



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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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:	Erik Fossum
Dato for fastsettelse av årsregnskapet:	31.12.2020

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 22.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2, 15	1 120 170 000	1 078 513 000
Annen driftsinntekt		1 981 000	2 598 000
Sum inntekter		1 122 151 000	1 081 112 000
Kostnader			
Lønnskostnad	3, 4	82 309 000	176 821 000
Avskrivning	5, 6	11 647 000	17 664 000
Annen driftskostnad	3	1 254 704 000	1 041 560 000
Sum kostnader		1 348 660 000	1 236 044 000
Driftsresultat		-226 509 000	-154 933 000
Finansinntekter og finanskostnader			
Annen finansinntekt		487 437 000	659 314 000
Sum finansinntekter		487 437 000	659 314 000
Annen finanskostnad		540 822 000	171 447 000
Sum finanskostnader		540 822 000	171 447 000
Netto finans	7	-53 385 000	487 867 000
Ordinært resultat før skattekostnad		-279 894 000	332 934 000
Skattekostnad på ordinært resultat	8	-30 133 000	82 003 000
Ordinært resultat etter skattekostnad		-249 760 000	250 931 000
Årsresultat		-249 760 000	250 931 000
Overføringer og disponeringer			
Utbytte	14	1 050 000 000	
Konsernbidrag	14	54 600 000	142 682 000
Overføringer annen egenkapital	14	-1 354 360 000	108 249 000
Sum overføringer og disponeringer		-249 760 000	250 931 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	6		11 091 000
Sum immaterielle eiendeler			11 091 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	842 000	1 398 000
Sum varige driftsmidler		842 000	1 398 000
Finansielle anleggsmidler			
Investering i datterselskap	9	9 385 063 000	9 348 413 000
Lån til foretak i samme konsern	11	8 432 806 000	7 948 874 000
Sum finansielle anleggsmidler		17 817 869 000	17 297 287 000
Sum anleggsmidler		17 818 711 000	17 309 776 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	15	281 660 000	612 899 000
Andre fordringer	13	197 989 000	790 350 000
Sum fordringer		479 648 000	1 403 249 000
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende		14 000	
Sum omløpsmidler		479 663 000	1 403 249 000
SUM EIENDELER		18 298 373 000	18 713 024 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Innskutt egenkapital			
Aksjekapital	14	400 000 000	400 000 000
Overkurs	14	11 511 590 000	11 511 590 000
Sum innskutt egenkapital		11 911 590 000	11 911 590 000
Opptjent egenkapital			
Avsatt utbytte	15	1 050 000 000	
Annen egenkapital			1 276 066 000
Annen egenkapital		-76 854 000	1 276 066 000
Udekket tap		-76 854 000	
Sum opptjent egenkapital	14	-76 854 000	1 276 066 000
Sum egenkapital		11 834 737 000	13 187 656 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	4	53 417 000	53 179 000
Utsatt skatt	8	198 908 000	250 155 000
Andre avsetninger for forpliktelser	13	34 650 000	83 326 000
Sum avsetninger for forpliktelser		286 974 000	386 659 000
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	12, 13	4 562 996 000	1 328 176 000
Sum annen langsiktig gjeld		4 562 996 000	1 328 176 000
Sum langsiktig gjeld		4 849 971 000	1 714 836 000
Kortsiktig gjeld			
Leverandørgjeld	13, 15	106 487 000	128 268 000
Betalbar skatt	8, 13	8 297 000	12 042 000
Skyldige offentlige avgifter	13	7 161 000	8 184 000
Annen kortsiktig gjeld	13, 15	1 491 722 000	3 662 039 000
Sum kortsiktig gjeld		1 613 667 000	3 810 533 000
Sum gjeld		6 463 637 000	5 525 368 000
SUM EGENKAPITAL OG GJELD		18 298 373 000	18 713 024 000



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

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 60
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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



KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0308 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Hydro Extruded Solutions AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Extruded Solutions AS, which comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bode	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Hydro Extruded Solutions AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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.



