

Fourth quarter 2022



The fourth quarter in brief

- Group profit before tax totalled NOK 1,702 million, a year-over-year decline of 8%, impacted by cost increases throughout the value chain
- The group had a 2% increase in fourth-quarter EBIT (adj.) due to higher profit for Hydro Power, counteracted by weaker profit for the Branded Consumer Goods business
- Organic turnover for Branded Consumer Goods grew by 10%, driven by price increases to compensate for steep increases in input costs
- Very strong quarter for Jotun with 19% sales growth. EBITA increased by 66%, driven by solid volume growth and good cost control
- Branded Consumer Goods including Headquarters saw a 14% decline in EBIT (adj.) due to cost increases, but also due to negative impact of items relating to other periods. At the same time, Orkla Food Ingredients and Orkla India posted good profit improvement.
- Adjusted earnings per share were NOK 1.31 for the fourth quarter, a year-over-year decline of 6%
- Orkla's Board of Directors intends to propose a dividend of NOK 3.00 per share for the 2022 financial year

Key figures for the Orkla group as at 31 December

All Alternative Performance Measures (APMs) and relevant comparative figures, are presented on the last pages of this report.

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Group				
Operating revenues	58 391	50 441	16 077	14 027
EBIT (adj.)	7 411	6 145	1 903	1 871
Profit/loss from associates and joint ventures	861	855	147	105
Profit/loss before taxes	7 345	6 366	1 702	1 841
Earnings per share, diluted (NOK)	5.04	4.82	1.16	1.32
Earnings per share (adj.), diluted (NOK)	5.46	5.17	1.31	1.40
Branded Consumer Goods				
Operating revenues	55 402	49 204	15 200	13 482
- Organic revenue growth	9.6%	4.3%	9.5%	5.5%
Branded Consumer Goods incl. headquarters (HQ)				
EBIT (adj.)	5 025	5 433	1 252	1 452
EBIT (adj.) margin	9.1%	11.0%	8.2%	10.8%

Orkla President and CEO Nils K. Selte comments:

In 2022 we faced a challenging market situation characterised by substantial increases in input costs, significant value chain disruptions and uncertainty regarding the global food situation. We have worked continuously to address these challenges, while at the same time maintaining good delivery performance.

In the fourth quarter we continued to experience increased costs in every part of our value chain. We are responding with stronger cost improvement initiatives and have increased the scope of these measures for 2023 by over 40% from our original plan, to approximately NOK 1 billion. Economic trends put pressure on our sales volumes in the second half of 2022. With the help of our strong brands, however, we are defending our market shares effectively in most categories and markets. Orkla will do what is necessary to ensure good profitability going forward, while also strengthening our positions and laying a foundation for future growth. Among other things, this will entail increased investments in brand-building.

When we announced our third-quarter results, we presented the framework for Orkla's future business model and organisational structure. The new Orkla Management Team was instated in December, and implementation of the new business model is on track. We have now begun the process of drawing up strategy plans for each portfolio company to ensure that the potential inherent in each of them is fully leveraged. I am convinced that focus on leading brands, greater independence, accountability and strong entrepreneurship in the next years will generate increased value creation for Orkla. I am very pleased to observe that I have the support of a strong team of highly motivated colleagues in our further efforts to transform Orkla for the future.

**Nils K. Selte**

President and CEO

Market trends

High inflation is reducing buying power and slowing growth in consumption in most of the markets in which Orkla operates. Inflation on a 12-month basis was 9.2% in the eurozone in December, while the policy rates in the vast majority of the countries in Europe was 2 to 4 percentage points higher than in the same period of 2021. This had a negative impact on Orkla's volume growth. Orkla has experienced higher competition from private label in some categories. In most of Orkla's markets, volumes in the grocery channel have declined compared with the same period of 2021. By way of comparison, in the fourth quarter of 2021 grocery channel sales volumes in several countries in Europe were still positively impacted by coronavirus restrictions and infection control measures following the outbreak of the omicron variant. Sales growth in the Out of Home channels was good in the fourth quarter, year over year, although lower compared with growth in the first half of 2022, which must also be seen in the context of the coronavirus restrictions in 2021.

In 2022 there was high growth in the market prices of several input factors, particularly vegetable oils, sugar, flour, dairy products, meat and tomato products. However, price trends in several categories showed signs of levelling off and to some extent declining in the fourth quarter of 2022. Energy prices in the Nordics and large parts of Europe were higher, year over year, in the fourth quarter, resulting in increased production costs for Branded Consumer Goods and contributing to higher costs for purchased raw materials, finished goods and packaging. At the same time, energy prices impacted positively on Hydro Power's profit performance.

The costs of Orkla's purchased raw materials, finished goods and packaging rose by approximately 17% in 2022, positively impacted by the lag effect of long-term purchasing contracts. To some extent, Orkla is exposed to

spot prices in the raw material market, but has more long-term purchasing contracts that can entail a time lag in relation to spot market prices. As a result, costs rose less than spot market prices increased for several input factors in 2022. Towards the end of the fourth quarter of 2022, Orkla has shorter-than-average term purchasing contracts than normal. At year-end, the typical contract term was 3-9 months, compared with former terms of 6-12 months.

In December, the proposal to increase the effective resource rent tax on hydropower from 37% to 45% with effect from 1 January 2022 was approved by the Storting. This increase was taken into account in the tax for Hydro Power as at 31 December 2022, which amounted to NOK 118 million in increased tax for 2022. A windfall tax of 23% on power prices exceeding NOK 0.7/kWh with effect from 28 September 2022 was also approved, which had a negative impact of NOK 49 million on EBIT (adj.) for Hydro Power in the quarter.

Branded Consumer Goods' performance

Sales revenues change %	Organic growth	FX	Structure	Total
1.1.-31.12.2022	9.6	-1.0	4.0	12.6
1.10.-31.12.2022	9.5	2.0	1.2	12.7

Figures may not add up due to rounding.

Turnover growth for the Branded Consumer Goods business in the fourth quarter was a result of organic and structural growth, but was also positively impacted by currency translation effects. Organic turnover growth in the quarter was 9.5%, and was related to price increases. All business areas had

organic growth in the quarter. Several business areas saw a volume decline, particularly for several of the Norwegian companies, which must be seen in conjunction with weak market development.

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.-31.12.2022	-9.5	-0.8	2.8	-7.5
1.10.-31.12.2022	-15.3	2.1	-0.7	-13.8

Figures may not add up due to rounding.

Branded Consumer Goods including Headquarters (HQ) saw a decline of 13.8% in EBIT (adj.) and a decline of 15.3% in underlying EBIT (adj.) in the fourth quarter.

The underlying profit decline in the fourth quarter was caused by high cost inflation in all the business areas, combined with a decline in volume. Profit was negatively impacted by cost effects relating to other periods due to accrual-based reporting of discounts to customers, and non-recurring costs related to ensuring access to several input factors, and write-down of obsolete inventory. Input costs were significantly higher than in the same period of 2021, but were compensated for by increasing prices to customers. Furthermore, advertising spend has been a strategic priority and was therefore higher, year over year. Costs other than input costs also rose substantially. To a certain extent, this must be seen in conjunction with the higher level of activity in the quarter than the somewhat lower activity in the same period of 2021, which was affected by the coronavirus pandemic. New cost improvement initiatives have been implemented to counteract the cost trends, and further initiatives are planned and will be implemented going forward.

EBIT (adj.) margin growth change in percentage points	Underlying growth	Structure/ FX	Total	EBIT (adj.) margin 2022 (%)
1.1.-31.12.2022	-1.9	-0.1	-1.9	9.1

Figures may not add up due to rounding.

