Hydro

Second quarter 2023

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Overview

Summary of financial and operating results and liquidity

Key financial information

NOK million, except per share data	**Second quarter 2023**	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Revenue	53,630	64,793	(17)%	48,534	10%	102,164	111,409	207,929
Earnings before financial items, tax, depreciation and amortization (EBITDA)[2]	10,249	17,561	(42)%	6,393	60%	16,643	25,778	39,536
Adjustments to EBITDA[1]	(3,152)	(5,966)	47%	1,132	>(100)%	(2,020)	(3,019)	128
Adjusted EBITDA[1]	7,098	11,594	(39)%	7,525	(6)%	14,623	22,759	39,664
Adjusted EBITDA								
Hydro Bauxite & Alumina	817	1,117	(27)%	437	87%	1,254	2,387	3,122
Hydro Aluminium Metal	3,215	6,977	(54)%	3,972	(19)%	7,187	11,743	22,963
Hydro Metal Markets	334	705	(53)%	669	(50)%	1,003	1,230	1,673
Hydro Extrusions	2,013	2,365	(15)%	2,223	(9)%	4,235	4,695	7,020
Hydro Energy	854	824	4%	726	18%	1,580	3,063	4,926
Other and eliminations	(134)	(395)	66%	(501)	73%	(636)	(360)	(39)
Adjusted EBITDA[1]	7,098	11,594	(39)%	7,525	(6)%	14,623	22,759	39,664
Earnings before financial items and tax (EBIT)[2]	7,939	15,418	(49)%	4,233	88%	12,172	21,640	30,715
Adjusted EBIT[1]	4,788	9,452	(49)%	5,364	(11)%	10,152	18,622	31,179
Net income (loss) from continuing operations	5,056	11,136	(55)%	1,144	>100%	6,201	17,547	24,381
Adjusted net income (loss) from continuing operations[1]	3,410	7,731	(56)%	3,326	3%	6,736	14,516	23,145
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	36
Earnings per share from continuing operations	2.56	5.49	(53)%	0.62	>100%	3.18	8.29	11.76
Adjusted earnings per share from continuing operations[1]	1.77	3.63	(51)%	1.70	4%	3.47	6.80	10.70
Financial data								
Investments[1] [2]	5,544	2,291	>100%	4,881	14%	10,426	3,947	13,391
Net cash (debt)[1]	(11,294)	(1,693)	>(100)%	(1,749)	>(100)%	(11,294)	(1,693)	1,310
Adjusted net cash (debt)[1]	(15,890)	(6,260)	>(100)%	(8,501)	(87)%	(15,890)	(6,260)	(5,989)

[1] Alternative performance measures (APMs) are described in the corresponding section in the back of the report.
[2] EBIT, EBITDA and investments per segment are specified in Note 2 Operating segment information.

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Key developments

Key developments second quarter 2023
Hydro's adjusted EBITDA for the second quarter of 2023 was NOK 7,098 million, down from NOK 11,594 million for the same quarter last year. This resulted in an adjusted RoaCE of 14 percent over the last twelve months. Results are down on lower aluminium and alumina sales prices as well as lower volumes in Extrusions, partly offset by positive currency effects and lower raw material costs.

Health and safety remain Hydro's top priority for both employees and the communities where the company operates. The total recordable injury rate (TRI) is stable at a low level of 2.3 at the end of the quarter.

The second quarter of 2023 has seen a continuation of the economic uncertainty that has developed in the post-pandemic period. Headline inflation has come down, while core inflation has proven persistent, driven by services and tight labor markets. Central banks continued to raise interest rates, with both the Fed and the ECB indicating rates will have to be higher for longer, however, expecting that the peak will soon be reached. External sources forecast global economic growth for 2023 around 2 percent, increasing towards 3 percent in 2024/2025 as moderating inflation boosts consumption. Uncertainty remains surrounding the stickiness of core inflation, policy support measures in China, financial market turbulence, the continuing war in Ukraine and the overall geopolitical situation.

Demand for primary aluminium is declining in the short-term, while Chinese supply is returning, leading to the global primary balance weakening in recent months. European smelters see declining margins due to low LME, premiums, and high energy prices, with more curtailments announced in the second quarter and restarts less likely. High interest rates are continuing to put pressure on demand. Demand is weakest in the building and construction sector, and general engineering, while automotive is still holding up in most regions.

Russian metal in LME warehouses has increased to a record high 80 percent from under 10 percent since before the war in Ukraine started, causing concern, as a large part of industry participants, including Hydro, are self-sanctioning Russian products. Due to lack of sanctions from the EU, Russian metal is increasingly being exported into Europe with added pressure on regional premiums. Since the shutdown of the Nikolaev refinery in Ukraine and the Australian alumina export ban to Russia, Russian aluminium producers are continuing alumina imports from China, and from other new sources outside China.

In challenging markets, Hydro continues to deliver solid results and mitigate risks by improving margins, operational excellence and reducing costs. Continuous improvements strengthen the position on cost curves and ensure robustness. Hydro is on track to deliver on the full year improvement program target of NOK 8.4 billion. Standing strong and delivering in short-term uncertainties provides a solid foundation for pursuing long-term opportunities. Hydro is making progress towards achieving the 2027 accumulated improvement and commercial targets of NOK 14 billion combined.

One example that highlights the significance of continuous improvement efforts is Hydro Extrusions. During the second quarter, European and North American demand for extrusions have decreased significantly compared to the same quarter last year. CRU indicates continued weak extrusion markets in Europe in the second half of 2023 and into 2024, and an updated forecast for North American demand signals moderate expectations for the second half of this year. Despite falling markets, Hydro Extrusions continues to deliver margin robustness through dedicated improvement efforts, by proactively adjusting costs and gaining market share, margin uplift, and benefiting from the greener product offering. These efforts have shown strong results compared to our peers and strengthen the roadmap to deliver NOK 8.0 billion adjusted EBITDA for Hydro Extrusions in 2025.

A key pillar within the Hydro 2025 strategy to strengthen the position in low-carbon aluminium is recycling. Hydro has an ambition to more than double the use of post-consumer scrap by 2025 compared to the 2020 baseline, which is scrap that has gone a full lifecycle and comes with zero emissions. On June 30, Hydro completed its tender offer for the Polish recycler Alumetal S.A with more than 97 percent of the shares. The acquisition strengthens Hydro's recycling position in Europe, and widens its product offering in the low-carbon and scrap based foundry alloy market. It contributes with 150,000 tonnes of annual post-consumer scrap towards the 2025 target of using 670,000 tonnes post-consumer scrap annually. Alumetal delivered a 12-month rolling EBITDA of NOK 700 million as of the first quarter of 2023. The share purchase was settled on July 7.

Additional progress was made to deliver on Hydro's recycling strategy. Hydro signed an agreement to purchase land in Torija, Spain, with the aim of constructing a state-of-the-art aluminium recycling plant, producing 120,000 tonnes annually. The facility will further strengthen Hydro's capabilities to produce low-carbon aluminium and ensure more scrap is kept in Europe. Also, the recycling facilities in Navarra and Sjunnen are ramping up recycling capacity with 20,000 tonnes each, and the first metal was delivered from HyForge Rackwitz. These are all important steps in increasing Hydro's recycling capacity by 1 million tonnes by 2027, where roughly half is expected to come from post-consumer scrap.

Hydro is gaining further ground on low-carbon aluminium and achievements have been made across the value chain to meet the increasing demand for greener products. Hydro partnered with Saint-Gobain Glass to recycle and decarbonize building facades by integrating the low-carbon solutions offered by both companies. The partnership includes investments in urban mining, a method that recycles end-of-life aluminium and glass. Another example is Hydro will contribute with its low-carbon aluminium CIRCAL 100R to produce the cleanest dirt bike ever, together with Cake and Vattenfall. Hydro has also signed a letter of intent with the UK based bicycle company, Brompton, to deliver low-carbon aluminium to reduce footprint and weight for their iconic folding bicycles.

Hydro's customers are recognizing Hydro's industry leadership in greener aluminium, and on June 19, Hydro received the Mercedes-Benz sustainability award after delivering the first batch of Hydro REDUXA 3.0 earlier this year. It passed testing at Mercedes-Benz and will be introduced in large scale production this year, starting with the EQS and EQE series of electric cars.

During the second quarter of 2023, the world's first batch of recycled aluminium using green hydrogen as an energy source was successfully produced at Hydro's extrusion plant in Navarra, Spain. This is an important step in verifying green hydrogen as an emission free fuel to address the hard to abate industry emissions.

The transition to a lower-carbon society is dependent on policy initiatives like the European Green Deal. There are

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several initiatives on both climate, energy, sustainability and taxonomy that are important for the development of a greener economy. The political direction is overall aligned with Hydro's growth strategy across the value chain. One very important aspect of the Green Deal is circularity and what it means for recycling of aluminium. According to a secondary technical legislation under adoption, the Carbon Boarder Adjustment Mechanism (CBAM) will label aluminium based on remelted industrial scrap as "carbon free," with zero-carbon cost on import. This allows for greenwashing of carbon intensive products and undermines the competitiveness of European producers subject to ETS, the EU market for low-carbon products, and Green Deal objectives. This needs to be addressed and updated before the CBAM is finally introduced to ensure the CBAM does not cause the problem it seeks to address, but rather solves it.

There is a need for more renewable energy, and Hydro Rein is maturing and growing the portfolio to meet this demand. The second quarter has seen good progress on the construction of Stor-Skälsjön, Mendubim, Feijao and Boa Sorte. At the same time the development portfolio is growing, and in the second quarter, Hydro Rein announced agreements with GreenGo Energy to acquire and develop four solar projects in the Nordics, which will together deliver 528 MW annual capacity, starting from 2026. Based on an overall assessment of the opportunities in its portfolio and capital allocation priorities, Hydro Rein decided not to participate in a previously announced competition to develop a large scale, bottom fixed offshore wind farm in the Norwegian North Sea. Hydro actively continues to evaluate financing alternatives for Hydro Rein and dialogues are constructively evolving.

