

First quarter 2023



The first quarter in breif

- Group profit before tax amounted to NOK 1,736 million, an improvement of 12% year over year
 - Organic turnover for Branded Consumer Goods grew by 13%, driven by price increases to compensate for increased costs in the value chain. Volume growth was weakly negative, with substantial variations between markets and categories.
 - EBIT (adj.) in Branded Consumer Goods including Headquarters rose by 14%. There was solid improvement for several business areas, especially for Orkla Food Ingredients.
- Jotun delivered a very strong quarter with 24% sales growth. EBITA increased by 81%, driven by volume growth, improved gross margin and good cost control.
 - Adjusted earnings per share were NOK 1.32 for the first quarter, a year-over-year improvement of 6%

Key figures for the Orkla group as at 31 March

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

| Amounts in NOK million | 1.1.–31.3. | | 1.1.–31.12. |
|---|------------|--------|-------------|
| | 2023 | 2022 | 2022 |
| Group | | | |
| Operating revenues | 16 188 | 13 271 | 58 391 |
| EBIT (adj.) | 1 606 | 1 532 | 7 411 |
| Profit/loss from associates and joint ventures | 422 | 238 | 861 |
| Profit/loss before taxes | 1 736 | 1 544 | 7 345 |
| Earnings per share, diluted (NOK) | 1.28 | 1.09 | 5.04 |
| Earnings per share (adj.), diluted (NOK) | 1.32 | 1.24 | 5.46 |
| Branded Consumer Goods | | | |
| Operating revenues | 15 755 | 12 791 | 55 402 |
| - Organic revenue growth | 13.4% | 7.7% | 9.6% |
| Branded Consumer Goods incl. headquarters (HQ) | | | |
| EBIT (adj.) | 1 348 | 1 179 | 5 025 |
| EBIT (adj.) margin | 8.6% | 9.2% | 9.1% |

Orkla President and CEO Nils K. Selte comments:

I am very pleased that Orkla can announce a broad-based, good start to the year, delivering a quarter of high organic growth and profit improvement. It is natural to highlight the performances of Jotun and Orkla Food Ingredients, which have been particularly strong, and there are strong prospects of this trend continuing into the second quarter. Due to continued increased costs and inflation, we have found it necessary to implement price increases in some areas also in this quarter.

We are now seeing signs that inflation is starting to ease in parts of our value chains. Volume performance in the quarter was weakly negative compared with last year, but we see significant variations to some extent from market to market. My greatest uncertainty at present concerns volume performance going forward as a result of economic and purchasing power trends in our markets, but we have strong brands and robust value chains, so I look ahead with cautious optimism.

When presenting our fourth-quarter 2022 results, we announced increased ambitions of cost improvement initiatives by over 40%. This target remains unchanged and will be realised increasingly in the course of the year. Let me emphasise that we continuously seek cost improvements in every part of our value chain.

Orkla's new operating model was implemented on 1 March. I am very pleased to see that the organisation is rapidly adapting, and that our transition so far has been successful and seamless. Our portfolio companies are fully engaged in their strategy processes, and I am seeing more entrepreneurship and good spirit in this work. As a result of the new organisational structure, we have

today announced the new composition of the Boards of Directors of Orkla Foods Europe and Orkla Health, which includes solid external expertise.

In the quarter we have also had the pleasure of welcoming two new CEOs: Isabelle Dulcellier at Orkla Health and Marcus Larsson at Orkla Home and Personal Care. The first a competent leader from outside Orkla, while the last is a solid senior executive recruited in-house.

In conclusion, I would like to mention that the process of finding a partner for Orkla Food Ingredients is on track.

**Nils K. Selte**

President and CEO

Market trends

High inflation and rising interest rates are reducing buying power and slowing growth in consumption in most of the markets in which Orkla operates. Inflation on a 12-month basis was 6.9% in the eurozone in March. At the same time, the European Central Bank raised its policy rate by 0.5 percentage points to 3.5%, compared with 0% in the same period of last year. In most of Orkla’s markets, sales volumes to the grocery channel have declined year over year. Orkla is also contending with increased competition from Private Label in several categories, in addition to being negatively impacted by a market shift in the grocery channel in several countries towards hard discount chains. Overall growth in market shares in the grocery channel was weakly negative in the quarter, particularly in Sweden, Denmark and the Czech Republic.

During 2022 there was high growth in the market prices of most input factors. At that time, Orkla was positively impacted by the lag effect of long-term purchasing contracts, due to which costs rose less than spot market prices increased. Although global market prices for key agricultural raw materials have levelled off and to some extent declined in the past six months, market prices for Orkla’s raw material exposure in the EU have shown a flatter trend, remaining at a higher level in the first quarter than in the same period of 2022. The exposure of the different business areas also varies considerably.

The costs to Orkla of inputs such as vegetable oils, flour, sugar, meat, cocoa and, in particular, tomato products were significantly higher, year over year. At the same time, some of the positive lag effect of purchasing contracts was reduced. At the end of the first quarter of 2023, the average term of Orkla’s

contracts was shorter than normal. The typical contract term was three to nine months in the quarter, as opposed to six to twelve months previously.

The Norwegian krone weakened by 16% against the euro and 19% against the US dollar on a monthly average basis in March, compared with the same period of 2022. The Swedish krona has also weakened against the euro and the US dollar, but less than the Norwegian krone. These changes in currency exchange rates impact negatively on Orkla’s purchasing costs for imports of raw materials, packaging and finished goods, especially to the Norwegian market and to some extent to the Swedish market. The weak Norwegian krone also has a negative effect on Orkla’s net interest-bearing liabilities, which are primarily in euro, Danish krone and Swedish krona. At the same time, the weaker Norwegian krone has given rise to positive translation effects in connection with the consolidation of Orkla’s foreign companies.

Branded Consumer Goods’ performance

| Sales revenues change % | Organic growth | FX | Structure | Total |
|-------------------------|----------------|-----|-----------|-------|
| 1.1.–31.3.2023 | 13.4 | 7.5 | 2.4 | 23.2 |

Figures may not add up due to rounding.

