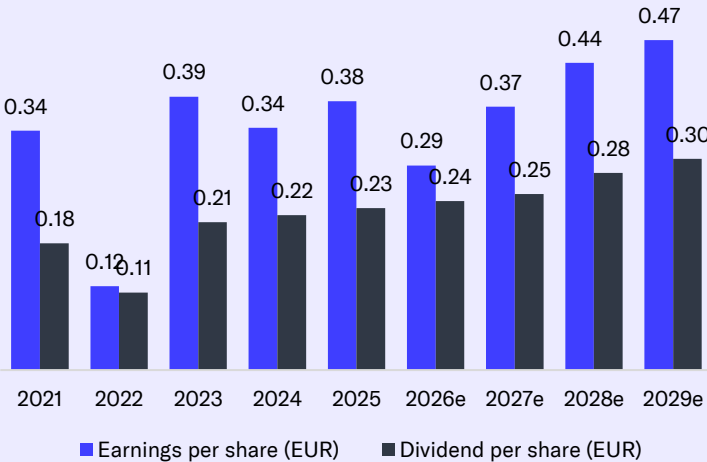
In our longer-term forecasts, Orthex's relative EBIT margin is around 11–12%, which corresponds to our assessment of the company's normalized profitability level over the cycle. However, given the cyclical nature of plastic raw materials, we emphasize that we expect relative profitability to fluctuate on either side of that level – sometimes even sharply. In any case, we see some room for improvement in the company's relative profitability as its existing plants' utilization rate gradually increases.

With the growth pace we estimate, Orthex will reach revenue of ~110 MEUR in 2032. This is in the same ballpark as our estimate of the manufacturing capacity of the company's current production facilities. Consequently, growth significantly faster than our forecasts would necessitate securing new production capacity before the end of this decade. According to our estimates, bringing production capacity closer to key customers would facilitate growth by reducing the company's logistics costs and enabling a faster response to customer orders. Despite this, we do not view it as a silver bullet that would accelerate growth in Central Europe single-handedly.

Growth and profitability estimates for the coming years



Earnings and profit distribution



Estimates 3/3

Dividend rises despite a dip in earnings

We forecast that Orthex will achieve EPS of EUR 0.29 in the current year (2025: 0.38 euros) and distribute a dividend of EUR 0.24. The payout ratio thus rises to 83% but normalizes to 64–67% in 2027–2028 as profitability recovers. Although Orthex’s dividend policy indicates an increase in dividend payouts, we believe that temporary cuts are still possible (and even sensible) in the future if the company were to identify significant investment opportunities or carry out share buybacks.

Orthex's returns on capital have historically been strong, and we are confident in its ability to allocate capital efficiently. However, the strengthened balance sheet over recent years allows the company to temporarily maintain a profit distribution that even exceeds its earnings, which we estimate will support the company's prospects for gradually increasing the dividend.

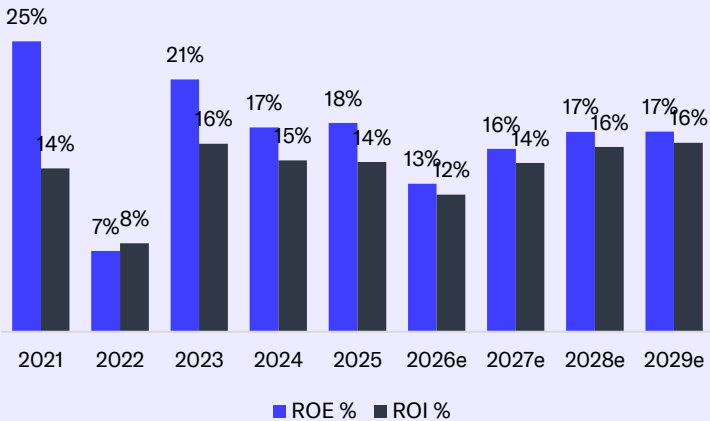
Equity and return on equity estimates

Our estimates indicate that Orthex's return on equity will be under pressure this year due to rising raw material prices impacting relative profitability and a strengthening equity ratio. According to our forecasts, Orthex's return on equity will decline to 13% this year but will rebound to 16–17% in 2027–2029. A similar trend can also be observed in the return on capital employed, which is expected to recover from 12% this year to 14–16%. Adjusted for goodwill, however, the returns on capital are clearly higher, reflecting the capital-light nature of the business. Although Orthex's profitability is sensitive to changes in volatile raw material prices, the company's business remains clearly value-creating in our estimates for this year as well, despite the challenges posed by the operating environment.

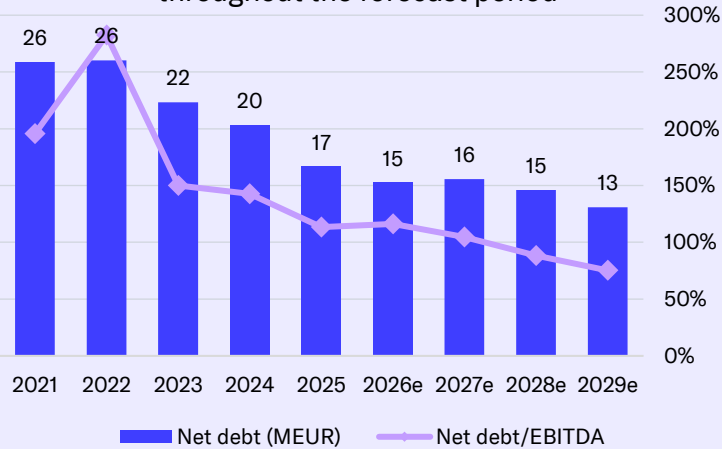
Balance sheet strengthens throughout the estimate period

Our estimates do not factor in potential M&A, which, when combined with a stronger cash flow than dividend distribution, lead to a stronger balance sheet throughout the forecast period. With our estimates for the current year, Orthex's net debt/EBITDA ratio is 1.2x, but with our 2029 estimates, it is down to 0.8x. This increases the company's firepower for M&A. In our estimates, the strengthening balance sheet also creates the prerequisites for an additional profit distribution if the company does not find suitable acquisition targets.