Hydro Energy signed a long-term power purchase agreement (PPA) with Statkraft for the supply of 6.6 TWh of renewable power over a 15-year period. The PPA will secure parts of the Norwegian aluminium smelters with renewable energy until 2038, which continues to enable Hydro to produce aluminium in Norway with a carbon footprint of about 75 percent less than the global average.

On April 27, Hydro signed an agreement with Glencore, who will acquire 30 percent of the Brazilian alumina refinery Hydro Alunorte and Hydro's 5 percent ownership in the Brazilian bauxite producer Mineracão Rio do Norte (MRN). Hydro announced that proceeds from the transaction would be used for strategic growth and shareholder distribution.

In the second quarter, Hydro undertook a review of the capex portfolio for 2023 and has raised the annual guidance from NOK 16.5 billion (including the Alumetal and Hueck transactions), to NOK 20.5 billion, where NOK 2.7 billion is driven by currency translation effects and inflation, and around NOK 1.5 billion is related to the higher Alumetal bid, running capex in Alumetal and Hueck, and other return-seeking investments. Estimated capex for Hydro Rein in 2023 has increased from NOK 2.5 billion to NOK 3 billion, also driven by currency translation. No further increased capital allocation is planned for 2023.

Results and market development per Business Area
Second quarter 2023 adjusted EBITDA for Bauxite & Alumina decreased compared to the second quarter of last year. Lower alumina sales prices were partly offset by lower raw material prices and lower port costs as replacement of a decommissioned crane was completed. The average Platts Alumina Index (PAX) started the quarter at USD 362 per mt and drifted lower throughout the period, ending at the quarter low of USD 330 per mt, driven by declining Chinese alumina prices. Compared to the second quarter of 2022, the average Platts Alumina Index was 8 percent lower.

Adjusted EBITDA for Aluminium Metal decreased in the second quarter of 2023, compared to the second quarter of 2022, mainly due to lower all-in metal prices, partly offset by positive currency effects, increased CO_2 compensation, lower raw material costs, and positive contribution from power sales. Global primary aluminium consumption was up 2 percent compared to the second quarter of 2022, driven by a 6 percent seasonal increase in China. The three-month aluminium price decreased throughout the second quarter of 2023, starting the quarter at USD 2,397 per mt and ending at USD 2,151 per mt.

Adjusted EBITDA for Metal Markets decreased in the second quarter of 2023, compared to the same quarter last year. Results from the recyclers decreased compared to a record strong 2022 second quarter driven by lower sales volumes and weakening margins. Increased results from sourcing and trading activities were more than offset by negative inventory valuation and currency effects..

Extrusions adjusted EBITDA for the second quarter of 2023 is slightly lower than the same quarter last year, driven by lower sales volumes, and higher fixed and variable costs, positively offset by increased sales margin and currency effects.

European demand for extrusions in the second quarter of 2023 is estimated to have decreased 22 percent, compared to the same quarter last year, but increased 1 percent compared to the first quarter of 2023, which also saw weak demand. Demand for residential building and construction, and industrial segments have remained weak in the second quarter, while demand for automotive is growing steadily. Some subsegments, such as solar, are also showing robust growth.

North American extrusion demand is estimated to have decreased 15 percent during the second quarter of 2023, compared to the same quarter last year, and 1 percent compared to the first quarter of 2023. Demand is particularly weak in the residential building and construction sector as higher interest rates are impacting the housing market, while the automotive segment continues to strengthen.

Adjusted EBITDA for Hydro Energy in the second quarter of 2023 is on a similar level, compared to the same period last year. Higher production was offset mainly by lower gain on price area differences, lower prices, and loss on a 12-month internal fixed price purchase contract from early October 2022.

Nordic power prices were on average lower in the second quarter of 2023, compared to the previous quarter, and significantly lower than in the same quarter last year. The decrease is a result of lower continental spot power prices on the back of lower gas and coal prices, and seasonality. Significant price area differences in the Nordic region have continued through the second quarter of 2023. The price area differences were slightly higher compared to the previous quarter, but still significantly lower than the same quarter last year.

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Other key financials
Compared to the first quarter, Hydro's adjusted EBITDA decreased from NOK 7,525 million to NOK 7,098 million in the second quarter 2023. Lower realized aluminium and alumina prices were partly offset by lower raw material costs and higher margins.

Net income from continuing operations amounted to NOK 5,056 million in the second quarter of 2023. In addition to the factors described above, net income from continuing operations included a NOK 3,010 million unrealized derivative gain on LME related contracts, a net foreign exchange gain of NOK 264 million and a NOK 148 million loss from unrealized derivative power and raw material contracts.

Hydro's net debt[1] increased from NOK 1.7 billion to NOK 11.3 billion during the second quarter of 2023. The net debt increase was mainly driven by a NOK 11.5 billion dividend to shareholders and increased investments, partly offset by a strong EBITDA contribution and a net operating capital release.

Adjusted net debt increased from NOK 8.5 billion to NOK 15.9 billion, largely due to the increase in net debt of NOK 9.6 billion, partly offset by reduced collateral of NOK 1.7 billion and a reduction in net pension liabilities of NOK 0.9 billion.

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

Adjusting items to reported EBIT and net income

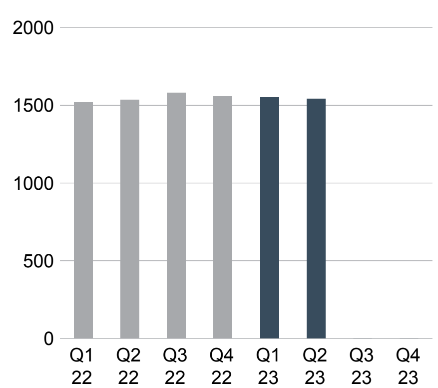
In addition to the factors discussed above, reported earnings before financial items and tax (EBIT) and net income include effects that are disclosed in the below table. Adjusting items to EBIT and adjusted net income (loss) are defined and described as part of the APM section in the back of this report.

Adjusting items to EBITDA, EBIT and net income[1)]

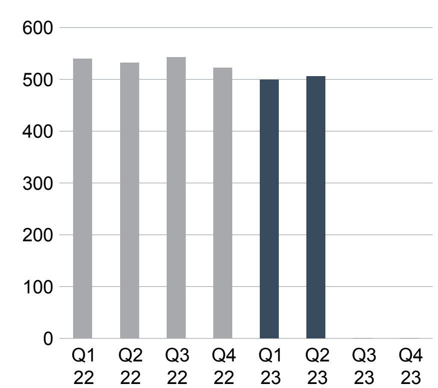
NOK million	**Second quarter 2023**	Second quarter 2022	First quarter 2023	**First half 2023**	First half 2022	Year 2022
Unrealized derivative effects on LME related contracts	(3,010)	(6,697)	708	(2,302)	(2,249)	(3,003)
Unrealized derivative effects on power and raw material contracts	148	988	458	605	(430)	3,352
Significant rationalization charges and closure costs	27	(4)	51	78	(2)	152
Community contributions Brazil	25	-	-	25	-	32
Transaction related effects	4	(64)	70	75	(112)	(119)
Net foreign exchange (gain) loss	(264)	(47)	(156)	(419)	(82)	(318)
Other effects	(81)	(143)	-	(81)	(143)	32
Adjusting items to EBITDA[2)]	**(3,152)**	**(5,966)**	**1,132**	**(2,020)**	**(3,019)**	**128**
Impairment charges	-	-	-	-	-	335
Adjusting items to EBIT[2)]	**(3,152)**	**(5,966)**	**1,132**	**(2,020)**	**(3,019)**	**464**
Net foreign exchange (gain)/loss	789	1,129	1,985	2,774	(1,263)	(2,192)
Calculated income tax effect	716	1,432	(935)	(219)	1,251	492
Adjusting items to net income from continuing operations	**(1,646)**	**(3,406)**	**2,182**	**536**	**(3,031)**	**(1,236)**
Income (loss) tax rate	28%	21%	43%	31%	22%	25%
Adjusted income (loss) tax rate	26%	17%	35%	31%	20%	24%

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.
2) The various effects are described in the APM section in the back of the report.

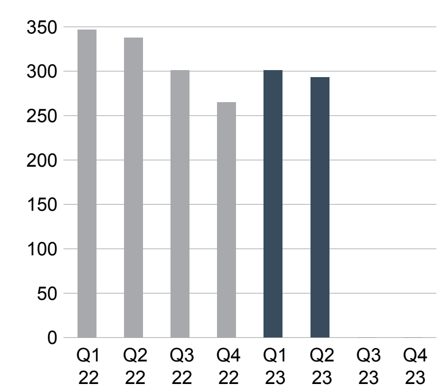
Alumina production
Kmt



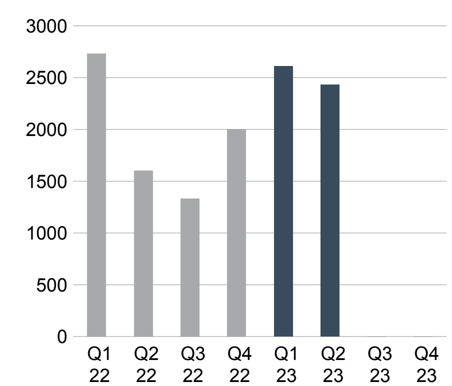
Primary aluminium production
Kmt



Hydro Extrusions sales
Kmt



Power production
GWh



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Key operational information

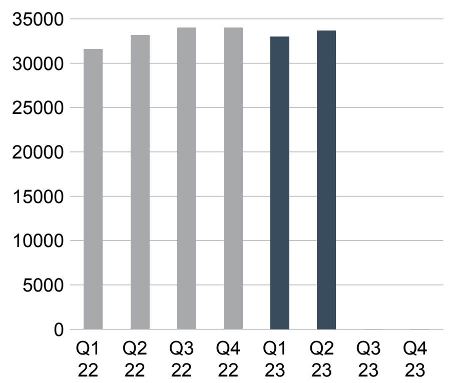
	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Bauxite production (kmt)[1]	2,630	2,736	(4)%	2,648	(1)%	5,279	5,375	11,012
Alumina production (kmt)	1,542	1,536	-	1,550	-	3,092	3,054	6,193
Realized alumina price (USD/mt)[2]	373	430	(13)%	367	2%	370	411	382
Primary aluminium production (kmt)	506	532	(5)%	499	1%	1,005	1,072	2,137
Realized aluminium price LME (USD/mt)	2,273	3,031	(25)%	2,291	(1)%	2,289	2,833	2,599
Realized USD/NOK exchange rate	10.74	9.39	14%	10.29	4%	10.52	9.14	9.52
Hydro Extrusions sales volumes to external market (kmt)	293	338	(13)%	301	(2)%	594	685	1,251
Power production (GWh)	2,431	1,602	52%	2,610	(7)%	5,041	4,332	7,664

