

Annual Financial Statements Orkla Group

04



INCOME STATEMENT, EARNINGS PER SHARE AND STATEMENT OF COMPREHENSIVE INCOME

The Income Statement presents revenues and expenses for the companies consolidated in the Group and measures the results of companies that are reported using the equity method. Results for the accounting period are measured in accordance with International Financial Reporting Standards (IFRS). All internal matters have been eliminated. Items which only to a limited degree are reliable indicators of the Group's ongoing profitability are presented on separate lines as "Other income" and "Other expenses". The notes explain the contents of the different lines of the statement.

Earnings per Share are calculated on the basis of profit or loss for the year attributable to owners of the parent divided by the average number of shares outstanding.

The Statement of Comprehensive Income shows the result of all items that are credited/charged to equity, but are not included in profit or loss for the year and are not transactions with owners.

Amounts in NOK million	Note	2020	2019
INCOME STATEMENT			
Sales revenues	7, 9	46 962	43 381
Other operating revenues	7, 9	175	234
Operating revenues	7, 9	47 137	43 615
Cost of materials	10	(23 430)	(21 696)
Payroll expenses	11, 12	(8 971)	(8 202)
Other operating expenses	13	(7 300)	(6 886)
Depreciation	7, 19, 20, 21	(1 944)	(1 743)
Operating profit before other income and expenses (EBIT adj.)	7	5 492	5 088
Other income	7, 14	145	379
Other expenses	7, 14	(1 075)	(940)
Operating profit	7	4 562	4 527
Profit/loss from associates and joint ventures	6	1 000	659
Interest income	15	20	18
Interest costs	15, 21	(182)	(210)
Other financial income	15	9	15
Other financial costs	15	(61)	(78)
Profit/loss before taxes		5 348	4 931
Taxes	16	(926)	(1 033)
Profit/loss for the year		4 422	3 898
Profit/loss attributable to non-controlling interests	33	51	60
Profit/loss attributable to owners of the parent		4 371	3 838

Amounts in NOK million	Note	2020	2019
EARNINGS PER SHARE			
Earnings per share (NOK) ¹	17	4,37	3,84
STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the year		4 422	3 898
Other items in comprehensive income			
<i>Items after tax <u>not</u> to be reclassified to profit/loss in subsequent periods</i>			
Actuarial gains and losses pensions	12, 16	(16)	(244)
Changes in fair value shares		42	1
<i>Items after tax to be reclassified to profit/loss in subsequent periods</i>			
Change in hedging reserve	16, 31	(107)	58
Items charged to equity in associates and joint ventures	6	(91)	29
Translation effects		1 260	(146)
Hedging of net investment in foreign operations	31	(146)	(3)
Comprehensive income		5 364	3 593
Comprehensive income attributable to non-controlling interests	33	62	58
Comprehensive income attributable to owners of the parent		5 302	3 535

¹No dilutive effect.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position presents the Group's assets, broken down into non-current and current items, and shows how they have been financed, broken down into equity and non-current and current liabilities. All internal matters have been eliminated. The statement of financial position items are explained in the notes to the financial statements.

Amounts in NOK million	Note	2020	2019
ASSETS			
Property, plant and equipment	7, 20, 21	16 274	15 402
Intangible assets	7, 19	24 209	22 727
Deferred tax assets	16	125	27
Investments in associates and joint ventures	6, 7	4 799	4 176
Other financial assets	22	569	408
Total non-current assets		45 976	42 740
Inventories	23	6 530	5 868
Inventory of development property	23	96	90
Trade receivables	24	6 256	6 078
Other receivables and financial assets	24	936	968
Cash and cash equivalents	25	3 213	1 669
Total current assets		17 031	14 673
Total assets		63 007	57 413

Amounts in NOK million	Note	2020	2019
EQUITY AND LIABILITIES			
Paid-in equity	32	1 972	1 972
Retained earnings		35 270	32 480
Non-controlling interests	33	462	460
Total equity		37 704	34 912
Interest-bearing liabilities	21, 28, 29	9 359	7 783
Deferred tax	16	1 681	1 619
Provisions and other liabilities	26	3 390	3 181
Total non-current liabilities		14 430	12 583
Interest-bearing liabilities	21, 28, 29	664	803
Income tax payable	16	380	533
Trade payables	27	6 526	5 591
Other liabilities	27	3 303	2 991
Total current liabilities		10 873	9 918
Total equity and liabilities		63 007	57 413

STATEMENT OF CASH FLOWS

The Statement of Cash Flows in accordance with IFRS shows how the Group's cash flows are broken down into cash flow from operating, investing and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period. Orkla also prepares a separate cash flow statement that is used for internal management purposes and is part of the basis for the comments in the Report of the Board of Directors and the presentation in the segment information; see Note 38.

