

[Overview](#)

[Market developments and outlook](#)

[Additional factors impacting Hydro](#)

[Business areas](#)

[Finance](#)

[Tax](#)

[Interim financial statements](#)

[Alternative performance measures \(APMs\)](#)

[Responsibility statement from the Board and the CEO](#)



Second quarter 2022



[Overview](#)[Market developments and outlook](#)[Additional factors impacting Hydro](#)[Business areas](#)[Finance](#)[Tax](#)[Interim financial statements](#)[Alternative performance measures \(APMs\)](#)[Responsibility statement from the Board and the CEO](#)

## Second quarter 2022

<b>Overview</b>	<b>3</b>
<b>Market developments and outlook</b>	<b>9</b>
<b>Additional factors impacting Hydro</b>	<b>11</b>
<b>Business areas</b>	<b>12</b>
<b>Finance</b>	<b>18</b>
<b>Tax</b>	<b>18</b>
<b>Interim financial statements</b>	<b>19</b>
<b>Alternative performance measures (APMs)</b>	<b>27</b>
<b>Responsibility statement from the Board and the CEO</b>	<b>31</b>

**Hydro**

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

# Overview

## Summary of financial and operating results and liquidity

### Key financial information

NOK million, except per share data	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Revenue	64,793	34,559	87%	46,616	39%	111,409	66,510	149,654
Earnings before financial items, tax, depreciation and amortization (EBITDA) <sup>2)</sup>	17,561	4,899	>100%	8,217	>100%	25,778	8,978	26,050
Adjustments to EBITDA <sup>1)</sup>	(5,966)	1,698	>(100)%	2,948	>(100)%	(3,019)	2,802	1,959
Adjusted EBITDA <sup>1)</sup>	11,594	6,598	76%	11,165	4%	22,759	11,780	28,010
<b>Adjusted EBITDA</b>								
Hydro Bauxite & Alumina	1,117	855	31%	1,270	(12)%	2,387	1,854	5,336
Hydro Aluminium Metal	6,977	2,807	>100%	4,765	46%	11,743	4,561	13,500
Hydro Metal Markets	705	335	>100%	525	34%	1,230	413	867
Hydro Extrusions	2,365	1,830	29%	2,331	1%	4,695	3,574	5,695
Hydro Energy	824	761	8%	2,239	(63)%	3,063	1,602	3,790
Other and eliminations	(395)	10	>(100)%	35	>(100)%	(360)	(224)	(1,178)
Adjusted EBITDA <sup>1)</sup>	11,594	6,598	76%	11,165	4%	22,759	11,780	28,010
Earnings before financial items and tax (EBIT) <sup>2)</sup>	15,418	3,034	>100%	6,222	>100%	21,640	5,267	17,887
Adjusted EBIT <sup>1)</sup>	9,452	4,891	93%	9,170	3%	18,622	8,450	20,786
Net income (loss) from continuing operations	11,136	2,397	>100%	6,411	74%	17,547	4,278	13,930
Adjusted net income (loss) from continuing operations <sup>1)</sup>	7,731	3,150	>100%	6,785	14%	14,516	5,597	14,905
Net income (loss) from discontinued operations <sup>3)</sup>	-	407	(100)%	-	-	-	27	12
Earnings per share from continuing operations	5.49	1.06	>100%	2.80	(19)%	8.29	1.95	5.92
Adjusted earnings per share from continuing operations <sup>1)</sup>	3.63	1.45	>100%	3.17	21%	6.80	2.60	6.77
<b>Financial data</b>								
Investments <sup>1) 2)</sup>	2,291	1,689	36%	1,656	38%	3,947	2,959	8,589
Net cash (debt) <sup>1)</sup>	(1,693)	(3,574)	53%	5,149	>(100)%	(1,693)	(3,574)	3,213
Adjusted net cash (debt) <sup>1)</sup>	(6,260)	(10,231)	39%	(7,745)	19%	(6,260)	(10,231)	(7,019)

<sup>1)</sup> Alternative performance measures (APMs) are described in the corresponding section in the back of the report.

<sup>2)</sup> EBIT, EBITDA and investments per segment are specified in [Note 2: Operating segment information](#).

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



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Key developments second quarter 2022

Hydro's adjusted EBITDA for the second quarter of 2022 was NOK 11,594 million, compared with NOK 6,598 million for the same quarter last year, resulting in a 12-month rolling Adjusted RoaCE of 27 percent. Both Aluminium Metal and Extrusions delivered their strongest quarterly results on record.

Higher realized all-in metal and alumina prices, stronger margins in Extrusions and currency effects contributed positively to earnings, but were partly offset by higher fixed and raw material costs upstream.

Compared to the first quarter, Hydro's adjusted EBITDA increased from NOK 11,165 million to NOK 11,594 million in the second quarter 2022. Higher realized all-in metal and alumina prices, and positive currency effects were partly offset by higher raw material costs and lower production volumes in Energy.

The war in Ukraine has affected second quarter growth and 2022 forecasts, with Europe being the most exposed to the resulting economic and social impact. Global supply-chain shortages, high energy prices, and concerns around inflation and increasing interest rates continue to add uncertainty. Hydro is facing a new reality and the changes are happening faster than before.

Although realized aluminium prices and results were strong in the second quarter of 2022, the three-month aluminium price decreased during the quarter, as fears of recession and weak demand in China led to a large drop in base metal prices. The future outlook for some aluminium production capacity remains uncertain, as high global energy prices put pressure on smelter margins, resulting in producers in Europe and the US curtailing parts of their production.

Nordic power prices increased significantly compared to the same quarter last year and are relatively stable compared to the previous quarter. Power prices in Southern Norway (NO1, NO2, NO5) increased due to weak hydrology and exposure to continental power markets. The continental power prices increased further due to rising gas and coal prices, influenced by concerns about energy security for the winter. In Southwestern Norway (NO2) the reservoirs were only 46 percent full, 24 percentage points below the normal level. The Norwegian transmission system operator, Statnett, has stated

that energy security in Norway may be a concern towards the end of the year.

In these volatile markets, Hydro continues to address challenges and mitigate risks, while also continuing to position the company according to the Hydro 2025 strategy. Hydro is seizing opportunities to both strengthen its position in low-carbon aluminium, while also maturing and growing in new energy, in a market which is becoming increasingly short on renewable energy. At the same time, Hydro continues its efforts to ensure robustness across the value chain by focusing on reducing costs and improving operational excellence. Hydro's 2025 improvement program is estimated to deliver on its 2022 target of NOK 7.0 billion.

Greener aluminium with a lower carbon footprint is seen as a key enabler for the green transition, and in the second quarter, Hydro continued to see increased demand for the greener products, Hydro CIRCAL and Hydro REDUXA. In the second quarter of 2022 sales were 89 percent higher year on year, supporting Hydro's ambition to double sales of greener products by 2025.

Hydro is also progressing in the recycling area. In July, construction started for the expansion of the aluminium recycling plant in Rackwitz, Germany, enabling the plant to produce 25,000 tonnes of HyForge per year, and increasing recycling capacity of post-consumer scrap (PCS). In addition, Hydro made the decision to upgrade and restart the foundry alloy casthouse in Årdal, Norway, to increase capacity for recycling of PCS by 25,000 tonnes per year. The two investments support Hydro's ambition to double recycling of PCS by 2025.

A significant step in Hydro's recycling ambitions could be delivered by a successful acquisition of the Polish recycler, Alumetal S.A. Following the launch of a tender offer for 100 percent of the shares of the company in the start of the second quarter, Hydro announced in July that it will extend the subscription period to October 10, 2022, in order to provide additional information requested by the European Commission

In the second quarter, Hydro Extrusions decided to invest NOK 300 million in a new extrusion press in Tønder, Denmark. The 12-inch press will serve the European

automotive and electric vehicle market. The automotive customers continue to set ambitious decarbonization targets, and low-carbon and recycled aluminium will be key levers to meet Scope 3 emissions targets.

At the Capital Markets Day in December 2021, Hydro launched a new climate ambition, confirming the target of cutting own carbon emissions by 30 percent by 2030 and setting new ambitions of becoming net zero in terms of Scope 1 and 2 carbon emissions by 2050 or earlier. An important enabler to meet the ambition is the decarbonization of the Brazilian alumina refinery Alunorte, where the Alunorte fuel switch project to replace heavy fuel oil with natural gas is progressing according to plan.

In the second quarter, Hydro Rein announced two renewable energy projects in Brazil that will supply Hydro's bauxite and alumina operations with renewable power for existing and planned electrical boilers, supporting Alunorte's decarbonization efforts. Hydro Rein and Macquarie Asset Management's Green Investment Group entered into agreements to form a joint venture to build and operate Feijão, a 586 MW combined wind and solar power project in the northeast of Brazil. Hydro Rein, together with Equinor and Scatec, also started construction activities for the 531 MW Mendubim solar project in Brazil.

Feijao and Mendubim will be important projects to reach Hydro's target of a 30 percent CO<sub>2</sub> reduction by 2030, and also to develop Hydro Rein for the planned capital raise in the second half of 2022. Given the uncertain capital markets, alternatives to an initial public offering are being considered to raise the capital required for further growth.

The transition to a lower-carbon society also provides opportunities for Hydro's new energy areas. In May, Hydro's 50/50 joint venture with Northvolt, Hydrovolt, commenced operations of its industrial scale battery recycling pilot in Norway. In parallel, Hydrovolt will in the second half of 2022 be taking steps to develop production in Europe to support growing demand.

A central pillar in Hydro's 2025 strategy is the financial framework, and the company's profitability and sustainability agenda continues to guide capital allocation. Hydro continues

- Overview
- Market developments and outlook
- Additional factors impacting Hydro
- Business areas
- Finance
- Tax
- Interim financial statements
- Alternative performance measures (APMs)
- Responsibility statement from the Board and the CEO

its commitment to an investment grade credit rating and aims to keep adjusted net debt less than 2x adjusted EBITDA throughout the cycle.

