November 2023

Orkla Capital Markets Day

Orkla Food Ingredients

Building a leading European and US food ingredients company

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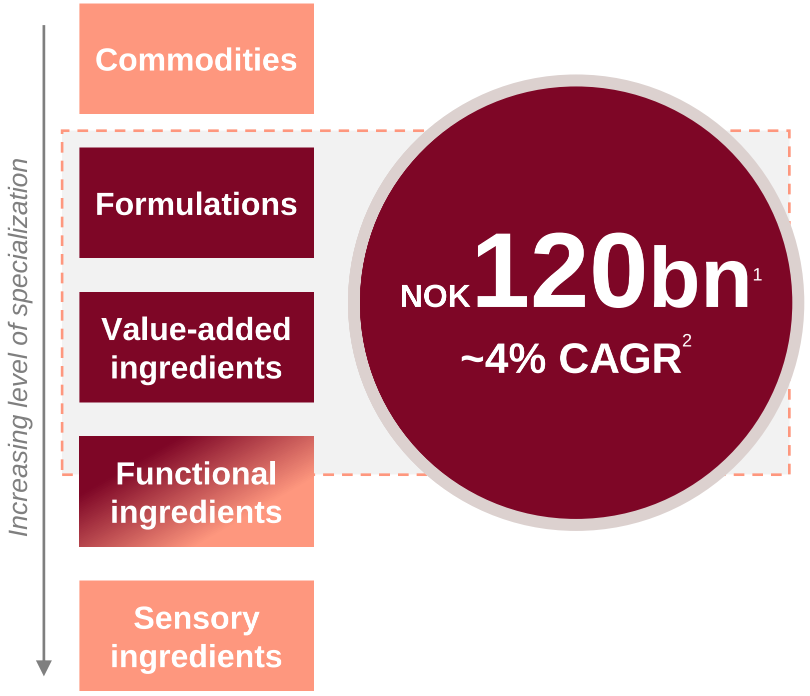
Large and resilient addressable market of NOK 120bn, with strong growth potential and favourable drivers

Orkla Food Ingredients' current market



…with long-term attractive growth drivers

- **Resilient** ingredient markets, with high purchase **frequency**
- **Local consumer preferences** leading to differentiated category offerings and value propositions
- **Premiumization, convenience, indulgence, health** and numerous other **consumer trends** driving increased category value

Opportunity to extract value from complexity

1. Orkla Food Ingredients markets for each cluster used as underlying addressable market
2. Represents growth of bakery ingredients and sweet ingredients in OFI markets (internal Orkla Food Ingredients analysis based on multiple market sizing data sources)

Orkla Food Ingredients delivers tasty and sustainable solutions enabling customers to win

Example category expertise (not exhaustive)

Bakery ingredients

66%
OF SALES 2022

European leading supplier of bakery & pastry ingredients

Cake mixes · *Bread mix* · *Improvers* · *Frozen cakes* · *Yeast* · *Marzipan*

Sweet ingredients

16%
OF SALES 2022

Leading supplier of ice cream ingredients & accessories, inclusions, and decorations

Sprinkles & inclusions · *Cones & wafers* · *Sauces and variegates* · *Gelato Ingredients*

