



Background Material Capital Markets Day 2021

23 November 2021



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CEO Keynotes

- Strong foundation with 300 brands and ~80% of revenue from brands with number 1 and 2 market positions
- Cultural change nurturing braveness and challenger mindset
- Step change profitable organic growth*, targeting at least 2.5%
- Targeting mid-single-digit underlying EBIT (adj.) growth
- Continue to be in the forefront on sustainability
 - Integral part of business strategy with clear targets
- Three prioritized growth areas;
 - Plant-based
 - Out of Home
 - Consumer Health



CEO Keynotes (ii)

- Top three priority approaches to reaching our targets:
 - Winning locally
 - Embracing change
 - Building tomorrow
- International expansion of selected brands
- Geographical expansion and partnerships
- A more dynamic approach to our portfolio
 - Consider acquisitions, divestitures, spinouts, IPOs, JVs



Top three priority approaches to reaching our targets

WINNING LOCALLY



Our people
make the difference



Local consumer insight
at the heart of everything



Operational & commercial
competitiveness

EMBRACING CHANGE



Being consumer centric
in a digital world



Being a local
champion
for sustainability



Being the best
partner
in all we do

BUILDING TOMORROW



Plant-based



Health



Out of Home



Geographic expansion

BRAVE, TRUSTWORTHY, INSPIRING



CREATING LONG TERM VALUE TOGETHER

Targets for Orkla 2022-2024

Organic growth* of at least 2.5%**

Mid-single-digit U.EBIT (adj.)* growth**

Local champion for sustainability

- **Scope 1&2 GHG reduction of 65%*** by 2025**
- **Scope 3 GHG reduction of 30%*** by 2025**
- **100% recyclable packaging by 2025**

M&A and portfolio management to support value creation strategy

* All Alternative Performance Measures (APM) are presented in the appendix

** Targets applicable to BCG incl HQ

*** Orkla's climate targets have been approved by the Science Based Targets Initiative (SBTI), in line with the UN Paris agreement. Base year 2014



Financial targets



Status for financial targets from Capital Markets Day 2018*

Organic growth**
>= market

2018 – 2021 (YTD Q3)
2.1% CAGR

U.EBIT %**
>150 bp by 2021

2019 +30 bp
2020 +40 bp
2021 (YTD Q3) - 50 bp

**Net working capital
reduction**
(% of sales)
>300 bp by 2021

2019 -130 bp
2020 -230 bp
2021 (YTD Q3) -30 bp

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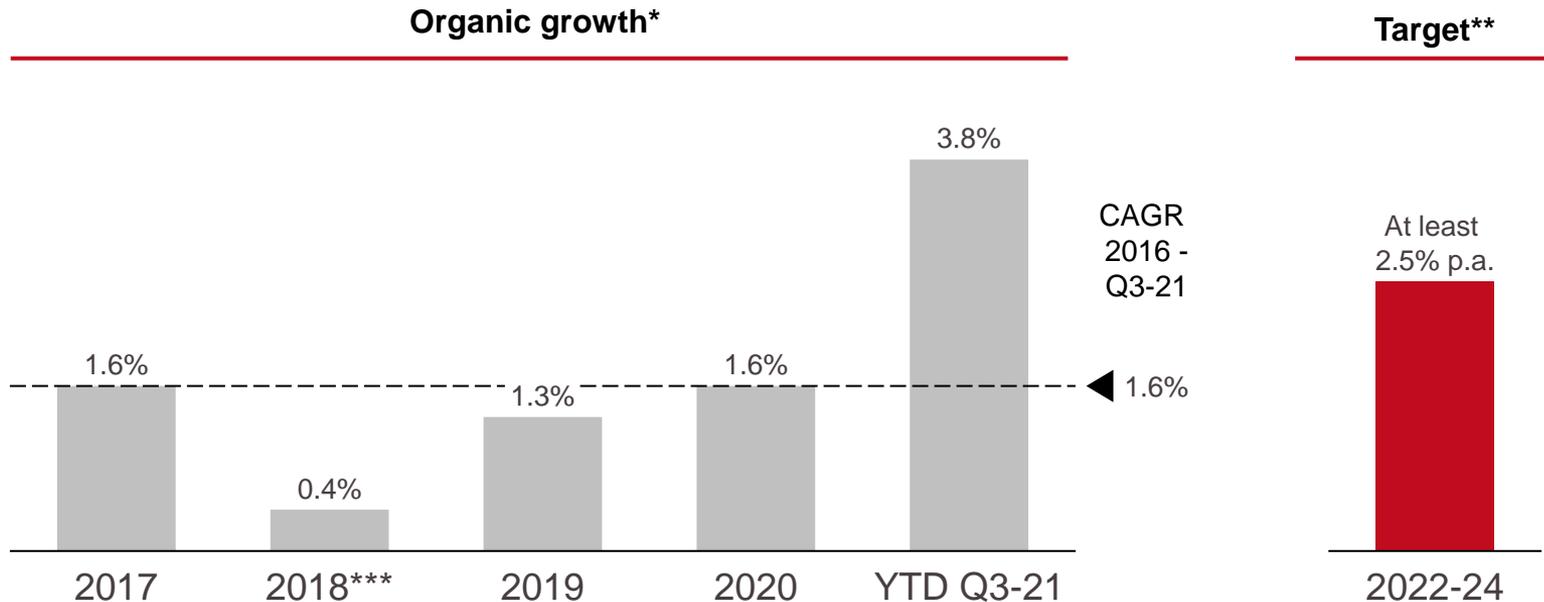
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Targeting organic growth of at least 2.5%



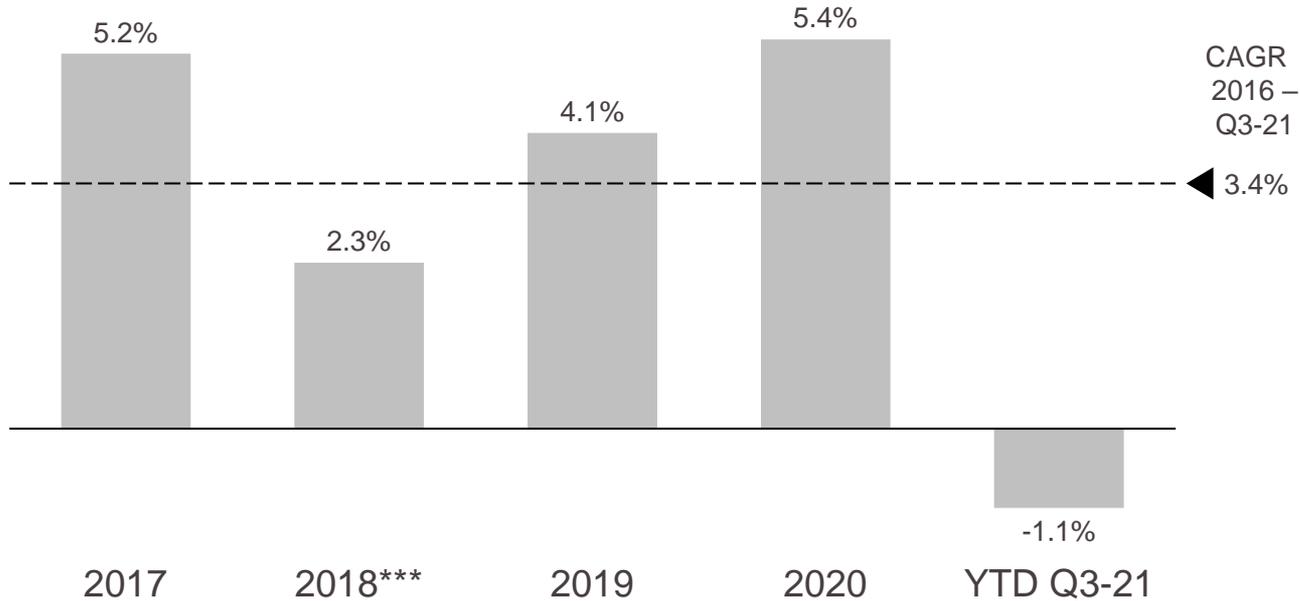
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** Target applicable to BCG incl HQ

*** 2018 Adjusted for the loss of the distribution agreement with Wrigley

Targeting mid-single-digit underlying EBIT (adj.) growth

Underlying EBIT (adj.)* growth for BCG incl. HQ



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** Target applicable to BCG incl HQ

*** 2018 Adjusted for the loss of the distribution agreement with Wrigley

Sustainability strategy and targets towards 2025



Environmental engagement

Strong engagement for the environment

- > 60% renewable energy
- 65% reduction in greenhouse gas emissions from own operations (80% reduction by 2040) ^{1,2}
- 30% reduction in greenhouse gas emissions in the value chain, outside own operations (75% reduction by 2040) ^{1,3}
- 30% reduction in energy and water consumption
- 50% reduction in food waste



Sustainable sourcing

Partnership for sustainable raw materials

- Ensure respect for workers' rights
- Achieve verified sustainable production of key raw materials⁴
- Promote sustainable farming and fishing
- 100% recyclable packaging
- 75% packaging made of recycled materials
- 50% plastic packaging made of recycled or renewable materials



Nutrition and wellness

Making it easier to live healthily

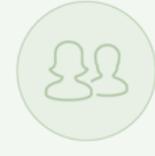
- Double consumption of products and services that promote a healthier lifestyle
- 15 per cent less salt and sugar⁵
- Inspire people to adopt a healthier lifestyle



Safe products

Safe products build trust

- 100% food manufacturing facilities at green level⁶
- 100% approved suppliers⁶
- Continue to ensure that all products are safe