Following a review of the company's capital structure and targets, Hydro has updated its targeted capital structure, aiming to have adjusted net debt of around NOK 25 billion over the cycle. In line with this, the Board of Directors has proposed an additional shareholder distribution for 2021. The distribution will consist of an additional cash dividend of NOK 3 billion, as well as an introduction of a share buyback program of up to NOK 2 billion, over the next 12 months. The shareholder distribution is conditional upon an Extraordinary General Meeting approval.

Hydro strives to drive a cost of capital advantage based on the sustainability of its operations, and in the second quarter Hydro launched a green and sustainability-linked financing framework, including a second party opinion by the Centre for International Climate and Environmental Research (CICERO). Hydro's framework is ranked Medium Green by CICERO, the second greenest ranking after dark green, and can be used for future sustainability-linked financing products.

Adjusted EBITDA for the first half year of 2022 increased compared to the same period last year. Higher realized all-in metal and alumina prices, record high results in Extrusions and positive currency effects were partly offset by higher fixed and raw material costs upstream.

Net income from continuing operations amounted to NOK 11,136 million in the second quarter. Net income from continuing operations included a net foreign exchange loss of NOK 1,129 million, a NOK 988 million unrealized loss on power and raw material contracts and a NOK 6,697 million unrealized gain on LME related contracts.

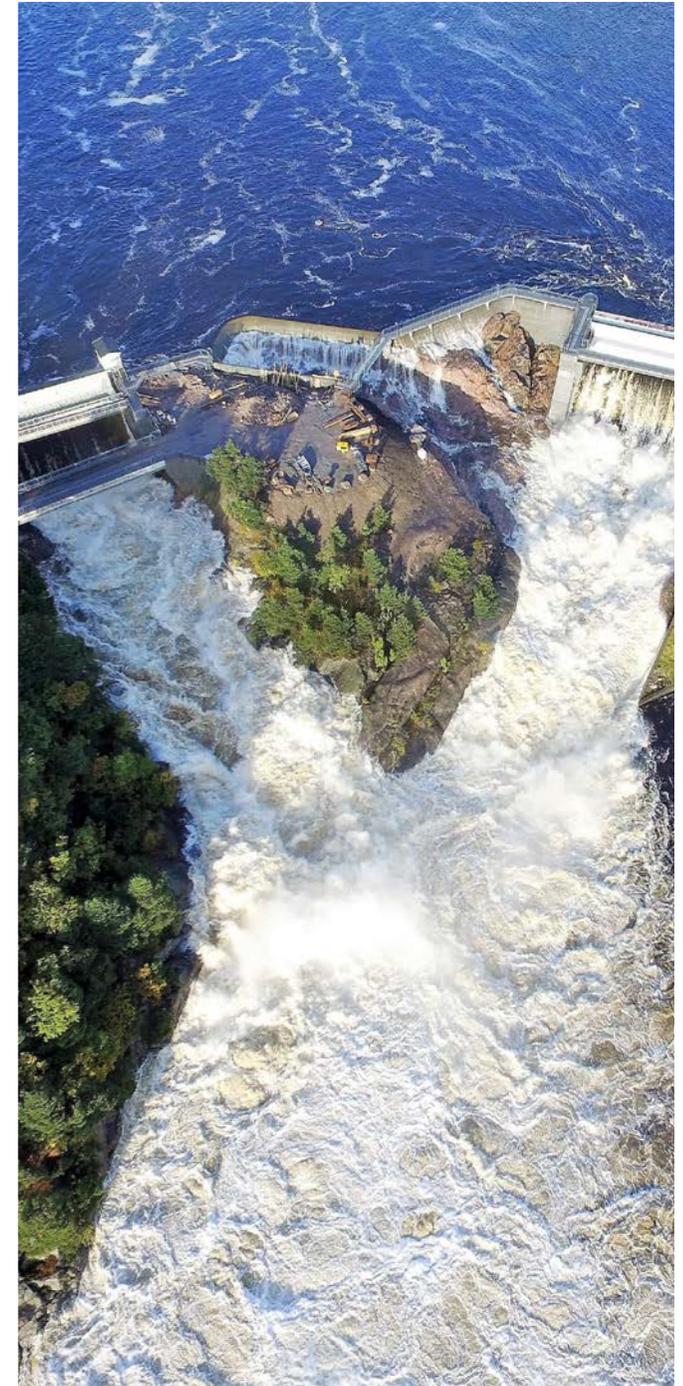
Hydro's net cash<sup>1</sup> position decreased from NOK 5.1 billion net cash to NOK 1.7 billion net debt at the end of the quarter. Net cash provided by operating activities excluding changes in short-term and long-term collateral<sup>2</sup> and excluding purchases of money market funds<sup>3</sup> amounted to NOK 6.4 billion. Net

cash used in investment activities, excluding short-term investments, amounted to NOK 2.0 billion. Dividends paid amounted to NOK 11.1 billion.

Adjusted net debt decreased from NOK 7.7 billion to NOK 6.3 billion, largely driven by a decrease in collateral requirements partly offset by a decrease in net cash position. The collateral requirements amounted to NOK 1.7 billion at the end of the quarter, mainly relating to strategic and operational hedging positions.

In light of large movements in currency rates, Hydro has updated its annual net capex guidance for 2022, to around NOK 12.5 billion, which includes capex carried over from the 2021 budget.

Hydro held NOK 24.5 billion in cash and cash equivalents at the end of the quarter. The revolving credit facilities of USD 1.6 billion and USD 1.3 billion were fully available at the end of the quarter.



<sup>1</sup> Alternative performance measures (APMs) are described in the corresponding section in the back of the report.  
<sup>2</sup> Adjusted net cash excludes the amount paid as collateral for short- and long-term liabilities, mainly derivative positions, see the APM section.  
<sup>3</sup> Hydro's purchase of money market funds and other trading securities are included in cash from operating activities.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## 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 income<sup>1)</sup>

NOK million	Second quarter 2022	Second quarter 2021	First quarter 2022	First half 2022	First half 2021	Year 2021
Unrealized derivative effects on LME related contracts	(6,697)	1,646	4,448	(2,249)	2,827	5,088
Unrealized derivative effects on power and raw material contracts	988	10	(1,418)	(430)	(1)	(3,083)
Significant rationalization charges and closure costs	(4)	279	2	(2)	279	377
Community contributions Brazil	-	-	-	-	-	217
Transaction related effects	(64)	-	(49)	(112)	(45)	(304)
Net foreign exchange (gain) loss	(47)	(5)	(36)	(82)	(27)	(79)
Other effects	(143)	(232)	-	(143)	(232)	(257)
<b>Adjusting items to EBITDA<sup>2)</sup></b>	<b>(5,966)</b>	<b>1,698</b>	<b>2,948</b>	<b>(3,019)</b>	<b>2,802</b>	<b>1,959</b>
Impairment charges	-	7	-	-	129	426
Depreciation	-	151	-	-	252	513
<b>Adjusting items to EBIT</b>	<b>(5,966)</b>	<b>1,857</b>	<b>2,948</b>	<b>(3,019)</b>	<b>3,183</b>	<b>2,899</b>
Net foreign exchange (gain)/loss	1,129	(550)	(2,392)	(1,263)	(1,202)	(1,404)
Calculated income tax effect	1,432	(555)	(181)	1,251	(661)	(520)
<b>Adjusting items to net income from continuing operations</b>	<b>(3,406)</b>	<b>752</b>	<b>374</b>	<b>(3,031)</b>	<b>1,320</b>	<b>976</b>
Income (loss) tax rate	21%	29%	24%	22%	29%	24%
Adjusted income (loss) tax rate	17%	33%	24%	20%	30%	25%

<sup>1)</sup> Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

<sup>2)</sup> The various effects are described in the APM section in the back of the report.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Key operational information

NOK million, except per share data	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Bauxite production (kmt) <sup>1)</sup>	2,736	2,660	3%	2,638	4%	5,375	5,473	10,926
Alumina production (kmt)	1,536	1,586	(3)%	1,519	1%	3,054	3,126	6,305
Realized alumina price (USD/mt) <sup>2)</sup>	430	287	50%	391	10%	411	292	313
Primary aluminium production (kmt)	532	561	(5)%	540	(1)%	1,072	1,100	2,244
Realized aluminium price LME (USD/mt)	3,031	2,210	37%	2,662	14%	2,833	2,100	2,317
Realized USD/NOK exchange rate	9.39	8.38	12%	8.84	6%	9.14	8.45	8.55
Hydro Extrusions sales volumes to external market (kmt)	338	342	(1)%	347	(3)%	685	680	1,296
Power production (GWh)	1,602	2,374	(33)%	2,730	(41)%	4,332	5,231	9,055

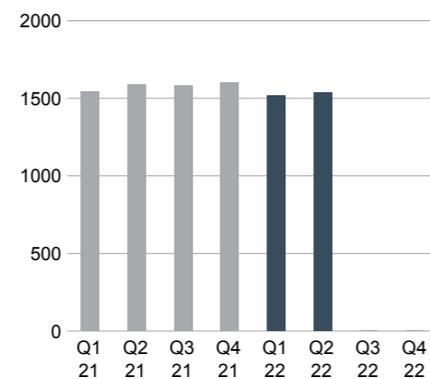
<sup>1)</sup> Paragominas production on wet basis.<sup>2)</sup> Weighted average of own production and third party contracts. The majority of the alumina is sold linked to the alumina index with a one month delay.