Capital returns to recover from this year's dip



Debt ratio will decline throughout the forecast period



Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	85.9	89.7	21.0	20.5	23.4	22.3	87.2	21.6	21.6	23.7	23.0	89.8	94.4	97.7	101
Nordic countries	68.7	71.1	17.3	15.9	18.3	17.4	68.9	17.1	17.8	18.7	17.7	71.3	73.5	75.3	76.8
Rest of Europe	18.5	20.3	4.3	5.1	5.3	5.4	20.1	5.0	4.6	5.6	5.8	21.0	22.2	23.8	25.4
Rest of world	0.8	0.9	0.1	0.2	0.1	0.1	0.5	0.3	0.1	0.1	0.1	0.6	0.6	0.6	0.6
Discounts and refunds	-2.0	-2.6	-0.7	-0.7	-0.3	-0.6	-2.3	-0.9	-0.9	-0.7	-0.6	-3.0	-1.9	-2.0	-2.1
EBITDA	14.9	14.3	2.9	2.9	4.5	4.3	14.7	3.4	2.1	4.0	3.6	13.1	14.9	16.5	17.4
Depreciation	-4.1	-4.4	-1.2	-1.2	-1.2	-1.3	-4.9	-1.3	-1.3	-1.3	-1.3	-5.2	-5.0	-5.2	-5.4
EBIT (excl. NRI)	10.0	9.8	1.7	1.7	3.3	3.0	9.8	2.1	1.4	2.7	2.3	8.5	9.9	11.3	12.0
EBIT	10.8	9.8	1.7	1.7	3.3	3.0	9.8	2.1	0.8	2.7	2.3	8.0	9.9	11.3	12.0
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-2.2	-2.1	-0.1	-0.6	-0.2	-0.3	-1.2	-0.4	-0.4	-0.3	-0.3	-1.4	-1.6	-1.6	-1.5
PTP	8.5	7.8	1.6	1.2	3.1	2.7	8.6	1.7	0.4	2.4	2.0	6.5	8.4	9.7	10.5
Taxes	-1.6	-1.7	-0.3	-0.3	-0.7	-0.6	-1.8	-0.3	-0.1	-0.5	-0.4	-1.4	-1.7	-2.0	-2.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	6.9	6.1	1.3	0.9	2.4	2.2	6.8	1.4	0.3	1.9	1.6	5.2	6.6	7.7	8.3
EPS (adj.)	0.35	0.34	0.07	0.05	0.14	0.12	0.38	0.08	0.05	0.11	0.09	0.32	0.37	0.44	0.47
EPS (rep.)	0.39	0.34	0.07	0.05	0.14	0.12	0.38	0.08	0.01	0.11	0.09	0.29	0.37	0.44	0.47

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	2.2 %	4.4 %	-4.7 %	-2.3 %	2.5 %	-6.6 %	-2.8 %	2.7 %	5.2 %	1.1 %	3.2 %	3.0 %	5.0 %	3.5 %	3.2 %
Adjusted EBIT growth-%	85.2 %	-2.1 %	-37.8 %	11.0 %	19.5 %	10.2 %	-0.5 %	20.9 %	-20.4 %	-18.1 %	-21.9 %	-12.8 %	16.4 %	14.2 %	5.9 %
EBITDA-%	17.3 %	15.9 %	14.0 %	14.2 %	19.4 %	19.2 %	16.8 %	15.6 %	9.7 %	17.0 %	15.8 %	14.6 %	15.8 %	16.9 %	17.2 %
Adjusted EBIT-%	11.7 %	11.0 %	8.2 %	8.4 %	14.3 %	13.5 %	11.2 %	9.6 %	6.3 %	11.6 %	10.2 %	9.5 %	10.5 %	11.6 %	11.9 %
Net earnings-%	8.0 %	6.8 %	6.2 %	4.4 %	10.4 %	9.7 %	7.8 %	6.3 %	1.2 %	8.1 %	7.0 %	5.7 %	7.0 %	7.9 %	8.3 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	44.6	46.4	45.5	46.6	47.4
Goodwill	21.7	22.7	22.7	22.7	22.7
Intangible assets	0.0	0.0	0.2	0.2	0.2
Tangible assets	21.9	22.2	22.5	23.6	24.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.9	1.4	0.1	0.0	0.0
Current assets	40.9	39.9	39.5	41.5	43.0
Inventories	12.5	12.1	12.6	13.2	13.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18.0	16.0	16.2	17.0	17.6
Cash and equivalents	10.5	11.8	10.8	11.3	11.7
Balance sheet total	85.6	86.3	85.0	88.1	90.4

