



Fourth quarter results

13 February 2025



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2024 HIGHLIGHTS



Strong performance by the Consolidated Portfolio Companies:

- Organic growth of 3.5%, including volume/mix growth of 1.9%
- Underlying EBIT (adj.) growth of 17%¹
- Cash conversion of 114%



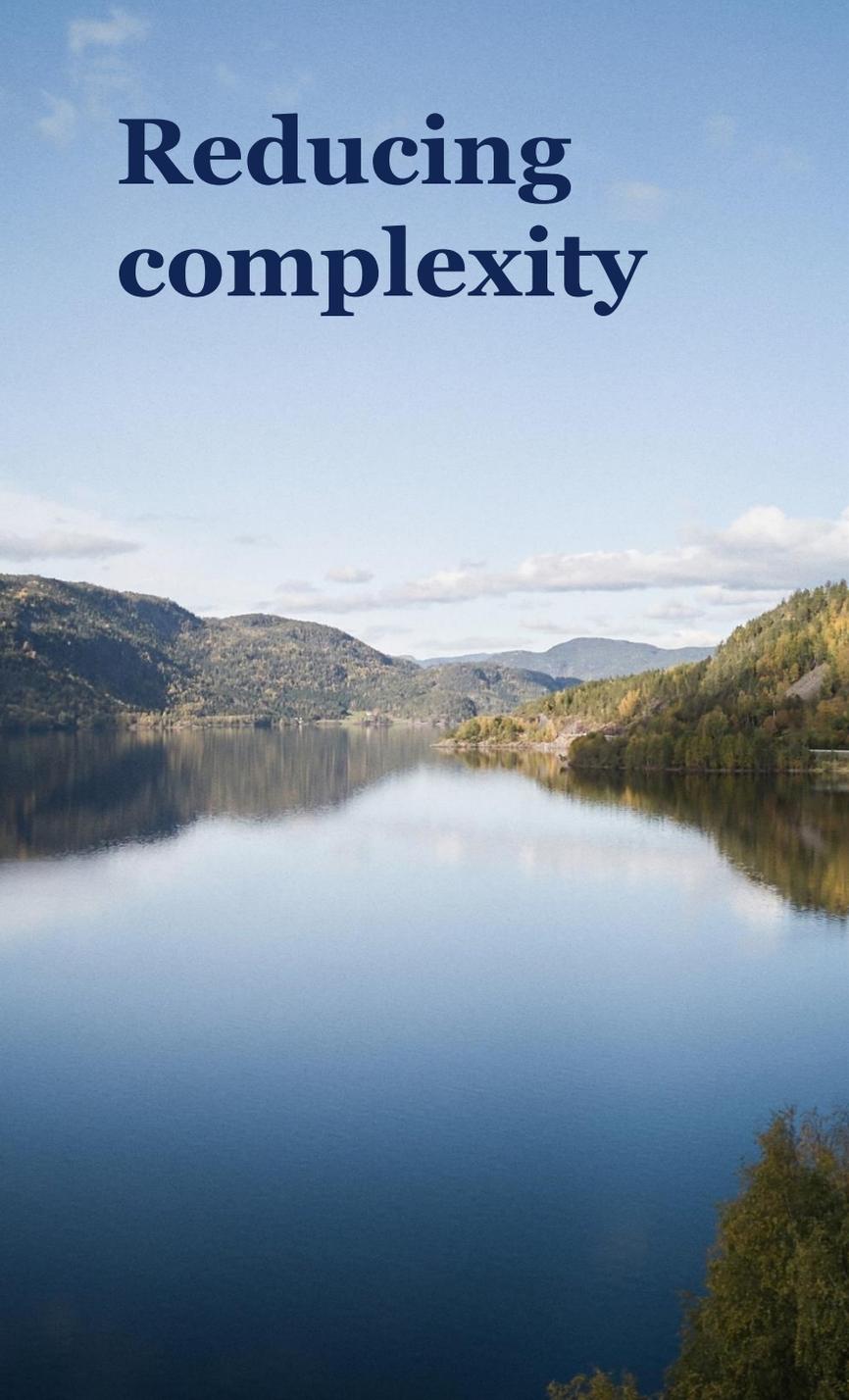
Structural initiatives:

- Sale of Lilleborg
- Closing of Orkla Food Ingredients transaction



The Board of Directors intends to propose a total dividend of NOK 10 per share, including NOK 6 in addition to the ordinary dividend

Reducing complexity



Sale of hydro power portfolio (Jan. 25)

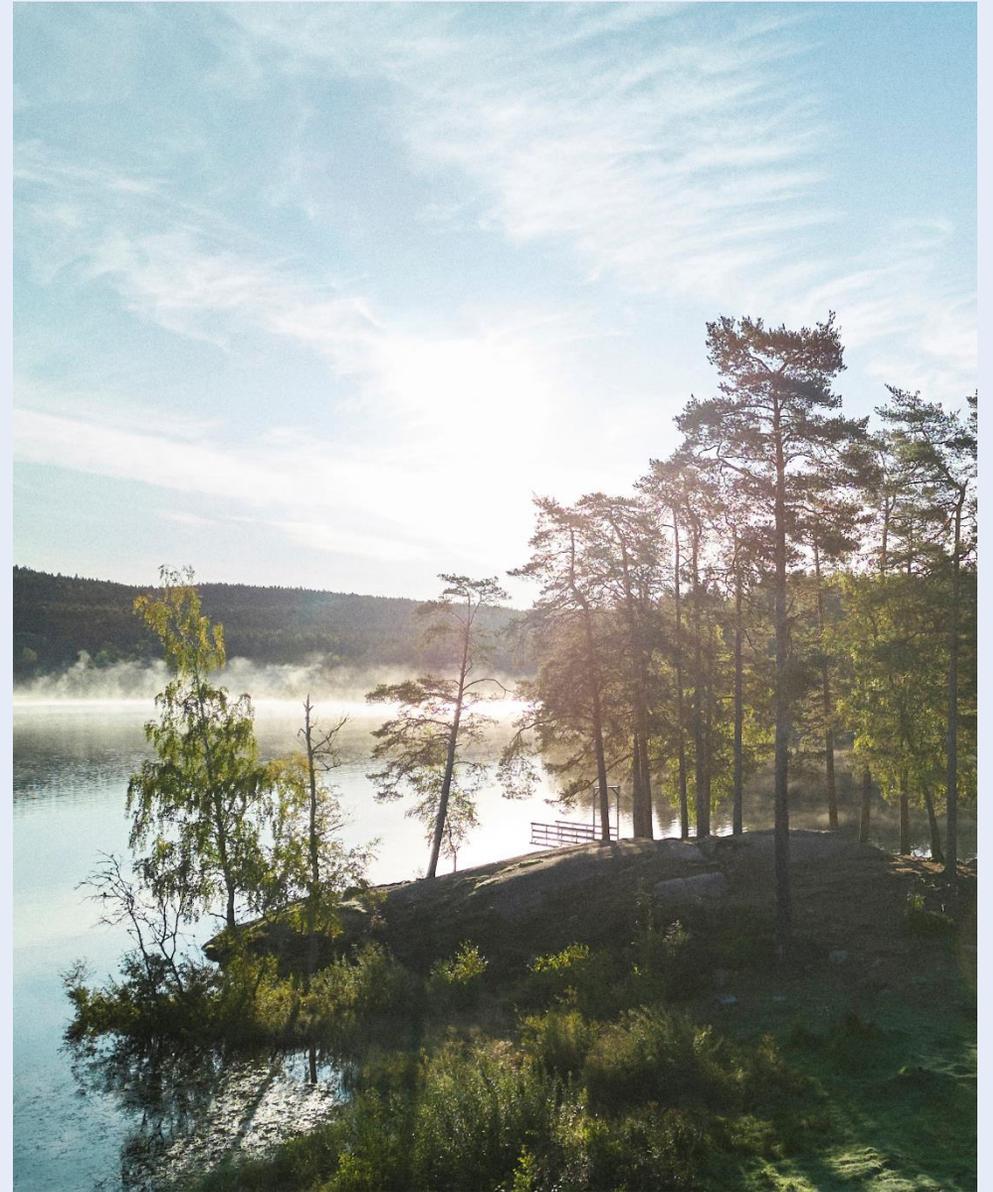
- Agreement reached to sell the entire hydro power portfolio for a total of NOK 6.1 billion on a cash and debt-free basis
- Expected closing by the end of Q3 2025, subject to regulatory approval