## Currency rates

	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
USD/NOK Average exchange rate	9.44	8.37	13%	8.85	7%	9.13	8.44	8.60
USD/NOK Period end exchange rate	9.96	8.56	16%	8.75	14%	9.96	8.56	8.82
BRL/NOK Average exchange rate	1.92	1.59	21%	1.70	13%	1.80	1.57	1.60
BRL/NOK Period end exchange rate	1.91	1.72	11%	1.83	4%	1.91	1.72	1.58
USD/BRL Average exchange rate	4.93	5.29	(7)%	5.23	(6)%	5.09	5.38	5.39
USD/BRL Period end exchange rate	5.22	4.97	5%	4.78	9%	5.22	4.97	5.57
EUR/NOK Average exchange rate	10.04	10.09	-	9.92	1%	9.98	10.18	10.16
EUR/NOK Period end exchange rate	10.35	10.17	2%	9.71	7%	10.35	10.17	9.99

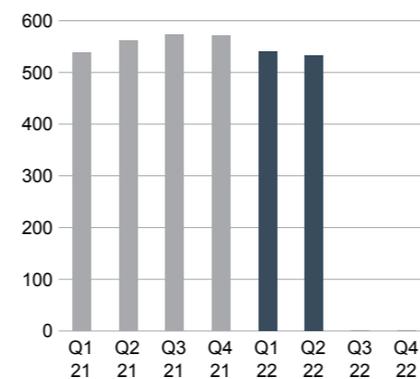
## Alumina production

Kmt



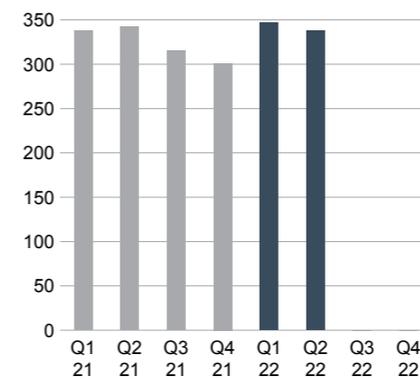
## Primary aluminium production

Kmt



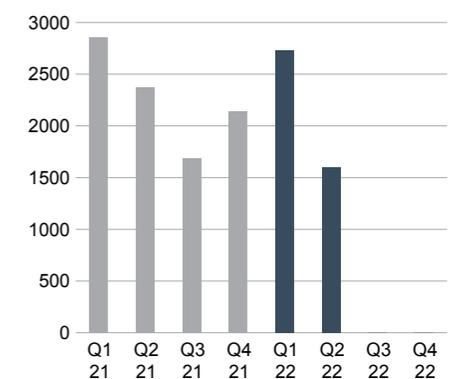
## Hydro Extrusions sales

Kmt



## Power production

GWh



Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

Market statistics<sup>1)</sup>

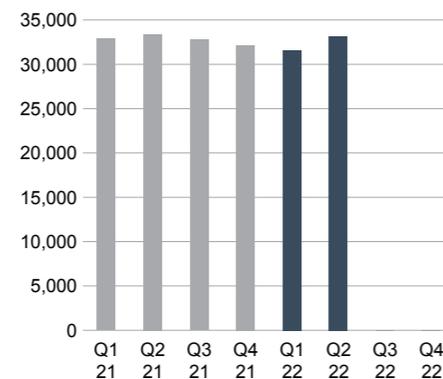
NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
<b>Bauxite and alumina</b>								
Average alumina price - Platts PAX FOB Australia (USD/t)	373	277	34%	421	(12)%	397	288	329
China bauxite import price (USD/mt CIF China)	56	46	23%	56	1%	56	45	48
Global production of alumina (kmt)	33,188	33,275	-	31,627	5%	64,814	66,034	131,366
Global production of alumina (ex. China) (kmt)	14,348	15,007	(4)%	14,472	(1)%	28,819	29,730	59,086
<b>Primary aluminium</b>								
LME cash average (USD/mt)	2,890	2,396	21%	3,247	(11)%	3,068	2,243	2,473
LME three month average (USD/mt)	2,912	2,409	21%	3,240	(10)%	3,076	2,255	2,482
Standard ingot premium (EU DP Cash)	604	239	153%	489	24%	547	203	272
Extrusion ingot premium (EU DP)	1,472	880	67%	1,495	(2)%	1,484	666	988
Chinese production of primary aluminium (kmt)	9,994	9,684	3%	9,617	4%	19,611	19,356	38,581
Chinese consumption of primary aluminium (kmt)	9,851	10,657	(8)%	9,447	4%	19,299	19,806	40,139
Global production of primary aluminium (ex. China) (kmt)	7,191	7,195	-	7,146	1%	14,337	14,356	28,852
Global consumption of primary aluminium (ex. China) (kmt)	7,271	7,034	3%	7,589	(4)%	14,860	14,337	28,816
Global production of primary aluminium (kmt)	17,185	16,879	2%	16,764	3%	33,948	33,612	67,433
Global consumption of primary aluminium (kmt)	17,122	17,691	(3)%	17,036	1%	34,159	34,143	68,955
Reported primary aluminium inventories (ex. China) (kmt)	2,136	3,240	(34)%	2,321	(8)%	2,136	3,240	2,565
Reported primary aluminium inventories (China) (kmt)	1,497	1,711	(13)%	1,600	(6)%	1,497	1,711	1,392
<b>Extruded products</b>								
Consumption extruded products - Europe (kmt)	1,080	1,077	-	1,025	5%	2,105	2,067	3,822
Consumption extruded products - USA & Canada (kmt)	687	647	6%	656	5%	1,343	1,266	2,496
<b>Energy</b>								
Average southern Norway spot price (NO2) (NOK/MWh)	1,752	493	>100%	1,504	16%	1,628	481	762
Average mid Norway spot price (NO3) (NOK/MWh)	241	335	(28)%	207	16%	224	358	420
Average nordic system spot price (NOK/MWh)	1,211	423	>100%	1,090	11%	1,151	428	634

<sup>1)</sup> 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.

<sup>2)</sup> The quarterly China bauxite import price is an estimate based on the average of the first 2 months of the quarter.

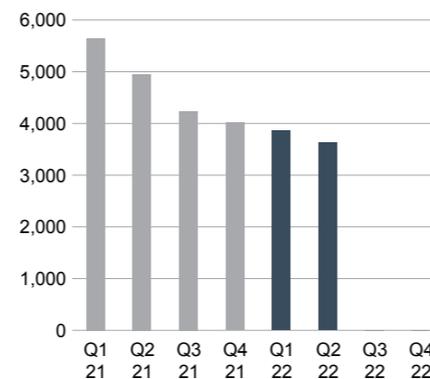
## Production of alumina

Global kmt



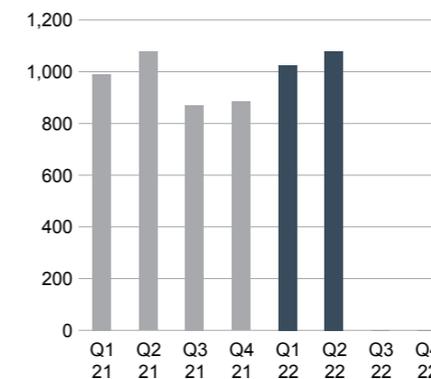
## Aluminium inventories

Global kmt



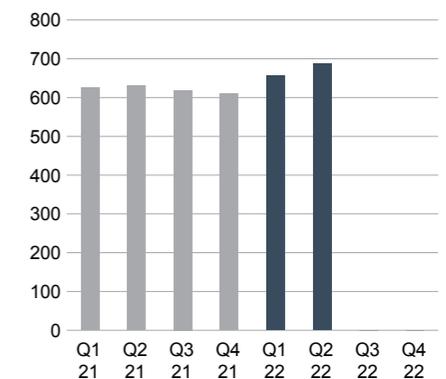
## Extruded products Europe

Consumption kmt



## Extruded products North America

Consumption kmt



Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Market developments and outlook

### Global macroeconomic developments

The war in Ukraine has impacted second quarter growth and 2022 forecasts with Europe being the most exposed to the resulting economic and social impact. Various key markets are reporting their highest inflation rates for the past 20 years, and in response the major central banks are increasing interest rates. Global supply chain shortages continued to impact growth, and China's current zero Covid policy is causing short term disruptions.

External sources have downgraded estimated global economic growth in 2022 to around 3 percent. For Europe, concerns surrounding energy security for the winter are weighing on growth forecasts. The war in Ukraine, continued global supply-chain shortages, high energy prices, and concerns around inflation and increasing interest rates continue to add uncertainty.

### Bauxite and alumina

The average Platts alumina index (PAX) decreased in the second quarter of 2022 to USD 373 per mt, compared to USD 421 per mt in the first quarter 2022.

The Platts alumina index (PAX) decreased from USD 465 per mt to around USD 370 per mt during April and stabilised around this price level for the remainder of the quarter. The decrease in PAX was driven by increased alumina availability following Australia's bauxite and alumina export ban to Russia. Compared to the second quarter of 2021, the average Platts alumina index was 34 percent higher.

China changed from a net importer to a net exporter of alumina in the second quarter, the first time since 2018. Imports of Alumina for the second quarter were at the lowest levels since 2018, and Australia accounted for 100 percent of Chinese alumina imports in the period.

China imported 23 million mt of bauxite in April and May 2022, 29 percent higher than the same period a year ago mainly driven by higher imports from Indonesia and Guinea. 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 two months of the second quarter of 2022,

up from USD 46 per mt CIF in the second quarter 2021 mainly driven by higher oil prices and ocean freight rates.

### Primary aluminium

The three-month aluminium price decreased during the second quarter of 2022, starting the quarter at USD 3,450 per mt and ending at USD 2,471 per mt, as fears of recession and weak demand in China led to a large drop in all base metal prices. The average price for the quarter was USD 2,912 per mt.

Uncertainty remains about the future outlook for some aluminium production as high global energy prices put pressure on smelter margins, and as a result some producers in Europe and the US have curtailed parts of their production.

European duty paid standard ingot premiums ended the second quarter at USD 582 per mt, down from USD 595 per mt (all-time high) at the end of the first quarter. The US Midwest premium decreased from USD 884 per mt (all-time high) at the beginning of the quarter to USD 688 per mt at the end of the quarter, as market concern grew over a potential recession.