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	35.8	40.4	41.5	43.8	47.1
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	29.3	32.2	33.3	35.7	39.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-1.4	0.3	0.3	0.3	0.3
Other equity	7.9	7.9	7.9	7.9	7.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	27.1	24.3	21.8	22.2	21.3
Deferred tax liabilities	0.8	0.7	0.7	0.7	0.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	26.3	23.5	21.1	21.5	20.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	22.6	21.7	21.8	22.0	22.0
Interest bearing debt	4.5	4.9	4.9	5.4	5.8
Payables	17.4	15.2	15.3	15.1	14.7
Other current liabilities	0.8	1.6	1.6	1.6	1.6
Balance sheet total	85.6	86.3	85.0	88.1	90.4

Valuation and recommendation 1/3

Target price and recommendation

We revise our target price to EUR 4.6 (was EUR 4.8) and lower our recommendation to Reduce. Due to pressured profitability and a challenging outlook for earnings growth, we believe the risk-adjusted expected return on the stock remains at the level of the required return. However, we estimate the fair value of the share to be slightly higher, at around EUR 4.0-6.0 based on the cash flow model and its sensitivity analysis, absolute valuation multiples, and relative valuation. Nevertheless, due to the weak earnings trend of recent years and the current risks in the operating environment, we advocate caution regarding the stock over the next 12 months. When considering earnings development in the coming years, we believe that revenue growth and raw material price trends are key because growth within the limits of the current production facilities is highly profitable due to moderate investment needs, especially as raw material prices decrease. Looking further ahead, the company's ability to execute on larger plant investments/M&A becomes central to the investment story, but current evidence makes it difficult to assess the company's ability to allocate a larger amount of capital.

Earnings and balance sheet provide an appropriate framework for valuation

Because Orthex's business is mature and profitable, the share can be valued based on both earnings and the balance sheet, as well as in relation to peer companies. The DCF model is also well-suited to valuing the company. Orthex's revenue returned to growth in the beginning of the year, and we expect the growth slump to be behind now. However, due to cost inflation, we expect Orthex to report declining earnings until Q1'27. With profitability under pressure, from a valuation perspective, it is

particularly crucial to see to what extent earnings growth accelerates as the challenging business environment of the past few years normalizes and the growth seeds sown in recent years come to fruition.

+ Factors supporting the valuation:

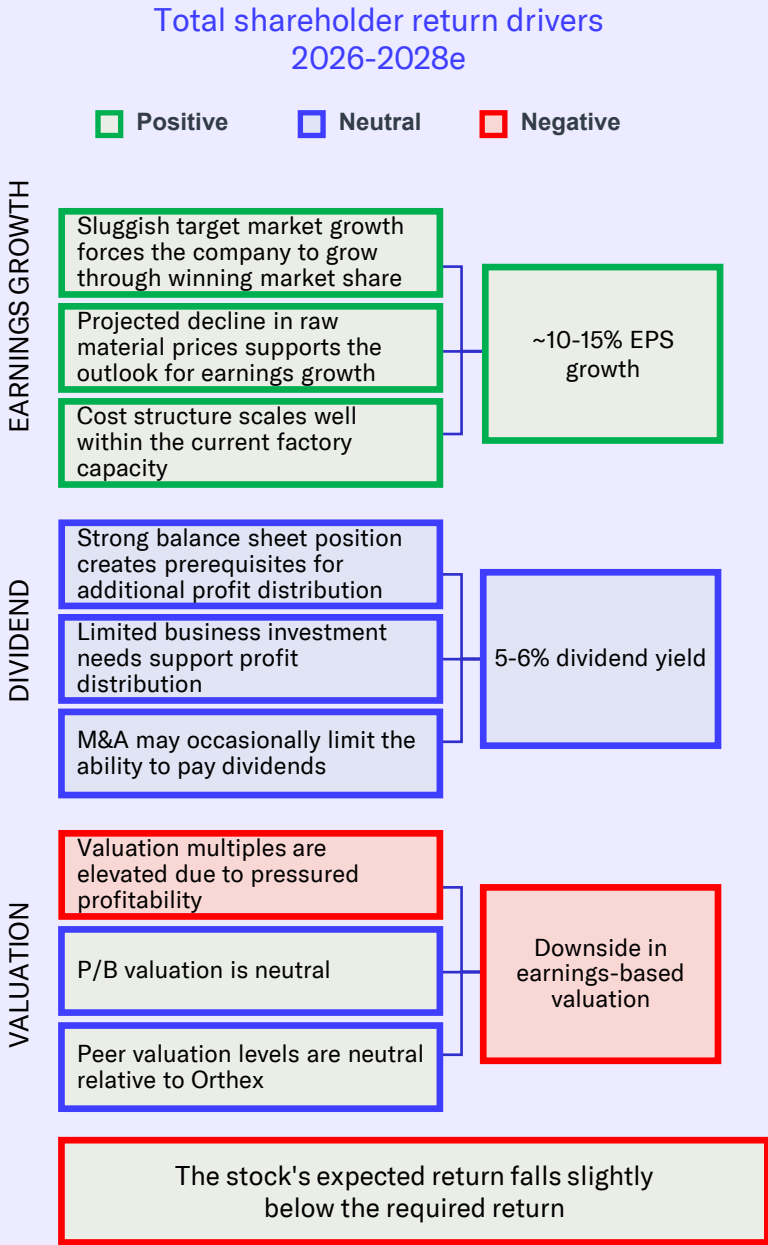
- Stable demand for products
- High return on capital potential
- Conditions for creating value through M&A

- Factors negatively affecting the valuation:

- Limited evidence of high profitability at target levels
- Fluctuations in raw material prices add a cyclical component to results

Tight earnings-based valuation in the short term

Based on our forecasts for the current year, Orthex's earnings-based valuation (P/E: 14x, EV/EBIT: 11x) appears elevated in our view, whereas based on next year's forecasts, the valuation appears neutral. However, our estimates assume a clear earnings improvement next year, driven by declining raw material prices, which is uncertain in the current geopolitical environment. If the conflict in Iran were to drag on, it would undermine Orthex's growth prospects as well as its relative profitability. Following the growth disappointments of recent years, we estimate that this would readily weigh on the valuation multiples that the market accepts for the company.