Turnover growth for Branded Consumer Goods in the first quarter was related to organic and structural growth, but was also substantially boosted by currency translation effects. Organic turnover growth in the quarter was 13.4% and was related to price increases. All business areas had high organic growth in the quarter, and the timing of Easter had a positive effect on sales revenues in the Scandinavian countries, especially in Norway. Overall volume performance was weakly negative, varying largely between

markets and categories. Orkla Food Ingredients delivered a particularly positive performance, while Orkla Foods Europe, Orkla Confectionery & Snacks and Orkla Consumer Investments saw a volume decline.

| EBIT (adj.) change % | Underlying growth | FX | Structure | Total |
|----------------------|-------------------|-----|-----------|-------|
| 1.1.–31.3.2023 | 5.0 | 7.5 | 1.8 | 14.3 |

Figures may not add up due to rounding.

Branded Consumer Goods incl. Headquarters (HQ) had an improvement of 14.3% in EBIT (adj.) and an improvement of 5% in underlying EBIT (adj.) in the first quarter.

The improvement in underlying profit in the quarter was largely driven by turnover growth. Input costs were still high in the first quarter, but were offset by price increases. The start-up of the new biscuit factory in Latvia has been challenging, and has entailed high temporary costs in Orkla Confectionery & Snacks. Cost improvement initiatives have made a positive contribution to profit performance.

| EBIT (adj.) margin growth change in percentage points | Underlying growth | Structure/ FX | Total | EBIT (adj.) margin 2023 (%) |
|--|----------------------|------------------|-------|--------------------------------|
| R12M per 31.3.2023 | -1.7 | -0.1 | -1.7 | 8.9 |

Figures may not add up due to rounding.

Operating margin performance on a rolling 12-month basis for Branded Consumer Goods including HQ showed an underlying year-over-year decline of 1.7 percentage points. This was driven by higher input costs. Even though the cost increases have been compensated for by implementing price

increases, it has had a dilutive effect on margin. In addition, high inflation in costs other than input costs impacted negatively on margin. Compared to the end of the fourth quarter, the margin performance has shown signs of flattening.

Structural measures (M&A)

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

Orkla Consumer & Financial Investments purchased 74% of the shares in Da Grasso, one of Poland’s leading pizza franchise chains, in December 2022. Da Grasso was consolidated into Orkla’s financial statements as of 1 January 2023.

Orkla Foods Europe has completed its purchase of 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. Khell-Food Kft. was consolidated into Orkla’s financial statements as of 1 March 2023.

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

Outlook

All in all, Orkla has seen a substantial increase in input costs in the quarter compared with the same period of 2022. There has been a general improvement in the supply situation, but geopolitical factors and climate impacts are still causing uncertainty about the medium and long term outlook. As a result of high inflation, Orkla is also experiencing increases in costs other than input costs, a situation that is expected to remain challenging in the time to come.

To improve profitability in Branded Consumer Goods, it will be necessary to continuously rationalise and optimise the value chain, while also implementing cost improvement measures. In the fourth quarter of 2022, the total cost of such measures for 2023 was raised to around NOK 1 billion, from the original target of NOK 700 million communicated on Orkla's Capital Markets Day in November 2021. The effect of these measures is a combination of cost avoidance and cost savings. Assessments will be carried out on an ongoing basis of low-profitability factories and categories in the portfolio, and optimisation of the organisational structure will be considered. Among other things, the organisation in the Czech Republic has undergone a major reorganisation and streamlining process which has contributed positively to profit performance in the first quarter. Organisational projects have also been initiated in Orkla Foods Europe, which are expected to generate positive cost effects in Norway and Sweden as from the third quarter.

There is uncertainty as regards volume performance going forward. High inflation and lower buying power and demand are expected to have a negative impact on volume performance, especially in the Nordics, Baltics

and Central Europe. Orkla has strong brands and positions, but competition from Private Label is expected to continue to increase. 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 meet future challenges. As at 31 March 2023, the group had a net interest-bearing liability of 2.0 x EBITDA (on a rolling 12-month EBITDA basis including acquisitions).

Financial matters - Group

Main figures profit/loss

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|------------|--------|-------------|
| | 2023 | 2022 | 2022 |
| Operating revenues | 16 188 | 13 271 | 58 391 |
| EBIT (adj.) | 1 606 | 1 532 | 7 411 |
| Other income and expenses | (52) | (162) | (514) |
| Operating profit | 1 554 | 1 370 | 6 897 |
| Profit/loss from associates and joint ventures | 422 | 238 | 861 |
| Interest and financial items, net | (240) | (64) | (413) |
| Profit/loss before taxes | 1 736 | 1 544 | 7 345 |
| Taxes | (410) | (415) | (2 077) |
| Profit/loss for the period | 1 326 | 1 129 | 5 268 |
| | | | |
| Earnings per share, diluted (NOK) | 1.28 | 1.09 | 5.04 |
| Earnings per share (adj.), diluted (NOK) | 1.32 | 1.24 | 5.46 |

Group operating revenues rose by 22% in the first quarter, driven by organic sales growth for Branded Consumer Goods as a result of price increases. Operating revenues also increased due to currency translation effects and structural growth.

In the first quarter, the group had a 4.8% increase in EBIT (adj.) due to higher profit for Branded Consumer Goods, partly offset by lower profit for Hydro Power, chiefly as a result of lower power prices than in the first quarter of 2022 and the windfall tax imposed in September 2022. Orkla Foods Europe, Orkla India, Orkla Care, Orkla Food Ingredients and Orkla Consumer Investments saw profit improvement, largely driven by price increases, but also by higher sales volume in some categories and markets. Profit growth for Orkla Confectionery & Snacks was negative, to a large degree due to temporary costs associated with the start-up of a new biscuit factory in Latvia.

The group's "Other income and expenses" totalled NOK -52 million in the first quarter of 2023. Other income amounted to NOK 19 million and were mainly related to an insurance case in Orkla Care. The majority of the expenses were related to M&A activity, in addition to restructuring projects in the group. For further details regarding other income and expenses, see Note 3.