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

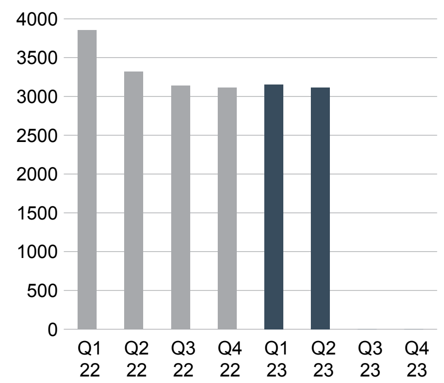
Currency rates

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
USD/NOK Average exchange rate	10.71	9.44	13%	10.24	5%	10.46	9.13	9.62
USD/NOK Period end exchange rate	10.77	9.96	8%	10.48	3%	10.77	9.96	9.86
BRL/NOK Average exchange rate	2.17	1.92	13%	1.97	10%	2.06	1.80	1.86
BRL/NOK Period end exchange rate	2.22	1.91	16%	2.07	7%	2.22	1.91	1.86
USD/BRL Average exchange rate	4.94	4.93	-	5.20	(5)%	5.08	5.09	5.17
USD/BRL Period end exchange rate	4.86	5.22	(7)%	5.07	(4)%	4.86	5.22	5.29
EUR/NOK Average exchange rate	11.66	10.04	16%	10.99	6%	11.31	9.98	10.10
EUR/NOK Period end exchange rate	11.70	10.35	13%	11.39	3%	11.70	10.35	10.51

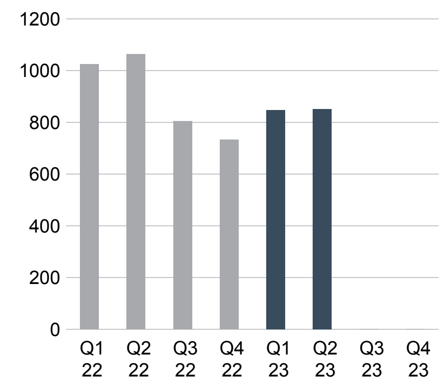
Production of alumina
Global kmt



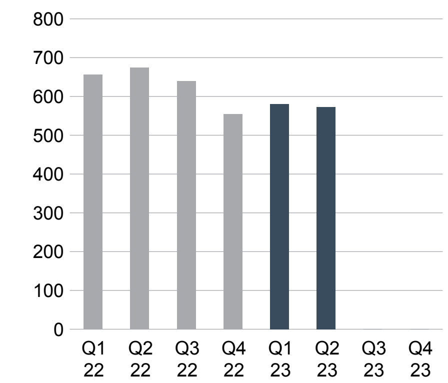
Aluminium inventories
Global kmt



Extruded products Europe
Consumption kmt



Extruded products North America
Consumption kmt



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Market statistics[1]

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Bauxite and alumina								
Average alumina price - Platts PAX FOB Australia (USD/t)	344	373	(8)%	360	(5)%	352	397	362
China bauxite import price (USD/mt CIF China)[2]	61	57	8%	63	(2)%	62	56	59
Global production of alumina (kmt)	33,709	33,763	-	33,028	2%	66,738	66,409	134,362
Global production of alumina (ex. China) (kmt)	14,431	14,245	1%	13,812	4%	28,243	28,840	57,097
Primary aluminium								
LME cash average (USD/mt)	2,226	2,887	(23) %	2,402	(7) %	2,334	3,067	2,706
LME three-month average (USD/mt)	2,286	2,910	(21) %	2,441	(6) %	2,364	3,075	2,716
Standard ingot premium (EU DP Cash)	324	604	(46) %	303	7 %	313	547	657
Extrusion ingot premium (EU DP)	513	1,472	(65) %	536	(4) %	524	1,484	1,223
Chinese production of primary aluminium (kmt)	10,130	10,034	1 %	9,990	1 %	20,121	19,608	40,147
Chinese consumption of primary aluminium (kmt)	10,770	10,141	6 %	9,237	17 %	20,007	19,572	40,649
Global production of primary aluminium (ex. China) (kmt)	7,210	7,170	1 %	7,085	2 %	14,305	14,286	28,783
Global consumption of primary aluminium (ex. China) (kmt)	6,945	7,230	(4) %	6,757	3 %	13,702	14,779	28,497
Global production of primary aluminium (kmt)	17,350	17,203	1 %	17,076	2 %	34,426	33,894	68,930
Global consumption of primary aluminium (kmt)	17,715	17,371	2 %	15,994	11 %	33,709	34,352	69,147
Reported primary aluminium inventories (ex. China) (kmt)	2,175	2,049	6 %	2,188	(1) %	2,175	2,049	2,122
Reported primary aluminium inventories (China) (kmt)	1,102	1,275	(14) %	1,681	(34) %	1,102	1,275	1,011
Extruded products								
Consumption extruded products - Europe (kmt)	852	1,086	(22)%	847	1%	1,699	2,099	3,684
Consumption extruded products - USA & Canada (kmt)	573	674	(15)%	580	(1)%	1,153	1,342	2,538
Energy								
Average southern Norway spot price (NO2) (NOK/MWh)	958	1,752	(45)%	1,182	(19)%	1,069	1,628	2,128
Average mid Norway spot price (NO3) (NOK/MWh)	415	241	72%	612	(32)%	513	224	428
Average Nordic system spot price (NOK/MWh)	647	1,211	(47)%	934	(31)%	790	1,151	1,370

1) Industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated. These statistics do not have any direct relationship to the reported figures of Norsk Hydro. Amounts presented in prior reports may have been restated based on updated information.
2) The quarterly China bauxite import price is an estimate based on the average of the first 2 months of the quarter.

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Market developments and outlook

Global macroeconomic developments
The second quarter of 2023 has seen a continuation of the economic uncertainty that has developed in the post-pandemic period. Headline inflation has come down while core inflation has proven persistent, driven by services and tight labor markets. Central banks continued to raise interest rates, with both the Fed and the ECB indicating that rates will have to be higher for longer, however expecting that the peak will soon be reached.

Tighter financial conditions have impacted household spending and the business investment. The Eurozone has technically entered a recession, with two quarters of –0.1 percent quarter-over-quarter growth (year-over-year figures remained positive). Meanwhile, US growth is weak, and Chinese growth remains slow after a reopening boost in the first quarter of 2023.

External sources forecast global economic growth for 2023 around 2 percent, increasing towards 3 percent in 2024/2025 as moderating inflation boosts consumption. Uncertainty remains surrounding the stickiness of core inflation, policy support measures in China, financial market turbulence, the continuing war in Ukraine, and the overall geopolitical situation.

Bauxite and alumina
The average Platts alumina index (PAX) decreased in the second quarter of 2023 to USD 344 per mt, compared to USD 360 per mt in the first quarter 2023.

PAX started the quarter at USD 362 per mt and drifted lower throughout the period ending at the quarter low of USD 330 per mt driven by declining Chinese alumina prices, as China's alumina market was oversupplied. Compared to the second quarter of 2022, the average Platts alumina index was 8 percent lower.

In April and May 2023, China imported 255kt of alumina from Australia, Indonesia, and Vietnam. Alumina exports from China to Russia initiated in the second quarter of 2022 continued, reaching 129kt in the first two months of the 2023 second quarter, compared to 281kt in the same period last year, as Russia had to replace shipments from their refineries in Ukraine and Australia.

In April and May 2023, China imported 25 million mt of bauxite, 8 percent higher than the corresponding period a year ago. There were no imports from Indonesia in the period, ahead of the country's bauxite export ban, which came into effect in June. This was more than offset by imports from Guinea, increasing 46 percent compared to the same period last year. Bauxite imports from Brazil continued with a total of 308kt in April and May.

The average Chinese bauxite import price was USD 61 per mt CIF in April and May of 2023, up from USD 57 per mt CIF in the second quarter of 2022 mainly driven by stronger demand, as new Chinese refineries using imported bauxite ramp-up production.

Primary aluminium
The three-month aluminium price decreased throughout the second quarter of 2023, starting the quarter at USD 2,397 per mt and ending at USD 2,151 per mt.

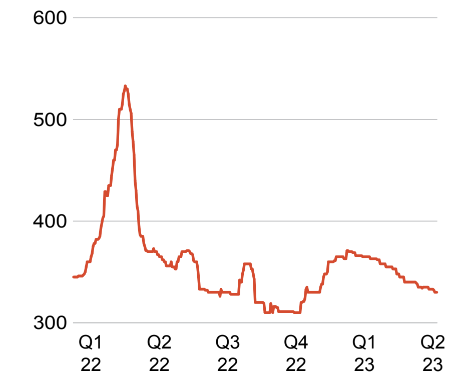
We see continued reduction of aluminium production in Europe, due to high energy prices, as two additional smelters announced curtailments during the second quarter of 2023. Elevated energy costs continue to pose a risk for additional future curtailments. At the end of the second quarter, restarts in the South China province of Yunnan were announced, and it is estimated that around 1.3 million mt of capacity will restart over the next months.

European duty paid standard ingot premiums ended the second quarter of 2023 at USD 305 per mt, down from USD 330 per mt at the end of the first quarter of 2023. The US Midwest premium decreased from USD 556 per mt at the beginning of the quarter to USD 530 per mt at the end of the quarter on weakening demand.

