Third quarter results

29 October 2024

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Q3-24 | Continued strong earnings momentum

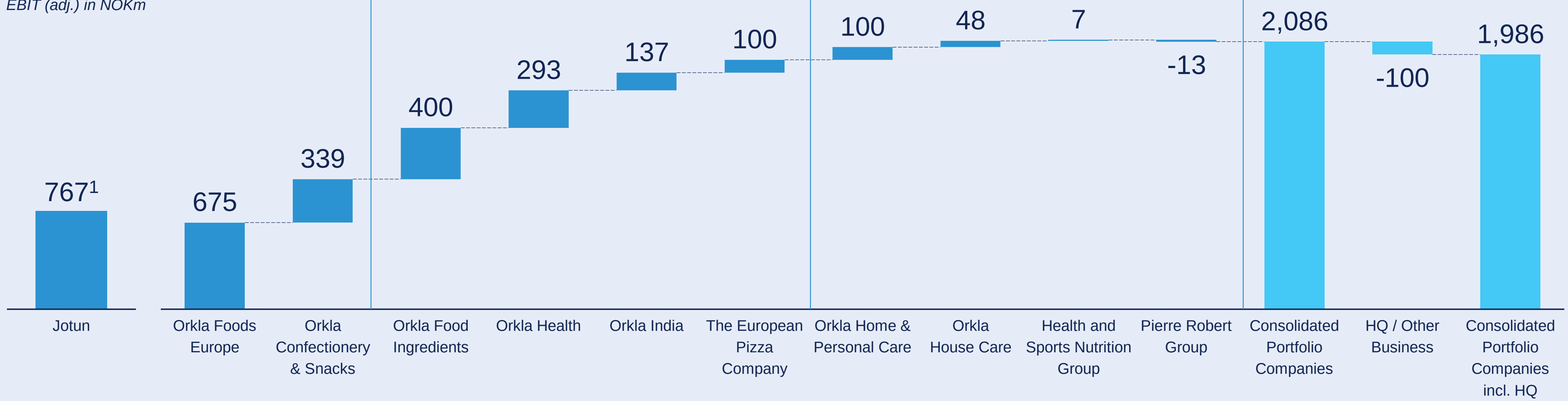
- EPS (adj.) of NOK 1.77 (+10%)
- Underlying EBIT (adj.) growth of 17%[1]
- Organic growth of 3.9%[1] and positive volume/mix
- Cash conversion of 112%[1]

Note: 1. Consolidated Portfolio Companies incl. HQ. Organic growth excluding HQ
Alternative Performance Measures (APMs) are presented in the appendices.

Breakdown of Portfolio Companies' performance in Q3-24

	Anchor			Grow and build				Transform or exit						
	Jotun	Orkla Foods Europe	Orkla Confectionery & Snacks	Orkla Food Ingredients	Orkla Health	Orkla India	The European Pizza Company	Orkla Home & Personal Care	Orkla House Care	Health and Sports Nutrition Group	Pierre Robert Group	Consolidated Portfolio Companies	HQ / Other Business	Consolidated Portfolio Companies incl. HQ
R12M EBIT (adj.) margin		12.1%	12.5%	6.6%	13.4%	14.5%	11.2%	11.1%	11.3%	2.5%	0.0%	10.6%		10.0%
Underlying EBIT (adj.) growth (Q3-24 vs. Q3-23)		16.8%	19.2%	17.7%	13.0%	8.4%	22.8%	24.6%	8.7%	-32.0%	-338.9%	15.3%		17.0%

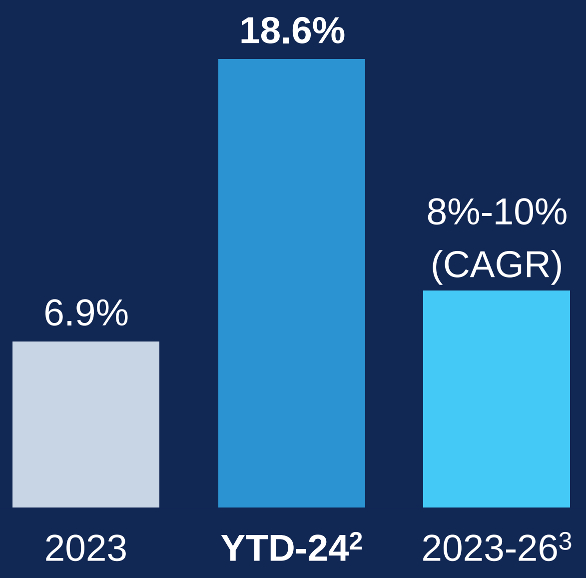
EBIT (adj.) in NOKm



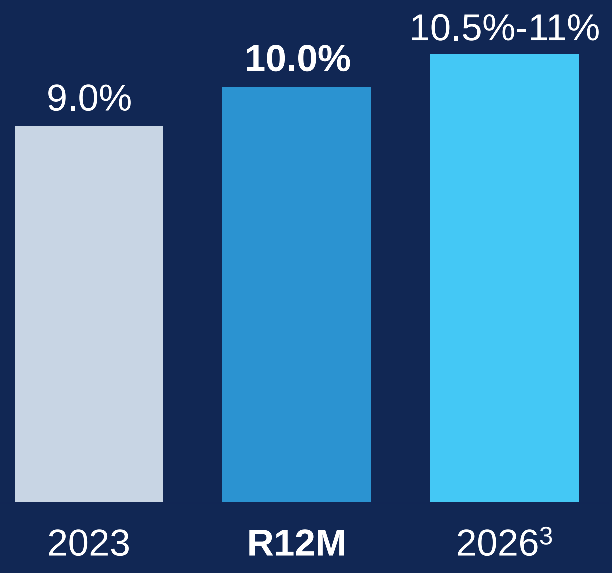
Note: 1. Orkla's share (42.7%) of Jotun EBITA
Abbreviation: R12M = Rolling twelve-month (also applicable to other pages in this presentation)
Alternative Performance Measures (APMs) are presented in the appendices.