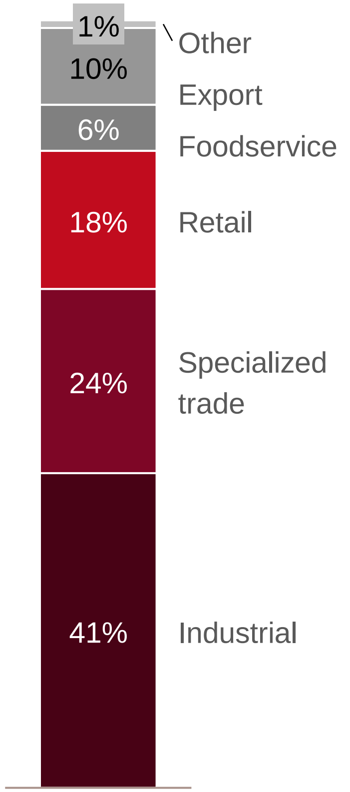
Plant-based

18%
OF SALES 2022

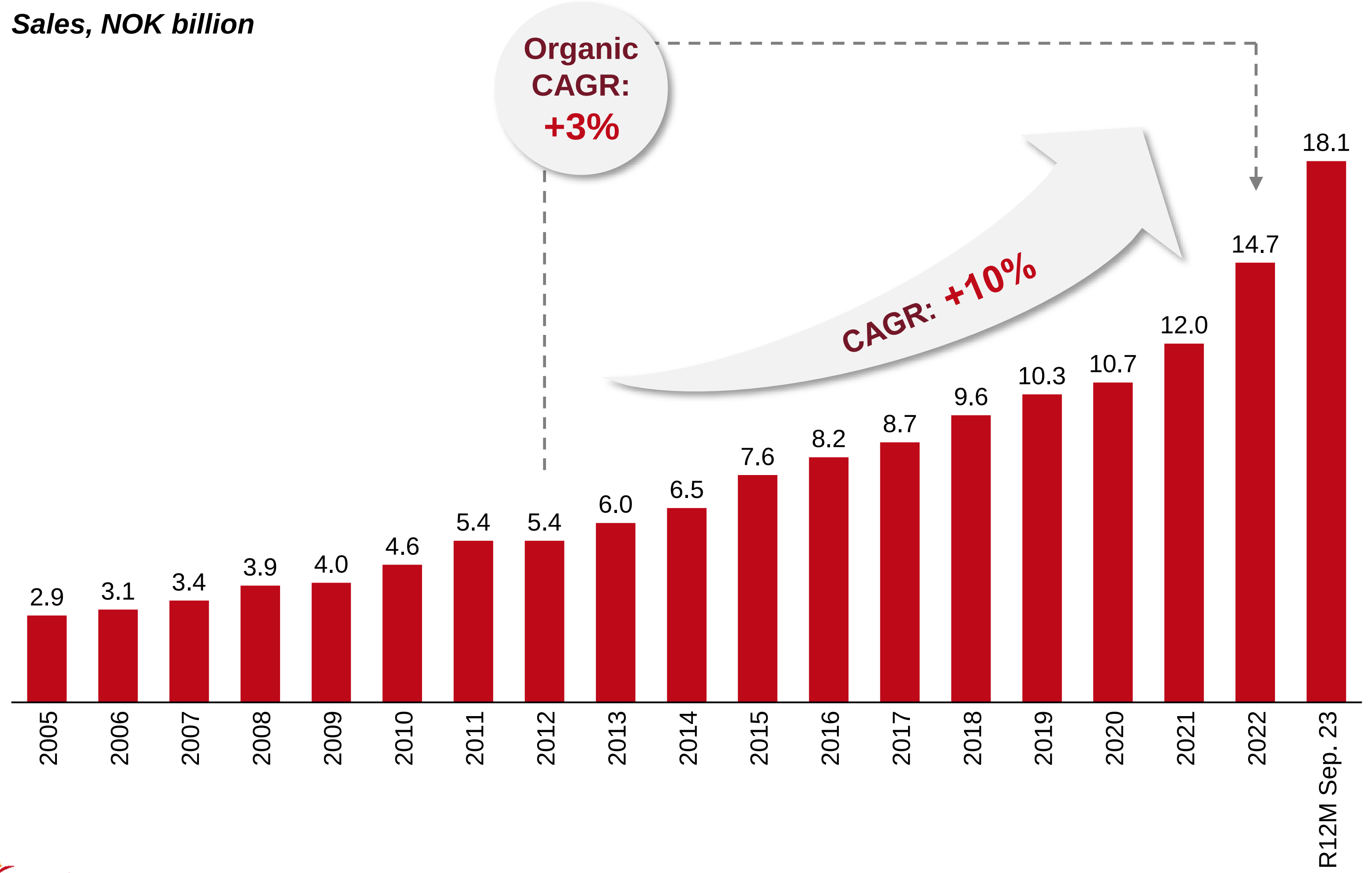
Local leader and producer of sustainable, nutritional, and tasty plant-based food

