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First quarter 2022



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First quarter 2022

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**Hydro**

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Summary of financial and operating results and liquidity

Key financial information

| NOK million, except per share data | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|---------------|
| Revenue | 46,616 | 31,951 | 46% | 46,433 | - | 149,654 |
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 8,217 | 4,079 | >100% | 12,462 | (34)% | 26,050 |
| Adjustments to EBITDA ¹⁾ | 2,948 | 1,103 | >100% | (3,451) | >100% | 1,959 |
| Adjusted EBITDA¹⁾ | 11,165 | 5,182 | >100% | 9,011 | 24% | 28,010 |
| Adjusted EBITDA | | | | | | |
| Hydro Bauxite & Alumina | 1,270 | 999 | 27% | 2,426 | (48)% | 5,336 |
| Hydro Aluminium Metal | 4,765 | 1,754 | >100% | 4,676 | 2% | 13,500 |
| Hydro Metal Markets | 525 | 78 | >100% | 284 | 85% | 867 |
| Hydro Extrusions | 2,331 | 1,744 | 34% | 665 | >100% | 5,695 |
| Hydro Energy | 2,239 | 841 | >100% | 1,723 | 30% | 3,790 |
| Other and eliminations | 35 | (234) | >100% | (762) | >100% | (1,178) |
| Adjusted EBITDA¹⁾ | 11,165 | 5,182 | >100% | 9,011 | 24% | 28,010 |
| Earnings before financial items and tax (EBIT) ²⁾ | 6,222 | 2,233 | >100% | 10,086 | (38)% | 17,887 |
| Adjusted EBIT ¹⁾ | 9,170 | 3,559 | >100% | 7,026 | 31% | 20,786 |
| Net income (loss) from continuing operations | 6,411 | 1,880 | >100% | 8,525 | (25)% | 13,930 |
| Adjusted net income (loss) from continuing operations ¹⁾ | 6,785 | 2,448 | >100% | 5,810 | 17% | 14,905 |
| Net income (loss) from discontinued operations ³⁾ | - | (380) | 100% | 4 | (100)% | 12 |
| Earnings per share from continuing operations | 2.80 | 0.89 | >100% | 3.47 | (19)% | 5.92 |
| Adjusted earnings per share from continuing operations¹⁾ | 3.17 | 1.15 | >100% | 2.57 | 21% | 6.77 |
| Financial data | | | | | | |
| Investments ^{1) 2)} | 1,656 | 1,270 | 30% | 3,674 | (55)% | 8,589 |
| Net cash (debt) ¹⁾ | 5,149 | (8,278) | >100% | 3,213 | 60% | 3,213 |
| Adjusted net cash (debt) ¹⁾ | (7,745) | (12,723) | 39% | (7,019) | (10)% | (7,019) |

¹⁾ [Alternative performance measures \(APMs\)](#) are described in the corresponding section in the back of the report.

²⁾ EBITDA and investments per segment are specified in [Note 2 Operating segment information](#).

³⁾ Net income (loss) from discontinued operations includes results from Hydro's Rolling business up to divestment on June 1, 2021 and all prior periods.



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Key developments and performance first quarter 2022

Hydro's adjusted EBITDA for the first quarter of 2022 was NOK 11,165 million, compared with NOK 5,182 million for the same quarter last year, resulting in a 12-month rolling Adjusted RoaCE of 23 percent. Higher all-in metal and alumina prices, record high quarterly results from Hydro Energy and Hydro Extrusions, contributed positively to earnings, but were partly offset by higher fixed and raw material costs upstream.

Russia invaded Ukraine on February 24, 2022. Hydro has no employees, operations or investments in Russia, and will not enter new contracts linked to Russian counterparts. Hydro has reduced its contractual commitments and is further reducing the remaining commitments for 2022. Hydro condemns the unprovoked invasion of Ukraine and supports sanctions by the European Union and the international community.

The Russian invasion of Ukraine, slower Chinese growth, global supply-chain shortages, high energy prices, and concerns around inflation continued to add uncertainty in the first quarter of 2022. The invasion further impacted GDP growth rates, with Europe being the most exposed to the resulting economic and social impact. Global supply chain shortages continue to impact growth, and China's current zero Covid policy is causing short term disruptions. During the first quarter, various key markets have reported their highest inflation rates for the past 20 years.

The Platts alumina index (PAX) increased throughout the first quarter. The Russian invasion of Ukraine caused the Mykolaiv alumina refinery to shut down, and combined with Australia banning bauxite and alumina exports to Russia, has disrupted 3 to 4 million tonnes of global alumina trade flows.

The three-month aluminium price increased as well during the quarter, starting at USD 2,808 per mt and ending at USD 3,491 per mt. The price was very volatile with a price range between USD 2,808 per mt and USD 3,849 per mt, as the Russian invasion of Ukraine increased the fear of sanctions on Russian producers and significant disruptions to metal flows. Also, rising gas and power prices have led to an increase in production costs in Europe, followed by several smelter curtailments.

Nordic power prices were significantly higher compared to same quarter last year and relatively stable compared to the fourth quarter. Power prices in Southern Norway increased as weak hydrology and export capacity to UK and the continent continues to support higher prices. The continental power prices increased further due to rising gas and coal prices, influenced by fear of supply disruptions due to the Russian invasion of Ukraine. Prices in the northern part of the Nordic market were low due to strong hydrology, high wind power production and limited transmission capacity towards the South. Hence, significant price area differences in the Nordic region have continued during the first quarter.

Hydro has made important progress on the 2025 strategy during the start of 2022, both strengthening position in low-carbon aluminium, and growing in new energy areas.

Hydro's sustainability ambitions are key drivers for future competitive positioning. The ambition to achieve net zero carbon emissions by 2050 or earlier is pursued through three decarbonization paths to reduce the carbon footprint of aluminium to net zero.

In the first quarter, Hydro produced the first 130 tonnes of Hydro CIRCAL 100R at the Clervaux plant in Luxemburg. The volume is based on 100 percent post-consumer scrap with a footprint <0,3 kg CO₂/kg Al. The work is ongoing to optimize production and discussions have been initiated with customers on first commercial application.

In line with Hydro's target to double sales volumes for greener products over the next five years, Hydro has increased sales of Hydro CIRCAL and Hydro REDUXA by 83 percent compared to the first quarter last year, and continues to work closely with customers to create products with a smaller environmental impact.

Recycling is one of Hydro's main growth areas towards 2025. On April 29, 2022, Hydro announced a tender offer for the acquisition of 100 percent of the shares of Alumetal S.A, a company listed on the Warsaw Stock Exchange, for PLN 68.4 per share in cash (the "offer price"), representing an aggregate equity purchase price of approximately PLN 1.066 billion (approx. EUR 232 million).

With this transaction Hydro is making an important step in delivering on the 2025 strategic agenda. Following the acquisition of Alumetal, Hydro will increase the use of post-consumer aluminium of 150,000 tonnes per year, which together with recently announced recycling projects, will enable Hydro to meet its ambition to double recycling of post-consumer aluminium by 2025.

The transaction implies an Enterprise Value of approximately PLN 1.332 billion (approximately EUR 290 million) based on latest reported net debt as of FY2021 and dividends payable of PLN 106 million (approximately EUR 23 million), with dividend payment date on July 27, 2022. With the transaction, Hydro will strengthen its recycling position in Europe and widen its product offering in the low-carbon and scrap-based foundry alloy market.

Hydro also continues to make progress on greenfield recycling projects. In April, construction was initiated on the Cassopolis recycling plant in Michigan. The plant will be the first large-scale production of low-carbon Hydro CIRCAL extrusion ingot in North America. Total recycling capacity for the plant is 120,000 metric tons per year. The plant will strengthen Hydro's ability to supply car makers and other industries in the U.S.

In addition to the climate targets, Hydro has made progress on the ambition to protect biodiversity and reduce its environmental footprint. Hydro has several initiatives to reduce waste from our processes. In April, Hydro signed a MOU with Wave Aluminium, to build a pilot plant for testing a pioneering and disruptive industrial technology, successfully developed in batch testing scale, for converting residue from alumina refining to recoverable and saleable minerals. If successful, this could significantly reduce the need for residue deposits going forward.

Hydro's social ambition to improve the lives and livelihoods where the company operates is progressing. In light of the ongoing tragedy in Ukraine, Hydro in Poland has organized group transport to and from the Ukrainian border for those of 400 employees from Ukraine who want to bring their families to Poland. The extrusion plants have also offered temporary accommodations for the families arriving in Poland, and employees are volunteering to support the many who are

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fleeing Ukraine. A two-week fundraising campaign initiated by Hydro's unions in support of UNICEF's activities helping families and children in Ukraine raised NOK 1 million. With an additional donation from Hydro, the total amount raised was NOK 10 million.

The Russian invasion of Ukraine has resulted in energy prices continuing at elevated levels in European markets, supported by increased fears of disruption to gas flows. In response, the European Commission published its "RePowerEU" plan, which aims at making Europe independent of Russian fossil fuels before 2030. Independence from Russian gas is expected to strengthen EU demand for renewable energy and hydrogen, supporting Hydro's ambition to grow in new energy.

Hydro continued to mature and develop business opportunities in these areas and Hydro Rein reached important milestones towards contract certainty for the first GW of renewable power. Hydro Rein has partnered with Atlas Renewable Energy to develop and build a 435 MW solar project in Minas Gerais, Brazil. Total investments are estimated to USD 320 million (100 percent basis) and Hydro Rein will have a 33.3 percent ownership in the joint venture. Construction is planned to start in fourth quarter 2022, and operations will commence in fourth quarter 2023.

Albras primary aluminium plant has signed a power purchase agreement with the Boa Sorte solar power plant for annual supply of ca.93 MW power in the period 2025-2044, denominated in USD. The agreement represents 90 percent of the expected power production at Boa Sorte (P50) and covers 12 percent of Albras' annual power consumption.

Furthermore, Hydro Rein, together with partner Eolus, sold 75 percent of the 260 MW wind power project Stor-Skälsjön to MEAG. The transaction enables Hydro to optimize capital allocation and the return on our investment while retaining a significant stake (25 percent) in the project, consistent with our long-term ownership and portfolio strategy.

Hydro continues to build its battery portfolio through industrial partnerships. In April, Hydro, Elkem and Altor announced a partnership to accelerate the growth of Vianode, a Norwegian producer of sustainable battery materials. Vianode's range of synthetic graphite products offers unique performance characteristics and are produced with up to 90 percent lower CO₂ emissions than today's standard materials – supporting the ambitions of leading battery cell and automotive

manufacturers. An investment decision for a potential first-phase plant at Herøya, Norway, is expected in the first half of 2022, pending clarifications related to framework conditions, including public support mechanisms. The plant will have approximately 100 employees and produce graphite for more than 20,000 EVs per year. Total investments in the first-phase plant and preparations for a potential full-scale plant are estimated to around NOK 2 billion. Hydro will have a 30 percent ownership in Vianode.

Hydrovolt, the joint Hydro-Northvolt battery recycling facility in Fredrikstad is conducting test operations, which have performed well, and will start commercial production in May. The plant is one of the most technologically advanced battery recycling plants globally and the largest facility in Europe.