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

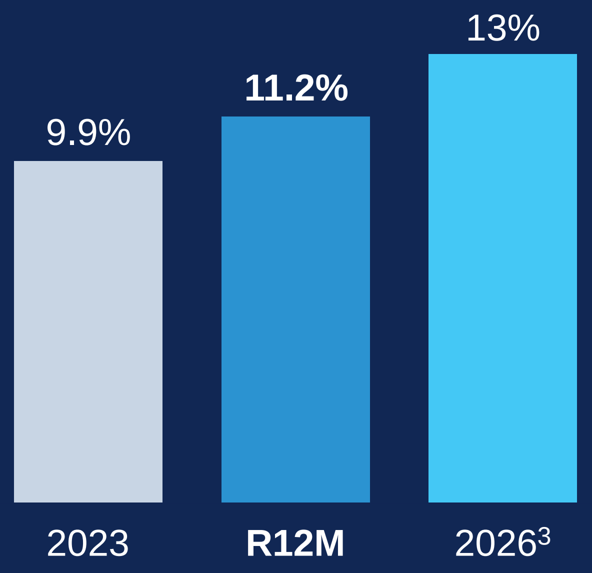
Underlying EBIT (adj.) growth



EBIT (adj.) margin



Return on Capital Employed (ROCE)



Note: 1: Including HQ; 2. Growth as at YTD-24 vs. YTD-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

Arve Regland, EVP Finance and CFO

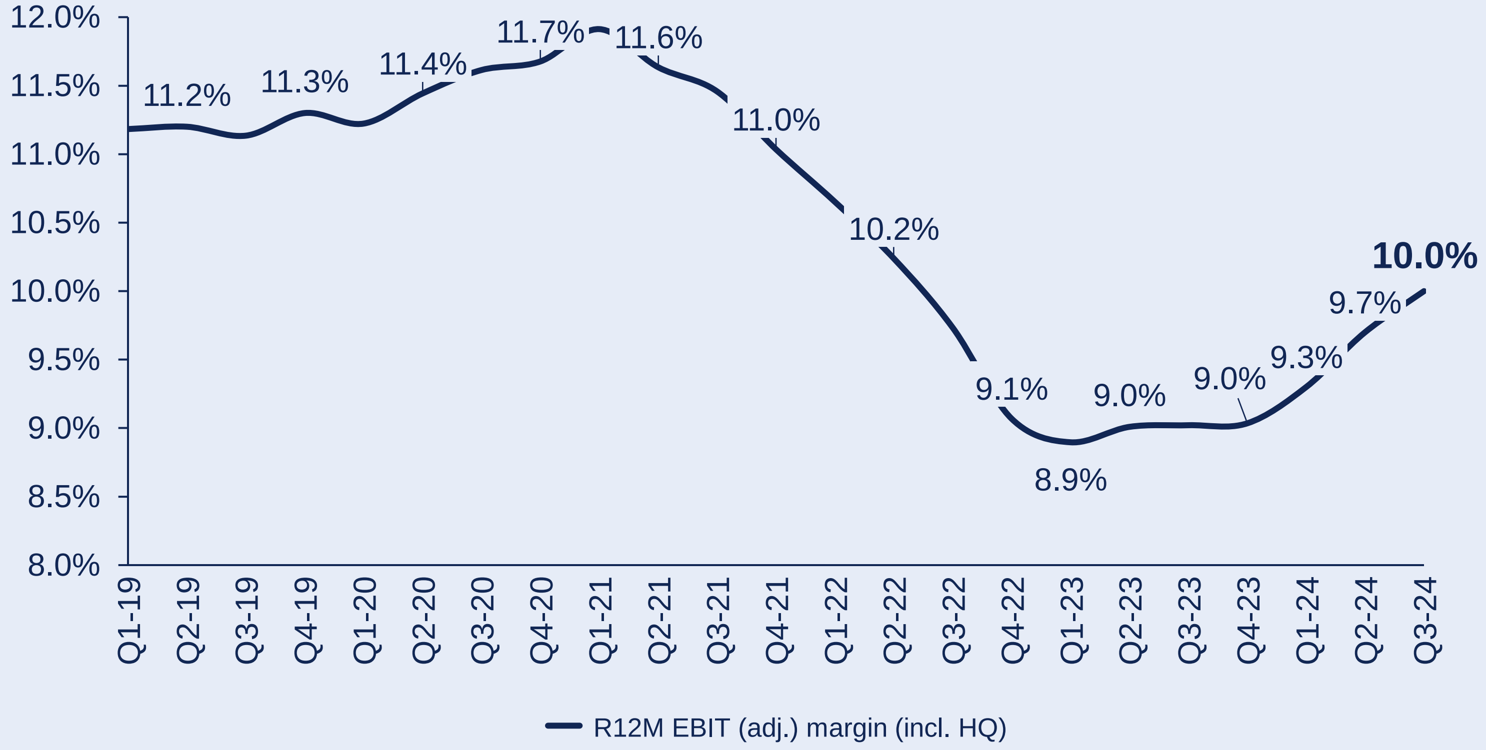
All Alternative Performance Measures (APMs) are presented in the appendices
All figures in NOK million unless otherwise stated