Profit from associates amounted to NOK 422 million in the first quarter. This was a solid improvement, year over year, which was entirely related to a very strong quarter for Jotun.

Net financial costs in the first quarter of 2023 were considerably higher than in the corresponding period of 2022, primarily due to a higher borrowing rate, but also due to increased liabilities. The average borrowing rate was 4.4% in the quarter, compared with 1.6% year over year. The average gross debt level before lease liabilities in the quarter was NOK 18.0 billion, compared with NOK 13.1 billion in the corresponding period of 2022.

Tax in the first quarter of 2023 was at about the same level as in the corresponding period in 2022.

Earnings per share, diluted, in the first quarter were NOK 1.28, a year-over-year improvement of 17%. Adjusted earnings per share, diluted, were NOK 1.32, equivalent to a year-over-year improvement of 6%. For more information, see the chapter on Alternative Performance Measures (APM) on page 28.

Cash flow – Group

Orkla format

| Amounts in NOK million | 1.1.–31.3. | | 1.1.–31.12. |
|--|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| Cash flow from Branded Consumer Goods incl. HQ | | | |
| EBIT (adj.) | 1 348 | 1 179 | 5 025 |
| Depreciation | 577 | 491 | 2 096 |
| Changes in net working capital | (625) | (939) | (2 415) |
| Net replacement investments | (799) | (584) | (2 773) |
| Cash flow from operations (adj.) | 501 | 147 | 1 933 |
| Cash flow effect from “Other income and expenses” and pensions | (58) | (78) | (421) |
| Cash flow from operations, Branded Consumer Goods incl. HQ | 443 | 69 | 1 512 |
| Cash flow from operations, Industrial & Financial Investments | 297 | 361 | 2 316 |
| Taxes paid | (791) | (520) | (1 400) |
| Dividends received, financial items and other payments | (43) | 118 | (63) |
| Cash flow before capital transactions | (94) | 28 | 2 365 |
| Dividends paid and purchase/sale of treasury shares | (5) | (11) | (3 004) |
| Cash flow before expansion | (99) | 17 | (639) |
| Expansion investments | (79) | (51) | (447) |
| Sale of companies (enterprise value) | 0 | 29 | 132 |
| Purchase of companies (enterprise value) | (773) | (1 033) | (3 099) |
| Net cash flow | (951) | (1 038) | (4 053) |
| Currency effects of net interest-bearing liabilities | (1 444) | 425 | (377) |
| Change in net interest-bearing liabilities | (2 395) | (613) | (4 430) |
| Net interest-bearing liabilities | 19 583 | 13 371 | 17 188 |

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.

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 March 2023. Reference is made to page 21 for the consolidated statement of cash flows IFRS and reconciliation of cash flows.

Cash flow from operations from Branded Consumer Goods incl. HQ was higher in 2023 than in 2022, primarily as a result of increased profit and improved working capital performance. As at 31 March 2023, working capital was still negatively impacted by high inventory values due to high raw material costs.

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 and warehouse projects, as well as new long-term leases.

In Industrial & Financial Investments, cash flow from operations as at 31 March 2023 was slightly lower than in 2022 due to lower profit from Hydro Power, chiefly as a result of lower power prices and the windfall tax imposed in September 2022.

Taxes paid were higher, year over year, at the end of the first quarter, mainly due to higher taxes for Hydro Power on profit in 2022.

Dividends received were slightly higher than in 2022 due to profit improvement for Jotun. Financial items fell, year over year, on account of a higher borrowing rate and increased liabilities.

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

Purchases of companies totalled NOK -773 million at the end of the first quarter of 2023, and chiefly consisted of the purchase of 100% of the shares in Bubs Godis AB in Sweden, as well as 100% of the shares in Khell-Food Kft. in Hungary.

Net cash flow for the group was NOK -951 million. Negative currency translation effects due to the weaker Norwegian krone increased net interest-bearing liabilities by NOK 1,444 million. As at 31 March 2023, net interest-bearing liabilities before lease liabilities amounted to NOK 17,374 million. Including lease liabilities under IFRS 16, net interest-bearing liabilities totalled NOK 19,583 million.

As at 31 March 2023, the equity ratio was 53.1%, compared with 53.5% as at 31 December 2022. 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 Europe

| | 1.1.-31.3. | | 1.1.-31.12. |
|--------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 4 903 | 4 239 | 17 820 |
| - Organic revenue growth | 10.3% | 7.3% | 7.2% |
| EBIT (adj.) | 510 | 469 | 1 973 |
| EBIT (adj.) margin | 10.4% | 11.1% | 11.1% |

- Organic sales growth in all markets in the first quarter, primarily driven by increased prices
- Negative volume performance in the grocery channel in most markets
- Broad-based profit growth, positively affected by price increases and sales effects related to the timing of Easter

Orkla Foods Europe saw a 15.7% increase in first-quarter sales, while organic growth was 10.3%. There was broad-based, price-driven growth in sales to the grocery channel, but with associated weak volume performance across most markets. The decline in volume must be seen in conjunction with reduced buying power and higher prices to consumers. Sales to the Out-of Home sector, convenience stores and petrol stations as well as export sales continued to improve from 2022. Market shares in the grocery sector declined in several markets including the Czech Republic, Sweden and Denmark. The decline was largely attributed to a change in buying patterns, with consumers shopping more in low-price stores and at discounted prices than before.

Profit grew by 8.7% in the first quarter. Profit performance was positively impacted by implemented price increases, currency translation effects and positive sales effects related to the timing of Easter. This last factor will have the opposite effect in the following quarter. High raw material, packaging and energy costs still pose a major challenge. Weighted exposure to various purchasing categories means that the cost trend is more negative for Orkla Foods Europe than for Orkla’s other business areas. Meat, dairy products, sugar, tomato paste and rice are examples of raw materials with very steep price increases. In addition, prices of glass and metal, which are major packaging categories, have soared. Weak exchange rates are putting additional pressure on purchasing costs in both Norway and Sweden.

The first-quarter EBIT (adj.) margin was 10.4%, down 0.7 percentage points from the first quarter of 2022.