Hydro continues to increase the range of green and sustainable financing products. In the first quarter, Alunorte signed a USD 200 million sustainability-linked loan and interest rate swap, to finance the fuel switch project. The pricing of the loan and the swap is linked to the performance of the Alunorte greenhouse gas emission reduction target. The sustainability-linked swap is the first to be executed in the Brazilian market.

On April 27, 2022, Norsk Hydro ASA signed a USD 1,300 million short-term revolving multi-currency credit facility. The facility, which is available for general corporate purposes, carries a 12-month maturity with two six-month extension options at Hydro's discretion. The entire amount is available as a sub-facility swingline to cover short-term liquidity needs.

Compared to the fourth quarter 2021, Hydro's adjusted EBITDA increased from NOK 9,011 million to NOK 11,165 million in the first quarter 2022. Higher all-in metal and alumina prices, improved margins and volumes from Hydro Extrusions and better results from Hydro Energy contributed positively to adjusted EBITDA. This improvement was partly offset by higher raw material costs.

Net income from continuing operations amounted to NOK 6,411 million in the first quarter. In addition to the factors described above, Net income from continuing operations included a net foreign exchange gain of NOK 2,379 million, a NOK 1,418 million unrealized gain on power and raw material contracts and a NOK 4,448 million unrealized loss on LME related contracts.

Hydro's net cash¹⁾ position increased from NOK 3.2 billion to NOK 5.1 billion at the end of the quarter. Net cash provided by operating activities excluding changes in short-term and long-term collateral²⁾ and excluding purchases of money market funds³⁾ amounted to NOK 3.0 billion. Net cash used in investment activities, excluding short term investments, amounted to NOK 1.2 billion.

Adjusted net debt increased from NOK 7.0 billion to NOK 7.7 billion, largely driven by an increase in collateral requirements, partly offset by an improvement in the net cash position and a decrease in pension obligations. The collateral requirements amounted to NOK 9.7 billion at the end of the quarter, mainly relating to strategic and operational hedging positions.

Hydro held NOK 21.2 billion in cash and cash equivalents and NOK 1.5 billion in time deposits, included in short-term investments, at the end of the quarter. Time deposits and are normally available at short notice. The revolving credit facility of USD 1.6 billion was fully available at the end of the quarter.

¹⁾ [Alternative performance measures \(APMs\)](#) are described in the corresponding section in the back of the report.

²⁾ Adjusted net cash excludes the amount paid as collateral for short- and long-term liabilities, mainly derivative positions, see the [APM section](#).

³⁾ Hydro's purchase of money market funds and other trading securities are included in cash from operating activities.

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Reported EBIT and net income

In addition to the factors discussed above, reported earnings before financial items and tax (EBIT) and net income include effects that are disclosed in the below table. Adjusting items to EBIT and adjusted net income (loss) are defined and described as part of the APM section in the back of this report.

Adjusting items to EBITDA, EBIT and net income¹⁾

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 | Year 2021 |
|---|-----------------------|-----------------------|------------------------|--------------|
| Unrealized derivative effects on LME related contracts | 4,448 | 1,181 | (744) | 5,088 |
| Unrealized derivative effects on power and raw material contracts | (1,418) | (11) | (2,744) | (3,083) |
| Significant rationalization charges and closure costs | 2 | - | 68 | 377 |
| Community contributions Brazil | - | - | 15 | 217 |
| Transaction related effects | (49) | (45) | (4) | (304) |
| Net foreign exchange (gain) loss | (36) | (22) | (17) | (79) |
| Other effects | - | - | (26) | (257) |
| Adjusting items to EBITDA²⁾ | 2,948 | 1,103 | (3,451) | 1,959 |
| Impairment charges | - | 122 | 283 | 426 |
| Depreciation | - | 101 | 108 | 513 |
| Adjusting items to EBIT | 2,948 | 1,326 | (3,060) | 2,899 |
| Net foreign exchange (gain)/loss | (2,392) | (653) | (823) | (1,404) |
| Calculated income tax effect | (181) | (106) | 1,168 | (520) |
| Adjusting items to net income from continuing operations | 374 | 567 | (2,715) | 976 |
| Income (loss) tax rate | 24% | 29% | 21% | 24% |
| Adjusted income (loss) tax rate | 24% | 27% | 15% | 25% |

¹⁾ Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

²⁾ The various effects are described in the APM section in the back of the report.

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| NOK million, except per share data | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|---|--------------------|--------------------|---------------------------|---------------------|----------------------|-----------|
| Bauxite production (kmt) ¹⁾ | 2,638 | 2,813 | (6)% | 2,696 | (2)% | 10,926 |
| Alumina production (kmt) | 1,519 | 1,540 | (1)% | 1,600 | (5)% | 6,305 |
| Realized alumina price (USD/mt) ²⁾ | 391 | 287 | 37% | 393 | - | 313 |
| Primary aluminium production (kmt) | 540 | 539 | - | 571 | (6)% | 2,244 |
| Realized aluminium price LME (USD/mt) | 2,662 | 1,994 | 34% | 2,675 | - | 2,317 |
| Realized USD/NOK exchange rate | 8.84 | 8.53 | 4% | 8.63 | 2% | 8.55 |
| Hydro Extrusions sales volumes to external market (kmt) | 347 | 338 | 3% | 301 | 15% | 1,296 |
| Power production (GWh) | 2,730 | 2,857 | (4)% | 2,136 | 28% | 9,055 |

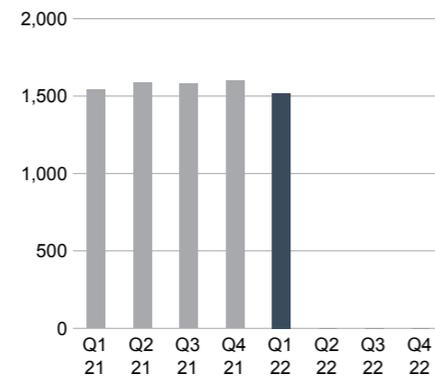
¹⁾ Paragominas production on wet basis.²⁾ Weighted average of own production and third party contracts. The majority of the alumina is sold linked to the alumina index with a one month delay.

Currency rates

| | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|----------------------------------|--------------------|--------------------|---------------------------|---------------------|----------------------|-----------|
| USD/NOK Average exchange rate | 8.85 | 8.51 | 4% | 8.72 | 1% | 8.60 |
| USD/NOK Period end exchange rate | 8.75 | 8.52 | 3% | 8.82 | (1)% | 8.82 |
| BRL/NOK Average exchange rate | 1.70 | 1.56 | 9% | 1.56 | 9% | 1.60 |
| BRL/NOK Period end exchange rate | 1.83 | 1.48 | 24% | 1.58 | 16% | 1.58 |
| USD/BRL Average exchange rate | 5.23 | 5.48 | (5)% | 5.58 | (6)% | 5.39 |
| USD/BRL Period end exchange rate | 4.78 | 5.75 | (17)% | 5.57 | (14)% | 5.57 |
| EUR/NOK Average exchange rate | 9.92 | 10.26 | (3)% | 9.97 | (1)% | 10.16 |
| EUR/NOK Period end exchange rate | 9.71 | 10.00 | (3)% | 9.99 | (3)% | 9.99 |

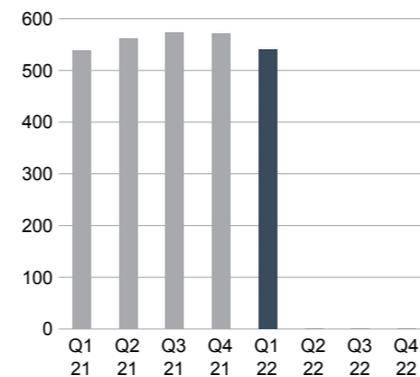
Alumina production

Kmt



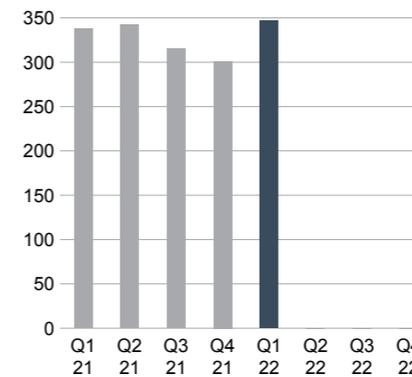
Primary aluminium production

Kmt



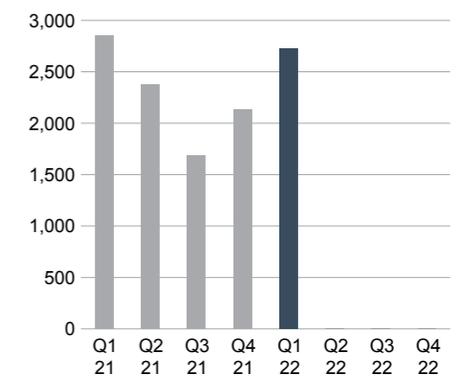
Hydro Extrusions sales

Kmt



Power production

GWh



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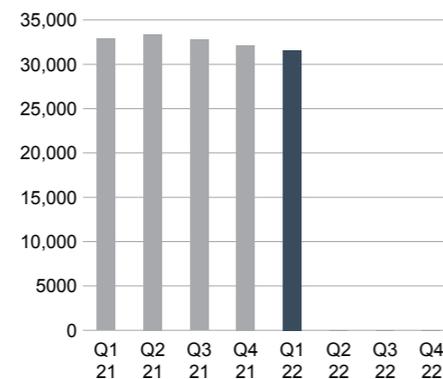
Market statistics¹⁾

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|---|--------------------|--------------------|---------------------------|---------------------|----------------------|-----------|
| Bauxite and alumina | | | | | | |
| Average alumina price - Platts PAX FOB Australia (USD/t) | 421 | 299 | 41% | 412 | 2% | 329 |
| China bauxite import price (USD/mt CIF China) | 56 | 44 | 26% | 52 | 8% | 48 |
| Global production of alumina (kmt) | 31,585 | 32,760 | (4)% | 32,662 | (3)% | 131,299 |
| Global production of alumina (ex. China) (kmt) | 14,635 | 14,723 | (1)% | 14,720 | (1)% | 59,019 |
| Primary aluminium | | | | | | |
| LME cash average (USD/mt) | 3,247 | 2,091 | 55% | 2,760 | 18% | 2,473 |
| LME three month average (USD/mt) | 3,240 | 2,100 | 54% | 2,766 | 17% | 2,482 |
| Standard ingot premium (EU DP Cash) | 489 | 166 | >100% | 326 | 50% | 272 |
| Extrusion ingot premium (EU DP) | 1,495 | 452 | >100% | 1,428 | 5% | 988 |
| Chinese production of primary aluminium (kmt) | 9,502 | 9,676 | (2)% | 9,564 | (1)% | 38,640 |
| Chinese consumption of primary aluminium (kmt) | 9,055 | 9,146 | (1)% | 9,968 | (9)% | 40,110 |
| Global production of primary aluminium (ex. China) (kmt) | 7,076 | 7,049 | - | 7,311 | (3)% | 28,820 |
| Global consumption of primary aluminium (ex. China) (kmt) | 7,513 | 7,318 | 3% | 7,483 | - | 28,817 |
| Global production of primary aluminium (kmt) | 16,578 | 16,725 | (1)% | 16,875 | (2)% | 67,460 |
| Global consumption of primary aluminium (kmt) | 16,568 | 16,464 | 1% | 17,452 | (5)% | 68,926 |
| Reported primary aluminium inventories (ex. China) (kmt) | 2,258 | 3,534 | (36)% | 2,565 | (12)% | 2,565 |
| Reported primary aluminium inventories (China) (kmt) | 1,600 | 2,111 | (24)% | 1,391 | 15% | 1,391 |
| Extruded products | | | | | | |
| Consumption extruded products - Europe (kmt) | 942 | 912 | 3% | 775 | 22% | 3,408 |
| Consumption extruded products - USA & Canada (kmt) | 656 | 619 | 6% | 602 | 9% | 2,496 |
| Energy | | | | | | |
| Average southern Norway spot price (NO2) (NOK/MWh) | 1,504 | 469 | >100% | 1,271 | 18% | 762 |
| Average mid Norway spot price (NO3) (NOK/MWh) | 207 | 383 | (46)% | 424 | (51)% | 420 |
| Average nordic system spot price (NOK/MWh) | 1,090 | 435 | >100% | 969 | 12% | 634 |

¹⁾ Industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated. These statistics do not have any direct relationship to the reported figures of Norsk Hydro. Amounts presented in prior reports may have been restated based on updated information.

