Capital Markets Update

28 May 2025

Orkla

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AGENDA

09:00

Local time in Oslo (CEST)

Update on Orkla ASA
Nils K. Selte, President and CEO

Update on financial targets
Arve Regland, EVP and CFO

Orkla Foods
Aku Vikström, CEO Orkla Foods

Coffee break
(~20 minutes)

10:15

Orkla Snacks
Ingvill Tarberg Berg, CEO Orkla Snacks

Orkla Food Ingredients
Johan Clarin, CEO Orkla Food Ingredients

Q&A
All presenters

Closing remarks
Nils K. Selte, President and CEO

The presentations will conclude at approximately 11:30

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Update on Orkla ASA

Nils K. Selte
President and CEO

Orkla

Target

12-14%

Total Shareholder Return (TSR)
per annum 2024-2026

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3 PRIORITIES

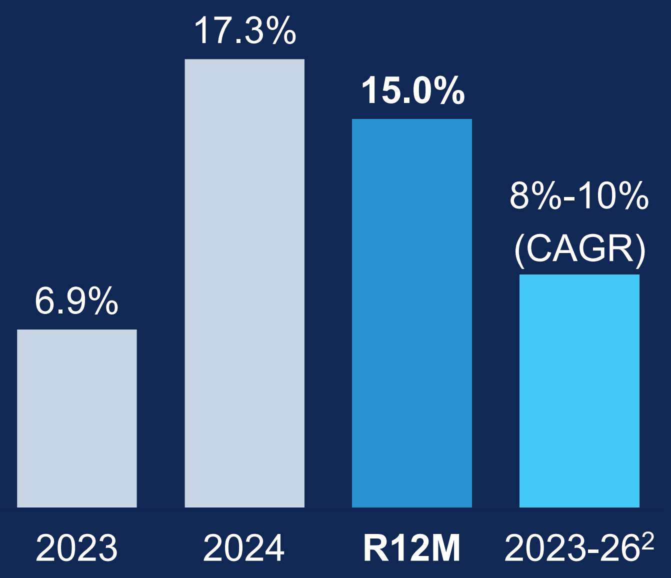
Drive organic value in existing portfolio

Reduce the complexity of existing portfolio

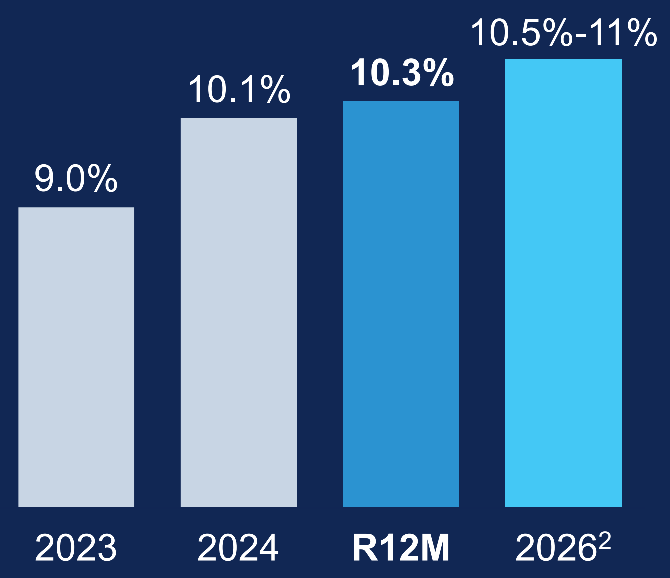
Perform value-adding structural transactions

Portfolio company targets 2023-2026 (consolidated)[1]

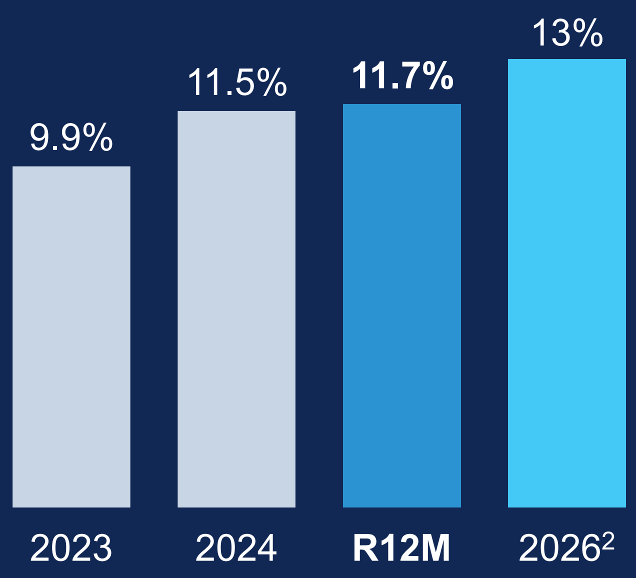
Underlying EBIT (adj.) growth



EBIT (adj.) margin



Return on Capital Employed (ROCE)



Note: 1. Including Orkla ASA and Business Services; 2. Total of the targets for the Consolidated Portfolio Companies communicated at the Capital Markets Day in November 2023
Abbreviation: R12M = Rolling twelve-month (also applicable to other pages in this presentation)

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CMD 2023	Year End 2026	Today
12 Portfolio Companies	**7-9** Portfolio Companies	**10** Portfolio Companies

From Portfolio Companies ***varying in size*** to companies more ***similar and larger in size***

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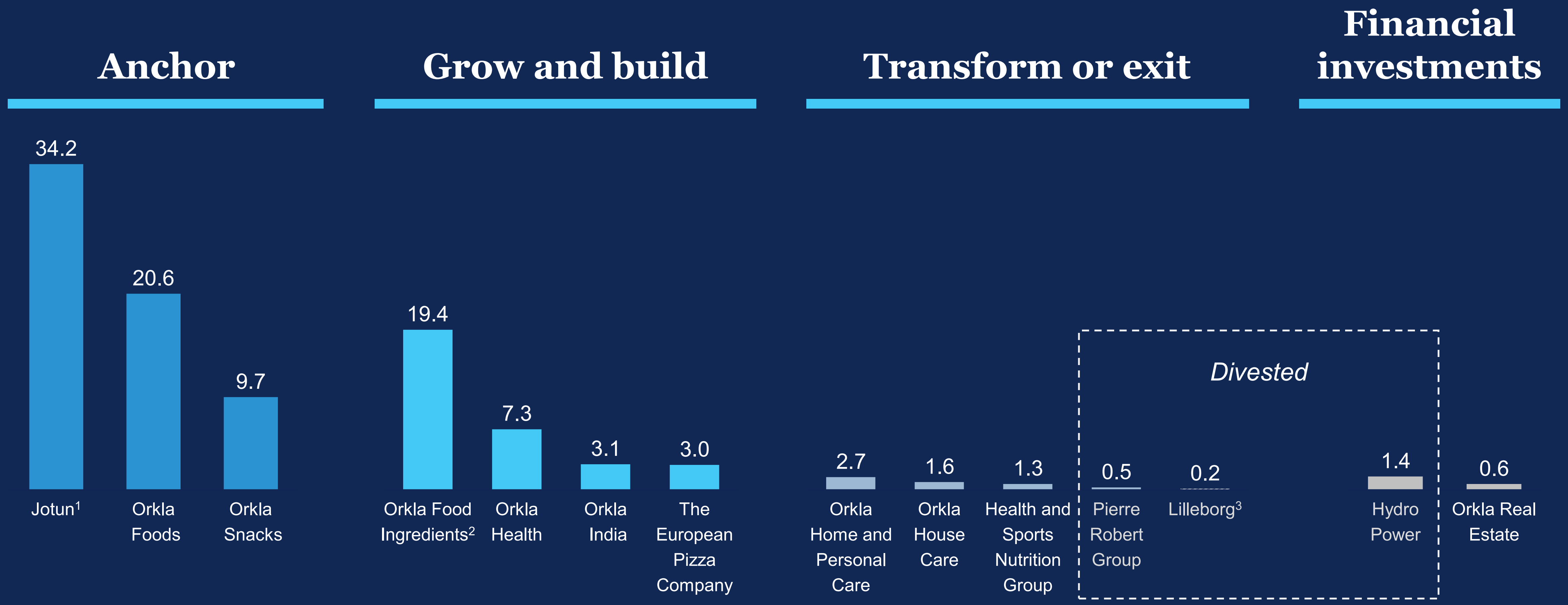
Orkla portfolio

Revenues 2024 in NOK billions



Note: 1. Revenues for Jotun Group. Orkla has a 42.7% interest in Jotun Group; 2. Orkla has a 59.4% interest in Orkla Food Ingredients; 3. Lilleborg revenues only include Jan-May 2024.

Portfolio categorisation

Grow and build	Anchor	Transform or exit
Orkla Food Ingredients	Jotun	Orkla Home and Personal Care
Orkla Health	Orkla Foods	Orkla House Care
Orkla India	Orkla Snacks	Health and Sports Nutrition Group
The European Pizza Company		Pierre Robert Group
		Lilleborg
		Divested

Orkla

Portfolio categorisation

Grow and build	Anchor	Transform or exit
Orkla Food Ingredients	Jotun	
Orkla Health	Orkla Foods	Orkla House Care
Orkla India	Orkla Snacks	Health and Sports Nutrition Group
The European Pizza Company	Orkla Home and Personal Care	Pierre Robert Group
		Lilleborg
		Divested

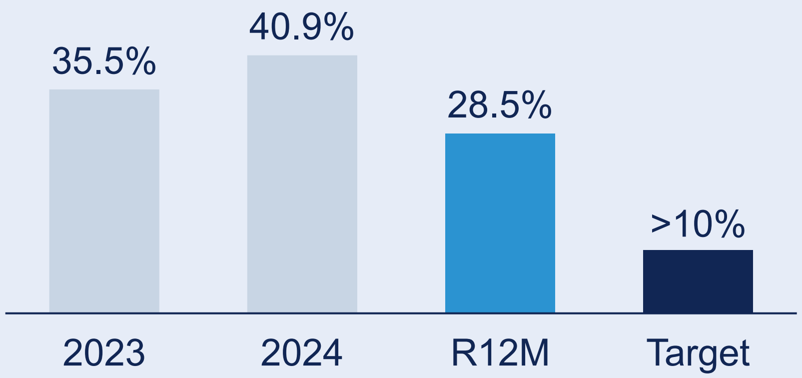
Orkla

Anchor

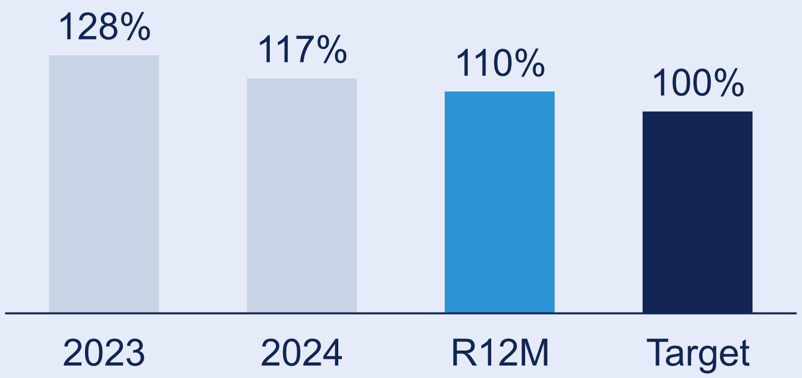
Status on CMD targets

Orkla Home and Personal Care

Underlying EBIT growth



Cash conversion



Note: R12M represents rolling twelve-months as end of Q1 2025.
The target period stretches from 2024 to 2026.
All EBIT measures are defined as EBIT (adj.).