Valuation and recommendation 2/3

P/B valuation seems neutral

Orthex trades at a P/B multiple of 1.9x based on our current year estimates. This level is higher than the Nasdaq Helsinki median, but in our view is justified given Orthex's high ROE potential (ROE 2023-2026e: 13-22%). The usefulness of the P/B ratio is undermined by the significant amount of intangible assets on the balance sheet, as book value is typically a poor reflection of the true value of intangible assets. Additionally, the applicability of the P/B ratio is undermined by Orthex's relatively short stock market history, which means that a reliable longer-term track record of return on equity is not available.

Dividend-based valuation

In our view, Orthex has the potential to establish itself as a stable dividend payer despite the dividend dip in 2022. The company operates in defensive markets and typically has strong cash flow due to low investment needs. The dividend policy calls for a stable dividend that grows over time and represents at least 50% of the profit for the fiscal year. In our estimates, the company's dividend payout ratio will be a high 83% this year but will normalize to 64–66% as earnings recover. At the current share price level, this results in a dividend yield of 5–6%. We believe Orthex would be able to pay out a higher proportion of its earnings in dividends than we forecast but, given the pressure on valuation multiples in the industry and the resulting potential for attractive M&A opportunities, we see a stronger balance sheet as a better solution for value creation. In addition to dividend payments, we believe that opportunistic share buybacks would fit well into Orthex's investment story. These would enable the company to

capitalize on situations in which the stock price is temporarily under pressure due to rising raw material prices, for example.

DCF model points to longer-term potential

In our DCF calculation, we assume a gradual slowdown in Orthex's growth towards a terminal assumption of 2%. We set our terminal EBIT margin assumption at 11.5%, which is roughly in line with the company's average since its IPO. Due to the long and established history of the plastics industry, we do not expect a significant influx of new competitors in the long term. Orthex's profitability will certainly be much more volatile than our forecasts over the longer term, but we want to reflect our view of the company's longer-term, over-cycle profitability potential. In the longer term, we expect Orthex's return on investment to be in the range of 16%, which is a high level and requires the company to maintain its competitiveness.

Our DCF model suggests a value of EUR 5.4 per share for Orthex, which represents a clear upside from current share price levels. At the end of the DCF model's forecast period, Orthex's revenue will reach 115 MEUR, which we consider achievable with the company's current factories, taking into account low inflation. However, this would not allow the company to retain capacity for future growth. Supported by moderate investment needs over the forecast period and the flexibility to scale manufacturing costs, the return on upcoming investments remains high in our estimates.

Valuation	2026e	2027e	2028e
Share price	4.50	4.50	4.50
Number of shares, millions	17.8	17.8	17.8
Market cap	80	80	80
EV	95	95	95
P/E (adj.)	13.9	12.0	10.3
P/E	15.5	12.0	10.3
P/B	1.9	1.8	1.7
P/S	0.9	0.8	0.8
EV/Sales	1.1	1.0	1.0
EV/EBITDA	7.3	6.4	5.7
EV/EBIT (adj.)	11.2	9.6	8.3
Payout ratio (%)	82.6 %	66.9 %	64.2 %
Dividend yield-%	5.3 %	5.6 %	6.2 %

Source: Inderes

Valuation and recommendation 3/3

Fragmented peer group

Orthex's peer group consists of publicly traded consumer goods companies. While none of the companies are entirely comparable to Orthex's plastic storage solutions and other household products, each of the companies in the peer group is somewhat similar to Orthex because of its own characteristics. Most peers have a brand/product that is the best-known alternative in its market segment ("category captain"). Other similarities between Orthex and the peer group can be found, for example, in the same geographical business area, similar production and distribution strategy, or growth or profitability profile.

Valuation appears neutral compared to peers

The median EV/S multiples for the peer group in 2026 and 2027 are 1.1x, and Orthex trades at a nearly 10% discount to that. The overall picture is largely similar on an earnings basis, and the company trades at a corresponding discount. In our view, the slight premium pricing of the peers is warranted due to Orthex's smaller size and more limited track record of internationalization. However, we believe that the peer group median's higher normalized return on capital narrows this justified discount. If Orthex can convince the market of its ability to sustainably increase growth towards the 5% target level,

we would still see valuation pressure towards peer levels. In our view, Orthex's normalized return on capital is higher than the peer group median, which justifies the premium in the P/B ratio. However, at current levels it is difficult to see significant upside to peers as the company's P/B is at a premium of almost 50% to the peer group median.