Margin performance on a rolling 12-month basis for Branded Consumer Goods including HQ showed an underlying decline of 1.9 percentage points, driven by higher input costs, but also by high inflation related to costs other than input costs.

Structural measures (M&A)

Orkla Food Ingredients completed the purchase of 84% of the shares in Denali Ingredients, a leading company in ice cream ingredients in the USA. This acquisition strengthens Orkla's position as a leading supplier of ingredients to the ice cream and chocolate industry, and increases Orkla's exposure to markets and categories with higher growth. Denali Ingredients was consolidated into Orkla's financial statements as of 1 November 2022.

Orkla Consumer & Financial Investments completed its purchase of 74% of the shares in Da Grasso, one of Poland's leading pizza franchise chains. The transaction was approved by the relevant competition authorities, and Da Grasso will be consolidated into Orkla's financial statements as of 1 January 2023.

Orkla Confectionery & Snacks completed its purchase of 100% of the shares in Bubs Godis AB in Sverige. The company has grown substantially in the past few years, and will further strengthen Orkla's position in confectionery in the Swedish and Nordic markets. Bubs Godis AB will be consolidated into Orkla's financial statements as of 1 February 2023.

Orkla Foods Europe has entered into an agreement to purchase 100% of the shares in Khell-Food Kft., the largest producer of ready-made sandwiches and baguettes in the Hungarian market. The acquisition strengthens Orkla's position in the growing convenience channel in Central Europe. The transaction is subject to approval by the Hungarian authorities and is expected to be completed in the first quarter of 2023.

Orkla Health acquired the remaining 50% of the shares in Lofoten Marine Oil AS in the fourth quarter. Orkla has had a 50% interest in the company and Lofoten Marine Oil has been reported as an associate. The company was consolidated into Orkla's financial statements as of 1 December 2022.

Orkla Latvija sold its convenience business in Latvia and Lithuania, which chiefly consisted of fresh sandwiches sold through convenience stores and petrol stations. The business was part of Orkla's purchase of NP Foods in 2016 and was organised in the subsidiaries Margiris UAB (Lithuania) and SIA Fresh Food Production (Latvia). Margiris UAB ceased to be reported in Orkla's financial statements as of 1 June 2022, and SIA Fresh Food Production ceased to be reported as of 1 October 2022.

See Notes 5 and 12 for more information on purchased and sold companies.

Outlook

The economic trends have resulted in higher costs for Orkla throughout its value chain. Increased input purchase prices gave rise to substantial cost increases for Orkla's branded consumer goods business. Due to forward purchasing contracts that cover several of the key raw material categories, purchasing prices will lag behind changes in spot market prices. As a result

of high inflation, Orkla is also experiencing increases in costs other than input costs. These conditions are expected to remain challenging in 2023.

To improve profitability in the branded consumer goods business, it will be necessary to continuously rationalise and optimise the value chain, but also to carry out cost improvement measures. Such measures have been implemented in several of Orkla's business areas, and further actions will be taken in the time to come. For 2023, the total cost improvement programmes increased by over 40% from the original targets announced on Orkla's Capital Markets Day in November 2021, from approximately NOK 700 million to around NOK 1 billion. The expected effect of the measures is a combination of cost avoidance and cost savings. Concrete initiatives and projects will be carried out to assess low-profitability factories and categories in the portfolio, and to optimise the organisational structure. Among other things, Orkla is considering making changes in production structure and other parts of the business in the Czech Republic.

High inflation is expected to have a negative impact on volume performance, due to lower buying power and demand in many of the markets in which Orkla operates, especially in the Baltics and Central Europe. Orkla has strong brands and positions, but anticipates stronger competition from private label going forward. Orkla has targeted focus on innovation, product development and concepts designed to better meet consumer needs in the face of lower buying power.

Orkla is well-positioned financially to face future challenges. As at 31 December 2022, the group had a net interest-bearing liability of 1.8 x EBITDA (on a 12-month rolling EBITDA basis).

Financial matters - Group

Main figures profit/loss

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	58 391	50 441	16 077	14 027
EBIT (adj.)	7 411	6 145	1 903	1 871
Other income and expenses	(514)	(415)	(201)	(88)
Operating profit	6 897	5 730	1 702	1 783
Profit/loss from associates and joint ventures	861	855	147	105
Interest and financial items, net	(413)	(219)	(147)	(47)
Profit/loss before taxes	7 345	6 366	1 702	1 841
Taxes	(2 077)	(1 468)	(482)	(503)
Profit/loss for the period	5 268	4 898	1 220	1 338
Earnings per share, diluted (NOK)	5.04	4.82	1.16	1.32
Earnings per share (adj.), diluted (NOK)	5.46	5.17	1.31	1.40

Group operating revenues rose by 14.6% in the fourth quarter, mainly driven by organic sales growth for the Branded Consumer Goods business as a result of price increases. Operating revenues were also strengthened by currency translation effects and structural growth. In addition, there was strong turnover growth for Industrial & Financial Investments, driven by higher power prices for Hydro Power.

In the fourth quarter, the group's EBIT (adj.) increased by 1.7% on account of higher profit for Hydro Power, partly offset by weaker profit for Branded Consumer Goods. Orkla Food Ingredients reported profit improvement driven by price increases, as well as higher sales volume for margarine products. Profit performance for Orkla India was also positive, chiefly due to high organic growth.

Profit declined for Orkla Foods Europe, Orkla Confectionery & Snacks, Orkla Care and Orkla Consumer Investments, mainly as a result of increased costs and lower volumes.

The group's "Other income and expenses" totalled NOK -201 million in the fourth quarter of 2022. The majority of the costs were related to high M&A activity, in addition to restructuring projects in the company. Costs were also incurred in connection with the closure of Orkla's biscuit factory in Kungälv, Sweden, and relocation to a new factory in Latvia. See further details of "Other income and expenses" in Note 3.

Profit from associates amounted to NOK 147 million in the fourth quarter. This was a solid improvement on the same period of 2021 and was related to Jotun.

Net financial costs in the fourth quarter of 2022 were higher, year over year, primarily due to a higher borrowing rate, but also due to higher liabilities. The average borrowing rate was 3.5% in the quarter, compared with 1.3% year over year. The average gross debt level before lease liabilities in the quarter was NOK 16.3 billion, compared with NOK 13.3 billion in the corresponding period of 2021.

The tax in the fourth quarter of 2022 was somewhat lower, year over year. This was primarily due to lower profit and some accrual effects, and was partly offset by higher tax for Hydro Power.

Earnings per share, diluted, for the fourth quarter were NOK 1.16, a year-over-year decline of 12%. Adjusted earnings per share, diluted, were NOK 1.31, equivalent to a year-over-year decline of 6%. For more information, see the section on Alternative Performance Measures (APM) on page 30.

Cash flow - Group

Orkla format

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Cash flow from Branded Consumer Goods incl. HQ				
EBIT (adj.)	5 025	5 433	1 252	1 452
Depreciation	2 096	1 924	592	532
Changes in net working capital	(2 415)	(456)	379	368
Net replacement investments	(2 773)	(2 625)	(692)	(886)
Cash flow from operations (adj.)	1 933	4 276	1 531	1 466
Cash flow effect from "Other income and expenses" and pensions	(421)	(525)	(203)	(156)
Cash flow from operations, Branded Consumer Goods incl. HQ	1 512	3 751	1 328	1 310
Cash flow from operations, Industrial & Financial Investments	2 316	692	334	322
Taxes paid	(1 400)	(907)	(232)	(219)
Dividends received, financial items and other payments	(63)	139	(151)	(52)
Cash flow before capital transactions	2 365	3 675	1 279	1 361
Dividends paid and purchase/sale of treasury shares	(3 004)	(3 130)	(7)	(4)
Cash flow before expansion	(639)	545	1 272	1 357
Expansion investments	(447)	(486)	(219)	(176)
Sale of companies (enterprise value)	132	-	-	-
Purchase of companies (enterprise value)	(3 099)	(7 030)	(1 942)	(122)
Net cash flow	(4 053)	(6 971)	(889)	1 059
Currency effects of net interest-bearing liabilities	(377)	593	201	211
Change in net interest-bearing liabilities	4 430	6 378	688	(1 270)
Net interest-bearing liabilities	17 188	12 758		

The comments below are based on the cash flow statement as presented in Orkla's internal format and refer to the period 1 January to 31 December 2022. Reference is made to page 21 for the consolidated statement of cash flows IFRS and reconciliation of cash flows.

