Orkla
Health

Orkla Health

Scalable platform in
Consumer Health

Orkla Capital Markets Day
2023

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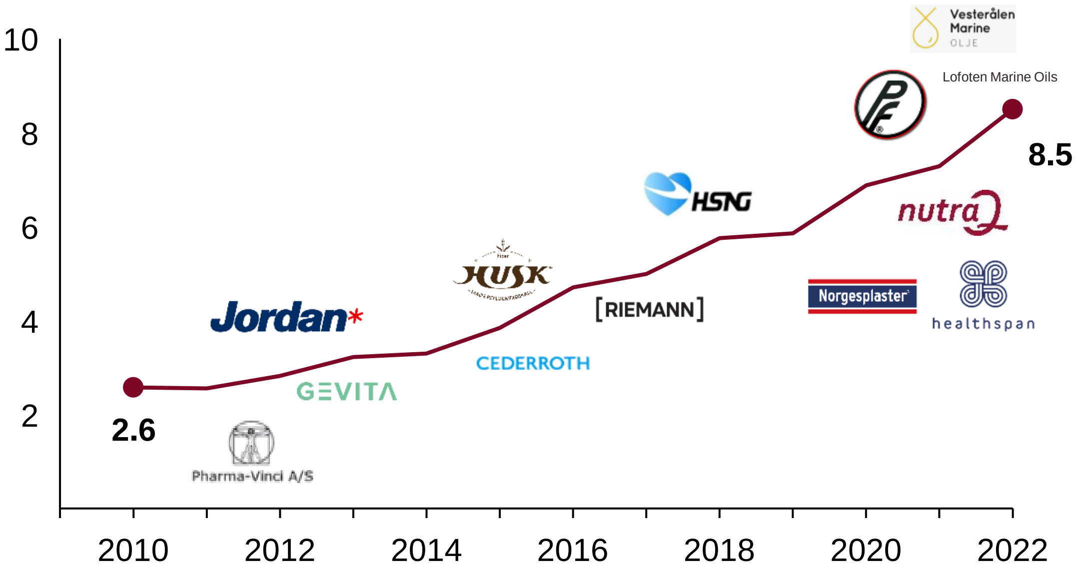
Orkla Health is set up as a new company focusing on consumer health

2005 — **2022** — **March 2023** — **Today**

Building ‘Orkla Care’ through a structural journey

Operating revenues, NOK billion



Carve-out into three Portfolio Companies

The previous Business Area ‘Orkla Care’ is separated into three Portfolio Companies

Orkla Health

HSNG

Orkla Home & Personal Care

Focused company

Orkla Health is established as an autonomous company solely focusing on consumer health

Orkla Health

Orkla Health at a glance

We are a leading Consumer Health platform

~6bn
Operating revenues, NOK

~80
Brands

~1,800
Employees

11
Inhouse factories

Operating in relevant Consumer Health categories

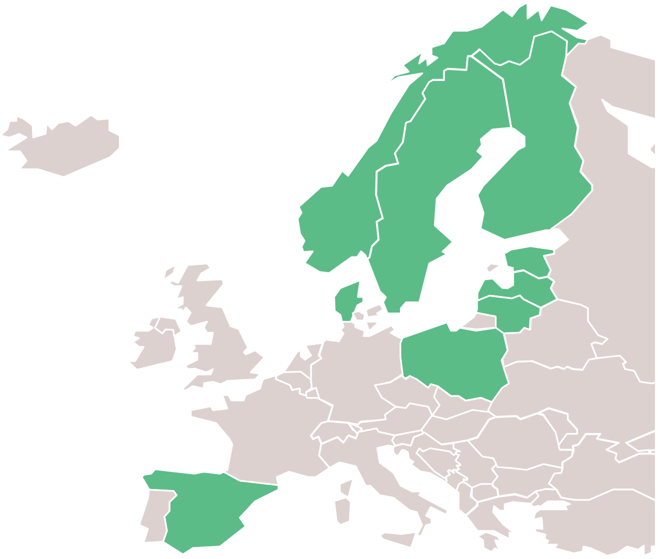
Food supplements
~65% of revenues

Oral care
~15% of revenues

Wound care
~15% of revenues

Functional Personal Care
~5% of revenues

Strong Go-to-Market organisation in selected markets



… with presence in more than **80 countries** through distributors

2022 numbers; Revenues as of R12M Q3 2023

Fast-growing global health market

Global market

- **Large** market at NOK ~5,700bn
- **Fast** growing at ~5% p.a. historically (2017-22) and expected to grow at 6-7% p.a. 2022-27