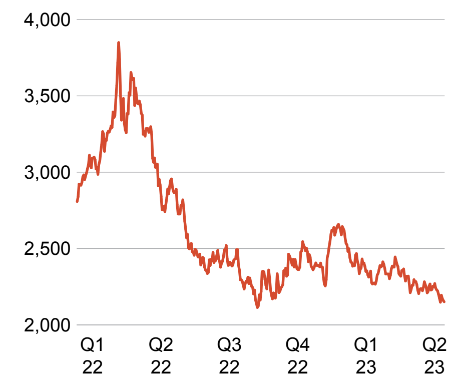
Shanghai Futures Exchange (SHFE) prices also decreased by USD 100 per mt ex. VAT from the start of the quarter to the end, ending at USD 2,138 per mt ex VAT. Average prices for the quarter was down USD 104 per mt ex. VAT compared to the first quarter 2023.

Global primary aluminium consumption was up 2 percent compared to the second quarter of 2022, driven by a 6 percent increase in China.

Platts PAX development
USD/mt



LME price (3 month aluminium)
USD/mt



For 2023, external sources[2] are estimating a global surplus of primary aluminium between 0.5 million mt and 0.6 million mt.

European consumption of primary foundry alloys was up in the second quarter of 2023 compared to the same period 2022. Consumption of extrusion ingot and sheet ingot decreased in the second quarter of 2023, compared to the same quarter last year.

Total global stocks at the end of the second quarter of 2023 were estimated to be 9.9 million mt, down 0.4 million mt compared to the first quarter 2023 and up 1.0 million mt compared to the second quarter of 2022.

Extruded products
European demand for extrusions in the second quarter of 2023 is estimated to have decreased 22 percent compared to the same quarter last year; but increased 1 percent compared to the first quarter of 2023, which also saw weak demand. Demand for residential building and construction and industrial segments have remained weak in the second quarter while demand for automotive is growing steadily. Some sub-segments, such as solar, are also showing robust growth.

CRU estimates that European demand for extruded products will decrease 19 percent in the third quarter of 2023 compared to the same quarter last year due to continued softness in building and construction and industrial segments. Overall, extrusion demand is estimated to decrease by 17 percent in 2023 compared to 2022. The downward revision compared to the first quarter forecast is driven by weaker expectations for building and construction and industrial segments in the second half of 2023.

North American extrusion demand is estimated to have decreased 15 percent during the second quarter of 2023 compared to the same quarter last year and 1 percent compared to the first quarter of 2023. Demand is particularly weak in the residential building and construction sector, as higher interest rates are impacting the housing market, while the automotive segment continues to strengthen.

CRU estimates that the North American demand for extruded products will decrease 7 percent in the third quarter of 2023 compared to the same quarter last year mainly due to continued weak development in building and construction and industrial segments. Overall, extrusion demand is estimated to decrease by 8 percent in 2023 compared to 2022.

Energy
Nordic power prices were on average lower in the second quarter of 2023 compared to the previous quarter, and significantly lower than in the same quarter last year. The decrease is a result of lower continental spot power prices on the back of lower gas and coal prices, and seasonality.

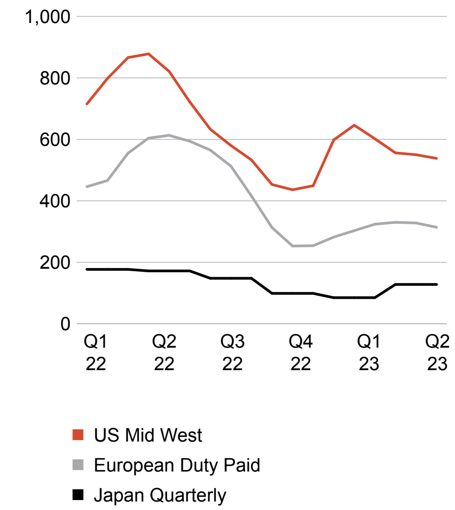
Significant price area differences in the Nordic region have continued through the second quarter of 2023. The price area differences were at a similar level to the previous quarter, but still significantly lower than the same quarter last year.

The Nordic hydrological balance ended the quarter around 7 TWh below normal, compared to around 2 TWh below normal at the end of the previous quarter and around 5 TWh below normal at the end of the same quarter last year.

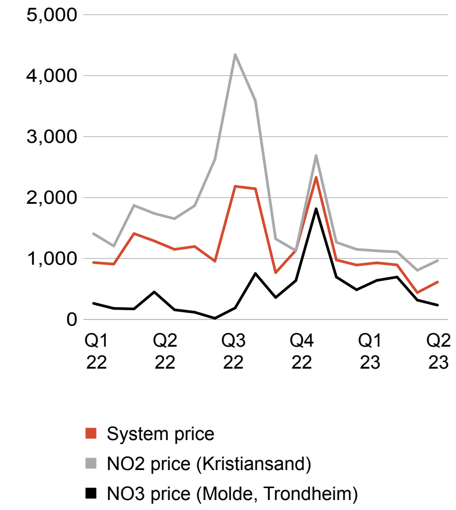
Total hydropower reservoirs in Norway were at 65 percent of full capacity at the end of the quarter, which is 2 percent below the normal level. In Southwestern Norway (NO2) the reservoirs were 66 percent full at the end of the quarter, which is 2 percent below the normal level.

[2] CRU and Harbor

Premiums
USD/mt



Energy spot price
NOK/MWh



Additional factors impacting Hydro

The accumulated LME hedge in Hydro as of June 30, 2023 amounted to 230 thousand tonnes for the remainder of 2023, 440 thousand tonnes for 2024, and 300 thousand tonnes for 2025. This has been achieved using both commodity derivatives and currency derivatives. Parts of the raw material exposure is also hedged, using both fixed price physical contracts and financial derivatives.

The total USD/BRL hedge in place at Alunorte and Albras amounts to approximately USD 164 million for the remainder of 2023, USD 335 million for 2024 and USD 73 million for 2025.

Aluminium Metal has sold forward 67 percent of its expected primary aluminium production for the third quarter at an average LME price of USD 2,127 per mt.

In Energy, external power sourcing volumes were affected by disrupted delivery of volume from a long-term power purchase agreement in the northern part of the Nord Pool area. Non-delivered volumes were 0.3 TWh in the second quarter of 2023 and 0.6 TWh year to date.

Risks and uncertainties

Hydro is subject to a range of risks and uncertainties which may affect its employees, operations, financial condition, and the overall achievement of its business objectives. An evaluation of Hydro's major risks has been performed in the first half of 2023 as part of Hydro's bi-annual enterprise risk management update.

The description of principal risks and uncertainties in the Annual Report 2022 still provides a fair representation of risks and uncertainties which may affect Hydro as we enter the second half of 2023. Safety remains an absolute priority and the company is not aware of any significant new or materially changed risks and uncertainties.

Despite Hydro's best efforts, our risk-mitigating initiatives may fail or prove to be inadequate to mitigate all risks. As our risks increase, decrease and change, and as new risks emerge over time, the information contained in this section should be carefully considered by investors.

Related parties

Section 9 of notes to the financial statement, Related parties and remuneration, in the 2022 annual report provides details of related parties. During the first half of 2023 there have not been any changes to- or transactions with related parties that significantly impact the group's financial position or result for the period.

Hydro

Business areas

Adjusted EBITDA

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

Hydro Bauxite & Alumina financial and operational information

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA) (NOK million)	698	1,290	(46)%	260	>100%	958	2,937	2,967
Adjusted EBITDA (NOK million)	817	1,117	(27)%	437	87%	1,254	2,387	3,122
Adjusted EBIT (NOK million)	88	484	(82)%	(221)	>100%	(133)	1,202	626
Alumina production (kmt)	1,542	1,536	-	1,550	-	3,092	3,054	6,193
Sourced alumina (kmt)	553	758	(27)%	686	(19)%	1,239	1,498	2,856
Total alumina sales (kmt)	2,153	2,305	(7)%	2,171	(1)%	4,324	4,556	9,121
Realized alumina price (USD/mt)[1]	373	430	(13)%	367	2%	370	411	382
Bauxite production (kmt)[2]	2,630	2,736	(4)%	2,648	(1)%	5,279	5,375	11,012
Sourced bauxite (kmt)[3]	1,100	1,674	(34)%	1,078	2%	2,178	2,531	5,611

1) Weighted average of own production and third party contracts. The majority of the alumina is sold linked to the alumina index with a one month delay.
2) Paragominas on wet basis.
3) 40 percent MRN off take from Vale and 5 percent Hydro share on wet basis.

Second quarter 2023 Adjusted EBITDA for Bauxite & Alumina decreased compared to the second quarter of last year. Lower alumina sales prices were partly offset by lower raw material prices and fixed and other costs, including lower port costs, as replacement of a decommissioned crane was completed.

Compared to the first quarter of 2023 adjusted EBITDA increased, as decreased raw material prices, and fixed and other costs, were partly offset by negative currency effects.

Adjusted EBITDA for the first half of 2023 decreased compared to the same period in 2022, mainly driven by lower alumina sales prices and higher raw material prices, partly offset by positive currency effects, and fixed and other costs, including lower port costs, as replacement of a decommissioned crane was completed.

Hydro Bauxite & Alumina

Adjusted EBITDA Q2 2023

817 MNOK

Q2 2022
1,117 MNOK ↓ (27)%

Q1 2023
437 MNOK ↑ 87%

Hydro

Hydro Aluminium Metal financial and operational information[1)]

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	First half 2023	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA) (NOK million)	6,270	12,405	(49)%	3,239	94%	9,509	13,242	22,866
Adjusted EBITDA (NOK million)	3,215	6,977	(54)%	3,972	(19)%	7,187	11,743	22,963
Adjusted EBITDA including Qatalum 50% pro rata (NOK million)[2)]	3,761	7,706	(51)%	4,445	(15)%	8,206	12,968	25,241
Adjusted EBIT (NOK million)	2,550	6,349	(60)%	3,328	(23)%	5,878	10,532	20,467
Realized aluminium price LME (USD/mt)[3)]	2,273	3,031	(25)%	2,291	(1)%	2,289	2,833	2,599
Realized aluminium price LME (NOK/mt)[3)]	24,417	28,461	(14)%	23,566	4%	24,079	25,882	24,739
Realized premium above LME (USD/mt)[4)]	456	870	(48)%	503	(9)%	479	828	756
Realized premium above LME (NOK/mt)[4)]	4,894	8,167	(40)%	5,169	(5)%	5,034	7,563	7,197
Realized USD/NOK exchange rate	10.74	9.39	14%	10.29	4%	10.52	9.14	9.52
Primary aluminium production (kmt)	506	532	(5)%	499	1%	1,005	1,072	2,137
Casthouse production (kmt)	519	542	(4)%	513	1%	1,032	1,097	2,166
Total sales (kmt)	577	581	(1)%	559	3%	1,136	1,181	2,256

1) Operating and financial information includes Hydro's proportionate share of underlying income (loss), production and sales volumes in equity accounted investments. Realized prices, premiums and exchange rates include equity accounted investments.
2) Adjustment to illustrate Aluminium Metal adjusted EBITDA as if Qatalum were proportionally consolidated, in which Share of the profit (loss) in equity accounted investments is substituted with share of the company's EBITDA.
3) Realized aluminium prices lag the LME price developments by approximately 1.5 - 2 months. Includes pricing effects from LME strategic hedging program, which are included in both the realized price and volumes.
4) Average realized premium above LME for casthouse sales from Aluminium Metal.

