

# First half 2022



# The first half in brief

- Group operating revenues rose by 18.4% in the first half of 2022
- Group profit before tax amounted to NOK 3,398 million, a year-over-year improvement of 22.3%, driven by strong profit growth for Hydro Power and structural growth in Branded Consumer Goods
- Orkla's Branded Consumer Goods business showed solid organic turnover growth of 9.9%, positively affected by price increases and volume. High price increases to compensate for the unusually large increase in prices of input factors. There was particularly good volume growth in the Out of Home channels
- Branded Consumer Goods including Headquarters posted a -1.5% decline in operating profit EBIT (adj.), negatively impacted by high cost inflation
- Jotun continued to see substantial sales growth in the first half, but operating profit declined primarily due to higher raw material costs
- Adjusted earnings per share were NOK 2.57 for the first half, a year-over-year increase of 7%

## Key figures for the Orkla Group as at 30 June

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

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
<b>Group</b>						
Operating revenues	27 562	23 275	50 441	14 291	11 772	
EBIT (adj.)	3 285	2 562	6 145	1 753	1 265	
Profit/loss from associates and joint ventures	476	586	855	238	255	
Profit/loss before taxes	3 398	2 778	6 366	1 854	1 344	
Earnings per share, diluted (NOK)	2.37	2.19	4.82	1.28	1.04	
Earnings per share (adj.), diluted (NOK)	2.57	2.40	5.17	1.33	1.14	
<b>Branded Consumer Goods</b>						
Operating revenues	26 315	22 808	49 204	13 524	11 532	
- Organic revenue growth	9.9%	3.7%	4.3%	12.1%	6.9%	
<b>Branded Consumer Goods incl. headquarters (HQ)</b>						
EBIT (adj.)	2 327	2 362	5 433	1 148	1 154	
EBIT (adj.) margin	8.8%	10.3%	11.0%	8.5%	10.0%	

**Orkla President and CEO Nils K. Selte comments:**

In the past half year, we have dealt with a challenging situation characterised by high cost inflation, value chain disruptions and uncertainty regarding the global food situation. Visibility for 2022 has however increased during the last month and we see that prices on some raw materials have flattened out somewhat. We constantly work on managing cost increases and bottlenecks in our supply chain and to maintain a good delivery performance. I would like to thank all Orkla employees for a professionally and well handled demanding half year.

Orkla's platform is strong brands, local consumer insight, flexible supply chains and powerful innovation communities. Orkla's strategic direction and ambitions, which were communicated at our Capital Markets Day on 23 November last year, remain unchanged. My main priorities are to ensure that we step up our pace, growth and value creation. To achieve our goals, we will make adjustments in our current business model and organisation. Our companies will get increased autonomy and decision-making authority to ensure structural flexibility, responsibility for own value creation and focus. Moreover, we will redefine the ownership role at group level in order to ensure effective processes. This is a transformation process that will take time, but I am convinced that it is the right thing to do and that it will create good return for shareholders in the future.

**Nils K. Selte**

President and CEO

### Market trends

A considerable number of Orkla's businesses were in the first half of 2022 impacted by the war in Ukraine in combination with the after-effects of the pandemic. The situation in Ukraine has regional and global ramifications, particularly for raw material and energy prices. The scarcity of key raw materials and other input factors has continued to drive market prices upwards and generated greater uncertainty regarding the global food situation, in addition to already high imbalance in global flows of goods due to the coronavirus pandemic. At the same time, market growth was positively affected by the fact that economic activity in many countries is almost normalized after the pandemic.

Orkla is exposed to a broad range of raw material categories. The effects of the coronavirus pandemic, followed by the war in Ukraine, have caused bottlenecks and value chain disruptions. Combined with strong demand, this has resulted in a further increase in the market prices of raw materials in the first half of 2022. Price increases in the first half were especially high for vegetable oils, grain, meat, vegetables, dairy products and packaging. Towards the end of the first half, market prices for vegetable oils, grain and packaging stabilised somewhat, while prices of dairy products and meat have continued to rise. The global value chain disruptions have also led to increased freight prices and transport delays. The combination of higher raw material, packaging prices and freight rates had a negative impact on Orkla's purchasing costs in the first half of 2022.

Market growth in the Out of Home channels was high in the first half due to the lifting of intrusive coronavirus restrictions in most countries in Europe. There was also good sales growth in the grocery channel, albeit declining

throughout the period and at a lower level than the abnormally high sales in the channel during the coronavirus pandemic.

In the first quarter of 2022, Orkla decided to end its ownership of its Russian business Hamé Foods ZAO, which produces long shelf-life food products in the Russian market. Furthermore, Orkla has stopped its imports from and exports to Russia and Belarus. Over time, Orkla's Branded Consumer Goods business has reduced its presence in Russia. Orkla has no factories in Ukraine, but has in the past made some of its purchases of tomato products and tomato paste from the region.

The war in Ukraine has caused a sharp surge in energy prices from an already high level. Energy prices in the Nordic region and large parts of Europe were significantly higher in the first half than in the corresponding period of 2021. This has resulted in increased production costs for Branded Consumer Goods. At the same time, the high energy prices have had a positive impact on Hydro Power's profit performance.

### Branded Consumer Goods' performance

Sales revenues change %	Organic growth	FX	Structure	Total
1.1.-30.6.2022	9.9	-1.9	7.4	15.4
1.4.-30.6.2022	12.1	-0.7	5.9	17.3

Figures may not add up due to rounding.

Branded Consumer Goods had strong turnover growth of 15.4% in the first half, driven by high organic and structural growth, partly offset by negative currency translation effects.

Organic turnover growth in the first half was 9.9%, driven by both price and volume. Several of the Norwegian companies saw higher sales than normal towards the end of the first half ahead of price increases from 1 July. The Orkla Food Ingredients and Orkla Foods business areas were the primary drivers of the high sales growth. The strong organic growth of 21.6% in Orkla Food Ingredients was largely price-driven, but also a result of higher activity in the Out of Home market, after a long period of negative coronavirus effects. Orkla Foods delivered organic growth of 9.4% in the first half. The development was broad-based across all markets with strong growth in the Out of Home channel. Orkla Care contributed with 7.0% organic growth, chiefly related to good growth in the international markets for Orkla Home & Personal Care and Orkla Wound Care, and higher industry sales. Additionally, Orkla Confectionery & Snacks saw organic turnover growth of 3.8%, mainly driven by price increases.

Turnover growth for Orkla Consumer Investments was weak, related to Orkla House Care as a result of lower activity in the home improvement market, year over year, especially in the UK.

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.-30.6.2022	-6.8	-1.5	6.9	-1.5
1.4.-30.6.2022	-6.4	-0.4	6.4	-0.5

Figures may not add up due to rounding.

