



Annual Report 2021

Alcoa Norway ANS

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This is Alcoa Norway ANS

Alcoa Corporation

Alcoa (NYSE: AA) is a global industry leader in bauxite, alumina, and aluminium products, and is built on a foundation of strong values and operating excellence dating back 135 years to the world-changing discovery that made aluminium an affordable and vital part of modern life. Since developing the aluminium industry, and throughout history, Alcoa has kept pursuing and finding breakthrough innovations and best practices to improve efficiency, safety, sustainability, and stronger communities wherever we operate. At Alcoa we are reinventing the aluminium industry for a sustainable future. We are Alcoa, we turn raw potential into real progress.

ELYSIS™ is the world's first carbon-free smelting technology. Described as the greatest breakthrough in the aluminum industry since the late 1800s, this Alcoa-invented technology has the potential to completely revolutionize the global aluminum industry. The ELYSIS process emits pure oxygen as a byproduct and eliminates all of the greenhouse gas emissions associated with traditional smelting.

ASTRAEA™ is Alcoa's process to convert post-consumer scrap into high purity aluminum. It's a proprietary technology that can purify any aluminum scrap to such high levels that it has the potential to create an entirely new value chain, potentially tapping vast supplies of so far unused aluminum scrap.

Alcoa's Refinery of the Future includes a variety of processes and practices such as Mechanical Vapor Recompression and Electric Calcination. Refinery of the Future builds on existing sustainability improvements at our refineries and a comprehensive portfolio of products that helps our customers lower the carbon footprint of their supply chain.

Alcoa in Norway

Alcoa has two plants in Norway. One at Lista, Agder County, the other at Mosjøen, Nordland County. Both plants are part of Norway's long and proud industrial tradition. Alcoa's activities in Norway started in the 1920s. Alcoa Norwegian operations were firmly established in 1962 through a co-ownership with Elkem. In 2009 Alcoa assumed full ownership which it holds to this day. Alcoa Norway produces high-quality aluminum with 100% renewable power.

Alcoa Mosjøen

Alcoa Mosjøen consists of smelter, anode plant and casthouse. Alcoa Mosjøen has about 550 full-time employees, significantly more when including subcontractors. Annual production is approximately 200,000 tons of primary aluminum and 230,000 tons of finished goods such as slabs and foundry ingots that are exported to the EU. 300,000 tons of anodes are produced annually and used in own production and exported to Alcoa's aluminum plant at Fjarðaál in Iceland. Alcoa Mosjøen is Northern Norway's largest land-based company in terms of number of employees and turnover.

Alcoa Lista

Alcoa Lista consists of smelter and casthouse and produces billets for extrusion. Lista is the local cornerstone company and has approximately 270 full-time employees. Around 94,000 tons of primary aluminium are produced here annually with total casthouse production at about 140,000 tons. Alcoa Lista is Norway's southernmost aluminium plant.

Engaged employees

Alcoa is committed to advancing its communities. Alcoa employees across the globe participate in volunteer activities where Alcoa support through its Alcoa Foundation programs.

Through our values; integrity, care, excellence and courage - We Turn Raw Potential into Real Progress

Learn more about Alcoa at alcoa.com

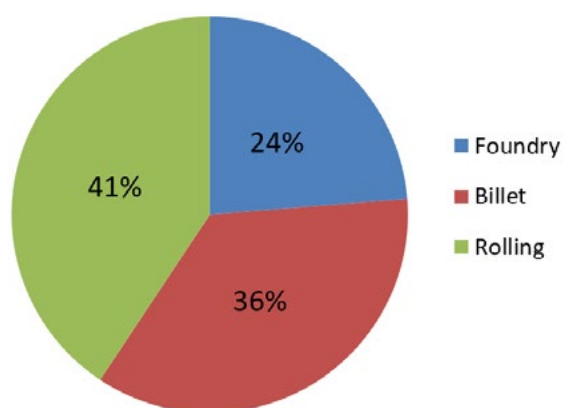
Highlights 2021

- Mosjøen's induction furnace for processing of customer scrap put in operation
- Record potroom production in Mosjøen
- Production and shipment of billets from Lista at record level