Care for people and society

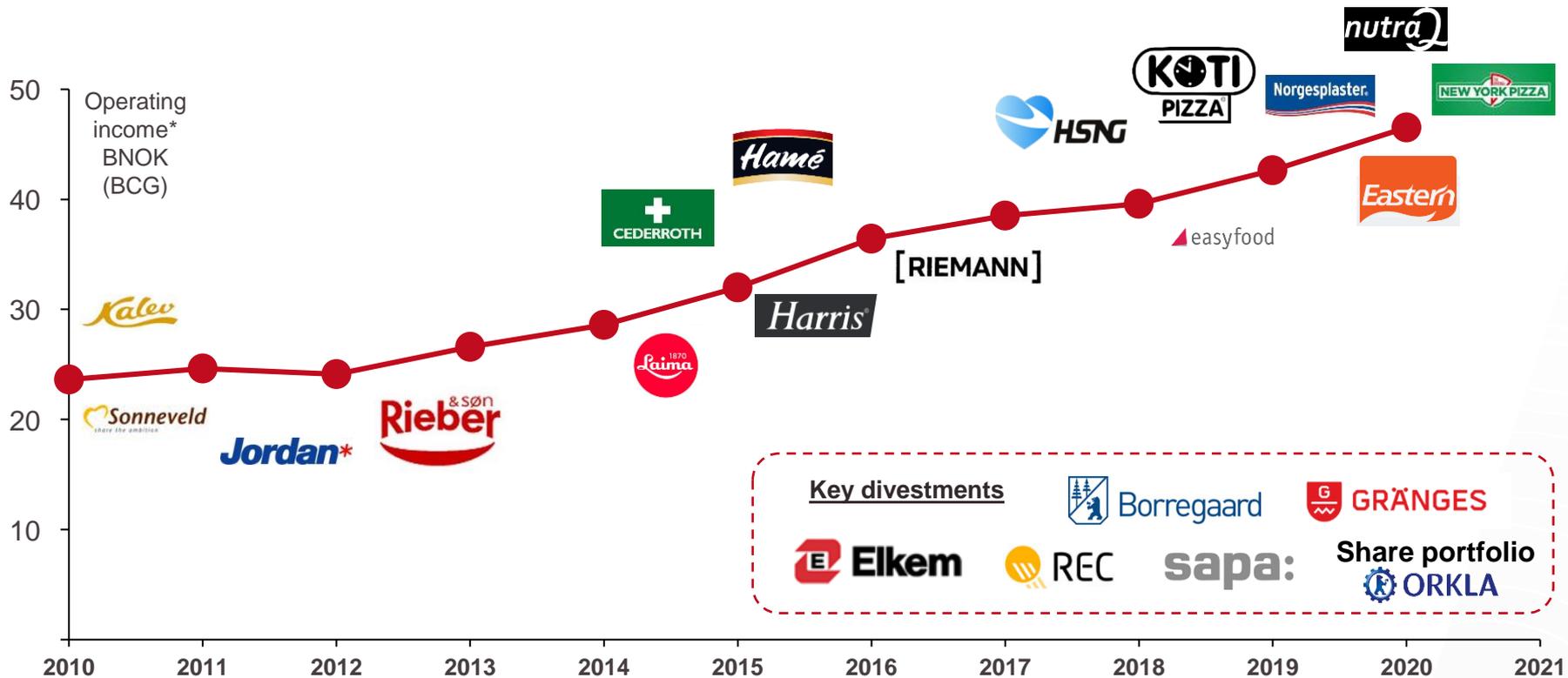
Strong local engagement for sustainability

- Create strong local engagement for sustainability
- 100% compliance with Orkla's human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- Create a culture of integrity everywhere

1) Targets for greenhouse gas reduction have been validated by the Science-based Targets initiative.
2) Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.
3) Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2014.

4) The assessment of importance is based on the risk related to and scope of the Group's sourcing
5) Reduction in overall consumption of salt and sugar from Orkla's food products. Base year 2015.
6) In accordance with the Orkla Food Safety Standard

M&A and portfolio management to support value creation strategy



Funding considerations & allocation priorities

Funding considerations

- Maintain a financial and business risk profile consistent with an investment grade credit rating
- Secure funding when you don't need it - avoid expensive bridge financing and restrictive covenants which can be challenging to reverse
 - Diversified funding sources
 - Diversified maturity structure
- Retain capacity to seize attractive opportunities when they arise, with available funding on competitive and non-restrictive terms

Allocation priorities

- #1 priority is maintaining an attractive and predictable dividend policy – have never reduced ordinary dividends
- #2 priority is value accretive M&A and organic investments in strengthening the future Orkla
- #3 priority is to return excess capital to shareholders



Operating model



Orkla Group in figures

47.1

billion

OPERATING INCOME*



EMPLOYEES**

21,500

5.5

billion

EBIT (ADJ)*



PRODUCTION SITES**

117

1.0

billion

PROFIT FROM
ASSOCIATES * / ***



SERVICE LEVEL**

97%

* Full-year figures 2020

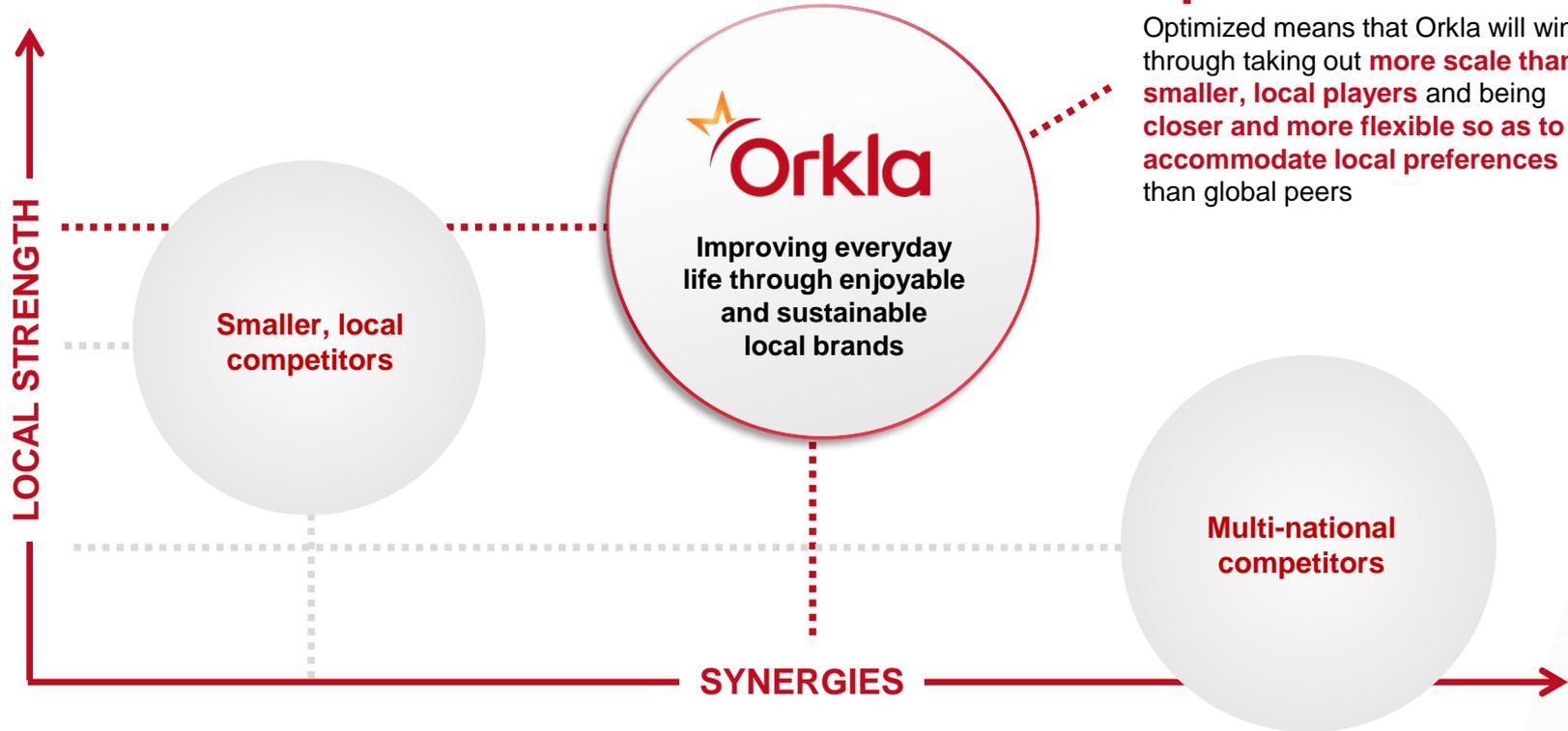
** As at Q3 2021

*** Orkla holds 42.6% ownership in Jotun AS

Operating model

Optimized model

Optimized means that Orkla will win through taking out **more scale than smaller, local players** and being **closer and more flexible so as to accommodate local preferences** than global peers



“Improving everyday life through enjoyable and sustainable local brands”

Orkla Optimized Model

A leading Nordic-based BCG company



- Long heritage in the Nordic region
- Strong presence in the Baltics, Central Europe and South Asia
- Listed on Euronext Oslo

Strong Brands



- Strong positions in smaller markets
- ~80% of revenue from #1 and #2 brands
- Market shares typically in the range of 30-80%

Local presence



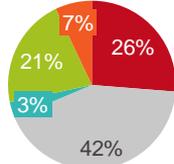
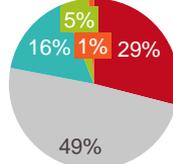
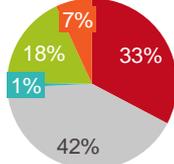
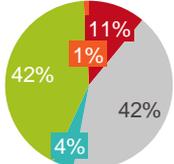
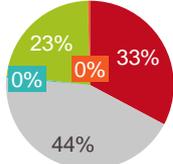
- Being close to the consumer and customer
- Superior local insight and set-up
- Autonomous units with full P+L responsibility

Scale advantages



- Develop concepts across markets
- Synergy realization throughout supply chain
- Centres of competence in select areas

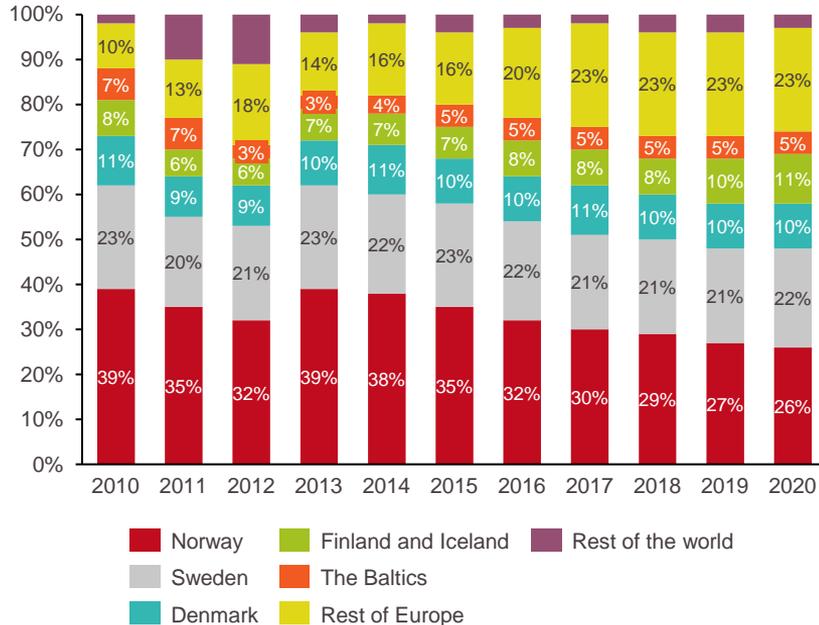
A unique portfolio of strong local brands