Amounts in NOK million	Note	2020	2019
Profit before taxes		5 348	4 931
Depreciation and write-downs	14, 19, 20, 21	2 454	2 221
Changes in net working capital, etc.		672	471
Profit/loss from associates and joint ventures	6	(1 000)	(659)
Dividends received from associates and joint ventures	6	233	184
Gains, losses and write-downs shares and financial assets, moved to investing activities	15	0	9
Financial items without cash flow effect	15	43	93
Taxes paid	16	(1 152)	(1 129)
CASH FLOW FROM OPERATING ACTIVITIES		6 598	6 121
Sale of property, plant and equipment	8	161	54
Investments in property, plant and equipment and intangible assets	8	(2 607)	(2 522)
Sold companies	5, 6	193	432
Acquired companies	5, 6	(700)	(2 858)
Other capital transactions		29	(197)
CASH FLOW FROM INVESTING ACTIVITIES		(2 924)	(5 091)

Amounts in NOK million	Note	2020	2019
Dividends paid		(2 666)	(2 648)
Sale of treasury shares		57	59
Net paid to shareholders	32	(2 609)	(2 589)
Proceeds from borrowings		1 462	2 210
Repayments of borrowings		(27)	(434)
Repayments of lease liabilities	21	(529)	(492)
Net change in current liabilities		(517)	116
Net change in interest-bearing receivables		(65)	(151)
Net cash flow from/(used in) financing activities¹	29, 38	324	1 249
CASH FLOW FROM FINANCING ACTIVITIES		(2 285)	(1 340)
Currency effect on cash and cash equivalents		155	1
Change in cash and cash equivalents		1 544	(309)
Cash and cash equivalents 1 January		1 669	1 978
Cash and cash equivalents 31 December	25	3 213	1 669
Change in cash and cash equivalents		1 544	(309)

¹Reported excl. interest-bearing liabilities and receivables that are part of company acquisition and disposal transactions; see the reconciliation in Note 38.

STATEMENT OF CHANGES IN EQUITY

Equity changes from one period to the next in accordance with the Group's comprehensive income. Furthermore, transactions with owners will be presented as separate items. This applies to matters such as dividends to shareholders, share issues and the Group's purchase and sale of treasury shares. The equity in Orkla ASA (see the annual financial statements for Orkla ASA) constitutes the basis of calculation for and the limitation on the dividends paid to the Group's shareholders.

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Hedging reserve ¹	Items charged to equity in associates and JV ²	Net translation effects	Other retained equity	Total Group	Non-controlling interests	Total equity
Equity 1 January 2019	1 274	(24)	721	1 971	(158)	224	1 524	29 956	33 517	436	33 953
Profit/loss for the year	-	-	-	-	-	-	-	3 838	3 838	60	3 898
Items in comprehensive income	-	-	-	-	58	29	(147)	(243)	(303)	(2)	(305)
Group comprehensive income	-	-	-	-	58	29	(147)	3 595	3 535	58	3 593
Dividends paid	-	-	-	-	-	-	-	(2 599)	(2 599)	(49)	(2 648)
Cancellation of treasury shares	(22)	22	-	-	-	-	-	-	-	-	0
Net sale of treasury shares	-	1	-	1	-	-	-	58	59	-	59
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	(60)	(60)	15	(45)
Equity 31 December 2019	1 252	(1)	721	1 972	(100)	253	1 377	30 950	34 452	460	34 912
Profit/loss for the year	-	-	-	-	-	-	-	4 371	4 371	51	4 422
Items in comprehensive income	-	-	-	-	(107)	(91)	1 103	26	931	11	942
Group comprehensive income	-	-	-	-	(107)	(91)	1 103	4 397	5 302	62	5 364
Dividends paid	-	-	-	-	-	-	-	(2 598)	(2 598)	(68)	(2 666)
Net purchase of treasury shares	-	-	-	-	-	-	-	57	57	-	57
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	29	29	8	37
Equity 31 December 2020	1 252	(1)	721	1 972	(207)	162	2 480	32 835	37 242	462	37 704

¹See Note 31 for unrealised gains before tax.

²Items charged to equity in associates and joint ventures (JV).

Oslo, 15 March 2021
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Ingrid Jonasson Blank

Nils K. Selte

Liselott Kilaas

Peter Agnefjäll

Anna Mossberg

Anders Kristiansen

Terje Utstrand

Sverre Josvanger

Karin Hansson

Roger Vangen

Jaan Ivar Semlitsch
President and CEO

(This translation from Norwegian of the Annual Financial Statements has been made for information purposes only.)

also established operations in Denmark, Finland and Sweden. These four countries account for around 90% of turnover. The company has around 150 employees. With its subscription-based business model, NutraQ represents a new business approach for Orkla. The number of active subscriptions has grown organically by an average of 13% annually in the period 2018-2020. The company had a turnover of NOK 862 million in 2020 and EBITDA of NOK 188 million. The parties have agreed on a purchase price that values NutraQ at NOK 3.1 billion at enterprise value. The agreement is subject to the approval of the relevant competition authorities, and the acquisition is expected to be completed by the end of the third quarter of 2021.

On 1 March 2021, Orkla announced its acquisition of 80 % of the shares in Finnish food service company Seagood Oy Fort Deli ("Fort Deli"). Fort Deli holds a strong position in the Finnish HoReCa market, which accounts for around 80% of the company's revenues. The company is an established supplier of frozen products, sauces, and condiments in Finland. Fort Deli has 10 employees and its turnover totalled EUR 8.7 million (approx. NOK 90 million) in 2020. The company will be consolidated into Orkla's financial statements as of 1 March 2021.

On 2 March 2021, Orkla acquired the operations of the Polish sales and distribution company Ambassador92. Ambassador92 is a leading company in the sales and distribution of bakery and confectionery products in northern Poland and holds a strong position in the growing Out of Home channel, consisting of bakeries, confectioners and ice-cream producers. The company had a turnover of PLN 138 million (approx. NOK 315 million) in 2020. The company has 128 employees, and will be part of Orkla's business area Orkla Food Ingredients. The Polish competition authorities have approved the transaction. The company will be consolidated into Orkla's financial statements as of 1 March 2021.

Other matters

No other events have taken place after the balance sheet date that would have had a material effect on the financial statements or any assessments carried out.