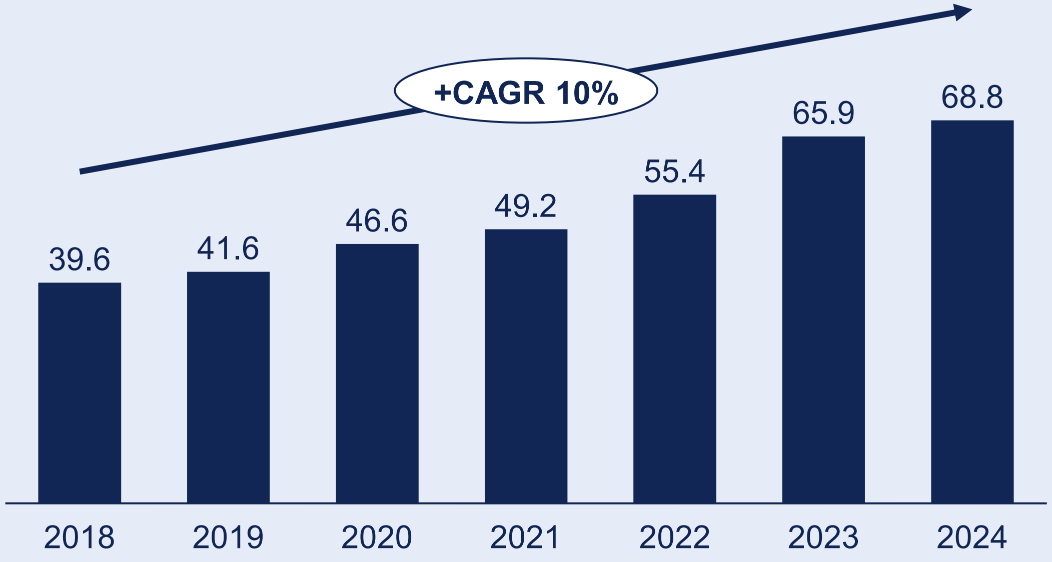
Update on financial targets

Arve Regland
EVP and CFO

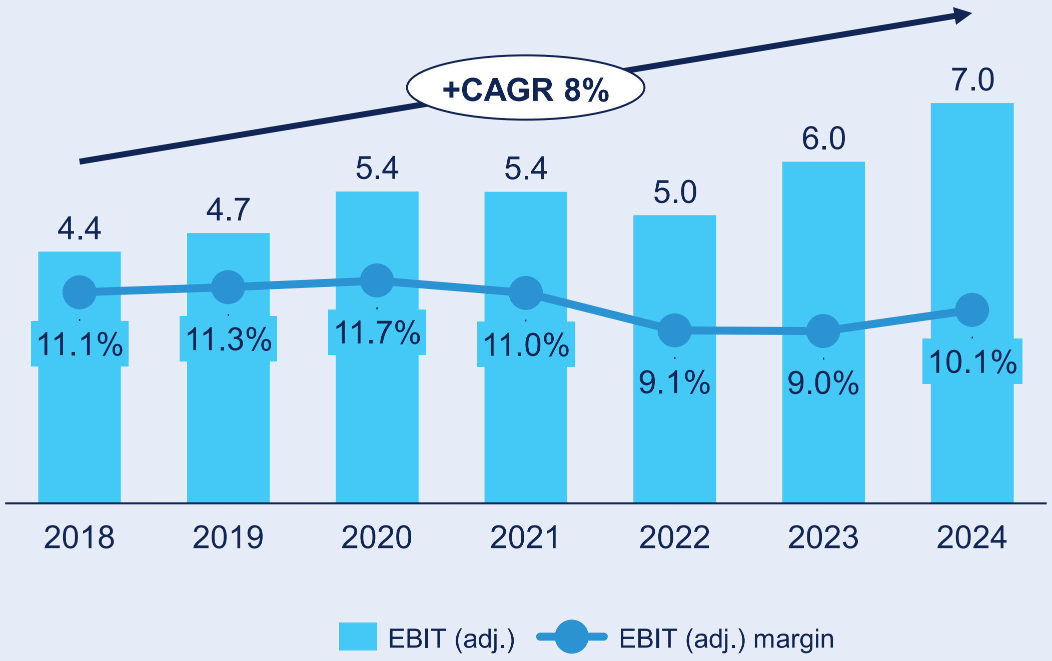
Orkla

Operating revenue and EBIT (adj.)

Operating revenue
Consolidated Portfolio Companies (incl. Orkla ASA)
NOK billions

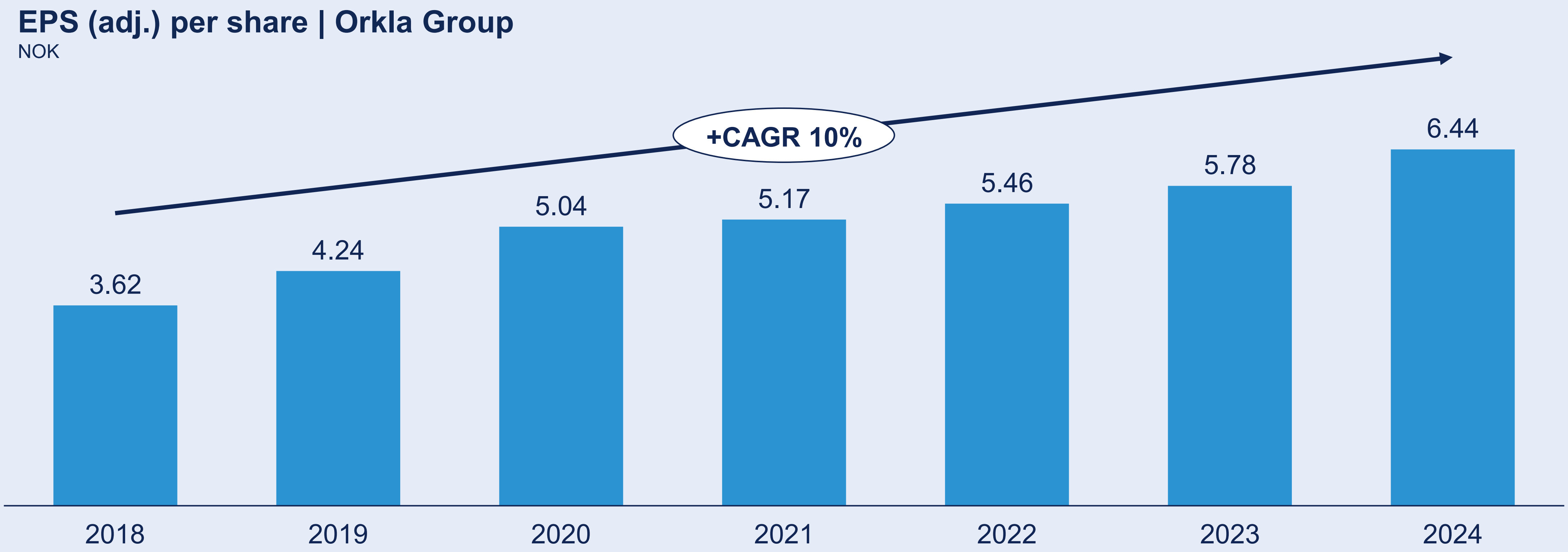


EBIT (adj.)
Consolidated Portfolio Companies (incl. Orkla ASA)
NOK billions



Note: Reported figures in annual reports

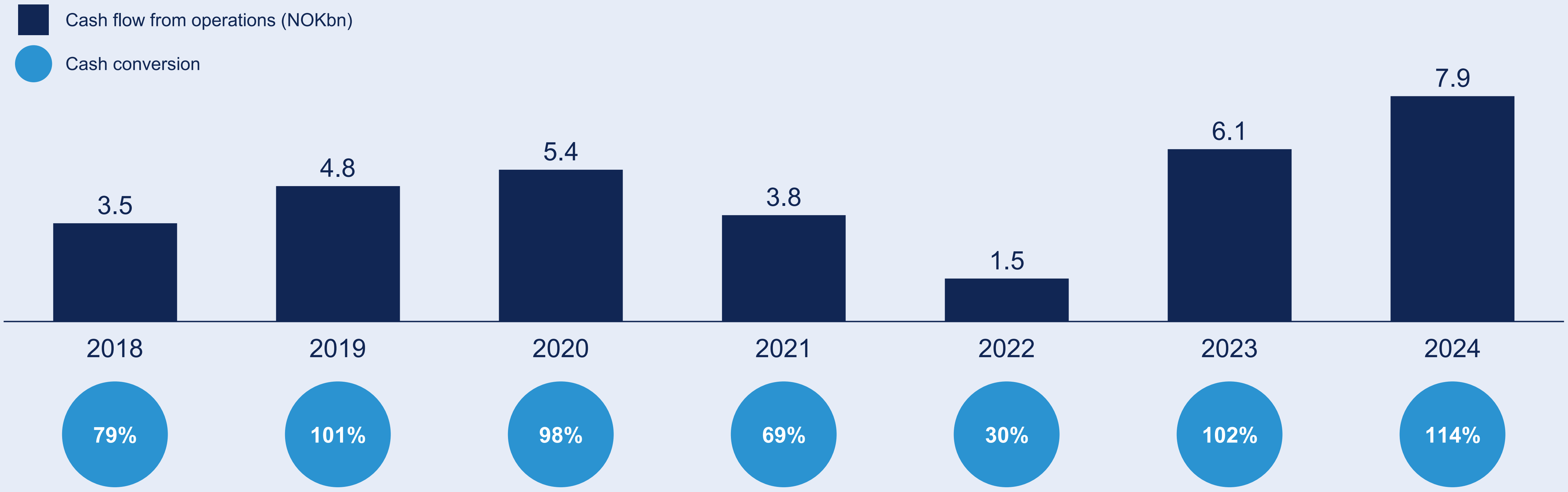
Earnings per share



Note: Earnings per share (adj.) diluted

Cash flow

Cash flow from operations and cash conversion | Consolidated Portfolio Companies (incl. Orkla ASA)



MAIN PRIORITIES FOR CAPITAL ALLOCATION

Maintain a stable and increasing **dividend**

Value accretive acquisitions & divestments plus organic investments

Return excess capital to shareholders

	LONG-TERM TARGET		CURRENT STATUS
FINANCIAL POLICY	Investment grade credit quality	>	A- credit rating
LEVERAGE *Net debt to EBITDA*	2.5x	>	1.9x *Estimated per end of Q2-25*

Update on CMD targets

for Portfolio Companies not presenting

Jotun's targets

42.7% ownership interest

Dimension	Target	2024
Revenue growth	>8%	7.4%
Operating margin	>12%	19.8%
Equity ratio	>50%	62%
ROCE	>25%	34%
Liquidity[1]	>5%	13%

Note: 1. Cash and unutilized long-term credit lines available in Jotun A/S, as percentage of Jotun 100% sales

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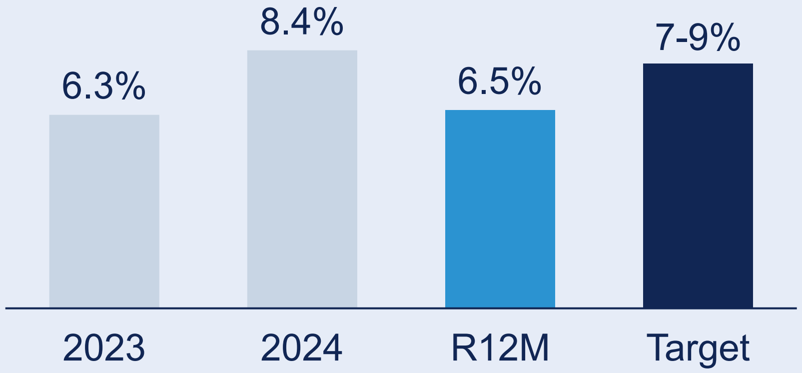
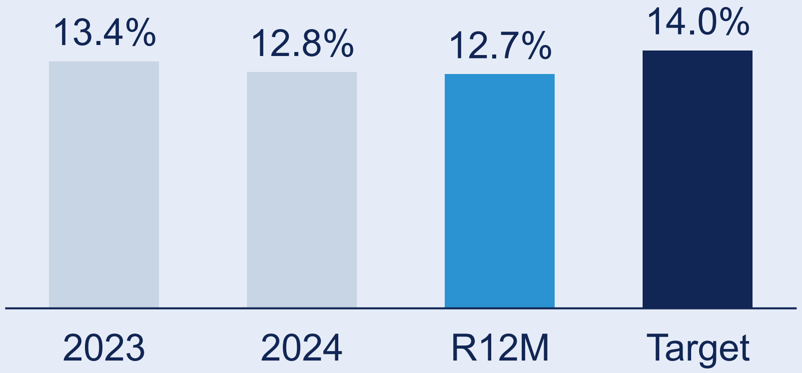
Status on CMD targets