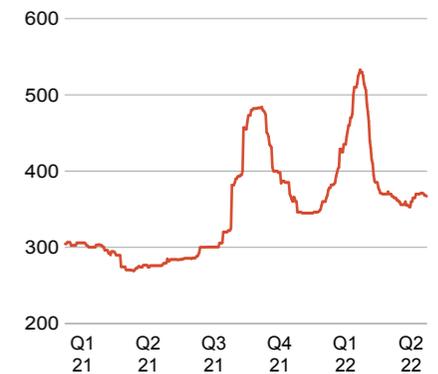
Shanghai Futures Exchange (SHFE) prices decreased by USD 627 per mt ex. VAT from start of the quarter to the end, ending at USD 2,546 per mt ex. VAT. Average for the quarter was down USD 341 per mt ex. VAT compared to the first quarter.

Global primary aluminium consumption was down 3 percent compared to the second quarter of 2021, driven by a decrease of 8 percent in China, partly offset by an increase of 3 percent in World ex. China.

For 2022 external sources<sup>1</sup> are estimating a global deficit of primary aluminium between 0.2 million mt and 0.3 million mt.

The European consumption of sheet ingot and primary foundry alloys increased slightly in the second quarter of 2022 compared to the same period 2021. Consumption of extrusion ingot was stable in this quarter.

**Platts PAX development**  
USD/mt



**LME price (3 month aluminium)**  
USD/mt



<sup>1</sup> CRU and WoodMac.



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

Total global stocks at the end of the second quarter of 2022 were estimated to be 9.1 million mt, down 0.1 million mt compared to the first quarter and down 1.3 million mt compared to the second quarter 2021.

### Extruded products

European demand for extrusions in the second quarter of 2022 is estimated to be at the similar level as the same quarter last year, but increasing 5 percent compared to the first quarter of 2022. The industrial and the building & construction segments have continued to perform well so far in 2022, while automotive demand continues to be negatively impacted by shortage of semiconductors and overall supply-chain issues. However, automotive production rates are increasing as supply-chains are starting to normalize, positively impacting aluminium demand for the segment.

CRU estimates that the European demand for extruded products will decrease 5 percent in the third quarter of 2022 compared to the same quarter last year. The European demand for 2021 has been revised upward by CRU due to stronger growth, in particular residential building & construction. The upward revision creates a negative effect for growth rates into 2022, with extrusion demand now estimated to decrease by 2 percent in 2022 compared to 2021, based on weaker growth outlook for the second half of the year.

North American extrusion demand is estimated to have increased 6 percent during the second quarter of 2022 compared to the same quarter last year and increasing 5 percent compared to the first quarter of 2022. 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 third 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

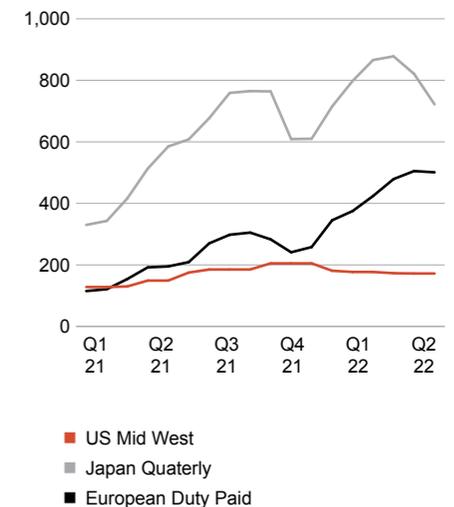
Nordic power prices increased significantly compared to same quarter last year and relatively stable compared to the previous quarter. Power prices in Southern Norway (NO1,

NO2, NO5) increased due to weak hydrology and exposure to continental power markets. The continental power prices increased further due to rising gas and coal prices, influenced by concerns about energy security for the winter. Prices in the northern part of the Nordic market remained low due to strong hydrology and limited transmission capacity towards the south. Hence, significant price area differences in the Nordic region have continued through the second quarter and are expected to prevail into the third quarter.

The Nordic hydrological balance ended the quarter around 5 TWh below normal, compared to around 2 TWh above normal at the end of the previous quarter and 2 TWh above normal at the end of the same quarter last year. Hydropower reservoirs in Norway were at 59 percent of full capacity at the end of the quarter, which is 9 percentage points below the normal level. However, in Southwestern Norway (NO2) the reservoirs were only 46 percent full, 24 percentage points below the normal level, and the Norwegian transmission system operator, Statnett, has stated that energy security in Norway may be a concern towards the end of the year.

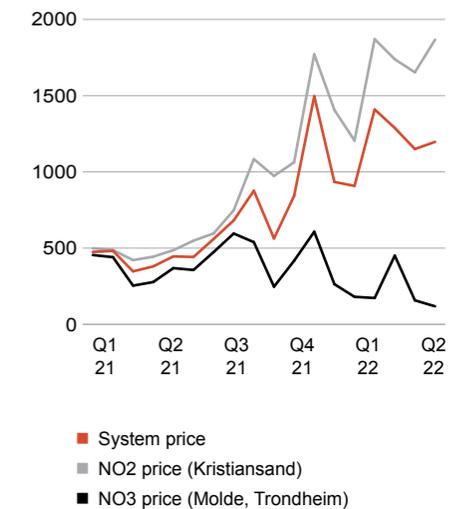
### Premiums

USD/mt



### Energy spot price

NOK/MWh



Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Additional factors impacting Hydro

The accumulated LME hedge in Hydro as of June 30, 2022 amounted to 190 thousand tonnes for the remainder of 2022, 460 thousand tonnes for 2023 and 200 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 170 million for the remainder of 2022, USD 330 million 2023 and USD 250 million for 2024.

In light of the significant increase in metal price volatility following the Russian invasion of Ukraine, Hydro implemented measures to limit liquidity risk from strategic hedging activities in the first quarter of 2022. This included 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 for 2023.

Aluminium Metal has sold forward around 70 percent of its expected primary aluminium production for the third quarter of 2022 at a price level of around USD 2,600 per mt<sup>1</sup>.

Hydro has assessed the changes made to the CO<sub>2</sub> 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 June. 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.

The Commission's proposals for a revised EU Emissions Trading System and the Carbon Border Adjustment Mechanism were amended and approved by the Council and European Parliament in the second quarter of 2022.

Negotiations amongst the European Parliament, EU Member States and European Commission are expected to begin

during the summer, questions on carbon leakage protection are still open and discussions will very likely continue for the remainder of 2022 and possibly into early 2023. In response to the war in Ukraine, the Commission published its "REPowerEU" action plan, compiling a set of measures, such as the increased pace of permitting for renewables projects, higher targets for energy efficiency, minimum criteria for gas storage levels and a new strategy for European solar power, which, together, aim to make Europe independent from Russian fossil fuels before 2030 and curb high energy prices.

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 production line was operating at around 75 percent at the end of the second quarter and is expected to be operating at normal capacity by the fourth quarter 2022.

### Risks and uncertainties

Hydro is subject to a range of risks and uncertainties which may affect its business operations, financial condition and results of operations. An evaluation of Hydro's major risks has been performed as part of Hydro's semi-annual overall enterprise risk assessment. The description of principal risks and uncertainties in the Annual Report 2021 gives a fair representation of the principal risks and uncertainties that may affect Hydro in the second half of 2022, and the company is not aware of any significant new risks or uncertainties or significant changes to those risks or uncertainties, except for those described in this report.

Over the first half year, the geopolitical landscape has significantly shifted, negatively impacting our macro-economic environment. This affected Hydro's ability to conduct business with certain counterparties, exacerbated supply chain constraints, increased energy and raw-material costs while lowering overall demand for our products. We are closely monitoring the situation and combining local with company-wide initiatives to manage emerging risks. Safety remains our absolute priority and where possible we have taken appropriate action to support our employees, contractors, and their families affected by the war in Ukraine.

Hydro operates in several countries which could face energy scarcity resulting in the rationing of energy, either caused by sudden events such as the curtailment of gas supply from Russia or gradually increasing supply challenges as we move towards the European winter.

### Related parties

Note section 9 – Related parties and remuneration - to the Annual report 2021 provides details of related parties. During the first half of 2022 there have not been any changes or transactions with related parties that significantly impact the group's financial position or result for the period.

<sup>1</sup> 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.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Business areas

### 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	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	1,290	940	37%	1,647	(22)%	2,937	1,966	5,306
Adjusted EBITDA	1,117	855	31%	1,270	(12)%	2,387	1,854	5,336
Adjusted EBIT	484	383	27%	718	(32)%	1,202	939	3,318
Alumina production	1,536	1,586	(3)%	1,519	1%	3,054	3,126	6,305
Sourced alumina	758	737	3%	741	2%	1,498	1,435	3,006
Total alumina sales	2,305	2,349	(2)%	2,251	2%	4,556	4,618	9,628
Realized alumina price <sup>1)</sup>	430	287	50%	391	10%	411	292	313
Bauxite production <sup>2)</sup>	2,736	2,660	3%	2,638	4%	5,375	5,473	10,926
Sourced bauxite <sup>3)</sup>	1,674	1,676	-	856	96%	2,531	2,779	5,677

<sup>1)</sup> 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.

<sup>2)</sup> Paragominas on wet basis.

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

Adjusted EBITDA for Bauxite & Alumina increased compared to the second quarter of last year. Higher alumina sales prices were partly offset by higher raw material prices and negative currency effects.

Compared to the first quarter of 2022 the adjusted EBITDA decreased, as higher raw material prices and negative currency effects were partly offset by higher alumina sales prices.

Adjusted EBITDA for the first half year of 2022 increased compared to the same period in 2021. Higher alumina sales prices were partly offset by higher raw material prices and negative currency effects.