Margarine · *Spreads* · *Drinks* · *Vegan ice cream*

Sales channel split



Decades of growth have transformed Orkla Food Ingredients from a small local player to a European leader



2012-2022 development

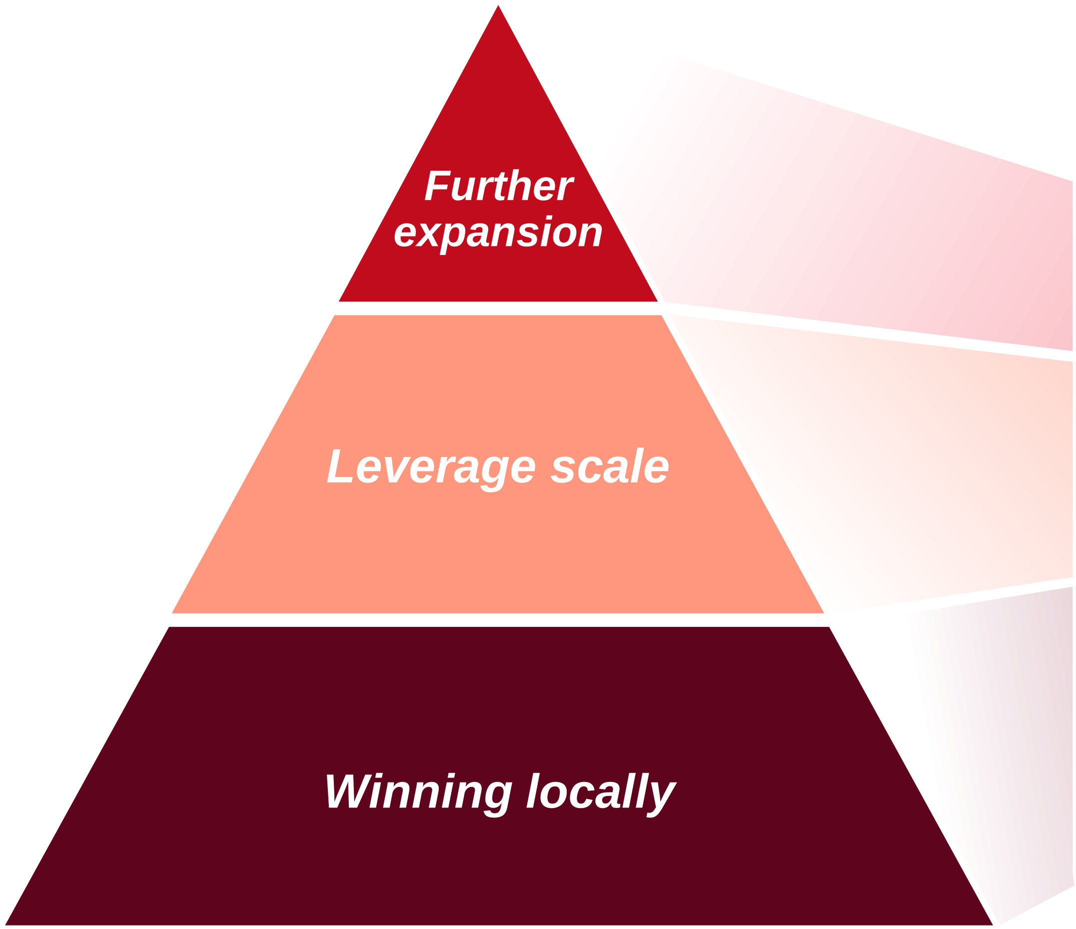
2.7x
Topline increased

3.9x
EBIT (adj.) increased