European market

- **Large** market at NOK ~1,000bn
- **Fast** growing at ~4% p.a. historically (2017-22) and expected to grow at ~5% p.a. 2022-27
- Health **e-commerce** expected to grow at ~9% p.a. 2022-27

Trends

- **Resilient macro trends** with healthy ageing, prevention ahead of treatment
- **Demographics**: 1 in 6 people in the world will be aged 60 years or over by 2030

Source market data: Euromonitor | Consumer Health 2022 includes OTC, Food Supplements, Sports, Weight and Wellbeing, Herbal / Traditional, Allergy, Beauty i.e., hair & skin care. European markets excl. Russia
Source demographics: WHO

Orkla Health has a portfolio of preferred brands

BRANDS WITH GLOBAL POTENTIAL

Jordan
Scandinavian brand that has been caring for people's teeth since 1927

12% of revenues

Möller's
Leading supplier of Cod Liver Oil with heritage dating back 1854

10% of revenues

Oslo Skin Lab
Leading direct-to-consumer company with health and beauty products

5% of revenues

Cederroth
For 75 years, offer wide First Aid assortment for workplaces

5% of revenues

LARGEST LOCAL BRANDS

healthspan | VitaeLab | Salvequick | Perspirex | LIVOL Siden 1959 | Sana-sol | Nutrilett Take Control | Norgesplaster

Orkla Health's portfolio of strong local brands is a clear competitive edge to continue to win locally