Branded Consumer Goods including Headquarters (HQ) posted an underlying decline of -6.8% in EBIT (adj.) in the first half, mainly caused by higher purchasing costs for raw materials, freight, packaging and energy

prices, as well as higher wage inflation and cost growth in all business areas. There were also increased costs which must be seen in conjunction with higher activity levels and increased sales volumes in the period, especially in Food Ingredients. First-half profit performance was positively affected by non-recurring costs in the same period of 2021 related to the implementation of a new ERP system in Orkla Foods Sverige. In the first half of 2022 a new ERP system was implemented for Orkla Care Sverige with good results in terms of time, cost and quality. The result in the period was also positively affected by abnormally high sales towards the end of the period, primarily in Norway, before price increases from 1 July.

EBIT (adj.) margin growth change in percentage points	Underlying growth	Structure/ FX	Total	EBIT (adj.) margin 2022 (%)
R12M per 30.6.2022	-1.5	0.1	-1.4	10.2

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 -1.5 percentage points, driven by higher purchasing and energy costs and high wage growth, as well as higher costs, year over year, due to increased activity levels. Acquisitions and currency translation effects made a slight positive contribution in the period.

### Structural measures (M&A)

In January 2022, Orkla Care completed its purchase of 95% of the shares in Vesterålen Marine Olje AS through its wholly-owned subsidiary Orkla Health AS. The company is an important supplier of raw materials for Möller's Tran cod liver oil and thus an acquisition of strategic significance for Orkla

with regard to both the health area and sustainability. The company was consolidated into Orkla's financial statements as of 1 January 2022.

In February 2022, through its wholly-owned subsidiary Orkla Health AS, Orkla Care acquired 100% of the shares in Healthspan Group Limited, a leading supplier of dietary supplements in the UK market. Healthspan offers a broad range of dietary supplements and skin care products, and most of its sales are made directly to consumers. With this transaction, Orkla has strengthened its position in consumer health and online sales. The company was consolidated into Orkla's financial statements as of 1 March 2022.

In April 2022, Orkla Food Ingredients acquired 70% of the shares in the Belgian company Hadecoup. Orkla thereby strengthened its position in the sale and distribution of ice cream ingredients and accessories in the Benelux region. The company was consolidated into Orkla's financial statements as of 1 April 2022.

See Note 5 for more information on purchased and sold companies.

### **Outlook**

The difficult situation resulting from the pandemic has been aggravated by the war in Ukraine, and the consequences in the longer term are unclear. A protracted conflict in Europe will affect both the availability and prices of raw materials and other input factors. The geopolitical uncertainty could also contribute to a further rise in energy prices from an already high level, and generate greater uncertainty and imbalance in the global flow of goods. All these elements are expected to impact Orkla's Branded Consumer Goods business also in the second half of 2022.

The uncertainty as to the future level of cost for the Group's input factors is still high, although somewhat reduced in the shorter horizon for the rest of 2022. The increases in input prices have resulted in substantially higher costs for Orkla's Branded Consumer Goods business and will lead to further cost increases, year over year. Orkla has implemented price increases in all markets and is monitoring cost trends closely. The price increases will also generate greater uncertainty as to volume growth for Orkla's products going forward.

To maintain a good delivery performance, also in the time to come, Orkla continues to take mitigating actions to ensure access to key raw materials. In order to continue a good profitability development in the future, it is also important to work continuously on rationalising the cost base.

The coronavirus pandemic has created considerable uncertainty regarding changes in buying power and demand in many of the markets in which Orkla operates, particularly in the Baltics and Central Europe. Rising energy prices and higher inflation, reinforced by the geopolitical uncertainty in Europe, will have a further negative impact on buying power in the time to come, particularly in the above-mentioned markets.

Orkla is well equipped financially to face future challenges. As at 30 June 2022, the Group had a net interest-bearing liability of 2.0 x EBITDA (on a 12-month rolling EBITDA basis).

## Financial matters - Group

### Main figures profit/loss

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
<b>Operating revenues</b>	<b>27 562</b>	<b>23 275</b>	<b>50 441</b>	<b>14 291</b>	<b>11 772</b>	
<b>EBIT (adj.)</b>	<b>3 285</b>	<b>2 562</b>	<b>6 145</b>	<b>1 753</b>	<b>1 265</b>	
Other income and expenses	(212)	(261)	(415)	(50)	(118)	
<b>Operating profit</b>	<b>3 073</b>	<b>2 301</b>	<b>5 730</b>	<b>1 703</b>	<b>1 147</b>	
Profit/loss from associates and joint ventures	476	586	855	238	255	
Interest and financial items, net	(151)	(109)	(219)	(87)	(58)	
<b>Profit/loss before taxes</b>	<b>3 398</b>	<b>2 778</b>	<b>6 366</b>	<b>1 854</b>	<b>1 344</b>	
Taxes	(910)	(555)	(1 468)	(495)	(285)	
<b>Profit/loss for the period</b>	<b>2 488</b>	<b>2 223</b>	<b>4 898</b>	<b>1 359</b>	<b>1 059</b>	
Earnings per share, diluted (NOK)	2.37	2.19	4.82	1.28	1.04	
Earnings per share (adj.), diluted (NOK)	2.57	2.40	5.17	1.33	1.14	

Group operating revenues rose by 18.4% in the first half, driven by high organic sales improvement and good structural growth in Branded Consumer Goods, offset to some extent by negative currency translation effects. In addition, there was strong growth in turnover for Industrial & Financial Investments, driven by higher power prices for Hydro Power.

In the first half, the Group had EBIT (adj.) growth of 28.2%, driven by Hydro Power, partly offset by a decline in profit for Branded Consumer Goods.

In Branded Consumer Goods, Orkla Food Ingredients saw solid profit improvement, driven by price increases, as well as higher sales volume due to increased demand, year over year, in the Out of Home market. Profit performance for Care was flat in the first half. Structural growth through the acquisitions of NutraQ in 2021 and Healthspan from 1 March 2022 was counteracted by weaker margins due to the sharp rise in raw material and freight prices.

Profit declined for Orkla Foods, Orkla Confectionery & Snacks and Orkla Consumer Investments, all of which were negatively affected by higher raw material, energy, packaging and freight costs, as well as negative currency translation effects. Orkla Foods' profit performance was negative despite the fact that growth in the first half of 2022 was positively affected by non-recurring costs related to the implementation of a new ERP system in Orkla Foods Sverige last year. The decline in profit for Orkla Consumer Investments was primarily due to a decline in demand for painting tools from a high level in the same period of 2021.