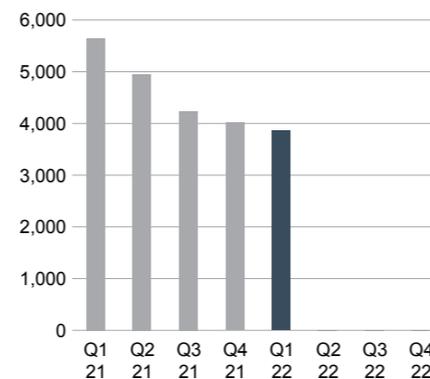
Production of alumina

Global kmt



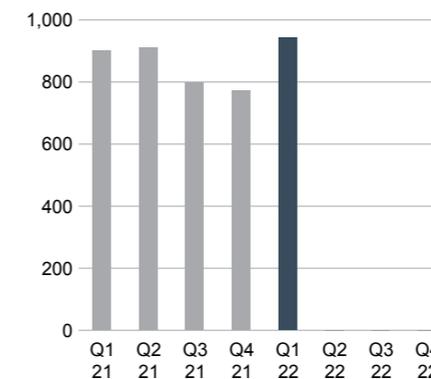
Aluminium inventories

Global kmt



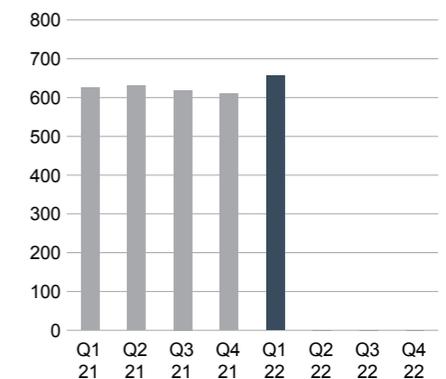
Extruded products Europe

Consumption kmt



Extruded products North America

Consumption kmt



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Global macroeconomic developments

The Russian invasion of Ukraine has impacted first quarter growth and 2022 forecasts, with Europe being the most exposed to the resulting economic and social impact. Global supply chain shortages continued to impact growth and China's current zero Covid policy is causing short term disruptions. During the first quarter various key markets have reported their highest inflation rates for the past 20 years.

The rate of growth hides regional discrepancies, with the Eurozone experiencing the most pronounced reduction whereas the US recovery has progressed further and is less volatile. External sources have downgraded estimated global economic growth in 2022 to around 3 percent. The Russian invasion of Ukraine, continued global supply-chain shortages, high energy prices, and concerns around inflation continue to add uncertainty.

Bauxite and alumina

The average Platts alumina index increased in the first quarter of 2022 to USD 421 per mt, compared to USD 412 per mt in the fourth quarter 2021.

The Platts alumina index (PAX) increased throughout the quarter driven initially by higher Chinese alumina prices as mandated refinery curtailment ahead of the winter Olympic Games in Beijing reduced supply. The Russian invasion of Ukraine caused the 1.8 million mt per annum Mykolaiv alumina refinery to shut down, disrupting global alumina trade flows driving the PAX to a quarter high of USD 533 per mt in the second half of March. The price later declined to USD 478 per mt at quarter end. In early April the price decreased below USD 400 per mt driven by increased alumina availability following Australia's bauxite and alumina export ban to Russia. Compared to the first quarter of 2021, the average Platts alumina index was 41 percent higher.

China's net alumina imports reached 582 kmt in the first quarter of 2022, compared to 733 kmt in the same period in 2021. Australia accounted for 56 percent of Chinese alumina imports in the period with India, Indonesia and Vietnam accounting for most of the remaining balance.

China imported 33 million mt of bauxite in the first quarter of 2022, 20 percent higher than the same period a year ago

driven by higher imports from Indonesia. Guinea, Australia and Indonesia accounted for most of China's bauxite imports in the period.

The average Chinese bauxite import price was USD 56 per mt CIF in the first quarter of 2022, up from USD 44 per mt CIF in the first quarter 2021 on the back of higher oil prices and ocean freight rates.

Primary aluminium

The three-month aluminium price increased during the first quarter of 2022, starting the quarter at USD 2,808 per mt and ending at USD 3,491 per mt. The average price for the quarter was USD 3,242 per mt. The price was very volatile with a price range between USD 2,808 per mt and USD 3,849 per mt as the Russian invasion of Ukraine increased the fear of sanctions on Russian producers and significant disruptions to metal flows. Also, rising gas and power prices have led to an increase in production costs in Europe, followed by several smelter curtailments.

European duty paid standard ingot premiums ended the first quarter at USD 595 per mt (all-time high), up from USD 405 per mt at the end of the fourth quarter, impacted by the Russian invasion of Ukraine. The US Midwest premium reached an all-time high as well, and was up USD 217 per mt during the first quarter, ending at USD 881 per mt, on growing market tightness as demand remained strong and risk of Russian metal flow disruptions was priced in.

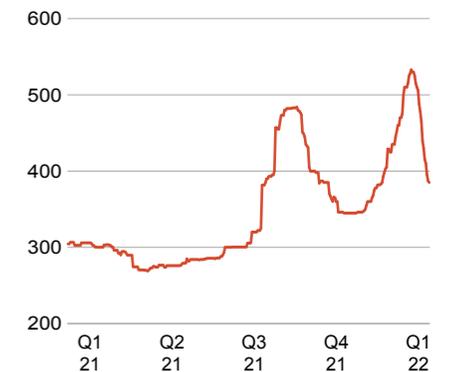
Shanghai Futures Exchange (SHFE) prices increased by USD 341 per mt ex. VAT from start of the quarter to the end, ending at USD 3,173 per mt ex VAT. Average for the quarter was up USD 304 per mt ex. VAT compared to the fourth quarter.

Global primary aluminium consumption was up 1 percent compared to the first quarter of 2021, driven by a decrease of 1 percent in China and an increase of 3 percent in World ex. China.

For 2022 external sources¹⁾ are estimating a deficit between 0.9 million mt and 1.0 million mt.

¹⁾ CRU and WoodMac.

Platts PAX development
USD/mt



LME price (3 month aluminium)
USD/mt



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The European consumption of extrusion ingot and sheet ingot increased in the first quarter of 2022 compared to the same period 2021. Consumption of primary foundry alloys decreased in the first quarter 2022 mainly due to the negative impact of the semiconductor shortage on automotive production.

Total global stocks at the end of the first quarter of 2022 were estimated to be 9.5 million mt, down 0.1 million mt compared to the fourth quarter and down 1.8 million mt compared to the first quarter 2021.

Extruded products

European demand for extrusions is estimated to have increased 3 percent during the first quarter of 2022 compared to the same quarter last year. Compared to the fourth quarter, demand is estimated to have increased 22 percent, driven by seasonality. Underlying demand has continued to perform well across key segments, mainly driven by the industrial and the building & construction segments. Automotive demand continues to be negatively impacted by shortage of semiconductors and overall supply-chain issues. However, premium cars and electric vehicles which are typically more aluminium intensive, are relatively less impacted.

CRU estimates that the European demand for extruded products will increase 2 percent in second quarter 2022 compared to the same quarter last year, although the impact from the Russian invasion of Ukraine is increasing the uncertainty. Overall, extrusion demand is estimated to increase by 4 percent in 2022 compared to 2021.

North American extrusion demand is estimated to have increased 6 percent during the first quarter of 2022 compared to the same quarter last year and increasing 9 percent compared to the fourth quarter of 2021. Demand has continued to remain strong across key segments, particularly building & construction and transportation. Automotive demand continues to be negatively impacted by shortage of semiconductors and overall supply-chain, logistics, and worker-related issues.

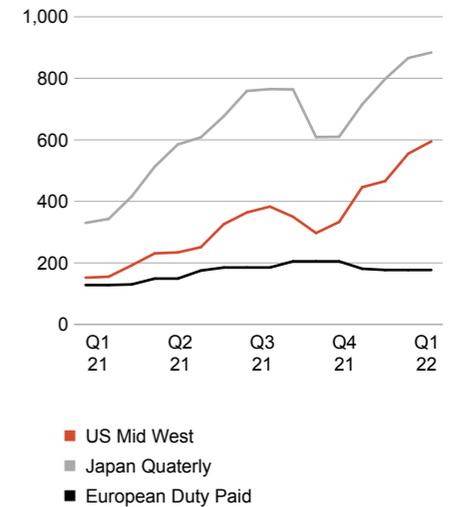
CRU estimates that the North American demand for extruded products will increase by 6 percent for the second quarter of 2022 compared to the same quarter last year. Overall, extrusion demand is estimated to increase by 6 percent in 2022 compared to 2021.

Energy

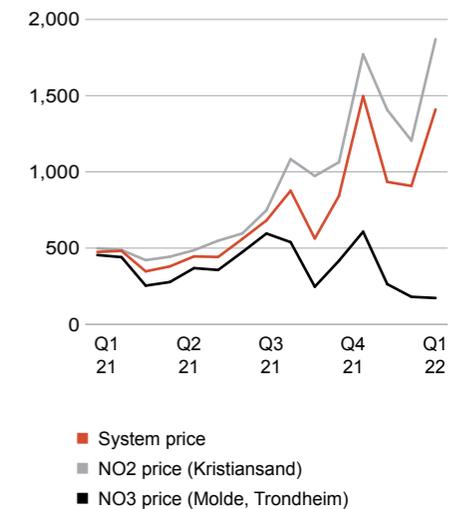
Nordic power prices were significantly higher compared to same quarter last year and relatively stable compared to the previous quarter. Power prices in Southern Norway increased, as weak hydrology and export capacity to UK and the continent continues to support higher prices. The continental power prices increased further due to rising gas and coal prices, influenced by fear of supply disruptions due to the Russian invasion of Ukraine. Prices in the northern part of the Nordic market were low due to strong hydrology, high wind power production and limited transmission capacity towards the South. Hence, significant price area differences in the Nordic region have continued during the first quarter and prevails into the second quarter.

