Orkla

First quarter results

3 May 2024

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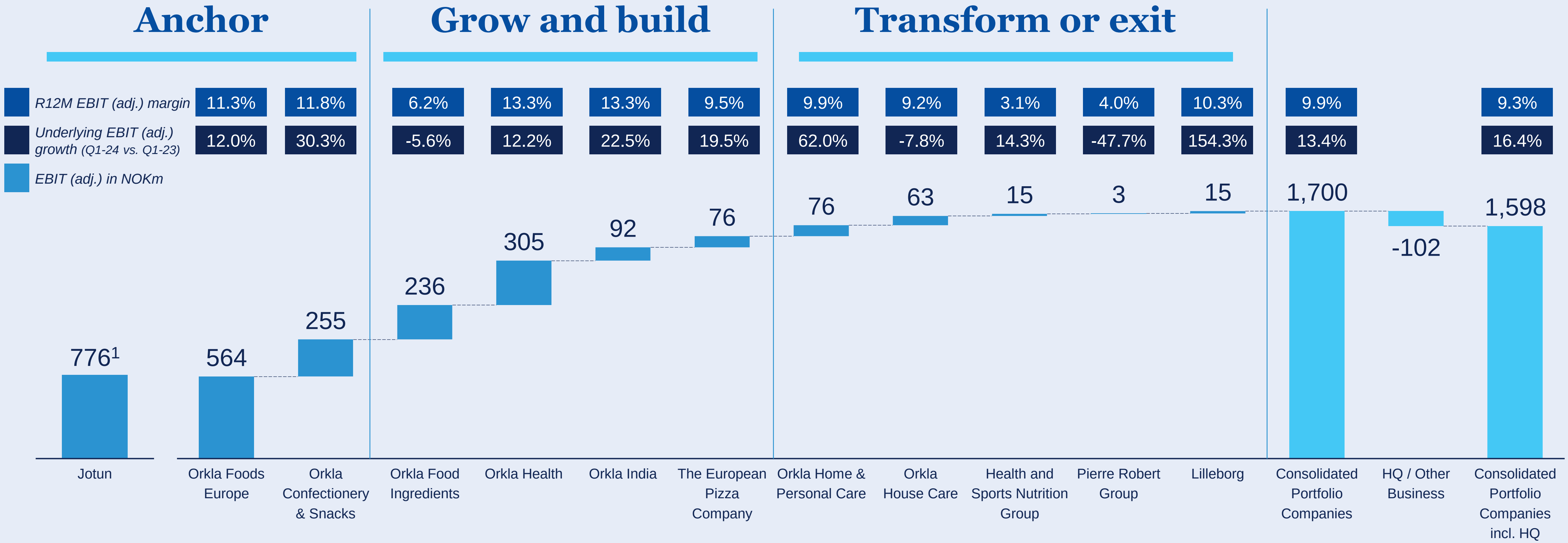
Q1-24 | Continued momentum from Q4-23

- EPS (adj.) of NOK 1.50 (+14% y/y)
- Positive volume performance and EBIT (adj.) margin expansion for most of the Portfolio Companies
- Underlying EBIT (adj.) growth of 16.4%[1,2] for the Consolidated Portfolio Companies
- Sale of 40% of Orkla Foods Ingredients completed

Note: 1. Including HQ; 2. Growth in Q1-24 vs. Q1-23

Alternative Performance Measures (APMs) are presented in the appendices.

Breakdown of Portfolio Companies' performance in Q1-24

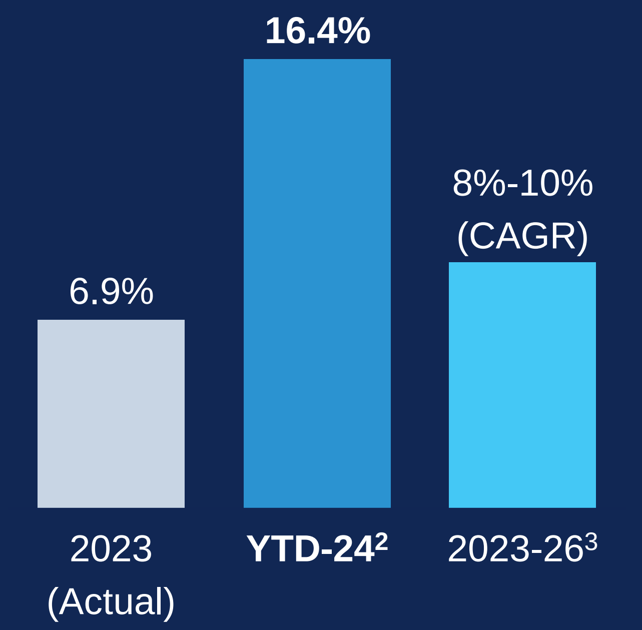


N.B. EBIT (adj.) figures relate to Q1-24

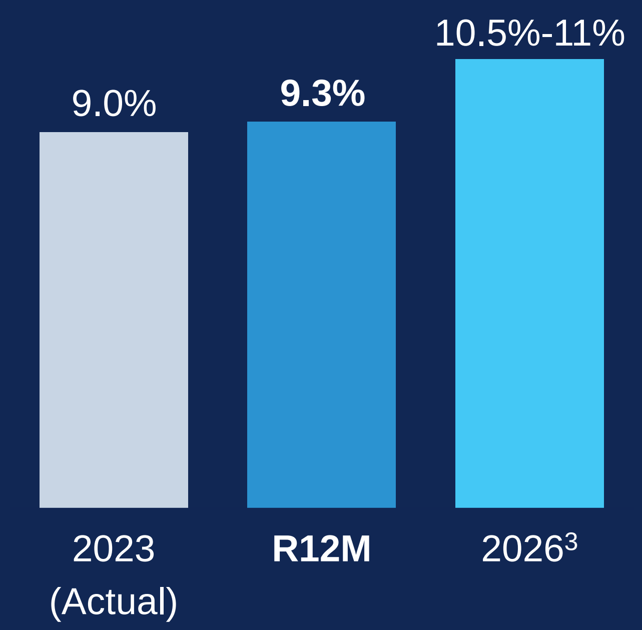
Note: 1. Orkla's share (42.7%) of Jotun EBITA
Abbreviation: R12M = Rolling twelve-month (also applicable to other pages in this presentation)
Alternative Performance Measures (APMs) are presented in the appendices.