Hydro Extruded Solutions AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

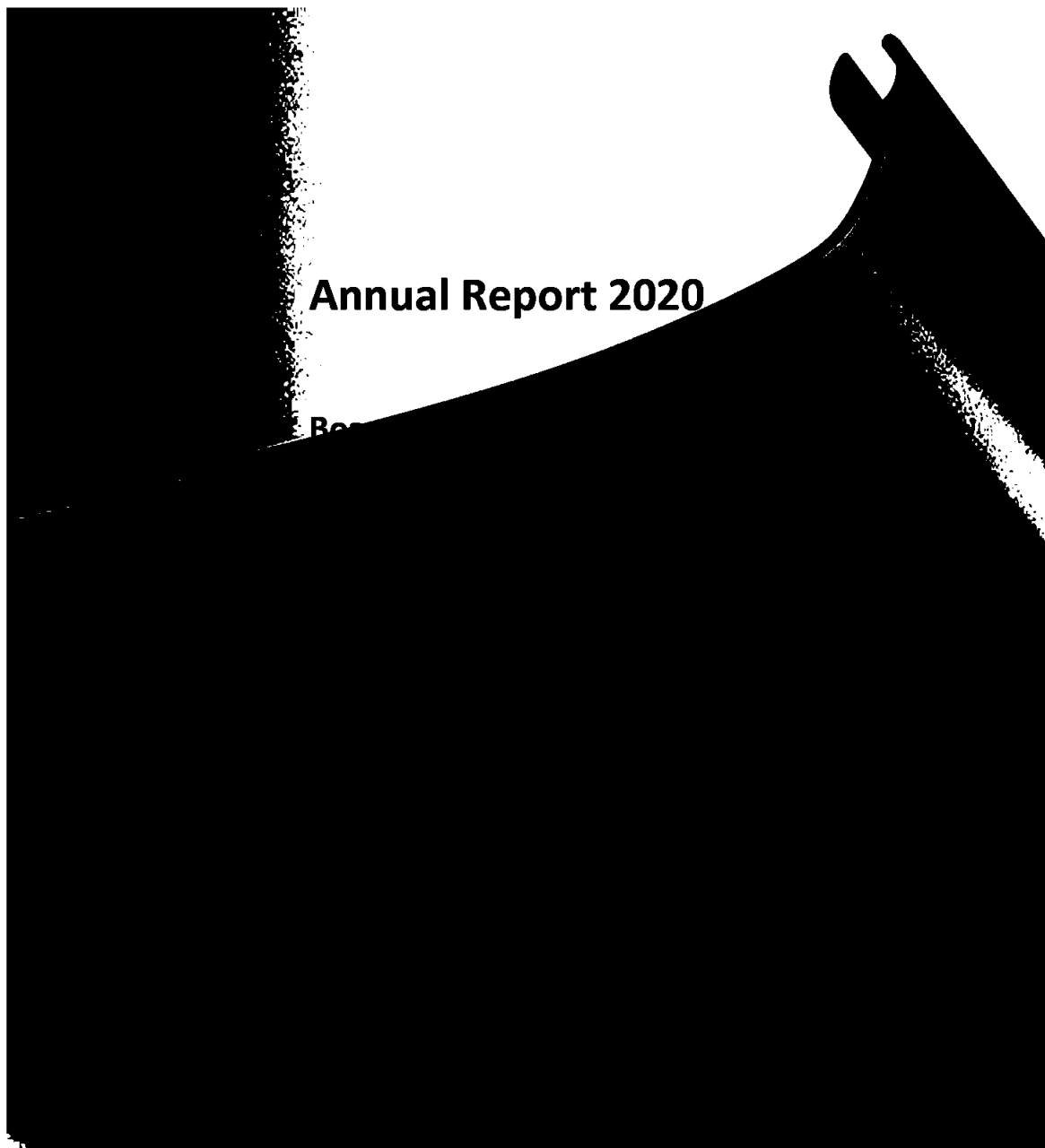
Oslo, 21 April 2021
KPMG AS

Monica Hansen
State Authorised Public Accountant



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Hydro Extruded Solutions AS



Annual Report 2020

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Hydro Extruded Solutions AS

Board of directors' report 2020

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 Extruded Solutions, 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 2020, available on the internet at www.hydro.com.