The Nordic hydrological balance ended the quarter around 1,5 TWh above normal, compared to around 17 TWh below normal at the end of the previous quarter and 10 TWh above normal at the end of the same quarter last year. Hydropower reservoirs in Norway were at 27 percent of full capacity at the end of the quarter, which is 9.3 percentage points below the normal level.

Premiums
USD/mt



Energy spot price
NOK/MWh



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The accumulated LME hedge in Hydro as of March 31, 2022 amounted to 280 thousand tonnes for the remainder of 2022, 460 thousand tonnes for 2023 and 100 thousand tonnes for 2024. This has been achieved using both commodity derivatives and currency derivatives. Parts of the raw material exposure is also hedged, using both fixed price physical contracts and financial derivatives.

The total USD/BRL hedge in place at Alunorte and Albras amounts to approximately USD 260 million for 2022, USD 350 million 2023 and USD 170 million for 2024.

In light of the significant increase in metal price volatility following the Russian invasion of Ukraine, Hydro has implemented measures to limit liquidity risk from strategic hedging activities. This includes buying back strategic hedge volumes for the second quarter, and purchasing 150 thousand tonnes of LME call options, split evenly between the second half of 2022 and 2023.

Aluminium Metal has sold forward around 67 percent of its expected primary aluminium production for the second quarter of 2022 at a price level of around USD 3,150 per mt¹⁾.

Hydro has assessed the changes made to the CO₂ compensation scheme in Norway for the period 2021 to 2030. Not all elements of the updated regulations are approved by the relevant authorities as of the end of March. Based on the elements approved, Hydro has concluded that an estimated compensation for aluminium produced and sold in 2021 and 2022 can be recognized. An amount of compensation reflecting the uncertainty has been recognized in the interim result.

High energy prices, the revision of the EU Emissions Trading System and the proposed Carbon Border Adjustment Mechanism (CBAM) have dominated discussions in the Council and European Parliament during the first quarter this year. Member States have agreed to move forward with the CBAM regulation, for negotiations with the European Parliament this fall. In parallel with CBAM the highly

interlinked discussions on the revision of the EU ETS is going on in the Parliament, with discussions over how to phase out carbon leakage protection. A decision in Parliament is expected by July, and the files will then go to trilogue negotiations, expected to finish before the end of the year. In response to the Russian invasion of Ukraine, the Commission published its "RePowerEU" plan, which aims at making Europe independent of Russian fossil fuels before 2030 and address rising energy prices. Concrete proposals on how to break the EU's dependence on Russian fossil fuels are expected before summer.

One of the four production lines at Hydro's part-owned aluminium plant Albras in Brazil was shut down on February 19, 2022, due to an internal power distribution failure. The affected potline produces 110,000 tonnes of liquid aluminium annually. The other three lines at Albras were not affected and are running as normal. The first pots were restarted in late March and the production line is expected to be operating at normal capacity by the fourth quarter 2022.

¹⁾ Prices are fixed mainly one month prior to production. As a result, and due to the hedging of product inventories, Hydro's realized aluminium prices lag LME spot prices by around 1.5 to 2 months before taking into account the effects of the strategic hedges, which are included in both the realized price and volumes.



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Adjusted EBITDA

Alternative performance measures (APMs) are described in the corresponding section in the back of the report.

Hydro Bauxite & Alumina financial and operational information

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|--------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 1,647 | 1,026 | 61% | 2,344 | (30)% | 5,306 |
| Adjusted EBITDA | 1,270 | 999 | 27% | 2,426 | (48)% | 5,336 |
| Adjusted EBIT | 718 | 556 | 29% | 1,913 | (62)% | 3,318 |
| Alumina production | 1,519 | 1,540 | (1)% | 1,600 | (5)% | 6,305 |
| Sourced alumina | 741 | 698 | 6% | 765 | (3)% | 3,006 |
| Total alumina sales | 2,251 | 2,269 | (1)% | 2,655 | (15)% | 9,628 |
| Realized alumina price ¹⁾ | 391 | 287 | 37% | 393 | - | 313 |
| Bauxite production ²⁾ | 2,638 | 2,813 | (6)% | 2,696 | (2)% | 10,926 |
| Sourced bauxite ³⁾ | 856 | 1,103 | (22)% | 1,427 | (40)% | 5,677 |

¹⁾ Weighted average of own production and third party contracts. The majority of the alumina is sold linked to the alumina index with a one month delay.

²⁾ Paragominas on wet basis.

³⁾ 40 percent MRN off take from Vale and 5 percent Hydro share on wet basis.

Adjusted EBITDA for Bauxite & Alumina increased compared to the first quarter of last year. Higher alumina sales prices were partly offset by increased raw material prices.

Compared to the fourth quarter of 2021 the adjusted EBITDA decreased driven by increased raw material prices and lower sales volume. In addition, insurance compensation of NOK 498 million for the decommissioned crane was received in the fourth quarter of 2021

Hydro Bauxite & Alumina



Adjusted EBITDA
Q1 2022

1,270 MNOK

Q1 2021
999 MNOK ↑ 27%

Q4 2021
2,426 MNOK ↓ (48)%



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Hydro Aluminium Metal financial and operational information¹⁾

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|--------------------|--------------------|---------------------------|---------------------|----------------------|-----------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 836 | 500 | 67% | 8,260 | (90)% | 11,440 |
| Adjusted EBITDA | 4,765 | 1,754 | >100% | 4,676 | 2% | 13,500 |
| Adjusted EBITDA including Qatalum 50% pro rata ²⁾ | 5,261 | 2,218 | >100% | 5,264 | - | 15,508 |
| Adjusted EBIT | 4,183 | 1,185 | >100% | 4,111 | 2% | 11,225 |
| Realized aluminium price LME (USD/mt) ³⁾ | 2,662 | 1,994 | 34% | 2,675 | - | 2,317 |
| Realized aluminium price LME (NOK/mt) ³⁾ | 23,542 | 17,008 | 38% | 23,087 | 2% | 19,819 |
| Realized premium above LME (USD/mt) ⁴⁾ | 786 | 264 | >100% | 565 | 39% | 400 |
| Realized premium above LME (NOK/mt) ⁴⁾ | 6,954 | 2,253 | >100% | 4,873 | 43% | 3,420 |
| Realized USD/NOK exchange rate | 8.84 | 8.53 | 4% | 8.63 | 2% | 8.55 |
| Primary aluminium production (kmt) | 540 | 539 | - | 571 | (6)% | 2,244 |
| Casthouse production (kmt) | 555 | 534 | 4% | 568 | (2)% | 2,214 |
| Total sales (kmt) | 600 | 599 | - | 572 | 5% | 2,347 |

¹⁾ Operating and financial information includes Hydro's proportionate share of adjusted income (loss), production and sales volumes in equity accounted investments. Realized prices, premiums and exchange rates include equity accounted investments.

²⁾ Adjustment to illustrate Aluminium Metal adjusted EBITDA as if Qatalum were proportionally consolidated, in which Share of the profit (loss) in equity accounted investments is substituted with share of the company's EBITDA.

³⁾ Realized aluminium prices lag the LME price developments by approximately 1.5 - 2 months. Includes pricing effects from LME strategic hedging program, which are included in both the realized price and volumes.

⁴⁾ Average realized premium above LME for casthouse sales from Aluminium Metal.

Operational and financial information Qatalum (50%)

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|------------------------------------|--------------------|--------------------|---------------------------|---------------------|----------------------|-----------|
| Revenue | 2,315 | 1,498 | 55% | 2,390 | (3)% | 7,407 |
| Adjusted EBITDA | 879 | 611 | 44% | 1,099 | (20)% | 3,283 |
| Adjusted EBIT | 615 | 335 | 84% | 825 | (25)% | 2,191 |
| Net income (loss) | 383 | 147 | >100% | 511 | (25)% | 1,507 |
| Adjusted Net income (loss) | 383 | 147 | >100% | 511 | (25)% | 1,275 |
| Primary aluminium production (kmt) | 79 | 78 | 1% | 80 | (2)% | 317 |
| Casthouse sales (kmt) | 79 | 80 | (1)% | 88 | (11)% | 325 |

Aluminium Metal reported a record high adjusted EBITDA in the first quarter of 2022, significantly higher than the same quarter last year. The increase in results was mainly due to higher all-in metal prices and positive currency effects, partly offset by higher raw material and fixed cost.

Compared to the fourth quarter of 2021, adjusted EBITDA for Aluminium Metal increased due to higher all-in metal prices and positive currency effects, partly offset by higher raw material cost.

Hydro
Aluminium MetalAdjusted EBITDA
Q1 2022

4,765 MNOK

Q1 2021
1,754 MNOK ↑ >100%Q4 2021
4,676 MNOK ↑ 2%

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Hydro Metal Markets financial and operational information

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|--------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 335 | 55 | >100% | 540 | (38)% | 872 |
| Adjusted EBITDA Recycling | 544 | 89 | >100% | 290 | 87% | 643 |
| <i>Adjusted EBITDA Commercial</i> | (19) | (11) | (68)% | (6) | >(100)% | 225 |
| <i>Adjusted EBITDA Metal Markets</i> | 525 | 78 | >100% | 284 | 85% | 867 |
| Currency effects | (27) | (42) | 36% | (78) | 66% | (85) |
| Inventory valuation effects | (79) | (41) | (90)% | 47 | >(100)% | (62) |
| Adjusted EBITDA excl. currency and inventory valuation effects | 630 | 161 | >100% | 315 | >100% | 1,014 |
| Adjusted EBIT | 487 | 43 | >100% | 245 | 99% | 721 |
| Recycling production ¹⁾ | 151 | 143 | 6% | 144 | 5% | 572 |
| Metal products sales excluding ingot trading ^{1) 2)} | 731 | 742 | (1)% | 681 | 7% | 2,833 |
| <i>Hereof external sales¹⁾</i> | 610 | 588 | 4% | 574 | 6% | 2,342 |

¹⁾ Kmt.²⁾ Includes external and internal sales from primary casthouse operations, recyclers and third party metal sources.

Adjusted EBITDA for Metal Markets increased in the first quarter compared to the same quarter last year mainly due to higher recycling results driven by increased sales premiums. In addition, higher results from the sourcing and trading activities and positive currency effects were offset by negative inventory valuation effects.

Compared to the fourth quarter of 2021, adjusted EBITDA for Metal Markets increased mainly due to higher recycling results driven by increased sales premiums. In addition, higher results from the sourcing and trading activities and positive currency effects were offset by negative inventory valuation effects.