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

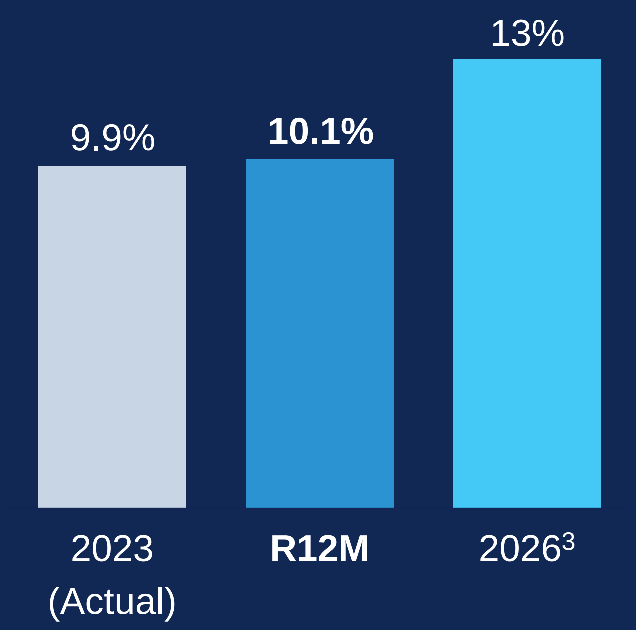
Underlying EBIT (adj.) growth



EBIT (adj.) margin



Return on Capital Employed (ROCE)



Note: 1: Including HQ; 2. Growth in Q1-24 vs. Q1-23; 3. Sum of the communicated targets for the Consolidated Portfolio Companies at the Capital Markets Day in November 2023
Alternative Performance Measures (APMs) are presented in the appendices.

Financial Performance

Harald Ullevoldsæter, CFO

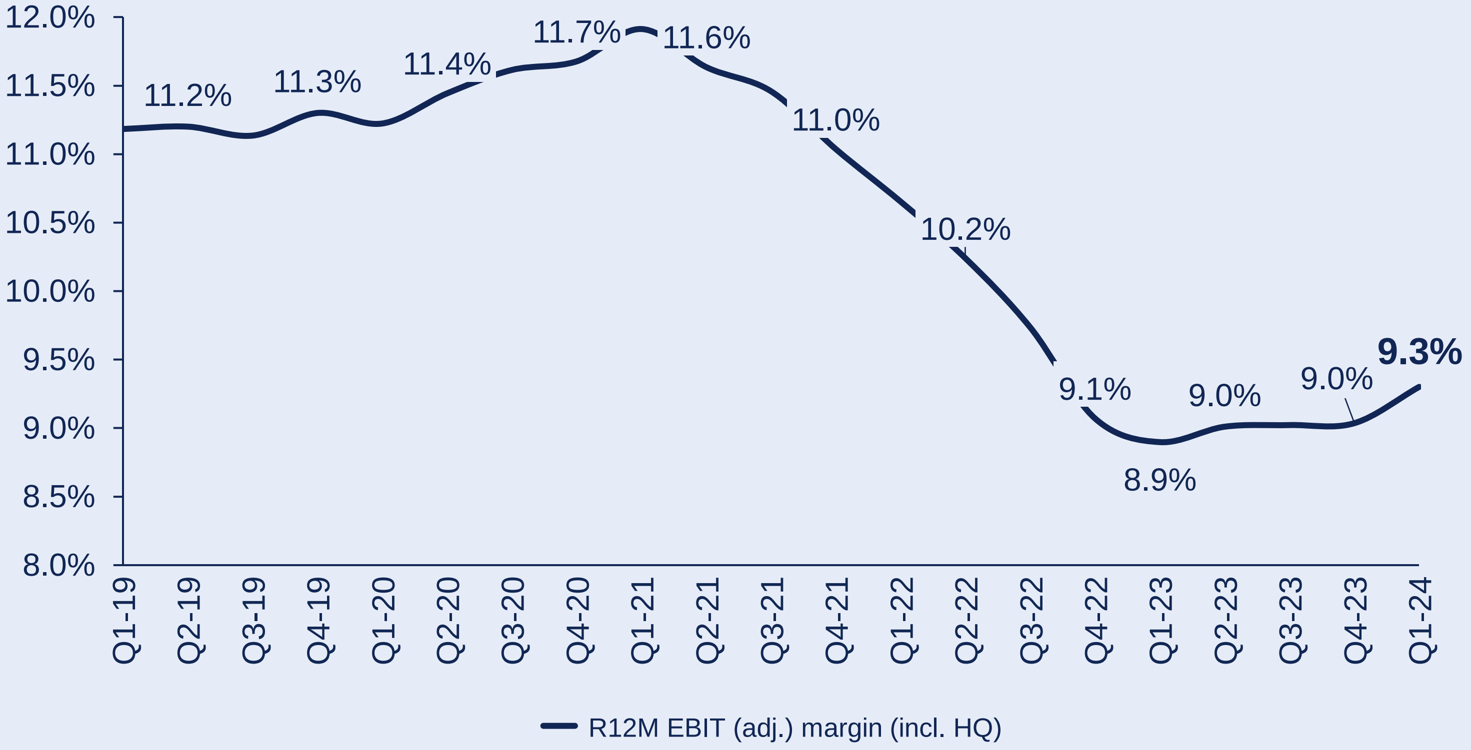
All Alternative Performance Measures (APMs) are presented in the appendices
All figures in NOK million unless otherwise stated

EBIT (adj.) growth of 15% for the Consolidated Portfolio Companies

Key figures	Q1-24	Q1-23	∆ Q1
Operating revenues Group	**17,107**	**16,188**	**6%**
EBIT (adj.) Consolidated Portfolio Companies	1,700	1,473	15%
EBIT (adj.) Financial Investments	165	258	-36%
EBIT (adj.) HQ and Business Services	-102	-125	-18%
EBIT (adj.)	**1,763**	**1,606**	**10%**
Other income and expenses	-30	-52	-42%
EBIT	**1,733**	**1,554**	**12%**
Profit from Jotun & Associates	415	422	-2%
Net interest and other financial items	-278	-240	16%
Profit before tax	**1,870**	**1,736**	**8%**
Taxes	-356	-410	-13%
Profit after tax	**1,514**	**1,326**	**14%**
Profit/loss attributable to non-controlling interests	45	50	-10%
Profit/loss attributable to owners of the parent	**1,469**	**1,276**	**15%**
Adjusted EPS diluted (NOK)	**1.50**	**1.32**	**14%**
Reported EPS diluted (NOK)	1.47	1.28	15%

Improved EBIT (adj.) margin

Consolidated Portfolio Companies | R12M EBIT (adj.) margin (incl. HQ)



Underlying EBIT (adj.) margin change (Q1-24)

Category	Portfolio Company	Underlying EBIT (adj.) margin change[1]
Anchor	Orkla Foods Europe	+0.9 %-p ★
	Orkla Confectionery & Snacks	+1.7 %-p ★
Grow and build	Orkla Food Ingredients	-0.2 %-p
	Orkla Health	+0.3 %-p ★
	Orkla India	+1.1 %-p
	The European Pizza Company	+1.9 %-p
Transform or exit	Orkla Home & Personal Care	+3.6 %-p
	Orkla House Care	-1.6 %-p ★
	Health and Sports Nutrition Group	+0.7 %-p ★
	Pierre Robert Group	-1.7 %-p
	Lilleborg	+6.0 %-p