Sale of Pierre Robert Group (Feb. 25)

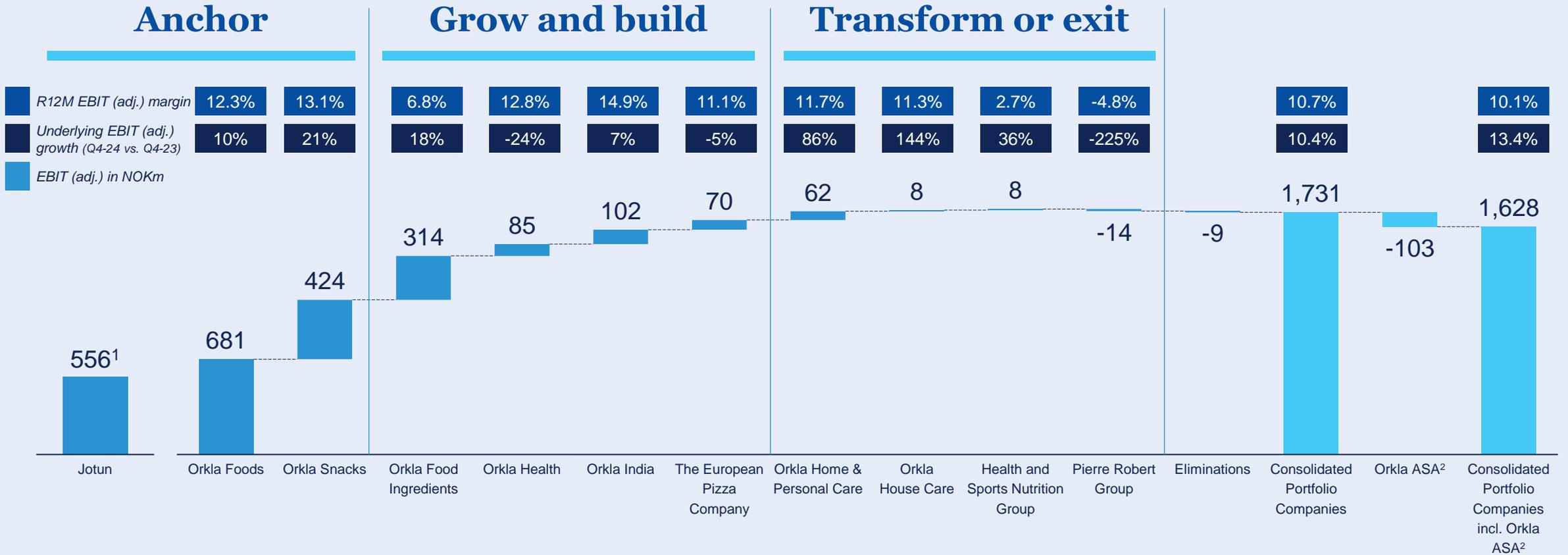
- Agreement reached to sell the 100% of Pierre Robert Group
- Expected closing by the end of Q1 2025, subject to regulatory approval

Q4-24 | Continued strong underlying EBIT growth

- Organic growth of 3.3%¹ and positive volume/mix
- Underlying EBIT (adj.) growth of 13.4%²
- Positive contribution from Orkla Real Estate
- EPS (adj.) of NOK 1.52 (+16%)



Breakdown of portfolio companies' performance in Q4-24



Note: 1. Orkla's share (42.7%) of Jotun EBITA; 2. Including Business Services
 Abbreviation: R12M = Rolling twelve-month (also applicable to other pages in this presentation)

Portfolio company targets 2023-2026 (consolidated)¹



Note: 1. Including Orkla ASA and Business Services; 2. Total of the targets for the Consolidated Portfolio Companies communicated at the Capital Markets Day in November 2023. Alternative Performance Measures (APMs) are presented in the appendices.