At Group level, the bottom line of the Orkla format cash flow statement is the change in net interest-bearing liabilities, an important management parameter for the Group; see Note 6. Cash flow from operations is used in business area management.

Cash flow from operations from Branded Consumer Goods incl. HQ was substantially lower in 2022 than in 2021, primarily due to increased working capital. Working capital as at 31 December 2022 was negatively impacted by increased inventory values due to significantly higher raw material costs and increased safety stocks. Customer receivables also increased as a result of turnover growth.

The largest project under “Net replacement investments” was the construction of a new biscuit factory in Latvia. Net replacement investments also included several other factory projects, entry into new long-term leases and investments related to ERP projects.

In Industrial & Financial Investments, cash flow from operations as at 31 December 2022 was considerably higher than in 2021 due to solid profit improvement for Hydro Power.

Taxes paid were significantly higher as at 31 December 2022, year over year, mainly due to higher taxes for Hydro Power from profit in 2021.

Dividends received were mainly related to Jotun. Financial items were higher than in the same period of 2021 due to the higher interest rate level.

Dividends paid and the purchase/sale of own shares were mainly related to dividends paid totalling NOK 3,047 million. Net sales of Orkla shares totalled NOK 43 million at quarter end. See further details regarding own shares in Note 9.

Expansion investments included investments in increased production and warehouse capacity, mainly in Orkla Foods Europe, Orkla Food Ingredients and Orkla Care.

Purchases of companies totalled NOK -3,099 million as at 31 December 2022 and largely consisted of the purchase of 84% of the shares in Denali Ingredients, 74% of the shares in Da Grasso, 100% of the shares in Healthspan Group Limited and 95% of the shares in Vesterålen Marine Olje AS. Sales of companies totalled NOK 132 million at the end of the fourth quarter and mainly consisted of the sale of the Alvo Park property in Latvia, the sale of property in Orkla Foods Česko a Slovensko, and the sale of the convenience business in Orkla Latvija.

Net cash flow for the group was NOK -4,053 million. Negative currency translation effects due to the weaker Norwegian krone increased net interest-bearing liabilities by NOK 377 million. As at 31 December 2022, net interest-bearing liabilities before lease liabilities totalled NOK 15,217 million. Including lease liabilities under IFRS 16, net interest-bearing liabilities amounted to NOK 17,188 million.

As at 31 December 2022, the equity ratio was 53.5%, compared with 55.8% as at 31 December 2021. The average time to maturity of interest-bearing liabilities and unutilised credit lines is 3.6 years. Orkla’s financial position is robust, with cash reserves and credit lines that exceed known future capital needs.

Business areas

Branded Consumer Goods

Orkla Foods Europe

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	17 820	16 891	4 923	4 578
- Organic revenue growth	7.2%	1.4%	7.2%	3.9%
EBIT (adj.)	1 973	2 243	573	663
EBIT (adj.) margin	11.1%	13.3%	11.6%	14.5%

- Organic sales growth in all markets in the fourth quarter, primarily driven by increased prices
- Cross-market volume decline in the grocery sector
- Profit performance negatively impacted by continuing increase in purchasing and energy costs and growing inflation

Orkla Foods Europe saw a 7.5% increase in sales in the fourth quarter, while there was organic growth of 7.2%, broad-based across all markets. Sales to food service, convenience stores, petrol stations and export sales continued to improve from earlier in 2022. Growth in sales to the grocery channel was moderate, with associated weak volume performance across most markets. The volume decline in the grocery sector must be seen in conjunction with reduced buying power and higher prices to consumers due to record-high increases in raw material and energy prices. Market shares in the grocery sector were relatively stable in the Nordic markets, but declined in the Czech Republic and some other markets. Flavourings, ready-to-eat meals and pizza are the categories that contributed most to growth in the quarter.

There was negative profit growth of 13.6% in the fourth quarter. Profit performance was largely affected by higher raw material, packaging and energy costs, coupled with increasing inflation in costs other than input factors. Input factors are also increasingly impacted by indirect costs such as energy, wage inflation and transport. Further price increases will be necessary going forward.

Profit, for both the quarter and full year, was negatively impacted by structural changes and currency translation effects. The EBIT (adj.) margin for the fourth quarter was 11.6%, down 2.9 percentage points year over year.

The progressive increase in cost, combined with weaker volume, poses a challenge, and a number of cost and efficiency improvement programmes have been implemented to counter this trend. The largest programmes are in Sweden and the Czech Republic, and will entail workforce reductions and cuts in other costs. Production structure in the Czech Republic is also being assessed. The programmes are expected to have effects from the third quarter of 2023.

Orkla India

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	2 542	1 869	665	561
- <i>Organic revenue growth</i>	15.5%	6.7%	11.2%	7.0%
EBIT (adj.)	303	228	73	66
EBIT (adj.) margin	11.9%	12.2%	11.0%	11.8%

- Good sales growth in the home market and normalisation of export sales
- Strongest growth in the masala mixtures and pure spices categories
- Positive profit performance despite increased advertising spend and brand-strengthening campaigns

Orkla India saw a 18.5% increase in fourth-quarter sales, while organic growth was 11.2%. The improvement was broad-based across core categories and markets. Sales to the grocery sector were strong. During the pandemic, export sales were negatively impacted by the fact that fewer India's inhabitants could work abroad, and part of the growth in 2022 was due to gradual normalisation. Sales of both masala mixtures and pure spices showed a stable increase, with double-digit growth in the quarter.

There was solid profit improvement of 10.6%, largely driven by price-related sales growth. Cost increases across key input factors continued into the fourth quarter, making it necessary to implement further price increases, although to a lesser degree than in earlier quarters. Profit growth was offset to some extent by increased advertising spend and campaigns to strengthen brands, while costs other than input costs increased due to high inflation and activity.

The EBIT (adj.) margin was 11.0% in the fourth quarter, down 0.8 percentage points year over year.

Orkla Confectionery & Snacks

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	7 578	7 337	2 246	2 152
- <i>Organic revenue growth</i>	5.2%	3.4%	5.6%	5.5%
EBIT (adj.)	989	1 113	345	394
EBIT (adj.) margin	13.1%	15.2%	15.4%	18.3%

- Volume performance still weak in the grocery market
- Increase in prices of raw materials and other input factors
- Price increases implemented, but with dilutive effect on margin

Orkla Confectionery & Snacks had sales growth of 4.4% in the fourth quarter, of which 5.6% was organic growth. Challenging market trends resulted in volume decline, which was compensated for by price increases. Volume development in the market improved somewhat in Norway, but was weaker elsewhere. Overall, market shares in the Nordic grocery sector were on par with the same period in 2021.