Qatalum financial and operational information (50%)

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	First half 2023	First half 2022	Year 2022
Revenue (NOK million)	2,495	3,007	(17)%	2,069	21%	4,564	5,322	10,518
Adjusted EBITDA (NOK million)	807	1,354	(40)%	627	29%	1,434	2,233	3,826
Adjusted EBIT (NOK million)	494	1,020	(52)%	320	54%	815	1,636	2,617
Net income (loss) (NOK million)	261	625	(58)%	154	69%	415	1,008	1,548
Adjusted Net income (loss) (NOK million)	261	625	(58)%	154	69%	415	1,008	1,548
Primary aluminium production (kmt)	80	79	1%	79	1%	159	158	319
Casthouse sales (kmt)	84	82	3%	75	13%	159	161	334

Adjusted EBITDA for Aluminium Metal decreased in the second quarter of 2023 compared to the second quarter of 2022 mainly due to lower all-in metal prices, partly offset by positive currency effects, increased CO_2 compensation, lower raw material costs and positive contribution from power sales.

Compared to the first quarter of 2023, adjusted EBITDA for Aluminium Metal decreased due to reduced contribution from power sales and lower all-in metal prices, partly offset by lower raw material costs.

Adjusted EBITDA for the first half of 2023 decreased compared to the same period in 2022, mainly due to lower all-in metal prices and higher carbon cost, partly offset by positive contribution from power sales, positive currency effects, increased CO_2 compensation and lower alumina cost.

Hydro Aluminium Metal

Adjusted EBITDA Q2 2023

3,215 MNOK

Q2 2022
6,977 MNOK ↓ (54)%

Q1 2023
3,972 MNOK ↓ (19)%

Hydro

Hydro Metal Markets financial and operational information

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA) (NOK million)	476	1,556	(69)%	586	(19)%	1,062	1,891	1,780
Adjusted EBITDA Recycling (NOK million)	299	554	(46)%	284	5%	583	1,098	1,841
Adjusted EBITDA Commercial (NOK million)	35	151	(77)%	385	(91)%	420	133	(168)
Adjusted EBITDA Metal Markets (NOK million)	334	705	(53)%	669	(50)%	1,003	1,230	1,673
Currency effects (NOK million)	69	108	(36)%	77	(10)%	146	81	(35)
Inventory valuation effects (NOK million)	-	163	(100)%	1	(92)%	1	85	85
Adjusted EBITDA excl. currency and inventory valuation effects (NOK million)	265	434	(39)%	592	(55)%	856	1,065	1,623
Adjusted EBIT (NOK million)	290	666	(57)%	628	(54)%	917	1,153	1,514
Recycling production (kmt)	146	158	(8)%	132	11%	278	309	548
Metal products sales excluding ingot trading (kmt)[1]	691	710	(3)%	674	2%	1,365	1,441	2,691
Hereof external sales (kmt)	590	607	(3)%	566	4%	1,156	1,217	2,284

[1] Includes external and internal sales from primary casthouse operations, recyclers and third party metal sources.

Adjusted EBITDA for Metal Markets decreased in the second quarter of 2023 compared to the same quarter last year. Results from the recyclers decreased compared to a record strong 2022 second quarter driven by lower sales volumes and weakening margins. Increased results from sourcing and trading activities were more than offset by negative inventory valuation and currency effects.

Compared to the first quarter of 2023, adjusted EBITDA for Metal Markets decreased mainly due to reduced results from sourcing and trading activities.

Adjusted EBITDA from the recyclers decreased for the first six months of 2023 compared to a record strong first half of 2022. This was partly offset by increased results from sourcing and trading activities.

Hydro Metal Markets

Adjusted EBITDA Q2 2023

334 MNOK

Q2 2022
705 MNOK ↓ (53)%

Q1 2023
669 MNOK ↓ (50)%

Hydro

Hydro Extrusions financial and operational information

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	First half 2023	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA) (NOK million)	2,111	1,824	16%	2,165	(3)%	4,276	4,681	6,982
Adjusted EBITDA (NOK million)	2,013	2,365	(15)%	2,223	(9)%	4,235	4,695	7,020
Adjusted EBIT (NOK million)	1,228	1,600	(23)%	1,485	(17)%	2,712	3,187	3,995
Sales volumes to external markets (kmt)	293	338	(13)%	301	(2)%	594	685	1,251
Sales volumes to external markets (kmt) – Business units								
Extrusion Europe	121	144	(16)%	124	(2)%	245	296	520
Extrusion North America	121	141	(14)%	126	(5)%	247	283	529
Building Systems	19	24	(19)%	19	-	39	48	85
Precision Tubing	32	28	15%	31	3%	63	59	117
Hydro Extrusions	**293**	**338**	**(13)%**	**301**	**(2)%**	594	**685**	**1,251**

Extrusions adjusted EBITDA for the second quarter of 2023 is slightly lower than the same quarter last year, driven by lower sales volumes and higher fixed and variable costs, positively offset by increased sales margin and currency effects.

Compared to first quarter of 2023 adjusted EBITDA for Extrusions decreased due to lower sales volumes and higher fixed and variable costs, partly compensated for by improved results from the recyclers and stronger sales margins.

Adjusted EBITDA for the first half year of 2023 decreased slightly compared to the same period last year. Lower sales volumes and increased variable and fixed costs were somewhat offset by higher margins and positive currency effects.

Hydro Extrusions

Adjusted EBITDA Q2 2023

2,013 MNOK

Q2 2022
2,365 MNOK ↓ (15)%

Q1 2023
2,223 MNOK ↓ (9)%

Hydro

Hydro Energy financial and operational information

	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA) (NOK million)	677	840	(19)%	515	32%	1,192	3,311	4,810
Adjusted EBITDA (NOK million)	854	824	4%	726	18%	1,580	3,063	4,926
Adjusted EBIT (NOK million)	805	777	4%	677	19%	1,482	2,969	4,737
Power production (GWh)	2,431	1,602	52%	2,610	(7)%	5,041	4,332	7,664
External power sourcing (GWh)	2,230	2,784	(20)%	2,542	(12)%	4,772	5,647	11,568
Internal contract sales (GWh)	4,127	4,617	(11)%	4,089	1%	8,216	8,949	18,030
External contract sales (GWh)	201	202	-	246	(18)%	447	477	841
Net spot sales/(purchase) (GWh)	333	(433)	>100%	817	(59)%	1,150	553	361

Adjusted EBITDA for Hydro Energy in the second quarter of 2023 is on a similar level compared to the same period last year. Higher production was offset mainly by lower gain on price area differences, lower prices, and loss on a 12-month internal fixed price purchase contract from early October 2022.

Compared to the previous quarter Adjusted EBITDA increased mainly due to decreased loss on an internal fixed price purchase contract, partly offset by lower production and lower prices.

Adjusted EBITDA for the first half of 2023 decreased significantly compared to the same period last year, mainly due to loss on purchase of surplus power volumes from Aluminium Metal. Lower gain from price area differences and lower prices were largely offset by increased production, increased hedging results and decreased production cost.

Hydro Energy

Adjusted EBITDA Q2 2023

854 MNOK

Q2 2022
824 MNOK ↑ 4%

Q1 2023
726 MNOK ↑ 18%

Hydro

Other and eliminations

Financial information

NOK million	**Second quarter 2023**	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA)	17	(354)	>100%	(371)	>100%	(354)	(283)	132
Other	(268)	(137)	(96)%	(322)	17%	(590)	(315)	(817)
Eliminations	134	(258)	>100%	(179)	>100%	(45)	(45)	778
Adjusted EBITDA	(134)	(395)	66%	(501)	73%	(636)	(360)	(39)

Other is mainly comprised of head office costs, and costs related to holding companies, earnings from Hydro's industrial insurance company as well as realized currency effects of hedge volumes from the strategic hedge program.

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

Hydro

Finance

Finance income (expense)

NOK million	**Second quarter 2023**	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	**First half 2023**	First half 2022	Year 2022
Interest income	316	114	>100%	310	2%	626	223	652
Net gain (loss) on securities	7	(28)	>100%	35	(79)%	42	(52)	(33)
Interest and other finance income	324	86	>100%	344	(6)%	668	171	619
Foreign currency exchange gain (loss)	(789)	(1,129)	30%	(1,985)	60%	(2,774)	1,263	2,192
Interest expense	(477)	(295)	(61)%	(476)	(0)%	(953)	(517)	(1,090)
Other financial income (expense), net	(11)	27	>(100)%	(95)	88%	(106)	(34)	(71)
Interest and other finance expense	(488)	(268)	(82)%	(571)	15%	(1,059)	(551)	(1,161)
Finance income (expense), net	(953)	(1,311)	27%	(2,212)	57%	(3,165)	883	1,649

For the second quarter of 2023, the net foreign exchange loss of NOK 789 million primarily reflects a loss from a weaker NOK versus EUR affecting EUR energy contracts and liabilities denominated in EUR, partly offset by a gain from a stronger BRL vs USD, positively impacting USD borrowing in Brazilian entities.