Hydro
Metal MarketsAdjusted EBITDA
Q1 2022

525 MNOK

Q1 2021
78 MNOK ↑ >100%Q4 2021
284 MNOK ↑ 85%

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Hydro Extrusions financial and operational information

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|---|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|--------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 2,858 | 1,842 | 55% | 381 | >100% | 5,558 |
| Adjusted EBITDA | 2,331 | 1,744 | 34% | 665 | >100% | 5,695 |
| Adjusted EBIT | 1,587 | 1,244 | 28% | (122) | >100% | 3,217 |
| Sales volumes to external markets ¹⁾ | 347 | 338 | 3% | 301 | 15% | 1,296 |
| Sales volumes to external markets¹⁾ - Business units | | | | | | |
| Extrusion Europe | 151 | 144 | 5% | 130 | 16% | 550 |
| Extrusion North America | 142 | 137 | 3% | 120 | 18% | 534 |
| Building Systems | 24 | 21 | 12% | 22 | 9% | 85 |
| Precision Tubing | 31 | 35 | (13)% | 29 | 5% | 127 |
| Hydro Extrusions | 347 | 338 | 3% | 301 | 15% | 1,296 |

¹⁾ Kmt.

Adjusted EBITDA for the first quarter increased compared to the same quarter last year mainly due to higher results by the recyclers driven by increased sales premiums. In addition, higher sales volumes and increased margins were partly offset by increased variable and fixed costs.

Compared to fourth quarter 2021 the adjusted EBITDA was higher mainly due to seasonally higher sales volumes and margins, and higher results from the recyclers, partly offset by higher fixed and variable costs. In addition, the fourth quarter 2021 results were negatively impacted by costs related to the scrapping of assets totaling NOK 332 million in non-recurring costs, following a review of the fixed asset register.

Hydro
ExtrusionsAdjusted EBITDA
Q1 2022

2,331 MNOK

Q1 2021
1,744 MNOK ↑ 34%Q4 2021
665 MNOK ↑ 100%

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Hydro Energy financial and operational information

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|---|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|--------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 2,471 | 900 | >100% | 1,774 | 39% | 3,921 |
| Adjusted EBITDA | 2,239 | 841 | >100% | 1,723 | 30% | 3,790 |
| Adjusted EBIT | 2,192 | 792 | >100% | 1,674 | 31% | 3,596 |
| Power production ¹⁾ | 2,730 | 2,857 | (4)% | 2,136 | 28% | 9,055 |
| External power sourcing ¹⁾ | 2,863 | 2,586 | 11% | 2,841 | 1% | 10,356 |
| Internal contract sales ¹⁾ | 3,975 | 4,062 | (2)% | 4,454 | (11)% | 17,216 |
| External contract sales ¹⁾ | 275 | 255 | 8% | 219 | 25% | 831 |
| Net spot sales/(purchase) ¹⁾ | 986 | 1,126 | (12)% | 305 | >100% | 1,364 |

¹⁾ GWh.

Adjusted EBITDA for Energy increased significantly compared to the same quarter last year, mainly due to higher prices and increased gain from price area differences. This is partly offset by a negative impact from lower production. The gain from price area differences is mainly due to the sale of power at spot prices from our hydro power plants in Southwest Norway (NO2, NO5) at higher prices than the purchase of power at spot prices required to cover Energy's delivery commitments to our primary aluminium plants located in Mid-Norway (NO3).

Compared to the previous quarter the Adjusted EBITDA increased significantly mainly due to higher prices and higher production.

Hydro
Energy

Adjusted EBITDA

Q1 2022

2,239 MNOK

Q1 2021

841 MNOK ↑ >100%

Q4 2021

1,723 MNOK ↑ >30%



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Other and eliminations

Financial information

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|---|-----------------------|-----------------------|------------------------------|------------------------|-------------------------|--------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | 71 | (244) | >100% | (837) | >100% | (1,046) |
| Other | (178) | (144) | (24)% | (226) | 21% | (520) |
| Eliminations | 213 | (91) | >100% | (537) | >100% | (659) |
| Adjusted EBITDA | 35 | (234) | >100% | (762) | >100% | (1,178) |

Other is mainly comprised of head office costs, and costs related to holding companies as well as earnings from Hydro's industrial insurance company.

Eliminations are comprised mainly of unrealized gains and losses on inventories purchased from group companies which fluctuate with product flows, volumes and margin developments throughout Hydro's value chain.



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Finance

Finance income (expense)

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|--------------------|--------------------|---------------------------|---------------------|----------------------|------------|
| Interest income | 109 | 28 | >100% | 92 | 19% | 194 |
| Dividends received and net gain (loss) on securities | (24) | 11 | >(100)% | 12 | >(100)% | 69 |
| Finance income | 85 | 39 | >100% | 104 | (18)% | 263 |
| Interest expense | (222) | (237) | 7% | (246) | 10% | (956) |
| Net foreign exchange gain (loss) | 2,392 | 653 | >100% | 823 | >100% | 1,404 |
| Other, net | (62) | (31) | >(100)% | (37) | (69)% | (200) |
| Finance expense | 2,108 | 385 | >100% | 541 | >100% | 248 |
| Finance income (expense), net | 2,193 | 424 | >100% | 644 | >100% | 510 |

For the first quarter, the net foreign exchange gain of NOK 2,392 million primarily reflects a gain from a stronger NOK versus EUR affecting the embedded derivatives in Norwegian power contracts and other liabilities denominated in EUR, together with a stronger BRL resulting in a gain on USD denominated debt in Brazil.

Tax

Income tax expense amounted to NOK 2,005 million for the first quarter of 2022, or about 24 percent of income before tax. The tax rate mainly reflects a high proportion of income in Norway and recognition of a favorable decision in a tax dispute partly offset by power surtax.

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| NOK million, except per share data | First quarter 2022 | First quarter 2021 | Year 2021 |
|--|-----------------------|-----------------------|----------------|
| Revenue | 46,616 | 31,951 | 149,654 |
| Share of the profit (loss) in equity accounted investments | 377 | 125 | 1,340 |
| Other income, net | 443 | 377 | 2,219 |
| Total revenue and income | 47,436 | 32,454 | 153,212 |
| Raw material and energy expense | 29,160 | 19,126 | 88,843 |
| Employee benefit expense | 5,521 | 5,012 | 20,287 |
| Depreciation and amortization expense | 2,020 | 1,754 | 7,844 |
| Impairment of non-current assets | - | 122 | 437 |
| Other expenses | 4,514 | 4,207 | 17,914 |
| Total expenses | 41,214 | 30,221 | 135,325 |
| Earnings before financial items and tax (EBIT) | 6,222 | 2,233 | 17,887 |
| Finance income | 85 | 39 | 263 |
| Finance expense | 2,108 | 385 | 248 |
| Finance income (expense), net | 2,193 | 424 | 510 |
| Income (loss) before tax | 8,416 | 2,657 | 18,397 |
| Income taxes | (2,005) | (776) | (4,467) |
| Income (loss) from continuing operations | 6,411 | 1,880 | 13,930 |
| Income (loss) from discontinued operations | - | (380) | 12 |
| Net income (loss) | 6,411 | 1,500 | 13,942 |
| Net income (loss) attributable to non-controlling interests | 671 | 60 | 1,782 |
| Net income (loss) attributable to Hydro shareholders | 5,739 | 1,441 | 12,160 |
| Basic and diluted earnings per share from continuing operations (in NOK) ^{1) 2)} | 2.80 | 0.89 | 5.92 |
| Basic and diluted earnings per share from discontinued operations (in NOK) ¹⁾ | - | (0.19) | 0.01 |
| Basic and diluted earnings per share attributable to Hydro shareholders (in NOK)¹⁾ | 2.80 | 0.70 | 5.93 |
| Weighted average number of outstanding shares (million) | 2,051 | 2,049 | 2,051 |

¹⁾ Basic earnings per share are computed using the weighted average number of ordinary shares outstanding. There were no significant diluting elements.

²⁾ Calculated using Income (loss) from continuing operations less Net income (loss) attributable to non-controlling interests. There are no non-controlling interests in Income from discontinued operations.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

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Condensed consolidated statements of comprehensive income (unaudited)

| NOK million, except per share data | First quarter 2022 | First quarter 2021 | Year 2021 |
|--|-----------------------|-----------------------|----------------|
| Net income (loss) | 6,411 | 1,500 | 13,942 |
| Other comprehensive income | | | |
| Items that will not be reclassified to income statement: | | | |
| Remeasurement postemployment benefits, net of tax | 1,587 | 1,895 | 2,376 |
| Unrealized gain (loss) on securities, net of tax | 190 | (62) | (115) |
| Total | 1,777 | 1,833 | 2,262 |
| Items that will be reclassified to income statement: | | | |
| Currency translation differences, net of tax | 2,094 | (2,690) | (1,377) |
| Currency translation differences, net of tax, subsidiaries sold | 7 | - | (578) |
| Cash flow hedges, net of tax | 837 | (248) | (375) |
| Share of items that will be reclassified to income statement of equity accounted investments, net of tax | - | (137) | (137) |
| Total | 2,939 | (3,075) | (2,466) |
| Other comprehensive income | 4,715 | (1,242) | (204) |
| Total comprehensive income | 11,126 | 258 | 13,738 |
| Total comprehensive income attributable to non-controlling interests | 1,284 | (207) | 1,564 |
| Total comprehensive income attributable to Hydro shareholders | 9,841 | 466 | 12,174 |

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

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Condensed balance sheets (unaudited)

| NOK million, except per share data | March 31 2022 | March 31 2021 | December 31 2021 |
|---|------------------|------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | 21,161 | 15,011 | 22,923 |
| Short-term investments | 8,588 | 4,348 | 6,763 |
| Trade and other receivables | 25,955 | 16,795 | 20,579 |
| Inventories | 25,237 | 14,316 | 21,791 |
| Other current financial assets | 4,719 | 328 | 3,656 |
| Total current assets | 85,660 | 50,798 | 75,713 |
| Assets held for sale | - | 17,069 | - |
| Property, plant and equipment | 56,599 | 53,890 | 54,605 |
| Intangible assets | 8,986 | 8,796 | 8,725 |
| Investments accounted for using the equity method | 18,257 | 17,227 | 17,942 |
| Prepaid pension | 9,837 | 7,812 | 8,894 |
| Other non-current assets | 12,398 | 6,634 | 8,633 |
| Total non-current assets | 106,077 | 94,360 | 98,799 |
| Total assets | 191,737 | 162,228 | 174,512 |
| Liabilities and equity | | | |
| Bank loans and other interest-bearing short-term debt | 7,072 | 4,701 | 6,428 |
| Trade and other payables | 25,130 | 17,462 | 22,710 |
| Other current liabilities | 12,536 | 4,036 | 10,430 |
| Total current liabilities | 44,738 | 26,199 | 39,569 |
| Liabilities included in disposal group | - | 12,266 | - |
| Long-term debt | 21,073 | 23,658 | 21,989 |
| Provisions | 5,164 | 4,132 | 4,772 |
| Pension liabilities | 8,409 | 9,341 | 9,621 |
| Deferred tax liabilities | 5,281 | 3,535 | 3,665 |
| Other non-current liabilities | 7,564 | 5,393 | 6,516 |
| Total non-current liabilities | 47,490 | 46,060 | 46,563 |
| Total liabilities | 92,229 | 84,525 | 86,132 |
| Equity attributable to Hydro shareholders | 93,906 | 74,745 | 84,064 |
| Non-controlling interests | 5,603 | 2,958 | 4,316 |
| Total equity | 99,509 | 77,703 | 88,380 |
| Total liabilities and equity | 191,737 | 162,228 | 174,512 |
| Total number of outstanding shares (million) | 2,051 | 2,049 | 2,051 |