EBIT (adj.) for Orkla Confectionery & Snacks fell by 12.4%. Price increases compensated for higher input prices, but impacted negatively on EBIT (adj.) margin performance. Product mix also had a negative effect on EBIT (adj.) in the quarter. Market development is still expected to remain challenging and input prices to remain high going forward. Price increases to compensate for higher input costs will be implemented in 2023 as well.

In 2022, the new biscuit factory in Riga became operational, and the process of closing the former biscuit factory in Kungälv was completed. In the transitional phase in the fourth quarter of 2022, this has resulted in a temporary increase of around NOK 20 million in operating costs. Increased operating costs are expected to continue in the first half of 2023 and are expected to amount to approximately NOK 40 million. Thereafter, costs will gradually improve.

Orkla Care

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	8 604	7 389	2 152	1 931
- <i>Organic revenue growth</i>	5.3%	2.3%	4.0%	-1.2%
EBIT (adj.)	898	1 066	132	200
EBIT (adj.) margin	10.4%	14.4%	6.1%	10.4%

- Sales growth despite volume decline in the grocery channel in Norway
- EBIT (adj.) decline due to higher costs of inputs, including energy
- EBIT (adj.) margin negatively impacted by increased costs and change in product mix

Orkla Care had sales growth of 11.4% in the fourth quarter, of which 4.0% was organic growth. Turnover growth was boosted by structural growth through the acquisition of Healthspan and Vesterålen Marine Olje in 2022. Orkla Wound Care posted a relatively flat sales performance compared with a strong quarter in 2021 and high sales growth in earlier quarters of 2022. HSNG showed strong fourth-quarter sales growth driven by B2B sales, but also online sales through Gymgrossisten. Market share in the grocery sector declined for Orkla Home & Personal Care Norge and Orkla Health Norge in the quarter.

EBIT (adj.) for Orkla Care fell by 34.0%. The EBIT (adj.) margin was 6.1% for the fourth quarter, compared with 10.4% year over year, impacted by increased input costs, as well as higher costs in other areas. Supply chain disruptions resulting in higher freight costs, and costs related to ERP implementation in Sweden and Spain, impacted negatively on profit in the period.

Orkla Food Ingredients

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	14 682	12 012	4 155	3 306
- <i>Organic revenue growth</i>	20.5%	10.4%	18.5%	16.1%
EBIT (adj.)	853	646	198	156
EBIT (adj.) margin	5.8%	5.4%	4.8%	4.7%

- EBIT (adj.) improvement driven by revenue management, partly offset by continued higher raw material prices and high inflation
- Particularly good growth in margarine products in the quarter
- Uncertainty ahead related to volume performance due to anticipated lower buying power in several markets owing to high inflation

Orkla Food Ingredients had an increase of 25.7% in operating revenues in the fourth quarter, of which 18.5% was organic growth. Organic growth was mainly related to increased selling prices to customers to compensate for higher raw material prices. There was broad-based organic growth across categories and geographies, and particularly good growth in margarine products which saw solid price and volume growth, but this is expected to be of a somewhat temporary nature. In the bakery segment, there was still good price-driven growth, but volume performance was impacted by lower sales to artisan bakeries across geographies. High inflation across Europe is expected to lead to reduced buying power, generating uncertainty as to volume performance going forward.

EBIT (adj.) improved by 26.9% in the fourth quarter. The growth was chiefly related to positive contributions from revenue management, offset to some extent by higher operating costs due to inflation in both raw material and other costs such as transport and energy. Higher activity as a result of normalisation after the coronavirus pandemic has also led to a higher cost level. Profit growth was positively impacted by acquisitions and currency translation effects.

Orkla Consumer Investments

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	4 751	4 205	1 223	1 092
- <i>Organic revenue growth</i>	0.6%	4.8%	9.3%	-5.7%
EBIT (adj.)	383	498	41	92
EBIT (adj.) margin	8.1%	11.8%	3.4%	8.4%

- Continued sales growth for pizza franchise restaurants
- The decline in painting tool sales has levelled off
- Higher costs and write-downs in the quarter

Orkla Consumer Investments had turnover growth of 12.0% in the fourth quarter, of which 9.3% was organic sales growth. There was still good growth in chain sales for pizza franchise outlets. The sales decline experienced by Orkla House Care tapered off in the quarter.

Profit declined by 55.4% in the fourth quarter despite a strong sales performance. The decline was substantially impacted by write-downs and other non-recurring effects in Orkla House Care, but also by generally high cost inflation in the companies.

The EBIT (adj.) margin was 3.4% in the fourth quarter, a year-over-year decline of 5.0 percentage points.

Industrial & Financial Investments

Hydro Power

	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Volume (GWh)	2 237	2 065	635	633
Price* (øre/kWh)	193.9	75.8	171.0	126.5
EBIT (adj.) (NOK million)	2 328	702	631	415

*Source: Nord Pool (average spot area prices for the Eastern Norway (NO1))

EBIT (adj.) for Hydro Power amounted to NOK 631 million for Hydro Power in the fourth quarter of 2022. The increase was due to higher power prices, year over year. Power prices fell slightly from third-quarter levels, but were nonetheless relatively high with substantial variations during the quarter. Heavy wind and precipitation resulted in low prices for periods of time, while in periods of colder weather and less inflow prices rose again. The power price in Eastern Norway (NO1) was 171.0 øre/kWh in the quarter, as opposed to 126.5 øre/kWh in the fourth quarter of 2021. Production was at around the same level, year over year, totalling 635 GWh compared with 633 GWh in 2021.

Operating costs in the fourth quarter of 2022 were NOK 49 million higher than in the same quarter of 2021, due entirely to the recently introduced windfall tax. At quarter end, reservoir levels in Sauda were slightly higher than normal, while the snowpack level was lower than normal. Reservoir levels for the Glomma and Laagen rivers were normal, while the snowpack level was well below normal at quarter end.

Financial Investments

EBIT (adj.) for Financial Investments totalled NOK 20 million in the fourth quarter, compared with NOK 4 million year over year. Development of the existing real estate portfolio was the main activity in the quarter, where handover of a construction phase in the development project at Torshov, Oslo, contributed positively to profit.

Jotun (42.6% interest)

The strong growth in sales continued in the fourth quarter, resulting in reported year-over-year sales growth of 19%. Adjusted for positive currency translation effects due to the weaker Norwegian krone, underlying sales growth was 17%. The strong underlying growth was driven by solid volume growth and increased sales prices. The improvement in sales was especially strong in marine coatings, but all segments made a positive contribution.

Operating profit rose by 66% in the fourth quarter, driven by volume growth and good cost control. Raw material prices fell in the second half of 2022, but were still at a high level. There was a slight improvement in gross margin throughout the fourth quarter.

Jotun has started the new year with good sales momentum and expectations of further growth in 2023. Raw material prices are anticipated to show a falling trend in the first quarter of 2023. Despite the slight reduction in raw material prices, global inflation will continue to impact negatively on other operating costs. Even though Jotun's prospects are positive, there is considerable macro-economic and geopolitical uncertainty that could impact on the paint industry in the time to come.

Other matters

In connection with the announcement of results for the third quarter of 2022, Orkla presented the framework for its future business model and organisational structure. Since then, the new Orkla Management Team has assumed its role and has been operational since mid-December. Work is now underway on implementing the new operating model, which will come into effect as of 1 March 2023. Reporting will be based on the new structure as from the second quarter of 2023.

Oslo, 13 February 2023

The Board of Directors of Orkla ASA

(This translation from Norwegian, of Orkla's fourth quarter report of 2022, has been made for information purposes only.)