Orkla Health

Revenue growth



EBIT margin



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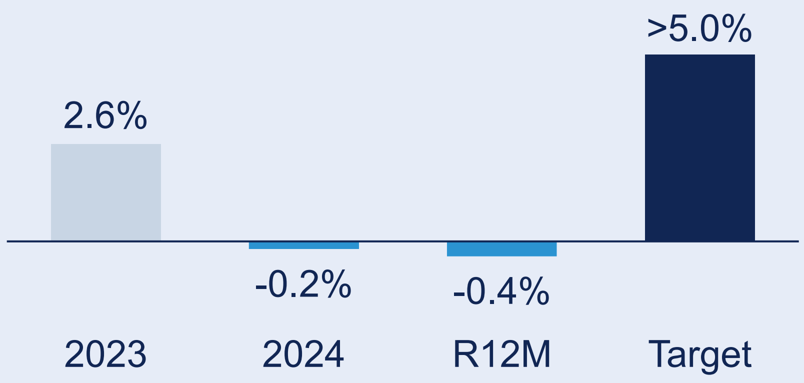
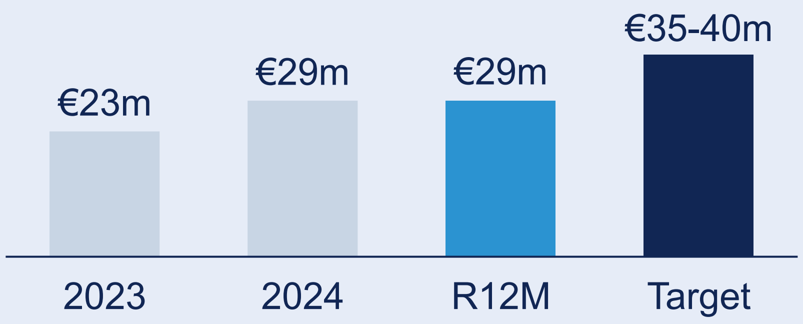
Status on CMD targets

The European Pizza Company

Consumer sales



EBIT by 2026



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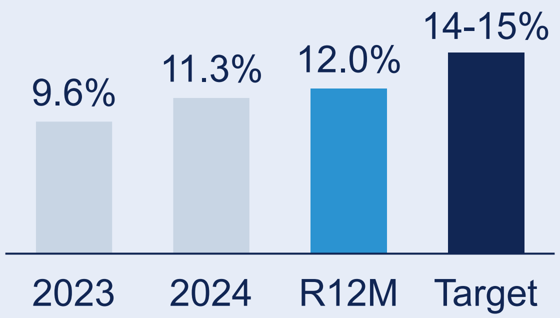
Transform or exit

Status on CMD targets

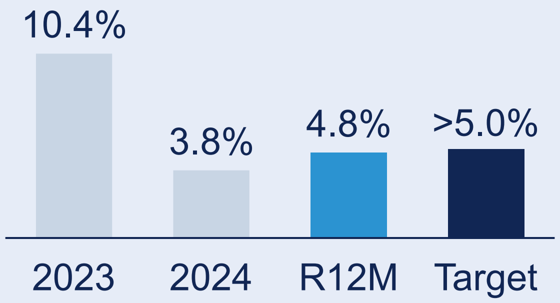
Orkla House Care

EBIT margin

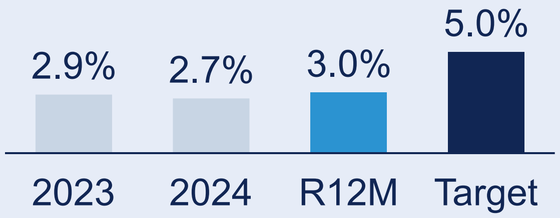


Health and Sports Nutrition Group

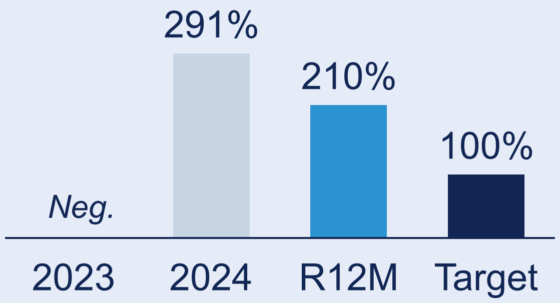
Revenue growth



EBIT margin



Cash conversion



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ESG targets

1

Scope 1 & 2 GHG reduction of 70% by 2030

Target for Scope 3 GHG reduction by 2030 under revision

2

All food companies to create positive health impacts towards 2030

3

Balance in gender representation in management teams by 2026

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TSR target communicated at the CMD

Target

12-14%

Total Shareholder Return (TSR)
per annum 2024-2026

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Orkla Foods

28 May 2025

Capital Markets Update

Introduction

Biography

NoHo
NORDIC HOSPITALITY PARTNERS

2018-2024

CEO at NoHo Partners; leading Nordic restaurant operator listed at Nasdaq Helsinki

royal ravintolat

2014-2018

CEO at Royal Restaurants; Private Equity owned and Finland’s largest private hotel and restaurant group

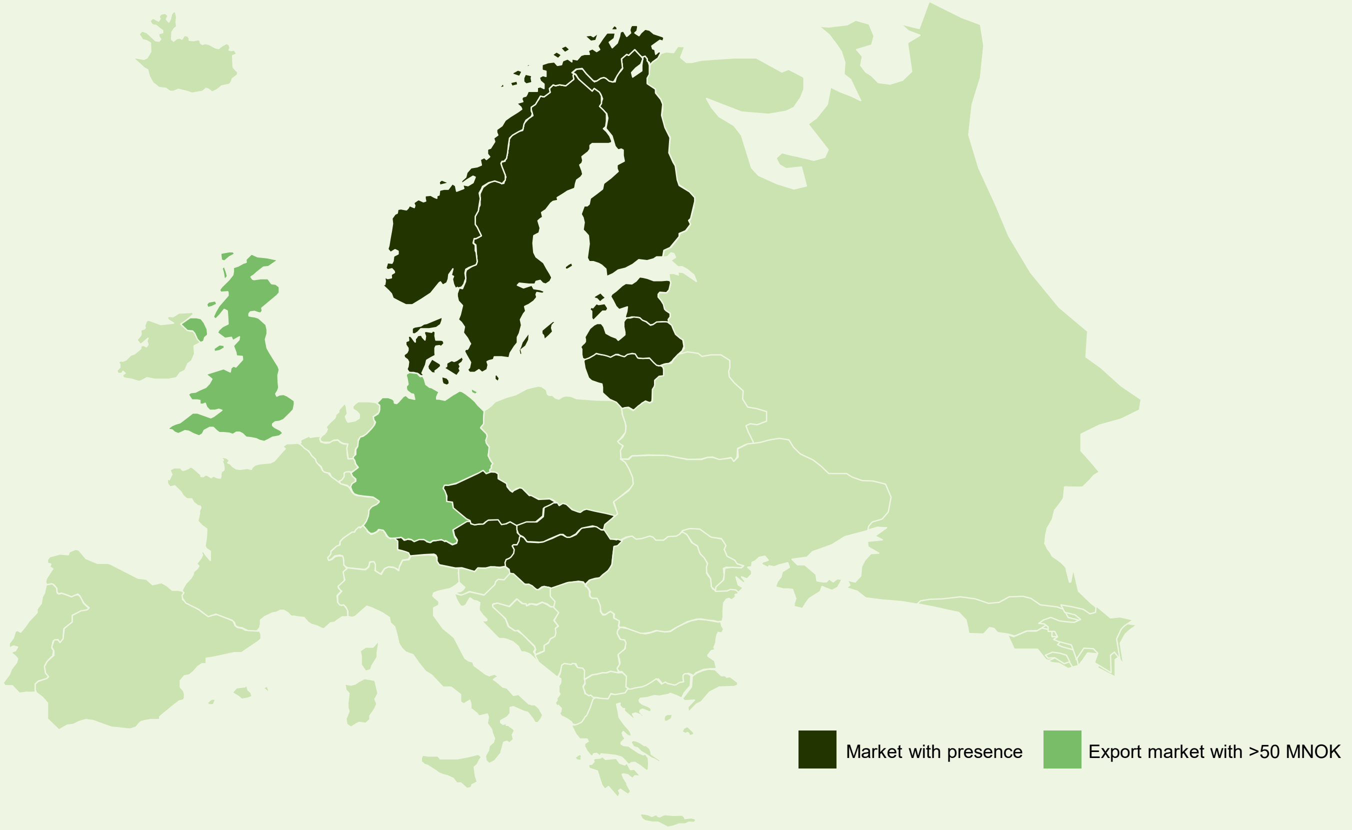
MARS

1997-2014

General manager and commercial roles across Europe within various FMCG categories

Orkla Foods

Orkla Foods at a glance



2024

NOK 20+ billion in revenues	NOK 2.5+ billion in EBIT (adj.)	120%+ cash conversion	~5,500 employees

Orkla Foods

Cash conversion: Cash flow from operations / EBIT adj.

A portfolio of market-leading iconic brands

80% of revenue from #1 and #2 brands

2x market share of branded competitors and 3x market share of all private label

Unique model combining best of both worlds

Local player with regional scale benefits

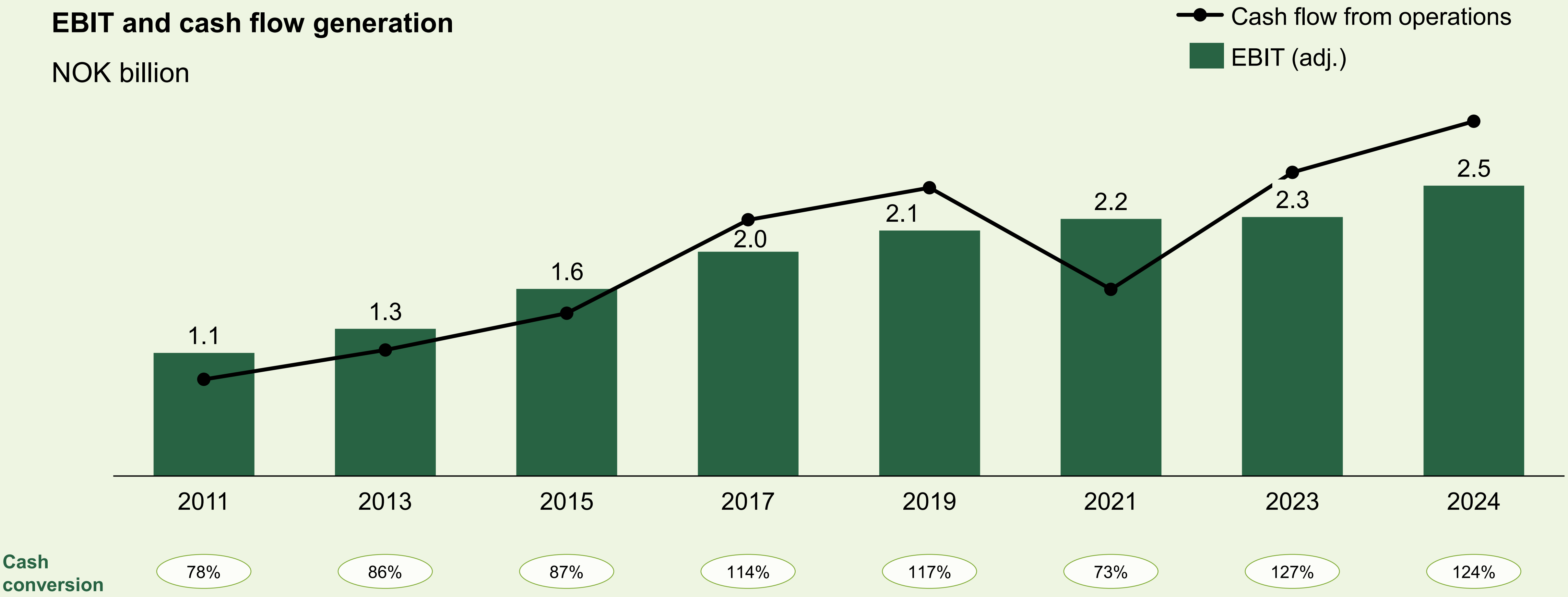
Economies of scale in sourcing and supply compared to local competition

Commercial scale to leverage on category insight, commercial excellence and trade partnership

Organizational scale to attract and develop the best talent in the market

Built on local accountability. Driven by results.

Consistent track record of profit and cash delivery



Orkla Foods

Cash conversion: Cash flow from operations / EBIT adj.