EBIT (adj.) growth of 18% for the Consolidated Portfolio Companies

Key quarterly figures	Q3-24	Q3-23	∆ Q3
Operating revenues	**17,512**	**16,783**	**4%**
EBIT (adj.) Consolidated Portfolio Companies	2,086	1,772	18%
EBIT (adj.) Financial Investments	161	244	-34%
EBIT (adj.) HQ and Business Services	-100	-109	-11%
EBIT (adj.)	**2,147**	**1,907**	**13%**
Other income and expenses	-741	-77	
EBIT	**1,406**	**1,830**	
Profit from Jotun & associates	550	509	
Net interest and other financial items	-285	-291	
Profit before tax	**1,671**	**2,048**	
Taxes	-385	-430	
Profit after tax	**1,286**	**1,618**	
Profit/loss attributable to non-controlling interests	-100	-67	
Profit/loss attributable to owners of the parent	**1,186**	**1,551**	
Adjusted EPS diluted (NOK)	**1.77**	**1.61**	**10%**
Reported EPS diluted (NOK)	1.18	1.56	-24%

Continued improvement in EBIT (adj.) margin

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



Underlying EBIT (adj.) margin change (Q3-24)

Category	Portfolio Company	EBIT (adj.) margin (R12M)	Underlying EBIT (adj.) margin change[1]	
Anchor	Orkla Foods Europe	12.1%	+1.6%-p	●
	Orkla Confectionery & Snacks	12.5%	+1.8%-p	●
Grow and build	Orkla Food Ingredients	6.6%	+1.0%-p	
	Orkla Health	13.4%	+0.4%-p	●
	Orkla India	14.5%	+1.1%-p	
	The European Pizza Company	11.2%	+2.1%-p	
Transform or exit	Orkla Home & Personal Care	11.1%	+2.5%-p	
	Orkla House Care	11.3%	+0.9%-p	●
	Health and Sports Nutrition Group	2.5%	-1.1%-p	●
	Pierre Robert Group	0.0%	-13.8%-p	

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

Note: 1. Underlying EBIT (adj.) margin change in Q3-24 compared to Q3-23

Broad-based positive volume/mix performance

Organic growth[1] split for the Consolidated Portfolio Companies

Breakdown of organic growth by price and volume/mix (Q3-24)

Category	Portfolio Company	Organic growth (Y/Y) Price	Organic growth (Y/Y) Vol/Mix	
Anchor	Orkla Foods Europe	1.4%	1.3%	●
	Orkla Confectionery & Snacks	4.4%	0.0%	●
Grow and build	Orkla Food Ingredients	-1.1%	4.1%	●
	Orkla Health	3.7%	6.6%	
	Orkla India	-1.9%	3.3%	
	The European Pizza Company	n.a.	n.a.	
Transform or exit	Orkla Home & Personal Care	1.0%	2.9%	
	Orkla House Care	0.2%	-0.2%	
	Health and Sports Nutrition Group	n.a.	n.a.	
	Pierre Robert Group	0.2%	-3.1%	

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

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

Cash flow improvement from EBIT (adj.) growth and lower net replacement investments

Figures in NOK billion	YTD Q3-24	YTD Q3-23
EBIT (adj.)	5.4	4.5
Depreciation and write-downs	1.9	1.8
Change in net working capital	-0.4	-0.3
Net replacement investments	-1.3	-1.9
Cash flow from other income & exp. and pensions	-0.3	-0.3
Cash flow from operations[1]	**5.3**	**3.7**
Cash flow from Financial Investments	0.5	1.1
Tax paid	-1.0	-1.6
Dividend received (from Jotun)	0.9	0.4
Cash flow from financial items and other transactions	-0.8	-0.7
Cash flow before capital allocation	**4.9**	**2.8**

Cash conversion (R12M)

Category	Portfolio Company	Cash conversion	
Anchor	Orkla Foods Europe	133%	●
	Orkla Confectionery & Snacks	109%	●
Grow and build	Orkla Food Ingredients	96%	
	Orkla Health	92%	
	Orkla India	122%	●
	The European Pizza Company	103%	
Transform or exit	Orkla Home & Personal Care	90%	●
	Orkla House Care	172%	
	Health and Sports Nutrition Group	Neg.	●
	Pierre Robert Group	Neg.	

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

Note: 1. Including HQ and Business Services

Orkla

NIBD/EBITDA at 1.8x

Figures in NOK billion

Note: 1. Including acquired businesses; 2. NIBD/EBITDA level of 1.4x if excluding NIBD and EBITDA in Orkla Food Ingredients. The NIBD includes Orkla's receivable from the subordinated loan to Orkla Food Ingredients.