Condensed income statement

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Operating revenues	58 391	50 441	16 077	14 027
Operating expenses	(48 723)	(42 209)	(13 541)	(11 583)
Depreciation	(2 257)	(2 087)	(633)	(573)
EBIT (adj.)	7 411	6 145	1 903	1 871
Other income and expenses	(514)	(415)	(201)	(88)
Operating profit	6 897	5 730	1 702	1 783
Profit/loss from associates and joint ventures	861	855	147	105
Interest, net	(353)	(166)	(127)	(45)
Other financial items, net	(60)	(53)	(20)	(2)
Profit/loss before taxes	7 345	6 366	1 702	1 841
Taxes	(2 077)	(1 468)	(482)	(503)
Profit/loss for the period	5 268	4 898	1 220	1 338
Profit/loss attributable to non-controlling interests	249	90	64	24
Profit/loss attributable to owners of the parent	5 019	4 808	1 156	1 314

Earnings per share

Amounts in NOK	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Earnings per share	5.04	4.82	1.16	1.32
Earnings per share, diluted	5.04	4.82	1.16	1.32
Earnings per share (adj.)	5.46	5.17	1.31	1.40
Earnings per share (adj.), diluted	5.46	5.17	1.31	1.40

Condensed statement of comprehensive income

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Profit/loss for the period	5 268	4 898	1 220	1 338
Other items in comprehensive income				
Actuarial gains and losses pensions	354	54	354	54
Changes in fair value shares	(17)	38	36	39
Items not to be reclassified to profit/loss in subsequent periods	337	92	390	93
Change in hedging reserve	41	152	(69)	(10)
Carried against equity in associates and joint ventures	272	(32)	(304)	(72)
Translation effects	580	(761)	(437)	(278)
Items after tax to be reclassified to profit/loss in subsequent periods	893	(641)	(810)	(360)
The Group's comprehensive income	6 498	4 349	800	1 071
Comprehensive income attributable to non-controlling interests	262	78		
Comprehensive income attributable to owners of the parent	6 236	4 271		

Condensed statement of financial position**Assets**

Amounts in NOK million	Note	31.12.2022	31.12.2021
Intangible assets		33 710	30 683
Property, plant and equipment		19 138	17 458
Associates, joint ventures and other financial assets	6	6 857	5 979
Non-current assets		59 705	54 120
Inventories		10 359	7 534
Trade receivables		7 709	6 528
Other receivables and financial assets	6	1 396	1 255
Cash and cash equivalents	6	1 502	1 127
Current assets		20 966	16 444
Total assets		80 671	70 564

Equity and liabilities

Amounts in NOK million	Note	31.12.2022	31.12.2021
Paid-in equity		1 968	1 967
Retained equity		39 718	36 474
Non-controlling interests		1 470	910
Equity		43 156	39 351
Provisions and other non-current liabilities		4 886	5 259
Non-current interest-bearing liabilities	6	14 975	10 731
Current interest-bearing liabilities	6	4 127	3 603
Trade payables		8 134	7 286
Other current liabilities		5 393	4 334
Equity and liabilities		80 671	70 564
Equity ratio		53.5%	55.8%

Condensed statement of changes in equity

Amounts in NOK million	1.1.–31.12.2022			1.1.–31.12.2021		
	Attributed to equity holders of the parent	Non-controlling interests	Total equity	Attributed to equity holders of the parent	Non-controlling interests	Total equity
Equity 1 January	38 441	910	39 351	37 242	462	37 704
The Group's comprehensive income	6 236	262	6 498	4 271	78	4 349
Dividends	(2 987)	(60)	(3 047)	(2 739)	(45)	(2 784)
Net purchase/sale of treasury shares	43	-	43	(346)	-	(346)
Share-based payment	32	-	32	13	-	13
Change in non-controlling interests	(79)	358	279	-	415	415
Equity 31 December	41 686	1 470	43 156	38 441	910	39 351

Condensed statement of cash flow IFRS

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Cash flow from operations before capital expenditure	6 706	7 177	2 440	2 616
Received dividends and paid financial items	(76)	83	(155)	(51)
Taxes paid	(1 400)	(907)	(232)	(219)
Cash flow from operating activities	5 230	6 353	2 053	2 346
Net capital expenditure	(2 777)	(2 606)	(714)	(855)
Net sale (purchase) of companies	(2 793)	(5 811)	(1 927)	(82)
Other payments	13	56	4	(1)
Cash flow from investing activities	(5 557)	(8 361)	(2 637)	(938)
Paid to shareholders	(3 004)	(3 130)	(7)	(4)
Cash flow from financing activities excl. paid to shareholders	3 663	3 099	990	(1 518)
Cash flow from financing activities	659	(31)	983	(1 522)
Currency effects cash and cash equivalents	43	(47)	28	(9)
Change in cash and cash equivalents	375	(2 086)	427	(123)
Cash and cash equivalents	1 502	1 127		

Reconciliation operating activities IFRS cash flow against cash flow Orkla format; see page 9

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Cash flow from operating activities IFRS cash flow	5 230	6 353	2 053	2 346
<i>Items not incl. in operating activities:</i>				
Net replacement expenditures				
Branded Consumer Goods incl. HQ	(2 773)	(2 625)	(692)	(886)
Net replacement expenditures				
Industrial & Financial Investments	(105)	(109)	(86)	(98)
Other payments	13	56	4	(1)
Cash flow before capital transactions in cash flow Orkla format	2 365	3 675	1 279	1 361

Reconciliation cash and cash equivalents against net interest-bearing liabilities in Orkla format; see page 9

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Change cash and cash equivalents IFRS cash flow	(375)	2 086	(427)	123
Change net interest-bearing liabilities IFRS cash flow	3 663	3 099	990	(1 518)
Net interest-bearing liabilities in purchased/sold companies	174	1 219	15	40
Interest-bearing liabilities new leases	548	614	283	305
Total currency effect net interest-bearing liabilities	377	(593)	(201)	(211)
Currency effect cash and cash equivalents	43	(47)	28	(9)
Change net interest-bearing liabilities Orkla format	4 430	6 378	688	(1 270)

Note 1 General information

Orkla ASA's condensed consolidated financial statements as at 31 December 2022 were approved at the Board of Directors' meeting on 13 February 2023. The figures in the statements have not been audited. Orkla ASA (organisation no. NO 910 747 711) is a public limited liability company and its offices are located at Skøyen in Oslo, Norway. Orkla shares are traded on the Oslo Stock Exchange. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods of calculation have been applied as in the last annual financial statements.

On 11 April 2022 changes were made in Orkla's corporate structure, and Orkla India was established as a separate business area. As from the third quarter of 2022, this change was implemented in financial reporting and the

previously reported business area Orkla Foods was split into Orkla Foods Europe and Orkla India. No other changes have been made in presentation nor have any other standards been adopted that materially affect the group's financial reporting or comparisons with previous periods. In 2023, Orkla will be transformed into an industrial investment company with a brands and consumer-oriented scope. The new operational model will be established as of 1 March, but will be implemented internally and in external reporting as from the second quarter of 2023.

The group has acquired new businesses. Acquisitions are presented in Note 5 and Note 12.