To counter the challenges posed by increased costs and weaker volumes, cost and efficiency improvement programmes have been implemented. At the end of 2022, the organisation in the Czech Republic was extensively reorganised and streamlined, a process that has made a positive contribution in the first quarter. Furthermore, various strategic alternatives are being considered for six large product categories with associated production plants. The goal is to reduce cost levels and optimise the portfolio. Large organisational projects in Norway and Sweden have been initiated and are expected to generate positive cost effects as from the third quarter.

Orkla India

| | 1.1.-31.3. | | 1.1.-31.12. |
|---------------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 672 | 550 | 2 542 |
| - <i>Organic revenue growth</i> | 17.6% | 6.4% | 15.5% |
| EBIT (adj.) | 74 | 62 | 303 |
| EBIT (adj.) margin | 11.0% | 11.3% | 11.9% |

- High organic sales growth, substantially driven by price increases across business units
- Good growth in the core categories spices, masalas and food and drink mixes
- Positive profit performance due to sales growth

Orkla India saw a 22.2% rise in sales in the first quarter, of which 17.6% was organic growth, mainly driven by price. The growth was broad-based across core categories and was related to both home markets and exports.

EBIT (adj.) was higher, year over year, with growth of 19.4% which was chiefly driven by price-related sales growth. Raw material costs have continued to rise across important inputs, especially in the spice and dairy product categories. Consequently, it will be necessary to implement further price increases in 2023. Profit growth was offset to a certain extent by increased advertising spend to strengthen key brands.

The EBIT (adj.) margin was 11.0% in the first quarter of 2023, down 0.3 percentage points, mainly due to higher advertising spend, accrual-based reporting of costs and non-recurring effects.

Orkla Confectionery & Snacks

| | 1.1.-31.3. | | 1.1.-31.12. |
|---------------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 1 994 | 1 679 | 7 578 |
| - <i>Organic revenue growth</i> | 13.6% | -1.1% | 5.2% |
| EBIT (adj.) | 187 | 191 | 989 |
| EBIT (adj.) margin | 9.4% | 11.4% | 13.1% |

- Relatively flat volume performance in the grocery market after having been negative in the second half of 2022
- Challenging start-up of new biscuit factory
- Acquisition of Bubs Godis AB completed, good sales and profit performance

Orkla Confectionery & Snacks had first-quarter sales growth of 18.8%, of which 13.6% was organic growth. The timing of Easter contributed positively to sales growth, but will have the opposite effect in the following quarter. Volume performance in the market was relatively flat after having been negative throughout the second half of 2022. Grocery market share performance was mixed, but was negatively impacted by biscuit delivery challenges. The acquisition of Bubs Godis AB was completed with accounting effect as of 1 February. The company is performing well, with sales and profit improvement in the quarter.

EBIT (adj.) for Orkla Confectionery & Snacks declined by 2.1%. The acquisition of Bubs Godis AB and currency translation effects made a positive contribution, but higher costs related to the new biscuit factory are weighing on profit. The start-up of the new biscuit factory has been and still is challenging, resulting in a temporary increase of approximately NOK 30 million in operating costs in the quarter. The challenge has primarily concerned the commissioning of new packing machines. This also had a temporary negative impact on biscuit sales. Increased operating costs and weak service levels are expected to continue in the second quarter. The delivery challenges are expected to be resolved successively in the course of the third quarter. There are no changes as regards overall project synergies.

Raw material costs were still substantially higher than in the same period of 2022, but the rise has gradually flattened out in some purchasing categories. However, the weaker Norwegian krone and Swedish krona had a negative effect on the overall cost level. Even though the higher costs have been compensated for by price increases, this had a dilutive effect on the first-quarter EBIT (adj.) margin. The EBIT (adj.) margin was 9.4% in the first quarter, a year-over-year decline of 2.0 percentage points.

Orkla Care

| | 1.1.-31.3. | | 1.1.-31.12. |
|---------------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 2 549 | 2 156 | 8 604 |
| - <i>Organic revenue growth</i> | 8.5% | 5.9% | 5.3% |
| EBIT (adj.) | 324 | 283 | 898 |
| EBIT (adj.) margin | 12.7% | 13.1% | 10.4% |

- Increased operating revenues as a result of sales growth outside Norway
- Profit growth due to higher turnover and more stable supply chains than in same period of 2022
- EBIT (adj.) margin negatively impacted by higher costs, but effect counteracted by price increases and volume. Structural growth affected EBIT (adj.) margin negatively.

Orkla Care had sales growth of 18.2% in the first quarter, of which 8.5% was organic growth. HSNQ, NutraQ and international sales accounted for a large proportion of growth in the quarter, related to both price and volume. The growth in international sales was driven by oral hygiene and sunscreen, to some extent positively affected by phasing between quarters. Sales growth was further strengthened by structural growth through the acquisition of Healthspan in 2022. The cleaning, personal care and dietary supplement categories were impacted by declining volume and reduced market shares in the grocery sector in Norway and Denmark.

Orkla Care had a 14.5% improvement in profit. The first-quarter EBIT (adj.) margin was 12.7%, compared with 13.1% for the same period in 2022. Profit was negatively impacted by broad-based cost increases. In the same period of 2022, extraordinary freight costs were incurred, and such costs have not been incurred in the first quarter of 2023. Additionally, price increases have been implemented with a positive effect on profit.

Orkla Food Ingredients

| | 1.1.–31.3. | | 1.1.–31.12. |
|---------------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 4 393 | 3 124 | 14 682 |
| - <i>Organic revenue growth</i> | 22.0% | 21.1% | 20.5% |
| EBIT (adj.) | 238 | 140 | 853 |
| EBIT (adj.) margin | 5.4% | 4.5% | 5.8% |

- Strong organic growth, broad-based across categories and geographies
- EBIT (adj.) growth positively affected by price increases, counteracted to some extent by continued increased costs
- Recently acquired Denali had sales and EBIT (adj.) growth in the first quarter, according to plan

Orkla Food Ingredients had an increase of 40.6% in first-quarter operating revenues, of which 22.0% was organic. There was broad-based organic growth across categories and geographies. Growth was mainly related to increases in selling prices to customers in order to counteract higher raw material costs. Sales volume was also positive in the first quarter, chiefly driven by plant-based drinks and margarine.