Programs from Capital Markets Day on track

Status of programs communicated at Capital Markets Day

Organizational development	Procurement & supply chain	Cash management
		
Completed	**On-track**	**On-track**

More than 50% of CMD savings extracted

Orkla Foods

From price-driven to more balanced long-term growth

From price and margin-driven value creation

- **Inflation as the catalyst**
- **Pricing was the response**
- **Consumer changed behavior**
- **Volumes declined**

To more balanced organic growth driven by positive price, volume and mix development

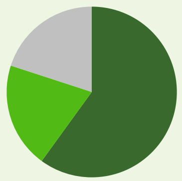
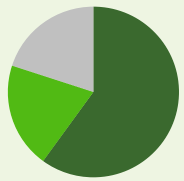
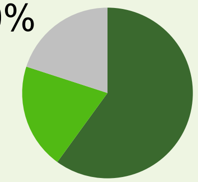
Accelerating growth by getting clearer, leaner and aligned

Focus

Simplification

Ways of working

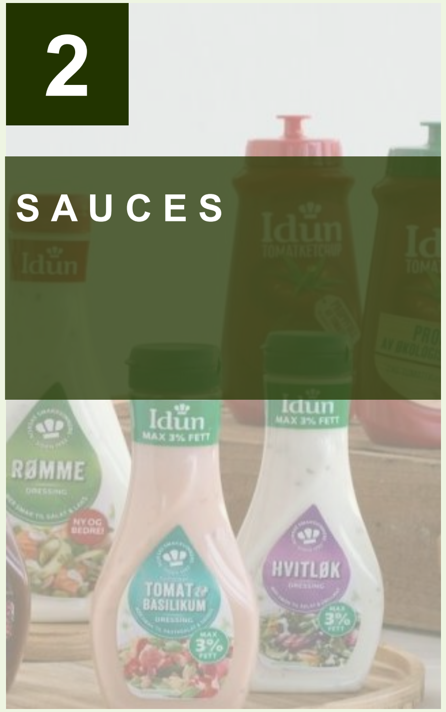
Sharpening our portfolio

	Growth platforms	Defend scale	Harvest/exit
% of portfolio sales	 60%	 20%	 20%
Characteristics	• #1 & #2 positions • Underlying growth • Low PL shares	• Sizeable market leading positions • Medium or low growth	• Positions with limited growth potential • Often smaller positions
Growth ambitions	**Growth**	**Stable**	**Decline or exit**

Focus

Turning focus into growth – our growth platforms

3 GROWTH PLATFORMS



40% of portfolio sales

10 LOCAL DIAMONDS

20% of portfolio sales

Orkla Foods

Simplify to fuel growth

Tail-cutting of 20% SKUs across Orkla Foods product portfolio

Supply-driven

Simplify our product range to ensure enough shelf-space for our best-sellers

Demand-driven

Simplify to fuel growth – Real life example

New ways of working to drive alignment and growth

What

Core playbook

- Setting a clear growth strategy and incentives to drive real internal growth
- Aligning teams around critical demand drivers in unified framework
- Establishing clear best practice principles for advertising and in-store execution

How

Standardized tool - Growth wheel

From concept to reality – the growth wheel at work

Case: renovating Grandiosa brand in Norway

Starting point

Improvement areas and actions

Revitalized taste and design

Improved product quality and taste to meet identified gaps

More distinctive packaging design in line with strategy

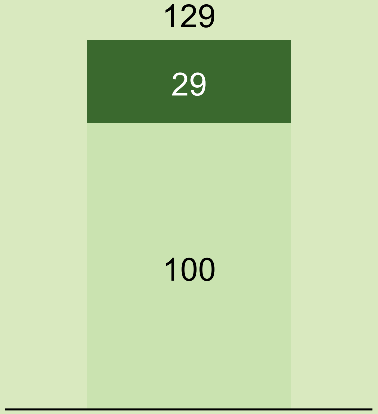
Improved communication

New brand and product communication targeted to drive penetration

Increased media spend to above minimum threshold

Preliminary results

Grandiosa Pepperoni volume sales up 29% YTD



Our growth engine: focus, simplicity and alignment

Focus

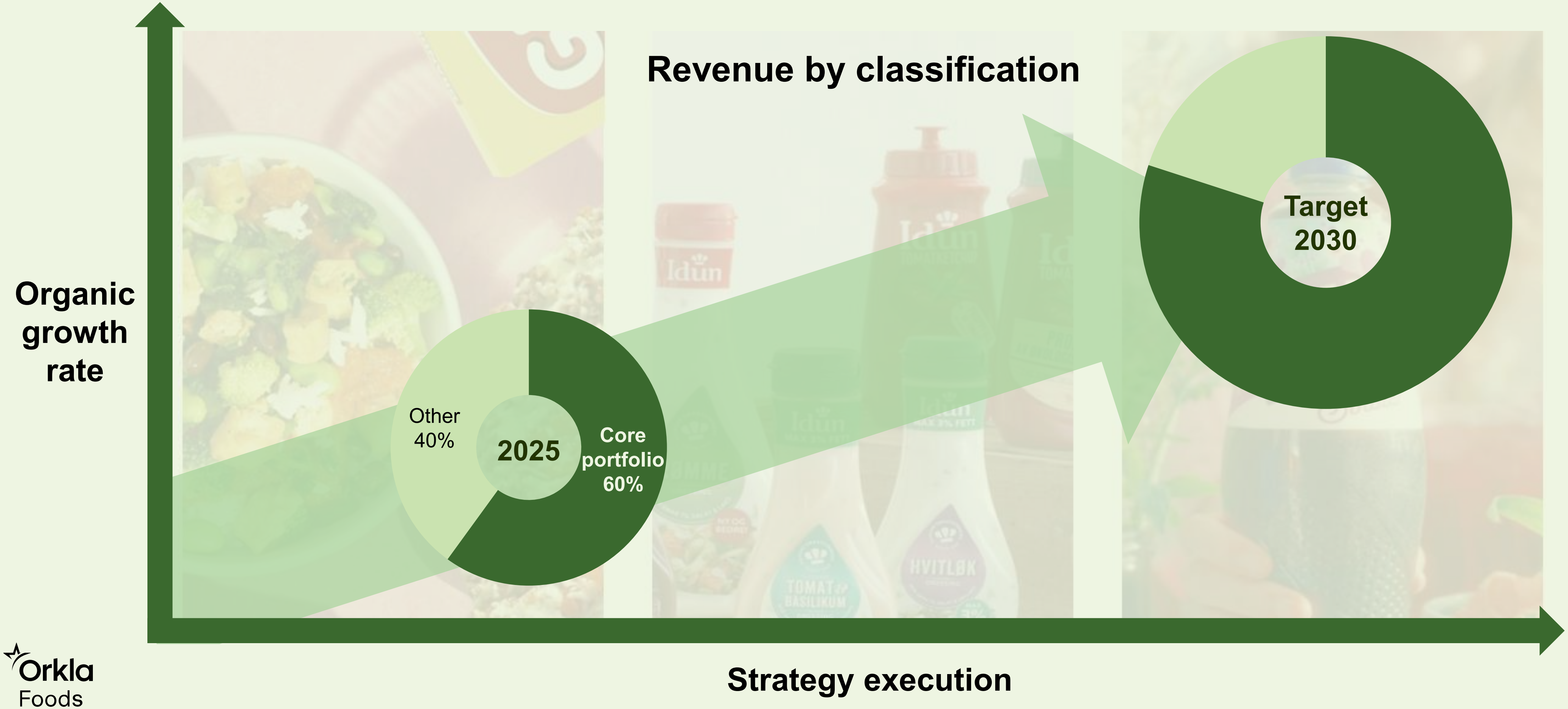
Simplification

Ways of working

On track for 2026– building momentum for long-term growth

	Status at Capital Markets Day 2023 (YTD Q3 23’)	Today (R12M, Q1 25’)	Target 2026
Yearly organic growth	7.2%	0.4%	2-3% Positive volume/mix growth at end of period
EBIT margin (adj.)	11.0%	12.5%	13-14%
Cash conversion	115% ROCE 12.2%	119% ROCE 14.7%	>100% ROCE >15%; +3%-p

Future-fit portfolio - powered by focus and execution



Orkla Foods

Orkla
Foods

Orkla Snacks

28 May 2025

Capital Markets Update

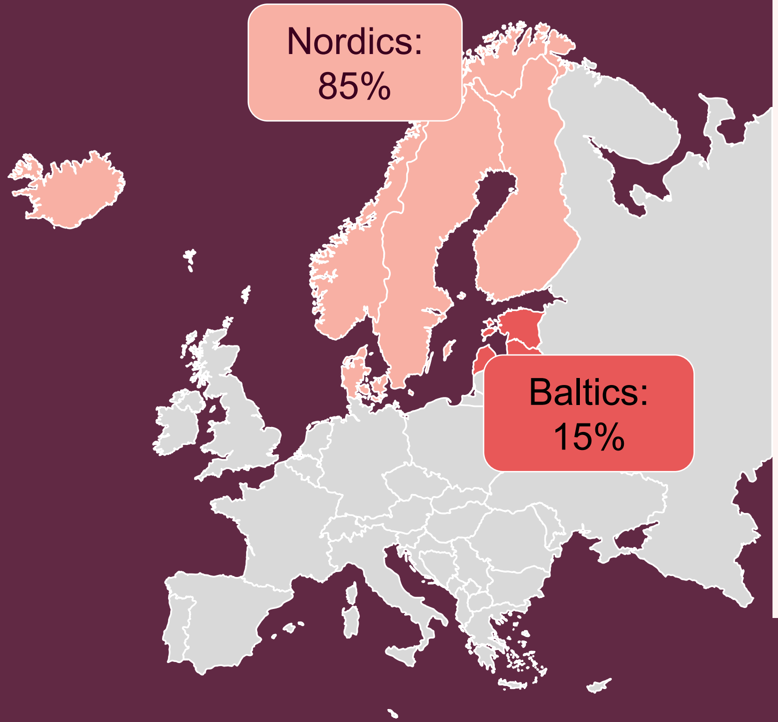
Our aspiration

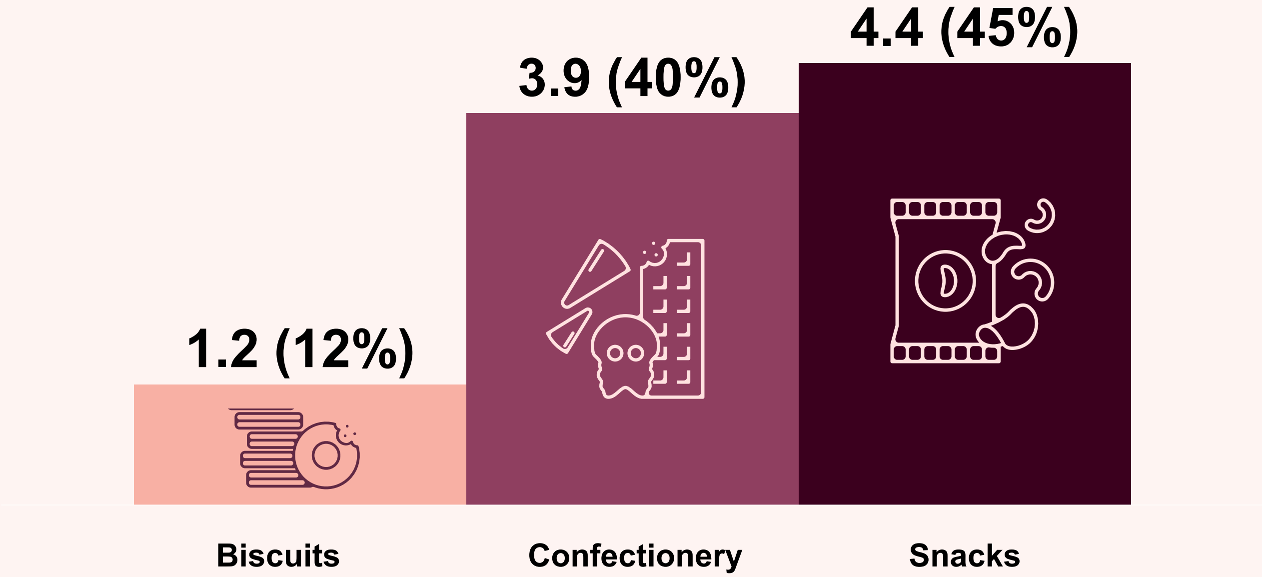
The #1 snacking choice for the Nordic/Baltic consumers