Portfolio Companies

Arve Regland, EVP Finance and CFO

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

Jotun (42.7% - associated company)

Continued strong momentum

Jotun 100% basis	YTD Aug-24	YTD Aug-23
Revenues	**22,573**	**21,589**
Revenue growth – fixed rate	*8%*	*18%*
EBITA	**4,865**	**4,754**
EBITA growth	*2.3%*	*79%*
ROCE (R12M)	**34.1%**	**32.7%**

Key comments

- Year to date, sales grew in all segments, led by double-digit growth in Protective
- Profit improvement driven by volume growth and improved gross margin. Raw material prices have remained relatively stable
- Overall outlook remains positive and Jotun expects continued sales growth and solid gross margin for the rest of the year

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

Orkla Foods Europe

Underlying EBIT (adj.) growth and increased cash conversion

	Q3-24	YTD-24
Revenues	**5,026**	**15,089**
Contribution ratio	*40.2%*	*39.3%*
EBIT (adj.)	**675**	**1,851**
EBIT (adj.) margin	*13.4%*	*12.3%*
Underlying EBIT (adj.) growth	*16.8%*	*16.0%*
Organic growth	**2.7%**	**2.2%**
Price	*1.4%*	*3.1%*
Volume/mix	*1.3%*	*-0.9%*
ROCE (R12M)		**14.0%**
Cash conversion (R12M)		**133%**

Key comments

- Underlying EBIT (adj.) growth from stronger focus on category and product profitability, and cost initiatives. Increase in advertising spend in line with strategy
- Volume/mix growth in the quarter, but demanding market share development in some markets
- Increased cash conversion driven by improved inventory levels

Orkla Confectionery & Snacks

Improved performance at the biscuit factory drives EBIT (adj.) growth

	Q3-24	YTD-24
Revenues	**2,327**	**6,935**
Contribution ratio	*44.2%*	*43.4%*
EBIT (adj.)	**339**	**849**
EBIT (adj.) margin	*14.6%*	*12.2%*
Underlying EBIT (adj.) growth	*19.2%*	*25.3%*
Organic growth	**4.4%**	**8.7%**
Price	*4.4%*	*5.4%*
Volume/mix	*0.0%*	*3.3%*
ROCE (R12M)		**11.1%**
Cash conversion (R12M)		**109%**

Key comments

- Broad market share growth in the quarter
- Softening demand in the chocolate segment
- Continued recovery at the biscuit factory, with higher production volumes and improved cost efficiency

Orkla

Orkla Food Ingredients (59.4%)[1]

EBIT (adj.) increase in Q3, primarily from volume/mix growth

	Q3-24	YTD-24
Revenues	**5,012**	**14,335**
Contribution ratio	*30.3%*	*29.8%*
EBIT (adj.)	**400**	**996**
EBIT (adj.) margin	*8.0%*	*6.9%*
Underlying EBIT (adj.) growth	*17.7%*	*6.2%*
Net profit after tax and non-controlling interest[2]	**41**	**230**
Organic growth	**3.1%**	**-0.1%**
Price	*-1.1%*	*-2.0%*
Volume/mix	*4.1%*	*1.9%*
ROCE (R12M)		**11.1%**

Key comments

- Volume/mix growth driven by Bakery and Sweet
- Solid EBIT (adj.) growth in Bakery and Sweet, with volume/mix increase and price management as key drivers. Slight decline in Plant Based
- Ramp-up of cost programme in Sweet according to plan

Note: 1. Orkla ownership of 59.4%. Remaining ownership controlled by Rhône and management; 2. Net profit attributable to the owners of Orkla Food Ingredients

Orkla Health

Continued volume/mix growth

	Q3-24	YTD-24
Revenues	**1,903**	**5,605**
Contribution ratio	*57.3%*	*57.3%*
EBIT (adj.)	**293**	**857**
EBIT (adj.) margin	*15.4%*	*15.3%*
Underlying EBIT (adj.) growth	*13.0%*	*12.5%*
Organic growth	**10.3%**	**9.2%**
Price	*3.7%*	*3.4%*
Volume/mix	*6.6%*	*5.7%*
ROCE (R12M)		**9.9%**

Key comments

- Revenue growth driven by volume/mix in several markets
- Favorable mix and price increases positively affected margin
- Increased investments in A&P and commercial resources in line with strategy

Orkla India (90%)[1]

EBIT (adj.) margin improvement despite modest revenue growth

	Q3-24[2]	YTD-24[2]
Revenues	**797**	**2,336**
Contribution ratio	*38.8%*	*37.8%*
EBIT (adj.)	**137**	**361**
EBIT (adj.) margin	*17.1%*	*15.4%*
Underlying EBIT (adj.) growth	*8.4%*	*23.1%*
Organic growth	**1.4%**	**7.3%**
Price	*-1.9%*	*1.1%*
Volume/mix	*3.3%*	*6.2%*
ROCE (R12M)		**16.1%**
Cash conversion (R12M)		**122%**

Key comments

- Revenue growth driven by International Business, partly offset by weak domestic market sentiment
- Lower prices to customers in response to reduced input price, but continued positive margin development
- Cash conversion positively affected by capital efficiency improvements

Note: 1. Orkla ownership of 90%; 2. Q3-24 figures include financial incentives provided by the Government of India of NOK 6.4m (vs. NOK 6.5m in Q3-23). YTD figures also include NOK 20m received in Q2-24.