EBIT (adj.) improved by 70.0% in the first quarter. The growth was mainly related to positive contributions from price increases, offset to some extent by increased operating costs as a result of higher raw material costs, but also in other cost categories such as transport and energy. Profit growth was positively impacted by currency translation effects and the acquisition of Denali, which delivered growth according to plan in the first quarter. High inflation across Europe and the USA is generating uncertainty as regards future buying power and, as a consequence, volume performance.

The EBIT (adj.) margin was 5.4% in the first quarter, a year-over-year improvement of 0.9 percentage points. The improvement was primarily related to economies of scale for fixed costs, and the positive mix effect from the acquisition of Denali.

Orkla Consumer Investments

| | 1.1.-31.3. | | 1.1.-31.12. |
|---------------------------------|------------|-------|-------------|
| Amounts in NOK million | 2023 | 2022 | 2022 |
| Operating revenues | 1 401 | 1 170 | 4 751 |
| - <i>Organic revenue growth</i> | 9.0% | -4.3% | 0.6% |
| EBIT (adj.) | 137 | 132 | 383 |
| EBIT (adj.) margin | 9.8% | 11.3% | 8.1% |

- Continued sales growth for the pizza franchise restaurants, driven by price increases
- Painting tool sales continue to decline
- Higher costs in the quarter weigh on profit

Orkla Consumer Investments had turnover growth of 19.7% in the first quarter, of which 9.0% was organic sales growth. There was still good growth in chain sales for franchise outlets in the pizza market, except in the German market, primarily driven by price increases. Lilleborg and Pierre Robert Group also saw good sales growth. Sales in Orkla House Care continued to decline, due especially to lower demand in the Nordic region.

First-quarter EBIT (adj.) improved by 3.8%, positively impacted by the acquisition of Da Grasso and strong, positive currency translation effects. Cost inflation continues to weigh on profit.

The EBIT (adj.) margin was 9.8% in the first quarter, a year-over-year decline of 1.5 percentage points.

Industrial & Financial Investments

Hydro Power

| | 1.1.-31.3. | | 1.1.-31.12. |
|---------------------------|------------|-------|-------------|
| | 2023 | 2022 | 2022 |
| Volume (GWh) | 503 | 511 | 2 237 |
| Price* (øre/kWh) | 118.0 | 149.4 | 193.9 |
| EBIT (adj.) (NOK million) | 255 | 345 | 2 328 |

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

EBIT (adj.) for Hydro Power amounted to NOK 255 million in the first quarter of 2023. The decline in profit was primarily due to lower power prices, year over year, and the effect of the windfall tax introduced in September 2022. Power prices are still relatively high, even though a mild winter on the continent and high European gas storage levels have reduced price levels from the levels in autumn 2022.

The power price in Eastern Norway (NO1) was 118.0 øre/kWh in the quarter, as opposed to 149.4 øre/kWh in the first quarter of 2022. Total production in the quarter was 503 GWh (511 GWh).

First-quarter operating costs were higher than in the same period of 2022. This was mainly due to the effects of the windfall tax, as well as to scheduled maintenance projects. At quarter end, reservoir levels in Sauda were slightly lower than normal, but the snowpack level was also somewhat lower than normal. The overall snow situation and reservoir levels in the catchment area of the Glomma and Laagen rivers were normal.

Financial Investments

EBIT (adj.) totalled NOK 3 million in the first quarter, compared with NOK 8 million year over year. Developing the current real estate portfolio was the main activity in the period.

Jotun (42.7% interest)

The solid growth in sales continued in the first quarter of 2023, with reported year-over-year sales growth of 24%. Adjusted for positive currency translation effects due to the weaker Norwegian krone, underlying sales growth was 18%. The strong underlying growth was driven by price increases as well as moderate volume growth. The growth in sales was particularly strong in the Decorative, Marine and Protective segments, with more modest underlying development in Powder.

Operating profit rose by 81% in the first quarter, driven by improved gross margin, volume growth and good cost control. Raw material prices eased somewhat in the first quarter, but remain at historically high levels. The improvement in gross margin is primarily explained by the effects of the price increases, but lower raw material prices are also starting to have a positive impact on gross margin.

Jotun expects continued sales growth and year-on-year margin improvement in the upcoming quarter. While Jotun’s outlook is positive, significant uncertainties persist, including increased currency volatility in key markets, rising inflation and interest rates around the world as well as lower global economic growth outlook. However, Jotun is well positioned for further profitable growth and maintains its long-term growth and investment plans.

Other matters

At the Annual General Meeting on 13 April 2023, the following shareholder-elected members of Orkla's Board of Directors were re-elected for one year: Stein Erik Hagen (Board Chair), Liselott Kilaas, Peter Agnefjäll, Anna Mossberg, Christina Fagerberg and Rolv Erik Ryssdal. Caroline Hagen Kjos was elected as a new Board member for one year.

The General Meeting approved a dividend of NOK 3.00 per share for the 2022 financial year, which was paid out on 27 April 2023. Orkla shares were listed exclusive of dividend as of 14 April 2023.

Orkla's new operating model entered into effect on 1 March 2023. Reporting in accordance with the new structure will apply as of the second quarter of 2023.

Oslo, 8 May 2023

The Board of Directors of Orkla ASA

(This translation from Norwegian of Orkla's first quarter report of 2023 has been made for information purposes only.)