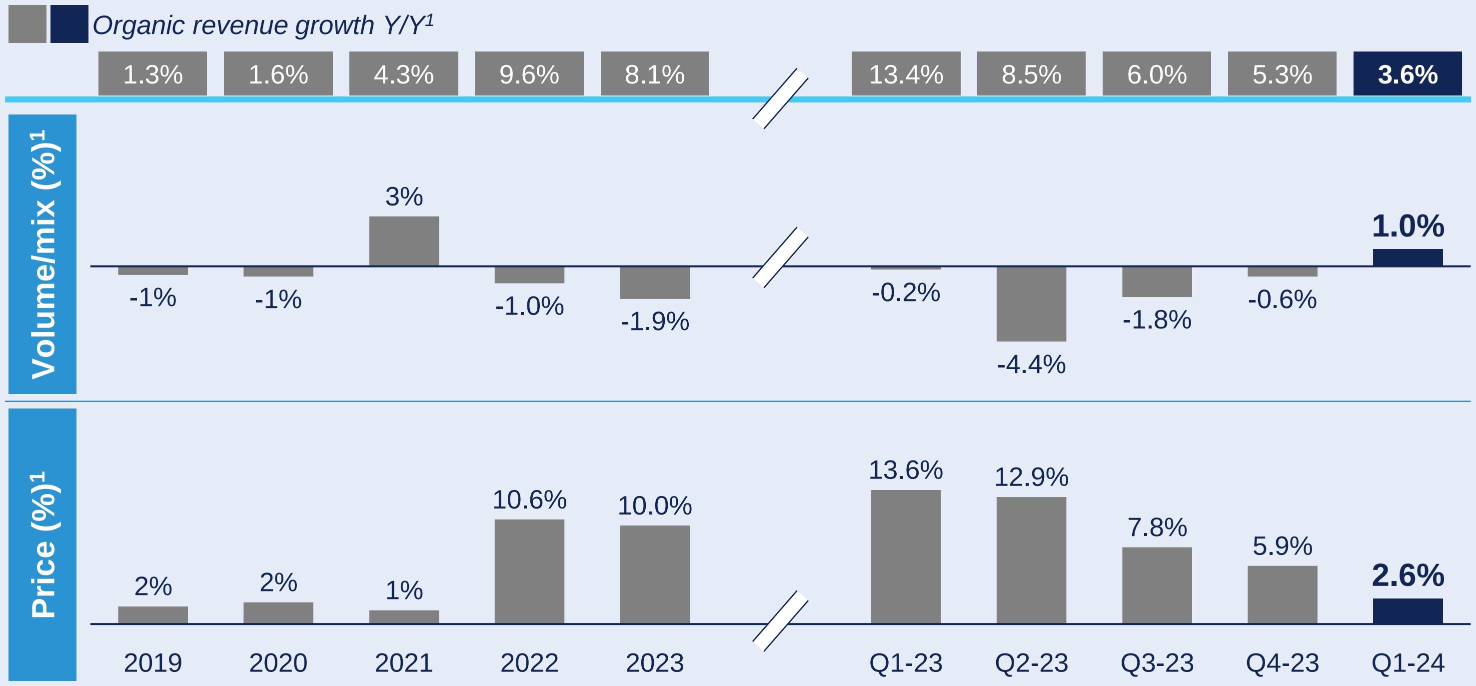
★ EBIT (adj.) margin target communicated at Capital Markets Day in November 2023

Note: 1. Underlying EBIT (adj.) margin change in Q1-24 compared to Q1-23

Orkla

Back to positive volume growth

Organic growth split for the Consolidated Portfolio Companies



Breakdown of organic growth by price and volume/mix (Q1-24)

Category	Portfolio Company	Organic growth (Y/Y) Price	Organic growth (Y/Y) Vol/Mix
Anchor	Orkla Foods Europe	5.5%	-2.3% ★
	Orkla Confectionery & Snacks	7.7%	3.1% ★
Grow and build	Orkla Food Ingredients	-2.7%	-0.3% ★
	Orkla Health	3.6%	6.3%
	Orkla India	5.8%	5.8%
	The European Pizza Company	N/A	N/A
Transform or exit	Orkla Home & Personal Care	1.8%	8.9%
	Orkla House Care	0.3%	1.9%
	Health and Sports Nutrition Group	N/A	N/A
	Pierre Robert Group	2.3%	-12.7%
	Lilleborg	8.8%	-3.2%

★Volume/mix target communicated at Capital Markets Day in November 2023

Note: 1. Figures not adjusted for timing effects such as the timing of Easter, etc.

Continued focus on cash flow from operations

Cash flow from operations (pre-tax)	Q1-24	Q1-23
EBIT (adj.)	1,598	1,348
Depreciation	627	577
Change in net working capital	-538	-625
Net replacement investments	-409	-799
Cash flow from operations (adj.)	**1,278**	**501**
Cash flow from other income & exp. and pensions	-42	-58
Cash flow from operations from Consolidated Portfolio Companies[1]	**1,236**	**443**
Cash flow from operations – Financial Investments	135	297
Cash flow from operations – Orkla Group	**1,371**	**740**

Cash conversion (R12M)

Category	Portfolio Company	Cash conversion	
Anchor	Orkla Foods Europe	131%	★
	Orkla Confectionery & Snacks	65%	★
Grow and build	Orkla Food Ingredients	117%	
	Orkla Health	89%	
	Orkla India	110%	★
	The European Pizza Company	98%	
Transform or exit	Orkla Home & Personal Care	159%	★
	Orkla House Care	141%	
	Health and Sports Nutrition Group	Neg.	★
	Pierre Robert Group	>150%	
	Lilleborg	72%	