Financial results

Revenues increased from NOK 1 079 million in 2019 to NOK 1 120 million in 2020. 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 226 million for the year, compared to NOK 155 million in 2019. The operating result for the Hydro Extrusions business area can be found in Hydro's consolidated financial statement.

Net financial result for 2020 was NOK -53 million compared to NOK 488 million in 2019.

Income tax expense amounted to NOK -30 million in 2020, compared to NOK 82 million in 2019. See also note 8 Income taxes.

In total, net income in 2020 was NOK -250 million compared to NOK 250 million in 2019. The net income is by large driven by dividend and interest from the company's subsidiaries.

There have been impairments done in 2020, caused by the market situation, at totally 200 million. Regarding shares in Hydro Yapi Sistem Sanayi VE Ticaret AS in Turkey (67 million), in Sapa Extrusion EXPA S.A. in Belgium (5 million) and in Hydro Precision Tubing S.A in Brasil (128 million).

Equity ratio as of December 31, 2020 was 65 (70) percent and is considered satisfactory.

Net cash provided by operating activities for the year amounted to about NOK 192 million compared to NOK 387 million in 2019.

Shareholders' equity amounted to NOK 11 835 million at the end of 2020 (13 188). Shareholders' equity was reduced by NOK 99 million (-247) from total comprehensive income for the year. Shareholders' equity was also reduced by NOK 55 million (143) from Group contribution provided 2020 and 1 050 million from suggested dividend to Hydro Aluminium AS.



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Hydro Extruded Solutions AS

Market outlook

Demand for extrusions experienced a volatile development throughout 2020 as Covid-19 affected key geographies and segments. Both European and North American demand fell significantly in the second quarter, mainly driven by weaker demand in the transport segment and overall lower industrial activity. Demand improved gradually in the second half of the year supported by improving automotive production and improved market sentiment. The building and construction segment saw a more stable development throughout the year, supported by strong residential demand driven by refurbishing. In total for 2020, demand is estimated to have decreased by 12 percent compared to 2019 in both Europe and North America. In recent years the European market has seen increasing levels of Chinese imports at low prices. In October 2020, anti-dumping duties on imports of Chinese extrusions into Europe were introduced. Following the imposition, the level of imports from China have moderated substantially during a period with improving demand.

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.

HES AS' main assets are shares in subsidiaries. The market projections for the subsidiaries are currently uncertain due to strict regulations in many countries to prevent the spread of the Covid-19 virus as well as the general downturn in the world economy caused by the Covid 19-situation and the reduced oil price. The risk of a future change in value of these assets is therefore increased.

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.

Research and development

The company's expenditures in research and development in Norway in 2020 totalled NOK 89 million (NOK 63 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) and Suzhou (China); 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 based on 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 48 employees at the end of 2020, compared to 82 in 2019. The decrease in employee in 2020 is because Hydro Extruded Solutions AS is hiring employees from other Hydro units. At year end 2020 they were hiring 78 workers full time. The Extruded Solutions business areas had 19 213 employees at the end of 2020 compared to 21 685 employees at the end of 2019. Absence rate was 4,32 percent in 2020, compared to 3,33 percent in 2019. The share of women was 17percent in Extruded Solutions' top management team and the overall share of female employees is 20 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.



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Hydro Extruded Solutions AS

Extruded Solutions strives 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.

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 on 2020 environmental issues of Extruded Solutions business areas in Hydro's Annual Report for 2020.

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.

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.