Orkla Foods	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	Industrial & Financial Investments
<p>(NOK billion) Sales: 18.3 EBIT (adj.): 2.6</p> <p>EBIT (adj.) margin: 14.4%</p>	<p>(NOK billion) Sales: 7.2 EBIT (adj.): 1.2</p> <p>EBIT (adj.) margin: 16.8%</p>	<p>(NOK billion) Sales: 6.9 EBIT (adj.): 1.0</p> <p>EBIT (adj.) margin: 14.8%</p>	<p>(NOK billion) Sales: 10.7 EBIT (adj.): 0.5</p> <p>EBIT (adj.) margin: 4.7%</p>	<p>(NOK billion) Sales: 3.8 EBIT (adj.): 0.4</p> <p>EBIT (adj.) margin: 10.5%</p>	<p>Jotun (42.6%)</p>
					<p>Hydro Power</p>
					<p>Financial Investments</p>

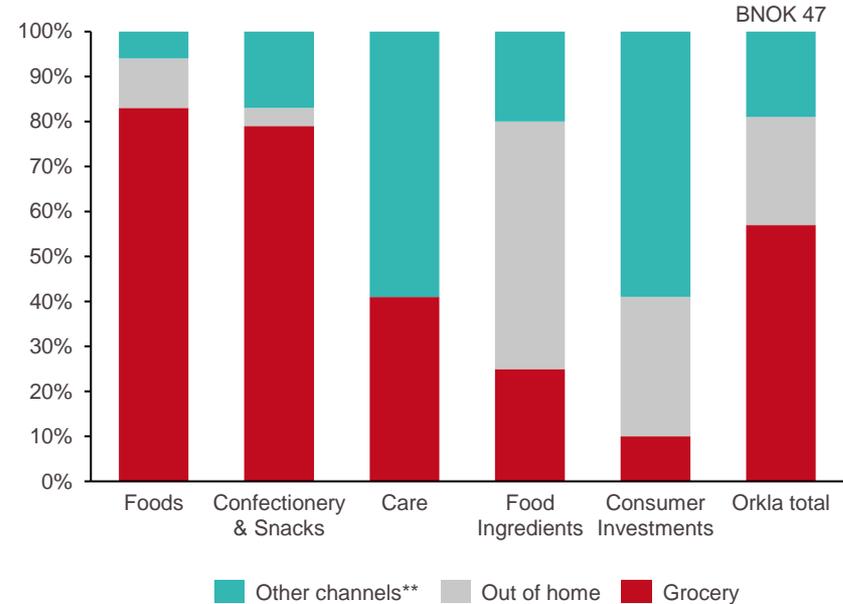
■ Norway
 ■ Nordics ex. Norway
 ■ Baltics
 ■ Europe other
 ■ World other

Increased exposure outside Norway and ~25% of revenue in Out of Home

Sales revenues by geographical region*



BCG channel split (net sales), FY 2020



80% of revenue from number 1 and 2 market positions

Example of market positions and brands in the grocery channel:

	Norway	Sweden	Finland	Denmark	Estonia	Latvia
Snacks 	#2 	#1 	#1 	#1 	#3 	#1 
Ketchup 	#1 	#1 	#1 	#1 	#1 	#1 
Health supplements 	#1  	#3  	#1 	#1  	#1 	#1 



Operating model

Examples: Growing the core



How Stratos has doubled its market share over the last three years

Over the last three years the Stratos chocolate brand has doubled its market share and increased its sales revenues by + 115%. Stratos' performance accounts for 32% of the value growth in the chocolate tablet category.

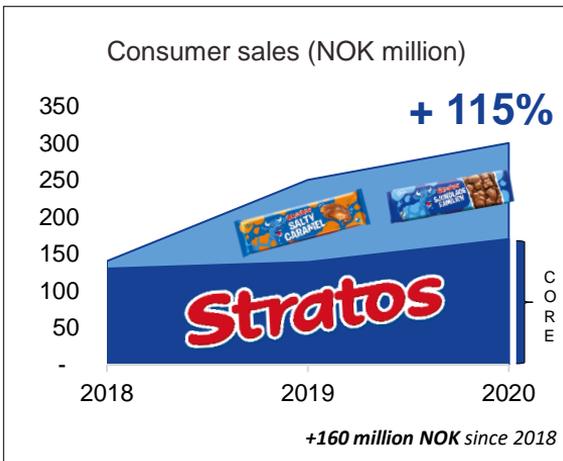
Brand-building

Excellent brand-building with high media-investments based on clear and distinct brand positioning.



Strategic innovation

Strategic innovation within the core, investing in unique new technology to improve the taste experience.



In-store activation

Strong and consistent in-store activation including both new innovations and core products.





Restart of local Home Care brand Grumme in Sweden in 2016, after acquisition of Cederroth

- Positioning as the sustainable pioneer
- Investment in brand-building
- Bold insight-driven communication
- Strong innovation program based on utilizing portfolio cross-border
- **+ 60% sales growth, all time high market shares**



We have replicated the success of Paulúns in Sweden in other markets, with a clear health positioning and tasty products

Sweden: Launched in 2010



BARA BRA MAT
Paulúns[®]

GRANOLA
HASSELNÖTTER & DADLAR

QUINOA KRISP SUPERMÜSLI
BLÅBÄR & ACAI

- SIMPLY GOOD FOOD
- SUPER TASTY
- WITHOUT ADDED SUGARS
- LOADED WITH NUTRITION

Today:
No. 1 brand in Granola and Cereals

Finland: Launched in 2015



Paulúns
GRANOLA
HASSELPÄHKINÄ JA TAATELI

Paulúns
SUPERMYSLI
MANSIKKA JA VADELMA

Paulúns
AINESOSAVISA

Today:
No. 1 brand in Müsli & Granola

Norway: Launched in 2017



Bare Bra
GRANOLA
HASSELNÖTT & KOKOS

Bare Bra
MÜSLI
HAVRECRUNCH
BLÅBÄR & ACAI

ENKLE TIPS TIL EN SUNNERE HVERDAG

Bare Bra

Today:
No. 2 brand in Granola

NEW TECHNOLOGY PLATFORM PIZZA;

To improve quality and modernize our strong brands

More than
500 million NOK
invested since
2018



NEW PORTION SIZE CONCEPT

- Thin and crispy crust
- Contemporary toppings

IMPROVED PRODUCT QUALITY

- New and tasty pan baked crust
- Cheddar cheese for extra satisfaction

Building a new Biscuit factory in Latvia will serve Orkla's needs going forward and significantly reduce our climate footprint

New Orkla Biscuit Production (OBP) factory



Status on 1st November 2021



Key Figures

-  32 000 square meters
-  300 employees
-  13 production lines
-  Strong local brands serving all markets 
-  Increased innovation capabilities in the category
-  Improved cost position

Sustainability vision for Orkla Biscuit Production (OBP)

“OBP is a guiding star for sustainable production”



50%
waste reduction

25%
decrease in energy
consumption

25%
lower water
consumption

Best practice waste
water treatment



Growth initiatives (i)

Plant-based

Growing sales from 1 to 3 BNOK in 2025



Long-term consumer trends are driving the inevitable shift towards plant-based – Orkla uniquely positioned to bring down barriers

CONSUMER DRIVERS

SUSTAINABILITY
HEALTH
ANIMAL WELFARE



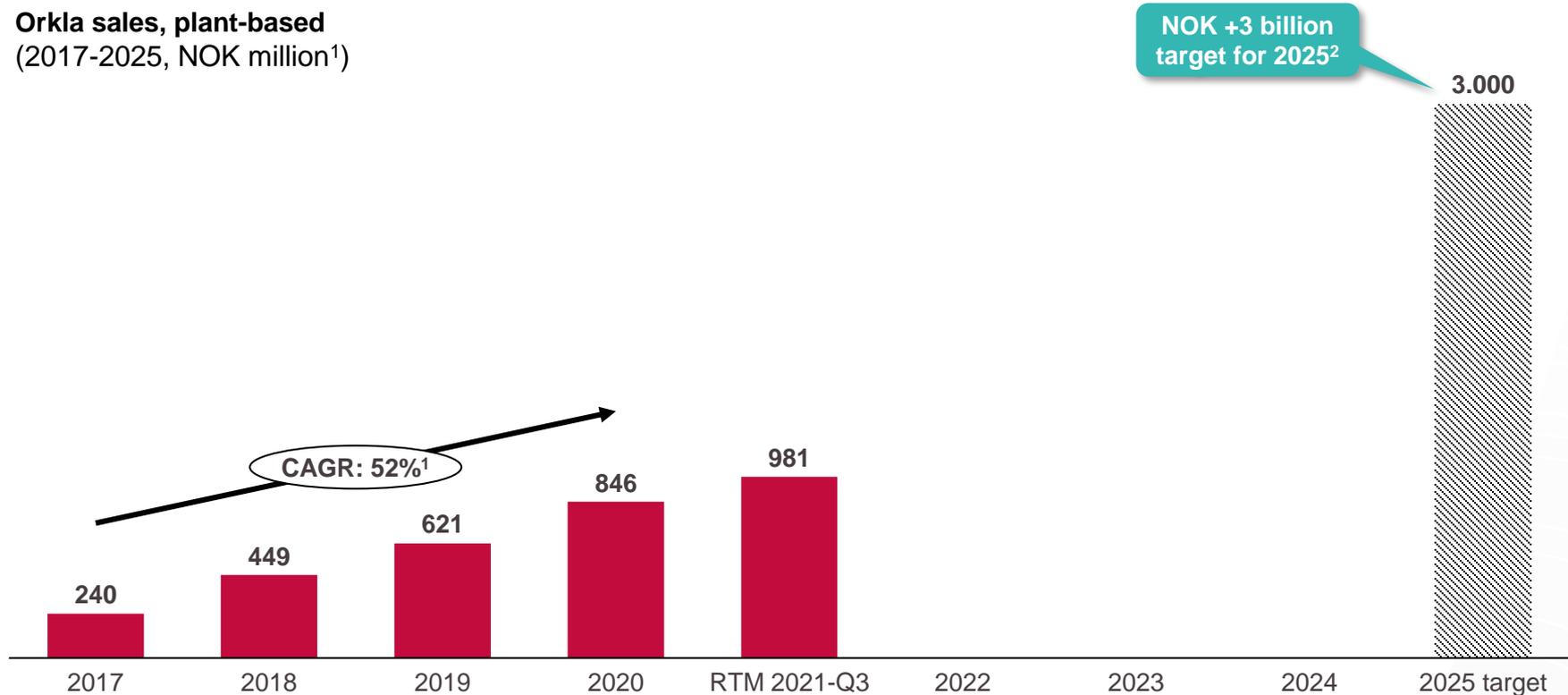
CONSUMER BARRIERS

AWARENESS
TASTE & TEXTURE
PRICE



Orkla has set an ambitious target of NOK +3 billion turnover in 2025 in plant-based