For the first six months of 2023, the net foreign exchange loss of NOK 2,774 million primarily reflects a loss from a weaker NOK versus EUR affecting EUR energy contracts and liabilities denominated in EUR, partly offset by a gain from a stronger BRL vs USD, positively impacting USD borrowing in Brazilian entities.

Tax

Income tax expense amounted to NOK 1,930 million for the second quarter of 2023, about 28 percent of income before tax. The quarter was mainly impacted by a high proportion of income in Norway, somewhat offset by power surtax and losses in areas where deferred tax assets are not recognized.

Income tax expense amounted to NOK 2,806 million for the first half of 2023, about 31 percent of income before tax. The period was mainly impacted by a high proportion of income in Norway, somewhat offset by power surtax and losses in areas where deferred tax assets are not recognized.

Interim financial statements

Condensed consolidated statements of income (unaudited)

NOK million, except per share data	**Second quarter 2023**	Second quarter 2022	**First half 2023**	First half 2022	Year 2022
Revenue	53,630	64,793	102,164	111,409	207,929
Share of the profit (loss) in equity accounted investments	181	403	276	781	1,337
Other income, net	1,175	877	2,531	1,319	4,406
Total revenue and income	54,985	66,072	104,971	113,509	213,672
Raw material and energy expense	32,109	37,031	63,404	66,191	129,373
Employee benefit expense	6,604	5,976	13,021	11,497	22,886
Depreciation and amortization expense	2,340	2,167	4,529	4,187	8,593
Impairment of non-current assets	-	-	(3)	-	336
Other expenses	5,992	5,480	11,848	9,993	21,769
Total expenses	47,046	50,654	92,799	91,869	182,957
Earnings before financial items and tax (EBIT)	7,939	15,418	12,172	21,640	30,715
Interest and other finance income	324	86	668	171	619
Foreign currency exchange gain (loss)	(789)	(1,129)	(2,774)	1,263	2,192
Interest and other finance expense	(488)	(268)	(1,059)	(551)	(1,161)
Finance income (expense), net	(953)	(1,311)	(3,165)	883	1,649
Income (loss) before tax	6,986	14,108	9,007	22,523	32,365
Income taxes	(1,930)	(2,971)	(2,806)	(4,976)	(7,984)
Income (loss) from continuing operations	5,056	11,136	6,201	17,547	24,381
Income (loss) from discontinued operations	-	-	-	-	36
Net income (loss)	5,056	11,136	6,201	17,547	24,417
Net income (loss) attributable to non-controlling interests	(156)	(141)	(277)	531	263
Net income (loss) attributable to Hydro shareholders	5,212	11,277	6,477	17,016	24,154
Basic and diluted earnings per share from continuing operations (in NOK)[1) 2)]	2.56	5.49	3.18	8.29	11.76
Basic and diluted earnings per share from discontinued operations (in NOK)[1)]	-	-	-	-	0.02
Basic and diluted earnings per share attributable to Hydro shareholders (in NOK)[1)]	2.56	5.49	3.18	8.29	11.78
Weighted average number of outstanding shares (million)	2,035	2,052	2,037	2,052	2,051

1) Basic earnings per share are computed using the weighted average number of ordinary shares outstanding. There were no significant diluting elements.
2) Calculated using Income (loss) from continuing operations less Net income (loss) attributable to non-controlling interests. There are no non-controlling interests in Income from discontinued operations.

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

Hydro

Condensed consolidated statements of comprehensive income (unaudited)

NOK million	**Second quarter 2023**	Second quarter 2022	**First half 2023**	First half 2022	Year 2022
Net income (loss)	5,056	11,136	6,201	17,547	24,417
Other comprehensive income					
Items that will not be reclassified to income statement:					
Remeasurement postemployment benefits, net of tax	962	636	1,216	2,223	784
Unrealized gain (loss) on securities, net of tax	(47)	(36)	(60)	155	40
Total	915	600	1,156	2,377	824
Items that will be reclassified to income statement:					
Currency translation differences, net of tax	4,341	5,143	9,741	7,237	8,428
Currency translation differences, net of tax, subsidiaries sold	-	-	(5)	7	(4)
Cash flow hedges, net of tax	286	(367)	494	471	624
Share of items that will be reclassified to income statement of equity accounted investments, net of tax	1	-	21	-	6
Total	4,628	4,776	10,251	7,714	9,054
Other comprehensive income	5,543	5,376	11,407	10,092	9,878
Total comprehensive income	**10,599**	**16,513**	**17,608**	**27,639**	**34,295**
Total comprehensive income attributable to non-controlling interests	287	85	560	1,369	1,252
Total comprehensive income attributable to Hydro shareholders	10,312	16,428	17,047	26,269	33,043

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

Hydro

Condensed balance sheets (unaudited)

NOK million, except number of shares	**June 30 2023**	June 30 2022	December 31 2022
Assets			
Cash and cash equivalents	22,453	24,507	29,805
Short-term investments	1,158	1,882	4,173
Trade and other receivables	27,561	29,164	23,988
Inventories	28,808	29,415	30,035
Other current financial assets	2,722	6,543	1,127
Total current assets	82,702	91,511	89,128
Property, plant and equipment	72,985	58,920	62,656
Intangible assets	10,215	9,374	9,280
Investments accounted for using the equity method	24,277	20,055	21,222
Prepaid pension	9,981	9,814	8,573
Other non-current assets	8,346	8,400	7,759
Total non-current assets	125,804	106,563	109,490
Total assets	**208,506**	**198,074**	**198,618**
Liabilities and equity			
Bank loans and other interest-bearing short-term debt	5,271	7,796	6,746
Trade and other payables	25,529	29,156	24,374
Other current liabilities	9,593	10,724	11,688
Total current liabilities	40,393	47,676	42,807
Long-term debt	29,756	21,054	26,029
Provisions	6,243	5,539	5,289
Pension liabilities	8,388	7,882	8,252
Deferred tax liabilities	6,197	5,304	4,796
Other non-current liabilities	5,687	5,585	3,648
Total non-current liabilities	56,271	45,363	48,013
Total liabilities	96,665	93,039	90,820
Equity attributable to Hydro shareholders	106,873	99,347	102,455
Non-controlling interests	4,968	5,688	5,343
Total equity	111,841	105,035	107,798
Total liabilities and equity	**208,506**	**198,074**	**198,618**
Total number of outstanding shares (million)	2,026	2,053	2,042

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

Hydro

Condensed consolidated statements of cash flows (unaudited)

NOK million	**Second quarter 2023**	Second quarter 2022	**First half 2023**	First half 2022	Year 2022
Operating activities					
Net income (loss)	5,056	11,136	6,201	17,547	24,417
Loss (income) from discontinued operations	-	-	-	-	(36)
Depreciation, amortization and impairment	2,340	2,168	4,526	4,188	8,929
Other adjustments	2,714	1,762	3,087	(6,771)	(3,917)
Net cash provided by continuing operating activities	10,110	15,066	13,814	14,964	29,393
Investing activities					
Purchases of property, plant and equipment	(3,476)	(2,063)	(6,109)	(3,372)	(9,604)
Purchases of other long-term investments	(1,290)	(156)	(2,564)	(379)	(1,971)
Purchases of short-term investments	(75)	-	(75)	(500)	(1,250)
Proceeds from long-term investing activities	88	237	132	584	764
Proceeds from sales of short-term investments	-	1,500	750	1,500	1,500
Net cash used in continuing investing activities	(4,753)	(482)	(7,866)	(2,167)	(10,561)
Financing activities					
Loan proceeds	1,891	99	3,703	832	8,963
Loan repayments	(3,747)	(1,113)	(5,498)	(1,808)	(7,158)
Net increase (decrease) in other short-term debt	50	4	46	(198)	(241)
Repurchases of shares	-	-	(634)	-	(661)
Proceeds from shares issued	13	13	205	26	48
Dividends paid	(12,574)	(11,084)	(12,574)	(11,084)	(14,179)
Other cash transfers to non-controlling interests	-	-	-	-	(19)
Net cash used in continuing financing activities	(14,367)	(12,081)	(14,752)	(12,232)	(13,247)
Foreign currency effects on cash	590	811	1,452	1,072	1,353
Net cash provided by (used in) discontinued operations	-	32	-	(53)	(56)
Net increase (decrease) in cash and cash equivalents	(8,420)	3,346	(7,352)	1,584	6,882
Cash and cash equivalents at beginning of period	**30,873**	**21,161**	**29,805**	**22,923**	**22,923**
Cash and cash equivalents at end of period	**22,453**	**24,507**	**22,453**	**24,507**	**29,805**

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

Hydro

Condensed consolidated statements of changes in equity (unaudited)

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Non-controlling interests	Total equity
December 31, 2021	2,272	29,156	(584)	60,112	(6,892)	84,064	4,316	88,380
Changes in equity for 2022								
Treasury shares issued to employees	-	61	36	-	-	97	-	97
Dividends	-	-	-	(11,084)	-	(11,084)	3	(11,081)
Total comprehensive income for the period	-	-	-	17,016	9,253	26,269	1,369	27,639
June 30, 2022	2,272	29,217	(548)	66,045	2,361	99,347	5,688	105,035
December 31, 2022	2,272	29,217	(1,229)	70,360	1,835	102,455	5,343	107,798
Changes in equity for 2023								
Treasury shares issued to employees	-	66	45	-	-	111	-	111
Treasury shares acquired	-	-	(634)	-	-	(634)	-	(634)
Cancellation treasury shares	(20)	-	1,315	(1,295)	-	-	-	-
Redeemed shares	(10)	-	-	(637)	-	(648)	-	(648)
Dividends	-	-	-	(11,501)	-	(11,501)	(1,073)	(12,574)
Capital contribution in subsidiaries	-	-	-	33	10	43	138	181
Disposal of equity securities at fair value through other comprehensive income	-	-	-	(39)	39	-	-	-
Total comprehensive income for the period	-	-	-	6,477	10,570	17,047	560	17,608
June 30, 2023	**2,241**	**29,283**	**(503)**	**63,398**	**12,454**	**106,873**	**4,968**	**111,841**

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

Notes to the condensed consolidated financial statements

Note 1 Accounting policies

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Hydro's accounting principles are presented in Hydro's Financial Statements - 2022.

The interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with Hydro's Financial Statements - 2022 that are a part of Hydro's Annual Report - 2022.

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

Note 2 Operating segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Hydro to identify its segments according to the organization and reporting structure used by management. See Hydro's Financial statements - 2022 note 1.4 Operating and geographic segment information for a description of Hydro's management model and segments, including a description of Hydro's segment measures and accounting principles used for segment reporting.

The following tables include information about Hydro's operating segments.

NOK million	**Second quarter 2023**	Second quarter 2022	**First half 2023**	First half 2022	Year 2022
Total revenue					
Hydro Bauxite & Alumina	8,830	9,413	17,150	17,314	33,951
Hydro Aluminium Metal	18,211	24,583	33,447	35,677	65,483
Hydro Metal Markets	22,483	27,698	43,357	50,371	90,968
Hydro Extrusions	22,608	25,269	45,325	48,737	91,176
Hydro Energy	2,162	2,456	5,614	6,724	12,614
Other and eliminations	(20,664)	(24,626)	(42,729)	(47,414)	(86,264)
Total	53,630	64,793	102,164	111,409	207,929
External revenue					
Hydro Bauxite & Alumina	5,570	5,864	10,859	10,916	21,649
Hydro Aluminium Metal	5,444	8,640	6,971	6,123	13,087
Hydro Metal Markets	19,837	24,420	37,145	42,893	76,821
Hydro Extrusions	22,527	25,228	45,292	48,427	90,892
Hydro Energy	257	646	1,890	3,061	5,467
Other and eliminations	(4)	(6)	6	(10)	13
Total	53,630	64,793	102,164	111,409	207,929

NOK million	**Second quarter 2023**	Second quarter 2022	**First half 2023**	First half 2022	Year 2022
Internal revenue					
Hydro Bauxite & Alumina	3,260	3,549	6,291	6,397	12,303
Hydro Aluminium Metal	12,767	15,943	26,476	29,554	52,396
Hydro Metal Markets	2,647	3,277	6,212	7,479	14,147
Hydro Extrusions	81	41	33	311	284
Hydro Energy	1,905	1,810	3,724	3,663	7,148
Other and eliminations	(20,660)	(24,620)	(42,736)	(47,404)	(86,278)
Total	-	-	-	-	-
Share of the profit (loss) in equity accounted investments					
Hydro Bauxite & Alumina	-	-	-	-	-
Hydro Aluminium Metal	264	626	418	1,009	1,549
Hydro Metal Markets	-	-	-	-	-
Hydro Extrusions	1	-	1	-	-
Hydro Energy	(59)	(39)	(126)	(67)	(180)
Other and eliminations	(25)	(184)	(17)	(161)	(32)
Total	181	403	276	781	1,337
Depreciation, amortization and impairment					
Hydro Bauxite & Alumina	729	633	1,387	1,185	2,496
Hydro Aluminium Metal	687	651	1,353	1,255	2,664
Hydro Metal Markets	45	39	87	78	161
Hydro Extrusions	792	767	1,532	1,513	3,297
Hydro Energy	49	47	97	94	190
Other and eliminations	38	31	69	62	121
Total	2,340	2,168	4,526	4,188	8,929
Earnings before financial items and tax (EBIT)[1)]					
Hydro Bauxite & Alumina	(30)	657	(429)	1,751	471
Hydro Aluminium Metal	5,605	11,777	8,200	12,031	20,292
Hydro Metal Markets	432	1,516	976	1,813	1,621
Hydro Extrusions	1,326	1,059	2,753	3,173	3,699
Hydro Energy	628	793	1,095	3,217	4,621
Other and eliminations	(21)	(385)	(423)	(346)	11
Total	7,939	15,418	12,172	21,640	30,715

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

Hydro

NOK million	Second quarter 2023	Second quarter 2022	First half 2023	First half 2022	Year 2022
Earnings before financial items, tax, depreciation and amortization (EBITDA)					
Hydro Bauxite & Alumina	698	1,290	958	2,937	2,967
Hydro Aluminium Metal	6,270	12,405	9,509	13,242	22,866
Hydro Metal Markets	476	1,556	1,062	1,891	1,780
Hydro Extrusions	2,111	1,824	4,276	4,681	6,982
Hydro Energy	677	840	1,192	3,311	4,810
Other and eliminations	17	(354)	(354)	(283)	132
Total	10,249	17,561	16,643	25,778	39,536
Investments[1]					
Hydro Bauxite & Alumina	2,048	636	3,968	970	3,799
Hydro Aluminium Metal	1,054	844	1,889	1,488	3,387
Hydro Metal Markets	284	198	644	328	969
Hydro Extrusions[2]	805	483	1,784	774	3,223
Hydro Energy	1,325	128	2,079	327	1,920
Other and eliminations	28	4	61	60	92
Total	5,544	2,291	10,426	3,947	13,391

1) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations.
2) Amount includes acquisition of Hueck impacting investments in the amount of NOK 424 million in first half 2023.

NOK million	EBIT	Depreciation, amortization and impairment	Investment grants	EBITDA
EBIT - EBITDA Second quarter 2023				
Hydro Bauxite & Alumina	(30)	729	-	698
Hydro Aluminium Metal	5,605	687	(22)	6,270
Hydro Metal Markets	432	45	(1)	476
Hydro Extrusions	1,326	792	(7)	2,111
Hydro Energy	628	49	-	677
Other and eliminations	(21)	38	-	17
Total	7,939	2,340	(30)	10,249

NOK million	EBIT	Depreciation, amortization and impairment	Investment grants	EBITDA
EBIT - EBITDA First half 2023				
Hydro Bauxite & Alumina	(429)	1,387	-	958
Hydro Aluminium Metal	8,200	1,353	(45)	9,509
Hydro Metal Markets	976	87	(1)	1,062
Hydro Extrusions	2,753	1,532	(10)	4,276
Hydro Energy	1,095	97	-	1,192
Other and eliminations	(423)	69	-	(354)
Total	12,172	4,526	(55)	16,643

Note 3 Share buy-back program

Hydro's Extraordinary General Meeting on September 20, 2022, approved a share buy-back program where the Board of Directors was granted power of attorney to acquire shares in Norsk Hydro ASA with the intention to cancel the shares. In total, the Board of Directors could purchase up to 100 million shares, including redemption of shares held by the Ministry of Trade, Industry and Fisheries, retaining the relative ownership share of the Ministry at 34.26 percent. A total of 18,268,564 shares were bought back under this program at a total cost of NOK 1,315 million. The cancellation of these shares, the redemption of shares held by the Norwegian state, and closure of the program was approved by Annual General Meeting on May 10, 2023. On June 30, all shares acquired under this program were cancelled. In addition, 9,521,091 shares representing the Ministry of Trade, Industry and Fisheries relative ownership were redeemed in the amount of NOK 648 million and cancelled.

On May 10, 2023, Hydro's General Meeting granted the Board of Directors authorization for a similar program to acquire shares in Norsk Hydro ASA with the intention to cancel the shares. In total, the Board of Directors can purchase up to 100 million shares, including redemption of shares held by the Ministry of Trade, Industry and Fisheries, retaining the relative ownership share of the Ministry at 34.26 percent. As of June 30, no shares had been acquired under this program.

Hydro

Hydro

Alternative performance measures (APMs)

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

Hydro's financial APMs

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

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

Hydro has defined two categories of items which are adjusted to results in all business areas, equity accounted investments and at group level. One category is the timing effects, which are unrealized changes to the market value of certain derivatives. When realized, effects of changes in the market values since the inception are included in adjusted EBITDA and adjusted EBIT. Changes in the market value of trading portfolios are included in adjusted results. The other category includes material items which are not regarded as part of underlying business performance for the period, such as major rationalization charges and closure costs, effects of disposals of businesses and operating assets, major impairments of property, plant and equipment, as well as other major effects of a special nature, and realized effects of currency derivatives entered into for risk management purposes. Materiality is defined as items with a value above NOK 20 million. All adjusting items to results are reflecting a reversal of transactions or other effects recognized in the financial statements for the current period. Part-owned entities have implemented similar adjustments.

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

Adjusting items to EBITDA and EBIT per operating segment and for Other and eliminations[1)]

NOK million	**Second quarter 2023**	Second quarter 2022	First quarter 2023	**First half 2023**	First half 2022	Year 2022
Unrealized derivative effects on raw material contracts	94	(173)	177	271	(549)	(40)
Community contributions Brazil[2)]	25	-	-	25	-	32
Other effects[3)]	-	-	-	-	-	162
Hydro Bauxite & Alumina	**118**	**(173)**	**177**	**296**	**(549)**	**155**
Unrealized derivative effects on LME related contracts	(2,836)	(6,374)	709	(2,127)	(1,660)	(2,990)
Unrealized derivative effects on power contracts[4)]	(106)	1,056	62	(44)	290	3,218
Significant rationalization charges and closure costs[5)]	-	(18)	-	-	(18)	46
Net foreign exchange (gain)/loss[6)]	(114)	(23)	(37)	(152)	(42)	(108)
Other effects[7)]	-	(69)	-	-	(69)	(69)
Hydro Aluminium Metal	**(3,055)**	**(5,428)**	**733**	**(2,322)**	**(1,499)**	**97**
Unrealized derivative effects on LME related contracts	(146)	(850)	34	(113)	(660)	(107)
Transaction related effects[8)]	4	-	50	54	-	-
Hydro Metal Markets	**(142)**	**(850)**	**84**	**(58)**	**(660)**	**(107)**
Unrealized derivative effects on LME related contracts	6	543	(19)	(13)	101	59
Unrealized derivative effects on power contracts	(24)	58	5	(19)	20	3
Significant rationalization charges and closure costs[9)]	27	13	51	78	15	106
(Gains)/losses on divestments and other transaction related effects[10)]	-	1	20	20	(48)	(54)
Other effects[11)]	(107)	(74)	-	(107)	(74)	(76)
Hydro Extrusions	**(98)**	**541**	**57**	**(41)**	**14**	**38**
Unrealized derivative effects on power contracts	184	46	214	397	(190)	170
(Gains)/losses on divestments[12)]	-	(65)	-	-	(65)	(65)
Net foreign exchange (gain)/loss[6)]	(7)	2	(3)	(10)	7	11
Hydro Energy	**177**	**(16)**	**211**	**388**	**(248)**	**116**
Unrealized derivative effects on LME related contracts[13)]	(35)	(15)	(15)	(50)	(30)	36
Net foreign exchange (gain)/loss[6)]	(143)	(26)	(115)	(258)	(46)	(221)
Other effects[14)]	26	-	-	26	-	15
Other and eliminations	**(151)**	**(41)**	**(131)**	(282)	**(77)**	**(170)**
Adjusting items to EBITDA	**(3,152)**	**(5,966)**	**1,132**	**(2,020)**	**(3,019)**	**128**
Impairment charges						
Hydro Aluminium Metal[15)]	-	-	-	-	-	77
Hydro Extrusions[16)]	-	-	-	-	-	258
Adjusting items to EBIT	**(3,152)**	**(5,966)**	**1,132**	**(2,020)**	**(3,019)**	**464**