Strong profit growth on the back of pricing and good cost control

	Q3-24	YTD-24
Revenues	**796**	**2,269**
Contribution ratio	*43.0%*	*42.9%*
EBIT (adj.)	**100**	**266**
EBIT (adj.) margin	*12.6%*	*11.7%*
Underlying EBIT (adj.) growth	*22.8%*	*33.3%*
Organic growth	**2.3%**	**0.6%**
ROCE (R12M)		**7.8%**

Key comments

- Strong momentum and earnings growth in Da Grasso in Poland
- Soft consumer sales in the Netherlands and Finland
- EBIT (adj.) growth across all businesses on the back of pricing and cost control, supported by a restructured German base

Orkla Home & Personal Care

Continued EBIT (adj.) growth

	Q3-24	YTD-24
Revenues	**667**	**1,977**
Contribution ratio	*41.0%*	*40.7%*
EBIT (adj.)	**100**	**253**
EBIT (adj.) margin	*14.9%*	*12.8%*
Underlying EBIT (adj.) growth	*24.6%*	*33.0%*
Organic growth	**3.9%**	**8.4%**
Price	*1.0%*	*1.0%*
Volume/mix	*2.9%*	*7.4%*
ROCE (R12M)		**20.3%**
Cash conversion (R12M)		**90%**

Key comments

- Market shares in Norway continue to develop positively across both Home Care and Personal Care
- Revenue growth driven by positive volume development in contract manufacturing
- EBIT (adj.) growth mainly from positive volume/mix and increased contribution ratio

Orkla House Care

EBIT (adj.) improved by sales and margin growth

- EBIT (adj.) of NOK 48m, an increase of 17%, attributable to cost management
- Challenging market conditions resulted in flat organic growth, with revenues of NOK 418m
- Marginal decrease in contribution ratio due to high increases in freight costs

Health and Sports Nutrition Group

Continued topline growth, but lower contribution margin

- Organic growth of 4.9% in a challenging market impacted by weaker consumer confidence
- Price increases for key raw materials and higher share of promotional sales put pressure on the contribution margin
- EBIT (adj.) of NOK 7m vs NOK 9m (Q3-23)

Pierre Robert Group

Significant EBIT (adj.) decline due to lower volume and obsolete provision in Norway

- EBIT (adj.) of NOK -13m
- Weak sales ahead of a customer contract expiration at the end of the year
- Provisions for obsolete goods negatively impacted earnings

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.

New management structure effective from 1 November

Nils K. Selte
President and CEO

Maria Syse-Nybraaten
EVP and Investment Executive

Øyvind Torpp
EVP and Investment Executive

Audun Stensvold
EVP and Investment Executive

Hege Holter Brekke
EVP and Investment Executive

Arve Regland
EVP and CFO

Camilla T. Robstad
EVP legal and Compliance

3 COMMITMENTS

Drive organic value in existing portfolio

Reduce complexity of existing portfolio

Execute value-adding structural transactions

Q&A

Nils K. Selte, President and CEO

Arve Regland, EVP Finance and CFO

Upcoming events

Fourth quarter results

13 February 2025

Appendices

High inflow and power production in the quarter contributed to strong results despite lower power prices

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):	Power prices[1] (øre/kWh):	EBIT adj. (NOK million):
NO1 Q3: 176 (179)	NO1 Q3: 20.9 (19.3)	Q3: 149 (153)
NO2 Q3: 557 (483)	NO2 Q3: 44.5 (66.4)	

Financial Investments

Fully consolidated into Orkla's financial statements

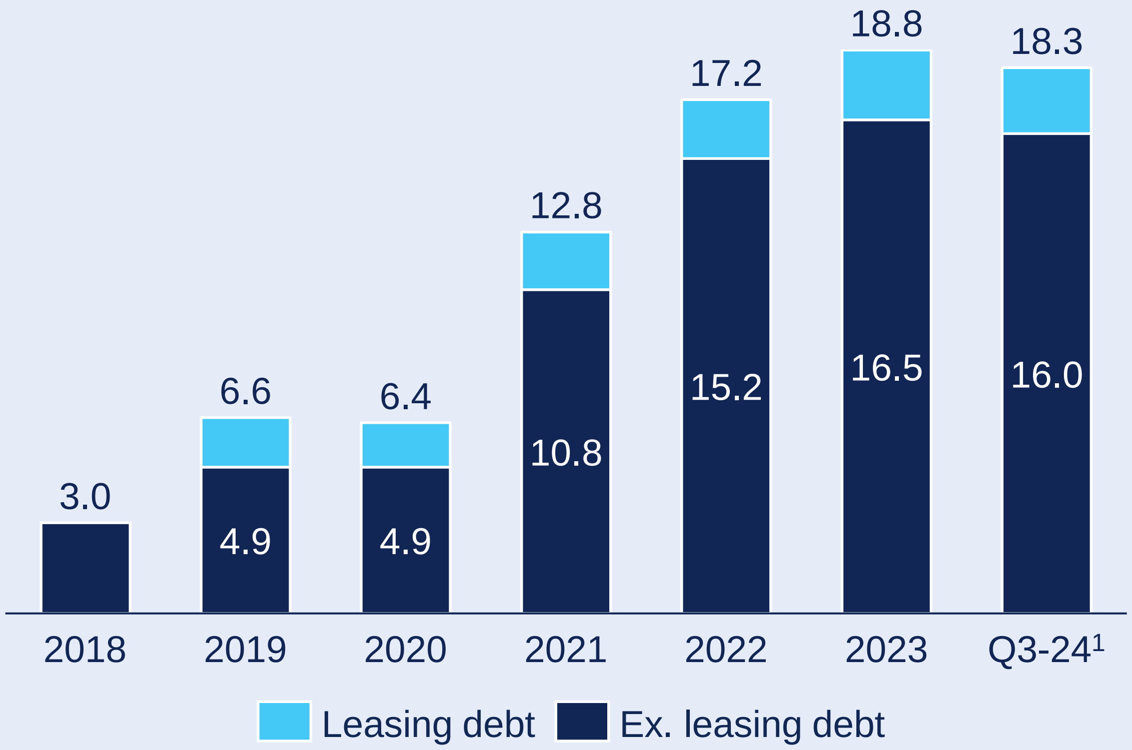
Est. market value of rental portfolio: NOK 2.3 billion