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

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Condensed consolidated statements of cash flows (unaudited)

| NOK million, except per share data | First quarter 2022 | First quarter 2021 | Year 2021 |
|---|-----------------------|-----------------------|----------------|
| Operating activities | | | |
| Net income (loss) | 6,411 | 1,500 | 13,942 |
| Loss (income) from discontinued operations | - | 380 | (12) |
| Depreciation, amortization and impairment | 2,020 | 1,876 | 8,281 |
| Other adjustments | (8,533) | (3,232) | (11,531) |
| Net cash provided by (used in) continuing operating activities | (102) | 524 | 10,680 |
| Investing activities | | | |
| Purchases of property, plant and equipment | (1,309) | (1,017) | (6,020) |
| Purchases of other long-term investments | (223) | (56) | (911) |
| Purchases of short-term investments | (500) | (1,000) | (3,000) |
| Proceeds from long-term investing activities | 347 | (225) | 747 |
| Proceeds from sales of short-term investments | - | 1,000 | 4,500 |
| Net cash used in continuing investing activities | (1,685) | (1,298) | (4,684) |
| Financing activities | | | |
| Loan proceeds | 733 | 679 | 4,293 |
| Loan repayments | (695) | (1,027) | (5,781) |
| Net decrease in other short-term debt | (202) | (154) | (107) |
| Proceeds from shares issued | 13 | 5 | 51 |
| Dividends paid | - | - | (2,822) |
| Net cash used in continuing financing activities | (151) | (497) | (4,366) |
| Foreign currency effects on cash | 261 | (287) | 5 |
| Net cash provided by (used in) discontinued operations | (85) | (1,068) | 3,650 |
| Net increase (decrease) in cash and cash equivalents | (1,762) | (2,626) | 5,285 |
| Cash and cash equivalents classified as assets held for sale | - | (1) | - |
| Cash and cash equivalents at beginning of period | 22,923 | 17,638 | 17,638 |
| Cash and cash equivalents at end of period | 21,161 | 15,011 | 22,923 |

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

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Condensed consolidated statements of changes in equity (unaudited)

| NOK million | Share capital | Additional paid-in capital | Treasury shares | Retained earnings | Other components of equity | Equity attributable to Hydro shareholders | Non-controlling interests | Total equity |
|---|---------------|----------------------------|-----------------|-------------------|----------------------------|---|---------------------------|---------------|
| December 31, 2020 | 2,272 | 29,106 | (662) | 52,028 | (8,464) | 74,279 | 3,165 | 77,444 |
| Changes in equity for 2021 | | | | | | | | |
| Total comprehensive income for the period | | | | 1,441 | (975) | 466 | (207) | 258 |
| March 31, 2021 | 2,272 | 29,106 | (662) | 53,469 | (9,439) | 74,745 | 2,958 | 77,703 |
| December 31, 2021 | 2,272 | 29,156 | (584) | 60,112 | (6,892) | 84,064 | 4,316 | 88,380 |
| Changes in equity for 2022 | | | | | | | | |
| Dividends | | | | | | - | 3 | 3 |
| Total comprehensive income for the period | | | | 5,739 | 4,102 | 9,841 | 1,284 | 11,126 |
| March 31, 2022 | 2,272 | 29,156 | (584) | 65,851 | (2,789) | 93,906 | 5,603 | 99,509 |

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

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Note 1 Accounting policies

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Hydro's accounting principles are presented in [Hydro's Financial Statements - 2021](#).

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with [Hydro's Financial Statements - 2021](#) that are a part of Hydro's Annual Report - 2021.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Hydro has assessed the changes made to the CO₂ compensation scheme in Norway for the period 2021 to 2030. Not all elements of the updated regulations are approved by the relevant authorities as of the end of March 2022. Based on the elements approved, Hydro has concluded that an estimated compensation for aluminium produced and sold in 2021 and the first three months of 2022 can be recognized. An amount of compensation reflecting the remaining uncertainty has been recognized.

Note 2 Operating segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Hydro to identify its segments according to the organization and reporting structure used by management. See [Hydro's Financial statements - 2021 Note 1.4 Operating and geographic segment information](#) for a description of Hydro's management model and segments, including a description of Hydro's segment measures and accounting principles used for segment reporting.

The following tables include information about Hydro's operating segments, including a reconciliation of EBITDA to EBIT for Hydro's operating segments.

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 |
|-------------------------|-----------------------|-----------------------|------------------------|
| Total revenue | | | |
| Hydro Bauxite & Alumina | 7,901 | 6,026 | 27,699 |
| Hydro Aluminium Metal | 11,094 | 8,953 | 42,548 |
| Hydro Metal Markets | 22,674 | 13,624 | 65,061 |
| Hydro Extrusions | 23,468 | 16,334 | 70,296 |
| Hydro Energy | 4,268 | 2,343 | 10,149 |
| Other and eliminations | (22,788) | (15,327) | (66,099) |
| Total | 46,616 | 31,951 | 149,654 |
| External revenue | | | |
| Hydro Bauxite & Alumina | 5,052 | 3,546 | 17,088 |
| Hydro Aluminium Metal | (2,518) | 762 | 5,373 |
| Hydro Metal Markets | 18,472 | 10,789 | 54,165 |
| Hydro Extrusions | 23,199 | 16,203 | 69,883 |
| Hydro Energy | 2,415 | 787 | 3,257 |
| Other and eliminations | (5) | (136) | (113) |
| Total | 46,616 | 31,951 | 149,654 |

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 |
|--|-----------------------|-----------------------|------------------------|
| Internal revenue | | | |
| Hydro Bauxite & Alumina | 2,848 | 2,479 | 10,610 |
| Hydro Aluminium Metal | 13,611 | 8,191 | 37,175 |
| Hydro Metal Markets | 4,201 | 2,835 | 10,896 |
| Hydro Extrusions | 269 | 131 | 413 |
| Hydro Energy | 1,853 | 1,556 | 6,891 |
| Other and eliminations | (22,783) | (15,191) | (65,986) |
| Total | - | - | - |
| Share of the profit (loss) in equity accounted investments | | | |
| Hydro Bauxite & Alumina | - | - | - |
| Hydro Aluminium Metal | 383 | 147 | 1,509 |
| Hydro Metal Markets | - | - | - |
| Hydro Extrusions | - | - | - |
| Hydro Energy | (28) | (23) | (104) |
| Other and eliminations | 22 | 1 | (65) |
| Total | 377 | 125 | 1,340 |
| Depreciation, amortization and impairment | | | |
| Hydro Bauxite & Alumina | 553 | 443 | 2,018 |
| Hydro Aluminium Metal | 605 | 694 | 3,158 |
| Hydro Metal Markets | 38 | 36 | 149 |
| Hydro Extrusions | 746 | 628 | 2,649 |
| Hydro Energy | 47 | 49 | 194 |
| Other and eliminations | 32 | 27 | 113 |
| Total | 2,020 | 1,876 | 8,281 |
| Earnings before financial items and tax (EBIT)¹⁾ | | | |
| Hydro Bauxite & Alumina | 1,094 | 583 | 3,288 |
| Hydro Aluminium Metal | 254 | (171) | 8,376 |
| Hydro Metal Markets | 297 | 19 | 725 |
| Hydro Extrusions | 2,114 | 1,220 | 2,929 |
| Hydro Energy | 2,424 | 851 | 3,727 |
| Other and eliminations | 39 | (271) | (1,158) |
| Total | 6,222 | 2,233 | 17,887 |

¹⁾ Total segment EBIT is the same as Hydro group's total EBIT. Financial income and expense are not allocated to the segments. There are no reconciling items between segment EBIT to Hydro EBIT. Therefore, a separate reconciliation table is not presented.



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| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 |
|---|-----------------------|-----------------------|------------------------|
| Earnings before financial items, tax, depreciation and amortization (EBITDA) | | | |
| Hydro Bauxite & Alumina | 1,647 | 1,026 | 5,306 |
| Hydro Aluminium Metal | 836 | 500 | 11,440 |
| Hydro Metal Markets | 335 | 55 | 872 |
| Hydro Extrusions | 2,858 | 1,842 | 5,558 |
| Hydro Energy | 2,471 | 900 | 3,921 |
| Other and eliminations | 71 | (244) | (1,046) |
| Total | 8,217 | 4,079 | 26,050 |
| Investments¹⁾ | | | |
| Hydro Bauxite & Alumina | 335 | 183 | 2,338 |
| Hydro Aluminium Metal | 645 | 730 | 3,479 |
| Hydro Metal Markets | 130 | 17 | 214 |
| Hydro Extrusions | 292 | 253 | 1,763 |
| Hydro Energy | 199 | 64 | 692 |
| Other and eliminations | 56 | 23 | 104 |
| Total | 1,656 | 1,270 | 8,589 |

¹⁾ Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations. Investments in entities reported as assets held for sale are excluded.

| NOK million | EBIT | Depreciation, amortization and impairment | Investment grants | EBITDA |
|---|--------------|---|----------------------|--------------|
| EBIT - EBITDA First quarter 2022 | | | | |
| Hydro Bauxite & Alumina | 1,094 | 553 | - | 1,647 |
| Hydro Aluminium Metal | 254 | 605 | (22) | 836 |
| Hydro Metal Markets | 297 | 38 | - | 335 |
| Hydro Extrusions | 2,114 | 746 | (2) | 2,858 |
| Hydro Energy | 2,424 | 47 | - | 2,471 |
| Other and eliminations | 39 | 32 | - | 71 |
| Total | 6,222 | 2,020 | (25) | 8,217 |



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Note 3 Discontinued operations and assets held for sale

Hydro entered into an agreement to sell Hydro Rolling to KPS Capital Partners on March 5, 2021. The transaction was completed on June 1. The sold business comprises the Hydro Rolling segment, and related pension liabilities and certain support functions reported as part of Other activities. The transaction was subject to approval in the EU and certain other jurisdictions. The assets and liabilities in the Rolling business were reported as Assets held for sale and Liabilities in disposal groups as of the beginning of March 2021 until completion of the transaction. The results of operations in the divested businesses are reported separately under the caption Discontinued operations for the current and all prior periods. The gain on sale of the business is also reported in this line item. No interest expense related to loans has been allocated to discontinued operations. Cash flows from discontinued operations are presented separately.

Sales from Hydro to the discontinued operations mainly represent aluminium sheet ingot and liquid aluminium as well as alumina and power delivered from Hydro's continued business to the rolling operations, priced with reference to observable market prices. These elements of cost are included in the result from discontinued operations as such costs are required to achieve the sales reported for the discontinued operations. Most of the supply arrangements has continued under the same or similar terms according to the sales contract for the business. Further, Hydro has charged the discontinued business for certain shared services and other expenses incurred jointly, which remains charged to the discontinued operations, while shared administration costs and other corporate charges are not included in the discontinued operations. Depreciations stopped at reclassification to held for sale, i.e. early March, as required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Depreciation expenses in the business held for sale has amounted to about NOK 90 million each month.

