



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	899 286 952
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HYDRO EXTRUDED SOLUTIONS AS
Forretningsadresse:	Drammensveien 264 0283 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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### Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Alexander Samsonsen
Dato for fastsettelse av årsregnskapet:	16.05.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.06.2024



## Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2, 13	703 835 000	611 989 000
Annen driftsinntekt		6 195 000	5 863 000
<b>Sum inntekter</b>		<b>710 030 000</b>	<b>617 852 000</b>
<b>Kostnader</b>			
Lønnskostnad	3, 4	108 013 000	107 844 000
Avskrivning	5	289 000	316 000
Annen driftskostnad	3	755 652 000	792 462 000
<b>Sum kostnader</b>		<b>863 955 000</b>	<b>900 622 000</b>
<b>Driftsresultat</b>		<b>-153 924 000</b>	<b>-282 771 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		310 008 000	164 737 000
Annen finansinntekt		1 099 749 000	758 918 000
Annen finansinntekt		2 410 965 000	1 153 368 000
<b>Sum finansinntekter</b>		<b>3 820 722 000</b>	<b>2 077 023 000</b>
Rentekostnad til foretak i samme konsern		178 383 000	111 662 000
Annen finanskostnad		956 441 000	140 116 000
<b>Sum finanskostnader</b>		<b>1 134 824 000</b>	<b>251 778 000</b>
<b>Netto finans</b>	6	<b>1 454 525 000</b>	<b>1 013 253 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>1 300 600 000</b>	<b>730 482 000</b>
Skattekostnad på ordinært resultat	7	118 794 000	3 003 000
<b>Ordinært resultat etter skattekostnad</b>		<b>1 181 806 000</b>	<b>727 479 000</b>
<b>Årsresultat</b>		<b>1 181 806 000</b>	<b>727 479 000</b>
<b>Overføringer og disponeringer</b>			
Ordinært utbytte	12	1 700 000 000	1 300 000 000
Konsernbidrag	12		-87 360 000
Overføringer annen egenkapital	12	-518 194 000	-485 161 000



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Sum overføringer og disponeringer		1 181 806 000	727 479 000



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling		0	0
<b>Sum immaterielle eiendeler</b>		<b>0</b>	<b>0</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	5	237 000	526 000
<b>Sum varige driftsmidler</b>		<b>237 000</b>	<b>526 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	8	9 374 605 000	9 375 253 000
Lån til foretak i samme konsern	9	7 088 534 000	8 258 964 000
<b>Sum finansielle anleggsmidler</b>		<b>16 463 139 000</b>	<b>17 634 217 000</b>
<b>Sum anleggsmidler</b>		<b>16 463 376 000</b>	<b>17 634 743 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer på selskap i samme konsern	13	305 981 000	257 581 000
Kundefordringer		2 527 216 000	877 607 000
Andre fordringer	11	6 911 000	3 346 000
Konsernfordringer	9, 13	2 221 235 000	620 026 000
<b>Sum fordringer</b>		<b>2 534 128 000</b>	<b>880 953 000</b>
<b>Sum omløpsmidler</b>		<b>2 534 128 000</b>	<b>880 953 000</b>
<b>SUM EIENDELER</b>		<b>18 997 504 000</b>	<b>18 515 695 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Aksjekapital	12	400 000 000	400 000 000
Overkurs	12	10 434 117 000	11 511 590 000
<b>Sum innskutt egenkapital</b>		<b>10 834 117 000</b>	<b>11 911 590 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	12	-9 240 000	-575 882 000
<b>Sum opptjent egenkapital</b>	12	<b>-9 240 000</b>	<b>-575 882 000</b>
<b>Sum egenkapital</b>		<b>10 824 877 000</b>	<b>11 335 708 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	4	70 283 000	75 176 000
Utsatt skatt	7	316 225 000	223 947 000
Andre avsetninger for forpliktelser	11	18 975 000	30 791 000
<b>Sum avsetninger for forpliktelser</b>		<b>405 483 000</b>	<b>329 913 000</b>
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld	10	5 752 144 000	5 295 951 000
<b>Sum annen langsiktig gjeld</b>		<b>5 752 144 000</b>	<b>5 295 951 000</b>
<b>Sum langsiktig gjeld</b>		<b>6 157 627 000</b>	<b>5 625 865 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	13	59 208 000	66 549 000
Betalbar skatt	7	32 844 000	5 797 000
Skyldige offentlige avgifter	11	5 684 000	5 335 000
Utbytte	13	1 700 000 000	1 300 000 000
Kortsiktig konserngjeld	13	69 776 000	21 608 000
Annen kortsiktig gjeld	11	153 172 000	160 170 000
<b>Sum kortsiktig gjeld</b>		<b>2 015 000 000</b>	<b>1 554 124 000</b>
<b>Sum gjeld</b>		<b>8 172 627 000</b>	<b>7 179 987 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>18 997 504 000</b>	<b>18 515 695 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 437294

#### Enheten

Organisasjonsnummer: 899 286 952  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: HYDRO EXTRUDED SOLUTIONS AS  
Forretningsadresse: Drammensveien 264  
0283 OSLO

#### Regnskapsår

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Konsernregnskap lagt ved: Nei

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årsregnskapet til selskapet: Forenklet IFRS

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Brønnøysundregistrene, 08.06.2023



Organisasjonsnr: 899 286 952  
HYDRO EXTRUDED SOLUTIONS AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
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HYDRO EXTRUDED SOLUTIONS AS

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Organisasjonsnr: 899 286 952  
HYDRO EXTRUDED SOLUTIONS AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
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<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
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Note

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Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	81149014000.	83090369000.
	00	00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	16088402000.	14525610000.
	00	00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	10775808000.	10557784000.
	00	00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	108013224000	108173763000
	.00	.00

Average number of full-time employees was 50 in 2022 and 50 in 2021.

Note

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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The members of the board and the managing director are employees of the Hydro Group, and as such receive remuneration from their





## Hydro Extruded Solutions AS

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# Board of directors' report 2022

### Hydro Extruded Solutions AS

Adress: Drammensveien 264, 0283 OSLO

Org.nr: 899286952 MVA

Hydro Extruded Solutions AS (former Sapa AS) ("the company") was established on September 1st, 2013, as a joint venture between Hydro and Orkla by merging Hydro's Extruded Products division with Sapa's Profiles, Building Systems, and Tubes businesses. Hydro acquired Orkla's 50% share in Sapa on October 2, 2017, giving Hydro full ownership of the company. Since then, the company is a wholly owned subsidiary of Hydro Aluminium AS, which is a wholly owned subsidiary of Norsk Hydro ASA ("Hydro").

The company, including its global subsidiaries, became a new business area in Hydro, called Hydro Extrusions, after the acquisition of Orkla's 50% share. The company, through its management services, investments in its subsidiaries, associates and joint ventures, develops, manufactures and markets value-added profiles, profile-based building systems, and tubing solutions for automotive and heating, ventilation, air conditioning & refrigeration (HVAC&R) applications in lightweight aluminium. The company's leading position is maintained through the unique combination of local expertise, a global network, and R&D capabilities. Due to subsequent intragroup restructuring, the company currently also owns a limited number of subsidiaries within Hydro's other business areas, primarily re-smelt operations within Metal Markets.

The company is a limited liability company incorporated in Oslo, Drammensveien 264, Vækerø. The activities at the head office include the Hydro Extrusions business area executive management and business area level staff functions that carry out assignments for the subsidiaries and charge the subsidiaries for these services in accordance with the intra-group service charge principles. The revenues from these activities are presented on the line for "Revenues from group companies" in the income statement.

Hydro Extruded Solutions AS is included in Norsk Hydro ASA's consolidated financial statements as one of its business areas, Hydro Extrusions. According to the Norwegian Accounting Act § 3-7, consolidated financial statements are not prepared for Hydro Extruded Solutions AS. Further information about the underlying operations of the new business area in Hydro, Hydro Extrusions, can be found in Norsk Hydro ASA's Annual Report for 2022, available on the internet at [www.hydro.com](http://www.hydro.com).

Norsk Hydro ASA has signed a board liability insurance under which Hydro Extruded Solutions AS is covered, including the potential personal liability of board members and managers for actions or omissions (in the capacity and performance of their positions as a board member or chairman of the company), including expenses for legal assistance.

### Financial results

Revenues increased from NOK 612 million in 2021 to NOK 704 million in 2022. Revenues are solely from other group companies as return for management services rendered, including executive management, risk management, IS/IT, accounting and controlling, communication, EHS, HR, business development and other business area level services.

Operating loss for Hydro Extruded Solutions AS amounted to NOK 154 million for the year, compared to a loss of NOK 283 million in 2021. The operating result for the Hydro Extrusions business area can be found in Hydro's consolidated financial statement.

Net financial result for 2022 was NOK 1.455 million compared to NOK 1.013 million in 2021.

Income tax expense amounted to NOK 120.9 million in 2022, compared to NOK 3 million in 2021. See also note 7 Income taxes.