Book value of development portfolio: NOK 0.5 billion

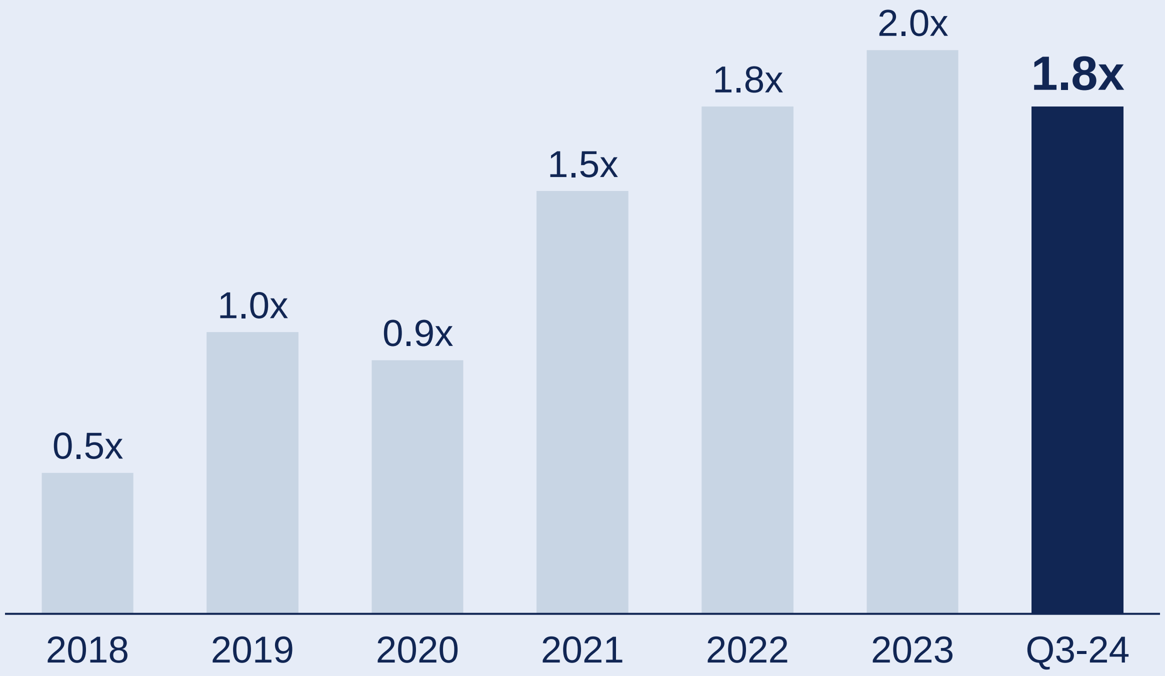
Note: 1. Nord Pool (average spot area prices for Eastern Norway (NO1) and Southern and South-Western Norway (NO2)

Sound financial profile

Net interest-bearing liabilities (NOKbn)