An impairment loss of NOK 850 million was recognized in the first quarter of 2021. The asset group was written down to its estimated fair value less cost of disposal, primarily as a result of positive results in the interim period and positive remeasure effects for pension liabilities following the increased discount rates. As the transaction price was determined when the contract was entered into in March, results and value changes were for the risk of the acquiror. Direct costs related to the sales effort, completion of the transaction and separation of the business were charged to discontinued operations. The gain on the sale was recognized with NOK 79 million including recycling of an accumulated currency gain of NOK 554 million. Certain debt and receivable positions were settled during the following periods in 2021 and 2022. The final consideration is subject to certain potential adjustments, mainly related to transfer taxes for which Hydro has assumed the responsibility.

Summary of financial data for discontinued operations

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 |
|--|-----------------------|-----------------------|------------------------|
| Revenue | - | 6,896 | 11,637 |
| Depreciation, amortization and impairment | - | 178 | 178 |
| Other expenses | - | 6,124 | 10,330 |
| Earnings before financial items and tax | - | 603 | 1,149 |
| Financial income (expense), net | - | 66 | 40 |
| Income (loss) before tax | - | 669 | 1,189 |
| Income tax expense | - | 199 | 407 |
| Income (loss) from discontinued operations | - | 470 | 783 |
| Impairment of discontinued operations | - | 850 | 850 |
| Gain on disposal (net of tax) | - | - | 79 |
| Gain (loss) from discontinued operations | - | (380) | 12 |
| Net cash provided by (used in) operating activities | - | (858) | (902) |
| Net cash provided by (used in) investing activities | (85) | (201) | 4,563 |
| Net cash used in financing activities | - | (9) | (13) |
| Foreign currency effects on cash | - | - | 2 |
| Net cash provided by (used in) discontinued operations | (85) | (1,068) | 3,650 |

Asset groups held for sale

| NOK million | March 31, 2022 | March 31, 2021 | December 31, 2021 |
|--------------------------------------|----------------|----------------|-------------------|
| Current assets | - | 10,633 | - |
| Non-current assets | - | 6,436 | - |
| Total assets | - | 17,069 | - |
| Current liabilities | - | 2,726 | - |
| Non-current liabilities | - | 9,540 | - |
| Liabilities in disposal group | - | 12,266 | - |



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Alternative performance measures, i.e. financial performance measures not within the applicable financial reporting framework, are used by Hydro to provide supplemental information, by adjusting for items that, in Hydro's view, does not give an indication of the periodic operating results or cash flows of Hydro, or should be assessed in a different context than its classification according to its nature. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Hydro's experience that these are frequently used by analysts, investors and other parties. Management also uses these measures internally to drive performance in terms of long-term target setting and as basis for performance related pay. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant. Operational measures such as, but not limited to, volumes, prices per mt, production costs and improvement programs are not defined as financial APMs. To provide a better understanding of the company's underlying financial performance for the relevant period, Hydro focuses on adjusted EBITDA in the discussions on periodic adjusted financial and operating results and liquidity from the business areas and the group, while adjusting effects excluded to EBITDA, EBIT and net income (loss) are discussed separately. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Hydro's financial APMs

- EBIT: Income (loss) before tax, financial income and expense.
- Adjusted EBIT: EBIT +/- identified adjusting items to EBIT as described below.
- EBITDA: EBIT + depreciation, amortization and impairments, net of investment grants.
- Adjusted EBITDA: EBITDA +/- identified adjusting items to EBITDA as described below.
- Adjusted net income (loss) from continuing operations: Net income (loss) from continuing operations +/- adjusting items to net income (loss) as described below.
- Adjusted earnings per share from continuing operations: Adjusted net income (loss) from continuing operations attributable to Hydro shareholders divided by weighted average number of outstanding shares (ref.: the interim financial statements).
- Investments: Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations for continuing operations.
- Net cash (debt): Short- and long-term interest-bearing debt and Hydro's liquidity positions
- Adjusted net cash (debt): Net cash (debt) adjusted for liquidity positions regarded unavailable for servicing debt, pension obligation and other obligations which are considered debt-like in nature.
- Adjusted RoaCE is defined as Adjusted Earnings after tax for the prior 12 months divided by average Capital employed for the four most recent quarters. Adjusted Earnings after tax is defined as adjusted EBIT less Adjusted income tax expense. Since RoaCE represents the return to the capital providers before dividend and interest payments, adjusted income tax expense excludes the tax effects of items reported as Finance income (expense), net and the tax effect of adjusting items. Capital employed is defined as Shareholders' Equity, including non-controlling interest plus long-term and short-term interest-bearing debt less Cash and cash equivalents and Short-term investments.
- Aluminium Metal specific adjustment to EBITDA:
 - Qatalum 50% pro rata represent an adjustment to illustrate Hydro's share of EBITDA in Qatalum rather than Hydro's share of net income in Qatalum. The adjustment reflects the relevant elements of Qatalum's results as included in Hydro's income statement.
- Metal Markets specific adjustments to EBITDA:
 - Currency effects include the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly US dollar and Euro for our European operations) and the effects of changes in currency rates on the fair valuation of derivative contracts (including LME futures) and inventories mainly translated into Norwegian kroner. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions.
 - Inventory valuation effects comprise hedging gains and losses relating to inventories. Increasing LME prices result in unrealized hedging losses, while the offsetting gains on physical inventories are not recognized until realized. In period of declining prices, unrealized hedging gains are offset by write-downs of physical inventories.

Adjusting items to EBITDA, EBIT, net income (loss) and earnings per share

Hydro has defined two categories of items which are adjusted to results in all business areas, equity accounted investments and at group level. One category is the timing effects, which are unrealized changes to the market value of certain derivatives. When realized, effects of changes in the market values since the inception are included in adjusted EBITDA and adjusted EBIT. Changes in the market value of trading portfolios are included in adjusted results. The other category includes material items which are not regarded as part of underlying business performance for the period,

such as major rationalization charges and closure costs, effects of disposals of businesses and operating assets, major impairments of property, plant and equipment, as well as other major effects of a special nature, and realized effects of currency derivatives entered into for risk management purposes. Materiality is defined as items with a value above NOK 20 million. All adjusting items to results are reflecting a reversal of transactions or other effects recognized in the financial statements for the current period. Part-owned entities have implemented similar adjustments.

- Unrealized derivative effects on LME related contracts include unrealized gains and losses on contracts measured at market value, which are used for operational hedging purposes related to future expected sales and purchase transactions, both fixed-price customer and supplier contracts and transactions at not yet determined market prices. Also includes elimination of changes in fair value of certain internal physical aluminium contracts.
- Unrealized derivative effects on power and raw material contracts include unrealized gains and losses on embedded derivatives in raw material and power contracts for Hydro's own use and in physical and financial power contracts used for managing price risks and volume changes. Unrealized derivative effects on certain power contracts in a business model with the combined aim to manage hydrological risk in own power production, differences in power needs in existing and new business activities in Hydro as well as supporting development of new renewable energy projects are also adjusted for. Adjustments also comprise elimination of changes in fair value of embedded derivatives within certain internal power contracts.
- Significant rationalization charges and closure costs include costs related to specifically defined major projects, and not considered to reflect periodic performance in the individual plants or operations. Such costs involve termination benefits, dismantling of installations and buildings, clean-up activities that exceed legal liabilities, etc. Costs related to regular and continuous improvement initiatives are included in adjusted results.
- Significant community contributions Brazil refers to the provision recognized in relation to Alunorte's TAC and TC agreements with the Government of Pará and Ministério Público made in September 2018, including later cost adjustments and certain similar agreements.
- Other effects include insurance proceeds covering asset damage, legal settlements, etc. Insurance proceeds covering lost income or expenses incurred in the same or a prior period are included in adjusted results.
- Pension includes recognition of pension plan amendments and related curtailments and settlements.
- Transaction related effects reflect the (gains) losses on divested of businesses and individual assets, the net remeasurement (gains) losses relating to previously owned shares in acquired business as well as inventory valuation expense related to acquisitions.
- Adjusting items in equity accounted investments reflects Hydro's share of items excluded from adjusted net income Qatalum and are based on Hydro's definitions, including both timing effects and material items not regarded as part of underlying business performance for the period.
- Impairment charges (PP&E, intangible assets and equity accounted investments) relate to significant write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value. Gains from reversal of impairment charges are also adjusted for.
- Realized foreign exchange gain (loss) on risk management instruments represents such items as foreign currency derivatives entered into and managed to mitigate currency risk in the production margin, i.e. the difference between sales price for products such as aluminium or alumina versus the cost of raw materials and energy used in production. Realized embedded currency derivatives in certain power contracts in Norway denominated in Euro are also adjusted for. Such currency effects are included in currency gains and losses in finance expense in the income statement, and included in adjusted EBITDA and adjusted EBIT.
- Net foreign exchange (gain) loss: Realized and unrealized gains and losses on foreign currency denominated accounts receivable and payable, funding and deposits, embedded currency derivatives and forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, sales contracts and operating capital, with the exceptions of the realized foreign currency exchange gain (loss) on risk management instruments mentioned above.
- Calculated income tax effect: In order to present adjusted net income from continuing operations on a basis comparable with our adjusted operating performance, the adjusted income taxes include adjustments for the expected taxable effects on adjusting items to income before tax.
- Other adjustments to net income from continuing operations include other major financial and tax related effects not regarded as part of the business performance of the period.

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Adjusting items to EBITDA and EBIT per operating segment and for other and eliminations¹⁾

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 | Year 2021 |
|---|-----------------------|-----------------------|------------------------|--------------|
| Unrealized derivative effects on raw material contracts | (376) | (27) | 113 | (141) |
| Community contributions Brazil ²⁾ | - | - | 15 | 217 |
| Other effects ³⁾ | - | - | (46) | (46) |
| Hydro Bauxite & Alumina | (376) | (27) | 82 | 30 |
| Unrealized derivative effects on LME related contracts | 4,715 | 1,256 | (849) | 4,912 |
| Unrealized derivative effects on power contracts ⁴⁾ | (766) | 34 | (2,779) | (2,763) |
| Significant rationalization charges and closure costs ⁵⁾ | - | - | 66 | 263 |
| Net foreign exchange (gain)/loss ⁶⁾ | (19) | (35) | (23) | (120) |
| Other effects ⁷⁾ | - | - | - | (232) |
| Hydro Aluminium Metal | 3,929 | 1,254 | (3,585) | 2,060 |
| Unrealized derivative effects on LME related contracts | 190 | 24 | (210) | 42 |
| Other effects ⁸⁾ | - | - | (46) | (46) |
| Hydro Metal Markets | 190 | 24 | (256) | (4) |
| Unrealized derivative effects on LME related contracts | (442) | (98) | 306 | 122 |
| Unrealized derivative effects on power contracts | (39) | - | (20) | (72) |
| Significant rationalization charges and closure costs ⁹⁾ | 2 | - | 2 | 114 |
| (Gains)/losses on divestments ¹⁰⁾ | (49) | - | (4) | (27) |
| Hydro Extrusions | (527) | (98) | 283 | 137 |
| Unrealized derivative effects on power contracts | (236) | (19) | (57) | (107) |
| (Gains)/losses on divestments ¹¹⁾ | - | (45) | - | (45) |
| Net foreign exchange (gain)/loss ⁶⁾ | 4 | 4 | 6 | 21 |
| Hydro Energy | (232) | (59) | (51) | (131) |
| Unrealized derivative effects on LME related contracts ¹²⁾ | (15) | 1 | 9 | 13 |
| (Gains)/losses on divestments ¹³⁾ | - | - | - | (231) |
| Net foreign exchange (gain)/loss ⁶⁾ | (21) | 9 | 0 | 20 |
| Other effects ¹⁴⁾ | - | - | 66 | 66 |
| Other and eliminations | (36) | 10 | 74 | (132) |
| Adjusting items to EBITDA | 2,948 | 1,103 | (3,451) | 1,959 |
| Impairment charges | | | | |
| Hydro Aluminium Metal ¹⁵⁾ | - | - | 276 | 276 |
| Hydro Extrusions ¹⁶⁾ | - | 122 | 7 | 150 |
| Depreciation ¹⁷⁾ | - | 101 | 108 | 513 |
| Adjusting items to EBIT | 2,948 | 1,326 | (3,060) | 2,899 |

¹⁾ Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

²⁾ Community agreements includes provisions for the TAC and TC agreements with the Government of Pará and Ministério Público made in September 2018, including later adjustments for changes in cost estimates, and similar agreements.