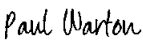
Allocation of net income

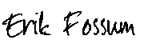
The Board of Directors has proposed the 2020 net income of NOK - 250 million of Hydro Extruded Solutions to be attributed to:

Amounts in NOK millions. Year ended December 31.	2020
<i>Appropriation of net income and equity transfers</i>	
Group relief provided	(55)
Proposed dividend	(1 050)
Retained earnings	1 355
Total appropriation	250

Oslo, 21. April 2021

Board of Hydro Extruded Solutions AS

DocuSigned by:

3F39801770894194
Paul Warton
Chairman of the Board

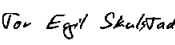
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1EF531D742524111
ERIK FOSSUM
Board Member

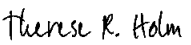
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Florian Nikolaus Krumbacher
Board Member

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Lars Michael Lönn
Board Member

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Tor Egil Skulstad
Board Member

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Therese Rød Holm
Managing Director



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Hydro Extruded Solutions AS

Income statement

Amounts in NOK thousands	Note	2020	2019
Revenue			
Revenues from group companies	2, 15	1 120 170	1 078 513
Other operating income		1 981	2 598
Total revenue		<u>1 122 151</u>	<u>1 081 112</u>
Operating expenses			
Payroll expenses	3, 4	82 309	176 821
Depreciation of tangible and intangible fixed assets	5, 6	11 647	17 664
Other operating expenses	3	1 254 704	1 041 560
Total operating expenses		<u>1 348 660</u>	<u>1 236 044</u>
Operating result		<u>-226 509</u>	<u>-154 933</u>
Financial income and expenses			
Other financial income		487 437	659 314
Other financial expenses		540 822	171 447
Net financial items	7	<u>-53 385</u>	<u>487 867</u>
Ordinary result before tax		<u>-279 894</u>	<u>332 934</u>
Tax on ordinary result	8	<u>-30 133</u>	<u>82 003</u>
Net profit or loss for the year		<u>-249 760</u>	<u>250 931</u>
Allocated as follows			
Proposed dividends	14	1 050 000	0
Group contribution	14	54 600	142 682
Transferred to other equity	14	-1 354 360	108 249
Total allocations		<u>-249 760</u>	<u>250 931</u>
Statement of comprehensive income			
Remeasurement gains (losses) on benefit plans		1 441	-4 175
Total comprehensive income, net of tax		<u>-248 319</u>	<u>246 756</u>



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Hydro Extruded Solutions AS

Balance sheet as of December 31

Amounts in NOK thousands

	Note	2020	2019
Fixed assets			
<i>Intangible assets</i>			
Research and development	6	0	11 091
Total intangible assets		0	11 091
<i>Tangible assets</i>			
Land, buildings and other real property	5	842	1 398
Total tangible assets		842	1 398
<i>Financial assets</i>			
Investments in subsidiaries	9	9 385 063	9 348 413
Loans to group companies	11	8 432 806	7 948 874
Investments in associated companies	9, 10	0	0
Total financial assets		17 817 869	17 297 287
Total fixed assets		17 818 711	17 309 776
Current assets			
<i>Receivables</i>			
Trade receivables	15	281 660	612 899
Other receivables	13	197 989	790 350
Total accounts receivable		479 648	1 403 249
Cash and cash equivalents		14	0
Total current assets		479 663	1 403 249
Total assets		18 298 373	18 713 024



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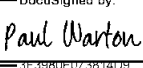
Hydro Extruded Solutions AS