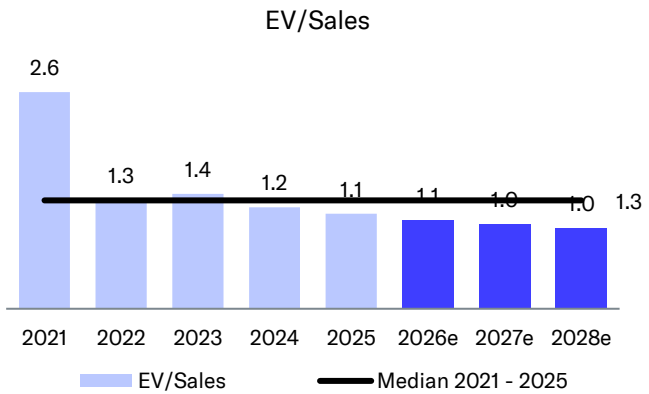
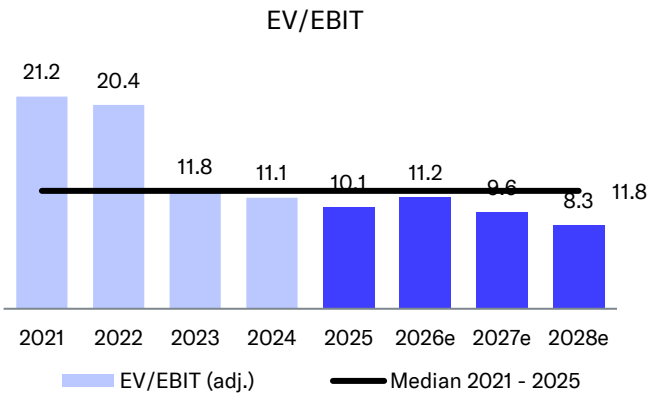
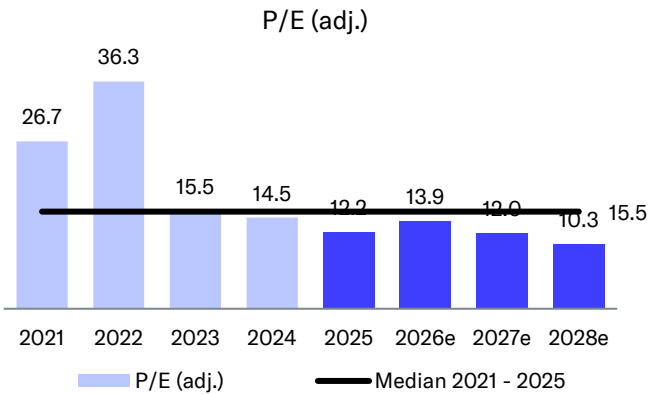
Peer group valuation		Market cap		EV		EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Duni AB		311	589	17.0	11.1	9.1	7.0	0.9	0.8	19.8	10.0	7.4	7.8			1.1
Fiskars Oyj Abp		1021	1557	17.1	13.6	9.2	8.1	1.4	1.3	20.7	14.6	6.1	6.3			1.5
Harvia Oyj		829	887	19.0	16.4	16.2	14.1	3.9	3.5	24.7	21.0	1.9	2.2			5.6
Leifheit AG		100	87		9.2	10.4	4.8	0.4	0.4		16.7	7.3	8.8			1.2
Marimekko Oyj		370	378	11.6	10.8	8.8	8.2	2.0	1.9	14.5	13.2	5.7	5.6			4.5
Rapala VMC Corp		66	152	9.5	10.5	5.8	5.7	0.6	0.6	16.9	14.7		0.6			0.6
Thule Group AB		1845	2209	13.8	12.4	11.5	10.4	2.3	2.2	16.8	14.7	4.7	5.3			2.7
Nokian Tyres plc		1967	2782	23.1	16.2	10.5	8.5	1.9	1.7	23.2	16.0	2.2	3.0			1.6
Assa Abloy AB		34828	40885	17.2	15.6	14.1	12.9	2.9	2.7	22.2	19.5	2.0	2.2			3.4
Newell Brands Inc		2127	6391	9.5	10.1	6.6	7.2	1.0	1.0	7.4	8.1	5.2	5.1			0.9
DOMETIC Group		558	1543	10.5	8.2	6.1	5.3	0.9	0.8	7.7	5.3	4.9	6.6			0.3
Raisio Oyj		357	299	11.0	9.4	8.0	7.0	1.3	1.3	15.5	13.7	6.8	7.3			1.4
Husqvarna AB		1744	2580	11.6	8.9	5.2	4.6	0.6	0.6	13.9	10.3	3.5	4.9			0.8
Helen of Troy Ltd		581	1162	10.7	7.7	7.0	6.1	0.7	0.7	8.0	7.3					0.7
Orthex (Inderes)		80	95	11.2	9.6	7.3	6.4	1.1	1.0	13.9	12.0	5.3	5.6			1.9
Average				14.0	11.4	9.2	7.9	1.5	1.4	16.3	13.2	4.8	5.0			1.9
Median				11.6	10.6	9.0	7.1	1.1	1.1	16.8	14.2	5.1	5.3			1.3
Diff-% to median				-4%	-9%	-19%	-10%	-7%	-9%	-17%	-15%	6%	4%			47%