In total, net income in 2022 was NOK 1.180 million compared to NOK 727 million in 2021. The net income is by large driven by dividend and interest from the company's subsidiaries.



## Hydro Extruded Solutions AS

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Equity ratio as of December 31, 2022, was 57 (60) percent and is considered satisfactory.

Net cash provided by operating activities for the year amounted to about NOK 730 million compared to NOK -24 million in 2021.

Shareholders' equity amounted to NOK 10.823 million at the end of 2022 (11.336). Shareholders' equity was increased by NOK 1.180 million (714) from total comprehensive income for the year. Shareholders' equity was reduced by NOK 1 700 million (1 300) from suggested dividend to Hydro Aluminium AS.

### Market outlook

Demand for extrusions gradually weakened after a strong 2021 particularly in the Building and Construction (B&C) markets. The demand growth was relatively stronger in transport and automotive than in B&C. Main factors for weakness was inflation and higher interest rates effects from the war and coming from a high economic cycle in general globally.

Overall, European demand is estimated to have decreased by 4 percent in 2022, compared to 2021. North American demand is estimated to have increased 3 percent in 2022, compared to 2021.

### Risk

Hydro Extruded Solutions AS faces a wide range of risks and uncertainties within its business operations and in the global marketplace. In addition, the company is exposed to changing economic and market conditions within the geographic regions where it operates.

Risk management in Hydro Extruded Solutions AS is based on the principle that risk evaluation is an integral part of all business activities, designed to enable achievement of strategic and operational targets. The main responsibility of risk management resides with the business units, however some risks are coordinated by corporate and business area functions utilizing established policies and procedures for active and coordinated risk management. The overall risk management system and environment are subject to regularly review and evaluation.

Hydro Extruded Solutions AS is financed through equity from its owner Hydro Aluminium AS and through loans from its ultimate parent company Norsk Hydro ASA. A deterioration of the Hydro groups' financial position or downgrade of the ultimate parent company's credit rating could increase the borrowing cost and cost of capital.

### Control and procedures

Hydro Extruded Solutions AS follows the control procedures defined by its ultimate parent company. Hydro follows the Norwegian Code of Practice for Corporate Governance in its current version of 17 October 2018. A detailed description of this is presented at [www.hydro.com/governance](http://www.hydro.com/governance).

### Research and development

The company's expenditures in research and development in Norway in 2022 totalled NOK 104 million (NOK 85 million). The company, including its subsidiaries, has an R&D organization with main locations in Finspång (Sweden) and Troy (USA), and smaller laboratory hubs in Tonder (Denmark), Rockledge (USA), Suzhou (China) and Székesfehérvár (Hungary); The R&D capability and activity are complemented by Application centers in several of the plant locations across the four business units constituting the business area.

### Work environment and employees

Hydro Extruded Solutions AS is committed to an inclusive work culture and appreciates and recognizes that all people are unique and valuable and must be respected for their individual abilities and views. The company does not accept any form of harassment or discrimination, including but not limited to any harassment or discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, disability, sexual orientation, marital status, or age. The company provides equal employment opportunities and treats all employees fairly and with respect. The company's employees and business units only use merit, qualifications and other professional criteria as basis for employee-related decisions at Hydro Extrusions business area, such as recruitment, training, compensation, and



## Hydro Extruded Solutions AS

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promotion. The company is also committed to developing programs and actions to encourage a diverse organization based on the principle of equal opportunities.

Hydro Extruded Solutions AS had 51 employees at the end of 2022, compared to 52 in 2021. At year end 2022 the company was also hiring 76 workers full time. The Hydro Extrusions business areas had 21 400 employees at the end of 2022 compared to 20 405 employees at the end of 2021. Absence rate was 4,46 percent in 2022, compared to 4,08 percent in 2021. The share of women was 14,3 percent in Extruded Solutions' top management team and the overall share of female employees is 21,3 percent in the Hydro Extrusions business area. All employees receive total pay that is fair, competitive and in accordance with local industry standards. There is no identified gender pay differential for employees earning collectively negotiated wages. Pay conditions in the organization are reviewed on a regular basis.

We strive to offer an encouraging and stimulating environment, interesting career opportunities, and good working conditions to attract talents. There are several ongoing global people processes, which aim at reaching these ambitions.

We have prepared a diversity and inclusion statement in accordance with Norwegian legal requirements, see page 116 and 232 in Hydro ASA's annual report, available at:

[Hydro.com/no-NO/investorer/reports-and-presentations/annual-reports/](https://hydro.com/no-NO/investorer/reports-and-presentations/annual-reports/)

### Environment

Hydro Extruded Solutions AS believes in Environment, Health and Safety (EHS) excellence and that this will be achieved through the consistent implementation of the company's EHS Management System compliant with the ISO 14001 environmental standard, committed and visible leadership, and the full engagement of all employees in EHS activities. See more in 2022 environmental issues of Extruded Solutions business areas in Hydro's Annual Report for 2022.

The company's activities at the head office have insignificant influence on the external environment.

### Integrity and human rights

Hydro's Integrity Program is the main tool to prevent corruption and human rights violations for Hydro Extruded Solutions AS. The program includes risk mapping, tools and training.

Our ultimate parent company uses the GRI Standards for voluntary reporting of sustainable development. This also includes all activities covered by Hydro Extruded Solutions AS from October 2, 2017. More information can be found at [www.hydro.com/gri](http://www.hydro.com/gri).

### Going concern

According to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the assumption of a going concern.

### Subsequent events

The risk of a future change in the value of the assets has clearly increased. The Russian invasion of Ukraine, slower Chinese growth, global supply-chain shortages, high energy prices, and concerns around high inflation and increasing interest rates continue to add uncertainty with regards to market projections for the subsidiaries. Key markets now face the highest inflation rates for decades.



## Hydro Extruded Solutions AS

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### Allocation of net income

The Board of Directors has proposed the 2022 net income of NOK 1,180 million of Hydro Extruded Solutions to be attributed to:

Amounts in NOK millions. Year ended December 31. 2022 *Appropriation of net income and equity transfers* Proposed dividend **(1,700)**

Retained earnings 520 Total appropriation **(1,180)**

Oslo, 16 May 2023  
Board of Hydro Extruded Solutions AS

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Alexander Samsonsen  
Chairman of the Board

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Erik Fossum  
Board Member

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Florian Nikolaus Krumbacher  
Board Member

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Lars Michael Lönn  
Board Member

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Tor Egil Skulstad  
Board Member

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Erika Margareta Ahlqvist  
General manager



### Hydro Extruded Solutions AS

#### Cash flow statement

Amounts in NOK thousands	Note	2022	2021
<b>Cash flow from operating activities</b>			
Ordinary result from tax		1 300 600	730 482
Taxes paid		1 546	1 192
Depreciation and amortization		289	316
Changes in inventories, trade receivables and trade payables		-55 868	22 046
Changes in pension scheme assets/liabilities		4 892	-21 759
Effect of changes in exchange rates		438 645	163 756
Changes in other current balance sheet items		-959 741	-919 901
Net cash flow from operating activities		<u>730 363</u>	<u>-23 867</u>
<b>Cash flow from investing activities</b>			
Net cash flow from investing activities		<u>0</u>	<u>0</u>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of long term debt		0	830 310
Proceeds from short term and long term receivables		415 469	251 779
Net payment of interest - receivables and payables		42 168	61 764
Dividends paid		-1 300 000	-1 050 000
Group contribution received/paid		112 000	-70 000
Net cash flow from financing activities		<u>-730 363</u>	<u>23 853</u>
Net change in cash and cash equivalents		0	-14
Cash and cash equivalents as of 01.01		<u>0</u>	<u>14</u>
Cash and cash equivalents as of 31.12		<u>0</u>	<u>0</u>



## Hydro Extruded Solutions AS

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### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note - 1 Accounting Principles

The financial statements of Hydro Extruded Solutions AS, ("the Company") are prepared in accordance with the Norwegian accounting act and regulation on simplified application of international accounting standards (forskrift om forenklet anvendelse av internasjonale regnskapsstandarder forenklet IFRS). The company use the exemption rule in section 3-1, no. 3 when posting dividends before it is adopted.

The company is a limited liability company incorporated in Oslo, Drammensveien 264, Vækerø. The activities in the company include the Hydro Extrusions business area executive management and business area level staff functions that largely carry out assignments for the subsidiaries and charge the companies for these services in accordance with the intra-group service charge principles. The revenues from these activities are presented on the line for "Revenues from group companies" in the income statement.

The company is included in Norsk Hydro ASA's consolidated financial statements. Consolidated financial statements are not prepared for the company, according to the Norwegian Accounting Act. Additional information can be found in Norsk Hydro ASA's Annual Report on "hydro.com".

Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates. Interest rates used for calculating net present values are rounded to the nearest 10 basis points for post-employment benefits, to the nearest 25 basis points for other non-financial assets and liabilities. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

#### Shares in subsidiaries, associates and jointly controlled entities

Shares in subsidiaries, associates and jointly controlled entities are presented according to the cost method. Dividend from subsidiaries is recognized in the year for which it is proposed by the subsidiary to the extent the company can control the decision of the subsidiary through its share holdings. Shares in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

#### Short-term investments

Short-term investments include bank deposits and all other monetary instruments with a maturity between three and twelve months at the date of purchase and current listed equity and debt securities held for trading and valued at fair value. The resulting unrealized holding gains, and losses are included in Financial income, net. Investment income is recognized when earned.

#### Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. According to IAS 36 Impairment of Assets, such assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment of long-lived assets is recognized when the recoverable amount determined as the higher of fair value less cost to sell or value in use of the asset or group of assets is less than the carrying value. The amount of the impairment is the difference between the carrying value and the recoverable amount. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### Intangible assets

Intangible assets acquired individually or as a group are recognized at fair value when acquired, in accordance with IAS 38 Intangible Assets. Intangible assets are amortized on a straight-line basis over their useful life and tested for impairment whenever indications of impairment are present.

#### Derivatives

Derivative financial instruments are marked to their market value with the resulting gain or loss reflected in the income statement. Unrealized gains and losses for commodity derivative instruments that are not traded on a liquid, regulated market, are netted within each separate portfolio and net unrealized gains are not recognized.

Realized and unrealized effects of all net settled derivative contracts, whether for trading purposes or hedging purposes (hedge accounting not applied) are presented in revenue.

#### Provisions



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that the company will be required to settle the obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties. The provision is measured at the present value of the cash flows estimated to settle the obligation. Uncertain outcomes are measured as the expected value of reasonably possible outcomes.

#### Contingencies and guarantees

Hydro Extruded Solution AS recognizes a liability for the fair value of obligations it has undertaken in issuing guarantees. Contingencies are recognized in the financial statements when probable of occurrence and reliably estimable.

#### Income taxes

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 Income Taxes. Under the liability method, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis which are considered temporary in nature. Deferred income tax related to remeasurements of pension obligations are recognized directly in equity. The tax effect of equity transactions, excluded transfers to owners, is recognized as a part of the equity transaction and do not affect the income tax expense. Other changes in deferred income tax asset and liability balances during the year represent the deferred income tax expense. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are enacted.

#### Receivables and liabilities

Receivables and liabilities are included on the balance sheets as current assets, and current liabilities if payment is agreed or expected to occur within one year after the end of the financial year. The current portion of long-term debt is included under current liabilities. Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful receivables.

#### Foreign currency transactions

The functional currency of the company is the Norwegian kroner, NOK. Realized and unrealized currency gains or losses on transactions are included in Financial income, net. Likewise, unrealized currency gains or losses on assets and liabilities denominated in a currency other than Norwegian kroner (NOK) are also included in Financial income, net.

#### Employee retirement plans

Pension costs are calculated in accordance with NRS 6 whereby employee retirement plans are measured as required by IAS 19 under Norwegian accounting regulations. The cost of pension benefits in defined benefit plans is determined using the projected unit credit method. Past service costs are recognized immediately in the income statement. The interest component of the periodic cost is included in Financial expense. Remeasurement gains and losses are recognized directly to equity.

Contributions to defined contribution plans are recognized in the income statement in the period in which they accrue.

Multiemployer defined benefit plans, where available information is insufficient to use, defined benefit accounting is accounted for as if the plan was a defined contribution plan.

### Note 2 - Operating revenues - operating and geographic segment information

The operating revenues for Hydro Extruded Solutions AS originate from the sale of management service to other group's companies.

	2022	2021
Norway	20 470	15 813
European Union	442 714	416 469
North America	161 028	119 536
Asia	19 906	15 188
Other	59 718	44 983
Revenues from group companies	<u>703 835</u>	<u>611 989</u>

### Note 3 - Payroll expenses, number of employees and loans to employees and auditor's fee



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

<i>Wage costs</i>	<b>2022</b>	<b>2021</b>
Salaries	81 149	83 090
Payroll tax	16 088	14 526
Net periodic pension cost (Note 4)	10 776	10 558
Total payroll expenses	<u>108 013</u>	<u>108 174</u>

Average number of full-time employees was 50 in 2022 and 50 in 2021.

#### *Management remuneration*

The members of the board and the managing director are employees of the Hydro Group, and as such receive remuneration from their respective employers. They do not receive any remuneration directly from Hydro Extruded Solutions AS in their capacity as a board member or managing director.

#### *Loans and security*

As of year-end, the managing director and board chairperson did not have any loans outstanding from the Company or the parent company. Other board members had no loans outstanding at the end of 2022.

#### *Auditor fee:*

Audit fees to KPMG expensed in 2022 and 2021 amounted to NOK 102 thousand and NOK 121 thousand, respectively. All amounts are exclusive of VAT.

### Note 4 - Pensions

	<b>2022</b>	<b>2021</b>
Benefits earned during the year	3 025	2 976
Defined contribution cost	6 718	6 561
Multi employer plans	647	641
Social security cost, aga	1 345	1 316
Net pension expenses	<u>11 735</u>	<u>11 494</u>

	<b>2022</b>	<b>2021</b>
Defined benefit obligation at beginning of year	-75 176	-53 417
Benefits earned during the year	-3 452	-3 396
Interest cost on prior period benefit obligation	-1 425	-905
Actuarial gain (loss)	9 439	-17 779
Benefits paid	330	321



**Hydro Extruded Solutions AS**

**Notes to the accounts for 2022**

Amounts in NOK thousands

Defined benefit obligation at end of year	-70 283	-75 176
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Interest cost on prior period benefit obligations is 1.425 for 2022 and 905 for 2021.

	Benefit Obligation	Benefit Expense	Benefit Obligation	Benefit expense
<i>Assumptions used to determine net periodic pension cost and pension obligation at end of year</i>	2022	2022	2021	2021
Discount rate	3,20 %	1,90 %	1,90 %	1,70 %
Expected salary increase	3,50 %	2,50 %	2,50 %	2,00 %
Expected pension increase	1,75 %	1,25 %	1,25 %	1,25 %

Mortality rate: K2013

**Note 5 - Tangible assets**

	Machinery and equipment	Total
Acquisition cost 01.01.	4 695	4 695
Acquisition cost 31.12.	4 695	4 695
Acc.depreciation 31.12.	-4 458	-4 458
Net carrying amount at 31.12.	237	237
Depreciation for the year	289	289
Depreciation	Linear	

Depreciation expenses are measured on a straight-line basis over the estimated useful life of the asset, ranging from 4 years for computers and peripheral equipment to 10 years for office fixtures.

**Note 6 - Financial income and expense**

	2022	2021
Dividends from subsidiaries and JV	1 095 962	751 940
Interest from group companies	310 008	164 739
Other interest income	3 787	6 979
Interest paid to group companies	-178 446	-111 707
Other interest expenses	-1 514	-1 043
Net foreign exchange gain(loss)	521 638	174 373
Impair. loss on shares AAC and BEX	-293 000	0
Liquidation dividend	-3 911	27 972
Total	1 454 525	1 013 253



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

In 2022 (2021) the company received NOK 98 (146) million from Hydro Holding Austria GmbH, NOK 48 (73) million from Hydro Extrusion Raeren SA, NOK 15 (93) million from Hydro Building Systems Switzerland AG, NOK 6 (51) million from Hydro Holding France SAS, NOK 586 (302) million from Hydro Extruded Solutions AB, NOK 40 (0) million from Hydro Building Systems Middle East FZE and NOK 303 (0) million from Hydro Extrusion Hungary kft. In 2021 the company also received NOK 88 million from Hydro Building Systems Middle East WLL.

The negative liquidation dividend of NOK 4 million is related to the liquidation of Hydro Precision Tubing Seneffe SA in 2021.

There have been impairments done in 2022 at totally NOK 293 million. The shares in Hydro Extrusion Brasil S.A. (AAC) were reduced by NOK 268 million triggered by an impairment of fixed assets in the company in December 2022, which resulted in reduced equity. The shares in Hydro Extrusion Eupen SA (BEX) were reduced by NOK 25 million caused by marked situation and a period with poor results.