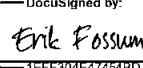
Balance sheet as of December 31

Amounts in NOK thousands

	Note	2020	2019
Equity			
<i>Paid-in capital</i>			
Share capital	14	400 000	400 000
Share premium reserve	14	11 511 590	11 511 590
Total paid-in capital		<u>11 911 590</u>	<u>11 911 590</u>
<i>Retained earnings</i>			
Other equity		0	1 276 066
Uncovered losses		-76 854	0
Total retained earnings	14	<u>-76 854</u>	<u>1 276 066</u>
Total equity		<u>11 834 737</u>	<u>13 187 656</u>
Liabilities			
<i>Provisions</i>			
Pension liabilities	4	53 417	53 179
Deferred tax liability	8	198 908	250 155
Other provisions	13	34 650	83 326
Total provisions		<u>286 974</u>	<u>386 659</u>
<i>Other long-term liabilities</i>			
Other long-term liabilities	12, 13	4 562 996	1 328 176
Total other long term liabilities		<u>4 562 996</u>	<u>1 328 176</u>
<i>Current liabilities</i>			
Trade creditors	13, 15	106 487	128 268
Tax payable	8, 13	8 297	12 042
Public duties payable	13	7 161	8 184
Dividends	15	1 050 000	0
Other short-term liabilities	13, 15	1 491 722	3 662 039
Total current liabilities		<u>1 613 667</u>	<u>3 810 533</u>
Total liabilities		<u>6 463 637</u>	<u>5 525 368</u>
Total equity and liabilities		<u>18 298 373</u>	<u>18 713 024</u>

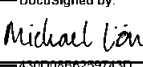
Oslo, 21 April 2021

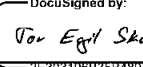
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Paul Warton
Chairman of the Board

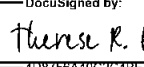
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Erik Fossum
Board Member

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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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Therese R. Holm
Managing Director



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Hydro Extruded Solutions AS

Cash flow statement

Amounts in NOK thousands	Note	2020	2019
Cash flow from operating activities			
Profit/(loss) before tax		-279 894	332 934
Taxes paid	8	7 692	0
Depreciation and amortisation	5,6	11 647	17 664
Impairment of fixed assets	7	199 914	0
Changes in inventories, trade receivables and trade payables		309 459	0
Changes in pension scheme assets/liabilities		-2 446	0
Effect of changes in exchange rates		-165 451	-74 871
Changes in other current balance sheet items		110 919	111 273
Net cash flow from operating activities		<u>191 840</u>	<u>387 000</u>
Cash flow from investing activities			
Purchase of investments in shares and joint ventures		-236 565	0
Proceeds from short term and long term receivables		227 665	0
Purchase of other investments		0	-371 000
Net cash flow from investing activities		<u>-8 900</u>	<u>-371 000</u>
Cash flow from financing activities			
Proceeds from issuance of long term debt)		0	1 284 000
Dividends paid		0	-1 300 000
Group contribution received/paid		-182 926	0
Net cash flow from financing activities		<u>-182 926</u>	<u>-16 000</u>
Net change in cash and cash equivalents		14	0
Cash and cash equivalents at 01.01		<u>0</u>	<u>0</u>
Cash and cash equivalents at 31.12		<u>14</u>	<u>0</u>



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note - 1 Summary of significant accounting policies

The financial statements of Hydro Extruded Solutions AS (former Sapa 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 simplified IFRS).

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.



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

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

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.



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

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.

	2020	2019
Norway	564 475	277 000
European Union	377 196	619 000
North America	100 533	100 000
Asia	41 216	40 000
Other	36 748	43 000
Revenues from group companies	<u>1 120 170</u>	<u>1 079 000</u>

Note 3 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

Wage costs	2020	2019
Salaries	52 137	137 232
Payroll tax	22 585	26 700
Net periodic pension cost (Note 4)	7 948	13 173
Total	<u>82 670</u>	<u>177 105</u>

Average number of full-time employees 49

Remuneration to the Board of Directors

Only employee representative directors have been paid fees, but from 2021 this will no longer be the case. In total NOK 400 thousand (2019: 433) was distributed among the employee representative directors during the year. Directors representing the owners are not paid separate compensation for board service.