The Group's "Other income and expenses" totalled NOK -212 million in the first half of 2022. Costs of NOK -116 million were incurred in the period related to the write-down and expensing of operations in Russia. In the first half, costs were also incurred in connection with a number of restructuring projects, as well as high M&A activity. In the corresponding period of 2021, costs included the expensing and write-down of around NOK -120 million related to ERP projects. See further details of other income and expenses in Note 3.

Profit from associates amounted to NOK 476 million in the first half. This was a decline from the same period in 2021 related to Jotun's lower contribution to profit, owing to significantly higher raw material prices.

Net financial costs in the first half of 2022 were higher than in 2021, chiefly due to higher liabilities in the first half. The average borrowing rate was 1.7% in the period, compared with 1.6% in the corresponding period of 2021. The average gross debt level before lease liabilities in the first half was NOK 14.8 billion, compared with NOK 9.7 billion year over year.

The effective tax rate, excluding associates and joint ventures, was substantially higher in the first half of 2022, year over year, due to higher economic rent tax as a result of Hydro Power's increased contribution to profit, and to the write-down of Orkla's business in Russia, which is not tax-deductible.

First-half earnings per share, diluted, were NOK 2.37, up 8% from the same period of 2021. Adjusted earnings per share, diluted, were NOK 2.57, equivalent to a year-over-year increase of 7%. For more information, see the section on Alternative Performance Measures (APM) on page 28.

## Cash flow - Group

### Orkla format

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
<b>Cash flow from Branded Consumer Goods incl. HQ</b>					
EBIT (adj.)	2 327	2 362	5 433	1 148	1 154
Depreciation	993	890	1 924	502	449
Changes in net working capital	(1 851)	(648)	(456)	(912)	(133)
Net replacement investments	(1 416)	(1 088)	(2 625)	(832)	(436)
<b>Cash flow from operations (adj.)</b>	<b>53</b>	<b>1 516</b>	<b>4 276</b>	<b>(94)</b>	<b>1 034</b>
Cash flow effect from "Other income and expenses" and pensions	(156)	(281)	(525)	(78)	(109)
<b>Cash flow from operations, Branded Consumer Goods incl. HQ</b>	<b>(103)</b>	<b>1 235</b>	<b>3 751</b>	<b>(172)</b>	<b>925</b>
<b>Cash flow from operations, Industrial &amp; Financial Investments</b>	<b>780</b>	<b>212</b>	<b>692</b>	<b>419</b>	<b>75</b>
Taxes paid	(1 001)	(601)	(907)	(481)	(249)
Dividends received, financial items and other payments	61	74	139	(57)	(15)
<b>Cash flow before capital transactions</b>	<b>(263)</b>	<b>920</b>	<b>3 675</b>	<b>(291)</b>	<b>736</b>
Dividends paid and purchase/sale of treasury shares	(2 984)	(3 113)	(3 130)	(2 973)	(2 707)
<b>Cash flow before expansion</b>	<b>(3 247)</b>	<b>(2 193)</b>	<b>545</b>	<b>(3 264)</b>	<b>(1 971)</b>
Expansion investments	(157)	(230)	(486)	(106)	(161)
Sale of companies (enterprise value)	32	-	-	3	-
Purchase of companies (enterprise value)	(1 148)	(5 446)	(7 030)	(115)	(3 696)
<b>Net cash flow</b>	<b>(4 520)</b>	<b>(7 869)</b>	<b>(6 971)</b>	<b>(3 482)</b>	<b>(5 828)</b>
Currency effects of net interest-bearing liabilities	(318)	336	593	(743)	(237)
<b>Change in net interest-bearing liabilities</b>	<b>4 838</b>	<b>7 533</b>	<b>6 378</b>	<b>4 225</b>	<b>6 065</b>
<b>Net interest-bearing liabilities</b>	<b>17 596</b>	<b>13 913</b>	<b>12 758</b>		

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 30 June 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 the first half of 2022 than in 2021, owing to increased working capital and higher replacement investments this year. Working capital as at 30 June 2022 was negatively affected by high sales growth and increased inventory values due to significantly higher raw material prices, as well as increased safety stocks.

The largest project under “Net replacement investments” was the ongoing construction of a new biscuit factory in Latvia. Net replacement investments also included several other ongoing factory projects, and entry into new long-term leases. Net replacement investments also included investments related to ERP projects, but these were substantially lower as at 30 June 2022 than in the corresponding period of 2021.

In Industrial & Financial Investments, cash flow from operations as at 30 June 2022 was considerably higher, year over year, due to good profit improvement for Hydro Power.

Dividends received and financial items mainly consist of dividends from Jotun and financial items paid.

Expansion investments included investments in increased production capacity, chiefly in Orkla Foods and Orkla Food Ingredients.

Purchases of companies totalled NOK 1,148 million in the first half and largely consisted of the acquisition of 100% of the shares in Healthspan Group Limited and 95% of the shares in Vesterålen Marine Olje AS. Sales of

companies totalled NOK 32 million in the first half and consisted of the sale of the Alvo Park property in Latvia.

Net cash flow for the Group was NOK -4,520 million. Negative currency translation effects due to the weaker Norwegian krone increased net interest-bearing liabilities by NOK 318 million in the first half of 2022. As at 30 June 2022, net interest-bearing liabilities before lease liabilities totalled NOK 15,750 million. Including lease liabilities related to IFRS 16, net interest-bearing liabilities amounted to NOK 17,596 million.

As at 30 June 2022, the equity ratio was 51.8%, compared with 55.8% as at 31 December 2021. The average time to maturity of interest-bearing liabilities and unutilised credit lines is 3.3 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

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Operating revenues	9 745	8 764	18 760	4 957	4 465	
- Organic revenue growth	9.4%	-1.0%	1.8%	11.6%	3.0%	
EBIT (adj.)	1 011	1 024	2 471	480	517	
EBIT (adj.) margin	10.4%	11.7%	13.2%	9.7%	11.6%	

- Strong broad-based organic sales growth in the first half
- Strongest growth in sales to food service, convenience stores and petrol stations, but there was also good improvement in sales to the grocery channel and export sales
- Profit growth strongly negatively impacted by higher purchasing prices and energy costs

Orkla Foods saw an 11.2% increase in first-half sales, while organic growth was 9.4%. The improvement was broad-based across all markets. Sales to the food service, convenience store and petrol station segments and export sales were positively affected by the reopening of society in several markets after stringent infection control measures against the pandemic in the same period of 2021. There was also good turnover growth in the grocery channel in the first half. Condiments, ready-to-eat meals and pizza were the categories that contributed most to growth.

Despite good sales growth, there was profit decline of -1.3% in the first half. Profit performance was negatively impacted by higher raw material, packaging and energy costs, combined with increasing wage growth and higher activity. The trend of strong price increases for almost all input factors, as well as for transport and energy costs, continued into the second quarter. The war in Ukraine continues to be a reinforcing factor. Substantial price increases were implemented in all markets in the first half. Profit growth in the first quarter of 2022 was positively affected by non-recurring costs related to the implementation of a new ERP system in Orkla Foods Sverige last year. These positive effects were considerably more moderate in the second quarter.