#### Note 7 - Income taxes

<i>Income tax expenses</i>	<b>2022</b>	<b>2021</b>
Tax payable	25 436	2 301
Too much/little allocated in previous year(s)	3 157	303
Change in deferred tax	92 278	25 039
Tax-effect of group contribution	0	-24 640
Tax on gains/losses on benefit plans	-2 077	0
Total income tax expense	<u>118 794</u>	<u>3 003</u>
<i>Tax base estimation</i>	<b>2022</b>	<b>2021</b>
Ordinary result before tax	1 300 600	730 482
Permanent differences	1 062	10 860
Loss on disposal of shares, book value	3 911	0
Loss on disposal of units in general partnership-companies	293 000	0
Taxed related gain on disposal of shares and other security	-43 783	0
3 % of tax-free income according to "fritaksmetoden"	462	2 787
Tax-related income from general partnership-companies, NOKUS	66 335	65 834
Reversal of recognized dividends	-1 095 962	-751 940
Liquidation dividend BHY	0	-27 972
Change in temporary differences	-419 446	-113 813
Remeasurement of benefit plans	9 439	-17 779
General income	<u>115 617</u>	<u>-101 542</u>
Group contribution received	<u>0</u>	<u>112 000</u>
Tax base	<u>115 617</u>	<u>10 458</u>
Tax payable	25 436	2 301
<i>Temporary differences outlined</i>	<b>2022</b>	<b>2021</b>

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## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

Fixed assets	-580	-536
Unrealized exchange gains (losses) on financial non-current assets and -liabilities 1)	1 562 640	1 158 531
	0	0
Other current liabilities	-21 641	-36 634
Pension obligations	-70 283	-75 176
Unrealized gains (losses) on LME-derivatives	-12 463	-2 701
Provisions for restructuring	-13 965	-18 135
Provision for possible malus	-6 324	-7 411
Total	<u>1 437 385</u>	<u>1 017 939</u>
Deferred income tax liability (22%)	316 225	223 947
<i>Effective tax rate</i>	<b>2022</b>	
Expected income taxes, statutory tax rate 22%	286 132	
Too much/little allocated in previous year(s)	3 157	
Permanent differences (22%)	-262 773	
Endring i utsatt skatt	<u>92 278</u>	
Income tax expense	<u>118 794</u>	
Effective tax rate	9,1 %	

1) Unrealized FX gain on non-current intercompany USD receivable is NOK 1,993 million, EUR receivables 197 NOK million, DKK receivables 112 NOK million. Unrealized loss on non-current intercompany EUR payables is NOK 369 million and USD payables NOK 371 million. See also note 11 Non-current intercompany receivables and note 12 Non-current intercompany payables.

### Note 8 - Investment in subsidiaries and associate

Company	Location	Share owners	Book value 31.12.2022
Hydro Extruded Solutions AB	Sweden	100 %	2 982 649
Hydro Holdings UK Limited	United Kingdom	100 %	1 953 834
Hydro Holding Austria GmbH	Austria	100 %	1 300 000
Hydro Holding France SAS	France	42 %	697 915
Technal Middle East W.L.L.	Kingdom of Bahrain	100 %	599 033
Hydro Extrusion Hungary Kft	Hungary	100 %	550 576
Hydro Holding Denmark A/S	Denmark	100 %	392 712
Hydro Precision Tubing Brasil S.A.	Brazil	100 %	237 186
Hydro Extrusion Slovakia	Slovakia	100 %	167 981
Hydro Holding Singapore Pte.	Singapore	100 %	150 000

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## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

Ltd.			
Hydro Extrusion Raeren S.A.	Belgium	100 %	120 000
Hydro Yapi Sistem Sanayi VE Ticaret AS	Turkey	100 %	28 218
Hydro Extrusion Norway AS	Norway	100 %	74 480
Hydro Precision Tubing Argentina S.A.	Argentina	95 %	47 790
Hydro Building Systems Belgium NV	Belgium	100 %	46 438
Hydro Extrusion Finland Oy	Finland	100 %	13 277
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	5 774
<b>Total</b>			<b>9 374 605</b>

<b>Company</b>	<b>Location</b>	<b>Share owned</b>	<b>Book value 31.12.2021</b>
Hydro Extruded Solutions AB	Sweden	100 %	2 982 649
Hydro Holdings UK Limited	United Kingdom	100 %	1 953 834
Hydro Holding Austria GmbH	Austria	100 %	1 300 000
Hydro Holding France SAS	France	42 %	697 915
Technal Middle East W.L.L.	Kingdom of Bahrain	100 %	599 033
Hydro Extrusion Hungary Kft	Hungary	100 %	550 576
Hydro Holding Denmark A/S	Denmark	100 %	392 712
Hydro Holding Singapore Pte. Ltd.	Singapore	100 %	150 000
Hydro Extrusion Raeren S.A.	Belgium	100 %	120 000
Hydro Yapi Sistem Sanayi VE Ticaret AS	Turkey	100 %	28 218
Hydro Extrusion Norway AS	Norway	100 %	74 480
Hydro Precision Tubing Argentina S.A.	Argentina	95 %	47 790
Hydro Building Systems Middle East FZE	United Arab Emirates	100 %	41 250
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	1 000
Hydro Precision Tubing Brasil SA	Brazil	100 %	429 053
<b>Total</b>			<b>9 375 253</b>

### Note 9 - Intercompany lendings



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 10 - Non-current intercompany payables

#### Note 11 - Balance sheet items

	2022	2021
Prepaid expenses	4 639	2 105
VAT receivables	2 272	1 241
Total prepaid expenses and other current assets	6 911	3 346
Employee-related expense accrued (LT), Norwegian payroll	7 675	12 191
Employee-related expense accrued, employees outside of HES AS	11 300	18 600
Total non-current provisions	18 975	30 791
Trade payables, external	37 778	42 668
Employee-related taxes withheld	5 684	5 335
Employee-related expense accrued (ST), Norwegian payroll	29 623	32 655
Employee-related expense accrued, employees outside of HES AS	42 700	48 500
Other current liabilities	37 387	31 012
	153 172	160 170

#### Note 12 - Owners equity

	Share capital	Share premium reserve	Remeasurement postemployment benefit	Other equity	Total
Owners equity 31.12.	400 000	11 511 590	-16 602	-559 280	11 335 708
Owners equity 01.01.	400 000	11 511 590	-16 602	-559 280	11 335 708
Profit for the year	0	0	0	1 181 806	1 181 806
Dividend	0	-1 077 473	0	-622 527	-1 700 000
Other changes	0	0	7 363	0	7 363
Owners equity 31.12.	400 000	10 434 117	-9 240	0	10 824 877

Hydro Aluminium AS owns all the issued shares. Number of issued shares are 200 000 000. The par value of the share is NOK 2.

#### Note 13 - Related parties

Hydro Extruded Solutions AS is fully owned by Hydro Aluminium AS, which is fully owned by Norsk Hydro ASA. Thus Norsk Hydro ASA and its subsidiaries, associates and joint ventures are related parties. The Norwegian State's ownership in the parent company Norsk Hydro ASA represents significant influence. The State and companies controlled or influenced by the Norwegian State are therefore related parties.

Hydro Extruded Solutions AS allocates costs for the group's executive management, corporate staff services and shared services to subsidiaries and charge the companies for these services in accordance with the intra-group service charge principles set out by OECD. The terms of the company's transactions with related



## Hydro Extruded Solutions AS

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### Notes to the accounts for 2022

Amounts in NOK thousands

parties are based on the "arm's length" principle. According to the OECD principles, the most appropriate method to price the management services is the cost plus method. Except for pass-through cost, the company adds a 5 percent markup. The total amount allocated was NOK 704 in 2022 and NOK 612 million in 2021. Receivables related to such costs amounted to NOK 331 million and NOK 280 million per December 31, 2022, and 2021, respectively.

Hydro Extruded Solutions extends loans to subsidiaries, associates and jointly controlled entities at terms and conditions reflecting prevailing market conditions for corresponding transactions. The interest rate terms are based on the term of the loan agreement, company and country risk. See note 6 Financial income and expense for information on interest paid to and received from group companies and note 9 and 10 for information on non-current intercompany receivables and payables.

As of December 31, 2022, and 2021, Intercompany payables classified as current liabilities amount to NOK 1.388 million and NOK 1.693 million. The amount as of December 31, 2022 includes accrued dividend of NOK 1.700 million respectively NOK 1.300 million in 2021.

For information on transactions with employees and management, see note 3 Management remuneration, employee costs and auditor fees.

### Note 14 - Guarantees

	<b>2022</b>	<b>2021</b>
Parent guarantees nominal amount	54 500	574 500
Total guarantees not recognized nominal amount	<u>54 500</u>	<u>574 500</u>
	<b>2022</b>	<b>2021</b>
Parent guarantees book value	640 330	695 544
Total guarantees not recognized booked value	<u>640 330</u>	<u>695 544</u>



Hydro Extruded Solutions AS

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## **Annual report 2022**

**Board of directors' report**

**Annual accounts**

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Notes**

**Auditor's report**



## Hydro Extruded Solutions AS

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# Board of directors' report 2022

### Hydro Extruded Solutions AS

Adress: Drammensveien 264, 0283 OSLO

Org.nr: 899286952 MVA

Hydro Extruded Solutions AS (former Sapa AS) ("the company") was established on September 1st, 2013, as a joint venture between Hydro and Orkla by merging Hydro's Extruded Products division with Sapa's Profiles, Building Systems, and Tubes businesses. Hydro acquired Orkla's 50% share in Sapa on October 2, 2017, giving Hydro full ownership of the company. Since then, the company is a wholly owned subsidiary of Hydro Aluminium AS, which is a wholly owned subsidiary of Norsk Hydro ASA ("Hydro").