Key Figures

	2021	2020
Net operating revenues NOK million	9,779	7,070
Income from operations NOK million	2,586	817
Net operating margin (%)	26%	12%
Net profit NOK million	2,595	825
Cash Flow from operations NOK million	118	565
Equity ratio (%)	52	47
Dividend paid NOK million	465	-
Average LME-3 month quotation USD/T	2,488	1,731
Numer of employees	781	763

Sales 2021



OUR PURPOSE

Turn Raw Potential into Real Progress

OUR VALUES

Act with Integrity

- Be open, honest and accountable
- Do the right thing the right way
- promote high ethical standards at all times

Operate with Excellence

- Continually improve standards of operation
- Analyze every angle to overcome difficulty
- Empower everyone with the right resources to do their best at work

Care for People

- Put safety first
- Seek solutions with diverse, inclusive teams
- Make every decision with the community in mind

Lead with Courage

- Embrace opportunities to reinvent
- Innovate for long-term impact
- Challenge the status quo



Annual report

(Figures in brackets show corresponding 2020 figures.)

The company's net revenues in 2021 were NOK 9 779 million (7 070). Income from operations totalled NOK 2 586 million (817) while net profit was NOK 2 595 million (825). Cash flow before financing and cash distribution was NOK 118 million (565).

Market development

Market momentum and consumer growth following the Covid pandemic endured throughout 2021. Higher private consumption and continued push for sustainability fostered demand growth for aluminium in numerous key areas. On the other hand, 2021 was a year in which supply chain constraints and subsequently higher costs came to the fore. This was particularly the case for energy in Europe, leading to permanent and partial curtailments in the European primary aluminium industry.

Total worldwide consumption of aluminium was 68,9 million metric tons, according to CRU. This was 9,6% higher than in 2020. Worldwide consumption excluding China grew by 14,8% while growth in Chinese consumption was 6,1%. Demand growth for all countries except China increased by more than during the 2020 rebound. Consequently, China's share of global demand for aluminium fell to 58% compared to 60% in 2020, as reported by CRU.

Supported by substantial economic growth across a variety of sectors, European demand for materials with low carbon footprints grew in 2021. According to CRU, European demand for primary aluminium increased by 13,8%.

Global production of primary aluminium increased by 4,3% to 67,5 million tonnes. Most of this growth in supply came from China, India and Malaysia. European primary aluminium production grew by a more modest 1,8% compared to 2020, according to data provided by European Aluminium.

The average 3-month delivery LME¹ price was USD 2 488 per tonne, 757 dollars per ton higher than the corresponding average in 2020. Regional European premiums (P1020 ingot from Rotterdam warehouses) increased from 139 dollars per ton in 2020 to 268 dollars per ton in 2021, an increase driven by general market developments across the Continent.

Alcoa Norway's business concept is to supply customised products to meet customer specifications. The prices obtained by Alcoa Norway are based on the LME quotation for primary aluminium with an additional product premium, dependent on the specific product to be delivered to the customer. This product premium varies with alloy and shape. All exports from Alcoa Norway to the end customers were, as of March 1 2021, managed by Alcoa Nederland Holding B.V. Prior to this, the Spanish Alcoa company Aluminio Español S.L.U. was the single point of contact for European end-customers.

Total shipments of metal processed in Alcoa Norway's casthouses were 373,958 tons in 2021 (358,566). This is the highest shipment volume ever recorded by the company, driven by strong markets for all product groups. In contrast to 2020, there was no production of LME-delivered non-alloyed metal in 2021.

Operations

Total Alcoa Norway potroom production was 293,183 tons, 1,853 tons more than in 2020. The 2021 production number was the highest ever recorded.