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.
2) Community agreements includes provisions for the TAC and TC agreements with the Government of Parà and Ministèrio Pùblico made in September 2018, including later adjustments for changes in cost estimates, and similar agreements.
3) Other effects in Hydro Bauxite & Alumina in 2022 includes derecognized engineering cost related to a project on hold.
4) Unrealized derivative effects on power contracts includes the effect of settling some such contracts in Slovalco net through selling power in 2021 and thereby meeting the requirement for recognizing contracts in the same contract portfolio at fair value. The effects of consuming power under contracts recognized at fair value were included for 2022.
5) Rationalization and closure costs in Hydro Aluminium Metal in fourth quarter 2022 related to curtailment cost in the Slovalco smelter, and reduction in second quarter 2022 related to Aluchemie.
6) Realized currency gains and losses from risk management contracts and embedded currency derivatives in physical power and raw material prices.
7) Other effect in Hydro Aluminium Metal in 2022 relates to insurance compensation for the power outage in Albras in the first quarter of 2022.
8) Transaction effects in Metal Markets includes acquisition costs related to Alumetal.
9) Significant rationalization and closure costs include provisions for costs related to reduction of overcapacity, closures and environmental clean-up activities in Hydro Extrusions.
10) Divestments of Hydro Extrusions plants, including adjustments of sales price, as well as acquisition costs.
11) Other effects in Hydro Extrusions relates to a tax related dispute concluded in 2023 and insurance compensation in 2022, both for cost incurred prior to Hydro's acquisition of the business affected.
12) Divestment gain in Hydro Energy in 2022 relates to the partial sale of a project company involved with a wind power project in Sweden, held by Hydro Rein.
13) Unrealized derivative effects LME related contracts result from elimination of changes in the valuation of certain internal aluminium contracts.
14) Other effectsrelates to environmental provision for closed sites in Norway and Germany.
15) Impairment charges in Hydro Aluminium Metal in 2022 reflect write downs related to the Slovalco smelter.
16) Impairment charges in 2022 in Hydro Extrusions include impairments of various individual sites and assets.

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Adjusted EBITDA

NOK million	Second quarter 2023	Second quarter 2022	First quarter 2023	First half 2023	First half 2022	Year 2022
EBIT	7,939	15,418	4,233	12,172	21,640	30,715
Depreciation, amortization and impairment	2,340	2,168	2,186	4,526	4,188	8,929
Investment grants	(30)	(25)	(25)	(55)	(50)	(108)
EBITDA	10,249	17,561	6,393	16,643	25,778	39,536
Adjusting items to EBITDA	(3,152)	(5,966)	1,132	(2,020)	(3,019)	128
Adjusted EBITDA	**7,098**	**11,594**	**7,525**	**14,623**	**22,759**	**39,664**

Adjusted earnings per share from continuing operations

NOK million, except number of shares	Second quarter 2023	Second quarter 2022	Change prior year quarter	First quarter 2023	Change prior quarter	First half 2023	First half 2022	Year 2022
Net income (loss) from continuing operations	5,056	11,136	(55)%	1,144	>100%	6,201	17,547	24,381
Adjusting items to net income (loss) from continuing operations[1]	(1,646)	(3,406)	52%	2,182	>(100)%	536	(3,031)	(1,236)
Adjusted net income (loss) from continuing operations	3,410	7,731	(56)%	3,326	3%	6,736	14,516	23,145
Adjusted net income attributable to non-controlling interests from continuing operations	(187)	288	>(100)%	(140)	(34)%	(326)	571	1,205
Adjusted net income from continuing operations attributable to Hydro shareholders	3,597	7,443	(52)%	3,466	4%	7,063	13,945	21,941
Number of shares (million)	2,035	2,052	(1)%	2,038	-	2,037	2,052	2,051
Adjusted earnings per share from continuing operations	**1.77**	**3.63**	**(51)%**	**1.70**	**4%**	**3.47**	**6.80**	**10.70**

1) Adjusting items to net income (loss) consist of the Adjusting items to EBIT specified on the previous page and Hydro's realized and unrealized foreign exchange gains and losses. These items are net of calculated tax effects, for most items based on a 30 percent standardized tax rate.

Adjusted net cash (debt)

NOK million	June 30, 2023	March 31, 2023	Change prior quarter	June 30, 2022	March 31, 2022	Change prior year quarter
Cash and cash equivalents	22,453	30,873	(8,421)	24,507	21,161	3,347
Short-term investments[1]	1,158	2,696	(1,538)	1,882	8,588	(6,706)
Short-term debt	(5,271)	(5,899)	629	(7,796)	(7,072)	(724)
Long-term debt	(29,756)	(29,615)	(141)	(21,054)	(21,073)	19
Collateral for long-term liabilities	122	195	(73)	767	3,545	(2,778)
Net cash (debt)	(11,294)	(1,749)	(9,545)	(1,693)	5,149	(6,842)
Collateral for short-term and long-term liabilities[2]	(209)	(1,892)	1,683	(1,718)	(9,653)	7,935
Cash and cash equivalent and short-term investment in captive insurance company[3]	(1,090)	(1,073)	(17)	(1,020)	(1,050)	30
Net pension asset (obligation) at fair value, net of expected income tax benefit[4]	828	(116)	944	1,446	993	453
Short- and long-term provisions net of expected income tax benefit, and other liabilities[5]	(4,125)	(3,671)	(454)	(3,274)	(3,183)	(91)
Adjusted net cash (debt)	**(15,890)**	**(8,501)**	**(7,389)**	**(6,260)**	**(7,745)**	**1,485**

1) Hydro's policy is that the maximum maturity for cash deposits is 12 months. Cash flows relating to bank time deposits with original maturities beyond three months are classified as investing activities and included in short-term investments on the balance sheet.
2) Collateral provided as cash, mainly related to strategic and operational hedging activities
3) Cash and cash equivalents and short-term investments in Hydro's captive insurance company Industriforsikring AS are assumed to not be available to service or repay future Hydro debt, and are therefore excluded from the measure Adjusted net debt.
4) The expected income tax liability related to the pension liability is NOK 487 million and NOK 591 million for June 2023 and March 2023, respectively.
5) Consists of Hydro's short and long-term provisions related to asset retirement obligations, net of an expected tax benefit estimated at 30 percent, and other non-current financial liabilities.

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

NOK million	**Second quarter 2023**	First quarter 2023	Fourth quarter 2022[1]	Third quarter 2022[1]	Second quarter 2022	Twelve months ending June 30, 2023	Twelve months ending March 31, 2023	Year 2022
Adjusted EBIT	4,788	5,364	4,946	7,611	9,452	22,709	27,373	31,179
Adjusted Income tax expense[2]	(1,263)	(1,880)	(2,516)	(1,299)	(1,593)	(6,957)	(7,288)	(7,654)
Adjusted EBIT after tax	3,525	3,485	2,430	6,312	7,858	15,752	20,085	23,525

Capital Employed

NOK million	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Current assets in continuing operations[3]	59,091	59,869	55,149	64,723	65,122	55,912
Property, plant and equipment	72,985	67,827	62,656	62,369	58,920	56,599
Other non-current assets[4]	52,697	49,935	46,728	51,007	46,876	45,932
Current liabilities in continuing operations[5]	(35,123)	(36,443)	(36,061)	(38,356)	(39,880)	(37,666)
Non-current liabilities[5]	(26,516)	(25,079)	(21,984)	(23,502)	(24,309)	(26,418)
Capital Employed	**123,135**	**116,108**	**106,488**	**116,241**	**106,728**	**94,360**

	Second quarter 2023	First quarter 2023	Year 2022
Adjusted Return on average Capital Employed (RoaCE), last twelve months[6]	**13.6%**	18.0%	22.2%

1) Adjusted EBIT for the third and fourth quarter of 2022 are reconciled in the fourth quarter report for 2022.
2) Adjusted Income tax expense is based on reported and adjusted tax expense adjusted for tax on financial items.
3) Excluding cash and cash equivalents and short-term investments.
4) Excluding long-term collateral related to strategic and operational hedging activities.
5) Excluding interest-bearing debt.
6) Average Capital Employed measured over the last 4 quarters to reflect the return for the full year.

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Responsibility statement from the Board and the CEO

We confirm to the best of our knowledge that the condensed set of financial statements for the period January 1 to June 30, 2023 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Hydro Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, July 20, 2023

Dag Mejdell
Chair

Rune Bjerke
Deputy chair

Arve Baade
Board member

Petra Einarsson
Board member

Kristin Fejerskov Kragseth
Board member

Philip Graham New
Board member

Peter Kukielski
Board member

Bjørn Petter Moxnes
Board member

Thorleif Sand
Board member

Margunn Sundve
Board member

Marianne Wiinholt
Board member

Hilde Merete Aasheim
President and CEO

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Cautionary note

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

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

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

Financial calendar[1)]

2023	
October 24	Third quarter results
November 29 – 30	Capital markets day
2024	
February 14	Annual report
February 14	Fourth quarter results
April 24	First quarter results
July 23	Second quarter results
October 24	Third quarter results

1) Hydro reserves the right to revise these dates.

See updated calendar on Hydro website.

Hydro

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

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