1.7%-p
EBIT margin increase

1.5%-p
ROCE increase

Orkla Food Ingredients competitive edge is captured in our multi-local-model



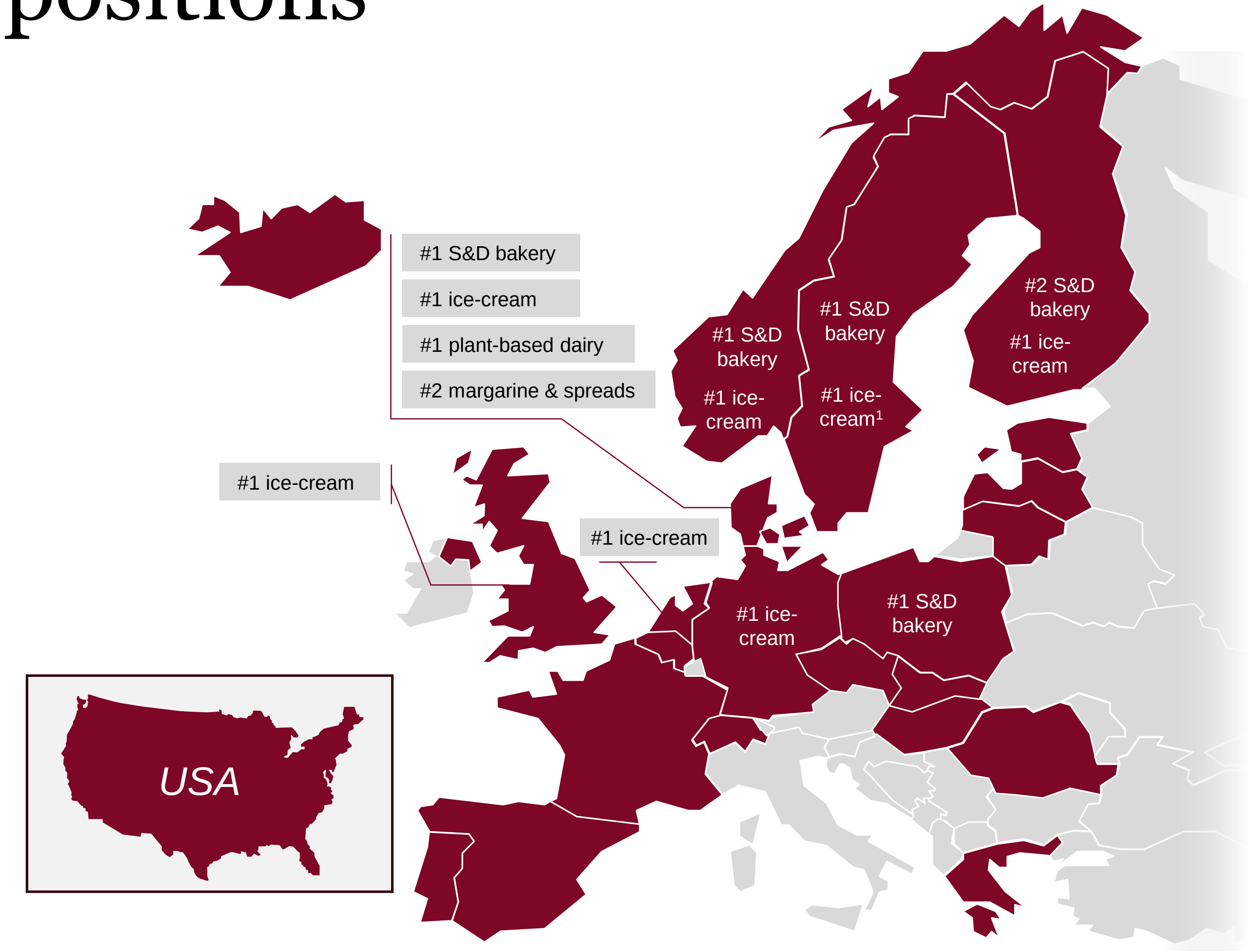
Organic and **structural growth** are key parts of the culture with a strong track-record of extracting synergies