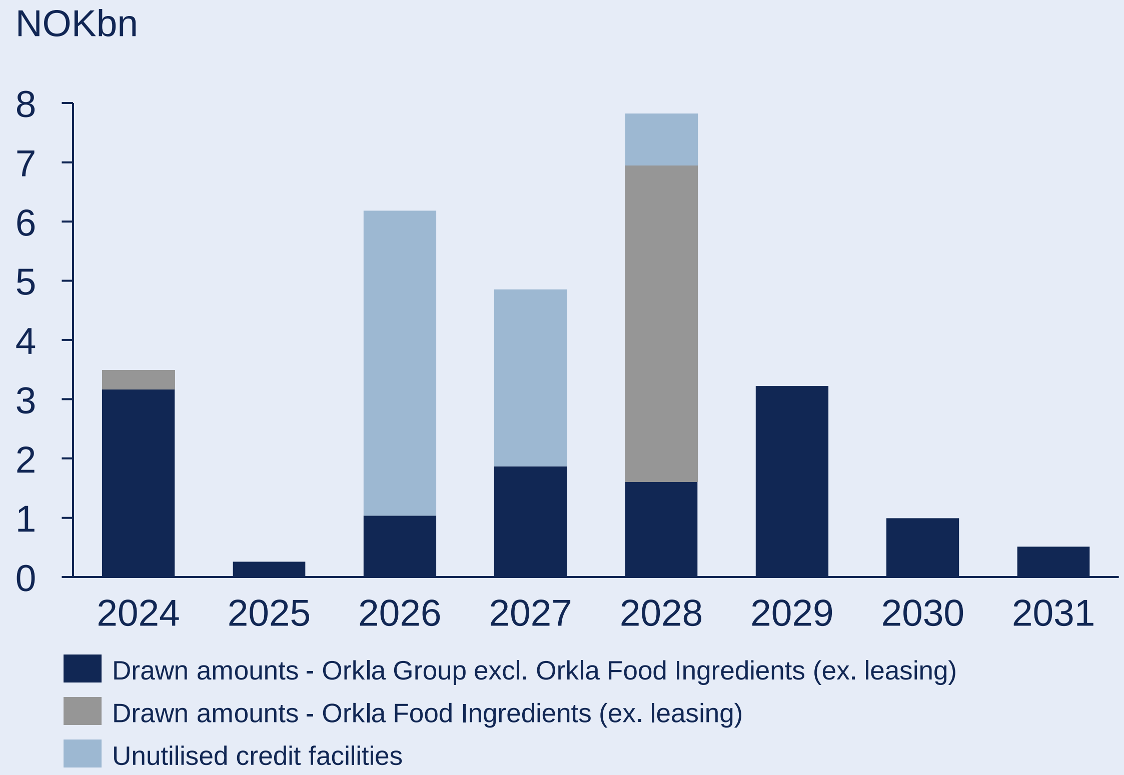
NIBD / R12M EBITDA



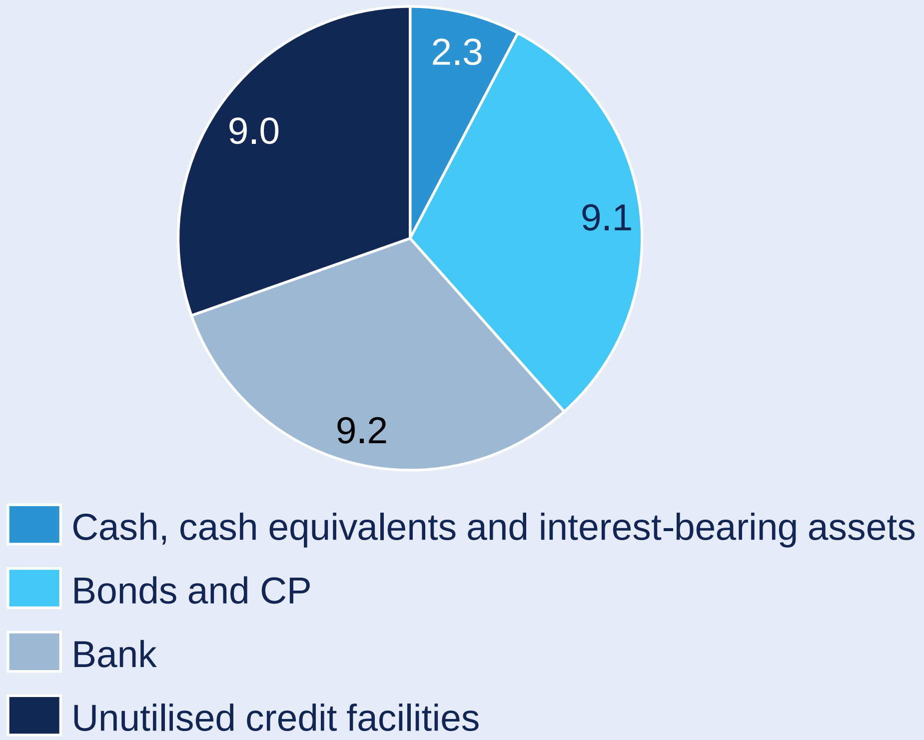
Note: 1. Of which NIBD in Orkla Food Ingredients is NOK 5.9bn

Funding sources and maturity profile per Q3-24

Debt maturity ❯ average maturity 2.9 years



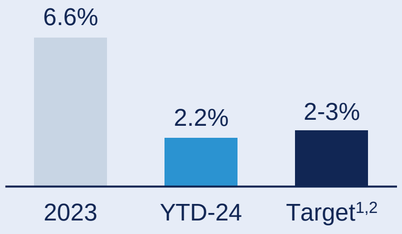
Funding sources (in NOKbn)



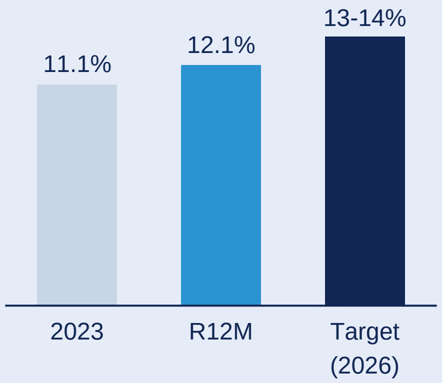
Overview of financial targets (1/3)