Numerous process improvement efforts bore fruits in Lista's Søderberg-lines, raising production to 92,857 tons, 1,706 tons more than the year before. Alcoa Lista gradually shifted the amperage upwards throughout the year, raising the annual average by 4% compared to 2020. Energy consumption and efficiency were stable. Further increases in amperage in 2022 are planned.

Mosjøen's prebake potrooms achieved a record-high production of 200,326 tons. More pots in operation and stable production throughout the year were the main drivers. Emissions of fluoride remained well below limits. Potroom operation in Mosjøen has been very stable with excellent operating results for several years. Total production of anodes at the Mosjøen plant was 285,000 tons.

Casthouse production in 2021 totalled 373,655 tons, 15,828 tons higher than in 2020. Lista's casthouse operations have been stable for several years. Billet production was over 10,000 tons higher than the year before. Mosjøen's production and product range returned to pre-covid levels.

¹LME = London Metal Exchange, where a considerable share of global aluminium is traded. The LME price is the commonly used reference price for the global aluminium market.

Alcoa Norway has modern and flexible aluminium casthouses with good product quality and high productivity. Alcoa Norway is capable of supplying approximately 380,000 tons of primary aluminium products annually, remelting some purchased metal in addition to its own potroom metal.

Total full-time equivalents at year-end 2021 was 781, 18 more than previous year-end.

Financial results

Income from operations rose by NOK 1,769 million, from NOK 817 million in 2020 to NOK 2,586 million in 2021. Net operating margin was 26% (12%). Return on capital employed was 65% (22%).

Higher LME prices, higher premiums and higher product sales all had a distinctive positive impact on 2021 income. On the other hand, costs for raw materials also increased in 2021.

Energy prices were considerably higher in 2021 than 2020. Spot prices for electricity increased throughout the year and finished at record-high levels. A stronger Norwegian krone measured against both euros and dollars improved the unrealized market value of long term power contracts in 2021. Alcoa booked an unrealized gain of NOK 560 million in 2021 compared to a loss of NOK 121 million in 2020.

Conversion costs per ton aluminium produced increased slightly at both plants but remained at competitive levels on the world cost curve.

The average NOK/USD rate fell from 9,40 in 2020 to 8,60 in 2021.

Net financial items were NOK 9 million in 2021 (8). Net interest income was NOK 9 million (7). Ordinary depreciation was NOK 414 million (398).

Fixed asset investments in 2021 totalled NOK 374 million (296). Working capital at year-end was NOK 1,343 million compared to NOK 619 million at the start of the year. The increase in working capital was mainly due to higher account receivables and a higher value and volume of stocks of end-products and raw materials.

Liquidity reserves were NOK 525 million at the end of the year (918). The intercompany long-term loan position at end-2021 was NOK 2,300 million.

A total of NOK 465 million were paid out in dividends to owners in 2021. Total equity at year-end was NOK 6,455

million (4,325). The equity ratio was 52%.

Taxes are not expensed in the income statement, since the tax obligation sits with the partners, Norsk Alcoa AS and Norsk Alcoa Smelting AS.

The financial statement has been prepared under the assumptions of continued operations.

Financial risk

The price of alumina is now linked to API (Alumina Price Index), a pricing mechanism derived from the weighted average of a prior month's daily spot prices from three different indices.

Alcoa Norway has signed numerous long-term power purchase agreements, securing approximately 50% of the power consumption for the Norwegian smelters for the period 2020-2035. The remaining 50% is currently purchased through various short-term contracts. Financial compensation of the indirect carbon emission costs passed through the electricity bill will continue to be received in accordance with EU Commission Guidelines and the Norwegian compensation regime.

Alcoa Norway has secured access to physical deliveries of coke and pitch through contracts with the Alcoa Corporation. Aluminium is quoted in USD in all markets. Changes in the USD exchange rate have an impact on the prices realized in local currency. The majority of exports and raw materials from Alcoa Norway are invoiced in USD. The currency risk is managed at group level.