Utilising **common capabilities,** driving **scale** in operations and cross-border sales

Founded on strong **local positions** being close to customers, built through **local ownership** and **entrepreneurship**

Orkla Food Ingredients

Orkla Food Ingredients is built on strong national positions



	Bakery ingredients	Sweet ingredients	Plant-based
DK	★	★	★
NO	★	★	
SE	★	★	★
LT	★		★
CZ	★		
NL	★	★	
PL	★		
PT	★		
LV	★		
EE	★		
FI	★	★	
ES	★		
RO	★		★
SK	★		
GR	★		
BE	★	★	
FR	★		
HU	★		
UK	★	★	★
CH		★	
DE		★	
US		★	
IS	★		★

1. Refers to Ice cream parlour end range of ice cream ingredients and accessories (ICIA) distribution market
Note: S&D refers to Sales and Distribution

Solid foundation built; common capabilities created last three years to accelerate scale benefits

Key synergy areas

Operations excellence	Scale in procurement	Leverage the footprint	Managing CapEx
Group operations team reinforcing local business performance	Combined procurement efforts across business units realizing savings	Share of own products sold across the business units	CapEx master plan, balancing expansion & maintenance across BUs
~38% higher EBIT growth in supported companies compared to unsupported last 2 years	**NOK 600mn spend reduction & avoidance** last 5 years – headroom for increased savings	**~63% internally sourced** driving accretive margins – still potential for growth	**Doubling the share of expansion CapEx** last 5 years – plan to further invest for growth

- HR
- IT
- ESG
- Education
- Leadership
- Compliance
- Other

Orkla Food Ingredients

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

- M&A focus on **broadening geographical presence** in attractive markets and **strengthening category positions**
- Acquisitions have driven **topline synergies** and **leveraged scale** on cost base
- Orkla Food Ingredients is a solid **platform for further acquisitions** and consolidation of a still fragmented industry

Denali is a **natural step into the US** ingredients market;

- Strong growth outlook, and a fragmented market
- Serve customers with presence in both US and EU
- Leverage innovation and cross-selling of products

Priority for structural growth is to expand within core product categories

Bakery Ingredients

Target companies in **Europe** with complementary categories, in particular within the confectionary / pastry segments. Additionally, Bakery is also aiming to strengthen position in Eastern Europe

Sweet Ingredients

In the US, add scale and new capabilities to our starting position, while also consolidating the category for sweet inclusions and ice-cream ingredients. In **Europe** strengthen and expand our geographic footprint selectively from existing positions

Plant-based

Expansion into **Central Europe**. Focus is mainly on continued Private Label expansion through acquiring production assets, leveraging best-in-class operation capabilities

Priority is to expand within core product categories in Europe, and sweet ingredients in the US

Larger transformative acquisitions will be considered based on the wider strategic and financial opportunity they represent

Driving scale towards 2026
Significant EBIT growth and increased returns

Revenues
5% annual growth

EBIT adj.
12% annual growth

ROCE
+2.0%-p increase in ROCE

ESG
-66% GHGe scope 1&2

Grow operating profits ahead of revenues

Notes
Targets include minor bolt-on acquisitions, which represents ~1-2% of revenue growth and ~2-3% of EBIT (adj.) growth
Organic sales growth ~3-4%, of which ~50% from price and ~50% from vol/mix
R12M Q3'22 revenues NOK 18,062mn, EBIT adj. NOK 1,104mn and ROCE 10.7%
GHG emissions reduction measured against 2016 emissions. Scope 3 targets being defined