Hydro Bauxite  
& Alumina



Adjusted EBITDA  
Q2 2022

1,117 MNOK

Q2 2021  
855 MNOK ↑ 31%

Q1 2022  
1,270 MNOK ↓ (12)%



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

Hydro Aluminium Metal financial and operational information<sup>1)</sup>

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	12,405	1,037	>100%	836	>100%	13,242	1,537	11,440
Adjusted EBITDA	6,977	2,807	>100%	4,765	46%	11,743	4,561	13,500
Adjusted EBITDA including Qatalum 50% pro rata <sup>2)</sup>	7,706	3,229	>100%	5,261	46%	12,968	5,447	15,508
Adjusted EBIT	6,349	2,246	>100%	4,183	52%	10,532	3,431	11,225
Realized aluminium price LME (USD/mt) <sup>3)</sup>	3,031	2,210	37%	2,662	14%	2,833	2,100	2,317
Realized aluminium price LME (NOK/mt) <sup>3)</sup>	28,461	18,528	54%	23,542	21%	25,882	17,751	19,819
Realized premium above LME (USD/mt) <sup>4)</sup>	870	332	>100%	786	11%	828	298	400
Realized premium above LME (NOK/mt) <sup>4)</sup>	8,167	2,780	>100%	6,954	17%	7,563	2,518	3,420
Realized USD/NOK exchange rate	9.39	8.38	12%	8.84	6%	9.14	8.45	8.55
Primary aluminium production (kmt)	532	561	(5)%	540	(1)%	1,072	1,100	2,244
Casthouse production (kmt)	542	553	(2)%	555	(2)%	1,097	1,087	2,214
Total sales (kmt)	581	594	(2)%	600	(3)%	1,181	1,193	2,347

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

<sup>2)</sup> 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.

<sup>3)</sup> 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.

<sup>4)</sup> Average realized premium above LME for casthouse sales from Aluminium Metal.

## Operational and financial information Qatalum (50%)

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Revenue	3,007	1,646	83%	2,315	30%	5,322	3,144	7,407
Adjusted EBITDA	1,354	703	93%	879	54%	2,233	1,314	3,283
Adjusted EBIT	1,020	449	>100%	615	66%	1,636	784	2,192
Net income (loss)	625	513	22%	383	63%	1,008	660	1,507
Adjusted Net income (loss)	625	281	>100%	383	63%	1,008	428	1,275
Primary aluminium production (kmt)	79	79	1%	79	1%	158	156	317
Casthouse sales (kmt)	82	80	2%	79	4%	161	160	325

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

Adjusted EBITDA for the first half year of 2022 increased compared to the same period in 2021, mainly due to higher all-in metal prices and positive currency effects, partly offset by higher raw material and fixed cost.

Hydro  
Aluminium MetalAdjusted EBITDA  
Q2 2022

6,977 MNOK

Q2 2021  
2,807 MNOK ↑ >100%Q1 2022  
4,765 MNOK ↑ 46%

Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Hydro Metal Markets financial and operational information

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	1,556	333	>100%	335	>100%	1,891	388	872
Adjusted EBITDA Recycling	554	131	>100%	544	2%	1,098	220	643
<i>Adjusted EBITDA Commercial</i>	151	204	(26)%	(19)	>100%	133	193	225
<i>Adjusted EBITDA Metal Markets</i>	705	335	>100%	525	34%	1,230	413	867
Currency effects	108	4	>100%	(27)	>100%	81	(37)	(85)
Inventory valuation effects	163	5	>100%	(79)	>100%	85	(37)	(62)
Adjusted EBITDA excl. currency and inventory valuation effects	434	326	33%	630	(31)%	1,065	487	1,014
Adjusted EBIT	666	301	>100%	487	37%	1,153	343	721
Recycling production (kmt)	158	154	3%	151	5%	309	296	572
Metal products sales excluding ingot trading (kmt) <sup>1)</sup>	710	735	(3)%	731	(3)%	1,441	1,477	2,833
<i>Hereof external sales (kmt)</i>	607	607	-	610	(1)%	1,217	1,195	2,342

<sup>1)</sup> Includes external and internal sales from primary casthouse operations, recyclers and third party metal sources.

Adjusted EBITDA for Metal Markets increased in the second quarter compared to the same quarter last year due to higher recycling results driven by increased sales premiums, positive inventory valuation and currency effects, partly offset by decreased results from the sourcing and trading activities.

Compared to the first quarter of 2022, adjusted EBITDA for Metal Markets increased due to positive inventory valuation and currency effects, partly offset by decreased results from the sourcing and trading activities.

Adjusted EBITDA for the first half year of 2022 increased compared to the same period in 2021, mainly due to higher recycling results driven by increased sales premiums, positive inventory valuation and currency effects, partly offset by decreased results from the sourcing and trading activities.

Hydro  
Metal MarketsAdjusted EBITDA  
Q2 2022

705 MNOK

Q2 2021  
335 MNOK ↑ >100%Q1 2022  
525 MNOK ↑ 34%

Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Hydro Extrusions financial and operational information

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	1,824	1,840	(1)%	2,858	(36)%	4,681	3,682	5,558
Adjusted EBITDA	2,365	1,830	29%	2,331	1%	4,695	3,574	5,695
Adjusted EBIT	1,600	1,266	26%	1,587	1%	3,187	2,510	3,217
Sales volumes to external markets (kmt)	338	342	(1)%	347	(3)%	685	680	1,296
<b>Sales volumes to external markets (kmt) - Business units</b>								
Extrusion Europe	144	147	(1)%	151	(4)%	296	291	550
Extrusion North America	141	140	1%	142	(1)%	283	277	534
Building Systems	24	22	7%	24	2%	48	44	85
Precision Tubing	28	33	(15)%	31	(8)%	59	68	127
Hydro Extrusions	338	342	(1)%	347	(3)%	685	680	1,296

Adjusted EBITDA for the second quarter increased compared to the same quarter last year. Higher margins and increased results from the recyclers, driven by increased sales premiums, were partly offset by higher fixed and variable costs.

Compared to first quarter 2022 the adjusted EBITDA remained stable supported by higher margins and increased results from the recyclers, driven by increased sales premiums, offset by higher fixed and variable costs.

Adjusted EBITDA for the first half year of 2022 increased significantly compared to the same period last year. Higher margins and increased results from the recyclers, driven by increased sales premiums, were partly offset by increased variable and fixed costs.

Hydro  
ExtrusionsAdjusted EBITDA  
Q2 2022

2,365 MNOK

Q2 2021  
1,830 MNOK ↑ 29%Q1 2022  
2,331 MNOK ↑ 1%

Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Hydro Energy financial and operational information

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	840	764	10%	2,471	(66)%	3,311	1,664	3,921
Adjusted EBITDA	824	761	8%	2,239	(63)%	3,063	1,602	3,790
Adjusted EBIT	777	713	9%	2,192	(65)%	2,969	1,505	3,596
Power production (GWh)	1,602	2,374	(33)%	2,730	(41)%	4,332	5,231	9,055
External power sourcing (GWh)	2,784	2,413	15%	2,863	(3)%	5,647	4,999	10,356
Internal contract sales (GWh)	4,974	4,248	17%	3,975	25%	8,949	8,310	17,216
External contract sales (GWh)	(752)	204	>(100)%	275	>(100)%	(477)	459	831
Net spot sales/(purchase) (GWh)	(433)	334	>(100)%	986	>(100)%	553	1,460	1,364

Adjusted EBITDA for Energy increased compared to the same quarter last year, mainly due to increased gain from price area differences partly offset by a negative impact from significantly 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 decreased significantly mainly due to lower production which resulted in a net spot purchase in the second quarter. The result was partly offset by an increase in gain from price area differences.

Adjusted EBITDA for the first half year of 2022 increased significantly compared to the same period last year, mainly due to increased gain from price area differences, higher prices partly offset by a negative impact from significantly lower production.

Hydro Energy

Adjusted EBITDA  
Q2 2022

824 MNOK

Q2 2021  
761 MNOK ↑ 8%Q1 2022  
2,239 MNOK ↓ (63)%

Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Other and eliminations

### Financial information

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Earnings before financial items, tax, depreciation and amortization (EBITDA)	(354)	(15)	>(100)%	71	>(100)%	(283)	(259)	(1,046)
Other	(137)	(82)	(66)%	(178)	23%	(315)	(226)	(520)
Eliminations	(258)	92	>(100)%	213	>(100)%	(45)	2	(659)
Adjusted EBITDA	(395)	10	>(100)%	35	>(100)%	(360)	(224)	(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.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Finance

### Finance income (expense)

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Interest income	114	30	>100%	109	5%	223	58	194
Dividends received and net gain (loss) on securities	(28)	32	>(100)%	(24)	(16)%	(52)	43	69
Finance income	86	62	40%	85	1%	171	101	263
Interest expense	(295)	(219)	(35)%	(222)	(33)%	(517)	(456)	(956)
Net foreign exchange gain (loss)	(1,129)	550	>(100)%	2,392	>(100)%	1,263	1,202	1,404
Other, net	27	(37)	>100%	(62)	>100%	(34)	(68)	(200)
Finance expense	(1,397)	294	>(100)%	2,108	>(100)%	712	678	248
<b>Finance income (expense), net</b>	<b>(1,311)</b>	<b>355</b>	<b>&gt;(100)%</b>	<b>2,193</b>	<b>&gt;(100)%</b>	<b>883</b>	<b>779</b>	<b>510</b>

For the second quarter, the net foreign exchange loss of NOK 1,129 million primarily reflects a loss from a weaker NOK versus EUR, affecting EUR liabilities and embedded derivatives in Norwegian power contracts denominated in EUR, partly offset by gains on posted USD collateral.

For the first half year of 2022, the net foreign exchange gain of NOK 1,263 million primarily reflects a gain from a stronger BRL, positively impacting USD borrowing in Brazilian entities, as well as a gain on posted USD collateral.

## Tax

Income tax expense amounted to NOK 2,971 million for the second quarter of 2022, or about 21 percent of income before tax. The tax rate mainly reflects a high proportion of income in Norway.