Condensed income statement

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|---|--------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| Operating revenues | 16 188 | 13 271 | 58 391 |
| Operating expenses | (13 966) | (11 208) | (48 723) |
| Depreciation | (616) | (531) | (2 257) |
| EBIT (adj.) | 1 606 | 1 532 | 7 411 |
| Other income and expenses | (52) | (162) | (514) |
| Operating profit | 1 554 | 1 370 | 6 897 |
| Profit/loss from associates and joint ventures | 422 | 238 | 861 |
| Interest, net | (190) | (51) | (353) |
| Other financial items, net | (50) | (13) | (60) |
| Profit/loss before taxes | 1 736 | 1 544 | 7 345 |
| Taxes | (410) | (415) | (2 077) |
| Profit/loss for the period | 1 326 | 1 129 | 5 268 |
| Profit/loss attributable to non-controlling interests | 50 | 47 | 249 |
| Profit/loss attributable to owners of the parent | 1 276 | 1 082 | 5 019 |

Earnings per share

| Amounts in NOK | 1.1.-31.3. | | 1.1.-31.12. |
|------------------------------------|------------|------|-------------|
| | 2023 | 2022 | 2022 |
| Earnings per share | 1.28 | 1.09 | 5.04 |
| Earnings per share, diluted | 1.28 | 1.09 | 5.04 |
| Earnings per share (adj.) | 1.32 | 1.24 | 5.46 |
| Earnings per share (adj.), diluted | 1.32 | 1.24 | 5.46 |

Condensed statement of comprehensive income

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|--------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| Profit/loss for the period | 1 326 | 1 129 | 5 268 |
| Other items in comprehensive income | | | |
| Actuarial gains and losses pensions | 2 | - | 354 |
| Changes in fair value shares | (27) | - | (17) |
| Items not to be reclassified to profit/loss in subsequent periods | (25) | 0 | 337 |
| Change in hedging reserve | (10) | 20 | 41 |
| Carried against equity in associates and joint ventures | 371 | (92) | 272 |
| Translation effects | 1 689 | (507) | 580 |
| Items after tax to be reclassified to profit/loss in subsequent periods | 2 050 | (579) | 893 |
| The group's comprehensive income | 3 351 | 550 | 6 498 |
| Comprehensive income attributable to non-controlling interests | 138 | 30 | 262 |
| Comprehensive income attributable to owners of the parent | 3 213 | 520 | 6 236 |

Condensed statement of financial position

Assets

| Amounts in NOK million | Note | 31.3.2023 | 31.12.2022 |
|---|------|---------------|---------------|
| Intangible assets | | 36 046 | 33 710 |
| Property, plant and equipment | | 20 691 | 19 138 |
| Associates, joint ventures and other financial assets | 6 | 7 524 | 6 857 |
| Non-current assets | | 64 261 | 59 705 |
| Inventories | | 11 574 | 10 359 |
| Trade receivables | | 9 110 | 7 709 |
| Other receivables and financial assets | 6 | 1 371 | 1 396 |
| Cash and cash equivalents | 6 | 1 315 | 1 502 |
| Current assets | | 23 370 | 20 966 |
| Total assets | | 87 631 | 80 671 |

Equity and liabilities

| Amounts in NOK million | Note | 31.3.2023 | 31.12.2022 |
|--|------|---------------|---------------|
| Paid-in equity | | 1 968 | 1 968 |
| Retained equity | | 42 940 | 39 718 |
| Non-controlling interests | | 1 603 | 1 470 |
| Equity | | 46 511 | 43 156 |
| Provisions and other non-current liabilities | | 5 246 | 4 886 |
| Non-current interest-bearing liabilities | 6 | 15 210 | 14 975 |
| Current interest-bearing liabilities | 6 | 6 101 | 4 127 |
| Trade payables | | 8 967 | 8 134 |
| Other current liabilities | | 5 596 | 5 393 |
| Equity and liabilities | | 87 631 | 80 671 |
| Equity ratio | | 53.1% | 53.5% |

Condensed statement of changes in equity

| Amounts in NOK million | 1.1.–31.3.2023 | | | 1.1.–31.3.2022 | | |
|--------------------------------------|--|---------------------------|---------------|--|---------------------------|---------------|
| | 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 | 41 686 | 1 470 | 43 156 | 38 441 | 910 | 39 351 |
| The group's comprehensive income | 3 213 | 138 | 3 351 | 520 | 30 | 550 |
| Dividends | - | (5) | (5) | - | (11) | (11) |
| Net purchase/sale of treasury shares | - | - | - | - | - | - |
| Share-based payment | 9 | - | 9 | 8 | - | 8 |
| Change in non-controlling interests | - | - | - | - | - | - |
| Equity 31 March | 44 908 | 1 603 | 46 511 | 38 969 | 929 | 39 898 |

Condensed statement of cash flow IFRS

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| Cash flow from operations before capital expenditure | 1 553 | 1 017 | 6 706 |
| Received dividends and paid financial items | (13) | 89 | (76) |
| Taxes paid | (791) | (520) | (1 400) |
| Cash flow from operating activities | 749 | 586 | 5 230 |
| Net capital expenditure | (736) | (583) | (2 777) |
| Net sale (purchase) of companies | (643) | (842) | (2 793) |
| Other payments | (30) | 29 | 13 |
| Cash flow from investing activities | (1 409) | (1 396) | (5 557) |
| Paid to shareholders | (5) | (11) | (3 004) |
| Cash flow from financing activities excl. paid to shareholders | 307 | 1 563 | 3 663 |
| Cash flow from financing activities | 302 | 1 552 | 659 |
| Currency effects cash and cash equivalents | 171 | (6) | 43 |
| Change in cash and cash equivalents | (187) | 736 | 375 |
| Cash and cash equivalents | 1 315 | 1 863 | 1 502 |

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

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|-------------|------------|--------------|
| | 2023 | 2022 | 2022 |
| Cash flow from operating activities IFRS cash flow | 749 | 586 | 5 230 |
| <i>Items not incl. in operating activities:</i> | | | |
| Net replacement expenditures | | | |
| Branded Consumer Goods incl. HQ | (799) | (584) | (2 773) |
| Net replacement expenditures | | | |
| Industrial & Financial Investments | (14) | (3) | (105) |
| Other payments | (30) | 29 | 13 |
| Cash flow before capital transactions in cash flow Orkla format | (94) | 28 | 2 365 |

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

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|--------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| Change cash and cash equivalents IFRS cash flow | 187 | (736) | (375) |
| Change net interest-bearing liabilities IFRS cash flow | 307 | 1 563 | 3 663 |
| Net interest-bearing liabilities in purchased/sold companies | 130 | 162 | 174 |
| Interest-bearing liabilities new leases | 156 | 55 | 548 |
| Total currency effect net interest-bearing liabilities | 1 444 | (425) | 377 |
| Currency effect cash and cash equivalents | 171 | (6) | 43 |
| Change net interest-bearing liabilities Orkla format | 2 395 | 613 | 4 430 |

Note 1 General information

Orkla ASA’s condensed consolidated financial statements as at 31 March 2023 were approved at the Board of Directors’ meeting on 8 May 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.