The EBIT (adj.) margin declined to 10.4% for the first half, down -1.3 percentage points year over year.

**Orkla Confectionery & Snacks**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Operating revenues	3 443	3 338	7 337	1 764	1 637	
- <i>Organic revenue growth</i>	3.8%	2.7%	3.4%	8.8%	-1.2%	
EBIT (adj.)	358	439	1 113	167	198	
EBIT (adj.) margin	10.4%	13.2%	15.2%	9.5%	12.1%	

- Volume decline in the grocery trade following high pandemic-driven market growth
- High increase in input costs
- Price increases to customers implemented with gradual effect during 2022

Orkla Confectionery & Snacks increased its first-half sales revenues by 3.1%, while organic sales growth was 3.8%. Growth was primarily driven by price increases. Market performance in the grocery sector normalised somewhat after especially high market growth in the past two years, and overall volume declined in the market. This applied particularly to the Norwegian market. At the same time, market growth outside the grocery trade was more positive.

EBIT (adj.) for Orkla Confectionery & Snacks fell by -18.5% in the first half, year over year. Prices of input factors, transport and packaging increased substantially in the wake of the pandemic, a trend that was reinforced by the ongoing conflict in Ukraine. The higher costs were compensated for by successive price increases to customers in the first half of 2022.

The EBIT (adj.) margin was 10.4% in the first half, a year-over-year decline of -2.8 percentage points.

**Orkla Care**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Operating revenues	4 282	3 438	7 389	2 126	1 624	
- <i>Organic revenue growth</i>	7.0%	3.3%	2.3%	8.3%	2.5%	
EBIT (adj.)	508	507	1 066	225	211	
EBIT (adj.) margin	11.9%	14.7%	14.4%	10.6%	13.0%	

- Top-line growth driven by Wound Care and international sales in Home & Personal Care categories, positively affected by the reopening of society
- Sales to the grocery sector in Norway declined in Home & Personal Care categories after high pandemic-driven growth the last two years
- Decline in first-half profit margin due to higher freight and raw material costs, increased advertising spend and a negative sales mix

Orkla Care reported 24.5% sales growth in the first half, of which 7.0% was organic growth. Overall sales growth was helped by structural growth in the consumer health sector. Organic growth was driven by international markets for Orkla Home & Personal Care and Orkla Wound Care, and by higher industrial sales. Orkla Health's sales were negatively affected by the difficult situation in Ukraine, through both its export sales markets and cross-border trade in Finland.

EBIT (adj.) for Orkla Care in the first half year ended on the same level as in the corresponding period of last year. Structural growth was counteracted by weaker margins due to a strong increase in freight and raw material prices, and a rise in other costs. The EBIT (adj.) margin was 11.9% for the first half, compared with 14.7% for the same period of 2021.

**Orkla Food Ingredients**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Operating revenues	6 783	5 517	12 012	3 659	2 971	
- Organic revenue growth	21.6%	9.0%	10.4%	22.0%	20.5%	
EBIT (adj.)	403	285	646	263	205	
EBIT (adj.) margin	5.9%	5.2%	5.4%	7.2%	6.9%	

- Strong organic growth due to both higher selling prices and increased volume in the first half
- EBIT (adj.) improvement driven by sales growth and acquisitions, but counteracted to some extent by broad-based cost inflation
- Continued uncertainty as to availability of raw materials

Orkla Food Ingredients saw a 22.9% increase in first-half operating revenues, of which 21.6% was organic growth. The positive effects of acquisitions were counteracted to some extent by negative currency translation effects. The growth was largely price-driven due to increases in selling prices to customers to offset higher raw material prices. Furthermore, sales volume increased due to the lifting of coronavirus restrictions with an associated positive impact on demand in the Out of Home market compared with the first half of 2021.

First-half EBIT (adj.) improved by 41.4%, driven by sales growth. Acquisitions made a positive contribution to profit, offset to some extent by several factors that impacted negatively on operating costs, including a higher activity level, cost inflation and a difficult delivery situation for certain raw materials. There are constant challenges related to and uncertainty about the availability and prices of raw materials.

The first-quarter EBIT (adj.) margin was 5.9%, a year-over-year improvement of 0.7 percentage points. The improvement was primarily driven by increased sales.

**Orkla Consumer Investments**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Operating revenues	2 323	1 979	4 205	1 153	956	
- Organic revenue growth	-4.3%	14.3%	4.8%	-4.4%	13.2%	
EBIT (adj.)	229	273	498	97	109	
EBIT (adj.) margin	9.9%	13.8%	11.8%	8.4%	11.4%	

- Lower sales of painting tools in the period compared with a high level in the first half of 2021
- Continued good sales growth for the pizza franchise restaurants
- Profit performance negatively affected by higher input costs

Orkla Consumer Investments posted turnover growth of 17.4% in the first half, driven by structural growth from the acquisition of New York Pizza. Organic sales fell by -4.3% in the first half, primarily due to a decline in Orkla House Care as a result of lower demand for painting tools compared to a high level in the same period of 2021, especially in the UK. Solid growth in chain sales for franchised sales outlets in the pizza market made a positive contribution.

First-half EBIT (adj.) declined by -16.1% despite the positive contribution from the acquisition of New York Pizza. The decline was driven by lower demand for painting tools and must be seen in conjunction with strong comparables from the first half of 2021, when turnover was positively affected by the coronavirus pandemic. Increased freight and raw material costs continued to impact negatively on several business units in the first half, where the implementation of pricing measures has only partially offset this effect so far.

The EBIT (adj.) margin for the first half was 9.9%, compared with 13.8% for the same period of 2021.

## Industrial & Financial Investments

### Hydro Power

	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
Volume (GWh)	1 090	1 026	2 065	579	549	
Price* (øre/kWh)	156.2	47.9	75.8	163.1	46.9	
EBIT (adj.) (NOK million)	924	198	702	579	112	

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

EBIT (adj.) for Hydro Power was NOK 924 million in the first half of 2022, compared with NOK 198 million year over year. The increase is due to substantially higher power prices than in the same period of 2021. The high gas, coal and CO<sub>2</sub> prices prevailing on the European energy market, and uncertainty attached to deliveries of gas from Russia in connection with the war in Ukraine have contributed to the record-high power prices. Resources (reservoir and snowpack levels) in South Norway are still lower than normal and this, coupled with the difficult energy situation on the continent, was the main explanation for the high level of prices in the first half of 2022.