Financial performance

Arve Regland, EVP and CFO

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



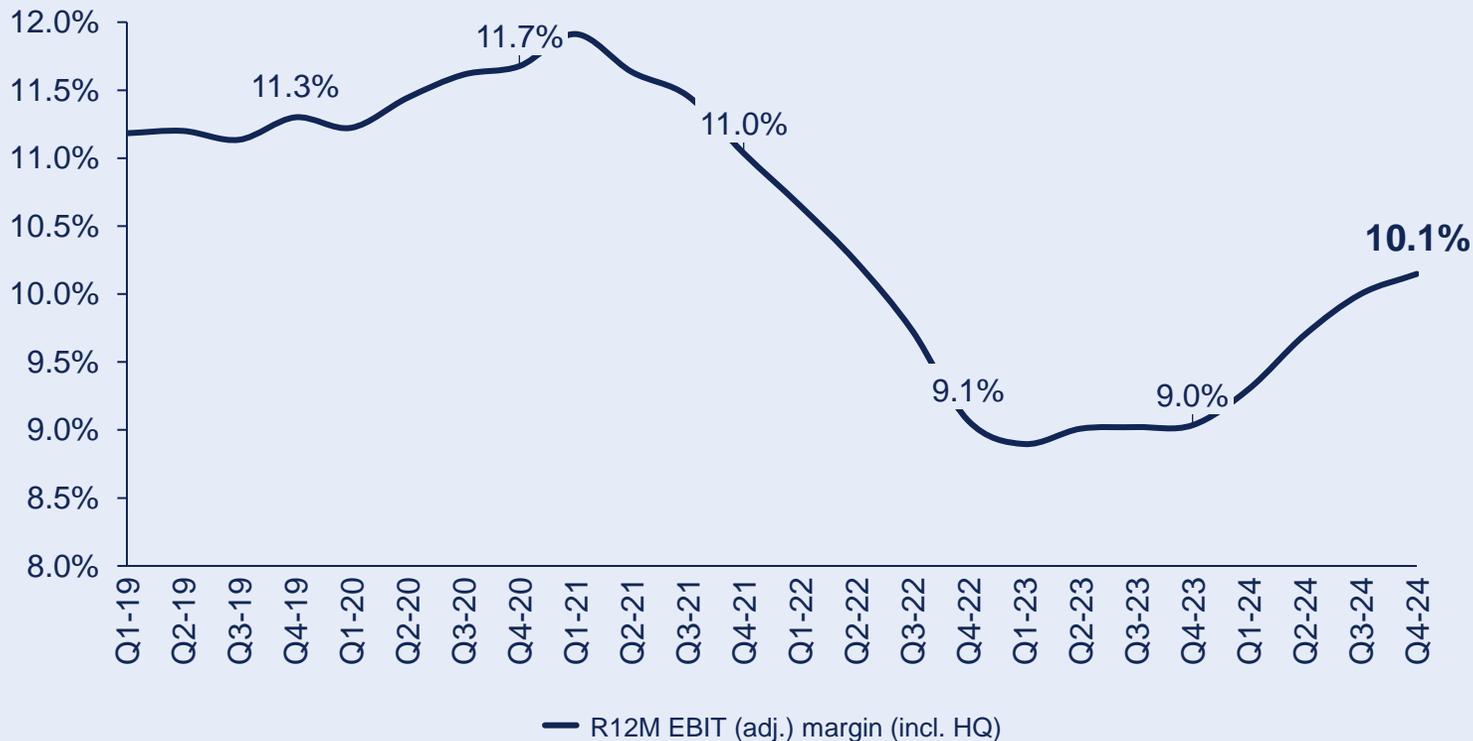
EBIT (adj.) growth of 8% for the Consolidated Portfolio Companies

| Key quarterly figures | Q4-24 | Q4-23 | Δ Q4 |
|---|---------------|---------------|------------|
| Operating revenues | 18,793 | 17,739 | 6% |
| EBIT (adj.) Consolidated Portfolio Companies | 1,731 | 1,596 | 8% |
| EBIT (adj.) Financial Investments | 395 | 158 | 152% |
| EBIT (adj.) Orkla ASA and Business Services | -103 | -132 | -21% |
| EBIT (adj.) | 2,023 | 1,622 | 25% |
| Other income and expenses | -197 | -356 | |
| EBIT | 1,826 | 1,266 | |
| Profit from Jotun & associates | 371 | 372 | |
| Net interest and other financial items | -250 | -298 | |
| Profit before tax | 1,947 | 1,340 | |
| Taxes | -496 | -290 | |
| Profit after tax | 1,451 | 1,050 | |
| Profit/loss attributable to non-controlling interests | -91 | -53 | |
| Profit/loss attributable to owners of the parent | 1,360 | 997 | |
| Earnings per share (adj.)¹ | 1.52 | 1.31 | 16% |
| Earnings per share ¹ | 1.36 | 1.00 | 36% |

Note: 1. Earnings per share (diluted)

Continued improvement in EBIT (adj.) margin

Consolidated Portfolio Companies | R12M EBIT (adj.) margin¹



EBIT (adj.) margin

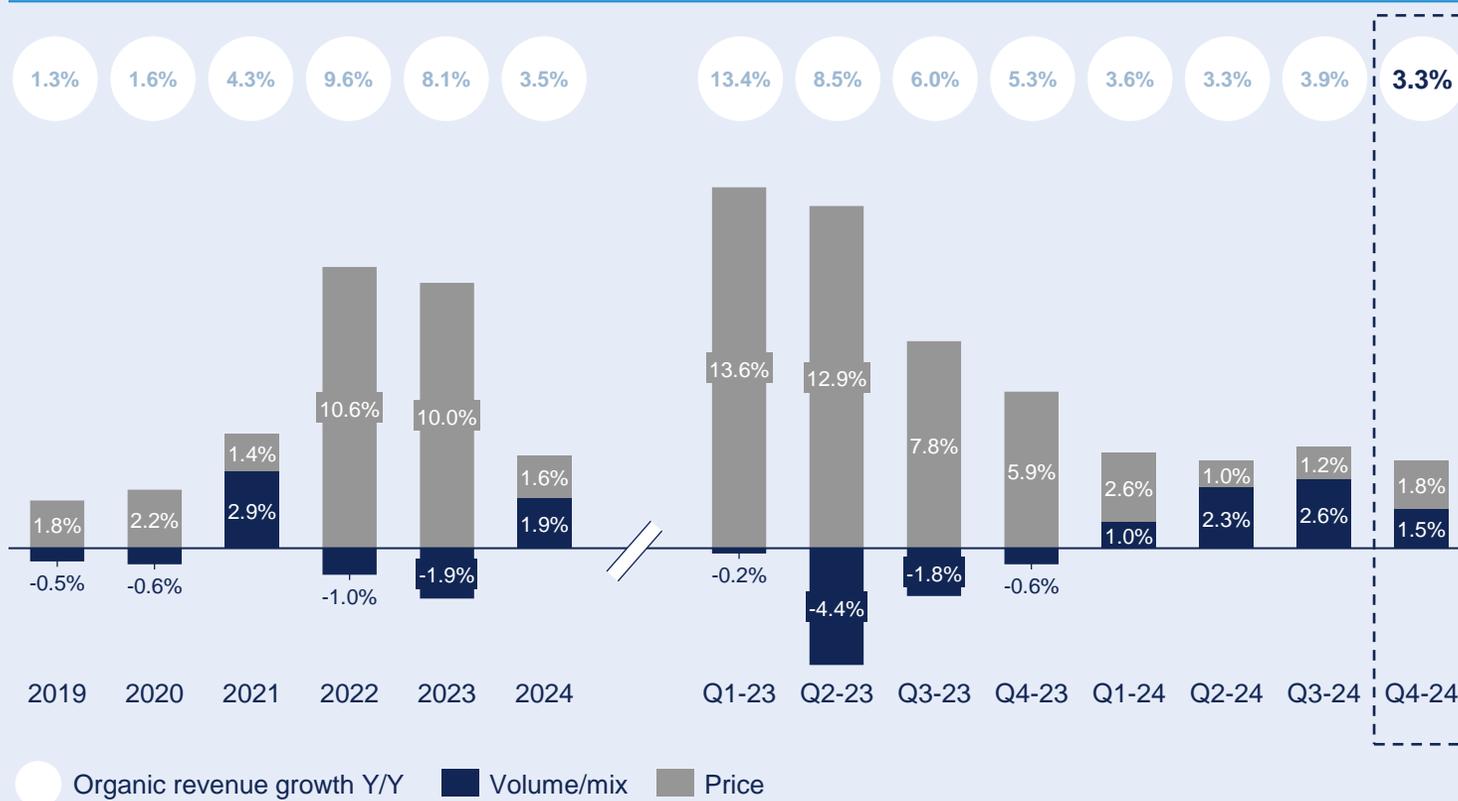
| Category | Portfolio company | EBIT (adj.) margin (R12M) | Underlying EBIT (adj.) margin change ² |
|-------------------|-----------------------------------|---------------------------|---|
| Anchor | Orkla Foods | 12.3% | +1.4 %-p ● |
| | Orkla Snacks | 13.1% | +1.7 %-p ● |
| Grow and build | Orkla Food Ingredients | 6.8% | +0.5 %-p |
| | Orkla Health | 12.8% | -0.1 %-p ● |
| | Orkla India | 14.9% | +1.9 %-p |
| | The European Pizza Company | 11.1% | +2.0 %-p |
| Transform or exit | Orkla Home & Personal Care | 11.7% | +2.7 %-p |
| | Orkla House Care | 11.3% | +1.9 %-p ● |
| | Health and Sports Nutrition Group | 2.7% | -0.2 %-p ● |
| | Pierre Robert Group | -4.8% | -9.3 %-p |