The company, including its global subsidiaries, became a new business area in Hydro, called Hydro Extrusions, after the acquisition of Orkla's 50% share. The company, through its management services, investments in its subsidiaries, associates and joint ventures, develops, manufactures and markets value-added profiles, profile-based building systems, and tubing solutions for automotive and heating, ventilation, air conditioning & refrigeration (HVAC&R) applications in lightweight aluminium. The company's leading position is maintained through the unique combination of local expertise, a global network, and R&D capabilities. Due to subsequent intragroup restructuring, the company currently also owns a limited number of subsidiaries within Hydro's other business areas, primarily re-smelt operations within Metal Markets.

The company is a limited liability company incorporated in Oslo, Drammensveien 264, Vækerø. The activities at the head office include the Hydro Extrusions business area executive management and business area level staff functions that carry out assignments for the subsidiaries and charge the subsidiaries for these services in accordance with the intra-group service charge principles. The revenues from these activities are presented on the line for "Revenues from group companies" in the income statement.

Hydro Extruded Solutions AS is included in Norsk Hydro ASA's consolidated financial statements as one of its business areas, Hydro Extrusions. According to the Norwegian Accounting Act § 3-7, consolidated financial statements are not prepared for Hydro Extruded Solutions AS. Further information about the underlying operations of the new business area in Hydro, Hydro Extrusions, can be found in Norsk Hydro ASA's Annual Report for 2022, available on the internet at [www.hydro.com](http://www.hydro.com).

Norsk Hydro ASA has signed a board liability insurance under which Hydro Extruded Solutions AS is covered, including the potential personal liability of board members and managers for actions or omissions (in the capacity and performance of their positions as a board member or chairman of the company), including expenses for legal assistance.

### Financial results

Revenues increased from NOK 612 million in 2021 to NOK 704 million in 2022. Revenues are solely from other group companies as return for management services rendered, including executive management, risk management, IS/IT, accounting and controlling, communication, EHS, HR, business development and other business area level services.

Operating loss for Hydro Extruded Solutions AS amounted to NOK 154 million for the year, compared to a loss of NOK 283 million in 2021. The operating result for the Hydro Extrusions business area can be found in Hydro's consolidated financial statement.

Net financial result for 2022 was NOK 1.455 million compared to NOK 1.013 million in 2021.

Income tax expense amounted to NOK 118.8 million in 2022, compared to NOK 3 million in 2021. See also note 7 Income taxes.



## Hydro Extruded Solutions AS

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In total, net income in 2022 was NOK 1.182 million compared to NOK 727 million in 2021. The net income is by large driven by dividend and interest from the company's subsidiaries.

Equity ratio as of December 31, 2022, was 57 (60) percent and is considered satisfactory.

Net cash provided by operating activities for the year amounted to about NOK 730 million compared to NOK -24 million in 2021.

Shareholders' equity amounted to NOK 10.825 million at the end of 2022 (11.336). Shareholders' equity was increased by NOK 1.182 million (714) from total comprehensive income for the year. Shareholders' equity was reduced by NOK 1 700 million (1 300) from suggested dividend to Hydro Aluminium AS.

### Market outlook

Demand for extrusions gradually weakened after a strong 2021 particularly in the Building and Construction (B&C) markets. The demand growth was relatively stronger in transport and automotive than in B&C. Main factors for weakness was inflation and higher interest rates effects from the war and coming from a high economic cycle in general globally.

Overall, European demand is estimated to have decreased by 4 percent in 2022, compared to 2021. North American demand is estimated to have increased 3 percent in 2022, compared to 2021.

### Risk

Hydro Extruded Solutions AS faces a wide range of risks and uncertainties within its business operations and in the global marketplace. In addition, the company is exposed to changing economic and market conditions within the geographic regions where it operates.

Risk management in Hydro Extruded Solutions AS is based on the principle that risk evaluation is an integral part of all business activities, designed to enable achievement of strategic and operational targets. The main responsibility of risk management resides with the business units, however some risks are coordinated by corporate and business area functions utilizing established policies and procedures for active and coordinated risk management. The overall risk management system and environment are subject to regularly review and evaluation.

Hydro Extruded Solutions AS is financed through equity from its owner Hydro Aluminium AS and through loans from its ultimate parent company Norsk Hydro ASA. A deterioration of the Hydro groups' financial position or downgrade of the ultimate parent company's credit rating could increase the borrowing cost and cost of capital.

### Control and procedures

Hydro Extruded Solutions AS follows the control procedures defined by its ultimate parent company. Hydro follows the Norwegian Code of Practice for Corporate Governance in its current version of 14 October 2021. A detailed description of this is presented at [www.hydro.com/governance](http://www.hydro.com/governance).

### Research and development

The company's expenditures in research and development in Norway in 2022 totalled NOK 104 million (NOK 85 million). The company, including its subsidiaries, has an R&D organization with main locations in Finspång (Sweden) and Troy (USA), and smaller laboratory hubs in Tonder (Denmark), Rockledge (USA), Suzhou (China) and Székesfehérvár (Hungary); The R&D capability and activity are complemented by Application centers in several of the plant locations across the four business units constituting the business area.



## Hydro Extruded Solutions AS

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### Work environment and employees

Hydro Extruded Solutions AS is committed to an inclusive work culture and appreciates and recognizes that all people are unique and valuable and must be respected for their individual abilities and views. The company does not accept any form of harassment or discrimination, including but not limited to any harassment or discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, disability, sexual orientation, marital status, or age. The company provides equal employment opportunities and treats all employees fairly and with respect. The company's employees and business units only use merit, qualifications and other professional criteria as basis for employee-related decisions at Hydro Extrusions business area, such as recruitment, training, compensation, and promotion. The company is also committed to developing programs and actions to encourage a diverse organization based on the principle of equal opportunities.

Hydro Extruded Solutions AS had 51 employees at the end of 2022, compared to 52 in 2021. At year end 2022 the company was also hiring 76 workers full time. The Hydro Extrusions business areas had 21 400 employees at the end of 2022 compared to 20 405 employees at the end of 2021. Absence rate was 4,46 percent in 2022, compared to 4,08 percent in 2021. The share of women was 14,3 percent in Extruded Solutions' top management team and the overall share of female employees is 21,3 percent in the Hydro Extrusions business area. All employees receive total pay that is fair, competitive and in accordance with local industry standards. There is no identified gender pay differential for employees earning collectively negotiated wages. Pay conditions in the organization are reviewed on a regular basis.

We strive to offer an encouraging and stimulating environment, interesting career opportunities, and good working conditions to attract talents. There are several ongoing global people processes, which aim at reaching these ambitions.

Hydro Extruded Solutions AS have prepared a diversity and inclusion statement in accordance with Norwegian legal requirements in Norsk Hydro ASA's annual report. Hydro Extruded Solutions AS' statement in accordance to the Norwegian Transparency Act is also published in the annual report. Both statements can be found at:

[Hydro.com/no-NO/investorer/reports-and-presentations/annual-reports/](https://hydro.com/no-NO/investorer/reports-and-presentations/annual-reports/)

### Environment

Hydro Extruded Solutions AS believes in Environment, Health and Safety (EHS) excellence and that this will be achieved through the consistent implementation of the company's EHS Management System compliant with the ISO 14001 environmental standard, committed and visible leadership, and the full engagement of all employees in EHS activities. See more in 2022 environmental issues of Extruded Solutions business areas in Hydro's Annual Report for 2022.

The company's activities at the head office have insignificant influence on the external environment.

### Integrity and human rights

Hydro's Integrity Program is the main tool to prevent corruption and human rights violations for Hydro Extruded Solutions AS. The program includes risk mapping, tools and training.

Our ultimate parent company uses the GRI Standards for voluntary reporting of sustainable development. This also includes all activities covered by Hydro Extruded Solutions AS from October 2, 2017. More information can be found at [www.hydro.com/gri](http://www.hydro.com/gri).



## Hydro Extruded Solutions AS

### Going concern

According to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the assumption of a going concern.

### Subsequent events

The risk of a future change in the value of the assets has clearly increased. The Russian invasion of Ukraine, slower Chinese growth, global supply-chain shortages, high energy prices, and concerns around high inflation and increasing interest rates continue to add uncertainty with regards to market projections for the subsidiaries. Key markets now face the highest inflation rates for decades.