In 2023, Orkla has been transformed into an industrial investment company with a brands and consumer-oriented scope. The new operating model was established on 1 March, but will be implemented in internal and external reporting as from the second quarter of 2023.

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.–31.3. | | 1.1.–31.12. | 1.1.–31.3. | | 1.1.–31.12. |
| | 2023 | 2022 | 2022 | 2023 | 2022 | 2022 |
| Orkla Foods Europe | 4 903 | 4 239 | 17 820 | 510 | 469 | 1 973 |
| Orkla India | 672 | 550 | 2 542 | 74 | 62 | 303 |
| Orkla Confectionery & Snacks | 1 994 | 1 679 | 7 578 | 187 | 191 | 989 |
| Orkla Care | 2 549 | 2 156 | 8 604 | 324 | 283 | 898 |
| Orkla Food Ingredients | 4 393 | 3 124 | 14 682 | 238 | 140 | 853 |
| Orkla Consumer Investments | 1 401 | 1 170 | 4 751 | 137 | 132 | 383 |
| Eliminations Branded Consumer Goods | (157) | (127) | (575) | - | - | - |
| Branded Consumer Goods | 15 755 | 12 791 | 55 402 | 1 470 | 1 277 | 5 399 |
| HQ/Eliminations | 4 | 11 | 20 | (122) | (98) | (374) |
| Branded Consumer Goods incl. HQ | 15 759 | 12 802 | 55 422 | 1 348 | 1 179 | 5 025 |
| Hydro Power | 417 | 462 | 2 744 | 255 | 345 | 2 328 |
| Financial Investments | 30 | 28 | 325 | 3 | 8 | 58 |
| Industrial & Financial Investments | 447 | 490 | 3 069 | 258 | 353 | 2 386 |
| Eliminations | (18) | (21) | (100) | - | - | - |
| Orkla | 16 188 | 13 271 | 58 391 | 1 606 | 1 532 | 7 411 |

Note 3 Other income and expenses

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|--|-------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| M&A and integration costs | (36) | (35) | (174) |
| Final settlement employment relationships etc. | (12) | (3) | (53) |
| Gain/loss on transactions | 19 | 14 | 127 |
| Write-downs | - | (21) | (147) |
| Restructuring costs and other items | (23) | (117) | (267) |
| Total other income and expenses | (52) | (162) | (514) |

Other income

An insurance settlement of NOK 17 million related to the recall of NutraQ products in 2021 was taken to income.

Other expenses

A total of NOK 36 million was incurred in expenses related to the acquisition and integration of companies as at 31 March 2023. In addition, NOK 35 million was incurred as at 31 March 2023 in connection with restructuring and coordination projects in the group. The largest projects concern a major restructuring project in Orkla Foods Česko a Slovensko and the 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.

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 March 2023 (after tax) totalled NOK -24 million. Accumulated translation differences correspondingly amounted to NOK 4,035 million, while accumulated items recognised in equity in associates and joint ventures amounted to NOK 773 million as at 31 March 2023.

Note 5 Acquisitions and disposals

Acquisitions of companies

Orkla Confectionery & Snacks has purchased 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 price at enterprise value was just under NOK 600 million and assets other than book values in the company consist mainly of goodwill and brands. The company was consolidated into Orkla’s financial statements as of 1 February 2023.

Orkla Foods Europe has purchased 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 company was consolidated into Orkla’s financial statements as of 1 March 2023.

Disposals of companies

No companies were divested in the first quarter of 2023.

Other matters

As at 31 March 2023, Orkla had purchased companies for a total of NOK 773 million at enterprise value.

With regard to companies acquired in 2022, the purchase price allocations for Healthspan Group (Orkla Care) and Vesterålen Marine Olje (Orkla Care) were finalised as at 31 March 2023. 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:

| | 31.3. | 31.12. |
|---|-----------------|-----------------|
| Amounts in NOK million | 2023 | 2022 |
| Non-current liabilities excl. leases | (13 518) | (13 446) |
| Current liabilities excl. leases | (5 584) | (3 685) |
| Non-current receivables (in “Financial Assets”) | 399 | 396 |
| Current receivables (in “Other receivables and financial assets”) | 14 | 16 |
| Cash and cash equivalents | 1 315 | 1 502 |
| Net interest-bearing liabilities excl. leases | (17 374) | (15 217) |
| Non-current lease liabilities | (1 692) | (1 529) |
| Current lease liabilities | (517) | (442) |
| Total net interest-bearing liabilities | (19 583) | (17 188) |

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.–31.3. | 1.1.–31.12. |
|---------------------------------|--------------|-------------|
| Amounts in NOK million | 2023 | 2022 |
| Net interest costs excl. leases | (177) | (43) |
| Interest costs leases | (13) | (8) |
| Interest, net | (190) | (51) |

| | 1.1.–31.3. | 1.1.–31.12. |
|-----------------------------------|-------------|-------------|
| Amounts in NOK million | 2023 | 2022 |
| Net foreign currency gain/loss | 3 | (1) |
| Interest on pensions ¹ | (20) | (3) |
| Other financial items | (33) | (9) |
| Other financial items, net | (50) | (60) |

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 agreements are based on market terms.

As at 31 March 2023, there were no special transactions between the group and related parties.

Note 10 Assessments relating to impairment

As at 31 March 2023, there were no indications of impairment of the group’s assets.

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 from the fourth quarter of 2022 and into the first quarter of 2023. Based on estimated future cash flows, Orkla Confectionery & Snacks Latvija justifies its carrying value, but its performance going forward will be tracked closely in relation to assumed profit performance.

Note 9 Treasury shares and options

Treasury shares

The group owns 4,286,980 treasury shares. There were no changes in Orkla’s holding of treasury shares in the first quarter of 2023.