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

Note: 1. Including Orkla ASA and Business Services; 2. Underlying EBIT (adj.) margin change in 2024 compared to 2023

Broad-based positive volume/mix performance

Organic growth¹ split for the Consolidated Portfolio Companies



Breakdown of organic growth by price and volume/mix (Q4-24)

| Category | Portfolio company | Organic growth (Y/Y) | |
|-------------------|-----------------------------------|----------------------|---------|
| | | Price | Vol/Mix |
| Anchor | Orkla Foods | 0.9% | 0.2% |
| | Orkla Snacks | 6.8% | -0.5% |
| Grow and build | Orkla Food Ingredients | 0.5% | 3.4% |
| | Orkla Health | 3.6% | 2.5% |
| | Orkla India | -4.6% | 1.0% |
| | The European Pizza Company | n.a. | n.a. |
| Transform or exit | Orkla Home & Personal Care | 0.5% | 9.0% |
| | Orkla House Care | 1.9% | 6.0% |
| | Health and Sports Nutrition Group | n.a. | n.a. |
| | Pierre Robert Group | -0.8% | -18.5% |

● 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.

Strong cash flow improvement

Figures in NOK billion

| | 2024 | 2023 |
|---|------------|------------|
| EBIT (adj.) ¹ | 7.0 | 6.0 |
| Depreciation and write-downs | 2.6 | 2.5 |
| Change in net working capital | 0.7 | 0.8 |
| Net replacement investments | (2.0) | (2.7) |
| Cash flow from other income & exp. and pensions | (0.3) | (0.5) |
| Cash flow from operations | 7.9 | 6.1 |
| Cash flow from Financial Investments | 0.9 | 1.0 |
| Tax paid | (1.2) | (2.0) |
| Dividend received (from Jotun) | 1.0 | 0.4 |
| Cash flow from financial items and other transactions | (1.1) | (1.0) |
| Cash flow before capital allocation | 7.5 | 4.4 |

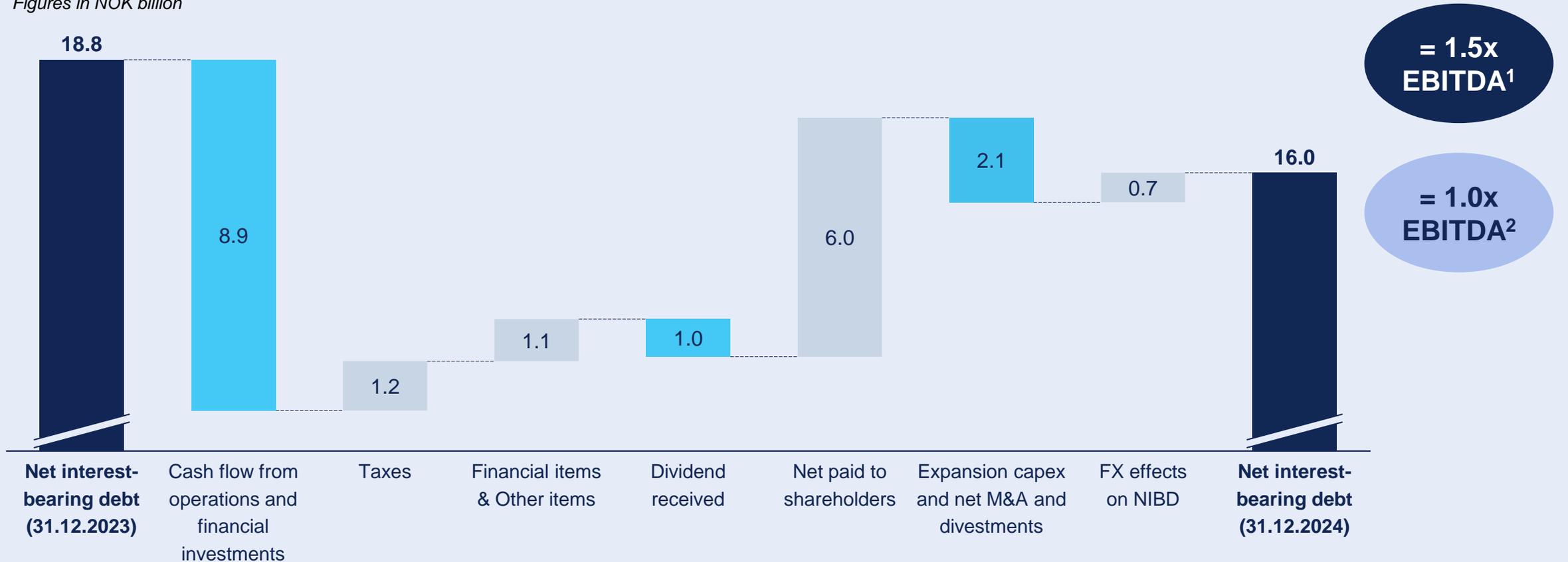
Cash conversion (2024)

| Category | Portfolio company | Cash conversion | |
|-------------------|-----------------------------------|-----------------|---|
| Anchor | Orkla Foods | 124% | ● |
| | Orkla Snacks | 112% | ● |
| Grow and build | Orkla Food Ingredients | 86% | |
| | Orkla Health | 99% | |
| | Orkla India | 120% | ● |
| | The European Pizza Company | 131% | |
| Transform or exit | Orkla Home & Personal Care | 117% | ● |
| | Orkla House Care | 146% | |
| | Health and Sports Nutrition Group | 291% | ● |
| | Pierre Robert Group | Neg. | |