Income tax expense amounted to NOK 4,976 million for the first half of 2022, or about 22 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.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Interim financial statements

### Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
Revenue	64,793	34,559	111,409	66,510	149,654
Share of the profit (loss) in equity accounted investments	403	462	781	587	1,340
Other income, net	877	322	1,319	699	2,219
<b>Total revenue and income</b>	<b>66,072</b>	<b>35,342</b>	<b>113,509</b>	<b>67,796</b>	<b>153,212</b>
Raw material and energy expense	37,031	21,213	66,191	40,338	88,843
Employee benefit expense	5,976	5,206	11,497	10,218	20,287
Depreciation and amortization expense	2,167	1,885	4,187	3,639	7,844
Impairment of non-current assets	-	7	-	129	437
Other expenses	5,480	3,997	9,993	8,204	17,914
<b>Total expenses</b>	<b>50,654</b>	<b>32,308</b>	<b>91,869</b>	<b>62,529</b>	<b>135,325</b>
<b>Earnings before financial items and tax (EBIT)</b>	<b>15,418</b>	<b>3,034</b>	<b>21,640</b>	<b>5,267</b>	<b>17,887</b>
Finance income	86	62	171	101	263
Finance expense	(1,397)	294	712	678	248
<b>Finance income (expense), net</b>	<b>(1,311)</b>	<b>355</b>	<b>883</b>	<b>779</b>	<b>510</b>
<b>Income (loss) before tax</b>	<b>14,108</b>	<b>3,389</b>	<b>22,523</b>	<b>6,046</b>	<b>18,397</b>
Income taxes	(2,971)	(992)	(4,976)	(1,768)	(4,467)
<b>Income (loss) from continuing operations</b>	<b>11,136</b>	<b>2,397</b>	<b>17,547</b>	<b>4,278</b>	<b>13,930</b>
Income (loss) from discontinued operations	-	407	-	27	12
<b>Net income (loss)</b>	<b>11,136</b>	<b>2,805</b>	<b>17,547</b>	<b>4,305</b>	<b>13,942</b>
Net income (loss) attributable to non-controlling interests	(141)	220	531	279	1,782
<b>Net income (loss) attributable to Hydro shareholders</b>	<b>11,277</b>	<b>2,585</b>	<b>17,016</b>	<b>4,026</b>	<b>12,160</b>
Basic and diluted earnings per share from continuing operations (in NOK) <sup>1) 2)</sup>	5.49	1.06	8.29	1.95	5.92
Basic and diluted earnings per share from discontinued operations (in NOK) <sup>1)</sup>	-	0.20	-	0.01	0.01
<b>Basic and diluted earnings per share attributable to Hydro shareholders (in NOK)<sup>1)</sup></b>	<b>5.49</b>	<b>1.26</b>	<b>8.29</b>	<b>1.96</b>	<b>5.93</b>
Weighted average number of outstanding shares (million)	2,052	2,051	2,052	2,050	2,051

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

<sup>2)</sup> 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).

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Condensed consolidated statements of comprehensive income (unaudited)

NOK million, except per share data	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
Net income (loss)	11,136	2,805	17,547	4,305	13,942
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to income statement:</b>					
Remeasurement postemployment benefits, net of tax	636	17	2,223	1,912	2,376
Unrealized gain (loss) on securities, net of tax	(36)	371	155	309	(115)
<b>Total</b>	<b>600</b>	<b>388</b>	<b>2,377</b>	<b>2,221</b>	<b>2,262</b>
<b>Items that will be reclassified to income statement:</b>					
Currency translation differences, net of tax	5,143	3,198	7,237	507	(1,377)
Currency translation differences, net of tax, subsidiaries sold	-	(554)	7	(554)	(578)
Cash flow hedges, net of tax	(367)	440	471	192	(375)
Share of items that will be reclassified to income statement of equity accounted investments, net of tax	-	-	-	(137)	(137)
<b>Total</b>	<b>4,776</b>	<b>3,085</b>	<b>7,714</b>	<b>10</b>	<b>(2,466)</b>
<b>Other comprehensive income</b>	<b>5,376</b>	<b>3,473</b>	<b>10,092</b>	<b>2,231</b>	<b>(204)</b>
<b>Total comprehensive income</b>	<b>16,513</b>	<b>6,277</b>	<b>27,639</b>	<b>6,536</b>	<b>13,738</b>
Total comprehensive income attributable to non-controlling interests	85	678	1,369	471	1,564
Total comprehensive income attributable to Hydro shareholders	16,428	5,599	26,269	6,064	12,174

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

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Condensed balance sheets (unaudited)

NOK million, except per share data	June 30 2022	June 30 2021	December 31 2021
<b>Assets</b>			
Cash and cash equivalents	24,507	20,147	22,923
Short-term investments	1,882	3,607	6,763
Trade and other receivables	29,164	19,838	20,579
Inventories	29,415	16,454	21,791
Other current financial assets	6,543	659	3,656
<b>Total current assets</b>	<b>91,511</b>	<b>60,705</b>	<b>75,713</b>
Property, plant and equipment	58,920	56,353	54,605
Intangible assets	9,374	9,174	8,725
Investments accounted for using the equity method	20,055	17,426	17,942
Prepaid pension	9,814	7,976	8,894
Other non-current assets	8,400	8,793	8,633
<b>Total non-current assets</b>	<b>106,563</b>	<b>99,722</b>	<b>98,799</b>
<b>Total assets</b>	<b>198,074</b>	<b>160,427</b>	<b>174,512</b>
<b>Liabilities and equity</b>			
Bank loans and other interest-bearing short-term debt	7,796	4,183	6,428
Trade and other payables	29,156	20,302	22,710
Other current liabilities	10,724	5,191	10,430
<b>Total current liabilities</b>	<b>47,676</b>	<b>29,676</b>	<b>39,569</b>
Long-term debt	21,054	24,562	21,989
Provisions	5,539	4,475	4,772
Pension liabilities	7,882	9,550	9,621
Deferred tax liabilities	5,304	4,343	3,665
Other non-current liabilities	5,585	6,276	6,516
<b>Total non-current liabilities</b>	<b>45,363</b>	<b>49,205</b>	<b>46,563</b>
<b>Total liabilities</b>	<b>93,039</b>	<b>78,882</b>	<b>86,132</b>
Equity attributable to Hydro shareholders	99,347	77,908	84,064
Non-controlling interests	5,688	3,637	4,316
<b>Total equity</b>	<b>105,035</b>	<b>81,545</b>	<b>88,380</b>
<b>Total liabilities and equity</b>	<b>198,074</b>	<b>160,427</b>	<b>174,512</b>
Total number of outstanding shares (million)	2,053	2,051	2,051

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

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Condensed consolidated statements of cash flows (unaudited)

NOK million, except per share data	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
<b>Operating activities</b>					
Net income (loss)	11,136	2,805	17,547	4,305	13,942
Loss (income) from discontinued operations	-	(407)	-	(27)	(12)
Depreciation, amortization and impairment	2,168	1,892	4,188	3,768	8,281
Other adjustments	1,762	(2,197)	(6,771)	(5,429)	(11,531)
Net cash provided by (used in) continuing operating activities	15,066	2,093	14,964	2,617	10,680
<b>Investing activities</b>					
Purchases of property, plant and equipment	(2,063)	(1,369)	(3,372)	(2,386)	(6,020)
Purchases of other long-term investments	(156)	(267)	(379)	(323)	(911)
Purchases of short-term investments	-	-	(500)	(1,000)	(3,000)
Proceeds from long-term investing activities	237	47	584	(178)	747
Proceeds from sales of short-term investments	1,500	2,500	1,500	3,500	4,500
Net cash used in continuing investing activities	(482)	911	(2,167)	(387)	(4,684)
<b>Financing activities</b>					
Loan proceeds	99	1,608	832	2,287	4,293
Loan repayments	(1,113)	(1,687)	(1,808)	(2,714)	(5,781)
Net decrease in other short-term debt	4	(35)	(198)	(189)	(107)
Proceeds from shares issued	13	18	26	23	51
Dividends paid	(11,084)	(2,564)	(11,084)	(2,564)	(2,822)
Net cash used in continuing financing activities	(12,081)	(2,660)	(12,232)	(3,157)	(4,366)
Foreign currency effects on cash	811	346	1,072	59	5
Net cash provided by (used in) discontinued operations	32	4,445	(53)	3,377	3,650
Net increase (decrease) in cash and cash equivalents	3,346	5,135	1,584	2,509	5,285
Cash and cash equivalents classified as assets held for sale	-	1	-	-	-
Cash and cash equivalents at beginning of period	21,161	15,011	22,923	17,638	17,638
<b>Cash and cash equivalents at end of period</b>	<b>24,507</b>	<b>20,147</b>	<b>24,507</b>	<b>20,147</b>	<b>22,923</b>

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

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## 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
<b>Changes in equity for 2021</b>								
Treasury shares issued to employees		50	78			129		129
Capital contributions in subsidiaries							1	1
Items not reclassified to income statement in subsidiaries sold				(1,636)	1,636			
Dividends				(2,564)		(2,564)		(2,564)
Total comprehensive income for the period				4,026	2,039	6,064	471	6,535
June 30, 2021	2,272	29,156	(584)	51,854	(4,790)	77,908	3,637	81,545
December 31, 2021	2,272	29,156	(584)	60,112	(6,892)	84,064	4,316	88,380
<b>Changes in equity for 2022</b>								
Treasury shares issued to employees		61	36			97		97
Dividends				(11,084)		(11,084)	3	(11,081)
Total comprehensive income for the period				17,016	9,253	26,269	1,369	27,639
<b>June 30, 2022</b>	<b>2,272</b>	<b>29,217</b>	<b>(548)</b>	<b>66,045</b>	<b>2,361</b>	<b>99,347</b>	<b>5,688</b>	<b>105,035</b>

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

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Notes to the condensed consolidated financial statements