Orkla Foods Europe

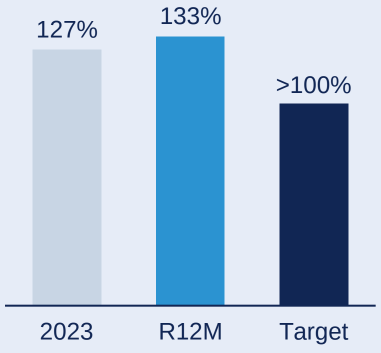
Revenue



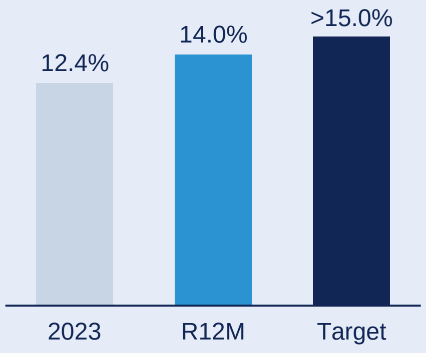
EBIT margin



Cash conversion

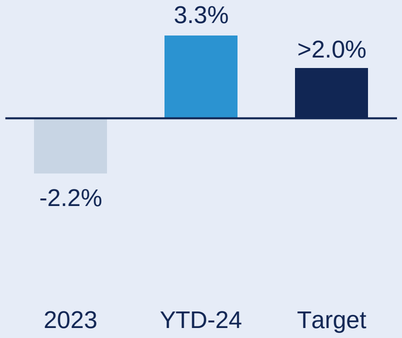


ROCE

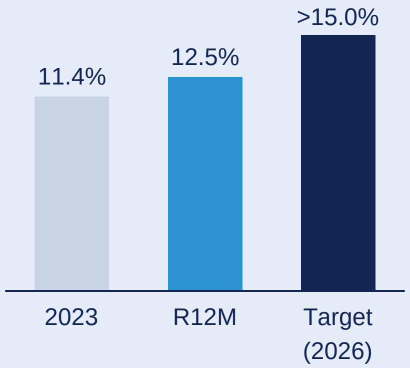


Orkla Confectionery & Snacks

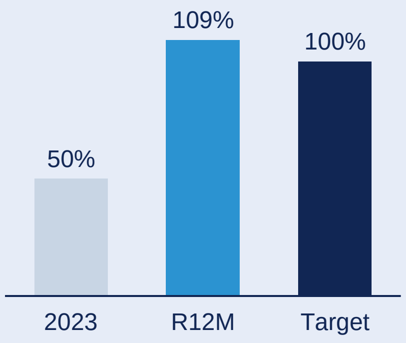
Volume-mix



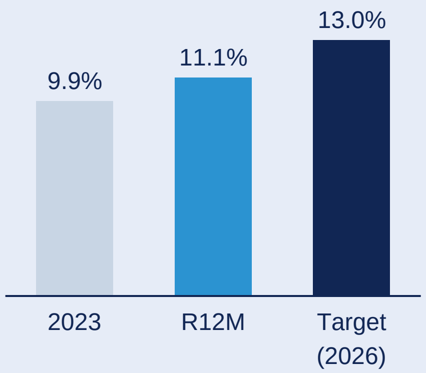
EBIT margin



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 end of quarter; YTD-24 vs. YTD-23
The Target period stretches from 2024-2026. 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)

Orkla Food Ingredients

Revenue

2023	YTD-24	Target[1]
8.7%	-0.1%	5.0%

Underlying EBIT

2023	YTD-24	Target[1]
6.9%	6.2%	12.0%

ROCE

2023	R12M	Target
10.8%	11.1%	12.5-13%

Orkla Health

Revenue

2023	YTD-24	Target[1]
6.3%	9.2%	7-9%

EBIT margin

2023	R12M	Target
13.4%	13.4%	14.0%

Orkla India

Revenue

2023	YTD-24	Target[1]
12.1%	7.3%	12.0%

Underlying EBIT

2023	YTD-24	Target[1]
22.7%	23.1%	20.0%

Cash conversion

2023	R12M	Target
63%	122%	>100%

Current capital reduction[2]

2023	YTD-24	Target
12.3%	11.1%	7.3-8.3%

Target to reduce ratio with **4-5%-p.**

The European Pizza Company

Consumer sales

2023	YTD-24	Target[1]
2.6%	0.3%	>5.0%

EBIT by 2026 (year-end)

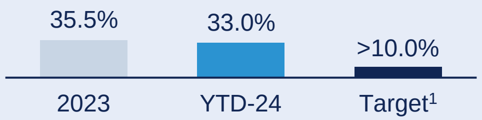
2023	R12M	Target
EUR 23m	EUR 29m	EUR 35-40m

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 end of quarter; 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

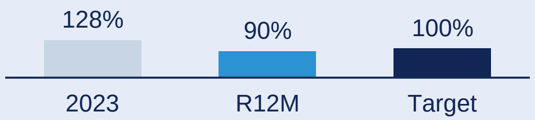
Overview of financial targets (3/3)

Orkla Home & Personal Care

Underlying EBIT

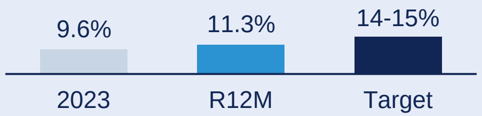


Cash conversion



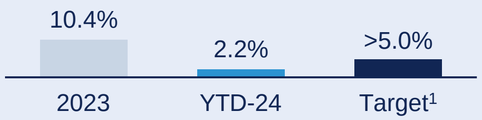
Orkla House Care

EBIT margin

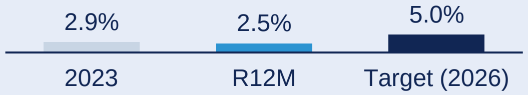


Health and Sports Nutrition Group

Revenue



EBIT margin



Cash conversion

Pierre Robert Group

Acc. net cash generation

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

Note: 1. Organic CAGR from 2024-2026
R12M represent rolling twelve months as of end of quarter; 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 in the third quarter of 2024, since goodwill write-downs and expensed M&A costs are not tax-deductible. As at 30 September 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 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