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

NIBD/EBITDA at 1.5X

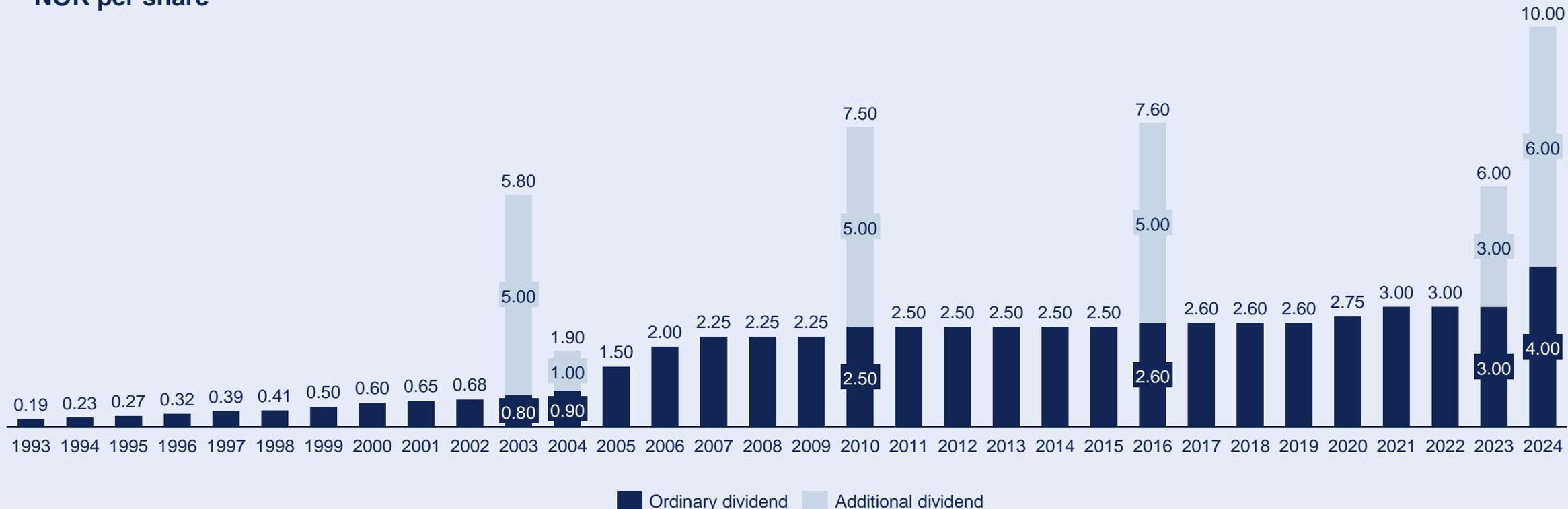
Figures in NOK billion



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

The Board intends to propose a total dividend of NOK 10 per share for the financial year 2024

Historical dividend payments¹
NOK per share



Note: 1. Chart showing dividend payments for the fiscal year. Actual dividends to be paid in the following year.



Portfolio companies

Arve Regland, EVP Finance and CFO

Jotun (42.7% - associated company)

Q4 was a solid finish to another record year

| Jotun 100% basis | Q4-24 | 2024 |
|------------------------------------|--------------|---------------|
| Revenues | 8,663 | 34,206 |
| <i>Revenue growth – fixed rate</i> | 12.4% | 9.0% |
| EBITA | 1,302 | 6,769 |
| <i>EBITA growth</i> | 17.3% | 5.3% |
| ROCE (R12M) | | 33.6% |

Key comments

- Continued sales momentum with double-digit growth across all segments
- EBITA growth driven by higher sales and improved gross margins
- Overall outlook remains positive, and Jotun also expects continued sales growth at the beginning of 2025



Underlying EBIT (adj.) growth and solid full-year cash conversion

| | Q4-24 | 2024 |
|--------------------------------------|--------------|---------------|
| Revenues | 5,505 | 20,594 |
| <i>Contribution ratio</i> | 40.3% | 39.6% |
| EBIT (adj.) | 681 | 2,532 |
| <i>EBIT (adj.) margin</i> | 12.4% | 12.3% |
| <i>Underlying EBIT (adj.) growth</i> | 10.4% | 14.4% |
| Organic growth | 1.1% | 1.9% |
| <i>Price</i> | 0.9% | 2.5% |
| <i>Volume/mix</i> | 0.2% | -0.6% |
| ROCE (R12M) | | 14.4% |
| Cash conversion (R12M) | | 124% |

Key comments

- Underlying EBIT (adj.) growth from continued focus on category and product profitability. Increase in advertising spend in line with strategy
- Slightly positive volume/mix development, driven by some key markets on the back of strong campaign activity
- Solid cash conversion from reduced working capital



Continued strong EBIT (adj.) growth

| | Q4-24 | 2024 |
|--------------------------------------|--------------|--------------|
| Revenues | 2,800 | 9,735 |
| <i>Contribution ratio</i> | 44.2% | 43.6% |
| EBIT (adj.) | 424 | 1,273 |
| <i>EBIT (adj.) margin</i> | 15.1% | 13.1% |
| <i>Underlying EBIT (adj.) growth</i> | 20.7% | 23.7% |
| Organic growth | 6.2% | 7.9% |
| <i>Price</i> | 6.8% | 5.8% |
| <i>Volume/mix</i> | -0.5% | 2.1% |
| ROCE (R12M) | | 11.7% |
| Cash conversion (R12M) | | 112% |

Key comments

- Continued recovery at the biscuit factory and solid sales growth for biscuits contributed to EBIT (adj.) growth
- Softening demand in the chocolate segment following increased cocoa market prices
- Improved cash conversion from reduced working capital and replacement investments