Winning together with local, sustainable brands and passionate people

Orkla Snacks

Company overview





Operating revenue
9.7

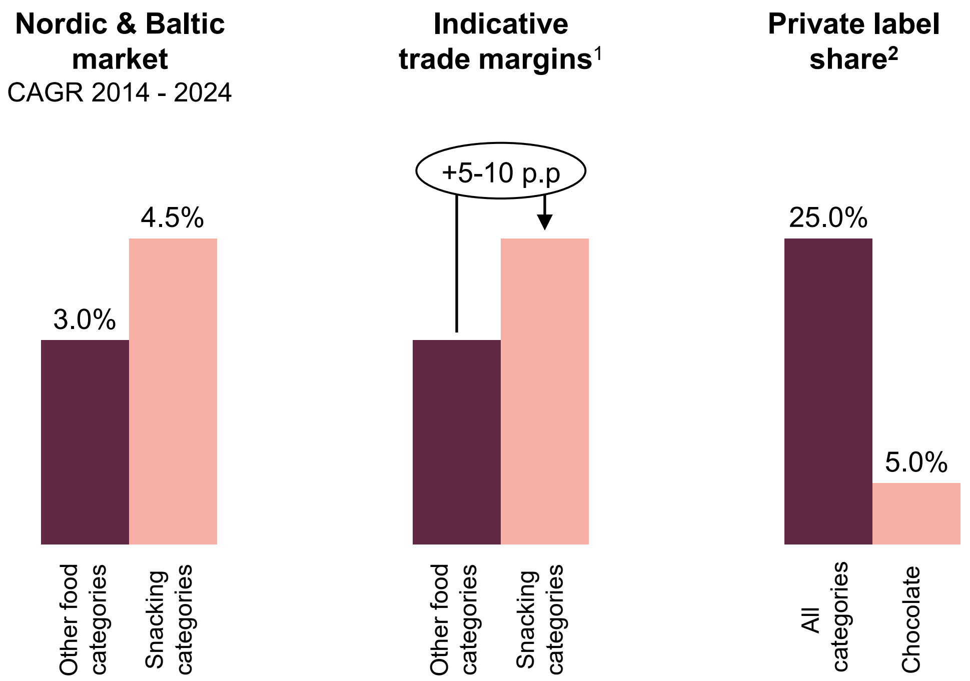
Number of factories
13

Number of employees
~3000

Operating revenue in NOK billion;
Other ~3% include cakes, convenience food & frozen food

Uniquely positioned in the attractive snacking categories in the Nordic/Baltics with strong, local legacy brands

We are in attractive categories for suppliers and trade…



…with market leading positions

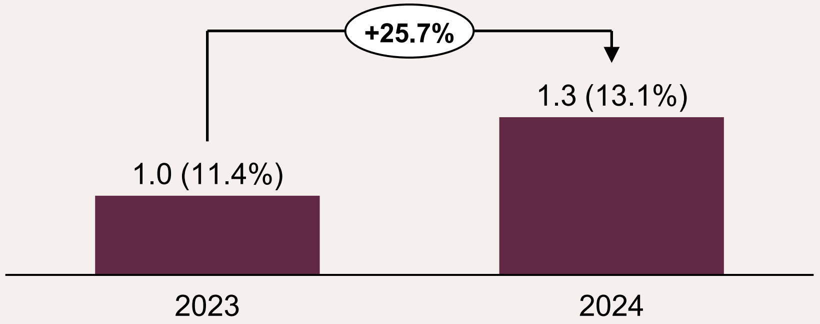
	Snacks	Confectionery	Biscuits
	**# 2**	**# 2**	**# 1**
	**# 1**	# 7	**# 1**
	**# 1**	# 4	# 3
	**# 1**	# >10	NA
	# 3	**# 1**	**# 1**
	**# 1**	**# 1**	**# 1**
	NA	**# 1**	NA

Orkla Snacks

Note: European Food Market estimates based on Orkla research from a variety of national and international institutions and trade associations which provide information about industrial production, international trade as well as consumer spending and habits; 1) Indicative view based on Orkla research and selection of global peers; 2) Estimate on Nordic grocery retail markets

2024 was a strong start towards our targets for 2026

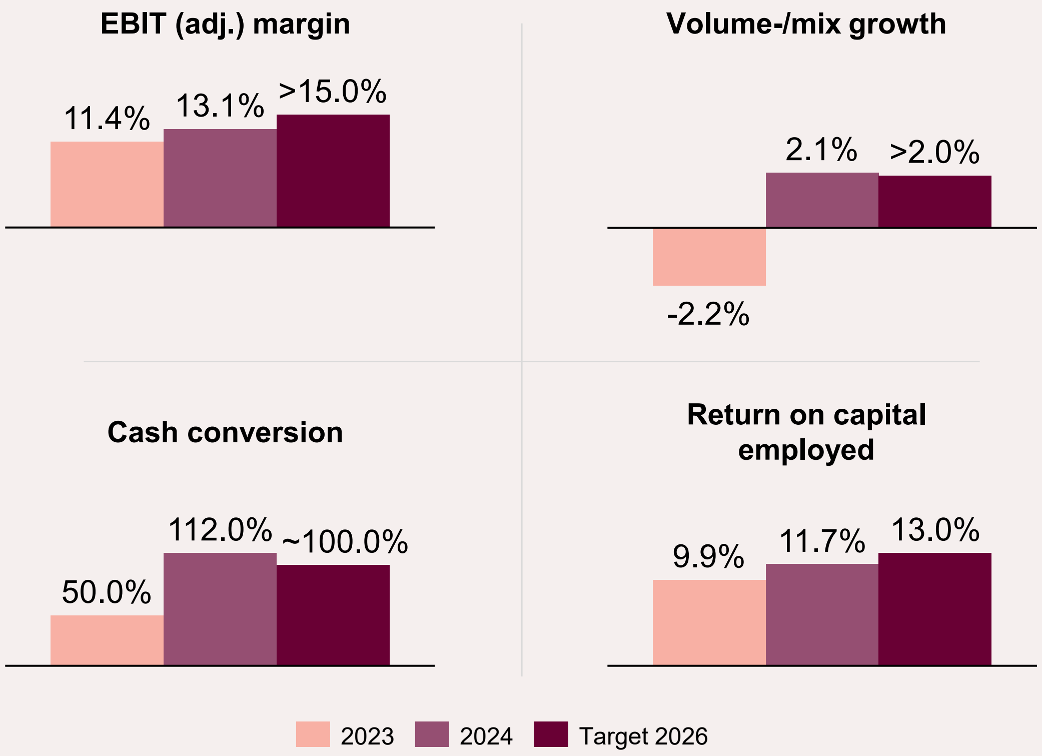
EBIT (adj.) growth 2024



- Price increases to mitigate development in input cost
- Volume growth in core according to targets
- Cost improvements in biscuit factory according to plan

EBIT (adj.) NOK bn (margin %)

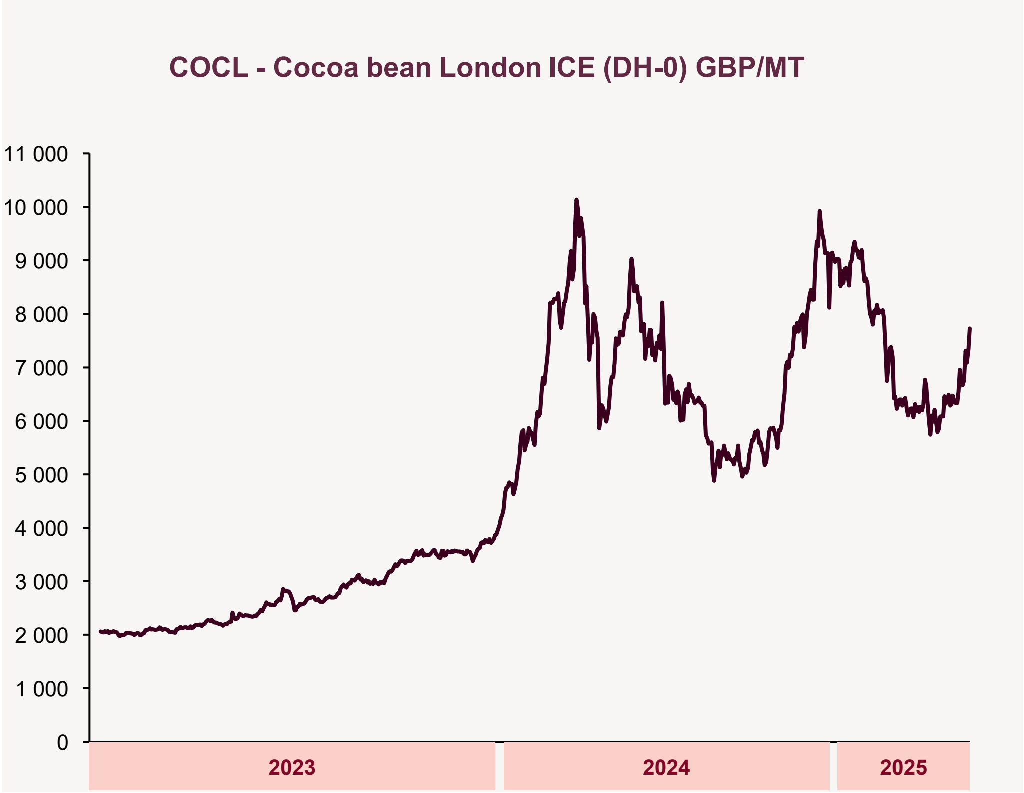
Status vs targets



Orkla Snacks

High cocoa prices are putting pressure on the chocolate category – We remain committed to our targets

Cocoa bean price development



- Cocoa prices tripled vs 2023
- Strong mitigation program in place
  - Price adjustments
  - Price/pack optimization
  - Cost program across full value chain
- Financial impact 2025 contingent on market volume development
- Expect recovery on volume and margin in 2026 pending cocoa price development

Orkla Snacks

Our 3 strategic priorities provide a solid foundation for value creation

From Orkla CMD Nov 2023

We have built a strong Full Potential Plan focusing on 3 key strategic priorities to release our potential

1	Win with heroes	*Unlock the growth potential in our hero brands by much sharper portfolio prioritization. Increase and focus investments in 40% of brand positions to drive >80% of the growth.*
2	Fuel our heroes through cost efficiency	*Finance brand investments through more aggressive end-to-end cost optimization programs. Increased system value through harmonization and complexity reduction.*
3	Step-change in critical capabilities and enablers	*Build next-level key commercial capabilities to drive physical and mental availability. Review operating model for optimized execution throughout our value chain.*

We have clear priorities to drive growth in our categories with our hero brands

Snacks

- Win in our core segments potato chips and cheese
- Optimize formats to align with consumer preferences and drive demand

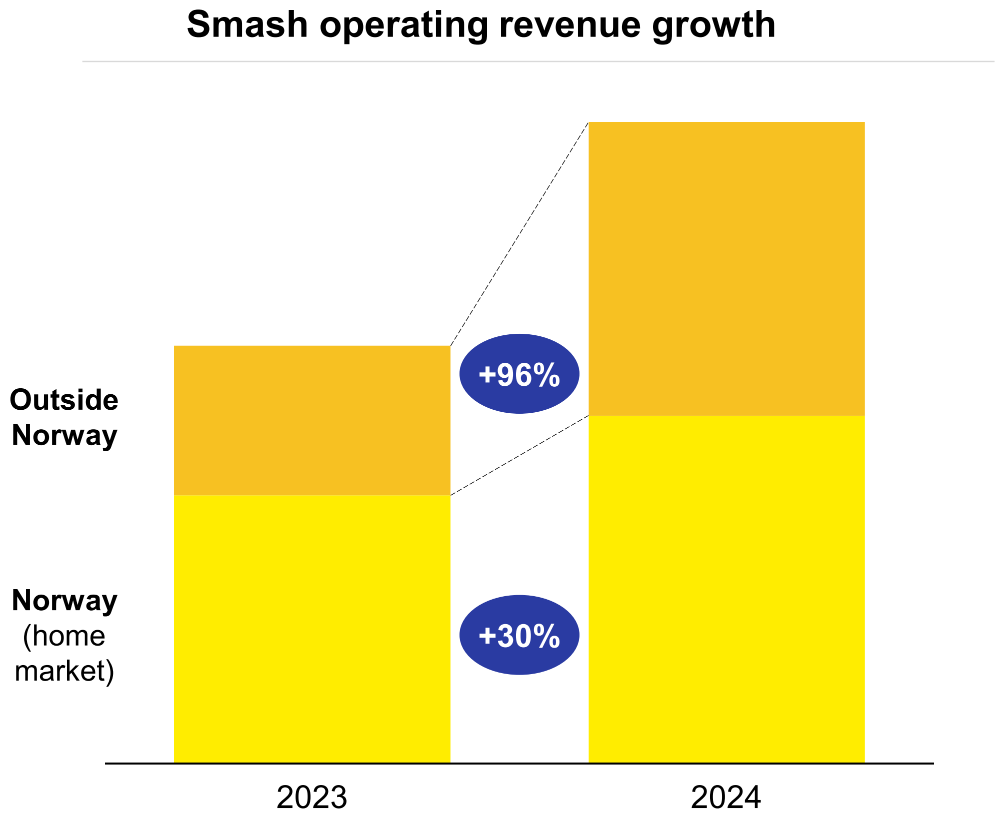
Confectionery

- Accelerate pan-regional hero brands BUBS and Smash!
- Drive market share growth for our legacy chocolate brands