Power prices in the period averaged 156.2 øre/kWh, compared with 47.9 øre/kWh in the first half of 2021. Production in the first half of 2022 totalled 1,090 GWh, compared with 1,026 GWh, year over year. Reservoir levels for the Glomma and Laagen rivers were somewhat lower than normal, while the reservoir levels in Sauda were a little higher than normal at the end of the first half. The snowpack level was lower than normal in the west and slightly higher than normal for the Glomma and Laagen rivers.

### Financial Investments

EBIT (adj.) for Orkla Financial Investments totalled NOK 34 million in the first half, compared with NOK 2 million in the same period of 2021. The delivery of the first construction phase of the Sandakerveien project in Oslo made a positive contribution in the first half. In addition, a property in Riga previously used for yeast production was sold. The latter is presented under "Other income and expenses" and thus does not affect EBIT (adj.). Development of the existing real estate portfolio was otherwise the main activity in the period.

### Jotun (42.6% interest)

Jotun had year-over-year sales growth of 19% in the first half. The strong growth was primarily driven by price increases, but higher sales volumes also contributed to the positive performance. All segments have had double-digit sales growth, percentage-wise, in the first half and sales increased in all regions except for Scandinavia. In the Scandinavian market, demand for paint has generally declined after a marked upswing during the coronavirus pandemic in 2020 and 2021. An upturn in ship-building activity in Northeast Asia contributed to sales growth in the Marine segment. This occurred after a cyclical decline in the newbuilding market that has impacted negatively on growth in Marine in the past two years.

Despite an increase in sales revenues, operating profit in the first half was 8% lower than in the same period of last year. This is chiefly due to lower gross margins resulting from higher raw material prices. Raw material prices increased by more than 60% in 2021 and have continued to rise in 2022. Jotun has implemented price increases in all segments and, combined with focus on cost control, this has helped to slow the fall in profit. Despite

a decline in profit from last year, first-half profit was stronger than in the same period in both 2019 and 2020. The suspension of Jotun's operations in Russia has also impacted negatively on first-half profit but on an annual basis the Russian business accounts for only 2-3% of the Jotun Group's overall profit.

#### **Other matters**

At the Annual General Meeting on 20 April 2022, the following shareholder-elected members of Orkla's Board of Directors were re-elected for one year: Stein Erik Hagen (Board Chairman), Liselott Kilaas, Peter Agnefjäll and Anna Mossberg. Nils K. Selte, Ingrid Jonasson Blank and Anders Kristiansen did not stand for re-election. Christina Fagerberg and Rolv Erik Ryssdal were elected as new Board members for a period of one year. Christina Fagerberg has experience from corporate finance, transactions and portfolio management, while Rolv Erik Ryssdal (takes office no later than 1 October 2022) has experience of leading companies through organic and structural growth and transformation processes.

The General Meeting approved a dividend of NOK 3.00 per share for the 2021 financial year, which was paid out on 3 May 2022. Orkla shares were listed ex-dividend as of 21 April 2022.

Nils K. Selte took up the position of Orkla President and CEO on 11 April 2022, succeeding Jaan Ivar Semlitsch who had headed the Group since August 2019. Nils K. Selte has been a member of Orkla's Board of Directors since 2014, in addition to chairing Orkla's Audit Committee in the same period.

To establish a corporate structure and culture that creates greater value and gives the individual businesses greater autonomy and responsibility, changes were made in Orkla's corporate structure as of 11 April 2022.

Atle Vidar Nagel Johansen was appointed Executive Vice President in charge of Orkla's Branded Consumer Goods business, which consists of four business areas: Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Care. Atle Vidar Nagel Johansen has been a member of the Group Executive Board since 2012, and previously held the position of CEO of the Orkla Foods business area. Paul Jordahl was appointed CEO for Orkla Foods Europe. Ingvill T. Berg and Hege Holter Brekke continue to head Orkla Confectionery & Snacks and Orkla Care, respectively. Orkla India became a separate business area and is headed by Sanjay Sharma.

Orkla Food Ingredients and Orkla Consumer & Financial Investments are separate business areas and will continue to be headed by Johan Clarin and Thomas Ljungqvist, respectively. Thomas Ljungqvist took up the post of Acting CEO of Orkla Consumer & Financial Investments on 16 February 2022, after Kenneth Haavet resigned as CEO of Orkla Consumer & Financial Investments.

**Declaration by the Board of Directors**

We confirm, to the best of our knowledge, that the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2022 have been prepared in conformity with IAS 34 Interim Reporting and that the information in the financial statements provides a fair view of the enterprise and the Group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, 13 July 2022

**The Board of Directors of Orkla ASA**

Stein Erik Hagen  
Chairman of the Board

Liselott Kilaas

Peter Agnefjäll

Anna Mossberg

Christina Fagerberg

Terje Utstrand

Sverre Josvanger

Karin Hansson

Roger Vangen

Nils K. Selte  
President and CEO

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

**Condensed income statement**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
Operating revenues	27 562	23 275	50 441	14 291	11 772
Operating expenses	(23 204)	(19 742)	(42 209)	(11 996)	(10 016)
Depreciation	(1 073)	(971)	(2 087)	(542)	(491)
<b>EBIT (adj.)</b>	<b>3 285</b>	<b>2 562</b>	<b>6 145</b>	<b>1 753</b>	<b>1 265</b>
Other income and expenses	(212)	(261)	(415)	(50)	(118)
<b>Operating profit</b>	<b>3 073</b>	<b>2 301</b>	<b>5 730</b>	<b>1 703</b>	<b>1 147</b>
Profit/loss from associates and joint ventures	476	586	855	238	255
Interest, net	(127)	(74)	(166)	(76)	(44)
Other financial items, net	(24)	(35)	(53)	(11)	(14)
<b>Profit/loss before taxes</b>	<b>3 398</b>	<b>2 778</b>	<b>6 366</b>	<b>1 854</b>	<b>1 344</b>
Taxes	(910)	(555)	(1 468)	(495)	(285)
<b>Profit/loss for the period</b>	<b>2 488</b>	<b>2 223</b>	<b>4 898</b>	<b>1 359</b>	<b>1 059</b>
Profit/loss attributable to non-controlling interests	129	39	90	82	22
Profit/loss attributable to owners of the parent	2 359	2 184	4 808	1 277	1 037

**Earnings per share**

Amounts in NOK	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
Earnings per share	2.37	2.19	4.82	1.28	1.04
Earnings per share, diluted	2.37	2.19	4.82	1.28	1.04
Earnings per share (adj.)	2.57	2.40	5.17	1.33	1.14
Earnings per share (adj.), diluted	2.57	2.40	5.17	1.33	1.14