### Allocation of net income

The Board of Directors has proposed the 2022 net income of NOK 1,182 million of Hydro Extruded Solutions to be attributed to:

Amounts in NOK millions. Year ended December 31.	2022
<i>Appropriation of net income and equity transfers</i>	
Proposed dividend	(1,700)
Share premium reserve	1,077
Other equity	(559)
<b>Total appropriation</b>	<b>(1,182)</b>

Oslo, 16 May 2023  
Board of Hydro Extruded Solutions AS

Alexander Samsonsen  
Chairman of the Board

Erik Fossum  
Board Member

Florian Nikolaus Krumbacher  
Board Member

Lars Michael Lönn  
Board Member

Tor Egil Skulstad  
Board Member

Erika Margareta Ahlqvist  
General manager



## Hydro Extruded Solutions AS

### Income statement

Amounts in NOK thousands	Note	2022	2021
<b>Revenue</b>			
Revenues from group companies	2, 13	703 835	611 989
Other operating income		6 195	5 863
Total revenue		<u>710 030</u>	<u>617 852</u>
<b>Operating expenses</b>			
Payroll expenses	3, 4	108 013	107 844
Depreciation of tangible fixed assets	5	289	316
Other operating expenses	3	755 652	792 462
Total operating expenses		<u>863 955</u>	<u>900 622</u>
Operating result		<u>-153 924</u>	<u>-282 771</u>
<b>Financial income and expenses</b>			
Other financial income		2 410 965	1 153 368
Other financial expenses		956 441	140 116
Net financial items	6	<u>1 454 525</u>	<u>1 013 253</u>
Ordinary result before tax		<u>1 300 600</u>	<u>730 482</u>
Tax on ordinary result	7	<u>118 794</u>	<u>3 003</u>
<b>Net profit or loss for the year</b>		<u><b>1 181 806</b></u>	<u><b>727 479</b></u>
<b>Allocated as follows</b>			
Proposed dividends	12	1 700 000	1 300 000
Group contribution		0	-87 360
Transferred to/(from) share premium reserve	12	-1 077 473	
Transferred to/(from) other equity	12	559 280	-485 161
Total allocations		<u>1 181 806</u>	<u>727 479</u>
<b>Statement of comprehensive income</b>			
Remeasurement gains (losses) on benefit plans		7 363	-13 868
Total other comprehensive income		<u>7 363</u>	<u>-13 868</u>
<b>Total comprehensive income, net of tax</b>		<u><b>1 189 169</b></u>	<u><b>713 611</b></u>



## Hydro Extruded Solutions AS

### Balance sheet as of December 31

Amounts in NOK thousands

	Note	2022	2021
<b>Fixed assets</b>			
<i>Tangible assets</i>			
Land, buildings and other real property	5	237	526
Total tangible assets		<u>237</u>	<u>526</u>
<i>Financial assets</i>			
Investments in subsidiaries	8	9 374 605	9 375 253
Intercompany loans	9	7 088 534	8 258 964
Total financial assets		<u>16 463 139</u>	<u>17 634 217</u>
Total fixed assets		<u>16 463 376</u>	<u>17 634 743</u>
<b>Current assets</b>			
<i>Receivables</i>			
Trade receivable from group companies	13	305 981	257 581
Other receivables from group companies	9, 13	2 221 235	620 026
Other receivables	11	6 911	3 346
Total accounts receivables		<u>2 534 128</u>	<u>880 953</u>
Total current assets		<u>2 534 128</u>	<u>880 953</u>
Total assets		<u>18 997 504</u>	<u>18 515 695</u>



## Hydro Extruded Solutions AS

### Balance sheet as of December 31

Amounts in NOK thousands	Note	2022	2021
<b>Equity</b>			
<i>Paid-in capital</i>			
Share capital	12	400 000	400 000
Share premium reserve	12	10 434 117	11 511 590
Total paid-in capital		<u>10 834 117</u>	<u>11 911 590</u>
<i>Retained earnings</i>			
Other equity		0	0
Uncovered losses		-9 240	-575 882
Total retained earnings	12	<u>-9 240</u>	<u>-575 882</u>
Total equity		<u>10 824 877</u>	<u>11 335 708</u>
<b>Liabilities</b>			
<i>Provisions</i>			
Pension liabilities	4	70 283	75 176
Deferred tax liability	7	316 225	223 947
Other provisions	11	18 975	30 791
Total provisions		<u>405 483</u>	<u>329 913</u>
<i>Other long-term liabilities</i>			
Other long-term liabilities	10	5 752 144	5 295 951
Total other long-term liabilities		<u>5 752 144</u>	<u>5 295 951</u>
<i>Current liabilities</i>			
Trade creditors from group companies	13	59 208	66 549
Other liabilities to group companies	13	69 776	21 608
Dividends	13	1 700 000	1 300 000
Tax payable	7	32 844	5 797
Other short-term liabilities	11	153 172	160 170
Total current liabilities		<u>2 015 000</u>	<u>1 554 124</u>
Total liabilities		<u>8 172 627</u>	<u>7 179 987</u>
Total equity and liabilities		<u>18 997 504</u>	<u>18 515 695</u>

Oslo, 16 May 2023

Alexander Samsonsen  
Chairman of the Board

Erik Fossum  
Board Member

Florian Nikolaus Krumbacher  
Board Member

Lars Michael Lönn  
Board Member

Tor Egil Skulstad  
Board Member

Erika Margareta Ahlqvist  
General manager



## Hydro Extruded Solutions AS

### Cash flow statement

Amounts in NOK thousands	Note	2022	2021
<b>Cash flow from operating activities</b>			
Ordinary result from tax		1 300 600	730 482
Taxes paid		1 546	1 192
Depreciation and amortization		289	316
Changes in inventories, trade receivables and trade payables		-55 868	22 046
Changes in pension scheme assets/liabilities		4 892	-21 759
Effect of changes in exchange rates		438 645	163 756
Changes in other current balance sheet items		-959 741	-919 901
Net cash flow from operating activities		<u>730 363</u>	<u>-23 867</u>
<b>Cash flow from investing activities</b>			
Net cash flow from investing activities		<u>0</u>	<u>0</u>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of long-term debt		0	830 310
Proceeds from short term and long-term receivables		415 469	251 779
Net payment of interest - receivables and payables		42 168	61 764
Dividends paid		-1 300 000	-1 050 000
Group contribution received/paid		112 000	-70 000
Net cash flow from financing activities		<u>-730 363</u>	<u>23 853</u>
Net change in cash and cash equivalents		0	-14
Cash and cash equivalents as of 01.01		<u>0</u>	<u>14</u>
Cash and cash equivalents as of 31.12		<u>0</u>	<u>0</u>



## Hydro Extruded Solutions AS

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### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note - 1 Accounting Principles

The financial statements of Hydro Extruded Solutions AS, ("the Company") are prepared in accordance with the Norwegian accounting act and regulation on simplified application of international accounting standards (forskrift om forenklet anvendelse av internasjonale regnskapsstandarder forenklet IFRS). The company use the exemption rule in section 3-1, no. 3 when posting dividends before it is adopted.

The company is a limited liability company incorporated in Oslo, Drammensveien 264, Vækerø. The activities in the company include the Hydro Extrusions business area executive management and business area level staff functions that largely carry out assignments for the subsidiaries and charge the companies for these services in accordance with the intra-group service charge principles. The revenues from these activities are presented on the line for "Revenues from group companies" in the income statement.

The company is included in Norsk Hydro ASA's consolidated financial statements. Consolidated financial statements are not prepared for the company, according to the Norwegian Accounting Act. Additional information can be found in Norsk Hydro ASA's Annual Report on "hydro.com".

Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates. Interest rates used for calculating net present values are rounded to the nearest 10 basis points for post-employment benefits, to the nearest 25 basis points for other non-financial assets and liabilities. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

#### Shares in subsidiaries, associates and jointly controlled entities

Shares in subsidiaries, associates and jointly controlled entities are presented according to the cost method. Dividend from subsidiaries is recognized in the year for which it is proposed by the subsidiary to the extent the company can control the decision of the subsidiary through its share holdings. Shares in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

#### Short-term investments

Short-term investments include bank deposits and all other monetary instruments with a maturity between three and twelve months at the date of purchase and current listed equity and debt securities held for trading and valued at fair value. The resulting unrealized holding gains, and losses are included in Financial income, net. Investment income is recognized when earned.

#### Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. According to IAS 36 Impairment of Assets, such assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment of long-lived assets is recognized when the recoverable amount determined as the higher of fair value less cost to sell or value in use of the asset or group of assets is less than the carrying value. The amount of the impairment is the difference between the carrying value and the recoverable amount. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### Intangible assets

Intangible assets acquired individually or as a group are recognized at fair value when acquired, in accordance with IAS 38 Intangible Assets. Intangible assets are amortized on a straight-line basis over their useful life and tested for impairment whenever indications of impairment are present.

#### Derivatives

Derivative financial instruments are marked to their market value with the resulting gain or loss reflected in the income statement. Unrealized gains and losses for commodity derivative instruments that are not traded on a liquid, regulated market, are netted within each separate portfolio and net unrealized gains are not recognized.

Realized and unrealized effects of all net settled derivative contracts, whether for trading purposes or hedging purposes (hedge accounting not applied) are presented in revenue.



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that the company will be required to settle the obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties. The provision is measured at the present value of the cash flows estimated to settle the obligation. Uncertain outcomes are measured as the expected value of reasonably possible outcomes.