### 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 CO<sub>2</sub> 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 June 2022. Based on the elements approved, Hydro has concluded that an estimated compensation for aluminium produced and sold in 2021 and the first half year 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	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
<b>Total revenue</b>					
Hydro Bauxite & Alumina	9,413	5,976	17,314	12,001	27,699
Hydro Aluminium Metal	24,583	9,467	35,677	18,420	42,548
Hydro Metal Markets	27,698	15,275	50,371	28,899	65,061
Hydro Extrusions	25,269	17,470	48,737	33,804	70,296
Hydro Energy	2,456	2,213	6,724	4,556	10,149
Other and eliminations	(24,626)	(15,843)	(47,414)	(31,170)	(66,099)
<b>Total</b>	<b>64,793</b>	<b>34,559</b>	<b>111,409</b>	<b>66,510</b>	<b>149,654</b>
<b>External revenue</b>					
Hydro Bauxite & Alumina	5,864	3,538	10,916	7,084	17,088
Hydro Aluminium Metal	8,640	621	6,123	1,383	5,373
Hydro Metal Markets	24,420	12,552	42,893	23,341	54,165
Hydro Extrusions	25,228	17,346	48,427	33,549	69,883
Hydro Energy	646	486	3,061	1,273	3,257
Other and eliminations	(6)	16	(10)	(120)	(113)
<b>Total</b>	<b>64,793</b>	<b>34,559</b>	<b>111,409</b>	<b>66,510</b>	<b>149,654</b>

NOK million	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
<b>Internal revenue</b>					
Hydro Bauxite & Alumina	3,549	2,438	6,397	4,917	10,610
Hydro Aluminium Metal	15,943	8,846	29,554	17,037	37,175
Hydro Metal Markets	3,277	2,723	7,479	5,558	10,896
Hydro Extrusions	41	125	311	256	413
Hydro Energy	1,810	1,727	3,663	3,282	6,891
Other and eliminations	(24,620)	(15,858)	(47,404)	(31,050)	(65,986)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of the profit (loss) in equity accounted investments</b>					
Hydro Bauxite & Alumina	-	-	-	-	-
Hydro Aluminium Metal	626	513	1,009	660	1,509
Hydro Metal Markets	-	-	-	-	-
Hydro Extrusions	-	-	-	-	-
Hydro Energy	(39)	(32)	(67)	(55)	(104)
Other and eliminations	(184)	(20)	(161)	(19)	(65)
<b>Total</b>	<b>403</b>	<b>462</b>	<b>781</b>	<b>587</b>	<b>1,340</b>
<b>Depreciation, amortization and impairment</b>					
Hydro Bauxite & Alumina	633	472	1,185	915	2,018
Hydro Aluminium Metal	651	736	1,255	1,430	3,158
Hydro Metal Markets	39	35	78	71	149
Hydro Extrusions	767	573	1,513	1,201	2,649
Hydro Energy	47	48	94	97	194
Other and eliminations	31	28	62	54	113
<b>Total</b>	<b>2,168</b>	<b>1,892</b>	<b>4,188</b>	<b>3,768</b>	<b>8,281</b>
<b>Earnings before financial items and tax (EBIT)<sup>1)</sup></b>					
Hydro Bauxite & Alumina	657	467	1,751	1,051	3,288
Hydro Aluminium Metal	11,777	325	12,031	155	8,376
Hydro Metal Markets	1,516	299	1,813	318	725
Hydro Extrusions	1,059	1,269	3,173	2,489	2,929
Hydro Energy	793	716	3,217	1,567	3,727
Other and eliminations	(385)	(43)	(346)	(313)	(1,158)
<b>Total</b>	<b>15,418</b>	<b>3,034</b>	<b>21,640</b>	<b>5,267</b>	<b>17,887</b>

<sup>1)</sup> 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.



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

NOK million	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
<b>Earnings before financial items, tax, depreciation and amortization (EBITDA)</b>					
Hydro Bauxite & Alumina	1,290	940	2,937	1,966	5,306
Hydro Aluminium Metal	12,405	1,037	13,242	1,537	11,440
Hydro Metal Markets	1,556	333	1,891	388	872
Hydro Extrusions	1,824	1,840	4,681	3,682	5,558
Hydro Energy	840	764	3,311	1,664	3,921
Other and eliminations	(354)	(15)	(283)	(259)	(1,046)
<b>Total</b>	<b>17,561</b>	<b>4,899</b>	<b>25,778</b>	<b>8,978</b>	<b>26,050</b>
<b>Investments<sup>1)</sup></b>					
Hydro Bauxite & Alumina	636	399	970	581	2,338
Hydro Aluminium Metal	844	663	1,488	1,393	3,479
Hydro Metal Markets	198	31	328	48	214
Hydro Extrusions	483	340	774	593	1,763
Hydro Energy	128	251	327	315	692
Other and eliminations	4	5	60	29	104
<b>Total</b>	<b>2,291</b>	<b>1,689</b>	<b>3,947</b>	<b>2,959</b>	<b>8,589</b>

<sup>1)</sup> 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
<b>EBIT - EBITDA Second quarter 2022</b>				
Hydro Bauxite & Alumina	657	633	-	1,290
Hydro Aluminium Metal	11,777	651	(22)	12,405
Hydro Metal Markets	1,516	39	-	1,556
Hydro Extrusions	1,059	767	(2)	1,824
Hydro Energy	793	47	-	840
Other and eliminations	(385)	31	-	(354)
<b>Total</b>	<b>15,418</b>	<b>2,168</b>	<b>(25)</b>	<b>17,561</b>

NOK million	EBIT	Depreciation, amortization and impairment	Investment grants	EBITDA
<b>EBIT - EBITDA First half 2022</b>				
Hydro Bauxite & Alumina	1,751	1,185	-	2,937
Hydro Aluminium Metal	12,031	1,255	(45)	13,242
Hydro Metal Markets	1,813	78	-	1,891
Hydro Extrusions	3,173	1,513	(5)	4,681
Hydro Energy	3,217	94	-	3,311
Other and eliminations	(346)	62	-	(283)
<b>Total</b>	<b>21,640</b>	<b>4,188</b>	<b>(50)</b>	<b>25,778</b>



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

### 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, 2021. 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 all reported periods. The gain on sale of the business was 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 remeasurement 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 acquirer. 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	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021	Year 2021
Revenue	-	4,741	-	11,637	11,637
Depreciation, amortization and impairment	-	-	-	178	178
Other expenses	-	4,206	-	10,330	10,330
Earnings before financial items and tax	-	546	-	1,149	1,149
Financial income (expense), net	-	(26)	-	40	40
Income (loss) before tax	-	521	-	1,189	1,189
Income tax expense	-	208	-	407	407
Income (loss) from discontinued operations	-	313	-	783	783
Impairment of discontinued operations	-	-	-	850	850
Gain on disposal (net of tax)	-	94	-	94	79
Gain (loss) from discontinued operations	-	407	-	27	12
Net cash provided by (used in) operating activities	-	(44)	-	(902)	(902)
Net cash provided by (used in) investing activities	32	4,491	(53)	4,290	4,563
Net cash used in financing activities	-	(4)	-	(13)	(13)
Foreign currency effects on cash	-	2	-	2	2
Net cash provided by (used in) discontinued operations	32	4,445	(53)	3,377	3,650



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Alternative performance measures (APMs)

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.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

Adjusting items to EBITDA and EBIT per operating segment and for other and eliminations<sup>1)</sup>

NOK million	Second quarter 2022	Second quarter 2021	First quarter 2022	First half 2022	First half 2021	Year 2021
Unrealized derivative effects on raw material contracts	(173)	(84)	(376)	(549)	(112)	(141)
Community contributions Brazil <sup>2)</sup>	-	-	-	-	-	217
Other effects <sup>3)</sup>	-	-	-	-	-	(46)
<b>Hydro Bauxite &amp; Alumina</b>	<b>(173)</b>	<b>(84)</b>	<b>(376)</b>	<b>(549)</b>	<b>(112)</b>	<b>30</b>
Unrealized derivative effects on LME related contracts	(6,374)	1,740	4,715	(1,660)	2,996	4,912
Unrealized derivative effects on power contracts <sup>4)</sup>	1,056	104	(766)	290	138	(2,763)
Significant rationalization charges and closure costs <sup>5)</sup>	(18)	184	-	(18)	184	263
Net foreign exchange (gain)/loss <sup>6)</sup>	(23)	(26)	(19)	(42)	(62)	(120)
Other effects <sup>7) 8)</sup>	(69)	(232)	-	(69)	(232)	(232)
<b>Hydro Aluminium Metal</b>	<b>(5,428)</b>	<b>1,770</b>	<b>3,929</b>	<b>(1,499)</b>	<b>3,024</b>	<b>2,060</b>
Unrealized derivative effects on LME related contracts	(850)	1	190	(660)	25	42
Other effects <sup>9)</sup>	-	-	-	-	-	(46)
<b>Hydro Metal Markets</b>	<b>(850)</b>	<b>1</b>	<b>190</b>	<b>(660)</b>	<b>25</b>	<b>(4)</b>
Unrealized derivative effects on LME related contracts	543	(106)	(442)	101	(204)	122
Unrealized derivative effects on power contracts	58	-	(39)	20	-	(72)
Significant rationalization charges and closure costs <sup>10)</sup>	13	95	2	15	95	114
(Gains)/losses on divestments <sup>11)</sup>	1	-	(49)	(48)	-	(27)
Other effects <sup>12)</sup>	(74)	-	-	(74)	-	-
<b>Hydro Extrusions</b>	<b>541</b>	<b>(10)</b>	<b>(527)</b>	<b>14</b>	<b>(108)</b>	<b>137</b>
Unrealized derivative effects on power contracts	46	(9)	(236)	(190)	(28)	(107)
(Gains)/losses on divestments <sup>13)</sup>	(65)	-	-	(65)	(45)	(45)
Net foreign exchange (gain)/loss <sup>6)</sup>	2	6	4	7	10	21
<b>Hydro Energy</b>	<b>(16)</b>	<b>(3)</b>	<b>(232)</b>	<b>(248)</b>	<b>(63)</b>	<b>(131)</b>
Unrealized derivative effects on LME related contracts <sup>14)</sup>	(15)	10	(15)	(30)	10	13
(Gains)/losses on divestments <sup>15)</sup>	-	-	-	-	-	(231)
Net foreign exchange (gain)/loss <sup>6)</sup>	(26)	16	(21)	(46)	25	20
Other effects <sup>16)</sup>	-	-	-	-	-	66
Other and eliminations	(41)	25	(36)	(77)	35	(132)
<b>Adjusting items to EBITDA</b>	<b>(5,966)</b>	<b>1,698</b>	<b>2,948</b>	<b>(3,019)</b>	<b>2,802</b>	<b>1,959</b>
Impairment charges						
Hydro Aluminium Metal <sup>17)</sup>	-	-	-	-	-	276
Hydro Extrusions <sup>18)</sup>	-	7	-	-	129	150
Depreciation <sup>19)</sup>	-	151	-	-	252	513
<b>Adjusting items to EBIT</b>	<b>(5,966)</b>	<b>1,857</b>	<b>2,948</b>	<b>(3,019)</b>	<b>3,183</b>	<b>2,899</b>

<sup>1)</sup> Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

<sup>2)</sup> 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.