³⁾ Other effects in Hydro Bauxite & Alumina in 2021 includes insurance compensation for property damage at Alunorte.

⁴⁾ Unrealized derivative effects on power contracts includes the effect of settling some such contracts in Slovalco net through selling power in 2021 and thereby meeting the requirement for recognizing contract in the same contract portfolio at fair value. The effects of consuming power under contracts recognized at fair value are included for 2022.

⁵⁾ Rationalization and closure costs in 2021 related to Aluchemie.

⁶⁾ Realized currency gains and losses from risk management contracts and embedded currency derivatives in physical power and raw material prices.

⁷⁾ Other effects in Hydro Aluminium Metal in 2021 excludes the recognized deferred tax asset in Qatalum after the end of the tax holiday period.

⁸⁾ Other effects in Metal Markets in 2021 includes a compensation received.

⁹⁾ Significant rationalization and closure costs include provisions for costs related to reduction of overcapacity, closures and environmental clean-up activities in Hydro Extrusions.

¹⁰⁾ Divestments of Hydro Extrusions plants.

¹¹⁾ Divestment gain in Hydro Energy in 2021 relates to the lower level of influence in Kyoto Group, which is now traded at the multilateral trading facility Euronext Growth Market, Oslo, for which equity accounting has ended.

¹²⁾ Unrealized derivative effects on LME related contracts result from elimination of changes in the valuation of certain internal aluminium contracts.

¹³⁾ Reversal of gain of sales of property in Germany in 2021.

¹⁴⁾ Other effects in 2021 include an environmental provision of NOK 66 million related to closed sites in Germany.

¹⁵⁾ Impairment charges in Hydro Aluminium Metal in 2021 reflect write downs related to the Slovalco smelter.

¹⁶⁾ Impairment charges include impairments of various assets, including goodwill, in Hydro Extrusions.

¹⁷⁾ Excess depreciation in 2021 related to the anode producer Aluchemie which was closed in 2021.

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Adjusted EBITDA

| NOK million | First quarter 2022 | First quarter 2021 | Fourth quarter 2021 | Year 2021 |
|---|--------------------|--------------------|---------------------|---------------|
| EBIT | 6,222 | 2,233 | 10,086 | 17,887 |
| Depreciation, amortization and impairment | 2,020 | 1,876 | 2,411 | 8,281 |
| Investment grants | (25) | (30) | (35) | (117) |
| EBITDA | 8,217 | 4,079 | 12,462 | 26,050 |
| Adjusting items to EBITDA | 2,948 | 1,103 | (3,451) | 1,959 |
| Adjusted EBITDA | 11,165 | 5,182 | 9,011 | 28,010 |

Adjusted earnings per share from continuing operations

| NOK million | First quarter 2022 | First quarter 2021 | Change prior year quarter | Fourth quarter 2021 | Change prior quarter | Year 2021 |
|--|--------------------|--------------------|---------------------------|---------------------|----------------------|-------------|
| Net income (loss) from continuing operations | 6,411 | 1,880 | >100% | 8,525 | (25)% | 13,930 |
| Adjusting items to net income (loss) from continuing operations ¹⁾ | 374 | 567 | (34)% | (2,715) | >100% | 976 |
| Adjusted net income (loss) from continuing operations | 6,785 | 2,448 | >100% | 5,810 | 17% | 14,905 |
| Adjusted net income attributable to non-controlling interests from continuing operations | 283 | 93 | >100% | 535 | (47)% | 1,017 |
| Adjusted net income from continuing operations attributable to Hydro shareholders | 6,502 | 2,355 | >100% | 5,276 | 23% | 13,888 |
| Number of shares | 2,051 | 2,049 | - | 2,051 | - | 2,051 |
| Adjusted earnings per share from continuing operations | 3.17 | 1.15 | >100% | 2.57 | 23% | 6.77 |

¹⁾ Adjusting items to net income (loss) consist of the Adjusting items to EBIT specified on the previous page. These items are net of calculated tax effects, for most items based on a 30 percent standardized tax rate.

Adjusted net cash (debt)

| NOK million | March 31, 2022 | December 31, 2021 | Change prior quarter | March 31, 2021 | December 31, 2020 | Change prior year quarter |
|---|----------------|-------------------|----------------------|-----------------|-------------------|---------------------------|
| Cash and cash equivalents | 21,161 | 22,923 | (1,762) | 15,011 | 17,638 | (2,627) |
| Short-term investments ¹⁾ | 8,588 | 6,763 | 1,824 | 4,348 | 4,091 | 258 |
| Short-term debt | (7,072) | (6,428) | (643) | (4,701) | (4,748) | 47 |
| Long-term debt | (21,073) | (21,989) | 917 | (23,658) | (24,811) | 1,153 |
| Collateral for long-term liabilities | 3,545 | 1,945 | 1,601 | 722 | 35 | 687 |
| Net cash (debt) | 5,149 | 3,213 | 1,936 | (8,278) | (7,795) | (483) |
| Reversal of collateral for short-term and long-term liabilities ²⁾ | (9,653) | (5,304) | (4,350) | (1,167) | (712) | (454) |
| Cash and cash equiv. and short-term investm. in captive insurance company ³⁾ | (1,050) | (1,059) | 9 | (1,014) | (956) | (59) |
| Net pension obligation at fair value, net of expected income tax benefit ⁴⁾ | 993 | (774) | 1,766 | 405 | (9,868) | 10,273 |
| Short- and long-term provisions net of expected income tax benefit, and other liabilities ⁵⁾ | (3,183) | (3,096) | (87) | (2,669) | (3,966) | 1,298 |
| Adjusted net cash (debt) | (7,745) | (7,019) | (725) | (12,723) | (23,297) | 10,574 |

¹⁾ Hydro's policy is that the maximum maturity for cash deposits is 12 months. Cash flows relating to bank time deposits with original maturities beyond three months are classified as investing activities and included in short-term investments on the balance sheet.

²⁾ Collateral provided as cash, mainly related to strategic and operational hedging activities

³⁾ Cash and cash equivalents and short-term investments in Hydro's captive insurance company Industriforsikring AS are assumed to not be available to service or repay future Hydro debt, and are therefore excluded from the measure Adjusted net debt.

⁴⁾ The expected income tax benefit related to the pension liability is NOK -435 million and NOK -47 million for March 2022 and December 2021, respectively.

⁵⁾ Consists of Hydro's short and long-term provisions related to asset retirement obligations, net of an expected tax benefit estimated at 30 percent, and other non-current financial liabilities.



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Adjusted Return on average Capital Employed (RoCE), last twelve months

Hydro uses adjusted RoCE to measure the performance for the group, both in absolute terms and comparatively from period to period. Management views this measure as providing additional understanding of the rate of return on investments over time in each of its capital intensive businesses and in the operating results of its business segments. Adjusted RoCE is calculated as a rolling twelve-months' average, using Adjusted EBIT after tax for the current quarter and the previous three quarters, and capital employed at the end of the current quarter and the three previous quarters.

| NOK million | First quarter 2022 | Fourth quarter 2021 | Third quarter 2021 ¹⁾ | Second quarter 2021 ¹⁾ | Twelve months ending March 31,2022 | 2021 |
|---|-----------------------|------------------------|-------------------------------------|--------------------------------------|---------------------------------------|---------|
| Adjusted EBIT | 4,891 | 5,309 | 7,026 | 9,170 | 26,396 | 20,786 |
| Adjusted Income tax expense ²⁾ | 1,605 | (1,608) | (1,091) | (2,246) | (6,550) | (5,255) |
| Adjusted EBIT after tax | 3,286 | 3,701 | 5,936 | 6,924 | 19,847 | 15,531 |

| NOK million | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
|--|----------------|-------------------|--------------------|---------------|----------------|
| Current assets in continuing operations ³⁾ | 55,912 | 46,027 | 39,689 | 36,952 | 31,439 |
| Property, plant and equipment | 56,599 | 54,605 | 54,642 | 56,353 | 53,890 |
| Other non-current assets ⁴⁾ | 45,932 | 42,250 | 42,144 | 41,951 | 39,749 |
| Current liabilities in continuing operations ⁵⁾ | (37,666) | (33,140) | (27,277) | (25,494) | (21,498) |
| Non-current liabilities ⁵⁾ | (26,418) | (24,574) | (27,020) | (24,643) | (22,402) |
| Capital Employed | 94,360 | 85,167 | 82,177 | 85,119 | 81,178 |

| | First quarter 2022 | 2021 |
|---|-----------------------|--------------|
| Adjusted Return on average Capital Employed (RoCE), last twelve months | 22.9% | 18.6% |

¹⁾ Adjusted EBIT for the second and third quarter of 2021 are reconciled in the third quarter report for 2021.

²⁾ Adjusted Income tax expense is based on reported and adjusted tax expense adjusted for tax on financial items.

³⁾ Excluding cash and cash equivalents and short-term investments.

⁴⁾ Excluding long-term collateral related to strategic and operational hedging activities.

⁵⁾ Excluding interest-bearing debt.

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Cautionary note

Certain statements included in this announcement contain forward-looking information, including, without limitation, information relating to (a) forecasts, projections and estimates, (b) statements of Hydro management concerning plans, objectives and strategies, such as planned expansions, investments, divestments, curtailments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, and (i) qualified statements such as "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream businesses; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial calendar 2022¹⁾

| | |
|------------|------------------------|
| May 10 | Annual General Meeting |
| July 22 | Second quarter results |
| October 25 | Third quarter results |

¹⁾ Hydro reserves the right to revise these dates.

See [updated calendar](#) on Hydro website.

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Hydro is a leading industrial company committed to a sustainable future. Our purpose is to create more viable societies by developing natural resources into products and solutions in innovative and efficient ways.

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