Alcoa Norway does not insure its credit risk. Most sales are intercompany transactions.

In October 2019 Alcoa Norway ANS committed to a one-year multicurrency revolving credit facility for NOK 1,300 billion which was guaranteed on an unsecured basis by Alcoa Corporation. In September 2020 the revolving credit facility was amended and renewed for one year. In September 2021 Alcoa decided to terminate the agreement with effect from 4 October.

Alcoa Norway has a long-term debt of NOK 2,300 million. The agreement expires in July 2027.

Liability insurance

The company has signed a board liability insurance for the Managing Director and other management team members. It is provided by an insurer with solid financial strength and credit rating.

Sustainability efforts and achievements

Alcoa's operations have an impact on the surroundings. The company is aware of its footprint and the responsibility of being a good neighbour, and therefore takes sustainability

commitments seriously. Alcoa follows through on its commitments by, to the best of our abilities, fulfilling and contributing to the United Nations' sustainability goals, shown below.







Figure 1: United Nations' Sustainability Goals



To Alcoa, the concept «sustainable development» means a continuous process and a strategic effort. Our main target is to create value for communities in which we operate while keeping environmental impacts as small as possible.

We have specific targets for water- and waste treatment, and emission reductions from our operations. The Alcoa Corporation's ambitions and targets, categorised by the UN sustainability goals, are shown below.

Figure 2: The Alcoa Corporation's long term sustainability goals categorized by UN goals

Target	Sustainability criteria	Achieved results
1: Reduce emissions in tCO2/tonne by 25% in 2025 and 50% in 2030 compared to 2015		• 14,6% reduction compared to 2015
2: Curb water consumption by 5% in 2025 and 10% in 2030 compared to 2015		• Consumption curbed by 3% compared to 2015
3: Reduce waste by 15% in 2025 and 25% in 2030		• 14% reduction compared to 2015
4: Zero fatalities and serious incidents		• One fatality and one serious incident in 2020
5: An equal, including and diverse place to work		<ul style="list-style-type: none"> • "Alcoa Global Inclusion & Diversity Council" started • "Catalyst for Change Programme" • First Alcoa Global Pride Week in 2021 • "Alcoans Working Actively for Racial-Ethnic Equality (AWARE)" • Bridging the pay gap
6: Sustainable value creation in our local communities		<ul style="list-style-type: none"> • Identify where our operations may conflict with other local stakeholders. • Monitor and evaluate Alcoa's human rights performance

The following presents in more detail our sustainability performance, both for the Alcoa Corporation and Alcoa Norway.

Equality, diversity and discrimination

Alcoa offers its employees an inclusive workplace.

Working for us means working in an environment where employees thrive, are safe, trust each other, and have equal opportunities regardless of race, culture, gender, age, and sexuality. Our employees are treated with openness and respect, they feel accepted and valued. Alcoa has no tolerance for discrimination or sanctions of any kind against individual employees.

An inclusive workplace is a process that is never complete. Alcoa Norway will diligently continue to work with gender equality and diversity in the workforce. Our ambition is a working environment that consists of a broader range of people than today. We are making efforts to attract a more diverse range of job seekers for us to hire, promote, and safeguard.

In ensuring that our work culture provides a safe and positive working environment, Alcoa will regularly ask for feedback from their employees on their work experience and how they feel and are treated on the job. We conduct employee surveys at least once every year. At the same time, management has regular meetings with labour unions and their representatives.

For both operations in Norway, Lista and Mosjøen, Alcoa regards equality and diversity as highly important recruitment assets. Equal opportunities across gender, race, religion and cultural identity improves our businesses' attractiveness and competitiveness. Efforts and resources are devoted to retaining female employees, and we encourage women to apply for leading positions in the company.