Orkla Food Ingredients (59.4%)¹

EBIT (adj.) increase largely from volume/mix growth

| | Q4-24 | 2024 |
|--|--------------|---------------|
| Revenues | 5,039 | 19,374 |
| <i>Contribution ratio</i> | 30.6% | 30.0% |
| EBIT (adj.) | 314 | 1,310 |
| <i>EBIT (adj.) margin</i> | 6.2% | 6.8% |
| <i>Underlying EBIT (adj.) growth</i> | 17.8% | 8.8% |
| Net profit after tax and non-controlling interest² | 21 | 251 |
| Organic growth | 4.0% | 0.9% |
| <i>Price</i> | 0.5% | -1.4% |
| <i>Volume/mix</i> | 3.4% | 2.3% |
| ROCE (R12M) | | 11.4% |

Key comments

- Broad-based organic growth of 4.0% driven by volume/mix increase in all clusters
- Solid EBIT (adj.) growth in Bakery and Sweet, with volume/mix increase and price management as key drivers
- Cost programme in Sweet progressing according to plan. Several actions implemented that will show gradual benefits in 2025



Continued organic growth, but weak EBIT (adj.) in the quarter

| | Q4-24 | 2024 |
|--------------------------------------|--------------|--------------|
| Revenues | 1,738 | 7,343 |
| <i>Contribution ratio</i> | 54.9% | 56.8% |
| EBIT (adj.) | 85 | 942 |
| <i>EBIT (adj.) margin</i> | 4.9% | 12.8% |
| <i>Underlying EBIT (adj.) growth</i> | -24.3% | 7.8% |
| Organic growth | 6.2% | 8.4% |
| <i>Price</i> | 3.6% | 3.5% |
| <i>Volume/mix</i> | 2.5% | 5.0% |
| ROCE (R12M) | | 9.6% |

Key comments

- Organic growth from volume and price across markets, but continued margin pressure from increased raw material prices, especially for cod liver oil
- Increased investments in commercial capabilities and to support international expansion across the portfolio
- Non-recurring costs from organizational changes and inventory clean-up



Orkla India (90%)¹

Underlying EBIT (adj.) improvement, despite challenging market sentiment

| | Q4-24 | 2024 | Key comments |
|--------------------------------------|--------------|--------------|---|
| Revenues | 770 | 3,106 | <ul style="list-style-type: none"> Revenues negatively impacted by weak domestic market sentiment, partially offset by continued volume-led international sales growth |
| <i>Contribution ratio</i> | 37.3% | 37.7% | |
| EBIT (adj.) | 102 | 463 | |
| <i>EBIT (adj.) margin</i> | 13.3% | 14.9% | <ul style="list-style-type: none"> Lower input prices with negative topline effect, but continued positive margin impact |
| <i>Underlying EBIT (adj.) growth</i> | 7.3% | 19.3% | |
| Organic growth | -3.6% | 4.4% | <ul style="list-style-type: none"> Continued cost discipline contributed to underlying EBIT (adj.) improvement |
| <i>Price</i> | -4.6% | -0.4% | |
| <i>Volume/mix²</i> | 1.0% | 4.8% | |
| ROCE (R12M) | | 16.6% | |
| Cash conversion (R12M) | | 120% | |



Note: 1. Orkla ownership of 90%; 2. Government grant booked as mix effect for organic revenue growth. Adjusting for the government grant in Q4-23 of NOK 23.5m, underlying revenue growth was -0.6% with volume/mix growth of 4.0% and price growth of -4.6%. Reported EBIT (adj.) growth was 45.6% and underlying EBIT (adj.) growth was 42.1%

The European Pizza Company

Underlying profit growth on the back of pricing and effective cost control

| | Q4-24 | 2024 | Key comments |
|--------------------------------------|-------------|--------------|---|
| Revenues | 770 | 3,039 | <ul style="list-style-type: none"> Consumer sales in The Netherlands and Finland pressured by weak consumer sentiment Continued earnings growth in Da Grasso EBIT (adj.) negatively impacted by write-down of receivables for a limited group of franchisees |
| <i>Contribution ratio</i> | 43.7% | 43.1% | |
| EBIT (adj.) | 70 | 336 | |
| <i>EBIT (adj.) margin</i> | 9.2% | 11.1% | |
| <i>Underlying EBIT (adj.) growth</i> | -4.8% | 22.9% | |
| Organic growth | 0.2% | 0.5% | |
| ROCE (R12M) | | 7.7% | |



EBIT (adj.) growth from positive volume development and increased contribution ratio

| | Q4-24 | 2024 |
|--------------------------------------|-------------|--------------|
| Revenues | 709 | 2 686 |
| <i>Contribution ratio</i> | 39.2% | 40.3% |
| EBIT (adj.) | 62 | 315 |
| <i>EBIT (adj.) margin</i> | 8.8% | 11.7% |
| <i>Underlying EBIT (adj.) growth</i> | 85.7% | 40.9% |
| Organic growth | 9.5% | 8.7% |
| <i>Price</i> | 0.5% | 0.8% |
| <i>Volume/mix</i> | 9.0% | 7.8% |
| ROCE (R12M) | | 22.0% |
| Cash conversion (R12M) | | 117% |

Key comments

- Organic growth driven by contract manufacturing¹, with volume growth due to positive market momentum
- Stable market shares in the Norwegian grocery sector, across the home care and personal care categories
- EBIT (adj.) growth mainly explained by volume growth and increased contribution ratio from positive mix and input cost improvements



Orkla House Care

EBIT (adj.) improved by sales and margin growth

- Organic growth of 8% and increased market shares despite challenging market conditions
- Contribution ratio negatively impacted by sea freight costs
- EBIT (adj.) of NOK 8m mainly driven by higher volumes



Health and Sports Nutrition Group

EBIT (adj.) improvement driven by warehouse efficiency and fixed cost control

- Organic growth of 9%
- Price increases for key raw materials and higher share of promotional sales put pressure on contribution margin
- EBIT (adj.) of NOK 8m and solid cash conversion



Pierre Robert Group

Agreement reached in Feb-25 to sell 100% of the shares¹

- Weak customer sales ahead of contract expiration at the end of the year
- EBIT (adj.) of NOK -14m
- Both contribution ratio and EBIT (adj.) negatively impacted by obsolete goods provision





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**

Upcoming events

First quarter results

9 May 2025

Capital Markets Update

28 May 2025



Q&A

Nils K. Selte, President and CEO

Arve Regland, EVP and CFO



Upcoming events

First quarter results

9 May 2025

Capital Markets Update

28 May 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 Q4: 147 (110) | NO1 Q4: 53.2 (80.5) | Q4: 252 (183) |
| NO2 Q4: 534 (414) | NO2 Q4: 62.9 (82.1) | |