Note 2 Segments

Amounts in NOK million	Operating revenues				EBIT (adj.)			
	1.1.-31.12.		1.10.-31.12.		1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021	2022	2021	2022	2021
Orkla Foods Europe	17 820	16 891	4 923	4 578	1 973	2 243	573	663
Orkla India	2 542	1 869	665	561	303	228	73	66
Orkla Confectionery & Snacks	7 578	7 337	2 246	2 152	989	1 113	345	394
Orkla Care	8 604	7 389	2 152	1 931	898	1 066	132	200
Orkla Food Ingredients	14 682	12 012	4 155	3 306	853	646	198	156
Orkla Consumer Investments	4 751	4 205	1 223	1 092	383	498	41	92
Eliminations Branded Consumer Goods	(575)	(499)	(164)	(138)	-	-	-	-
Branded Consumer Goods	55 402	49 204	15 200	13 482	5 399	5 794	1 362	1 571
HQ/Eliminations	20	38	(4)	6	(374)	(361)	(110)	(119)
Branded Consumer Goods incl. HQ	55 422	49 242	15 196	13 488	5 025	5 433	1 252	1 452
Hydro Power	2 744	1 177	751	533	2 328	702	631	415
Financial Investments	325	110	150	31	58	10	20	4
Industrial & Financial Investments	3 069	1 287	901	564	2 386	712	651	419
Eliminations	(100)	(88)	(20)	(25)	-	-	-	-
Orkla	58 391	50 441	16 077	14 027	7 411	6 145	1 903	1 871

Note 3 Other income and expenses

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
M&A and integration costs	(174)	(161)	(82)	(39)
Final settlement employment relationships etc.	(53)	(69)	(35)	(5)
Gain/loss on transactions	127	165	37	44
Write-downs	(147)	(5)	(10)	(1)
Restructuring costs and other items	(267)	(345)	(111)	(87)
Total other income and expenses	(514)	(415)	(201)	(88)

Other income

Orkla acquired the remaining 50% of the shares in Orkla's associate Lofoten Marine Oil AS in the fourth quarter. Since Lofoten Marine Oil has changed from an associate to a subsidiary, all the company's assets have been reported at fair value. This has resulted in revenue recognition of NOK 25 million; see Note 5.

Orkla Foods Česko a Slovensko sold a property in Maratice (Czech Republic) in the third quarter of 2022. A gain of NOK 35 million on the sale was recognised as "Other income and costs".

In the second and third quarters, Orkla Latvija (Orkla Confectionery & Snacks) sold its convenience business in Latvia and Lithuania at a total gain of NOK 19 million. See also further information on the disposal in Note 5. NOK 12 million has also been taken to income in Orkla Foods Europe related to the sale of a bottled water business in Orkla Latvija that was completed in 2021.

In the second quarter of 2022, Orkla Confectionery & Snacks Sverige sold the Kung Oscar ginger snap brand at a gain of NOK 5 million.

NOK 23 million was taken to income as at 31 December 2022 related to an ongoing insurance settlement in connection with the recall of Husk products (Nordic region) and Colon-C products (Poland) in Orkla Care in connection

with a salmonella outbreak. NOK 27 million in expenses related to this outbreak were also recognised in "Other income and expenses".

Orkla Eiendom sold the Alvo Park property in Latvia in the first quarter of 2022. A total of NOK 4 million related to this sale was taken to income.

Other expenses

Write-downs of brands and goodwill totalling NOK 116 million were taken in the third quarter of 2022. The largest write-down concerns the Harris brand in Orkla House Care UK (Orkla Consumer Investments) and amounts to NOK 64 million. The brand was written down because the company has not shown satisfactory growth over time despite an upswing during the pandemic. Write-downs of four minor brands totalling NOK 48 million in Orkla Health (Orkla Care) and of a goodwill item in Orchard Valley Australia (Orkla Food Ingredients) of NOK 4 million were also taken. In the fourth quarter of 2022, production assets totalling NOK 10 million were written down in Orkla Confectionery & Snacks Sverige. See also Note 10.

In the first half of March 2022, Orkla decided to end its ownership of its Russian business, Hamé Foods ZAO, which produces long shelf life food products for the Russian market. As a result of this decision, NOK 118 million was expensed and presented as "Other income and expenses" related to the write-down of book assets in the company along with other effects related to the ending of Orkla's ownership. No profit from the company has been recognised since the decision to end ownership was taken.

NOK 174 million in expenses were incurred in connection with the acquisition and integration of companies as at 31 December 2022. In addition, expenses totalling NOK 196 million were incurred in connection with restructuring and coordination projects in the group as at 31 December 2022. The biggest projects are a project related to the construction of a new biscuit factory in Latvia (Orkla Confectionery & Snacks) and an ongoing project at Orkla Headquarters to establish a new business model with a clearer ownership role at ASA level and with more autonomous portfolio companies in the group. In the fourth quarter a major restructuring project has been initiated in Orkla Foods Česko a Slovensko. Furthermore, work is in progress on restructuring the legal and operational structure of Orkla Care.

Note 4 Statement of comprehensive income

The statement of comprehensive income shows changes in the value of hedging instruments (hedging reserve) after tax. The hedging reserve included in equity as at 31 December 2022 (after tax) totalled NOK -14 million. Accumulated translation differences correspondingly amounted to NOK 2,346 million, while accumulated items recognised in equity in associates and joint ventures amounted to NOK 402 million as at 31 December 2022.

Note 5 Acquisitions and disposals

Disposals of companies

Orkla Foods Česko a Slovensko sold a property in Maratice, Czech Republic, in the third quarter of 2022. In the first quarter of 2022, Orkla Eiendom completed the sale of the Alvo Park property in Latvia. See also Note 3 "Other income and expenses".

In the second and third quarters, Orkla Latvija (Orkla Confectionery & Snacks) sold its convenience business in Latvia and Lithuania. The business mainly consisted of the sale of fresh sandwiches through local convenience stores and petrol stations. The convenience business was part of Orkla's acquisition of NP Foods in 2016 and has been organised in the subsidiaries SIA Fresh Food Production (Latvia) and Margiris UAB (Lithuania). In total, the convenience business generated around EUR 10 million in sales revenues in 2021. From 1 June, the business was no longer included in Orkla's financial reporting (approx. EUR 4 million in annual sales) and from 1 October 2022 (approx. EUR 6 million in annual sales). See also Note 3.

Purchases of companies

Orkla Food Ingredients (OFI) has purchased 84% of the shares in Denali Ingredients, which is a leading company in ice cream ingredients in the USA. At the same time, a process has been initiated to seek a long-term partner for OFI. Denali Ingredients has seen strong organic growth of more than 10% per year over the past 15 years. The company has 160 employees. The seller is Denali Companies LLC, which is owned and operated by the founding family of Wally and June Blume. Denali Ingredients encompasses the entities Denali Ingredients LLC, Denali Staffing LLC, Denali Investment Properties LLC and Denali Equipment LLC. As part of the transaction, the seller and Denali Ingredients CEO Neal Glaeser will invest in Denali Ingredients and be co-owners in the company with a combined stake of ~16%. Mr Glaeser will continue in his role as CEO. In addition to the initial purchase price, the agreement includes a potential top-up payment if the company delivers strong growth in the coming years. The company was consolidated into Orkla's financial statements as of 1 November 2022.

In February 2022, Orkla Health (Orkla Care) acquired 100% of the shares in Healthspan Group Limited, a leading supplier of dietary supplements in the UK market. Healthspan was established in 1996 and has since built up a strong brand and a broad range of dietary supplements and skin care products. A total of 92% of the company's sales are made directly to consumers and the company has around half a million active customers. Healthspan has a strong portfolio of over 400 different products, most of which are sold under the Healthspan brand. Healthspan had 170 employees with offices in Guernsey and proprietary distribution centres in the UK, Ireland and New Zealand. The parties have agreed on a purchase price of GBP 65 million on a cash and debt free basis. In addition, the agreement includes the possibility of up to a top-up payment of GBP 20 million based on the company's results (EBITDA) in the next two financial years. In 2021, Healthspan had a turnover of GBP 50.0 million and normalised profit of GBP 4.7 million (EBITDA), with most of its turnover derived from the British Isles. The company was consolidated into Orkla's financial statements as of 1 March 2022.