Biscuits

- Expand in indulgence and snacking segments
- Grow cross-country volumes through joint innovation platforms

We see great results from driving growth in core with Smash! in home and new markets



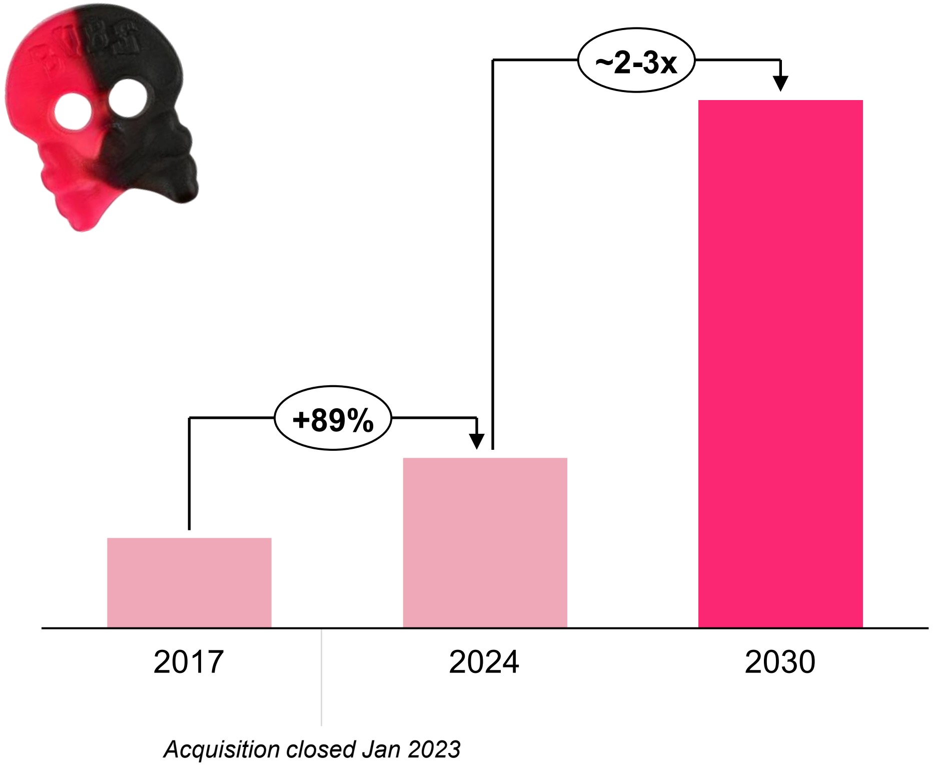
Significant uplift in Norwegian sales through new communication platform and format innovation

Strong launch of tablet in Sweden and Finland while accelerating sales of Smash! bag

Investment to be made in a new line, doubling capacity of our Smash! bags

Strong performance for BUBS – with high growth potential going forward

BUBS volume growth ambitions



- **Strong organic growth –** global awareness with limited investments
- **Growth only hampered by capacity –** investments in new production line to double capacity in 2026/2027
- Ready to **launch in USA** in Q4 – leading retailers expressing strong interest

KiMs is growing volume and market share in the Danish market

Ranked strongest brand in Denmark	Ranked best field sales in Denmark	Strong vol-/mix growth
#1	#1	9.2%

K for chips på vej

1) AIM Creates annual brand analysis; 2) MLDK annual awards; 3) 2023/2024

We have initiated cost initiatives to drive margin, and fuel brand and capability investments

Key levers to drive cost out

Input cost reduction

Harmonize raw materials & ingredients to reduce supplier prices

> MNOK 100 gross savings p.a.

Production efficiencies

Grow volumes with less complex portfolio in more specialized factories; increasing line efficiency

> MNOK 100 gross savings p.a.

Fixed cost optimization

Optimize organization and indirect cost through system value across markets

> 0.5p.p reduction in fixed cost as share of sales

Capital efficiency

Reduce maintenance capex, following factory specialization and an optimized Supply Chain network

Reduce maintenance Capex as % of cost base

And we are step-changing our capabilities to win in the market

A joint commercial model for growth

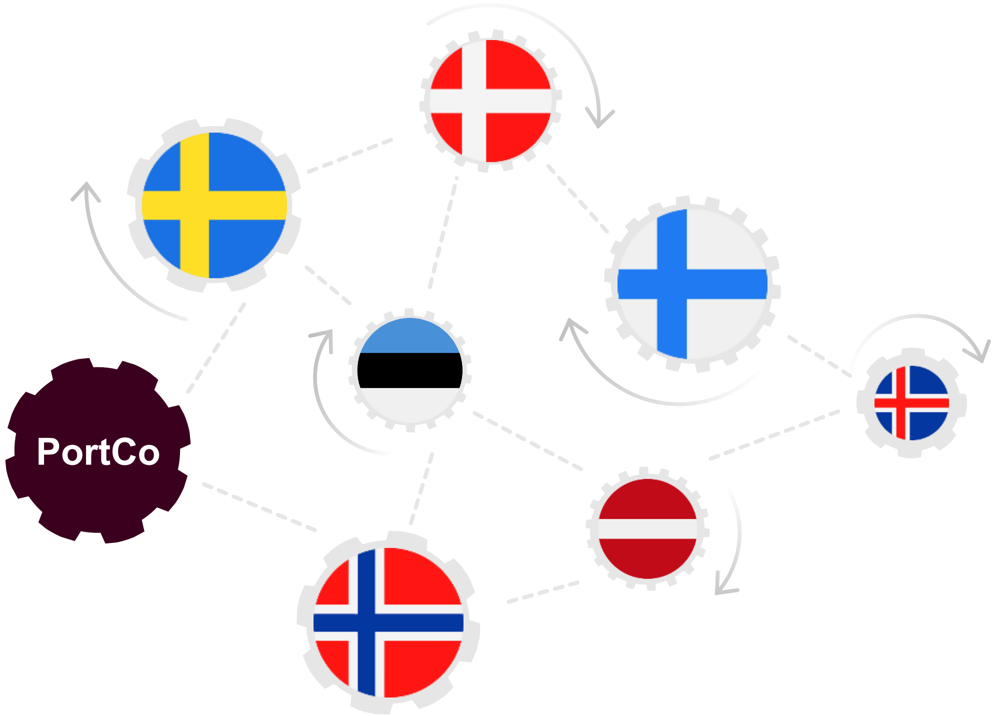
A common cross-market Sales & Operation Planning process

Operational excellence and digitalization

To accelerate our strategic priorities, we implemented a new operating model from 1 January

From **loosely** connected…

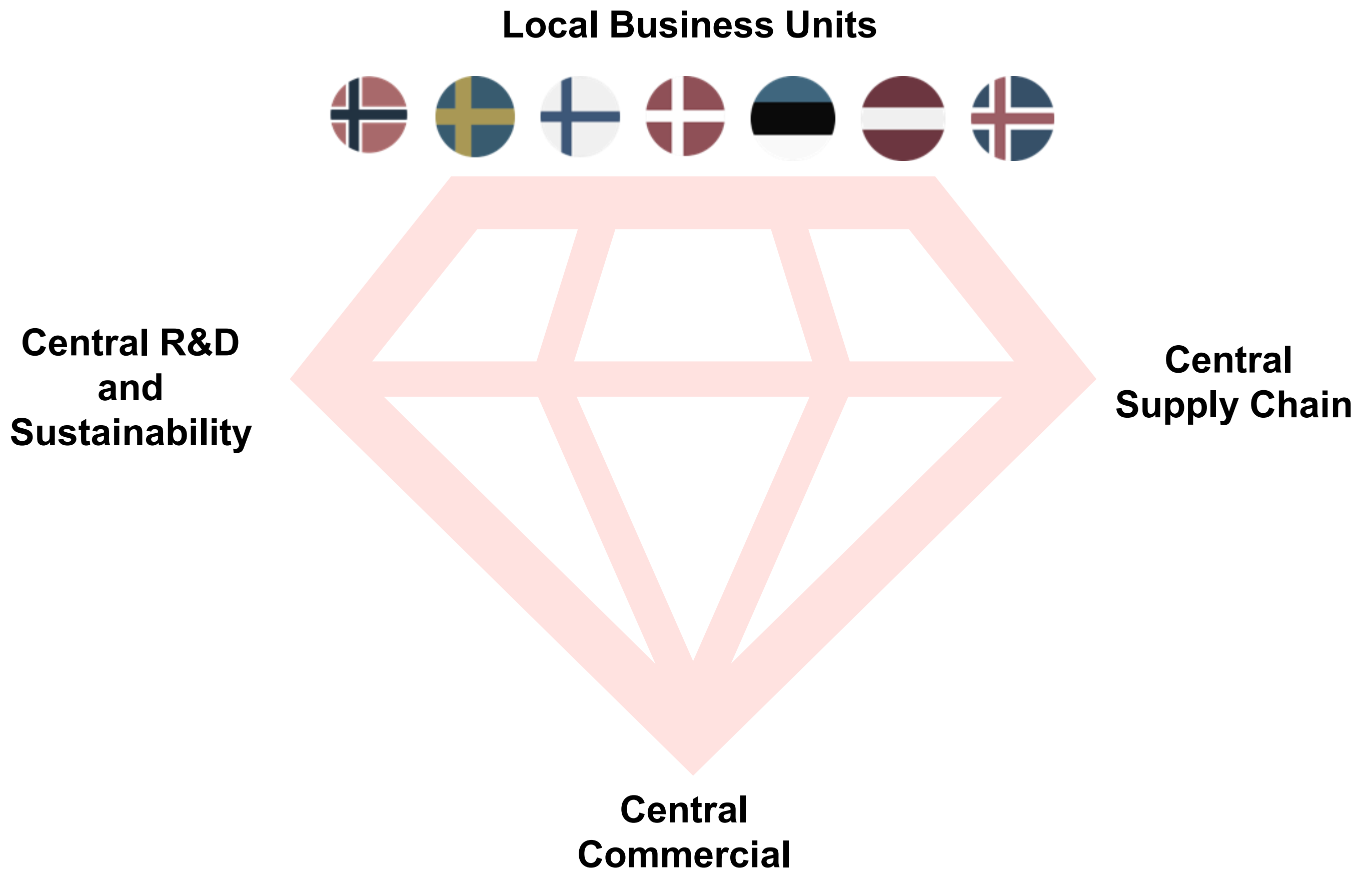
… to coming **together** and **accelerating everything** we do



Local where it matters - System value where it makes a difference

We have built new centralized category teams to support our local business units to win in local markets!

Orkla Snacks value creation diamond



Local where it matters - System value where it makes a difference

Our new operating model will accelerate our strategy implementation

Key advantages of new operating model

Accelerate top-line

- Cross-market category strategies and growth platforms
- Strengthened prioritization of portfolio and projects
- Increased ROI on brand investments

Drive cost efficiency

- Harmonization of input factors
- Improved capacity utilization in production network
- Increased efficiency and return in capex allocation

Strengthen capabilities

- Common frameworks and best-practice capabilities
- Optimized operational excellence across factories in respective categories

Orkla Snacks – A company set up for future success!