33% of revenues

2022 numbers

Orkla Health

Food supplements

#1

Norway
Denmark
Finland

Omega-3

#1

Norway
Denmark
Finland
Sweden
Greece
Romania
Turkey
The Baltics

Oral Care

#1

Norway

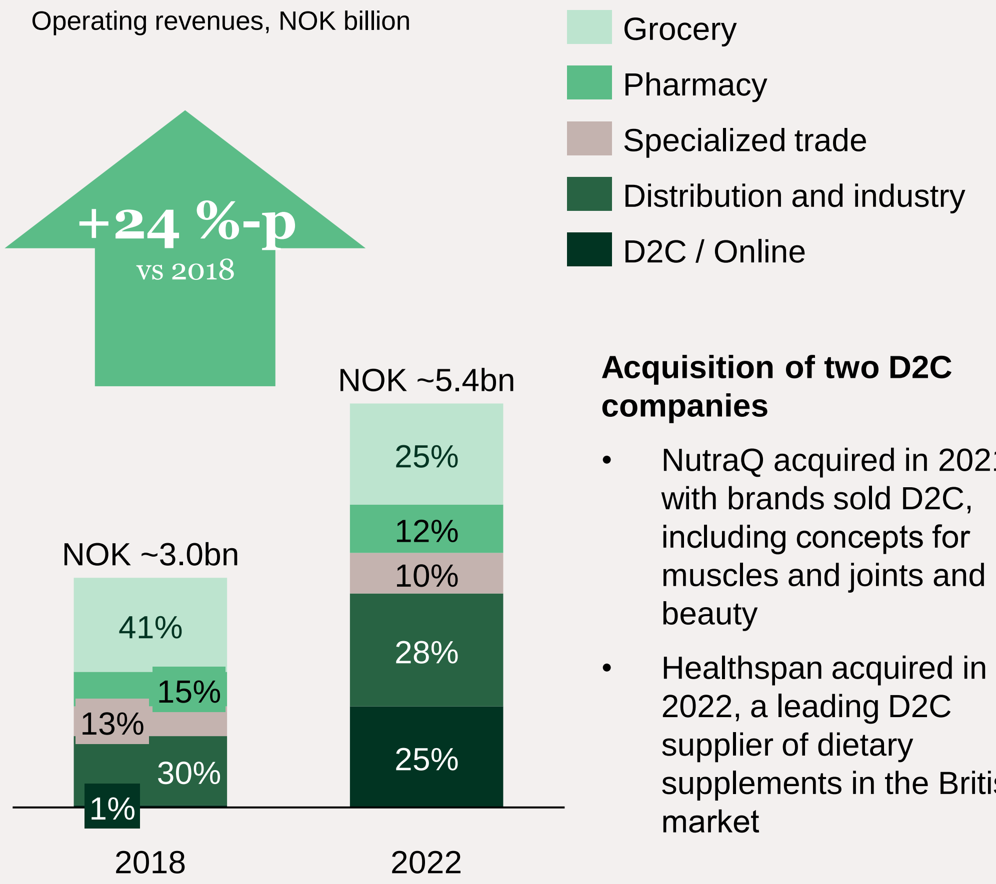
Wound Care

#1

Norway
Denmark
Finland
Sweden
Spain
Hungary
Serbia

From leading in Nordic grocery to...

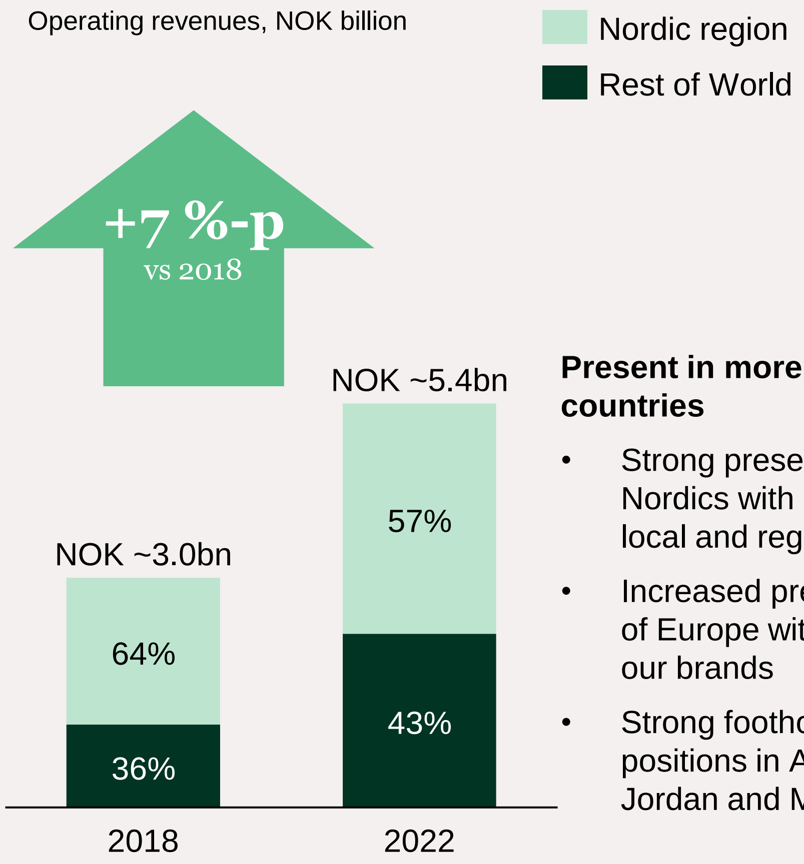
...increased exposure towards online channels



Acquisition of two D2C companies

- NutraQ acquired in 2021 with brands sold D2C, including concepts for muscles and joints and beauty
- Healthspan acquired in 2022, a leading D2C supplier of dietary supplements in the British market