Source: Refinitiv / Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	11.5	4.68	5.40	5.00	4.65	4.50	4.50	4.50	4.50
Number of shares, millions	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8
Market cap	204	83	96	89	83	80	80	80	80
EV	230	109	118	109	99	95	95	95	93
P/E (adj.)	26.7	36.3	15.5	14.5	12.2	13.9	12.0	10.3	9.6
P/E	33.8	39.2	13.9	14.5	12.2	15.5	12.0	10.3	9.6
P/B	6.4	2.8	2.8	2.5	2.0	1.9	1.8	1.7	1.6
P/S	2.3	1.0	1.1	1.0	0.9	0.9	0.8	0.8	0.8
EV/Sales	2.6	1.3	1.4	1.2	1.1	1.1	1.0	1.0	0.9
EV/EBITDA	17.4	11.8	7.9	7.7	6.8	7.3	6.4	5.7	5.3
EV/EBIT (adj.)	21.2	20.4	11.8	11.1	10.1	11.2	9.6	8.3	7.8
Payout ratio (%)	53.0 %	92.2 %	54.1 %	63.9 %	60.3 %	82.6 %	66.9 %	64.2 %	64.0 %
Dividend yield-%	1.6 %	2.4 %	3.9 %	4.4 %	4.9 %	5.3 %	5.6 %	6.2 %	6.7 %

Source: Inderes



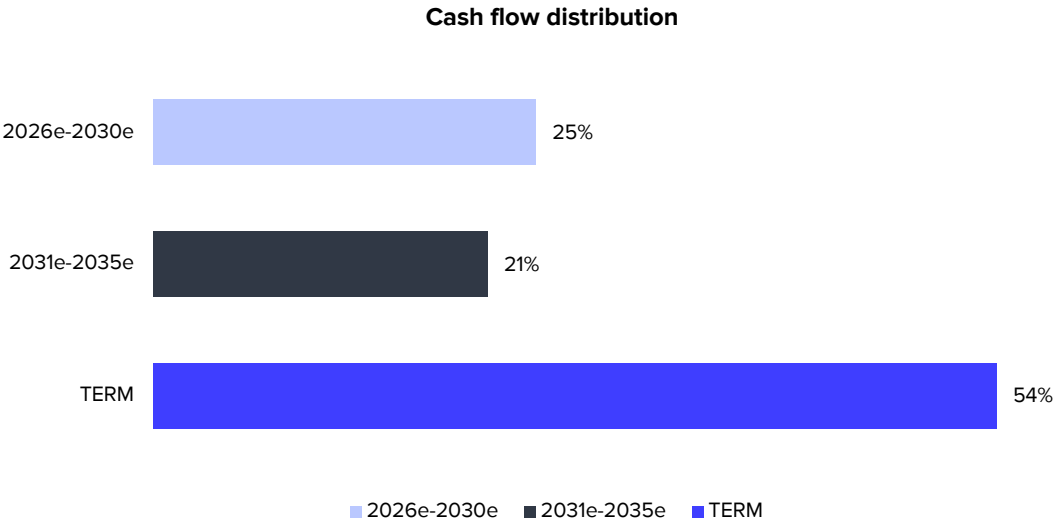
The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