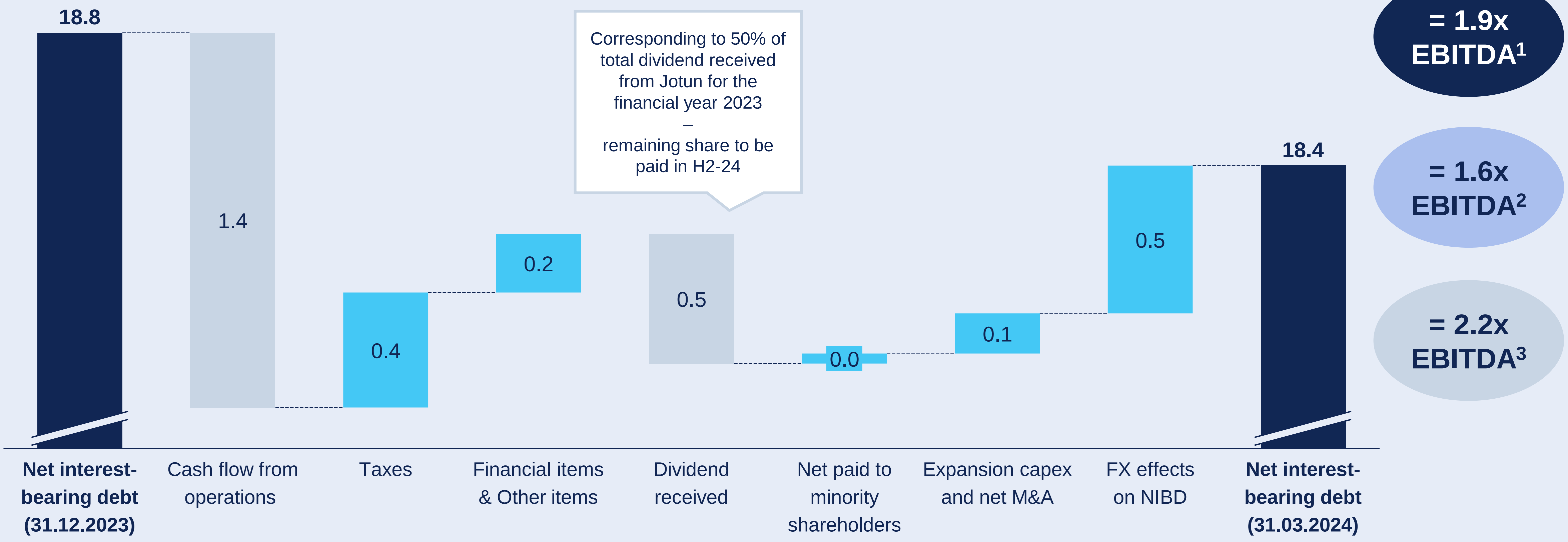
★ Cash conversion target communicated at Capital Markets Day in November 2023

Note: 1. Including HQ and Business Services

Orkla

NIBD at NOK 18.4bn per Q1-24, with NIBD/EBITDA at 1.9x

Figures in NOK billion



Note: 1. Including acquired businesses; 2. NIBD/EBITDA level of 1.6x if adjusting for Orkla Food Ingredients transaction with Rhône; 3. NIBD/EBITDA level of 2.2x if adjusting for both i) Orkla Food Ingredients transaction with Rhône, and ii) the communicated dividend to be paid in May 2024

Portfolio Companies

Harald Ullevoldsæter, CFO

All Alternative Performance Measures (APMs) are presented in the appendices.
All figures in NOK million unless otherwise stated.

Jotun (42.7% - associated company)

A good start to the year

Jotun 100% basis	Q1-24	Q1-23
Revenues	**8,056**	**7,766**
Revenue growth – fixed rate	*7.4%*	*17.6%*
EBITA	**1,818**	**1,618**
EBITA growth	*12.4%*	*80.8%*
ROCE (R12M)	**35.4%**	

Key comments

- Continued sales growth from higher volumes in all segments
- Earnings and profitability improvement driven by higher gross margin, primarily due to lower raw material costs
- Material non-recurring effects in the quarter linked to devaluation of the Egyptian Pound. EBITA impact of NOK -252 million and a further NOK -189 million impact on financial items

Note: Orkla's share of net profit is 42.7%

Orkla Foods Europe

Underlying EBIT (adj.) growth and strong cash conversion in the quarter

	Q1-24	Q1-23
Revenues	**5,100**	**4,903**
Contribution ratio	*38.0%*	*37.9%*
EBIT (adj.)	**564**	**510**
EBIT (adj.) margin	*11.1%*	*10.4%*
Underlying EBIT (adj.) growth	*12.0%*	*4.5%*
Organic growth	**3.2%**	**10.3%**
Price	*5.5%*	*15.2%*
Volume / Mix	*-2.3%*	*-4.9%*
ROCE (R12M)	**12.7%**	**11.6%**
Cash conversion (R12M)	**131%**	**53%**

Key comments

- Underlying EBIT (adj.) growth supported by organic revenue growth and cost savings linked to reorganisation projects in Norway, Sweden and the Czech Republic
- Flat volume development when adjusted for estimated effects of the timing of Easter
- Solid cash conversion in line with improved inventory levels

Orkla Confectionery & Snacks

Positive volume/mix growth, and improvements in biscuit factory

	Q1-24	Q1-23
Revenues	**2,296**	**1,994**
Contribution ratio	*43.1%*	*41.8%*
EBIT (adj.)	**255**	**187**
EBIT (adj.) margin	*11.1%*	*9.4%*
Underlying EBIT (adj.) growth	*30.3%*	*-6.9%*
Organic growth	**10.8%**	**13.6%**
Price	*7.7%*	*14.0%*
Volume / Mix	*3.1%*	*-0.4%*
ROCE (R12M)	**10.1%**	**11.0%**
Cash conversion (R12M)	**65%**	**18%**

Key comments

- Volume/mix growth of 3.1%, driven by successful markeing activities
- The new biscuit factory continued to increase output and is on track to deliver result improvements during the year
- Cash conversion improvement as large capex projects are finalised
- Actions have been taken to mitigate the unprecedented price increase in cocoa and relates to the full marketing mix, including portfolio optimisation and pricing

Orkla Food Ingredients

EBIT (adj.) on par with the same period last year

	Q1-24	Q1-23
Revenues	**4,464**	**4,393**
Contribution ratio	*29.0%*	*27.6%*
EBIT (adj.)	**236**	**238**
EBIT (adj.) margin	*5.3%*	*5.4%*
Underlying EBIT (adj.) growth	*-5.6%*	*25.5%*
Organic growth	**-2.9%**	**22.0%**
Price	*-2.7%*	*18.7%*
Volume / Mix	*-0.3%*	*3.3%*
ROCE (R12M)	**10.5%[1]**	**10.8%**

Key comments

- Good underlying EBIT (adj.) growth in Bakery and Plant Based clusters. Decline in underlying EBIT (adj.) related to the Sweet cluster
- Slight volume/mix decline explained by the timing of Easter
- Customer price reductions implemented in response to lower input costs

Note: 1. In Q4 2022, Orkla Food Ingredients acquired 84% of the shares in Denali Ingredients, a leading ice cream ingredients business in the USA. The transaction has a short-term dilutive effect on ROCE

Orkla Health

Solid volume growth led to a strong quarter

	Q1-24	Q1-23
Revenues	**1,934**	**1,614**
Contribution ratio	*56.9%*	*58.3%*
EBIT (adj.)	**305**	**265**
EBIT (adj.) margin	*15.8%*	*16.4%*
Underlying EBIT (adj.) growth	*12.2%*	*14.9%*
Organic growth	**9.9%**	**6.8%**
Price	*3.6%*	*3.1%*
Volume / Mix	*6.3%*	*3.7%*
ROCE (R12M)	**9.3%**	**8.5%**

Key comments

- Strong volume driven revenue growth in D2C business and the global brands Möller's and Jordan
- Substantial A&P investments in line with strategy of supporting prioritised brands and accelerating international expansion
- Broad-based price increases implemented to mitigate negative effects of higher input costs