Orkla Real Estate

Fully consolidated into Orkla's financial statements

Est. market value of rental portfolio: NOK 2.3 billion

Book value of development portfolio: NOK 0.4 billion



Sound financial profile

Net interest-bearing liabilities (NOKbn)¹



NIBD / R12M EBITDA¹



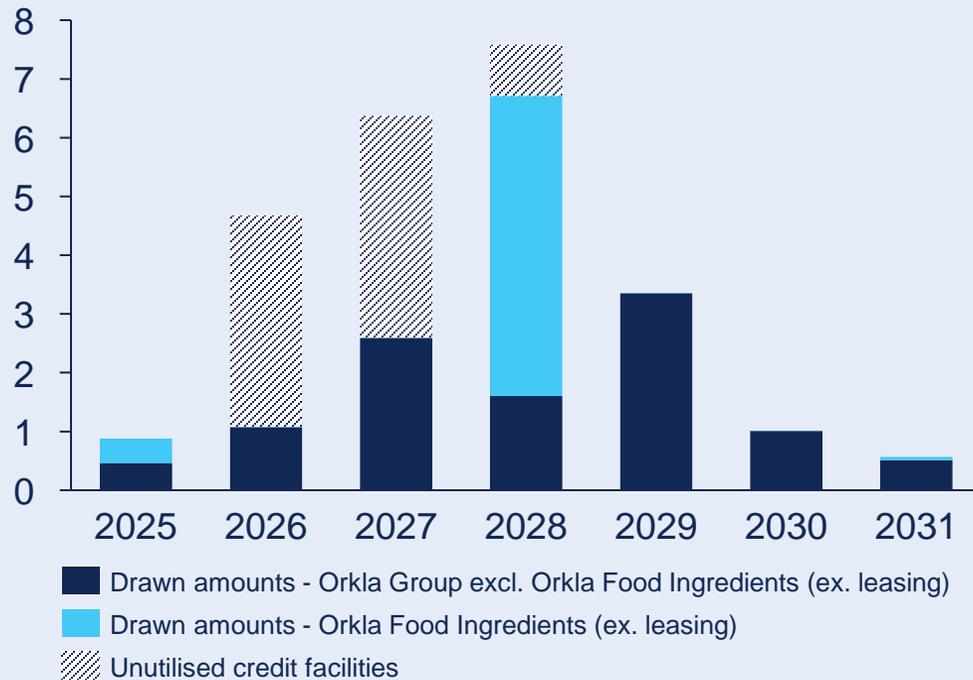
Note: 1. Including Orkla Food Ingredients

Funding sources and maturity profile per Q4-24

Debt maturity ➤ average maturity 3.0 years

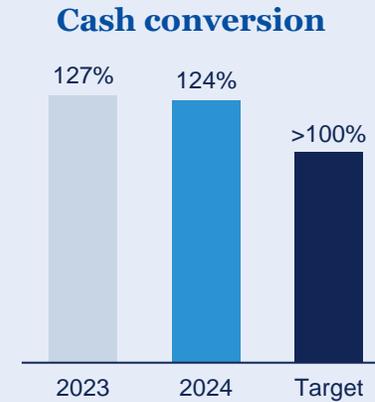
Funding sources (in NOKbn)

NOKbn

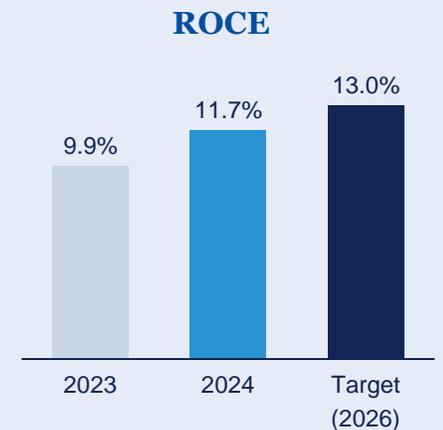
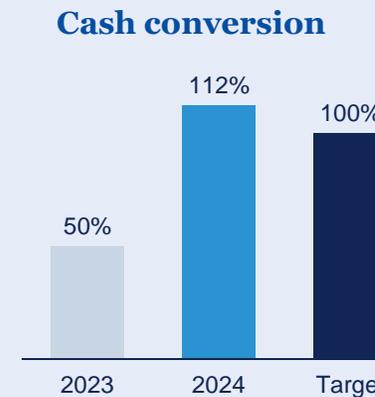
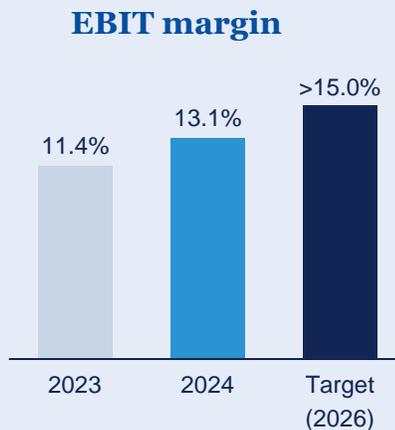
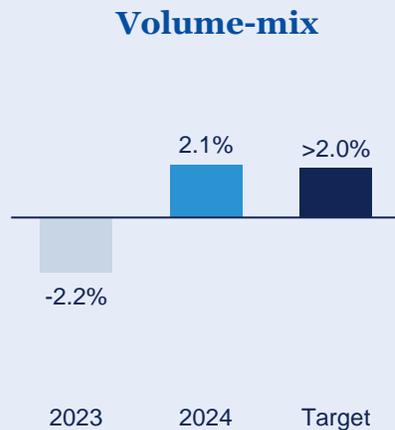


Overview of financial targets (1/3)

Orkla Foods



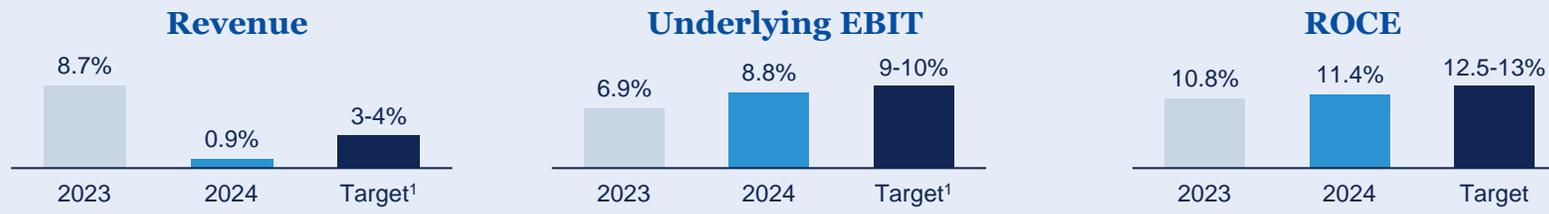
Orkla Snacks



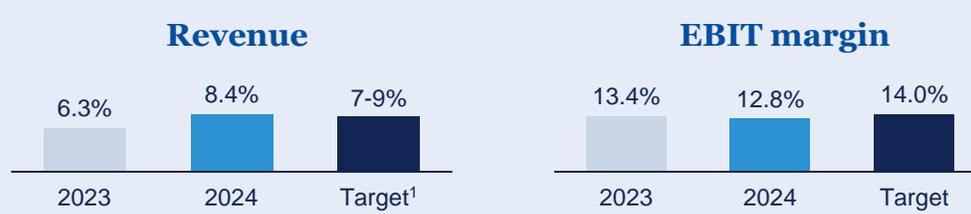
Note: 1. Organic CAGR from 2024 to 2026; 2. Communicated target of positive volume/mix growth
 R12M represents rolling twelve months as at end of quarter
 The target period stretches from 2024 to 2026. Please note that financial targets for each portfolio company were communicated at the Capital Markets 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)