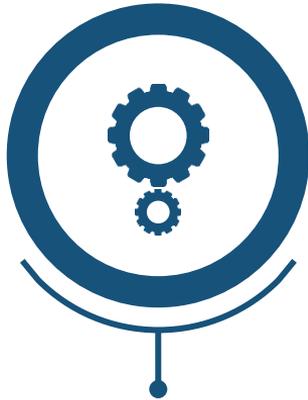
Orkla sales, plant-based
(2017-2025, NOK million¹)



31 1) Not adjusted for currency fluctuations. Growth YTD Q3-21 vs. YTD Q3-20 was 22%
2) Not including distribution agreements. Growth mainly driven by organic growth, supported by smaller acquisitions

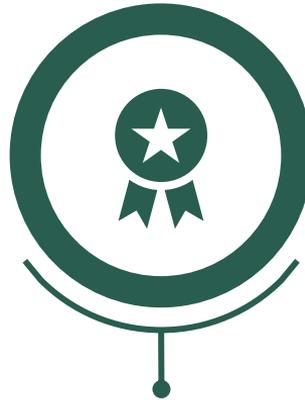
Orkla is uniquely positioned to be a leading player within Plant-based

Orkla strengths



Strong capabilities

Competence in meat and dairy replacements built over the last 30 years



Leading positions

Strong brands with NATURLI' and Anamma paired with market-leading position in the Nordics



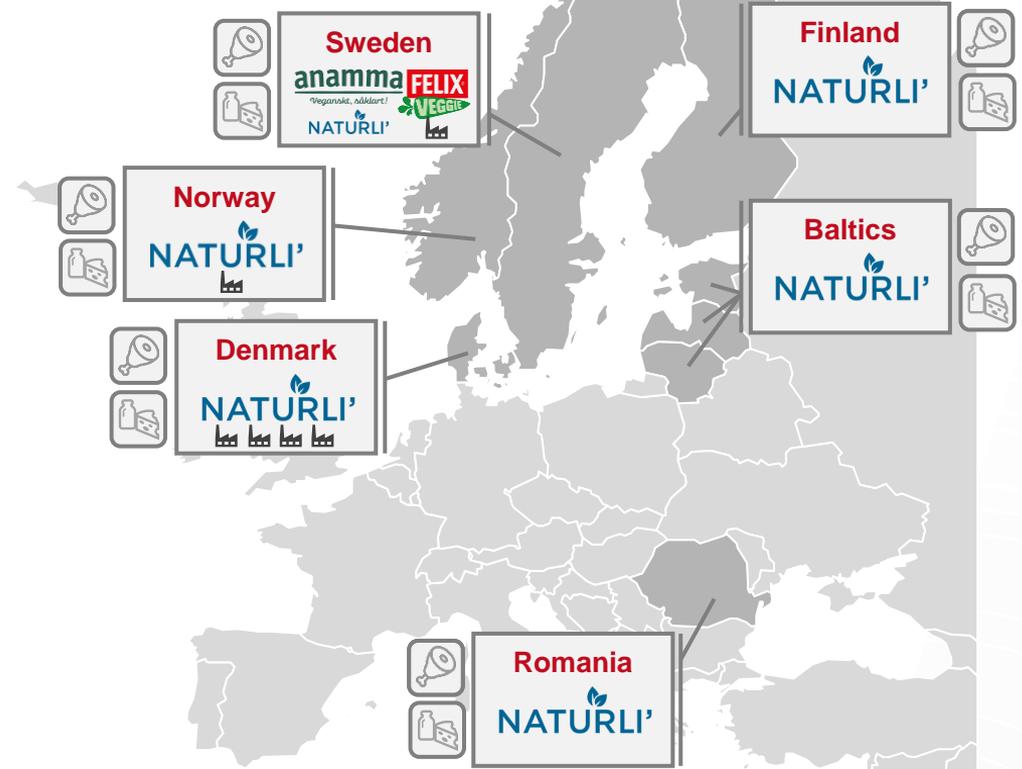
Local presence

Expanding footprint fueled by strong local organizations in 12 European markets

Strong capabilities and leading positions in meat and dairy replacement – built over 30 years

Current Orkla Plant-based

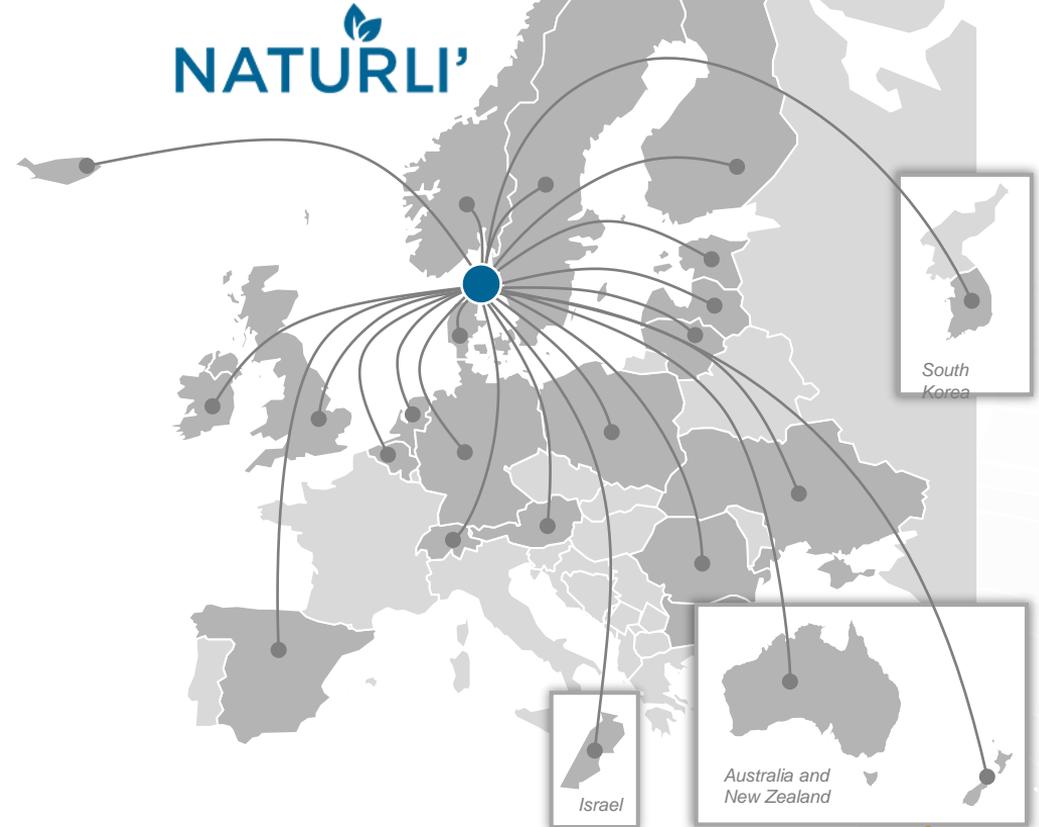
- Orkla has built strong competence in plant-based categories for the last 30 years through our brands NATURLI' and Anamma
- We have market leading positions across our Nordic markets
 - #1 in dairy and meat in Denmark
 - #1 in meat in Sweden
 - #1 in select meat segments in Norway
- We are growing our positions in the Baltics and Central- and Eastern Europe



The NATURLI' brand and product portfolio have proven successful, and are growing across 20+ markets

Plant-based, NATURLI' potential

- NATURLI' products can be found in more than 20+ markets globally
...from Denmark to South Korea, Australia and New Zealand
- With NATURLI' we have a brand and a product portfolio that we can expand to new markets as the plant-based category grows worldwide
- As an example, NATURLI' Vegan Block (vegan butter alternative) has proven highly successful with year-on-year growth in all markets where it has been launched



Orkla has several award-winning plant-based products driving our strong positions

Examples of award-winning products

NATURLI' vegan butter



- 100% vegan, undistinguishable from butter
 - Tastes like butter
 - Melts like butter
 - Browns like butter
- Exported globally, growing in all markets where it has been introduced

NATURLI' Joe' Kurt



- Joe' Kurt vegan yoghurt has a fresh and sour yoghurt taste, and a creamy texture
- Based on almonds, and completely gluten-free
- Multiple different flavors, including natural and vanilla

Anamma shapeable



- Shapeable minced meat product, fully replacing traditional minced meat
- Shapeable – works in a taco, forms into a burger, rolls into meat balls
- #1 best-selling plant-based SKU in Sweden

Anamma pizza



- Most sold vegan pizza in Sweden
- Stone oven baked Italian style, with meltable vegan cheese and tasty vegan meat toppings
- Assortment is expanding due to high consumer success, Vego Mexicana recently launched

Expanding footprint fueled by strong local organizations in 12 European markets

Local presence

- Local business units in 12 European markets, providing knowledge of consumer insight, taste preferences, and strong go-to-market capabilities
- Local production, technology and innovation for meat and dairy replacements
- NOK +500 million invested over the last 3 years in our 6 plant-based factories
- Increasing investment levels across meat and dairy replacements going forward



Orkla Alternative Proteins (OAP) as new business unit to set a broader and more ambitious strategy for meat and dairy replacements

Orkla Alternative Proteins focus



Strengthen Orkla's **long-term technology roadmap** fueled by a proactive **partnership strategy**



Broaden Orkla's **focus on alternative protein technologies** beyond plant-based



Increase focus on finding value **outside existing markets and upstream activities** in the value chain

... to increase Orkla's long-term competitiveness and value creation



Growth initiatives (ii)

Out of Home strategy

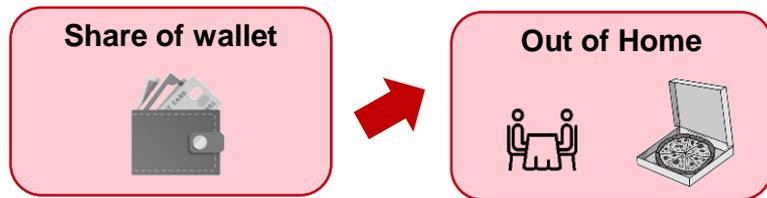
Building a leading European Pizza Franchise



Changing consumer preference is driving the desire to establish a sizeable position in the Out of Home market

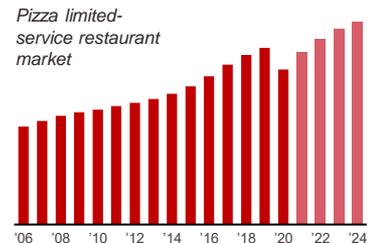
Why Out of Home?