**Condensed statement of comprehensive income**

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
<b>Profit/loss for the period</b>	<b>2 488</b>	<b>2 223</b>	<b>4 898</b>	<b>1 359</b>	<b>1 059</b>
<b>Other items in comprehensive income</b>					
Actuarial gains and losses pensions	-	-	54	-	-
Changes in fair value shares	(50)	(1)	38	(50)	-
<b>Items not to be reclassified to profit/loss in subsequent periods</b>	<b>(50)</b>	<b>(1)</b>	<b>92</b>	<b>(50)</b>	<b>0</b>
Change in hedging reserve	48	141	152	28	26
Carried against equity in associates and joint ventures	319	(58)	(32)	411	34
Translation effects	562	(453)	(761)	1 069	347
<b>Items after tax to be reclassified to profit/loss in subsequent periods</b>	<b>929</b>	<b>(370)</b>	<b>(641)</b>	<b>1 508</b>	<b>407</b>
<b>The Group's comprehensive income</b>	<b>3 367</b>	<b>1 852</b>	<b>4 349</b>	<b>2 817</b>	<b>1 466</b>
Comprehensive income attributable to non-controlling interests	169	33	78		
Comprehensive income attributable to owners of the parent	3 198	1 819	4 271		

**Condensed statement of financial position****Assets**

Amounts in NOK million	Note	30.6.2022	31.12.2021
Intangible assets		32 121	30 683
Property, plant and equipment		18 273	17 458
Associates, joint ventures and other financial assets	6	6 621	5 979
<b>Non-current assets</b>		<b>57 015</b>	<b>54 120</b>
Inventories		9 400	7 534
Trade receivables		7 646	6 528
Other receivables and financial assets	6	1 417	1 255
Cash and cash equivalents	6	1 138	1 127
<b>Current assets</b>		<b>19 601</b>	<b>16 444</b>
<b>Total assets</b>		<b>76 616</b>	<b>70 564</b>

**Equity and liabilities**

Amounts in NOK million	Note	30.6.2022	31.12.2021
Paid-in equity		1 968	1 967
Retained equity		36 662	36 474
Non-controlling interests		1 040	910
<b>Equity</b>		<b>39 670</b>	<b>39 351</b>
Provisions and other non-current liabilities		5 296	5 259
Non-current interest-bearing liabilities	6	13 675	10 731
Current interest-bearing liabilities	6	5 462	3 603
Trade payables		7 764	7 286
Other current liabilities		4 749	4 334
<b>Equity and liabilities</b>		<b>76 616</b>	<b>70 564</b>
Equity ratio		51.8%	55.8%

**Condensed statement of changes in equity**

Amounts in NOK million	1.1.–30.6.2022			1.1.–30.6.2021		
	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	3 198	169	3 367	1 819	33	1 852
Dividends	(2 990)	(37)	(3 027)	(2 739)	(28)	(2 767)
Net purchase/sale of treasury shares	43	-	43	(346)	-	(346)
Option costs	15	-	15	4	-	4
Change in non-controlling interests	(77)	(2)	(79)	-	170	170
<b>Equity 30 June</b>	<b>38 630</b>	<b>1 040</b>	<b>39 670</b>	<b>35 980</b>	<b>637</b>	<b>36 617</b>

## Condensed statement of cash flow IFRS

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
Cash flow from operations before capital expenditure	2 105	2 545	7 177	1 088	1 443
Received dividends and paid financial items	13	40	83	(76)	(42)
Taxes paid	(1 001)	(601)	(907)	(481)	(249)
<b>Cash flow from operating activities</b>	<b>1 117</b>	<b>1 984</b>	<b>6 353</b>	<b>531</b>	<b>1 152</b>
Net capital expenditure	(1 426)	(1 090)	(2 606)	(843)	(507)
Net sale (purchase) of companies	(957)	(4 523)	(5 811)	(115)	(2 859)
Other payments	48	34	56	19	27
<b>Cash flow from investing activities</b>	<b>(2 335)</b>	<b>(5 579)</b>	<b>(8 361)</b>	<b>(939)</b>	<b>(3 339)</b>
Paid to shareholders	(2 984)	(3 113)	(3 130)	(2 973)	(2 707)
Cash flow from financing activities excl. paid to shareholders	4 198	4 392	3 099	2 635	4 727
<b>Cash flow from financing activities</b>	<b>1 214</b>	<b>1 279</b>	<b>(31)</b>	<b>(338)</b>	<b>2 020</b>
Currency effects cash and cash equivalents	15	(32)	(47)	21	4
<b>Change in cash and cash equivalents</b>	<b>11</b>	<b>(2 348)</b>	<b>(2 086)</b>	<b>(725)</b>	<b>(163)</b>
<b>Cash and cash equivalents</b>	<b>1 138</b>	<b>865</b>	<b>1 127</b>		

## Reconciliation operating activities against Orkla format; see page 9

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2022	2021	2021	2022	2021
<b>IFRS cash flow</b>					
Cash flow from operating activities	1 117	1 984	6 353	531	1 152
Net capital expenditure	(1 426)	(1 090)	(2 606)	(843)	(507)
Other payments	48	34	56	19	27
<b>Cash flow from operating activities incl. capital expenditure</b>	<b>(261)</b>	<b>928</b>	<b>3 803</b>	<b>(293)</b>	<b>672</b>
<b>Orkla format</b>					
Cash flow before capital transactions	(263)	920	3 675	(291)	736
New capitalised leases (incl. in net replacement expenditures in Orkla format)	159	238	614	104	97
Expansion investments	(157)	(230)	(486)	(106)	(161)
<b>Comparative cash flow</b>	<b>(261)</b>	<b>928</b>	<b>3 803</b>	<b>(293)</b>	<b>672</b>

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

Change cash and cash equivalents IFRS cash flow	(11)	2 348	2 086	725	163
Change net interest-bearing liabilities IFRS cash flow	4 198	4 392	3 099	2 635	4 727
Net interest-bearing liabilities in purchased/sold companies	159	923	1 219	(3)	837
Interest-bearing liabilities new leases	159	238	614	104	97
Total currency effect net interest-bearing liabilities	318	(336)	(593)	743	237
Currency effect cash and cash equivalents	15	(32)	(47)	21	4
<b>Change net interest-bearing liabilities Orkla format</b>	<b>4 838</b>	<b>7 533</b>	<b>6 378</b>	<b>4 225</b>	<b>6 065</b>

## Note 1 General information

Orkla ASA's condensed consolidated financial statements as at 30 June 2022 were approved at the Board of Directors' meeting on 13 July 2022. 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. No changes have been made in presentation or accounting policies nor have any other standards been adopted that materially affect the Group's financial reporting or comparisons with previous periods.

The Group has acquired new businesses. Acquisitions are presented in Note 5.