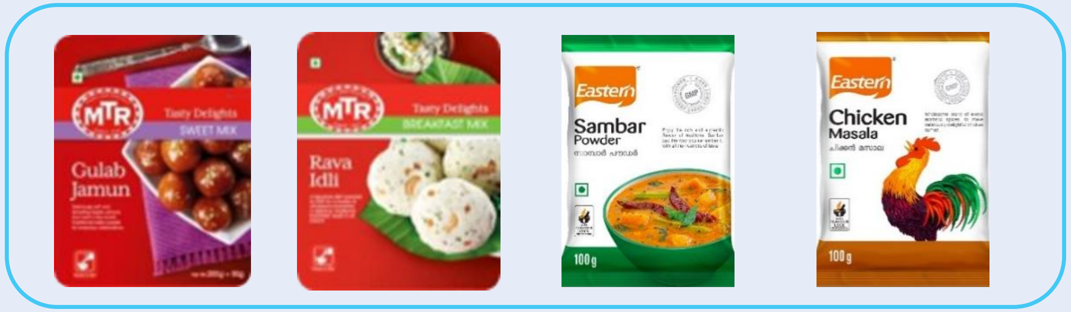
Orkla India

Strong sales growth in International business

	Q1-24	Q1-23
Revenues	**763**	**672**
Contribution ratio	*34.7%*	*33.6%*
EBIT (adj.)	**92**	**74**
EBIT (adj.) margin	*12.1%*	*11.0%*
Underlying EBIT (adj.) growth	*22.5%*	*14.4%*
Organic growth	**11.6%**	**17.6%**
Price	*5.8%*	*17.2%*
Volume / Mix	*5.8%*	*0.4%*
ROCE (R12M)	**14.0%**	**11.7%**
Cash conversion (R12M)	**110%**	**79%**

Key comments

- Organic sales growth of 11.6% and volume growth of 5.8%, driven by strong International business sales
- The contribution ratio improved to 34.7% caused by carry-over price effects from 2023 and declining prices of key raw materials
- EBIT (adj.) margin of 12.1% linked to the improved contribution ratio



The European Pizza Company

Earnings growth supported by restructuring in Germany

	Q1-24	Q1-23
Revenues	**710**	**690**
Contribution ratio	*43.2%*	*41.2%*
EBIT (adj.)	**76**	**61**
EBIT (adj.) margin	*10.8%*	*8.8%*
Underlying EBIT (adj.) growth	*19.5%*	*-3.7%*
Organic growth	**-1.6%**	**16.6%**
ROCE (R12M)	**6.7%**	**6.5%**

Key comments

- EBIT (adj.) growth and margins positively affected by the closure of 54 locations in Germany in 2023
- Soft consumer sales growth on the back of weaker consumer confidence in Finland and Benelux
- Strong momentum and earnings growth in the Polish business Da Grasso

Orkla Home & Personal Care

Good performance in Norway with positive volume/mix growth

	Q1-24	Q1-23
Revenues	**673**	**592**
Contribution ratio	*41.1%*	*39.9%*
EBIT (adj.)	**76**	**45**
EBIT (adj.) margin	*11.3%*	*7.5%*
Underlying EBIT (adj.) growth	*62.0%*	*-10.4%*
Organic growth	**10.7%**	**7.1%**
Price	*1.8%*	*10.1%*
Volume / Mix	*8.9%*	*-3.0%*
ROCE (R12M)	**17.2%**	**10.5%**
Cash conversion (R12M)	**159%**	

Key comments

- Organic growth driven by volume/mix growth in Norway, as well as contract manufacturing
- Brand investment to support new launches and “hero brands”
- EBIT (adj.) growth mainly linked to revenue growth and improved contribution ratio

Orkla House Care

Sales growth in all main markets

- EBIT (adj.) of NOK 63m (Q1), NOK -4m reduction vs. Q1-23
- Improved contribution ratio to 48.6% through favourable customer and product mix
- Operating costs increased due to salary inflation, non-recurring items and costs related to a new ERP system

Health and Sports Nutrition Group

EBIT (adj.) margin expansion in the quarter

- EBIT (adj.) of NOK 15m (Q1), an increase of NOK 1m vs. Q1-23
- Organic growth of -3.8% in the quarter, impacted by the timing of campaign activities and external system challenges in driving paid traffic to e-commerce sites.

Pierre Robert Group

EBIT (adj.) decline mainly driven by the timing of Easter

- EBIT (adj.) of NOK 3m (Q1), NOK -3m vs. Q1-23
- Organic revenue decline due to the timing of Easter and lower sales to specialty customers
- Volume development continued to be a challenge in the Norwegian grocery sector
- Improved contribution ratio linked to price increases last year

Lilleborg

EBIT (adj.) margins back to above 10% levels

- EBIT (adj.) of NOK 15m (Q1), NOK +9m vs. Q1-23
- Organic growth of 5.5% driven by price increases
- Improved EBIT (adj.) margins to 10.2% related to stabilizing raw material prices and continued focus on price management

Closing remarks

Nils K. Selte, President and CEO

All Alternative Performance Measures (APMs) are presented in the appendices.
All figures in NOK million unless otherwise stated.

3 COMMITMENTS

Drive organic value in existing portfolio

Reduce complexity of existing portfolio

Execute value-adding structural transactions

New CFO from 1 June 2024

Harald Ullevoldsæter

Arve Regland

Q&A

Nils K. Selte, President and CEO

Harald Ullevoldsæter, CFO

Upcoming events

Second quarter results

15 July 2024

Appendices

Lower power prices was the main driver of earnings decline in Hydro Power. Positive impact from removal of windfall tax[2]

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):	Power prices[1] (øre/kWh):	EBIT adj. (NOK million):
NO1 Q1: 103 (104)	NO1 Q1: 76 (118)	Q1: 165 (255)
NO2 Q1: 399 (399)	NO2 Q1: 74 (118)	