- Consumers are spending an **increasing share of wallet** Out of Home (OOH), **driving strong growth** in the market
- **Increase demand for convenience and accessibility**
- take away & delivery segments are growing faster than traditional dine-in
- **Closer connection to consumers** with potential to yield a competitive advantage in digital sales and marketing



Why Pizza?

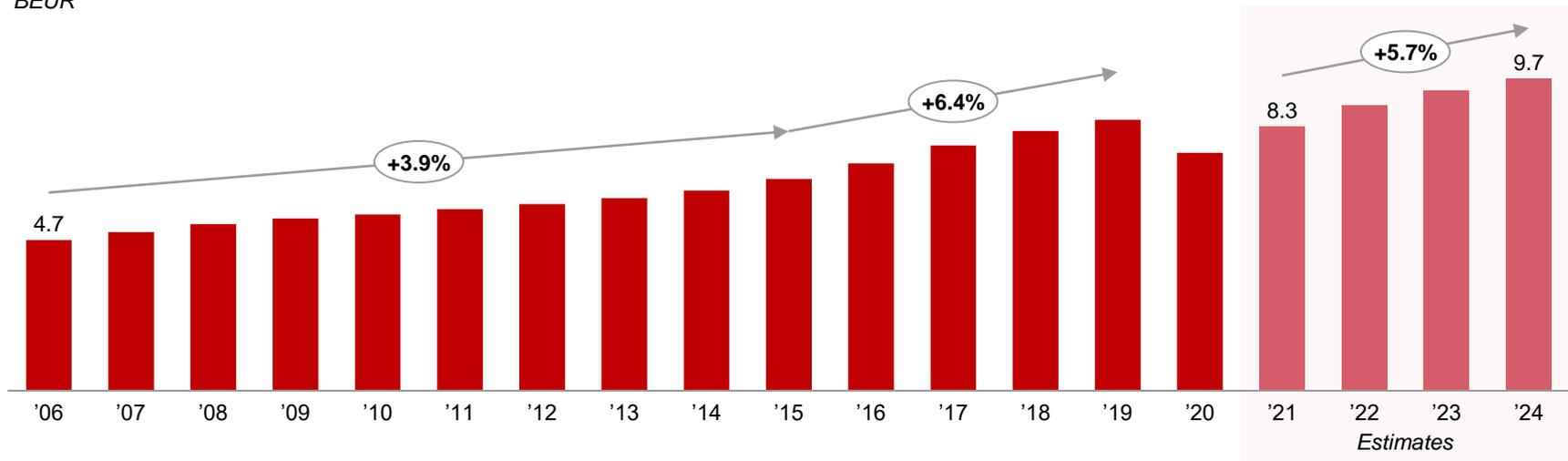
- **Sizeable market** with industrialization potential
- **Strong underlying growth**
- **A preferred choice across occasions**
- **Timeless concept**
- Fairly **resilient** to market cycles / economic downturns
- **Strong in-house competence**



Limited-Service Pizza represents a strong and growing market

Development in *addressable*¹⁾ European Limited-Service Restaurants (LSR) pizza markets

BEUR



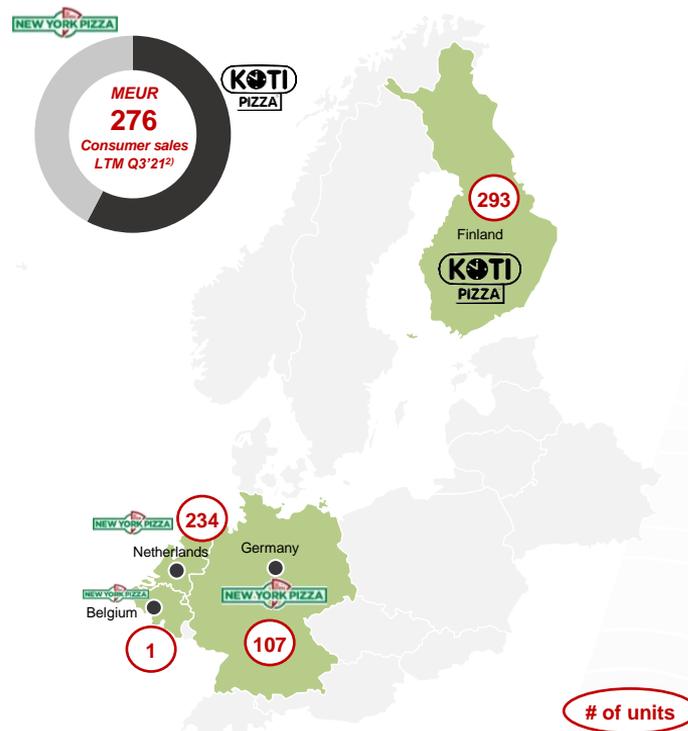
- Addressable¹⁾ European pizza markets have historically grown strongly, with CAGR of 6.4% 2015-2019
 - Representing 19% of the total European pizza market, including both Full-service and Limited-Service restaurants across all countries
- Strong historical growth expected to continue in coming years
- LSR pizza market has proved fairly resilient through economic crisis, compared to other restaurant markets and segments

Out of Home pizza platform with tangible growth potential, both organically and structurally

Current platform

- 1 A sizeable OOH¹⁾ platform with 635 franchised restaurants
- 2 Tangible organic growth opportunities in Finland, the Netherlands and Belgium, and buy & build agenda in Germany well underway
- 3 Scalable inhouse dough production, significant procurement volumes and access to leading technology platform for restaurant and delivery operations
- 4 Strong management team incentivized to grow the business further and extract synergies

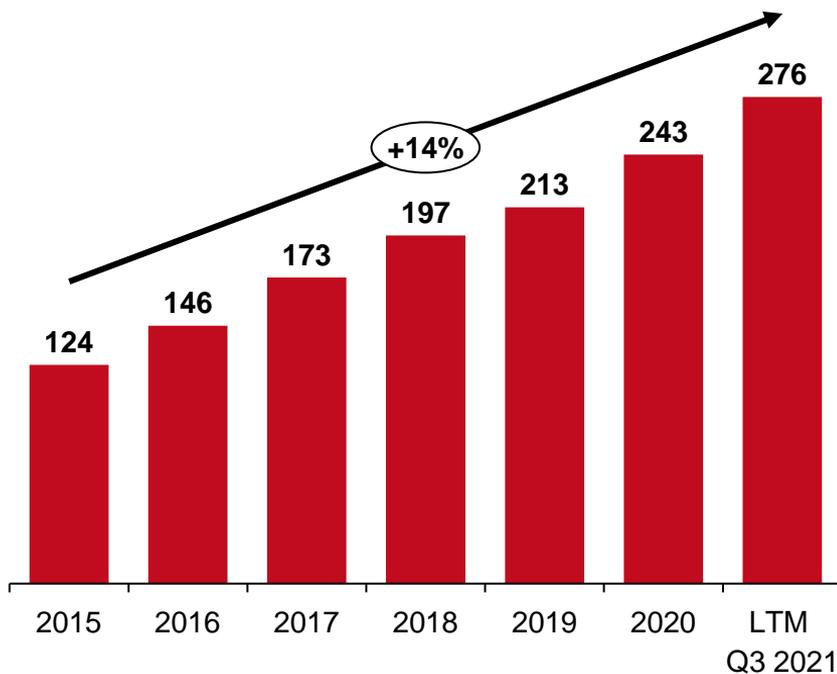
Current presence



Kotipizza and New York Pizza have historically grown strongly through same-store sales and network expansion