#### Contingencies and guarantees

Hydro Extruded Solution AS recognizes a liability for the fair value of obligations it has undertaken in issuing guarantees. Contingencies are recognized in the financial statements when probable of occurrence and reliably estimable.

#### Income taxes

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 Income Taxes. Under the liability method, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis which are considered temporary in nature. Deferred income tax related to remeasurements of pension obligations are recognized directly in equity. The tax effect of equity transactions, excluded transfers to owners, is recognized as a part of the equity transaction and do not affect the income tax expense. Other changes in deferred income tax asset and liability balances during the year represent the deferred income tax expense. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are enacted.

#### Receivables and liabilities

Receivables and liabilities are included on the balance sheets as current assets, and current liabilities if payment is agreed or expected to occur within one year after the end of the financial year. The current portion of long-term debt is included under current liabilities. Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful receivables.

#### Foreign currency transactions

The functional currency of the company is the Norwegian kroner, NOK. Realized and unrealized currency gains or losses on transactions are included in Financial income, net. Likewise, unrealized currency gains or losses on assets and liabilities denominated in a currency other than Norwegian kroner (NOK) are also included in Financial income, net.

#### Employee retirement plans

Pension costs are calculated in accordance with NRS 6 whereby employee retirement plans are measured as required by IAS 19 under Norwegian accounting regulations. The cost of pension benefits in defined benefit plans is determined using the projected unit credit method. Past service costs are recognized immediately in the income statement. The interest component of the periodic cost is included in Financial expense. Remeasurement gains and losses are recognized directly to equity.

Contributions to defined contribution plans are recognized in the income statement in the period in which they accrue.

Multiemployer defined benefit plans, where available information is insufficient to use, defined benefit accounting is accounted for as if the plan was a defined contribution plan.

### Note 2 - Operating revenues - operating and geographic segment information

The operating revenues for Hydro Extruded Solutions AS originate from the sale of management service to other group's companies.

	2022	2021
Norway	20 470	15 813
European Union	442 714	416 469
North America	161 028	119 536
Asia	19 906	15 188
Other	59 718	44 983
Revenues from group companies	<u>703 835</u>	<u>611 989</u>



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 3 - Payroll expenses, number of employees and loans to employees and auditor's fee

<i>Wage costs</i>	2022	2021
Salaries	81 149	83 090
Payroll tax	16 088	14 526
Net periodic pension cost (Note 4)	10 776	10 558
Total payroll expenses	<u>108 013</u>	<u>108 174</u>

Average number of full-time employees was 50 in 2022 and 50 in 2021.

#### *Management remuneration*

The members of the board and the managing director are employees of the Hydro Group, and as such receive remuneration from their respective employers. They do not receive any remuneration directly from Hydro Extruded Solutions AS in their capacity as a board member or managing director.

#### *Loans and security*

As of year-end, the managing director and board chairperson did not have any loans outstanding from the Company or the parent company. Other board members had no loans outstanding at the end of 2022.

#### Auditor fee:

Audit fees to KPMG expensed in 2022 and 2021 amounted to NOK 102 thousand and NOK 121 thousand, respectively. All amounts are exclusive of VAT.

#### Note 4 - Pensions

	2022	2021
Benefits earned during the year	3 025	2 976
Defined contribution cost	6 718	6 561
Multi employer plans	647	641
Social security cost, aga	1 345	1 316
Net pension expenses	<u>11 735</u>	<u>11 494</u>
	2022	2021
Defined benefit obligation at beginning of year	-75 176	-53 417
Benefits earned during the year	-3 452	-3 396
Interest cost on prior period benefit obligation	-1 425	-905
Actuarial gain (loss)	9 439	-17 779
Benefits paid	330	321
Defined benefit obligation at end of year	<u>-70 283</u>	<u>-75 176</u>

Interest cost on prior period benefit obligations is 1.425 for 2022 and 905 for 2021.

	Benefit Obligation	Benefit Expense	Benefit Obligation	Benefit Expense
<i>Assumptions used to determine net periodic pension cost and pension obligation at end of year</i>	2022	2022	2021	2021
Discount rate	3,20 %	1,90 %	1,90 %	1,70 %
Expected salary increase	3,50 %	2,50 %	2,50 %	2,00 %
Expected pension increase	1,75 %	1,25 %	1,25 %	1,25 %

Mortality rate: K2013



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 5 - Tangible assets

	Machinery and equipment	Total
Acquisition cost 01.01.	4 695	4 695
Acquisition cost 31.12.	4 695	4 695
Acc.depreciation 31.12.	-4 458	-4 458
Net carrying amount at 31.12.	237	237
Depreciation for the year	289	289
Depreciation	Linear	

Depreciation expenses are measured on a straight-line basis over the estimated useful life of the asset, ranging from 4 years for computers and peripheral equipment to 10 years for office fixtures.

#### Note 6 - Financial income and expense

	2022	2021
Dividends from subsidiaries and JV	1 095 962	751 940
Interest from group companies	310 008	164 739
Other interest income	3 787	6 979
Interest paid to group companies	-178 446	-111 707
Other interest expenses	-1 514	-1 043
Net foreign exchange gain(loss)	521 638	174 373
Impair. loss on shares AAC and BEX	-293 000	0
Liquidation dividend	-3 911	27 972
Total	1 454 525	1 013 253

In 2022 (2021) the company received NOK 98 (146) million from Hydro Holding Austria GmbH, NOK 48 (73) million from Hydro Extrusion Raeren SA, NOK 15 (93) million from Hydro Building Systems Switzerland AG, NOK 6 (51) million from Hydro Holding France SAS, NOK 586 (302) million from Hydro Extruded Solutions AB, NOK 40 (0) million from Hydro Building Systems Middle East FZE and NOK 303 (0) million from Hydro Extrusion Hungary kft. In 2021 the company also received NOK 88 million from Hydro Building Systems Middle East WLL.

The negative liquidation dividend of NOK 4 million is related to the liquidation of Hydro Precision Tubing Seneffe SA in 2021.

There have been impairments done in 2022 at totally NOK 293 million. The shares in Hydro Extrusion Brasil S.A. (AAC) were reduced by NOK 268 million triggered by an impairment of fixed assets in the company in December 2022, which resulted in reduced equity. The shares in Hydro Extrusion Eupen SA (BEX) were reduced by NOK 25 million caused by marked situation and a period with poor results.



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 7 - Income taxes

<i>Income tax expenses</i>	<b>2022</b>	<b>2021</b>
Tax payable	25 436	2 301
Too much/little allocated in previous year(s)	3 157	303
Change in deferred tax	92 278	25 039
Tax-effect of group contribution	0	-24 640
Tax on gains/losses on benefit plans	-2 077	0
Total income tax expense	<u>118 794</u>	<u>3 003</u>

<i>Tax base estimation</i>	<b>2022</b>	<b>2021</b>
Ordinary result before tax	1 300 600	730 482
Permanent differences	1 062	10 860
Loss on disposal of shares, book value	3 911	0
Loss on disposal of units in general partnership-companies	293 000	0
Taxed related gain on disposal of shares and other security	-43 783	0
3 % of tax-free income according to "fritaksmetoden"	462	2 787
Tax-related income from general partnership-companies, NOKUS	66 335	65 834
Reversal of recognized dividends	-1 095 962	-751 940
Liquidation dividend BHY	0	-27 972
Change in temporary differences	-419 446	-113 813
Remeasurement of benefit plans	9 439	-17 779
General income	<u>115 617</u>	<u>-101 542</u>
Group contribution received	<u>0</u>	<u>112 000</u>
Tax base	<u>115 617</u>	<u>10 458</u>
Tax payable	25 436	2 301

<i>Temporary differences outlined</i>	<b>2022</b>	<b>2021</b>
Fixed assets	-580	-536
Unrealized exchange gains (losses) on financial non-current assets and -liabilities 1)	1 562 640	1 158 531
	0	0
Other current liabilities	-21 641	-36 634
Pension obligations	-70 283	-75 176
Unrealized gains (losses) on LME-derivatives	-12 463	-2 701
Provisions for restructuring	-13 965	-18 135
Provision for possible malus	-6 324	-7 411
Total	<u>1 437 385</u>	<u>1 017 939</u>

Deferred income tax liability (22%) 316 225 223 947

<i>Effective tax rate</i>	<b>2022</b>
Expected income taxes, statutory tax rate 22%	286 132
Tax effect due to remeasurement of benefit plans	-2 077
Too much/little allocated in previous year(s)	3 157
Permanent differences (22%)	-260 696
Change in deferred tax	<u>92 278</u>
Income tax expense	<u>118 794</u>
Effective tax rate	9,1 %

1) Unrealized FX gain on non-current intercompany USD receivable is NOK 1,993 million, EUR receivables 197 NOK million, DKK receivables 112 NOK million. Unrealized loss on non-current intercompany EUR payables is NOK 369 million and USD payables NOK 371 million. See also note 9 Intercompany lending and note 10 Non-current intercompany payables.