Orkla Consumer & Financial Investments has entered into an agreement to purchase 74% of the shares in Da Grasso, one of Poland's leading pizza franchise chains with 193 outlets. The company has 51 employees. Da Grasso is owned by Karolina Rozwandowicz (95%) and Magdalena Piróg (5%). Both will continue to be shareholders in the company in partnership with Orkla. Following the transaction, Orkla will own 74% of the shares in the company and the minority shareholders will own the remaining shares. Da Grasso was consolidated into Orkla's balance sheet as of 31 December 2022 and will be recognised in the income statement as from 1 January 2023.

In January 2022, Orkla Health (Orkla Care) acquired 95% of the shares in Vesterålen Marine Olje AS, which produces various raw materials based on white fish for use, for example, in cod liver oil production. Vesterålen Marine Olje has long been an important supplier of raw materials for Möller's Tran cod liver oil. Vesterålen Marine Olje also comprises the subsidiaries Vesterålen Marine Proteiner AS and Vesterålen Marine Ingredienser AS, in addition to a 30% interest in Vesterålen Marine Seaweed AS. In 2020,

Vesterålen Marine Olje and its subsidiaries had an aggregate turnover of NOK 60 million. Orkla has an option to purchase the remaining 5% of the company. The company was consolidated into Orkla's financial statements as of 1 January 2022.

In April 2022, Orkla Food Ingredients acquired 70% of the shares in the Belgian company Hadecoup. The company is a leading player in the sale and distribution of ice cream ingredients and accessories in Belgium. Hadecoup had operating profit (EBIT) of EUR 1.3 million (approx. NOK 13 million) in 2021. The company was consolidated into Orkla's financial statements as of 1 April 2022. Orkla has an obligation to purchase the remaining ownership interest in the company over the next five years, and this obligation is reported as a liability in the balance sheet.

Orkla Health (Orkla Care) acquired the remaining 50% of the shares in the company Lofoten Marine Oil AS in the fourth quarter. Orkla has had a 50% interest in the company and Lofoten Marine Oil has been reported as an associate. The company was consolidated into Orkla's financial statements as of 1 December 2022. Lofoten Marine Oil had a turnover of NOK 11 million in 2021.

In the second quarter of 2022, Orkla Food Ingredients purchased 30% of the shares in the company NIC Nederland BV from minority shareholders. There is a remaining minority shareholding of 5% in the company.

In addition to these acquisitions, some small businesses were purchased in Orkla Food Ingredients and Orkla Foods Europe.

Other matters

As at 31 December 2022, Orkla had purchased companies for a total of NOK 3,099 million at enterprise value.

The purchase price allocations for all companies acquired in 2021 were finalised as at 31 December 2022. No material changes were made in relation to the preliminary purchase price allocations.

Note 6 Net interest-bearing liabilities

The various elements of net interest-bearing liabilities are presented in the following table:

Amounts in NOK million	31.12.	31.12.
	2022	2021
Non-current liabilities excl. leases	(13 446)	(9 215)
Current liabilities excl. leases	(3 685)	(3 195)
Non-current receivables (in "Financial Assets")	396	395
Current receivables (in "Other receivables and financial assets")	16	54
Cash and cash equivalents	1 502	1 127
Net interest-bearing liabilities excl. leases	(15 217)	(10 834)
Non-current lease liabilities	(1 529)	(1 516)
Current lease liabilities	(442)	(408)
Total net interest-bearing liabilities	(17 188)	(12 758)

Note 7 Interest and other financial items

The various elements of net interest and net other financial items are presented in the following tables:

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Net interest costs excl. leases	(318)	(136)	(117)	(36)
Interest costs leases	(35)	(30)	(10)	(9)
Interest, net	(353)	(166)	(127)	(45)

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Net foreign currency gain/loss	2	2	7	0
Interest on pensions ¹	(23)	(24)	(12)	5
Other financial items	(39)	(31)	(15)	(7)
Other financial items, net	(60)	(53)	(20)	(2)

¹Includes hedging of the pension plan for employees with salaries over 12G.

Note 8 Related parties

The Orkla group makes annual sales to companies in the Canica system for around NOK 22 million. The Canica system is controlled by Orkla Board Chairman Stein Erik Hagen (largest shareholder in Orkla with 25.003% of issued shares). The sales are agreed on market terms.

As at 31 December 2022, there were no special transactions between the group and related parties.

Note 9 Treasury shares and options

Treasury shares

Changes in Orkla's holding of treasury shares in 2022:

Treasury shares as at 1 January	4 852 874
Employee share purchase programme	(565 894)
Treasury shares as at 31 December	4 286 980

Options

Changes in Orkla's holding of options outstanding in 2022:

Options outstanding as at 1 January	3 854 529
Allocations	2 980 120
Terminations	(355 838)
Options outstanding as at 31 December	6 478 811

On 6 May 2022, as part of Orkla's long-term incentive programme for executive management, described in its executive remuneration guidelines, a total of 2,980,120 options in Orkla were allocated, 462,972 of which were allocated to primary insiders. Information on the programme is provided in Orkla's Annual Report.

Note 10 Assessments relating to impairment

As at 31 December 2022, write-downs were taken and expenses were recognised for a total of NOK 118 million related to the decision to end Orkla's ownership of its business in Russia; see Note 3 for further information.

In accordance with adopted principles, the group has carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the preparation and presentation of the financial statements for the third quarter. Based on this year's tests, the Harris brand in House Care UK (Orkla Consumer Investments) was written down by NOK 64 million. In addition, four small brands in Orkla Health (Orkla Care) were written down by a total of NOK 48 million, as well as a goodwill item in Orchard Valley Australia (Orkla Food Ingredients) of NOK 4 million. In the fourth quarter of 2022, means of production were written down by NOK 10 million in Orkla Confectionery & Snacks Sverige. See also Note 3 for information on write-downs taken in 2022.

Orkla Confectionery & Snacks Latvija has delivered a weaker performance than anticipated since the company was acquired. The company has also been negatively impacted by the coronavirus pandemic. The company's performance improved in the fourth quarter of 2022. Based on estimated future cash flows, Orkla Confectionery & Snacks Latvija justifies its carrying value, but its performance going forward will be monitored closely in relation to anticipated profit performance. There were otherwise no indications of impairment of the group's assets as at 31 December 2022.

Market growth in 2022 has been affected by Russia's invasion of Ukraine, combined with the after-effects of the pandemic. This has led to steep increases in the costs of important raw materials, energy and other inputs. The situation will be monitored closely with respect to whether this will result in indications of impairment for some of the group companies.

Note 11 Shares and financial assets

Shares and financial assets recognised at fair value:

Amounts in NOK million	Measurement level			Total
	Level 1	Level 2	Level 3	
31 December 2022:				
Assets				
Investments	-	-	263	263
Derivatives	-	23	-	23
Liabilities				
Derivatives	-	388	-	388
31 December 2021:				
Assets				
Investments	-	-	206	206
Derivatives	-	59	-	59
Liabilities				
Derivatives	-	88	-	88

See also Note 6 for an overview of interest-bearing assets and liabilities.

Note 12 Other matters

Nils K. Selte assumed the roles of Orkla President and CEO on 11 April 2022, succeeding Jaan Ivar Semlitsch who headed the group from August 2019. At the same time, changes were made in Orkla's corporate structure, with a subsequent change in the Orkla Management Team. As a result of these changes, changes were made in the group's segment reporting as from the third quarter of 2022. See also further information in Note 1.

On 20 April 2022, the General Meeting of Orkla ASA approved payment of the proposed dividend of NOK 3.00 per share. The dividend was paid out to shareholders on 3 May 2022 and totalled NOK 3.0 billion.