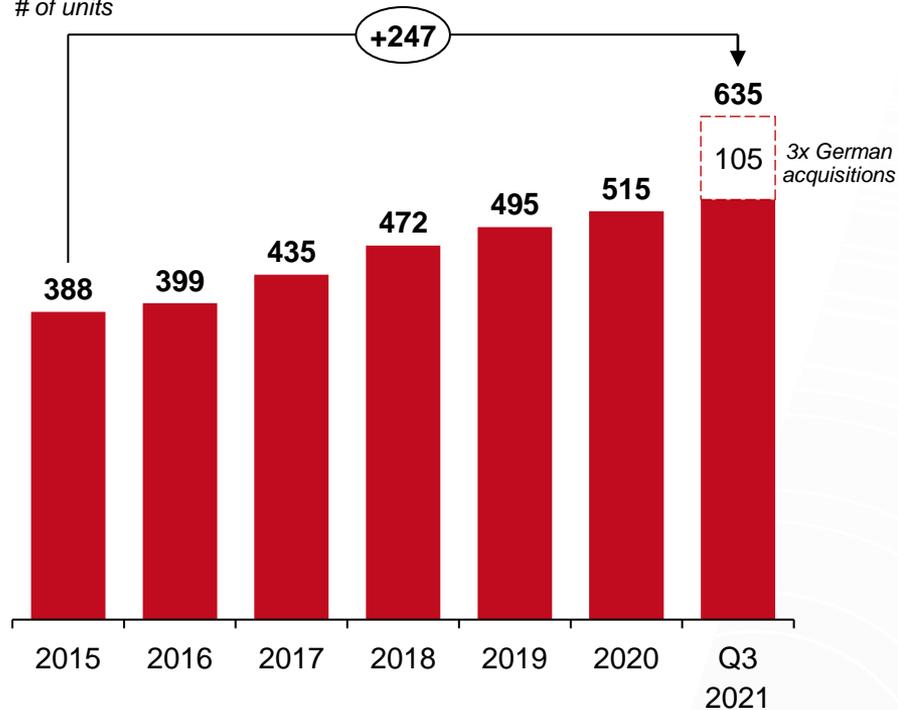
Consumer sales growth¹⁾

MEUR

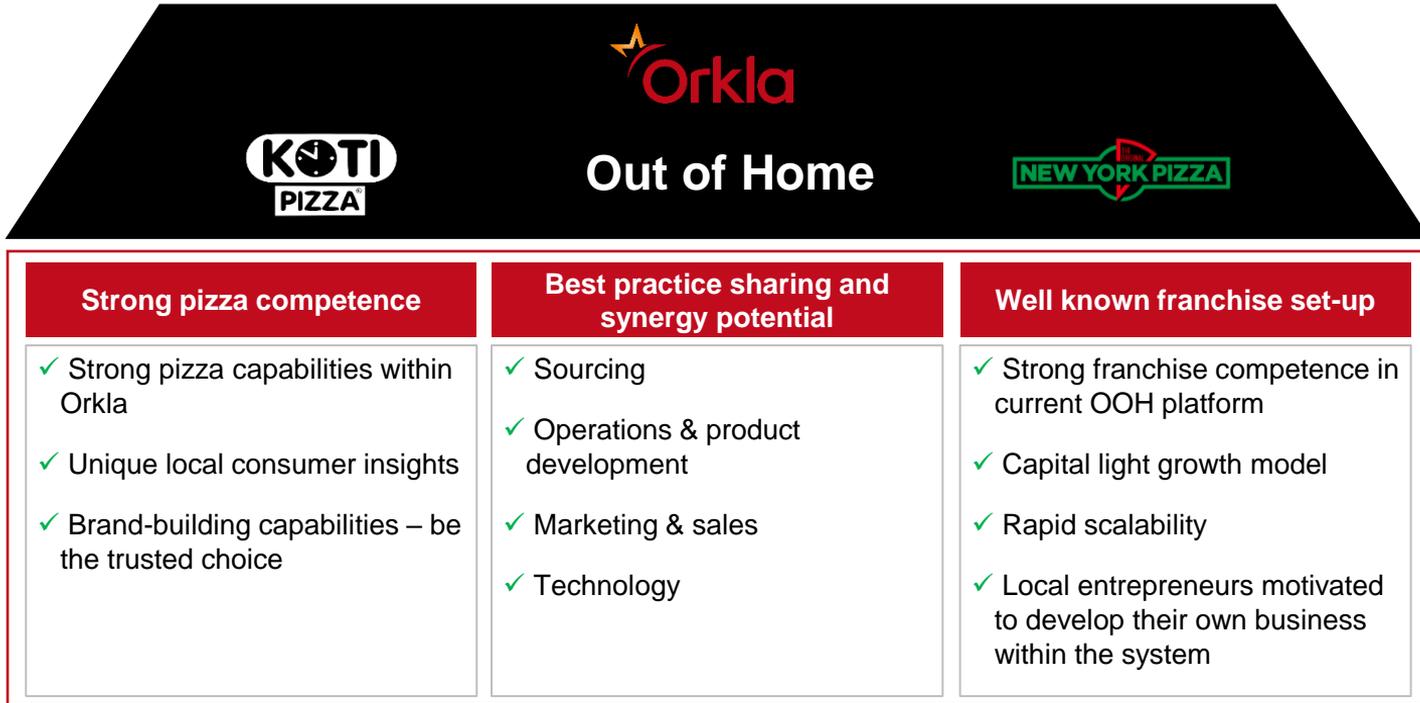


Growth in number of units

of units



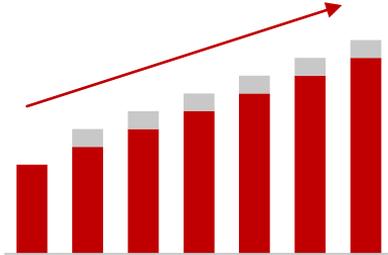
Orkla with strong in-house competence across several key dimensions supporting accelerated growth in the Out of Home market



Three key growth pillars to develop a sizable European Out of Home platform

1 Same store growth

- High quality products & services
- Loyalty programs
- Continued product development
- Digital Marketing



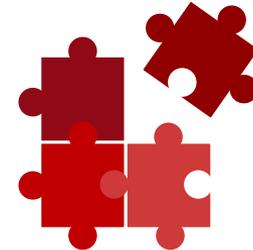
2 Network expansion

- Available white spots in all current markets
- Increase penetration in larger areas – increasing delivery efficiency



3 Structural initiatives

- Strengthen and expand our geographical footprint in and around our core markets
- Leverage M&A possibilities when and where appropriate





Growth initiatives (iii)

Consumer Health

Increase sales +50% by end of 2025





WE BELIEVE resilience is
a key to better health and a
better life



WE BELIEVE in healthy
minds in healthy bodies




Orkla
Consumer
Health



WE BELIEVE beauty starts
with an inside job



WE BELIEVE social well-being
is a key to healthy living

The current business is a strong foundation for future growth within consumer health

The Orkla companies offering solutions for consumer health. Total revenue base of ~4.6 BNOK*

Orkla Health



- The Nordic region's biggest supplier and marketer of health products ranging from omega-3, vitamin and mineral supplements, weight reduction & sports nutrition products
- Operates in the Nordics, Baltics and Poland, and is represented in several other countries

Orkla Wound Care



- First launched in 1947
- B2B brands Cederroth First Aid and Snøgg offer high quality holistic first aid solutions for small and large businesses
- B2C brands Salvequick/Salvelox, Norgesplaster and Dr. San, have a market leading position in multiple European countries

HSNG



- Health and Sports Nutrition Group AB (HSNG) sells a broad range of sports nutrition, health food, fitness equipment and food brands and products through its online stores Gymgrossisten, Bodystore and Fitnessmarket
- Operates online retailers in the Nordics

NutraQ



- Strong fit with Orkla on category and geography, and complementary on channel (D2C) and capabilities – yielding interesting growth opportunities
- D2C set-up to handle both the launch of new concepts and geographic expansion

Consumer Health – a lot of possibilities



We are physically active



We get older and want to have an active lifestyle



We are overweight



We are using technology



Science is new knowledge



We want to live and eat healthy



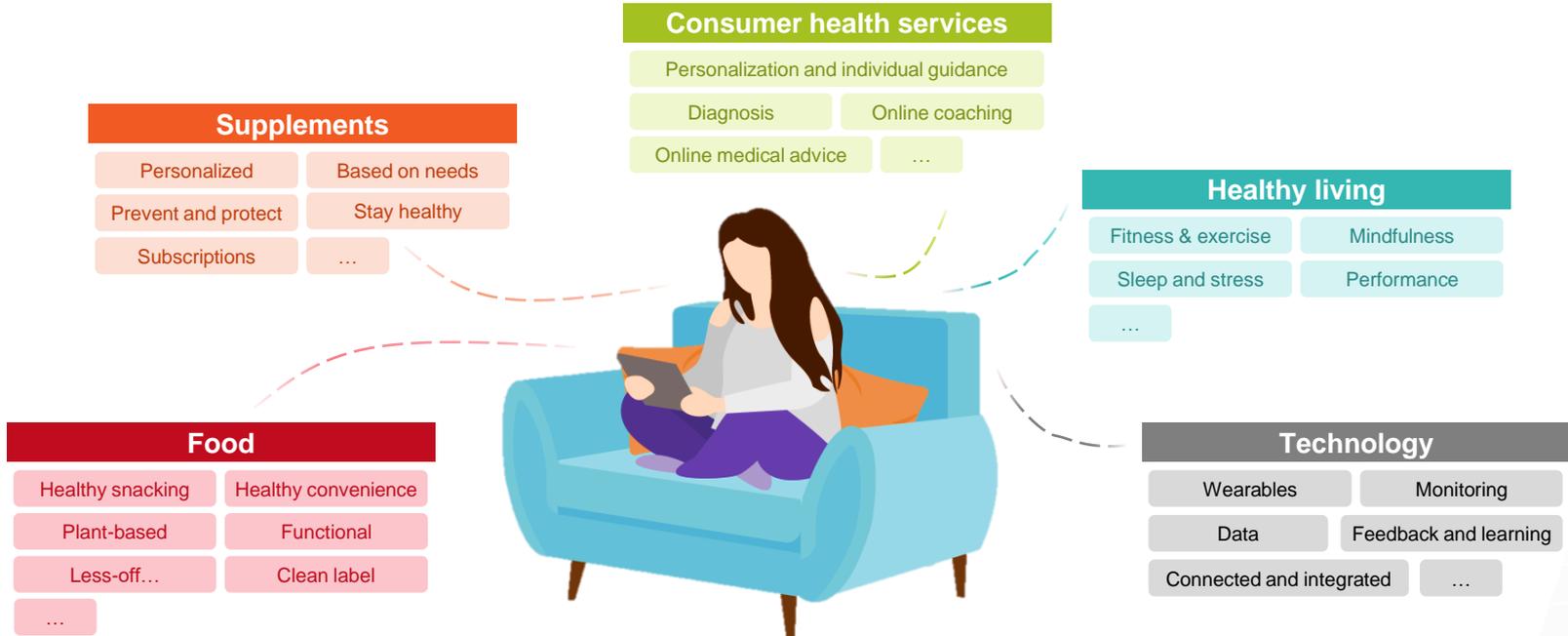
We care about the environment



We have less time

Orkla intends to take an even more holistic approach to consumer health across our categories

The consumer health landscape is shifting



The combination of our capabilities will be our competitive edge in taking a bigger stake in the growing consumer health market



Local consumer insight



Strong capabilities in consumer health



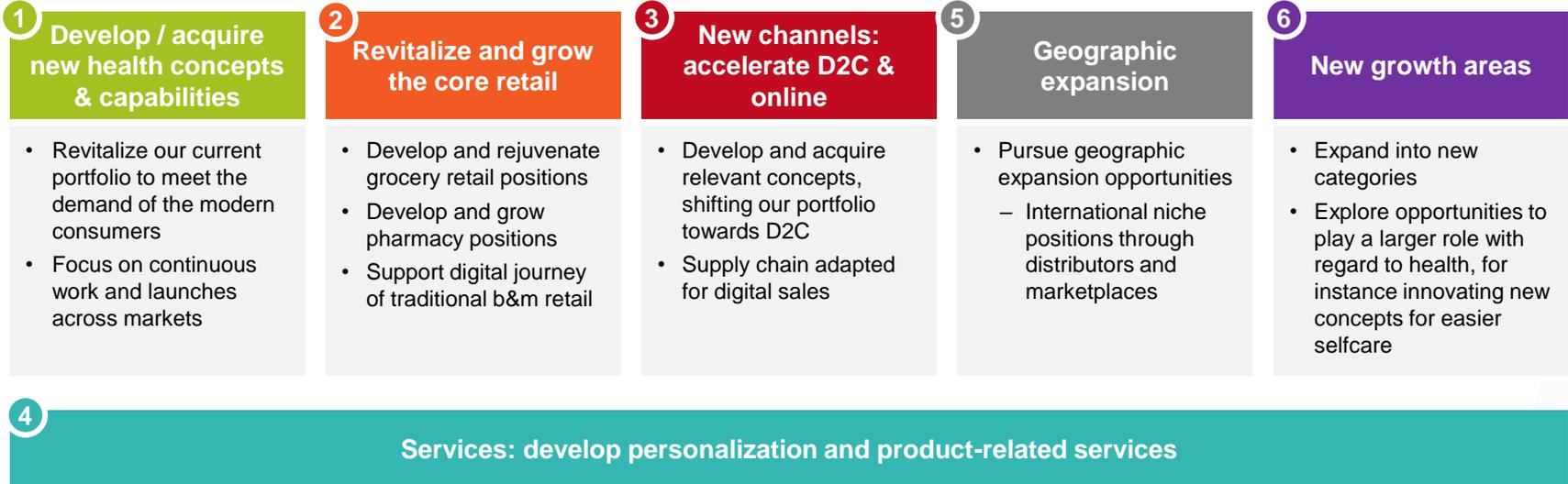
Strong local brands – with proven export success