Financial Investments

Fully consolidated into Orkla's financial statements

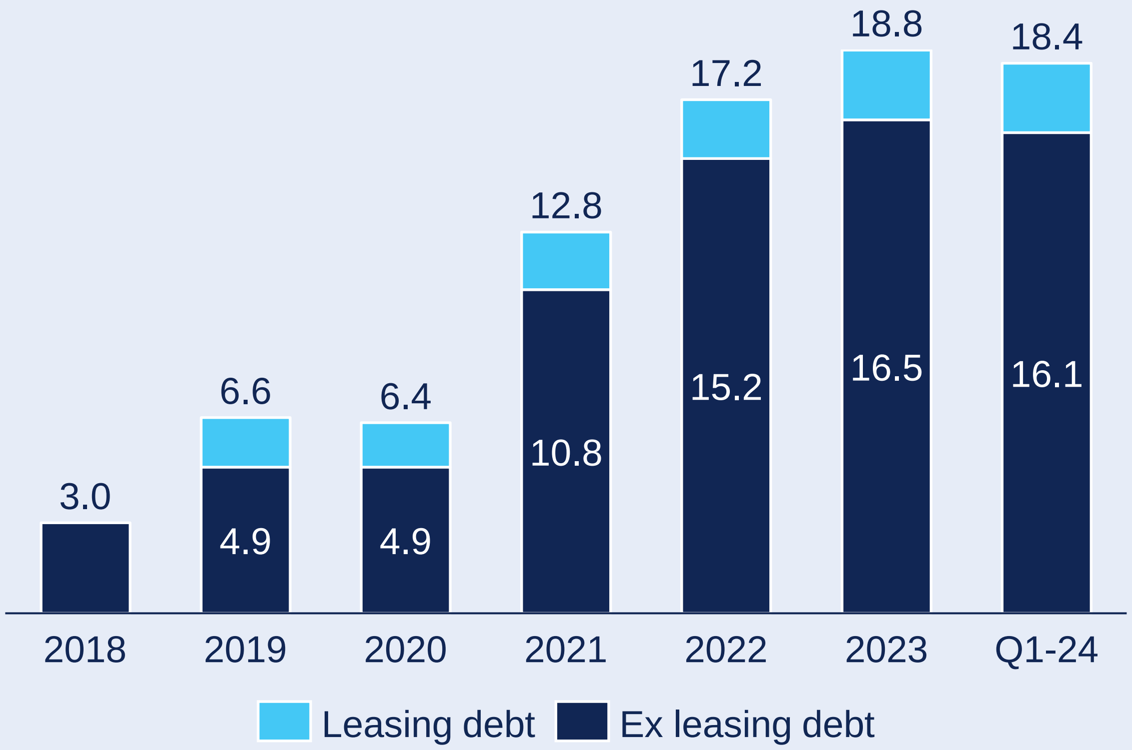
Est. market value of rental portfolio: NOK 2.3 billion

Book value of development portfolio: NOK 0.5 billion

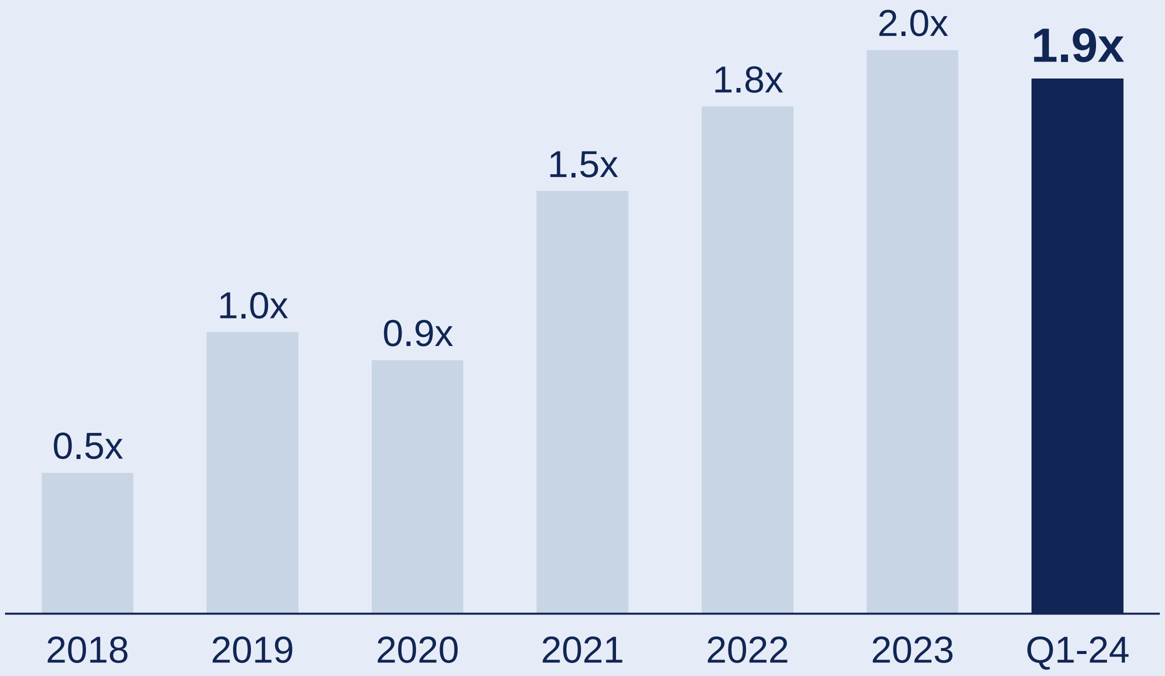
Note: 1. Nord Pool (average spot area prices for Eastern Norway (NO1) and Southern and South-Western Norway (NO2); 2. Windfall taxes were discontinued from Oct-23. They were effectively a fee on sales above 70 øre/kWh and accounted for as cost of goods sold

Sound financial profile

Net interest-bearing liabilities (NOKbn)