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

<sup>4)</sup> 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.

<sup>5)</sup> Rationalization and closure costs in Hydro Aluminium Metal in 2021, and the cost reduction in 2022 related to Aluchemie.

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

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

<sup>8)</sup> Other effect in Hydro Aluminium Metal in the second quarter of 2022 relates to insurance compensation for the power outage in Albras in the first quarter of 2022.

<sup>9)</sup> Other effects in Metal Markets in 2021 includes a compensation received.

<sup>10)</sup> Significant rationalization and closure costs include provisions for costs related to reduction of overcapacity, closures and environmental clean-up activities in Hydro Extrusions.

<sup>11)</sup> Divestments of Hydro Extrusions plants.

<sup>12)</sup> Other effects in Hydro Extrusions relates to an Insurance compensation of NOK 74 million compensation for a cost incurred prior to Hydro's acquisition of the business affected.

<sup>13)</sup> Divestment gain in Hydro Energy in 2022 relates to the partial sale of a project company involved with a wind power project in Sweden, held by Hydro REIN. 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.

<sup>14)</sup> Unrealized derivative effects LME related contracts result from elimination of changes in the valuation of certain internal aluminium contracts.

<sup>15)</sup> Reversal of gain of sales of property in Germany in 2021.

<sup>16)</sup> Other effects in 2021 include an environmental provision of NOK 66 million related to closed sites in Germany.

<sup>17)</sup> Impairment charges in Hydro Aluminium Metal in 2021 reflect write downs related to the Slovalco smelter.

<sup>18)</sup> Impairment charges include impairments of various assets, including goodwill, in Hydro Extrusions.

<sup>19)</sup> Excess depreciation in 2021 related to the anode producer Aluchemie which was closed in 2021.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Adjusted EBITDA

NOK million	Second quarter 2022	Second quarter 2021	First quarter 2022	First half 2022	First half 2021	Year 2021
EBIT	15,418	3,034	6,222	21,640	5,267	17,887
Depreciation, amortization and impairment	2,168	1,892	2,020	4,188	3,768	8,281
Investment grants	(25)	(27)	(25)	(50)	(57)	(117)
EBITDA	17,561	4,899	8,217	25,778	8,978	26,050
Adjusting items to EBITDA	(5,966)	1,698	2,948	(3,019)	2,802	1,959
<b>Adjusted EBITDA</b>	<b>11,594</b>	<b>6,598</b>	<b>11,165</b>	<b>22,759</b>	<b>11,780</b>	<b>28,010</b>

## Adjusted earnings per share from continuing operations

NOK million	Second quarter 2022	Second quarter 2021	Change prior year quarter	First quarter 2022	Change prior quarter	First half 2022	First half 2021	Year 2021
Net income (loss) from continuing operations	11,136	2,397	>100%	6,411	74%	17,547	4,278	13,930
Adjusting items to net income (loss) from continuing operations <sup>1)</sup>	(3,406)	752	>(100)%	374	>(100)%	(3,031)	1,320	976
Adjusted net income (loss) from continuing operations	7,731	3,150	>100%	6,785	14%	14,516	5,597	14,905
Adjusted net income attributable to non-controlling interests from continuing operations	288	176	63%	283	2%	571	270	1,017
Adjusted net income from continuing operations attributable to Hydro shareholders	7,443	2,973	>100%	6,502	14%	13,945	5,327	13,888
Number of shares	2,052	2,051	-	2,051	-	2,052	2,050	2,051
<b>Adjusted earnings per share from continuing operations</b>	<b>3.63</b>	<b>1.45</b>	<b>&gt;100%</b>	<b>3.17</b>	<b>14%</b>	<b>6.80</b>	<b>2.60</b>	<b>6.77</b>

<sup>1)</sup> Adjusting items to net income (loss) consist of the Adjusting items to EBIT specified on the previous page and Hydro's realized and unrealized foreign exchange gains and losses. 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	June 30, 2022	March 31, 2022	Change prior quarter	June 30, 2021	March 31, 2021	Change prior year quarter
Cash and cash equivalents	24,507	21,161	3,347	20,147	15,011	5,136
Short-term investments <sup>1)</sup>	1,882	8,588	(6,706)	3,607	4,348	(741)
Short-term debt	(7,796)	(7,072)	(724)	(4,183)	(4,701)	518
Long-term debt	(21,054)	(21,073)	19	(24,562)	(23,658)	(904)
Collateral for long-term liabilities	767	3,545	(2,778)	1,417	722	696
Net cash (debt)	(1,693)	5,149	(6,842)	(3,574)	(8,278)	4,705
Reversal of collateral for short-term and long-term liabilities <sup>2)</sup>	(1,718)	(9,653)	7,935	(3,156)	(1,167)	(1,989)
Cash and cash equivalent and short-term investment in captive insurance company <sup>3)</sup>	(1,020)	(1,050)	30	(1,059)	(1,014)	(45)
Net pension asset (obligation) at fair value, net of expected income tax benefit <sup>4)</sup>	1,446	993	453	373	405	(32)
Short- and long-term provisions net of expected income tax benefit, and other liabilities <sup>5)</sup>	(3,274)	(3,183)	(91)	(2,815)	(2,669)	(147)
<b>Adjusted net cash (debt)</b>	<b>(6,260)</b>	<b>(7,745)</b>	<b>1,485</b>	<b>(10,231)</b>	<b>(12,723)</b>	<b>2,492</b>

<sup>1)</sup> 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.

<sup>2)</sup> Collateral provided as cash, mainly related to strategic and operational hedging activities.

<sup>3)</sup> 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.

<sup>4)</sup> The expected income tax liability related to the pension liability is NOK 486 million and NOK 435 million for June 2022 and March 2022, respectively.

<sup>5)</sup> 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.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## 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	Second quarter 2022	First quarter 2022	Fourth quarter 2021 <sup>1)</sup>	Third quarter 2021 <sup>1)</sup>	Second quarter 2021 <sup>1)</sup>	Twelve months ending June 30, 2022	Twelve months ending March 31, 2022	Year 2021
Adjusted EBIT	9,452	9,170	7,026	5,309	4,891	30,957	26,396	20,786
Adjusted Income tax expense <sup>2)</sup>	(1,593)	(2,246)	(1,091)	(1,608)	(1,605)	(6,538)	(6,550)	(5,255)
Adjusted EBIT after tax	7,858	6,924	5,936	3,701	3,286	24,419	19,847	15,531

NOK million	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Current assets in continuing operations <sup>3)</sup>	65,122	55,912	46,027	39,689	36,952	31,439
Property, plant and equipment	58,920	56,599	54,605	54,642	56,353	53,890
Other non-current assets <sup>4)</sup>	46,876	45,932	42,250	42,144	41,951	39,749
Current liabilities in continuing operations <sup>5)</sup>	(39,880)	(37,666)	(33,140)	(27,277)	(25,494)	(21,498)
Non-current liabilities <sup>5)</sup>	(24,309)	(26,418)	(24,574)	(27,020)	(24,643)	(22,402)
Capital Employed	106,728	94,360	85,167	82,177	85,119	81,178

	Second quarter 2022	First quarter 2022	Year 2021
<b>Adjusted Return on average Capital Employed (RoCE), last twelve months</b>	<b>26.5%</b>	<b>22.9%</b>	<b>18.6%</b>

<sup>1)</sup> Adjusted EBIT for the third and fourth quarter of 2021 are reconciled in the third and fourth quarter reports for 2021.

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

<sup>3)</sup> Excluding cash and cash equivalents and short-term investments.

<sup>4)</sup> Excluding long-term collateral related to strategic and operational hedging activities.

<sup>5)</sup> Excluding interest-bearing debt.

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## Responsibility statement from the Board and the CEO

We confirm to the best of our knowledge that the condensed set of financial statements for the period January 1 to June 30, 2022 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Hydro Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, July 21, 2022



Dag Mejdell  
Chair



Rune Bjerke  
Deputy cha



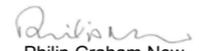
Arve Baade  
Board member



Petra Einarsson  
Board member



Kristin Fejerskov Kragseth  
Board member



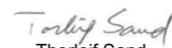
Philip Graham New  
Board member



Peter Kukielski  
Board member



Bjørn Petter Moxnes  
Board member



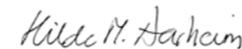
Thorleif Sand  
Board member



Margunn Sundve  
Board member



Marianne Wiinholt  
Board member



Hilde Merete Aasheim  
President and CEO



Hydro

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures (APMs)

Responsibility statement from the Board and the CEO

## 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<sup>1)</sup>

2022

October 25 Third quarter results

December 15 Capital markets day

2023

February 14 Annual report including fourth quarter results

April 28 First quarter results

<sup>1)</sup> Hydro reserves the right to revise these dates.

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

Overview

Market developments and outlook

Additional factors impacting Hydro

Business areas

Finance

Tax

Interim financial statements

Alternative performance measures  
(APMs)

Responsibility statement from the  
Board and the CEO

Norsk Hydro ASA  
NO-0240 Oslo  
Norway

T +47 22 53 81 00  
[www.hydro.com](http://www.hydro.com)

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.

Design by BOLT.as

© Hydro 2022