Orkla Snacks

Orkla Food Ingredients




Building a leading European and US food ingredients company


Large and resilient addressable market of NOK 125 bn, with strong growth potential

BAKERY INGREDIENTS

SWEET INGREDIENTS

PLANT-BASED

Current market addressed[1]

NOK 125 bn

growing ~4% per year

Resilience and high purchase frequency

Consumer trends driving increased category value

Local consumer preferences and market dynamics

Note: 1) Orkla Food Ingredients markets for each cluster used as underlying addressable market. Represents underlying growth of bakery and sweet ingredients in OFI markets

Orkla Food Ingredients delivers tasty solutions with bakery, sweet and plant-based ingredients

BAKERY INGREDIENTS

Leading European supplier of bakery and pastry ingredients

64% OF SALES

SWEET INGREDIENTS

Key provider for ice cream, confectionery, and bakery markets in Europe and US

20% OF SALES

PLANT-BASED

Nordic pioneer of sustainable and nutritional plant-based food

16% OF SALES

Tailored to deliver on diverse customer needs across markets and customer segments

Commodity suppliers	Ingredients formulation and production	Sales & distribution	Customers	Consumers

Orkla Food Ingredients

Deep product knowledge and scale in manufacturing

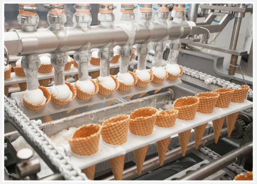
Full assortment delivering on customer needs

Unique combination of production and sales & distribution

Industrial bakers

Artisan bakers

In-store bakeries



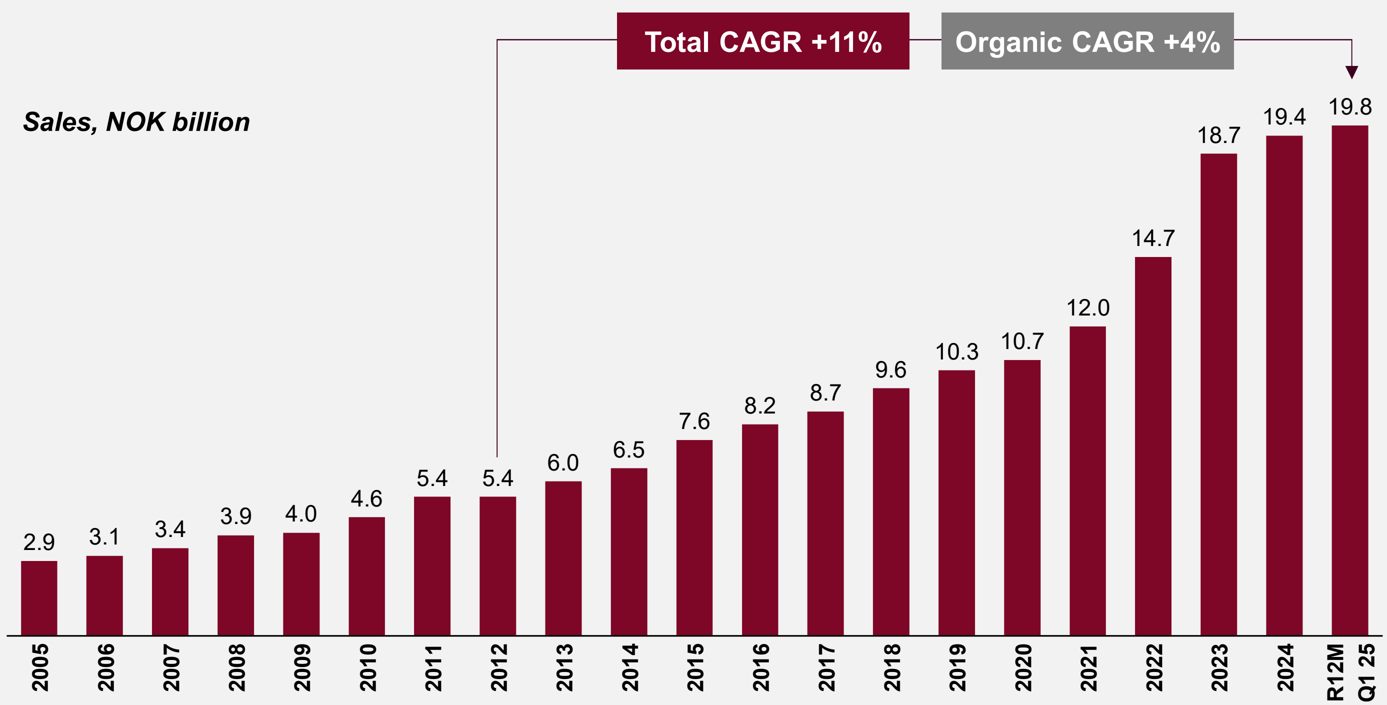
Industrial ice cream

Ice cream parlours

Retail & Out-of-home

Largest customer groups, non-exhaustive

Decades of growth have transformed Orkla Food Ingredients to a leading ingredients player



2012-2025 R12M Q1

3.6x
Topline increase

6.1x
EBIT (adj.) increase

+2.8%-p
EBIT margin increase

+2.5%-p
ROCE increase

Orkla Food Ingredients' competitive edge is derived from our multi-local-model

FURTHER EXPANSION

3 — **Organic** and **structural growth** are key parts of our value creation

LEVERAGE SCALE

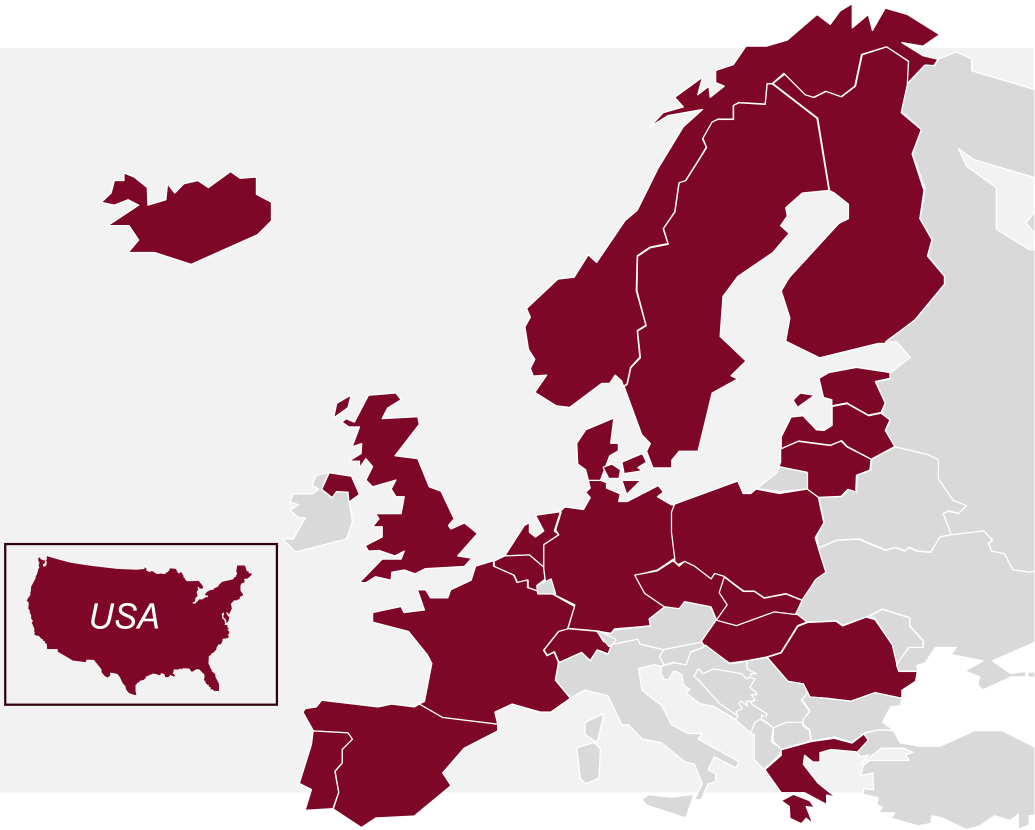
2 — Synergies through **collaboration**, common **capabilities** and **systems**

WINNING LOCALLY

1 — Strong **local positions** close to customers

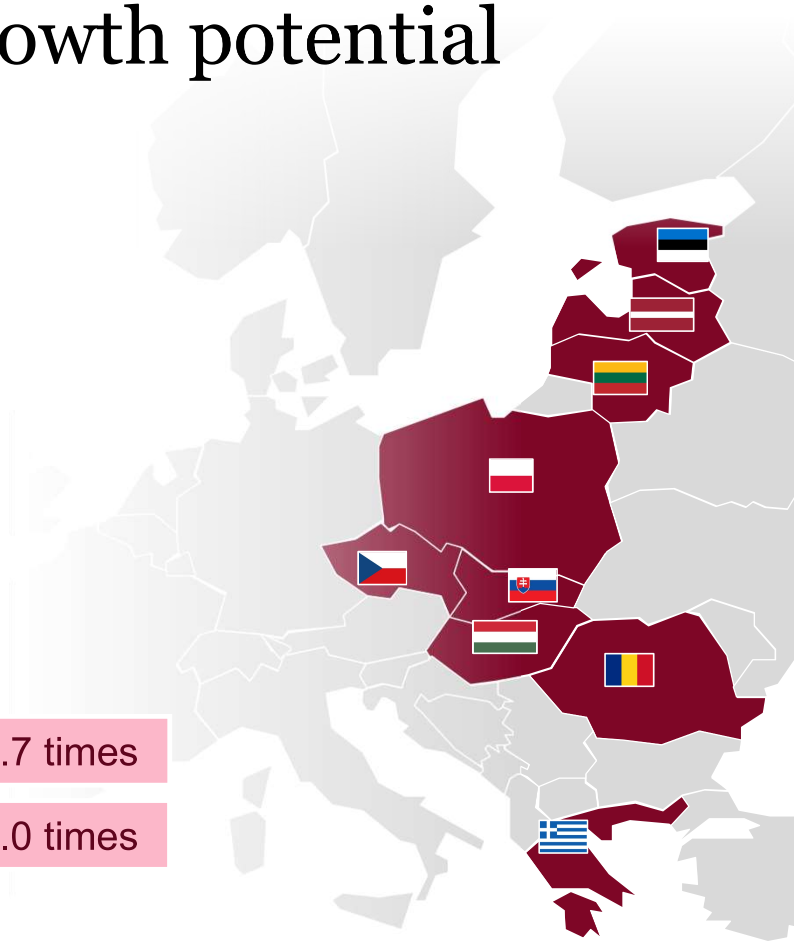
Value creation through strong local positions close to customers

- Local companies, with products and solutions tailored to local preferences
- Unmatched insights into local markets, customers and products, driving organic growth
- 90% of revenues outside of Norway, and 2/3 outside Scandinavia

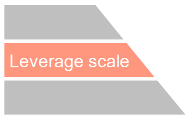


Solid bakery ingredients platform built in Eastern Europe with significant growth potential

- Eastern European markets represent a population ~5x the Nordics, with high growth in consumer spending
- Proven track record of creating strong positions, fuelling organic growth and leveraging scale
- Still fragmented landscape with growth potential in existing and new markets



Last three years	
	Revenues up x1.7 times
	EBIT up x3.0 times



Accelerating synergies through collaboration, common capabilities and systems

Grow operating profits ahead of revenues	Delivering on **cost reduction projects** on conversion, distribution and SG&A
	Reducing complexity by **optimising footprint** and in-sourcing products
	Realising **procurement savings** across business units
	Improving **operational performance and transparency** through common ERP

Cost reduction projects delivering on conversion, distribution and SG&A costs

Cost reduction projects

Increasing pace of **continuous improvements** in conversion and distribution costs

5% cost reductions over next 2 years

Leveraging scale in SG&A costs across business units

3% cost reductions over next 2 years

Dedicated initiatives to reduce cost base in underperforming units

Average **10-15%** cost reductions

Reducing complexity by optimising footprint and increasing share of own products sold

Optimising footprint

- **Optimise the footprint**
  - Consolidating sites to reduce complexity and costs
  - Investing to modernise and drive growth
- **Drive in-sourcing of products**
  - Convert sourced products to in-house production, increasing utilization of production capacity and driving margin uplift

-5% of sites being consolidated since 2023

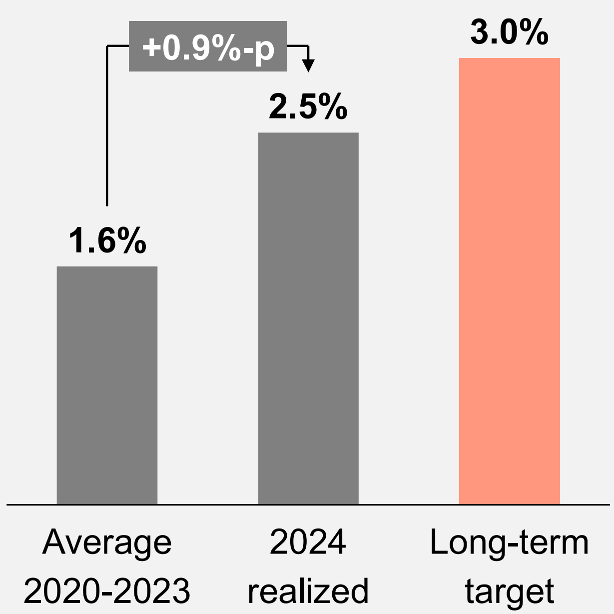
-10% additional targeted over next 3 years

Realising procurement savings across business units by leveraging purchasing power