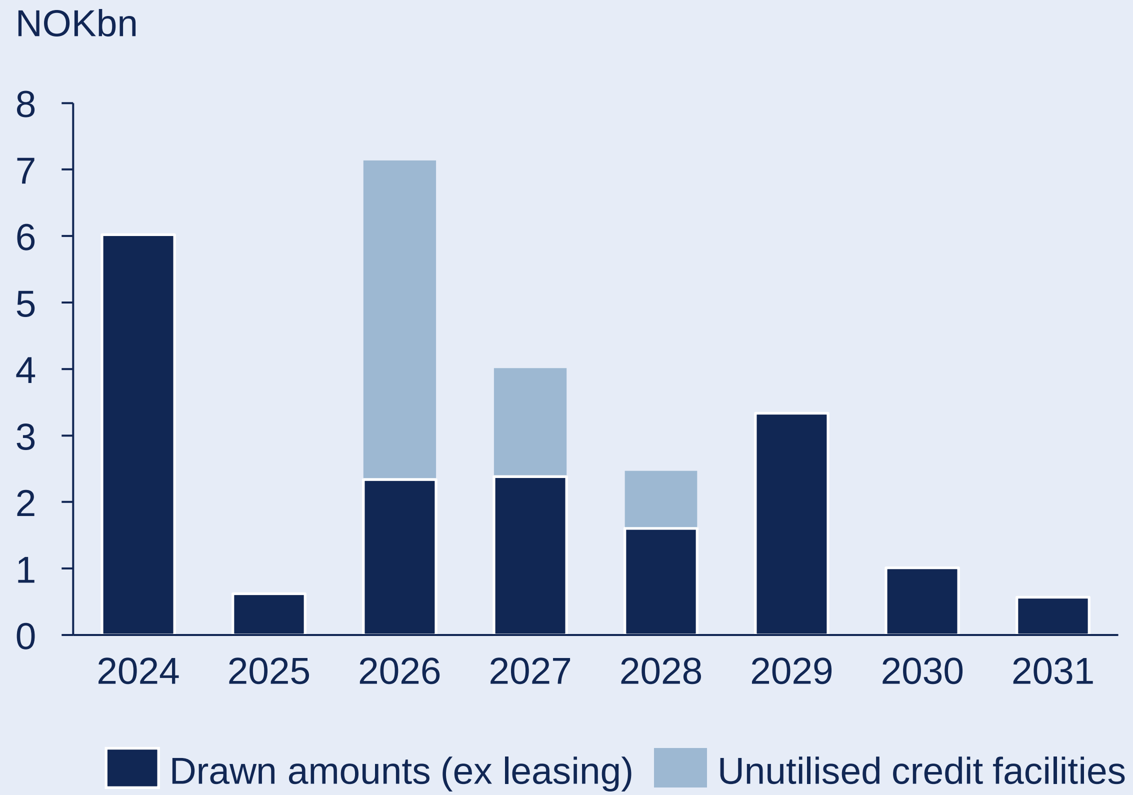


NIBD / R12M EBITDA

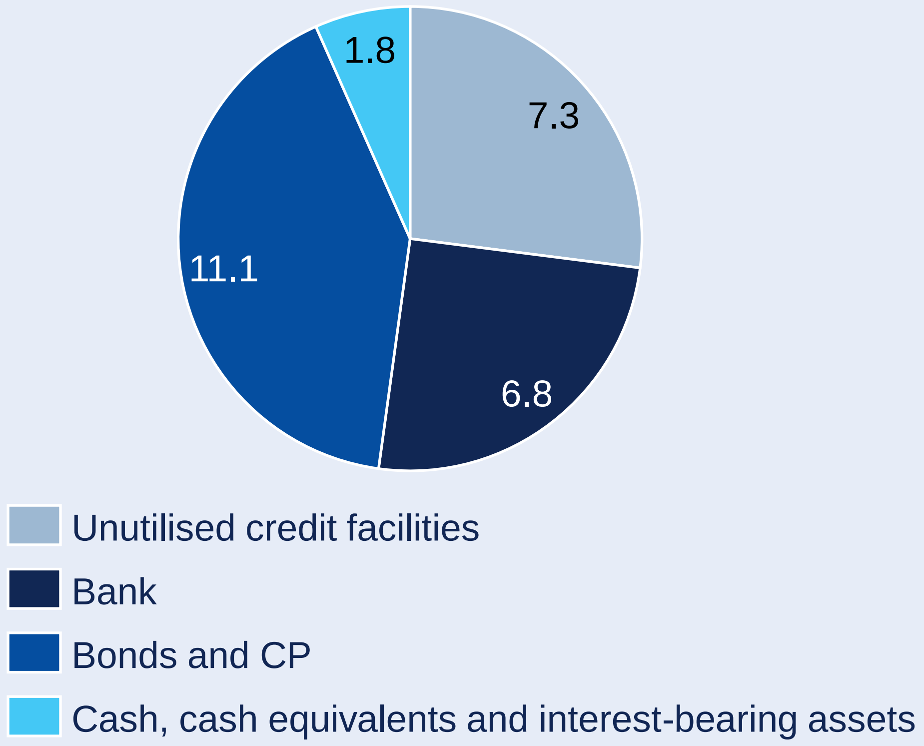


Funding sources and maturity profile per Q1-24

Debt maturity ❯ average maturity 2.8 years



Funding sources (in NOKbn)

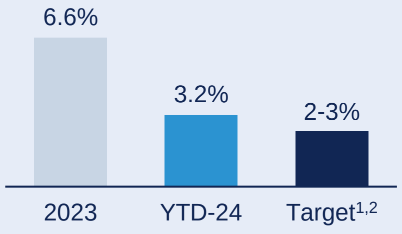


Anchor

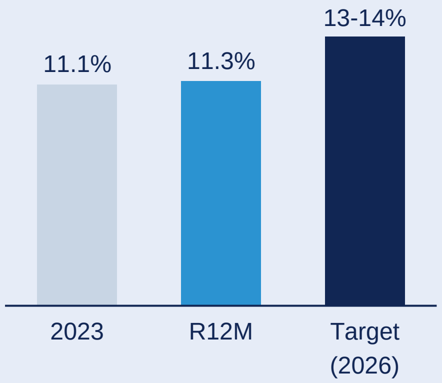
Overview of financial targets (1/3)