Trusted partner in the markets we are in

Consumer health in Orkla – 6 strategic growth pillars

Strategic growth pillars





Portfolio management and M&A



Top three priority approaches to reaching our targets

WINNING LOCALLY



Our people
make the difference



Local consumer insight
at the heart of everything



Operational & commercial
competitiveness

EMBRACING CHANGE



Being consumer centric
in a digital world



Being a local
champion
for sustainability



Being the best
partner
in all we do

BUILDING TOMORROW



Plant-based



Health



Out of Home



Geographic expansion

BRAVE, TRUSTWORTHY, INSPIRING



CREATING LONG TERM VALUE TOGETHER

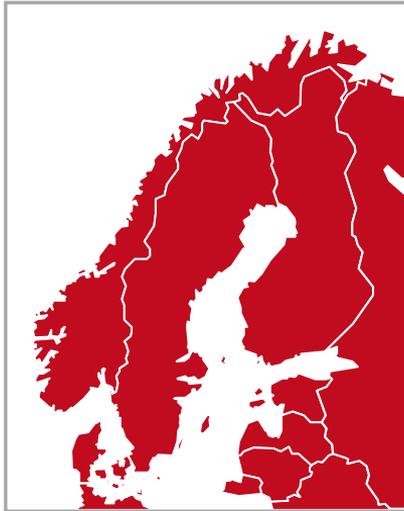
We value trust-based and long-term partnerships

Examples



We see growth potential through geographic expansion in three clusters

**Nordics
and Baltics**



**Central
Eastern Europe**



**South
Asia**



*Faster growing geographies, a successful business model, and existing category expertise.
Food Ingredients, Wound Care and Out of Home have a broader European catchment area*

Orkla Portfolio Transformation Framework



**Hold
and
grow**



**Clean up
and
divest**



**Build and
monetize**

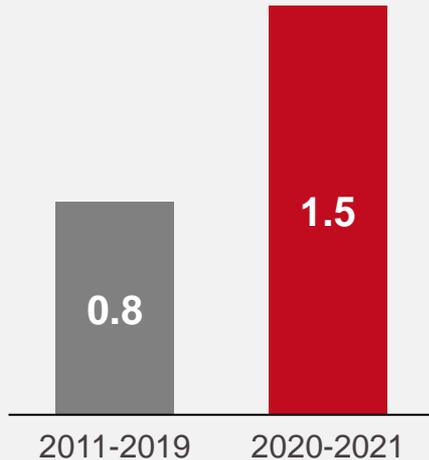


**New growth
areas**

Summarizing Orkla's M&A strategy

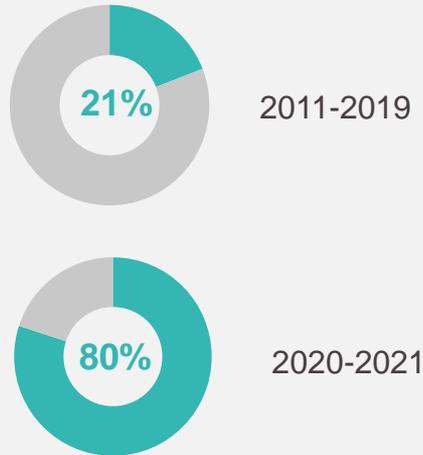
Bigger

Average # transactions per year above 500 MNOK*



Faster

Percentage of invested capital in growth categories or geographies



Better

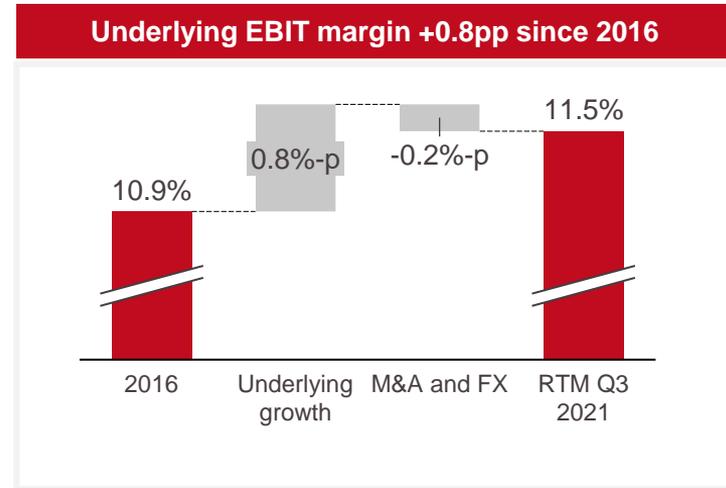
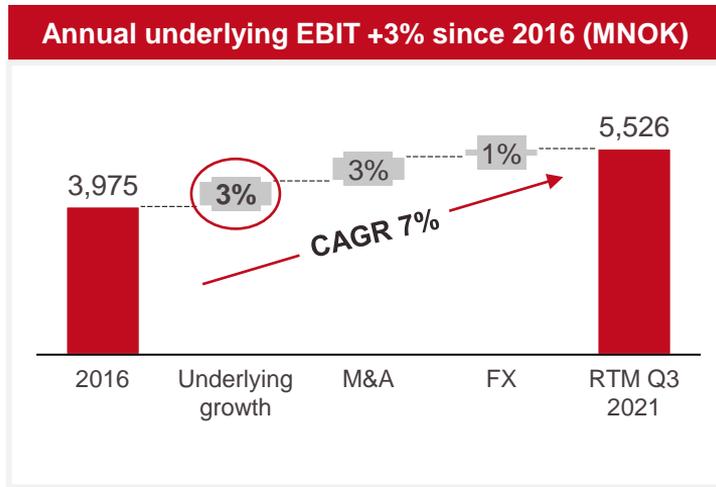
- 1** Increased focus on integration and realization of synergies
- 2** Additional dedicated resources in integration team
- 3** Follow-up on realization of business plans post acquisition