Leverage scale

Procurement savings

- Realised **+0.9%-p increase** in savings on external spend base last year compared to average previous 4 years
- Targeting 3.0% annual gross savings
- Procurement Excellence Program to **extract synergies** across business units



Expansion

Re-investing cash flow to grow the business within core categories and geographies

EXPANSION CAPEX

Investing to drive organic growth, with focus on increasing capacity and enhancing capabilities

Expansion capex increased more than **x2** since 2022

M&A

Continuing structural growth journey, with focus to strengthen competitive edge in existing geographies

5 companies
acquired since start of 2024

Structural growth is a key part of the expansion strategy, with 50+ businesses acquired since 1999

- 25 years of M&A experience, with reinforced integration capabilities
- Solid platform for further acquisitions and consolidation of a still fragmented industry
- Two owners with extensive experience and broad industry networks

The partnership is a catalyst for unlocking the full potential of Orkla Food Ingredients

- The partnership between Orkla and Rhône is a catalyst for unlocking Orkla Food Ingredients' full potential, with a focused strategy to drive long-term, sustainable value
- Rhône brings to the partnership a strong track record in the ingredients industry, a global M&A network, and significant integration expertise
- Owners ready to deploy further capital to fuel growth

On track to deliver on 2026 targets, with significant EBIT growth and increased returns

	Communicated CMD 2023	Q1 update	
Revenues	**3-4%** *Annual growth*	**1.6%** *CAGR*	• Volume in line with target • Price development in 2024 impacted by market prices
EBIT adj.	**9-10%** *Annual growth*	**9.3%** *CAGR*	• Underlying growth of 9.3% vs. targeted 9-10% • ~1% structural growth and ~2.5% FX effects
ROCE	**+2%-p** *Increase in ROCE by 2026*	**+0.8%-p** *Change since Dec. 2023*	• Delivering on planned ROCE uplift • Confident of continued improvement over the period

Note: Revenues in the overview above represents organic revenue growth and EBIT (adj.) represents underlying EBIT (adj.) growth. CAGR calculated over the 15-month period 2024 full year to first quarter 2025. ROCE represents improvement in R12M level from Dec'23 to Mar'25. Revenue target of 3-4% of which ~50% from price and ~50% from vol/mix.

Orkla
Food
Ingredients

Building a leading European and US food ingredients company

Q&A

Nils K. Selte
President and CEO

Arve Regland
EVP and CFO

Aku Vikström
CEO Orkla Foods

Ingvill T. Berg
CEO Orkla Snacks

Johan Clarin
CEO Orkla Food Ingredients

Orkla

Closing remarks

Nils K. Selte
President and CEO

Orkla

3 PRIORITIES

Drive organic value in existing portfolio

Reduce the complexity of existing portfolio

Perform value-adding structural transactions

Appendix

Consolidated Portfolio Companies – targets for 2026

Grow and build

Orkla Food Ingredients
- Revenue CAGR: 5%
- EBIT CAGR: 12%
- ROCE: +2%-p within 2026

Orkla Health
- Revenue CAGR: 7-9%
- EBIT margin: 14% within 2026

The European Pizza Company
- Consumer sales CAGR: >5%
- EBIT: EUR 35-40mn by year-end 2026

Anchor

Orkla Foods
- Revenue CAGR: 2-3%
- EBIT margin: 13-14% in 2026
- Cash conversion: >100% p.a.
- ROCE: >15%; +3%-p within 2026

Orkla Snacks
- Volume-mix CAGR: >2%
- EBIT margin: >15% within 2026
- Cash conversion: ~100% p.a.
- ROCE: 13% within 2026

Transform or exit

Orkla Home & Personal Care
- EBIT CAGR: >10%
- Cash conversion: >100% p.a.

Orkla House Care
- EBIT margin: +5%-p within 2026

Health and Sports Nutrition Group
- Revenue CAGR: 5%
- EBIT margin: 5% within 2026
- Cash conversion: 100% p.a.

Alternative Performance Measures (APM)

Contribution ratio

Contribution margin ratio is calculated by dividing the contribution margin by operating revenues. Operating revenues minus variable operating expenses constitute the contribution margin. Variable operating expenses are reported on the financial statement line "operating expenses" and consist of expenses directly related to sales volume. Variable expenses include costs related to input factors such as raw materials and packaging, and variable production costs such as electricity related to production and variable pay. They also include ingoing and outgoing freight costs directly related to sales volume. Costs related to finished goods purchased for resale are included as part of variable operating expenses. Production costs that are relatively constant over time and do not vary according to production volume are not included in the computation of contribution margin; such costs include warehouse costs, payroll expenses linked to factory administration and management staff, and depreciation of production equipment. Contribution margin is a key internal financial figure that illustrates how profitable each portfolio company's product mix is, and hence also the company's ability to cover fixed expenses.

Contribution margin is an important financial figure with regard to product innovation and product portfolio optimisation. A reconciliation of the Orkla group's contribution margin is presented in the table above.

Organic growth

Organic growth shows like-for-like turnover growth for the group's business portfolio and is defined as the group's reported change in operating revenues adjusted for effects of the purchase and sale of companies, the re-conclusion and loss of distribution agreements of a material nature, and currency effects. Intra-group transfers of companies and changes in distribution agreements between portfolio companies are also taken into account. In calculating organic growth, acquired companies are excluded 12 months after the transaction date. Sold companies are excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's turnover at last year's exchange rates.

Organic growth is included in segment information, and is used to identify and analyse the turnover growth of the consolidated portfolio companies. Organic growth provides an important picture of the portfolio companies' ability to carry out innovation, product development, correct pricing and brand-building.

Segment information for each consolidated portfolio company shows how large a part of organic growth is related to price effects and how large a part is linked to volume/mix effects. Price effects are defined as net changes in prices to customers, i.e. changes in customer prices adjusted for factors such as discounts, campaigns and price reductions. The price effects are calculated based on the assumption of unchanged volume. Volume/mix effects are calculated as a residual, and comprise organic growth minus price effects. Volume/mix effects consist of changes in sales volume and/or changes in the product mix sold.

EBIT (adj.)

EBIT (adj.) shows the group's current operating profit before items that require special explanation, and is defined as reported operating profit or loss before "Other income and expenses" (OIE). Items included in OIE are disclosed in Note 3. These include M&A costs, restructuring or integration expenses, any major gains on and write-downs of both tangible and intangible assets, and other items that only to a limited degree are reliable measures of the group's current profitability. EBIT (adj.) margin and growth are derived figures calculated in relation to operating revenues.

EBIT (adj.) is one of the group's most important financial figures, internally and externally. The figure is used to identify and analyse the group's profitability linked to normal operations and operating activities. Adjustment for items in OIE which to a limited degree are reliable measures of the group's current operating profit or loss increases the comparability of profitability over time.

Alternative Performance Measures (APM)

Change in underlying EBIT (adj.)

Change in underlying EBIT (adj.) shows like-for-like EBIT (adj.) growth for the group's business portfolio, and is defined as the group's reported change in EBIT (adj.), adjusted for effects of the purchase and sale of companies, the re-conclusion and loss of distribution agreements of a material nature, and currency effects. Account is also taken of intra-group transfers of companies and changes in distribution agreements between portfolio companies. In calculating the change in underlying EBIT (adj.), acquired companies are included pro forma 12 months prior to the transaction date. Sold companies are excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's EBIT (adj.) at last year's currency exchange rates. Where underlying profit performance is mentioned in the report, reference is made to underlying EBIT (adj.) performance. Underlying EBIT (adj.) margin and change therein are derived figures calculated in relation to operating revenues.

Underlying EBIT (adj.) growth is used for internal management purposes, including for identifying and analysing underlying profitability growth in the existing business portfolio, and provides a picture of the portfolio companies' ability to improve profitability in their existing operations. The measure is important because it provides a comparable structure for monitoring the change in profitability over time.

Return on Capital Employed (ROCE)

ROCE is calculated by dividing a 12-month rolling EBITA (adj.) by the average capital employed in the consolidated portfolio companies.

EBITA (adj.) consists of EBIT (adj.) plus depreciation and write-downs of intangible assets. 12-month rolling EBITA (adj.) is used in the calculation. Since depreciation and write-downs of intangible assets are not included in EBITA (adj.), they are also excluded from the capital base. Thus the historical cost of intangible assets is used in capital employed (see next paragraph).

Capital employed represents the working capital of the consolidated portfolio companies and consists of:

- Net working capital - consists of the statement of financial position items “Trade receivables”, “Trade payables” and “Inventories”. It also includes payable public charges and some minor receivables and payables related to operations included in “Other receivables and financial assets” and “Other current liabilities”.
- Fixed assets
- Intangible assets at historical cost - consist of the statement of financial position line “Intangible assets” plus accumulated depreciation and write-downs
- Net pension liabilities -Pension assets are included in the statement of financial position line “Associates, joint ventures and other financial assets”, while pension liabilities are included in “Provisions and other non-current liabilities”
- Deferred tax on excess value - This item is included in deferred tax which is part of the statement of financial position line “Provisions and other non-current liabilities”

Alternative Performance Measures (APM)

Return on Capital Employed (ROCE) cont.
Average capital employed is always an average of the closing balances in the five last reported quarters.

ROCE shows the return that the Orkla group receives on the capital invested in the various consolidated portfolio companies. This is an important measurement parameter for assessing whether the portfolio companies' return exceeds the group's weighted average cost of capital (WACC), and for comparing the return on the current portfolio with other alternative returns.

Earnings per share (adj.)
Earnings per share (adj.) show earnings per share adjusted for "Other income and expenses" (OIE) after estimated tax. Items included in OIE are specified in Note 3. The effective tax rate applicable to OIE was lower than the group's tax rate in the fourth quarter of 2024, since expensed M&A costs are not tax-deductible. As at 31 December 2024, the effective tax rate was higher than the group's tax rate because OIE were significantly impacted by non-taxable income, particularly the gain made on the sale of Lilleborg in the second quarter of 2024.

Adjustments are also made for any reported gains or losses on sales/purchases of associates and joint ventures, as well as for any reported major profit or loss effects linked to abnormal tax conditions. No such adjustments were made in 2024 or 2023.

Net replacement and expansion investments
When making investment decisions, the group distinguishes between replacement and expansion investments. Expansion investments are the proportion of overall reported investments deemed to be investments in either new geographical markets or new categories, or investments which represent significant increases in capacity. Net replacement investments include new leases and are reduced by the value of sold fixed assets valued at sale value.

The purpose of this distinction is to show how large a part of the investments (replacement) mainly concerns maintenance of existing operations and how large a part of the investments (expansion) are expected to generate increased contributions to profit in future, over and above profit expectations linked to normal operations.

Cash conversion
Cash conversion is calculated as cash flow from operating activities as a percentage of EBIT (adj.). Cash flow from operating activities is defined and presented in the Orkla-format cash flow statement.

Cash conversion is an important key figure for Orkla, as it shows how much of EBIT (adj.) has been converted into net interest-bearing liabilities, and thus the financial means available to the group. Net interest-bearing liabilities are the group's most important management parameter for financing and capital allocation.

Alternative Performance Measures (APM)

Net interest-bearing liabilities

Net interest-bearing liabilities are the sum of the group's interest-bearing liabilities and interest-bearing receivables. Interest-bearing liabilities include bonded loans, bank loans, other loans, lease liabilities and interest-bearing derivatives. Interest-bearing receivables include cash and cash equivalents, interest-bearing derivatives and other interest-bearing receivables.

Net interest-bearing liabilities are the group's primary management parameter for financing and capital allocation, and are actively employed as part of the group's financial risk management strategy. The Orkla format cash flow statement therefore shows the change in net interest-bearing liabilities at group level.

Structure (acquisitions and disposals)

Structural growth includes adjustments for the divestment of Lilleborg, and the acquisition of the businesses Bubs Godis, Freunde der Erfrischung, Khell-Food, Norstamp, Kartonage, and SnackFood. Adjustments were also made for the divestment of Fruta Podivín, the brand Blomberg's, and the loss of distribution agreements with Tropicana and Alpro in Orkla Foods. Following the transition to a new operating model, the split-up of the former Orkla Care business area has entailed the transfer of the dental health business and adjustments for changes in distribution and production agreements between portfolio companies.

In 2023, adjustments were also made for the acquisitions of Denali Ingredients, Da Grasso, Lofoten Marine Oils, Healthspan and Hadecoup. Adjustments have been made for the loss of a distribution agreement with PepsiCo, the discontinuation of tea distribution in Orkla India, the winding-up of Hamé Foods in Russia, and sale of the convenience business in Orkla Latvija and the Struer brand.

Orkla