DCF-calculation

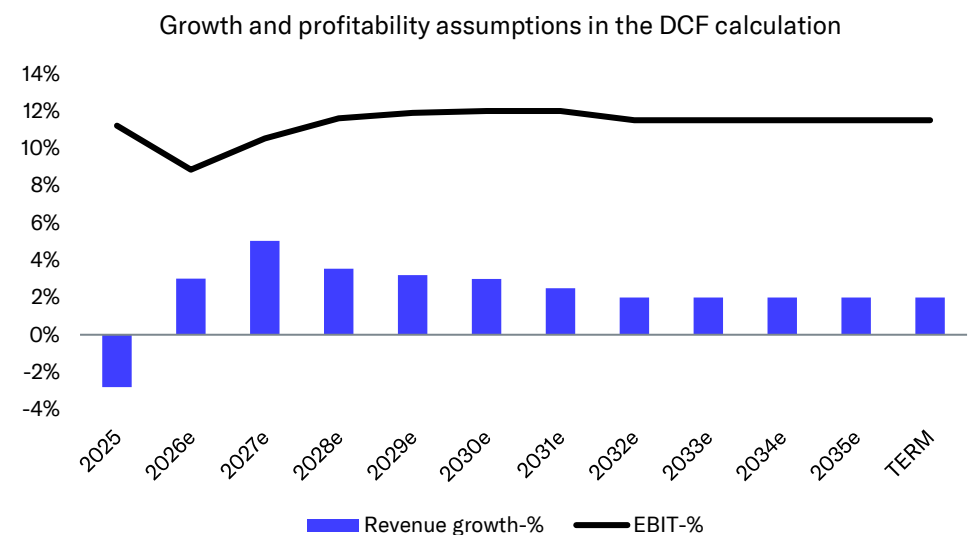
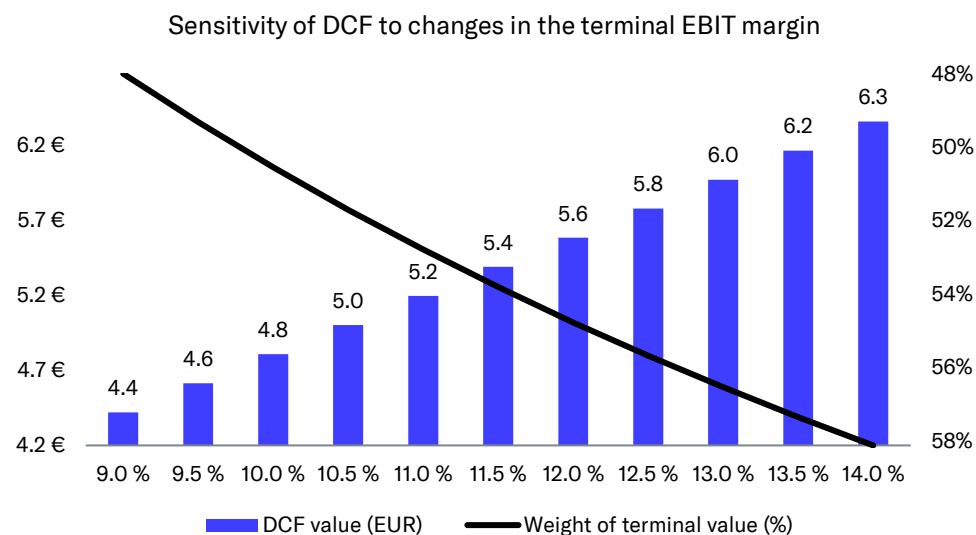
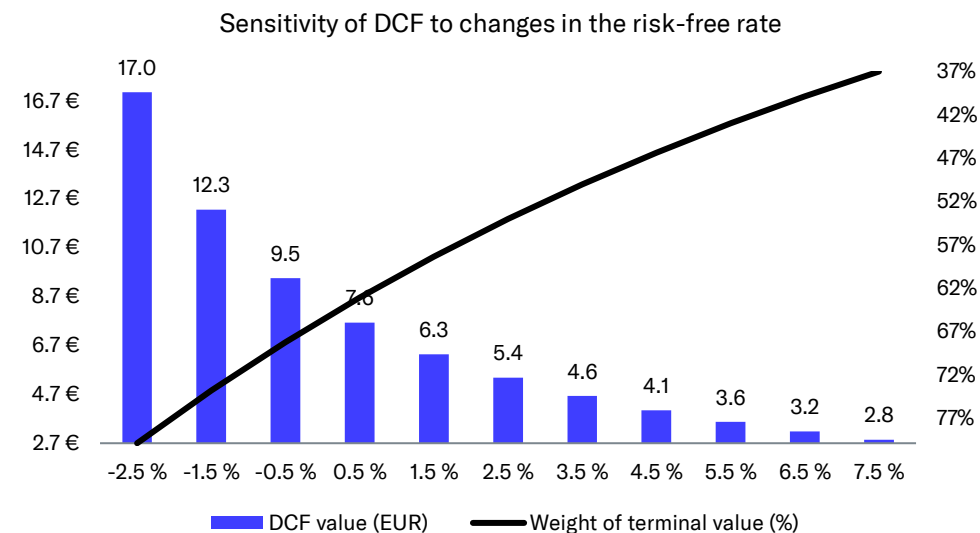
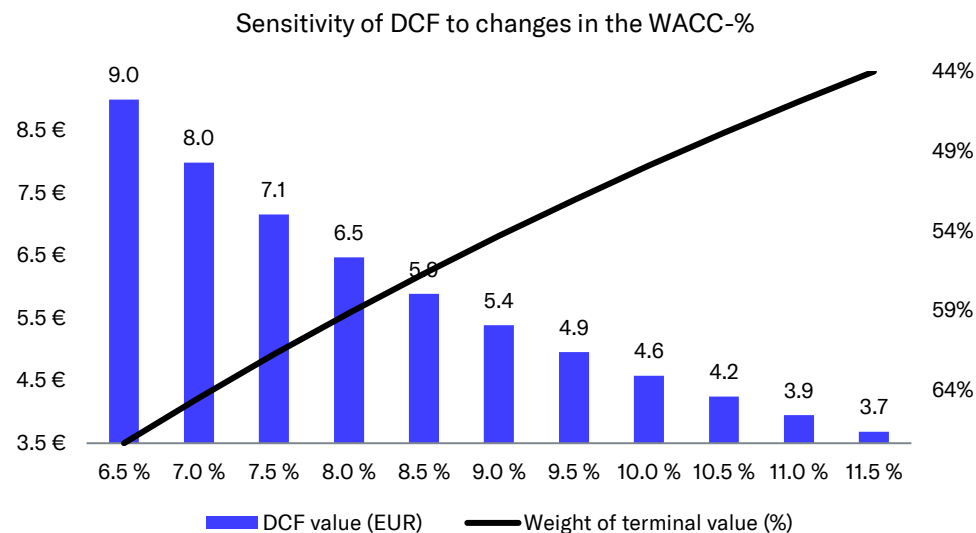
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.8 %	3.0 %	5.0 %	3.5 %	3.2 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	11.2 %	8.9 %	10.5 %	11.6 %	11.9 %	12.0 %	12.0 %	11.5 %	11.5 %	11.5 %	11.5 %	11.5 %
EBIT (operating profit)	9.8	8.0	9.9	11.3	12.0	12.5	12.8	12.5	12.7	13.0	13.2	
+ Depreciation	4.9	5.2	5.0	5.2	5.4	5.7	5.8	6.0	6.1	6.2	6.4	
- Paid taxes	-2.4	0.0	-1.6	-2.0	-2.1	-2.3	-2.3	-2.3	-2.4	-2.5	-2.6	
- Tax, financial expenses	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	1.0	-0.6	-1.6	-1.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	
Operating cash flow	13.0	12.2	11.3	12.7	14.4	15.1	15.6	15.6	15.9	16.2	16.5	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.1	-5.6	-6.1	-6.0	-6.7	-6.5	-6.5	-6.5	-6.7	-6.8	-6.9	
Free operating cash flow	6.8	6.6	5.2	6.7	7.7	8.6	9.0	9.0	9.2	9.4	9.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.8	6.6	5.2	6.7	7.7	8.6	9.0	9.0	9.2	9.4	9.6	139
Discounted FCFF		6.5	4.7	5.5	5.8	6.0	5.8	5.3	4.9	4.6	4.3	62.7
Sum of FCFF present value		116	110	105	99.4	93.6	87.6	81.9	76.6	71.7	67.1	62.7
Enterprise value DCF		116										
- Interest bearing debt		-28.5										
+ Cash and cash equivalents		11.8										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		-4.1										
Equity value DCF		95.4										
Equity value DCF per share		5.4										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.5 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	9.0 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	85.9	89.7	87.2	89.8	94.4	EPS (reported)	0.39	0.34	0.38	0.29	0.37
EBITDA	14.9	14.3	14.7	13.1	14.9	EPS (adj.)	0.35	0.34	0.38	0.32	0.37
EBIT	10.8	9.8	9.8	8.0	9.9	OCF / share	0.68	0.74	0.73	0.69	0.64
PTP	8.5	7.8	8.6	6.5	8.4	OFCF / share	0.43	0.47	0.39	0.37	0.29
Net Income	6.9	6.1	6.8	5.2	6.6	Book value / share	1.94	2.02	2.27	2.33	2.47
Extraordinary items	0.7	0.0	0.0	-0.6	0.0	Dividend / share	0.21	0.22	0.23	0.24	0.25
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	85.6	85.6	86.3	85.0	88.1	Revenue growth-%	2%	4%	-3%	3%	5%