Management remuneration

	Salary	Pension expenses	Other remuneration
CEO Liv Tvenge (01.01.-31.08.20)	1 611	94	126
CEO Therese Rød Holm (01.12-31.12.20)	117	12	15
Total remuneration	<u>1 729</u>	<u>106</u>	<u>141</u>

Other terms of employment: The mutual period of notice for the CEO and Hydro Extruded Solutions is six months. During the notice period, employment conditions remain unchanged. If notice is given by the Company, the CEO is entitled to severance pay for six months.

Auditor fee has been divided as follows

Audit fee	178
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VAT is not included in the figures of auditor's fee.



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 4 - Pensions

The defined benefit plans of Hydro Extruded Solutions AS were frozen on September 1, 2013. Benefits under the previous funded tax qualified pension plan are settled with the Norwegian pension provider Storebrand. There are two unfunded supplementary defined benefit plans that are administered on behalf of Hydro Extruded Solutions AS by Storebrand Pensjonstjenester AS. One provides early retirement benefits between the ages of 65 and 67 and the other provides life-long benefits primarily on pensionable salary over 12 times the Norwegian social security base amount (12G). After a comprehensive cash settlement process during 2017, the plans had only 5 deferred participants as of December 31, 2020.

Hydro Extruded Solutions AS has two open pension plans, which are also administered by Storebrand. The first, a funded defined contribution plan, covers pensionable salary up to the tax qualified limit of 12G and it had 47 participants as of December 31, 2020. The funded defined contribution plan provides higher benefits than the minimum requirements for pension plans in Norway. The other open pension plan is an unfunded plan where the eligible employees build up pension rights based on 15 percent, 20 percent or 27 percent of their pensionable salary over 12G, with the addition of investment returns according to the employee's chosen reference fund selected from one of five funds offered by Storebrand. The accumulated balance calculated according to IFRS, is included in the DBO on the balance sheet. This plan had 25 participants, including 7 deferred participants as of December 31, 2020. As a result of a harmonization of terms related to compensation and benefits between Hydro Extruded Solutions AS and the Hydro group in Norway, this unfunded pension plan was closed for new participants as of December 31, 2019 ("soft close"), and existing participants will continue to build up pension rights based on 20 percent of their pensionable salary over 12G.

The defined benefit obligations in Hydro Extruded Solutions AS have been calculated according to the mortality tables known as K2013. Further, Hydro Extruded Solutions AS participates in a pension plan that entitles its employees to lifelong benefits starting at the employees' discretion between the age of 62 and 75 years. The benefits are financed through a pooled arrangement by private sector employers ("avtalefestet pensjon, AFP") to which the Norwegian state also contributes. The plan, which came into effect on January 1, 2011, is a defined benefit plan with limited funding and where plan assets are not segregated. The information required to calculate a proportional share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. The company therefore accounts for the plan as if it were a defined contribution plan. The yearly premiums have increased since inception and are anticipated to increase further in order to fulfill the regulatory funding requirement. Payroll tax is included in the calculation of defined benefit obligation.

	2020	2019
Benefits earned during the year	2 922	2 922
Defined contribution cost	4 040	8 721
Multi employer plans	600	1 245
Social security cost, aga	1 265	284
Net benefit obligations	8 827	13 173
	2020	2019
Defined benefit obligation at beginning of year	50 971	42 738
Benefits earned during the year	3 307	3 206
Interest cost on prior period benefit obligation	1 170	962
Actuarial gain (loss)	-1 847	4 972
Benefits paid	-184	-908
Defined benefit obligation at end of year	53 417	50 971

Interest cost on prior period benefit obligations is 1 170 for 2020 and 962 for 2019.