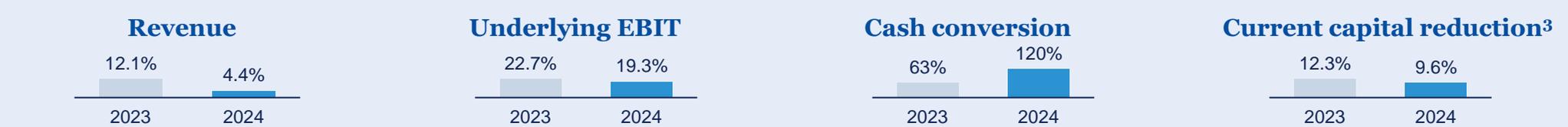
Orkla Food Ingredients



Orkla Health

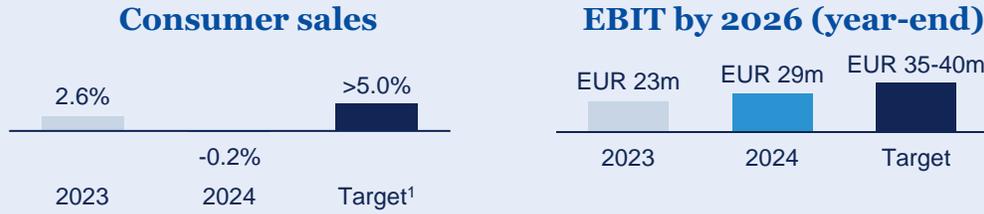


Orkla India



As stated previously during the Capital Markets Day presentation in 2023, and the Q2 2024 earnings results, we have been evaluating various structural options for Orkla India to unlock value, including accessing the Indian capital markets. For this reason, we are omitting any forward-looking information with respect to Orkla India.

The European Pizza Company

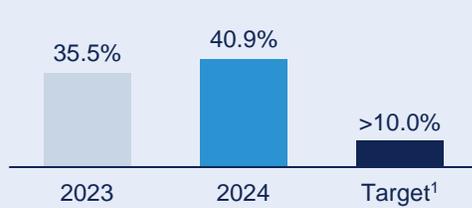


Note: 1. Organic CAGR from 2024 to 2026; 2. Orkla Food Ingredients has a target of 5% revenue growth (organic growth of 3-4% (50/50 price and volume/mix)), plus minor add-ons (represents ~1-2% of revenue growth). Underlying EBIT (adj.) target of 9-10%, plus 2-3% additional growth from minor add-ons 3. Current capital defined as Inventories + Receivables Payables as a % of revenue
 R12M represents rolling twelve months as at end of quarter
 The target period stretches from 2024 to 2026. Please note that financial targets for each portfolio company were communicated at the Capital Markets Day on 29 November 2023
 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

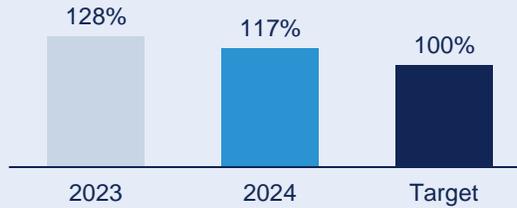
Overview of financial targets (3/3)

Orkla Home & Personal Care

Underlying EBIT

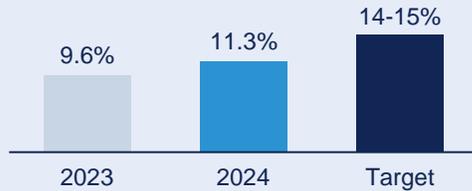


Cash conversion



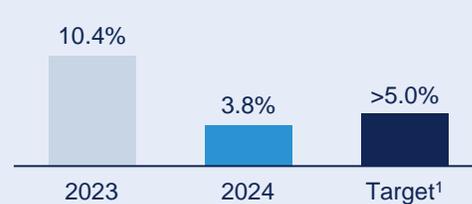
Orkla House Care

EBIT margin

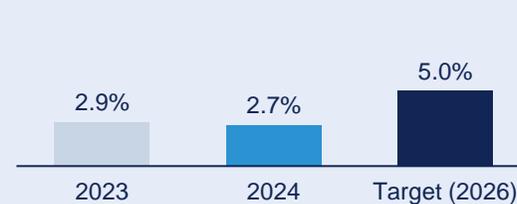


Health and Sports Nutrition Group

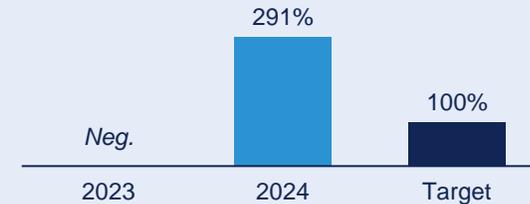
Revenue



EBIT margin



Cash conversion



Note: 1. Organic CAGR from 2024 to 2026; 2. Communicated target of positive volume/mix growth
 R12M represents rolling twelve months as at end of quarter
 The target period stretches from 2024 to 2026. Please note that financial targets for each portfolio company were communicated at 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.)

Alternative Performance Measures (APM)

Contribution ratio

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

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

Organic growth

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

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

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

EBIT (adj.)

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

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

Alternative Performance Measures (APM)

Change in underlying EBIT (adj.)

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

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

Return on Capital Employed (ROCE)

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

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

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

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

Alternative Performance Measures (APM)

Return on Capital Employed (ROCE) cont.

Average capital employed is always an average of the closing balances in the five last reported quarters.

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

Earnings per share (adj.)

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

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

Net replacement and expansion investments

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

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

Cash conversion

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

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

Alternative Performance Measures (APM)

Net interest-bearing liabilities

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

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

Structure (acquisitions and disposals)

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

In 2023, adjustments were also made for the acquisitions of Denali Ingredients, Da Grasso, Lofoten Marine Oils, Healthspan and Hdecoup. 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.