## Note 2 Segments

Amounts in NOK million	Operating revenues					EBIT (adj.)				
	1.1.-30.6. 2022	1.1.-30.6. 2021	1.1.-31.12. 2021	1.4.-30.6. 2022	1.4.-30.6. 2021	1.1.-30.6. 2022	1.1.-30.6. 2021	1.1.-31.12. 2021	1.4.-30.6. 2022	1.4.-30.6. 2021
Orkla Foods	9 745	8 764	18 760	4 957	4 465	1 011	1 024	2 471	480	517
Orkla Confectionery & Snacks	3 443	3 338	7 337	1 764	1 637	358	439	1 113	167	198
Orkla Care	4 282	3 438	7 389	2 126	1 624	508	507	1 066	225	211
Orkla Food Ingredients	6 783	5 517	12 012	3 659	2 971	403	285	646	263	205
Orkla Consumer Investments	2 323	1 979	4 205	1 153	956	229	273	498	97	109
Eliminations Branded Consumer Goods	(261)	(228)	(499)	(135)	(121)	-	-	-	-	-
<b>Branded Consumer Goods</b>	<b>26 315</b>	<b>22 808</b>	<b>49 204</b>	<b>13 524</b>	<b>11 532</b>	<b>2 509</b>	<b>2 528</b>	<b>5 794</b>	<b>1 232</b>	<b>1 240</b>
HQ/Eliminations	7	15	38	(4)	4	(182)	(166)	(361)	(84)	(86)
<b>Branded Consumer Goods incl. HQ</b>	<b>26 322</b>	<b>22 823</b>	<b>49 242</b>	<b>13 520</b>	<b>11 536</b>	<b>2 327</b>	<b>2 362</b>	<b>5 433</b>	<b>1 148</b>	<b>1 154</b>
Hydro Power	1 139	442	1 177	677	231	924	198	702	579	112
Financial Investments	144	54	110	116	28	34	2	10	26	(1)
<b>Industrial &amp; Financial Investments</b>	<b>1 283</b>	<b>496</b>	<b>1 287</b>	<b>793</b>	<b>259</b>	<b>958</b>	<b>200</b>	<b>712</b>	<b>605</b>	<b>111</b>
Eliminations	(43)	(44)	(88)	(22)	(23)	-	-	-	-	-
<b>Orkla</b>	<b>27 562</b>	<b>23 275</b>	<b>50 441</b>	<b>14 291</b>	<b>11 772</b>	<b>3 285</b>	<b>2 562</b>	<b>6 145</b>	<b>1 753</b>	<b>1 265</b>

### Note 3 Other income and expenses

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	
	2022	2021	2021	2022	2021	2021
M&A and integration costs	(57)	(79)	(161)	(22)	(49)	
Final settlement employment relationships etc.	(13)	(58)	(69)	(10)	(46)	
Gain/loss on transactions	19	77	165	5	77	
Write-downs	(92)	(4)	(5)	0	0	
Restructuring costs and other items	(69)	(197)	(345)	(23)	(100)	
<b>Total other income and expenses</b>	<b>(212)</b>	<b>(261)</b>	<b>(415)</b>	<b>(50)</b>	<b>(118)</b>	

#### Other expenses

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 116 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 after the decision to end ownership was taken.

NOK 57 million in expenses were incurred in connection with the acquisition and integration of companies as at 30 June 2022. In addition, expenses totalling NOK 47 million were incurred in connection with restructuring and coordination projects in the Group in the first half of 2022. The biggest projects are a project related to the construction of a new biscuit factory in Latvia (Confectionery & Snacks) and an ongoing project at Orkla Headquarters aimed at assessing the Group’s operational structure.

#### Other income

In the second quarter of 2022, Orkla Confectionery & Snacks Sverige sold the Kung Oscar ginger snaps brand at a gain of NOK 5 million that has been recognised as “Other income and expenses”.

NOK 11 million was taken to income in connection with an ongoing insurance settlement related to the recall of Husk products (Nordic region) and Colon-C products (Poland) in Orkla Care in connection with a salmonella outbreak as at 30 June 2022. Expenses related to this outbreak were correspondingly recognised and are also included in “Other income and expenses”.

Orkla Eiendom (real estate) sold the Alvo Park property in Latvia in the first quarter. A total of NOK 4 million related to the sale was taken to income in the quarter and recognised as “Other income and expenses”.

### 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 30 June 2022 (after tax) totalled NOK -7 million. Accumulated translation differences correspondingly amounted to NOK 2,341 million, while accumulated items recognised in equity in associates and joint ventures amounted to NOK 449 million as at 30 June 2022.

## Note 5 Acquisitions and disposals

### *Disposals of companies*

In the first quarter of 2022, Orkla Eiendom completed the sale of the Alvo Park property in Latvia; see also Note 3.

In the second quarter of 2022, Orkla ASA sold the Lithuanian company Margiris UAB at book value. The company had a turnover of NOK 77 million in 2021 and was reported under the Orkla Confectionery & Snacks business area.

### *Purchases of companies*

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 GBP 20 million of additional purchase price 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. A preliminary analysis shows that excess value beyond book value in the company mainly consists of goodwill and trademarks and totals just under GBP 60 million.

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 has been recognised as a liability in the balance sheet.

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 still a remaining minority shareholding of 5% in the company.

### *Other matters*

As at 30 June 2022, Orkla had purchased companies for a total of NOK 1,148 million at enterprise value.

As regards the companies acquired in 2021, the purchase price allocations for Eastern Condiments, Núi Sírius, Cake Décor and For All Baking, Hans Kaspar, Ambassador92, Seagood Fort Deli, Proteinfabrikken and Sigurd Ecklund were finalised as at 30 June 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:

	30.6.	31.12.
Amounts in NOK million	2022	2021
Non-current liabilities excl. leases	(12 246)	(9 215)
Current liabilities excl. leases	(5 045)	(3 195)
Non-current receivables (in "Financial Assets")	390	395
Current receivables (in "Other receivables and financial assets")	13	54
Cash and cash equivalents	1 138	1 127
<b>Net interest-bearing liabilities excl. leases</b>	<b>(15 750)</b>	<b>(10 834)</b>
Non-current lease liabilities	(1 429)	(1 516)
Current lease liabilities	(417)	(408)
<b>Total net interest-bearing liabilities</b>	<b>(17 596)</b>	<b>(12 758)</b>

## Note 7 Interest and other financial items

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

	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
Amounts in NOK million	2022	2021	2021	2022	2021
Net interest costs excl. leases	(110)	(60)	(136)	(67)	(36)
Interest costs leases	(17)	(14)	(30)	(9)	(8)
<b>Interest, net</b>	<b>(127)</b>	<b>(74)</b>	<b>(166)</b>	<b>(76)</b>	<b>(44)</b>

	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
Amounts in NOK million	2022	2021	2021	2022	2021
Net foreign currency gain/loss	(3)	1	2	(2)	0
Interest on pensions <sup>1</sup>	3	(21)	(24)	6	(8)
Other financial items	(24)	(15)	(31)	(15)	(6)
<b>Other financial items, net</b>	<b>(24)</b>	<b>(35)</b>	<b>(53)</b>	<b>(11)</b>	<b>(14)</b>

<sup>1</sup>Includes 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 24 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 30 June 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)
<b>Treasury shares as at 30 June</b>	<b>4 286 980</b>

### *Options*

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

Options held as at 1 January	3 854 529
Allocations	2 980 120
Terminations	(66 570)
<b>Outstanding options as at 30 June</b>	<b>6 768 079</b>

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

In the first half of 2022, write-downs were taken and expenses were recognised for a total of NOK 116 million related to the decision to end Orkla's ownership of its business in Russia; see Note 3 for further information.