...increased exposure outside Nordics



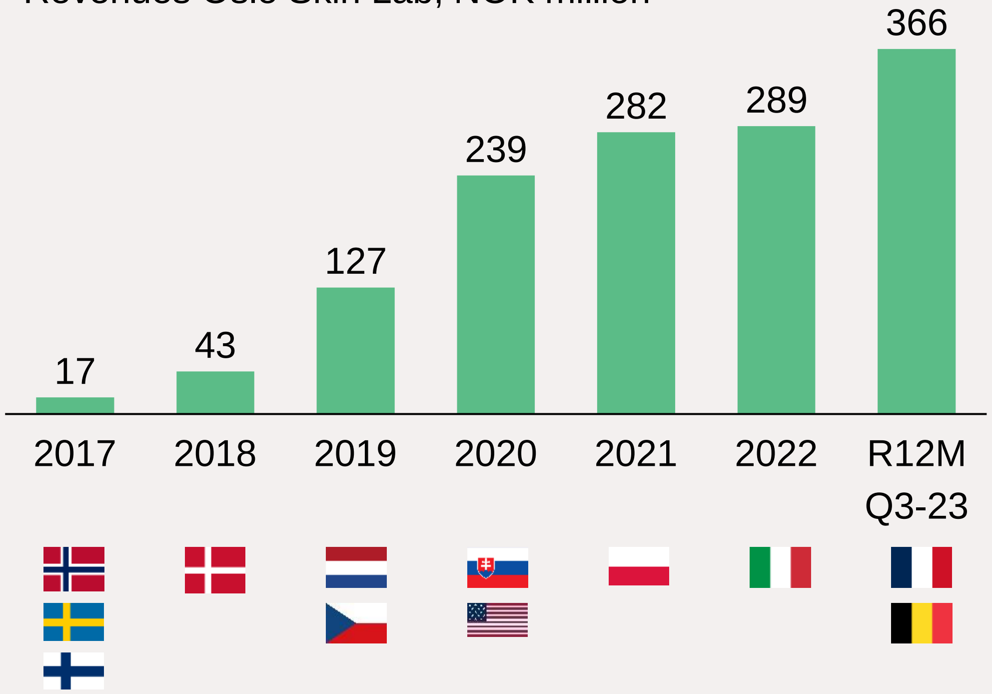
Present in more than 80 countries

- Strong presence in the Nordics with portfolio of local and regional brands
- Increased presence in rest of Europe with several of our brands
- Strong foothold in niche positions in Asia with Jordan and Möller´s