Orkla Confectionery & Snacks has entered into an agreement to purchase 100% of the shares in Bubs Godis AB, a Nordic confectionery company. Bubs Godis ("Bubs") is a fast-growing company with a strong position in confectionery in the Swedish sweets and candy market, in addition to selling to other Nordic countries. Bubs has developed many iconic pick-&-mix favourites sold both in bulk and in bags. Sustainability is a core focus in the company's operations, and the majority of its portfolio consists of vegan products. The sellers are members of the Lindström family. In addition, CEO Niclas Arnelin has a small ownership interest that is also part of the sale. Bubs has had average annual sales growth of 10% since 2012/2013, and had a turnover of SEK 211 million in 2021/2022 (financial year ending 30 June 2022). Bubs will be operated as a subsidiary of Orkla Confectionery & Snacks Sverige and its present CEO Niclas Arnelin will continue in the company. The purchase has been completed on 1 February 2023.

Orkla Foods Europe has entered into an agreement to purchase 100% of the shares in Khell-Food Kft., the largest producer of ready-made sandwiches and baguettes in the Hungarian market. Khell-Food was established in

1992 and distributes nationwide from a modern production facility outside Budapest. The company has a leading market position, and the products are mainly sold under the brand Khell-Food. The seller is the founder Zoltán Kelényi, who will continue as CEO of the company. Khell-Food has experienced 11% annual sales growth from 2017 to 2021, and in 2021 had a turnover of around NOK 85 million based on the current exchange rate. The agreement will be filed with the relevant Hungarian authorities and is expected to be completed in the first quarter of 2023.

Orkla Confectionery & Snacks has ended its distribution agreement with PepsiCo. In 2015 Orkla entered into a sales and distribution agreement with PepsiCo for their juice, cereals and snacks products in the Nordics, including such brands as Tropicana, Quaker, Doritos and Lay's. The snacks part of the agreement expired at the end of 2022 and has not been extended. Orkla and PepsiCo will continue their cooperation in other categories, and Orkla Foods Europe will continue as the distributor for Quaker and Tropicana in the Nordics in 2023.

There have otherwise been no material events after the statement of financial position date that would have had an impact on the financial statements or the assessments carried out.

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.

Reconciliation of organic growth is shown in a separate table on page 33.

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 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.

EBIT (adj.) is presented on a separate line in the group's income statement and in segment reporting; see Note 2.

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 translating 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.

The reconciliation of change in underlying EBIT (adj.) for Branded Consumer Goods incl. HQ is shown directly in the text. Comparables are shown on page 33.

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 for OIE is lower than the group’s tax rate as at 31 December 2022, chiefly due to the fact that the write-down of the business in Russia and a large part of expensed M&A costs are not tax-deductible. Non-taxable income recognised in OIE in the third and fourth quarters increase the tax rate for OIE slightly. The effective tax rate for OIE as at 31 December 2022 is 17% and 23% in the fourth quarter.

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 were made in 2022 or 2021.

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2022	2021	2022	2021
Profit/loss attributable to owners of the parent	5 019	4 808	1 156	1 314
<i>Adjustments earnings per share (adj.):</i>				
Other income and expenses after tax	427	349	155	79
Adjusted profit for the period after non-controlling interests	5 446	5 157	1 311	1 393
Average externally owned shares (1000 shares)	996 876	997 105	997 144	996 578
Average externally owned shares, diluted (1000 shares)	996 880	997 105	997 144	996 578
Earnings per share (NOK)	5.04	4.82	1.16	1.32
Earnings per share, diluted (NOK)	5.04	4.82	1.16	1.32
Earnings per share (adj.) (NOK)	5.46	5.17	1.31	1.40
Earnings per share (adj.), diluted (NOK)	5.46	5.17	1.31	1.40

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 replacement and expansion investments are presented in the statement of cash flow on page 9.

Net interest-bearing liabilities

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

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

group level; see page 9. Net interest-bearing liabilities are reconciled in Note 6.

Structure (acquisitions and disposals)

Structural growth includes adjustments for the acquisition of the businesses Denali Ingredients, Lofoten Marine Oils, Vesterålen Marine Olje, Healthspan, Hadecoup, Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Núi Sírius, Cake Décor Limited, Ambassador92 and SeaGood Fort Deli. Adjustments have been made for the sale of Credin Russland, the Struer brand, the water business under the Everest brand in Orkla Latvia, the convenience business in Orkla Latvia, and for the ending of Orkla's ownership of Hamé Foods in Russia. A structural adjustment was made at business area level for the internal relocation of the Oolannin brand and plant-based production.

In 2021, adjustments were also made for the acquisition of For All Baking Limited, Proteinfabriken, Norgesplaster, Win Equipment, Gortrush and Havrefras and the sale of Vestlandslefsa, Italiensk Bakeri, Gorm's and the Skin Care business in Poland and the closure of Pierre Robert Sverige. Adjustments were also made for the loss of the distribution agreements with Panzani and OTA Solgryn, and a structural adjustment was made at business area level for the internal relocation of Frödinge.

Organic growth by business area

Sales revenues change %	1.1.-31.12.2022				1.10.-31.12.2022			
	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods Europe	7.2	-1.4	-0.3	5.5	7.2	1.1	-0.8	7.5
Orkla India	15.5	6.8	13.8	36.0	11.2	7.3	0.0	18.5
Orkla Confectionery & Snacks	5.2	-1.1	-0.8	3.3	5.6	1.6	-2.8	4.4
Orkla Care	5.3	-1.9	13.0	16.4	4.0	0.4	6.9	11.4
Orkla Food Ingredients	20.5	-1.2	2.8	22.2	18.5	3.4	3.8	25.7
Orkla Consumer Investments	0.6	-0.6	13.0	13.0	9.3	2.7	0.0	12.0
Branded Consumer Goods	9.6	-1.0	4.0	12.6	9.5	2.0	1.2	12.7

Sales revenues change %	1.1.-31.12.2021				1.10.-31.12.2021			
	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods Europe	1.4	-2.7	-0.2	-1.4	3.9	-4.3	0.4	0.0
Orkla India	6.7	-14.0	67.6	60.2	7.0	-9.8	93.6	90.9
Orkla Confectionery & Snacks	3.4	-3.3	2.2	2.3	5.5	-5.2	4.0	4.4
Orkla Care	2.3	-2.7	7.4	7.0	-1.2	-4.6	11.9	6.0
Orkla Food Ingredients	10.4	-5.2	7.1	12.3	16.1	-7.5	8.1	16.7
Orkla Consumer Investments	4.8	-3.5	8.1	9.3	-5.7	-5.7	24.0	12.7
Branded Consumer Goods	4.3	-3.7	5.2	5.8	5.5	-5.4	8.3	8.4

Comparative figures for underlying EBIT (adj.) changes for Branded Consumer Goods incl. HQ

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.-31.12.2022	-9.5	-0.8	2.8	-7.5
1.10.-31.12.2022	-15.3	2.1	-0.7	-13.8

EBIT (adj.) margin growth change percentage points	Underlying growth	Structure/FX	Total	EBIT (adj.)-margin (%)
1.1.-31.12.2022	-1.9	-0.1	-1.9	9.1

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.-31.12.2021	-3.4	-3.4	6.8	-0.1
1.10.-31.12.2021	-9.1	-4.5	7.6	-6.1

EBIT (adj.) margin growth change percentage points	Underlying growth	Structure/FX	Total	EBIT (adj.)-margin (%)
1.1.-31.12.2021	-0.9	0.3	-0.7	11.0

Figures may not add up due to rounding.

More information about Orkla may be found at:
<https://investors.orkla.com/>

Photo
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