Options

Changes in Orkla’s holding of options outstanding in 2023:

| | |
|---|------------------|
| Options outstanding as at 1 January | 6 478 811 |
| Terminations | (118 279) |
| Options outstanding as at 31 March | 6 360 532 |

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 March 2023: | | | | |
| Assets | | | | |
| Investments | - | - | 256 | 256 |
| Derivatives | - | 12 | - | 12 |
| Liabilities | | | | |
| Derivatives | - | 769 | - | 769 |
| 31 December 2022: | | | | |
| Assets | | | | |
| Investments | - | - | 263 | 263 |
| Derivatives | - | 23 | - | 23 |
| Liabilities | | | | |
| Derivatives | - | 388 | - | 388 |

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

Note 12 Other matters

On 13 April 2023, 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 27 April 2023 and totalled NOK 3.0 billion.

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 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 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 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 lower than the group’s tax rate, chiefly due to the fact that expensed M&A costs and the write-down of the business in Russia (2022) are not tax-deductible. Non-taxable income increases the tax rate for OIE somewhat in 2023. The effective tax rate for OIE as at 31 March 2023 was 15%, compared with 3% year over year.

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 2023 or 2022.

| Amounts in NOK million | 1.1.-31.3. | | 1.1.-31.12. |
|---|--------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| Profit/loss attributable to owners of the parent | 1 276 | 1 082 | 5 019 |
| <i>Adjustments earnings per share (adj.):</i> | | | |
| Other income and expenses after tax | 44 | 158 | 427 |
| Adjusted profit for the period after non-controlling interests | 1 320 | 1 240 | 5 446 |
| | | | |
| Average externally owned shares (1000 shares) | 997 144 | 996 578 | 996 876 |
| Average externally owned shares, diluted (1000 shares) | 997 144 | 996 578 | 996 880 |
| Earnings per share (NOK) | 1.28 | 1.09 | 5.04 |
| Earnings per share, diluted (NOK) | 1.28 | 1.09 | 5.04 |
| Earnings per share (adj.) (NOK) | 1.32 | 1.24 | 5.46 |
| Earnings per share (adj.), diluted (NOK) | 1.32 | 1.24 | 5.46 |

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 Bubs Godis AB, Da Grasso, Khell-Foods, Denali Ingredients, Lofoten Marine Oils, Healthspan and Hade coup, and the winding-up of Hamé Foods in Russia and sale of the convenience business in Orkla Latvija and the Struer brand. Adjustments were also made for the loss of a distribution agreement with PepsiCo, and the distribution of tea in Orkla India. Structural adjustments were made at business area level for the internal relocation of plant-based production and parts of the Idun brand.

In 2022, adjustments were also made for the acquisition of Vesterålen Marine Olje, Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Núi Sírius, Cake Décor Limited, For All Baking Ltd., Ambassador92 and SeaGood Fort Deli. Adjustments have been made for the sale of Credin Russland, the Struer brand, and the water business under the Everest brand in Orkla Latvija. A structural adjustment was made at business area level for the internal relocation of the Oolannin brand.

Organic growth by business area

| Sales revenues change % | 1.1.–31.3.2023 | | | |
|-------------------------------|----------------|------------|------------|-------------|
| | Organic growth | FX | Structure | Total |
| Orkla Foods Europe | 10.3 | 6.5 | -1.1 | 15.7 |
| Orkla India | 17.6 | 6.9 | -2.3 | 22.2 |
| Orkla Confectionery & Snacks | 13.6 | 6.3 | -1.1 | 18.8 |
| Orkla Care | 8.5 | 5.2 | 4.5 | 18.2 |
| Orkla Food Ingredients | 22.0 | 11.2 | 7.4 | 40.6 |
| Orkla Consumer Investments | 9.0 | 7.4 | 3.3 | 19.7 |
| Branded Consumer Goods | 13.4 | 7.5 | 2.4 | 23.2 |

| Sales revenues change % | 1.1.–31.3.2022 | | | | 1.1.–31.12.2022 | | | |
|-------------------------------|----------------|-------------|------------|-------------|-----------------|-------------|------------|-------------|
| | Organic growth | FX | Structure | Total | Organic growth | FX | Structure | Total |
| Orkla Foods Europe | 7.3 | -2.9 | 0.7 | 5.1 | 7.2 | -1.4 | -0.3 | 5.5 |
| Orkla India | 6.4 | 1.3 | 99.9 | 107.5 | 15.5 | 6.8 | 13.8 | 36.0 |
| Orkla Confectionery & Snacks | -1.1 | -2.7 | 2.5 | -1.3 | 5.2 | -1.1 | -0.8 | 3.3 |
| Orkla Care | 5.9 | -3.6 | 16.6 | 18.9 | 5.3 | -1.9 | 13.0 | 16.4 |
| Orkla Food Ingredients | 21.1 | -4.0 | 5.6 | 22.7 | 20.5 | -1.2 | 2.8 | 22.2 |
| Orkla Consumer Investments | -4.3 | -2.3 | 21.1 | 14.4 | 0.6 | -0.6 | 13.0 | 13.0 |
| Branded Consumer Goods | 7.7 | -3.1 | 8.8 | 13.4 | 9.6 | -1.0 | 4.0 | 12.6 |

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

| EBIT (adj.) change % | Underlying growth | FX | Structure | Total |
|----------------------|-------------------|------|-----------|-------|
| 1.1.–31.3.2022 | -7.3 | -2.6 | 7.6 | -2.4 |
| 1.1.–31.12.2022 | -9.5 | -0.8 | 2.8 | -7.5 |

| EBIT (adj.) margin growth change percentage points | Underlying growth | Structure/FX | Total | EBIT (adj.) margin (%) |
|---|-------------------|--------------|-------|---------------------------|
| R12M per 31.3.2022 | -1.4 | 0.2 | -1.3 | 10.6 |
| 1.1.–31.12.2022 | -1.9 | -0.1 | -1.9 | 9.1 |

Figures may not add up due to rounding.

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

Photo
Bjørn Wad