Example Oslo Skin Lab

Entered 1-2 new countries per year

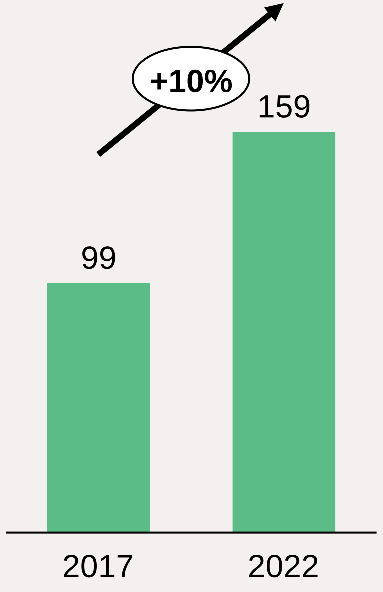
Revenues Oslo Skin Lab, NOK million

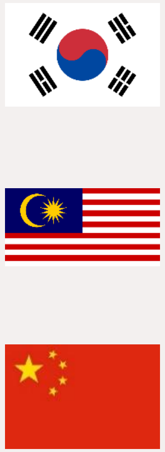


Example Jordan Asia

Reached leadership positions in Kids toothbrush

Revenues Jordan Asia, NOK million





#1 in the Kids toothbrush segment

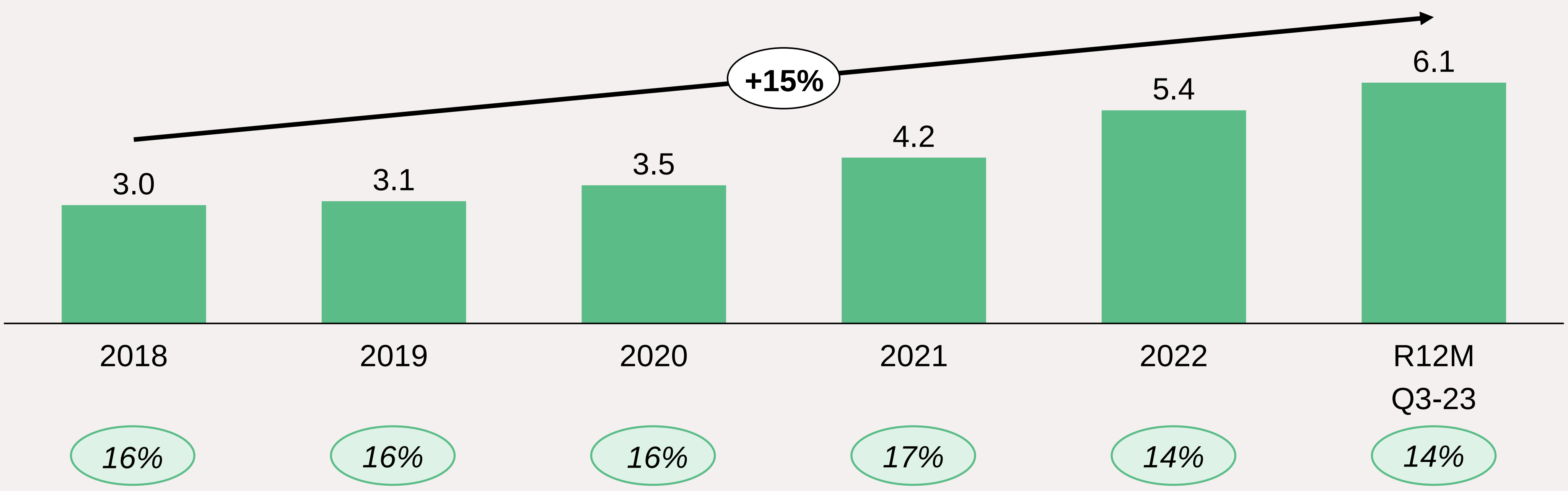
#2 in the Kids toothbrush segment

#2 in the Kids toothbrush segment (online)

History of structural growth with the ambition to further accelerate organic growth

Key financials

Operating revenues, organic and structural growth, NOK billion
EBIT (adj.) margin



Our ambition is to become a leading consumer health player

– serving consumers across relevant channels and geographies

Strategic priorities 2024-2026

Strong cash generating foundation

Rejuvenate our strong positions in the Nordic grocery through sharper prioritisation

1/3 of revenue uplift 2024-2026

Decomplexify and leverage scale

Decomplexify and leverage synergies within the company to improve efficiency

Fuel our growth ambitions

Two growth engines

- **Expand multi-channel positions** and build omni-channel platform
- Build **global brands**

2/3 of revenue uplift 2024-2026

Strategic M&A to deliver on the plan

Rejuvenate our strong positions in the Nordic grocery through sharper prioritisation

Immediate priorities

1. Establish a more **focused portfolio** to reduce cost and complexity
2. **Increase and prioritise A&P investments** into fewer brands where it matters the most
3. Continue to invest in **consumer-driven innovation**, but with clearer priorities to deliver results
4. **Build strong partnership** with key retailers to drive profitable category growth

Decomplexify and leverage synergies within the company to improve efficiency

Leveraging scale back-end

Leveraging capabilities

Leveraging Go-to-Market strengths

Example of priorities:

Insourcing of production for NutraQ and Healthspan

Leverage digital capabilities across company

Deliver Orkla Health's full portfolio through our own Go-to-Market

Expand multi-channel positions in D2C and pharmacy and build omni-channel platform

Multi-channel

Expand leadership across channels by strengthening pharmacy position and continue to grow D2C

Omni-channel

Develop data-driven omni-channel play for prioritised brands:

MÖLLER'S Jordan*

Build global brands through a broader international route to market

Prioritised brands	Prioritised geographies
Möller's	Europe, Asia
Jordan	Europe, Asia
Cederroth	Western Europe
Oslo Skin Lab	Europe

Our ambition towards 2026

7-9%

High single digit revenue growth* towards 2026, majority driven by volume growth

~14%

Maintain EBIT (adj.) margin at 14% in 2026, with longer term ambition of margins above 16%

-100%

Reduction in GHG emissions** Scope 1&2 by 2030

** Excluding FX and structural effects*
*** GHG emissions reduction measured against 2016 emissions. Scope 3 targets being defined*

The journey has just started

Solid foundation – Fast-growing global health market – Clear strategic direction

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.