Orkla Foods Europe

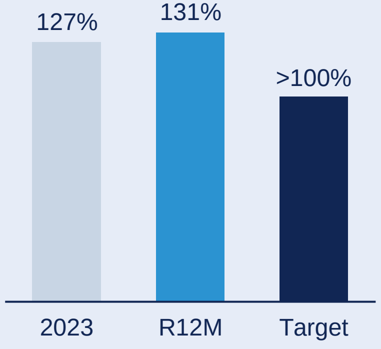
Revenue



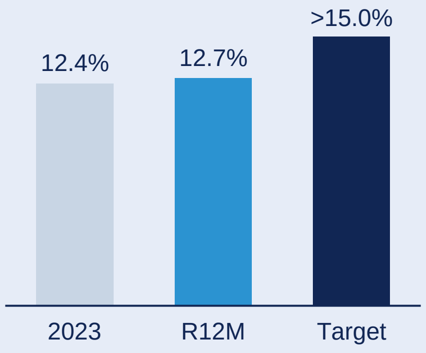
EBIT margin



Cash conversion

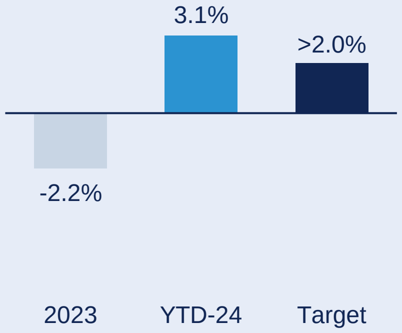


ROCE

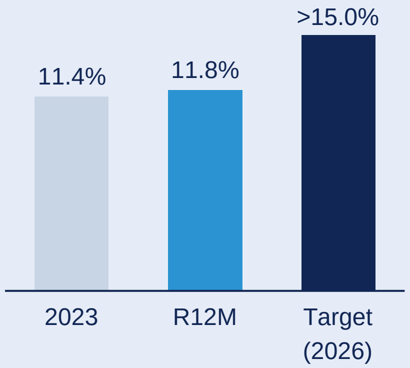


Orkla Confectionery & Snacks

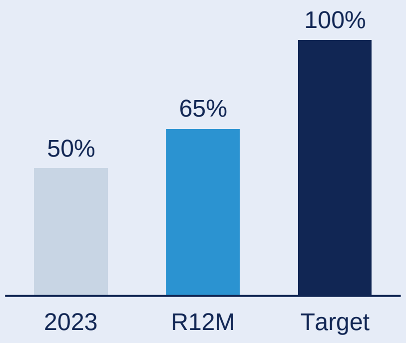
Volume-mix



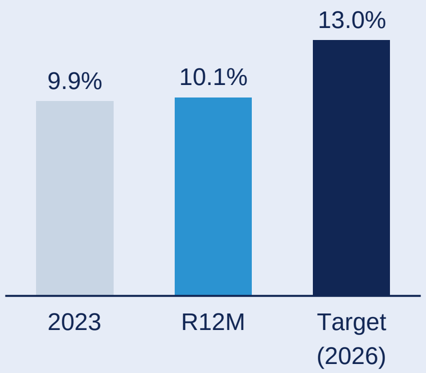
EBIT margin



Cash conversion

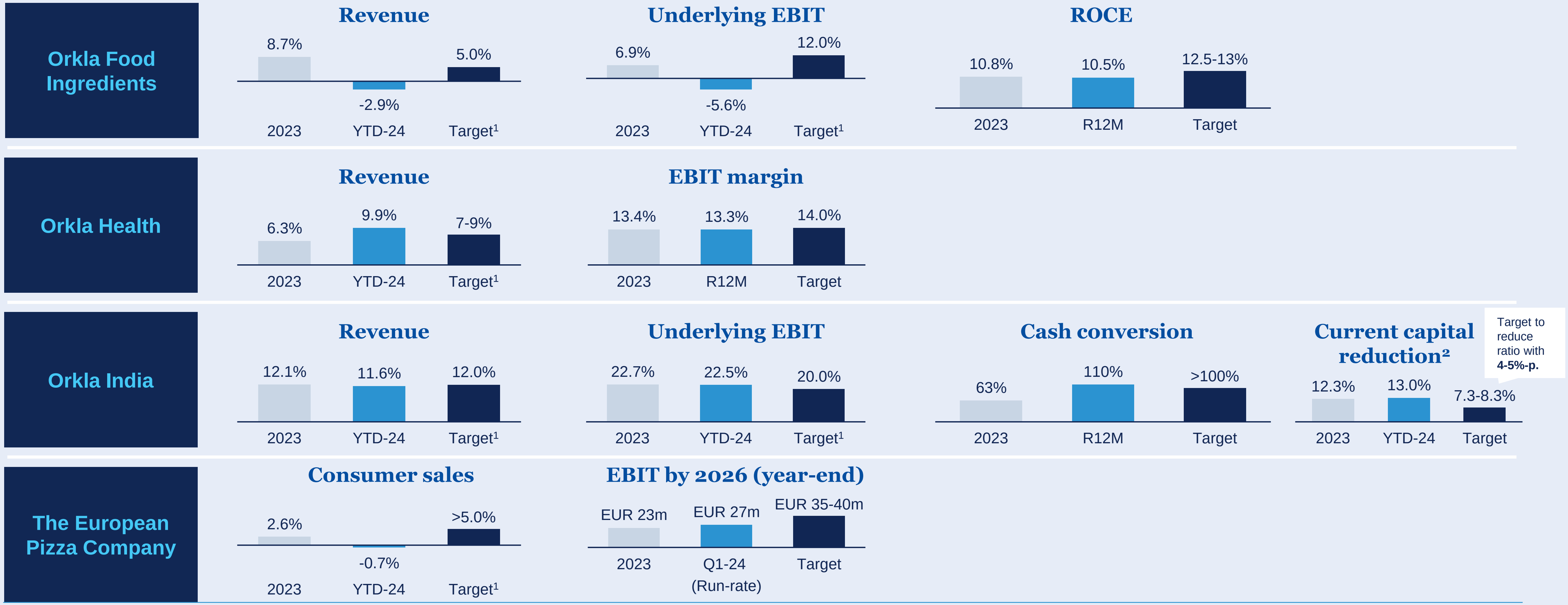


ROCE



Note: 1. Organic CAGR from 2024-2026; 2. Communicated target of positive volume/mix growth
R12M represent rolling twelve months as of 31.03.2024; YTD-24 vs. YTD-23
The Target period stretches from 2024-2026. Kindly note that financial targets for each portfolio company was communicated on the Capital Markets Day on 29 November 2023
All revenue measures are organic
All EBIT measures are defined as EBIT (adj.)
All cash conversion measures are defined as cash flow from operations / EBIT (adj.)

Overview of financial targets (2/3)



Note: 1. Organic CAGR from 2024-2026; 2. Current capital defined as Inventories + Receivables Payables as a % of revenue
R12M represent rolling twelve months as of 31.03.2024; YTD-24 vs. YTD-23
The Target period stretches from 2024-2026. Kindly note that financial targets for each portfolio company was communicated on the Capital Markets Day on 29 November 2023
All revenue measures are organic except Orkla Food Ingredients where minor add-ons are included (represents ~1-2% of revenue growth and ~2-3% of EBIT (adj.) growth) – hence organic growth of ~3-4% (50/50 price and volume/mix)
All EBIT measures are defined as EBIT (adj.). EBIT CAGR is related to underlying EBIT (adj.)
All cash conversion measures are defined as cash flow from operations / EBIT (adj.)
Current capital defined as Inventories + Receivables - Payables as a % of revenue

Overview of financial targets (3/3)

Orkla Home & Personal Care

Underlying EBIT (adj.)

2023	YTD-24	Target[1]
35.5%	62.0%	>10.0%

Cash conversion

2023	R12M	Target
128%	159%	100%

Orkla House Care

EBIT margin

2023	R12M	Target
9.6%	9.2%	14-15%

Health and Sports Nutrition Group

Revenue

2023	YTD-24	Target[1]
10.4%	-3.8%	>5.0%

EBIT margin

2023	R12M	Target (2026)
2.9%	3.1%	5.0%

Cash conversion

2023	R12M	Target
Neg.	*Neg.*	100%

Pierre Robert Group

Acc. net cash generation

YTD-24	Target
27	>100

NOK >100m in accumulated net cash generation 2024-2026

Lilleborg

Revenue

2023	YTD-24	Target[1]
15.4%	5.5%	3-5%

Underlying EBIT

2023	YTD-24	Target[1]
-8.7%	154.3%	10-12%

Cash conversion

2023	R12M	Target
59%	72%	>90%

Note: 1. Organic CAGR from 2024-2026
R12M represent rolling twelve months as of 31.03.2024; YTD-24 vs. YTD-23
The Target period stretches from 2024-2026. Kindly note that financial targets for each portfolio company was communicated on the Capital Markets Day on 29 November 2023
All revenue measures are organic
All EBIT measures are defined as EBIT (adj.). EBIT CAGR is related to underlying EBIT (adj.)
All cash conversion measures are defined as cash flow from operations / EBIT (adj.)

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 as at 31 March 2024, chiefly due to the fact that expensed M&A costs are generally not tax-deductible. Non-taxable income increased the tax rate applicable to OIE somewhat in 2023. The effective tax rate applicable to OIE as at 31 March 2024 was 16%, compared to 15% as at 31 March 2023.

Adjustments are also made for any reported gains or losses related to sale/purchase of associates and joint ventures, and any reported major profit or loss effects related 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 acquisition of the businesses Bubs Godis, Khell-Food, and Norstamp. Adjustments were also made for the loss of distribution agreements with Tropicana and Alpro in Orkla Foods Europe. 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