Increased focus on scalability going forward delivering an uplift in EBIT margin

Scale priorities

Grow operating profits ahead of revenues

Operations: cost reduction projects initiated and identified across conversion, distribution and SG&A. Systemize improvements within OFI operations system

Procurement: step-change in centralized procurement efforts and closer collaboration across business units, combine and optimize spend while reducing complexity

Optimize the footprint: higher share of own products sold in an optimized footprint, driving both factory utilization and higher margins captured throughout the value chain

Unite ERP platform: improve operational performance and transparency, and enable digitalization. 25% of sales on Unite platform in 2022, planned roll-out to 60% in 2026

Orkla

Food Ingredients

Building a leading European and US food ingredients company

in a partnership between Orkla and Rhône

Orkla has entered into a partnership with Rhône to enable Orkla Food Ingredients to continue its growth journey

Orkla and Rhône expect that the partnership will enable the Orkla Food Ingredients to continue its growth journey

The partnership with Rhône aims to build upon and strengthen OFI's existing businesses, with an ambition to create shareholder value through volume growth, margin improvements, capital efficiency and structural growth

The Rhône team has experience in the consumer sector and food and beverage industry through past and current investments.

Orkla RHÔNE Orkla Food Ingredients

More information

Videos

[OFI video 1 - YouTube](https://www.youtube.com/watch?v=C6_Mh5QevJ4)

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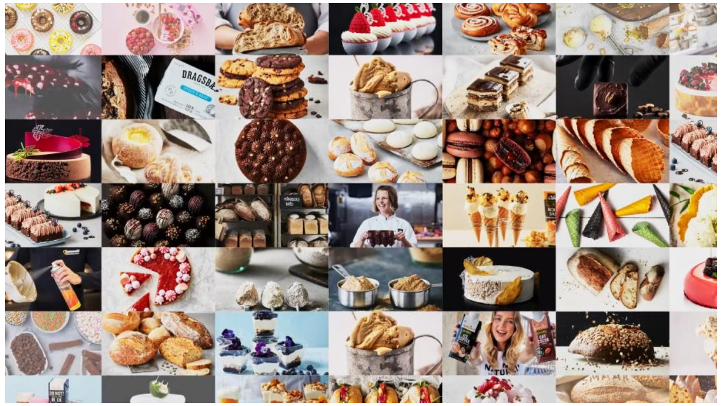

[OFI video 2 - YouTube](https://www.youtube.com/watch?v=wWUwTQLVc-c)

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Alternative Performance Measures (APM)

Contribution ratio

Contribution 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 the costs of input factors such as raw materials and packaging, and variable production costs such as electricity related to production and variable pay. They also include incoming 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, wages of factory administration and management staff, and depreciation of production equipment.

Contribution Margin is a key internal financial figure that shows how profitable each portfolio company’s product mix is and hence the company’s ability to cover fixed expenses. Contribution margin is an important financial figure with regard to product innovation and product portfolio optimisation.

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. When calculating organic growth, acquired companies will be excluded 12 months after the transaction date. Sold companies will be 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 used to identify and analyse turnover growth in 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 prices to customers 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 are 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 from normalised 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 and 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 will be included pro forma 12 months prior to the transaction date. Sold companies will be 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 shows the change in profitability on a comparable structure 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. In the calculation a 12-month rolling EBITA (adj.) is used. 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 working capital in 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 public charges payable and some minor receivables and payables related to operations from "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 at all times an average of the closing balance for 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 another alternative return.

Net replacement and expansion investments

When taking decisions regarding investments, the group distinguishes between replacement and expansion investments. Expansion investments are the part of overall reported investments considered to be investments either in new geographical markets or new categories, or which represent significant increases in capacity. Net replacement investments include new leases and are reduced by the value of sold fixed assets to sales 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) is investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations.

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 used actively in 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.