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 8 - Investment in subsidiaries and associate

Company	Location	Share owners	Book value 31.12.2022
Hydro Extruded Solutions AB	Sweden	100 %	2 982 649
Hydro Holdings UK Limited	United Kingdom	100 %	1 953 834
Hydro Holding Austria GmbH	Austria	100 %	1 300 000
Hydro Holding France SAS	France	42 %	697 915
Technal Middle East W.L.L.	Kingdom of Bahrain	100 %	599 033
Hydro Extrusion Hungary Kft	Hungary	100 %	550 576
Hydro Holding Denmark A/S	Denmark	100 %	392 712
Hydro Precision Tubing Brasil S.A.	Brazil	100 %	237 186
Hydro Extrusion Slovakia	Slovakia	100 %	167 981
Hydro Holding Singapore Pte. Ltd.	Singapore	100 %	150 000
Hydro Extrusion Raeren S.A.	Belgium	100 %	120 000
Hydro Yapi Sistem Sanayi VE Ticaret AS	Turkey	100 %	28 218
Hydro Extrusion Norway AS	Norway	100 %	74 480
Hydro Precision Tubing Argentina S.A.	Argentina	95 %	47 790
Hydro Building Systems Belgium NV	Belgium	100 %	46 438
Hydro Extrusion Finland Oy	Finland	100 %	13 277
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	5 774
<b>Total</b>			<b>9 374 605</b>

Company	Location	Share owners	Book value 31.12.2021
Hydro Extruded Solutions AB	Sweden	100 %	2 982 649
Hydro Holdings UK Limited	United Kingdom	100 %	1 953 834
Hydro Holding Austria GmbH	Austria	100 %	1 300 000
Hydro Holding France SAS	France	42 %	697 915
Technal Middle East W.L.L.	Kingdom of Bahrain	100 %	599 033
Hydro Extrusion Hungary Kft	Hungary	100 %	550 576
Hydro Holding Denmark A/S	Denmark	100 %	392 712
Hydro Holding Singapore Pte. Ltd.	Singapore	100 %	150 000
Hydro Extrusion Raeren S.A.	Belgium	100 %	120 000
Hydro Yapi Sistem Sanayi VE Ticaret AS	Turkey	100 %	28 218
Hydro Extrusion Norway AS	Norway	100 %	74 480
Hydro Precision Tubing Argentina S.A.	Argentina	95 %	47 790
Hydro Building Systems Middle East FZE	United Arab Emirates	100 %	41 250
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	1 000
Hydro Precision Tubing Brasil SA	Brazil	100 %	429 053
<b>Total</b>			<b>9 375 253</b>



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 9 – Intercompany lending

Intercompany lending in various currencies

Years ended December 31	2022	2021
USD	7 339 319	6 772 876
EUR	1 017 646	1 056 987
DKK	439 771	429 100
Total intercompany lending	8 796 736	8 258 963

#### Maturity of intercompany lending including interest

	Principal	Interest	Total
2023	1 708 201	499 867	2 208 068
2024	6 475 097	419 589	6 894 686
2025	439 771	14 958	454 729
2026		8 728	8 728
2027	173 667	8 752	182 419
Total	8 796 736	951 894	9 748 630

#### Note 10 - Non-current intercompany payables

##### Non-current intercompany payables

Years ended December 31	2022	2021
USD	2 476 814	2 199 775
EUR	3 270 419	3 091 190
Total non-current intercompany payables	5 747 233	5 290 965

##### Repayments of non-current intercompany payables including interest

	Principal	Interest
2023	-	308 191
2028 and later	-	-
Total	-	308 191



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 11 - Balance sheet items

	2022	2021
Prepaid expenses	4 639	2 105
VAT receivables	2 272	1 241
Total prepaid expenses and other current assets	6 911	3 346
Employee-related expense accrued (LT), Norwegian payroll	7 675	12 191
Employee-related expense accrued, employees outside of HES AS	11 300	18 600
Total non-current provisions	18 975	30 791
Trade payables, external	37 778	42 668
Employee-related taxes withheld	5 684	5 335
Employee-related expense accrued (ST), Norwegian payroll	29 623	32 655
Employee-related expense accrued, employees outside of HES AS	42 700	48 500
Other current liabilities	37 387	31 012
	153 172	160 170

#### Note 12 - Owners equity

	Share capital	Share premium reserve	Remeasurement postemployment benefit	Other equity	Total
Owners equity 31.12.	400 000	11 511 590	-16 602	-559 280	11 335 708
Owners equity 01.01.	400 000	11 511 590	-16 602	-559 280	11 335 708
Profit for the year	0	0	0	1 181 806	1 181 806
Dividend	0	-1 077 473	0	-622 527	-1 700 000
Other changes	0	0	7 363	0	7 363
Owners equity 31.12.	400 000	10 434 117	-9 240	0	10 824 877

Hydro Aluminium AS owns all the issued shares. Number of issued shares are 200 000 000. The par value of the share is NOK 2.



## Hydro Extruded Solutions AS

### Notes to the accounts for 2022

Amounts in NOK thousands

#### Note 13 - Related parties

Hydro Extruded Solutions AS is fully owned by Hydro Aluminium AS, which is fully owned by Norsk Hydro ASA. Thus Norsk Hydro ASA and its subsidiaries, associates and joint ventures are related parties. The Norwegian State's ownership in the parent company Norsk Hydro ASA represents significant influence. The State and companies controlled or influenced by the Norwegian State are therefore related parties.

Hydro Extruded Solutions AS allocates costs for the group's executive management, corporate staff services and shared services to subsidiaries and charge the companies for these services in accordance with the intra-group service charge principles set out by OECD. The terms of the company's transactions with related parties are based on the "arm's length" principle. According to the OECD principles, the most appropriate method to price the management services is the cost-plus method. Except for pass-through cost, the company adds a 5 percent markup. The total amount allocated was NOK 704 in 2022 and NOK 612 million in 2021. Receivables related to such costs amounted to NOK 331 million and NOK 280 million per December 31, 2022, and 2021, respectively.

Hydro Extruded Solutions extends loans to subsidiaries, associates and jointly controlled entities at terms and conditions reflecting prevailing market conditions for corresponding transactions. The interest rate terms are based on the term of the loan agreement, company and country risk. See note 6 Financial income and expense for information on interest paid to and received from group companies and note 9 and 10 for information on non-current intercompany receivables and payables.

As of December 31, 2022, and 2021, Intercompany payables classified as current liabilities amount to NOK 1.829 million and NOK 1.388 million. The amount as of December 31, 2022, includes accrued dividend of NOK 1.700 million respectively NOK 1.300 million in 2021.

For information on transactions with employees and management, see note 3 Management remuneration, employee costs and auditor fees.

#### Note 14 - Guarantees

	<b>2022</b>	<b>2021</b>
Parent guarantees nominal amount	54 500	574 500
Total guarantees not recognized nominal amount	<u>54 500</u>	<u>574 500</u>
	<b>2022</b>	<b>2021</b>
Parent guarantees book value	640 330	695 544
Total guarantees not recognized booked value	<u>640 330</u>	<u>695 544</u>



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Enterprise 935 174 627 MVA

To the General Meeting of Hydro Extruded Solutions AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Hydro Extruded Solutions AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is

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Bode	Knarvik	Stord	Alesund
Drammen	Kristiansand	Straume	

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necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 23 May 2023  
KPMG AS

Monica Hansen  
*State Authorised Public Accountant*  
(This document is signed electronically)

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## Monica Hansen

Partner

På vegne av: KPMG AS

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**Skattedirektoratet**

Saksbehandler Rune Tystad	Deres dato 11.12.2013	Vår dato 02.01.2014
Telefon 977 59 464	Deres referanse Karl Eichinger	Vår referanse 2013/938063

SAPA AS  
Postboks 81  
0101 OSLO

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Sapa AS, org.nr. 899 286 952**

- ) Vi viser til deres brev av 11. desember 2013 hvor det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Sapa AS, samt til tilleggsinformasjon i e-post av 18. desember 2013.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Sapa AS tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Sapa AS med datterselskaper tilbyr tjenester innen aluminiumekstrudering og aluminium baserte bygningssystemer og alt som henger naturlig sammen med dette. Selskapet har aktivitet i ca 40 land der omsetningen i Norge er oppgitt til å være ca 1,5 % av konsernets totale omsetning. Konsernets arbeidsspråk er engelsk. Konsernet opererer i sektorer, der engelsk er det klart dominerende språket. Selskapet er et joint venture der Hydro og Orkla eier 50 % hver. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk. Ettersom konsernets arbeidsspråk er engelsk vil alle ansatte forstå regnskapet og årsberetningen selv om disse dokumentene i fremtiden blir utarbeidet i sin endelige form på engelsk.

**Skattedirektoratets vurdering**

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan*

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*foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernets arbeidsspråk er engelsk og at konsernet opererer i sektorer der engelsk er det klart dominerende språket. Videre er det vektlagt at selskapets omsetning nesten utelukkende foregår i utlandet.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
Seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Rune Tystad