There were otherwise no indications of impairment of the Group's assets as at 30 June 2022.

Market growth in the first half of 2022 was affected by Russia's invasion of Ukraine, combined with the after-effects of the pandemic. The situation in Ukraine has regional and global consequences, particularly for raw material and energy prices. A protracted conflict will affect both the availability and prices of a range of raw materials 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	
<b>30 June 2022:</b>				
<b>Assets</b>				
Investments	-	-	201	201
Derivatives	-	2	-	2
<b>Liabilities</b>				
Derivatives	-	453	-	453
<b>31 December 2021:</b>				
<b>Assets</b>				
Investments	-	-	206	206
Derivatives	-	59	-	59
<b>Liabilities</b>				
Derivatives	-	88	-	88

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

## Note 12 Other matters

Nils K. Selte took up the post of Orkla President and CEO on 11 April 2022, succeeding Jaan Ivar Semlitsch who has headed the Group since August 2019. At the same time, changes were made in Orkla's corporate structure, with a subsequent change in the Group Executive Board. No changes were made in the Group's segment reporting in the first half of 2022 as a result of these changes. See also further information in the quarterly text in the section on "Other matters" on page 17 of this report.

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.

There have 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 31.

### 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 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.

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 31.

**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 low in the first half of 2022, chiefly due to the fact that the write-down of the business in Russia is not tax-deductible. Nor are expensed M&A costs tax-deductible, which means that the effective tax rate for OIE is normally lower than the Group’s tax rate.

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 June 2022 or in 2021.

	1.1.-30.6.	1.1.-31.12.	1.4.-30.6.		
Amounts in NOK million	2022	2021	2021	2022	2021
Profit/loss attributable to owners of the parent	2 359	2 184	4 808	1 277	1 037
<i>Adjustments earnings per share (adj.):</i>					
Other income and expenses after tax	201	211	349	44	94
<b>Adjusted profit for the period after non-controlling interests</b>	<b>2 560</b>	<b>2 395</b>	<b>5 157</b>	<b>1 321</b>	<b>1 131</b>
Average externally owned shares (1000 shares)	996 603	997 641	997 105	996 628	995 987
Average externally owned shares, diluted (1000 shares)	996 615	997 641	997 105	996 628	995 995
Earnings per share (NOK)	2.37	2.19	4.82	1.28	1.04
Earnings per share, diluted (NOK)	2.37	2.19	4.82	1.28	1.04
Earnings per share (adj.) (NOK)	2.57	2.40	5.17	1.33	1.14
Earnings per share (adj.), diluted (NOK)	2.57	2.40	5.17	1.33	1.14

**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 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; 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 Eastern, NutraQ, New York Pizza, Vesterålen Marine Olje, Healthspan, Sigurd Ecklund, Hans Kaspar, Nói Sírius, Cake Décor Limited, For All Baking Limited, Ambassador92, Seagood Fort Deli and Hadecoup. Adjustments have been made for the sale of Credin Russland, the water business in Latvia and the Struer brand, as well as 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 Proteinfabrikken, Norgesplaster, Win Equipment, Gortrush and Havrefras and the sale of SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm's, Ambassador92, the skin care business in Poland and the closure of Pierre Robert Sverige and the loss of distribution agreements with Panzani and OTA Solgryn.

## Organic growth by business area

Sales revenues change %	1.1.-30.6.2022				1.4.-30.6.2022			
	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods	9.4	-1.3	3.1	11.2	11.6	-	-0.5	11.0
Orkla Confectionery & Snacks	3.8	-1.9	1.3	3.1	8.8	-1.1	0.2	7.8
Orkla Care	7.0	-2.6	20.1	24.5	8.3	-1.4	24.1	30.9
Orkla Food Ingredients	21.6	-2.4	3.8	22.9	22.0	-1.1	2.3	23.2
Orkla Consumer Investments	-4.3	-1.5	23.2	17.4	-4.4	-0.6	25.5	20.6
<b>Branded Consumer Goods</b>	<b>9.9</b>	<b>-1.9</b>	<b>7.4</b>	<b>15.4</b>	<b>12.1</b>	<b>-0.7</b>	<b>5.9</b>	<b>17.3</b>

Sales revenues change %	1.1.-30.6.2021				1.4.-30.6.2021				1.1.-31.12.2021			
	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods	-1.0	-3.5	2.4	-2.1	3.0	-5.9	5.9	2.9	1.8	-3.4	4.2	2.5
Orkla Confectionery & Snacks	2.7	-2.9	0.6	0.4	-1.2	-5.0	1.2	-5.0	3.4	-3.3	2.2	2.3
Orkla Care	3.3	-2.0	1.9	3.2	2.5	-4.0	0.4	-1.2	2.3	-2.7	7.4	7.0
Orkla Food Ingredients	9.0	-5.4	5.8	9.4	20.5	-8.2	8.1	20.3	10.4	-5.2	7.1	12.3
Orkla Consumer Investments	14.3	-3.5	-2.4	8.3	13.2	-5.6	-1.3	6.2	4.8	-3.5	8.1	9.3
<b>Branded Consumer Goods</b>	<b>3.7</b>	<b>-3.6</b>	<b>2.1</b>	<b>2.3</b>	<b>6.9</b>	<b>-6.0</b>	<b>4.1</b>	<b>5.0</b>	<b>4.3</b>	<b>-3.7</b>	<b>5.2</b>	<b>5.8</b>

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

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.-30.6.2021	0.9	-3.9	4.6	1.7
1.4.-30.6.2021	-6.6	-5.4	6.7	-5.4
1.1.-31.12.2021	-3.4	-3.4	6.8	-0.1

EBIT (adj.) margin growth change percentage points	Underlying growth	Structure/ FX	Total	EBIT (adj.) margin (%)
R12M pr. 30.6.2021	0.0	0.2	0.2	11.6
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**  
Bjørn Wad