	Cost	Obligation	Cost	Obligation
	2020	2020	2019	2019
<i>Assumptions used to determine net periodic pension cost and pension obligation at end of year</i>				
Discount rate	2,30 %	1,70 %	2,50 %	2,30 %
Expected salary increase	2,00 %	2,00 %	2,50 %	0,00 %
Expected pension increase	1,25 %	1,25 %	1,50 %	1,25 %

Mortality rate: K2013



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

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.	-3 853	-3 853
Net carrying amount at 31.12.	842	842
Depreciation for the year	556	556
Amortization plan	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 - Intangible assets

	Software
Balance December 31, 2019	117 052
Acquisition cost 31.12.	117 052
Acc.amortization at 31.12.	-117 052
Net carrying amount at 31.12.	0
Amortization for the year	11 091
Amortization plan	Linear

Amortization expenses are measured on a straight-line basis over the estimated useful life of the asset, which is 7 years. Intangible assets include Computer Software's development cost.

Note 7 - Financial income and expense

	2020	2019
Dividends from subsidiaries and JV	154 120	88 945
Interest from group companies	250 319	346 812
Other interest income	17 077	7 960
Interest paid to group companies	-90 303	-81 029
Other interest expenses	-15 091	-1 924
Net foreign exchange gain(loss)	-169 593	127 103
Impair. loss on shares (BEX, TUS and AAC)	-199 914	0
Total	-53 385	487 867

Dividends:

In 2020 the company received NOK 154 million from Hydro Holding Austria GmbH.

In 2019 the company received NOK 23 million from Hydro Holding Austria GmbH, NOK 9 million from Hydro Holding France SAS and NOK 57 million from Hydro Building Systems Middle East W.L.L.

There have been impairments done in 2020, caused by the market situation, at totally 200 million. Regarding shares in Hydro Yapi Sistem Sanayi VE Ticaret AS in Turkey (67 million) and in Sapa Extrusion EXPA S.A. in Belgium (5 million) and Hydro Precision Tubing S.A in Brasil (128 million).



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 8 - Income taxes

<i>Income tax expenses</i>	2020	2019
Tax payable	16 289	34 392
Too much/little allocated in previous year(s)	5 231	0
Change in deferred tax	-51 654	47 611
Total income tax expense	<u>-30 133</u>	<u>82 003</u>
<i>Tax base estimation</i>	2020	2019
Ordinary result before tax	-279 894	332 934
Permanent differences	2 770	-7 497
Write-down on shares and other security expensed this year	199 914	0
Tax-related income from general partnership-companies, NOKUS	75 057	105 827
Reversal of recognized dividends	-154 120	0
Change in temporary differences	<u>230 313</u>	<u>-129 016</u>
General income	74 040	302 249
Group contribution	<u>-70 000</u>	<u>-182 926</u>
Tax base	<u>4 040</u>	<u>119 323</u>
Tax payable	889	26 251
<i>Temporary differences outlined</i>	2020	2019
Fixed assets	-521	-622
Unrealized exchange gains (losses) on financial non-current assets and -liabilities 1)	1 012 379	1 271 565
Other current liabilities	-34 650	-83 326
Pension obligations	-53 417	-53 179
Urealisert tap LME-derivater	-6 542	0
Avsetning til nedbemanning	-11 124	0
Avsetning til forsikringsøkning	<u>-2 000</u>	<u>0</u>
Total	<u>904 126</u>	<u>1 134 439</u>
Deferred income tax liability (22%)	198 908	249 577
<i>Effective tax rate</i>	2020	
Expected income taxes, statutory tax rate 22%	-61 577	
Tax effect due to IFRS reporting	-406	
Too much/little allocated in previous year(s)	4 653	
Permanent differences (22%)	<u>27 197</u>	
Income tax expense	<u>-30 133</u>	
Effective tax rate	10,8 %	

1) Unrealized FX gain on non-current intercompany USD receivable is NOK 1,035 million, EUR receivables 242 NOK million, DKK receivables 116 NOK million. Unrealized loss on non-current intercompany EUR payables is NOK 368 million and USD payables NOK 13 million. See also note 11 Non-current intercompany receivables and note 12 Non-current intercompany payables.