Equity capital	34.4	35.8	40.4	41.5	43.8	EBITDA growth-%	61%	-4%	3%	-11%	13%
Goodwill	22.3	21.7	22.7	22.7	22.7	EBIT (adj.) growth-%	87%	-2%	-1%	-13%	16%
Net debt	22.3	20.3	16.6	15.2	15.6	EPS (adj.) growth-%	170%	-1%	11%	-15%	16%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	17.3 %	15.9 %	16.8 %	14.6 %	15.8 %
EBITDA	14.9	14.3	14.7	13.1	14.9	EBIT (adj.)-%	11.7 %	11.0 %	11.2 %	9.5 %	10.5 %
Change in working capital	-0.8	1.2	1.0	-0.6	-1.6	EBIT-%	12.5 %	11.0 %	11.2 %	8.9 %	10.5 %
Operating cash flow	12.1	13.2	13.0	12.2	11.3	ROE-%	21.5 %	17.4 %	17.8 %	12.6 %	15.6 %
CAPEX	-4.4	-4.8	-6.1	-5.6	-6.1	ROI-%	16.0 %	14.6 %	14.5 %	11.7 %	14.4 %
Free cash flow	7.7	8.4	6.8	6.6	5.2	Equity ratio	40.3 %	41.9 %	46.8 %	48.8 %	49.8 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	64.8 %	56.8 %	41.2 %	36.8 %	35.5 %
EV/S	1.4	1.2	1.1	1.1	1.0	Net debt/EBITDA	1.5	1.4	1.1	1.2	1.0
EV/EBITDA	7.9	7.7	6.8	7.3	6.4	EBITDA/net financials	6.7	6.9	12.4	9.2	9.4
EV/EBIT (adj.)	11.8	11.1	10.1	11.2	9.6						
P/E (adj.)	15.5	14.5	12.2	13.9	12.0						
P/B	2.8	2.5	2.0	1.9	1.8						
Dividend-%	3.9 %	4.4 %	4.9 %	5.3 %	5.6 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/26/2021	Accumulate	8.50 €	7.42 €
5/12/2021	Accumulate	11.00 €	10.15 €
8/26/2021	Accumulate	13.00 €	11.48 €
9/20/2021	Buy	13.00 €	10.50 €
11/11/2021	Accumulate	12.50 €	11.63 €
Analyst changed			
1/13/2022	Accumulate	11.50 €	10.44 €
3/10/2022	Accumulate	8.00 €	7.14 €
5/11/2022	Reduce	7.00 €	6.68 €
8/26/2022	Reduce	5.00 €	5.42 €
10/11/2022	Accumulate	4.40 €	3.93 €
11/14/2022	Accumulate	5.80 €	5.27 €
3/9/2023	Accumulate	5.60 €	5.05 €
5/18/2023	Accumulate	5.60 €	4.99 €
8/25/2023	Accumulate	5.40 €	4.64 €
11/8/2023	Buy	6.00 €	4.95 €
3/6/2024	Accumulate	7.00 €	6.39 €
3/22/2024	Accumulate	7.00 €	6.26 €
5/16/2024	Accumulate	7.20 €	6.74 €
8/23/2024	Accumulate	7.00 €	6.34 €
11/17/2024	Buy	6.50 €	5.54 €
2/26/2025	Accumulate	6.00 €	5.22 €
3/13/2025	Accumulate	6.00 €	5.24 €
5/16/2025	Accumulate	5.50 €	4.87 €
8/22/2025	Accumulate	5.50 €	4.82 €
11/14/2025	Accumulate	5.50 €	4.97 €
3/6/2026	Accumulate	5.30 €	4.66 €
4/14/2026	Reduce	5.00 €	4.92 €
5/8/2026	Reduce	4.40 €	4.31 €
8/19/2026	Accumulate	4.80 €	4.45 €
10/15/2026	Reduce	4.60 €	4.50 €



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