Long term **value creation**

Appendices

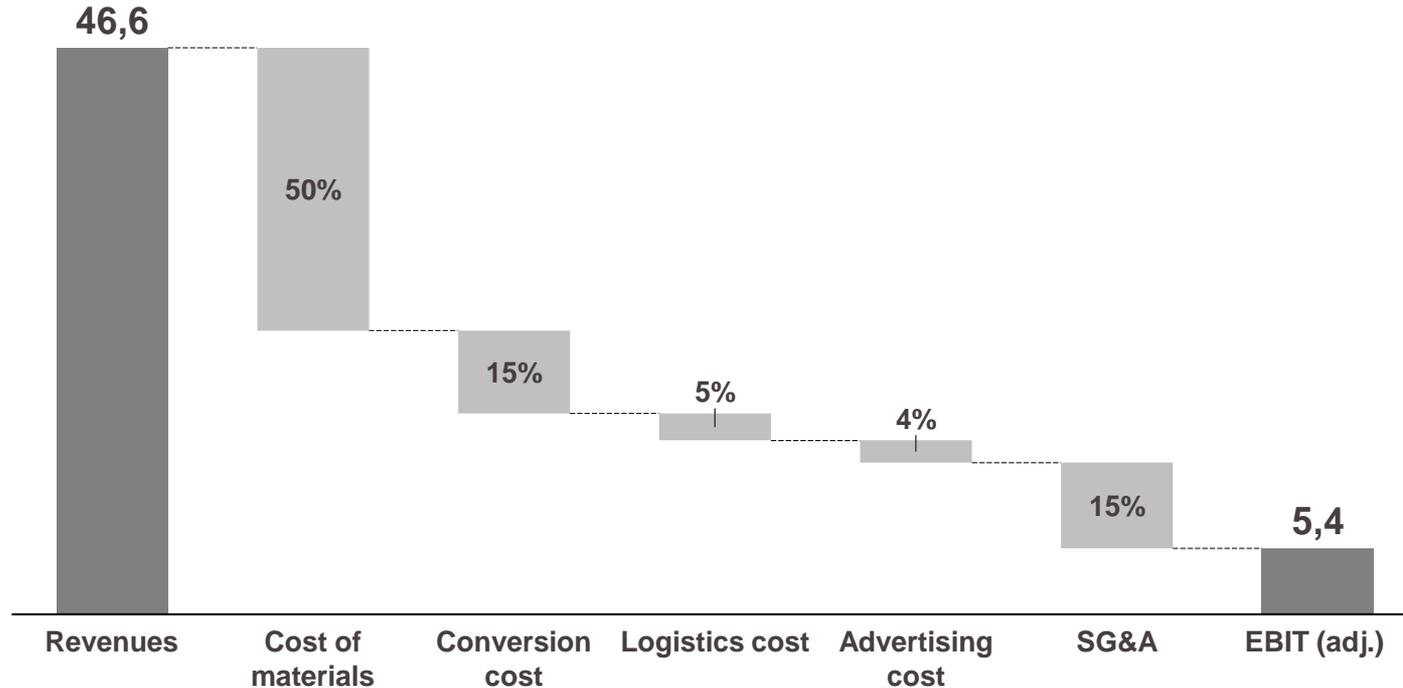


Five-year earnings and margin performance

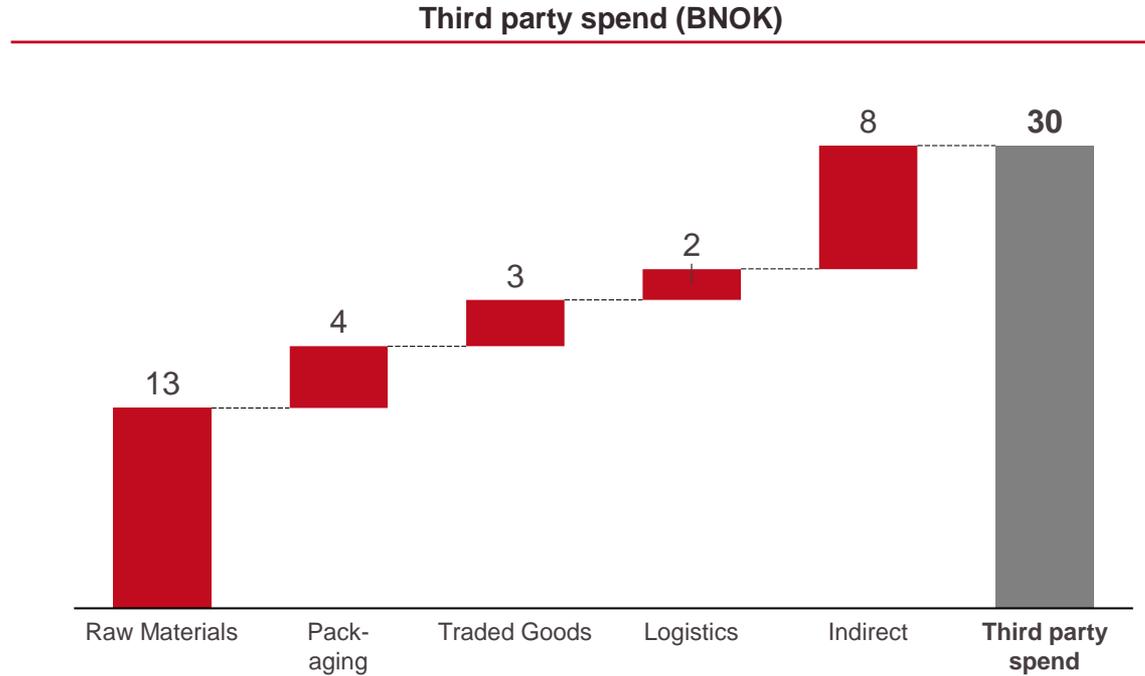


Cost breakdown FY 2020

BCG incl. HQ, cost breakdown 2020 (BNOK), % of revenues



30 BNOK in external spend in 2020



Orkla Investments

Hydro Power

Fully consolidated into Orkla's financial statements

			
Ownership:	Orkla 85%	Orkla 100%	Volume (GWh): YTD Q3-21: 1,432 (2,182)
Type:	Reservoir plant	Run of the river plant	Power prices* (NOK/kWh): YTD Q3-21: 0.59 (0.09)
Average annual production (2011-2020):	1.9 TWh**	0.6 TWh	EBIT adj. (NOK million): YTD Q3-21: 287 (17)



Financial Investments

Fully consolidated into Orkla's financial statements

Book value real estate:
NOK 1.8 billion



Jotun (42.6%)

Accounted for using equity method

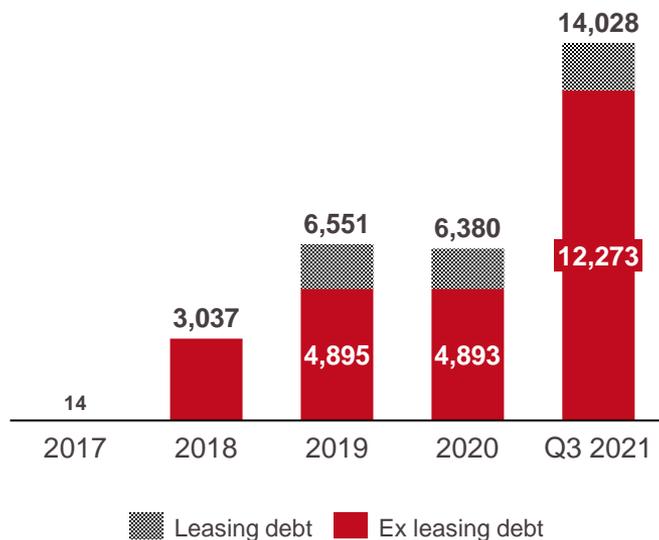


* Source: Nord Pool Spot, Monthly System Price

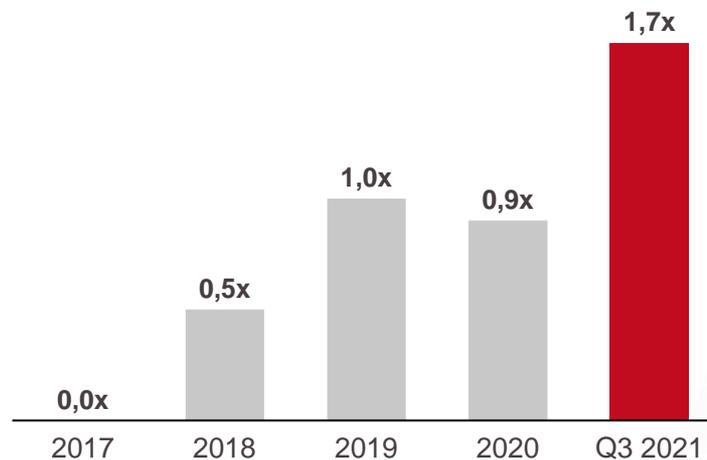
** Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding energy commitments, resulting in a net effect of zero.

Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)

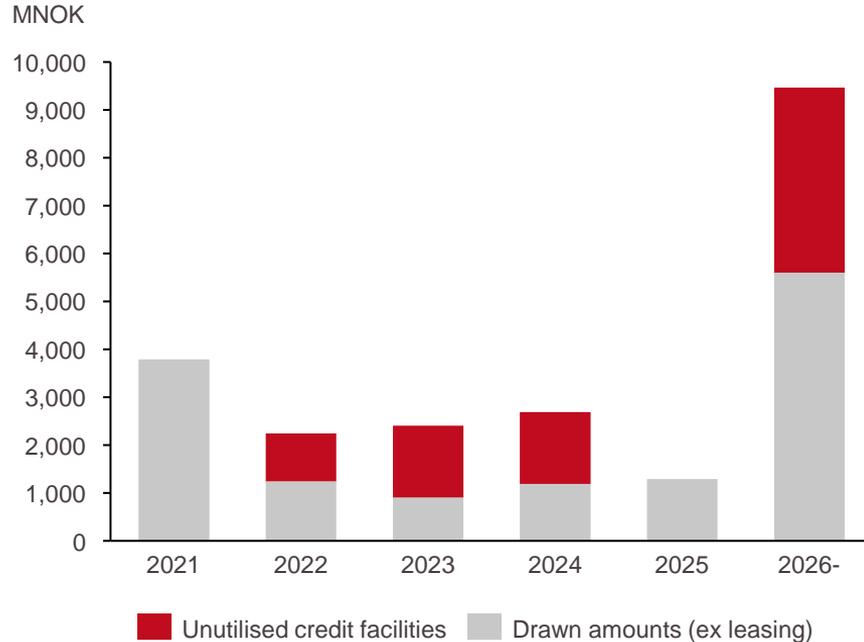


NIBD / R12M EBITDA*

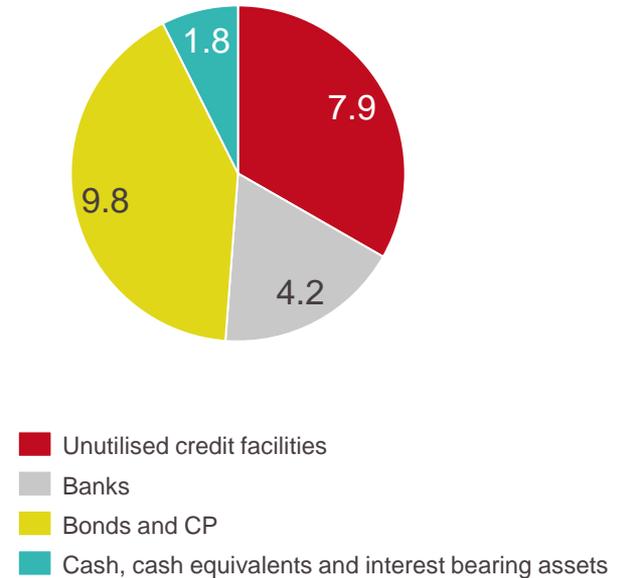


Funding sources and maturity profile*

Debt maturity → average maturity 3.4 years



Funding sources (in BNOK)



Alternative Performance Measures (APM)

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 and currency effects. In calculating organic growth, acquired companies will be excluded 12 months after the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's turnover at last year's exchange rates.

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

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). These include M&A costs, restructuring or integration expenses, any major gains and write-downs on 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 key financial figures, internally and externally. The figure is used to identify and analyse the Group's profitability from 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.

Change in underlying EBIT (adj.)

Change in underlying EBIT (adj.) shows like-for-like EBIT (adj.) growth for the Group's business portfolio and is defined as the Group's reported change in EBIT (adj.) adjusted for effects of the purchase and sale of companies and currency effects. In calculating the change in underlying EBIT (adj.), acquired companies will be included pro forma 12 months before the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by calculating this year's EBIT (adj.) at last year's currency exchange rates. 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 Group's ability to develop growth and improve profitability in the existing business. The measure is important because it shows the change in profitability on a comparable structure over time.

Alternative Performance Measures (APM)

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. The effective tax rate for OIE is lower than the Group's tax rate in both 2021 and 2020 chiefly due to non-deductible transaction costs. Write-downs were also taken in 2020 with no tax effect.

If other items of a special nature occur under the company's operating profit or loss, adjustments will also be made for these items. No such adjustments had been made as at 30 September 2021. As at 30 September 2020, adjustments were made for a gain on the sales of the associates Andersen & Mørck AS and Allkårsplans Utvecklings AB.

In the second quarter of 2021, Orkla awarded share options to senior executives (see Note 9 in quarterly report). This could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.).

Net replacement and expansion investments

When making decisions regarding investments, the Group distinguishes between replacement and expansion investments. Expansion investments are the part of overall reported investments considered to be investments either in new geographical markets or new categories, or which represent significant increases in capacity.

Net replacement investments include new leases and are reduced by the value of sold fixed assets to sales value.

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

Net interest-bearing liabilities

Net interest-bearing liabilities are the sum of the Group's interest-bearing liabilities and interest-bearing receivables. Interest-bearing liabilities include bonded loans, bank loans, other loans, lease liabilities and interest-bearing derivatives. Interest-bearing receivables include liquid assets, interest-bearing derivatives and other interest-bearing receivables.

Net interest-bearing liabilities are the Group's primary management parameter for financing and capital allocation, which is used actively in the Group's financial risk management strategy. The statement of cash flows (Orkla format) therefore shows the change in net interest-bearing liabilities at Group level

Structure (acquired and sold companies)

Structural growth includes adjustments for the acquisition of the businesses Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Núi Siríus, Cake Décor Limited, For All Baking Limited, Ambassador92, Proteinfabrikken, Seagood Fort Deli, Norgesplaster, Win Equipment, Gortrush and Havrefras. Adjustments have been made for the sale of SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm's and the Skin Care business in Poland, as well as for the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani and OTA Solgryn. A structural adjustment was made at business area level for the internal relocation of Frödinge. In 2020, adjustments were also made for Lecora, Easyfood, Confection by Design, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Helga, Anza Verimex and the sale of Glyngøre.