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 9 - Investment in subsidiaries and associate

Company	Location	Share owners	Book value 31.12.2020
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 %	429 053
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 Precision Tubing Seneffe SA	Belgium	100 %	9 810
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	1 000
Total			9 385 063

Company	Location	Share owners	Book value 31.12.2019
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 %	320 489
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 %	95 218
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 Precision Tubing Seneffe SA	Belgium	100 %	9 810
Hydro Building Systems Switzerland AG	Switzerland	100 %	6 743
Hydro Extrusion Eupen S.A.	Belgium	100 %	5 914
Total			9 348 413

Note 10 - Shares in associates and jointly controlled entities

After Hydro Extruded Solutions AS in May 2019 acquired the remaining 50% of the shares in Technal Middle East W.L.L. in the Kingdom of Bahrain from the local partner, Hydro Extruded Solutions AS no longer holds shares in jointly controlled entities.



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 11 - Non-current intercompany receivables

Non-current intercompany receivables in various currencies

Years ended December 31	2020	2019
USD	6 781 992	6 948 778
EUR	1 197 097	920 608
DKK	453 717	-
GBP	-	79 487
Total non-current intercompany receivables	8 432 806	7 948 874

Maturity of non-current intercompany receivables including interest

	Principal	Interest	Total
2021	-	175 233	175 233
2022	-	126 447	126 447
2023	1 515 762	160 738	1 676 500
2024	6 289 299	128 140	6 417 439
2025	453 717	5 005	458 722
2026	-	4 839	4 839
2027	174 027	4 852	178 879
Total	8 432 805	605 255	9 038 060

Note 12 - Non-current intercompany payables

Non-current intercompany payables

Years ended December 31	2020	2019
USD	1 288 170	1 320 000
CAD	-	6 000
EUR	3 269 604	-
Total non-current intercompany payables	4 557 774	1 326 000

Repayments of non-current intercompany payables including interest

	Principal	Interest
2021	-	107 012
2024 and later	4 557 774	499 679
Total	4 557 774	606 691



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 13 - Balance sheet items

	2020	2019
Prepaid expenses	24 597	28 099
Tax receivables	12 203	18 632
Total prepaid expenses and other current assets	36 799	46 731
Government grants	0	2 749
Employee-related expense accrued (long term incentives)	34 650	83 326
Total non-current provisions	34 650	86 075
Trade payables, external	7 578	8 526
Employee-related taxes withheld	8 116	9 756
Employee-related expense accrued	105 768	109 086
Income tax payable	8 297	12 042
Other current liabilities	22 846	25 169
	152 605	164 578

Note 14 - Owners equity

	Share capital	Share premium reserve	Remeasurement postemployment benefit	Other equity	Total
Owners equity 31.12.	400 000	11 511 590	-4 175	1 280 241	13 187 656
Owners equity 01.01.	400 000	11 511 590	-4 175	1 280 241	13 187 656
Profit for the year	0	0	0	-249 760	-249 760
Additional dividend during the year	0	0	0	-1 050 000	-1 050 000
Group contribution	0	0	0	-54 600	-54 600
Other changes	0	0	1 441	0	1 441
Owners equity 31.12.	400 000	11 511 590	-2 734	-74 119	11 834 737

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 15 - 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 1 120 million in 2020 and NOK 1 079 million in 2019. Receivables related to such costs amounted to NOK 288 million and NOK 448 million per December 31, 2020 and 2019, 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 7 Financial income and expense for information on interest paid to and received from group companies and note 11 and 12 for information on non-current intercompany receivables and payables.

As of December 31, 2020, and 2019, Intercompany payables classified as current liabilities amount to NOK 1 461 million and 3 645 million. The amount as of December 31, 2020 includes accrued dividend of NOK 1 050 million.

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



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Hydro Extruded Solutions AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 16 - Guarantees

	2020	2019
Parent guarantees nominal amount	950 000	1 311 000
Total guarantees not recognized nominal amount	<u>950 000</u>	<u>1 311 000</u>
	2020	2019
Parent guarantees book value	689 566	1 236 617
Total guarantees not recognized booked value	<u>689 566</u>	<u>1 236 617</u>