The share of female employees in 2021 was 11%, 10% in operations and 14% in the administration. Approximately 30% of holiday replacement workers are female. Alcoa Norway has few part-time employees, and the ones that work part-time do so voluntarily. 16% of part-time employees are female.

There are no discernible wage differences between male and female operators, while the average salary for female office staff is 99% of the corresponding salary for males. This difference is a result of differing job categories and level of seniority.

In 2021 average parental leave was 16 weeks for males and 33 weeks for females.

Health and safety

Injuries and preventive measures

Alcoa's safety culture is expressed as "safety first – above operation, above profitability, above all". Each briefing from management starts with a safety review.

Alcoa employees shall have a safe workplace, everywhere and all the time. Employees shall be confident that work tasks are performed under strict Health, Safety, and Environmental (HSE) requirements, that Alcoa has good procedures for both preventive and reactive health prevention work, and that these procedures are accessible and well known.

Alcoa Norway had no fatalities or serious incidents in 2021, but the number of incidents was nevertheless unsatisfactory. Numerous reported incidents involved injuries. Most were minor incidents treatable with first aid, such as compressions and minor burns. It is nevertheless encouraging that there are seemingly no barriers for incidents to be reported, making it easier to take precautionary actions to avoid incidents recurring.

The list of injuries at Alcoa's Norwegian operations in 2021 was as follows² :

Table 1: Injuries at Alcoa Norway's smelters, 2021

	Alcoa Norway	Alcoa Lista	Alcoa Mosjøen
H1 incidents	3	1	2
H2 incidents	12	4	8
H3 incidents	67	38	29

Considerable attention is devoted to investigations and risk analyses intended to help us identify which factors may trigger incidents or raise the risk for them happening. As an example, both Alcoa Norway operations apply regular verifications to assess whether safety requirements are met. All employees are expected to scrutinize and report possible sources of injuries in their parts of the operation. Any findings will be regarded as critical processes/operations and examined in order to come up with preventive measures. Proposed preventive measures will in turn be verified through cooperation between managers and operators.

Despite the number of incidents in 2021, several improvements have reduced the risk at both operations. Lista's health and safety improvement efforts were rewarded with the Alcoa EHS Excellence Award for 2021.

² H1 is injuries which cause temporary absence from work, while H2 injuries require medical treatment and/or reassignments to other worktasks. H3 injuries require first aid.

Health

Sick leave figures in 2021 were as follows:

- Alcoa Mosjøen 5,78%, an increase of 0,9 percentage points compared to 2020
- Alcoa Lista 5,44%, an increase of 1,41 percentage points compared to 2020

The 2021 sick leave was, much like in 2020, strongly influenced by the Covid pandemic. Alcoa's two smelters both managed to preserve an almost Covid-free organisation thanks to strong commitments to Alcoa's own spread-preventing rules and regulations. Strict prevention control logically led to a higher sick leave than before. Another side effect was a lower number of health surveys of employees, something which is expected to pick up again in 2022.

Both smelters participate in the Norwegian IA-program («Inkluderende Arbeidsliv – Inclusive Workspace»), committing Alcoa to remain in close contact with employees on sick leave, facilitate as best as possible their return to the workplace and, if required, adjust their previous work tasks or assign them to new ones. Alcoa moreover encourages preventive health-boosting activities, including regular exercise and work rotation.

Automation of physically challenging work tasks remains a priority as it improves safety and the work environment. Another effort is preventing employees' exposure to potentially harmful work. For example, both smelters employ programmes to remove sources of noise both in and around the locations. Further examples include testing of new technologies and work-methods to limit exposure to welding fumes.

Alcoa uses the Good Work Design (GWD) program where the intention is to promote diversity and inclusion by curbing the amount of physically exerting work and making the workplace as ergonomically well-suited as possible.

Alcoa conducts EHS audits regularly. The audits are performed by a group consisting of local EHS experts, consultants, occupational health services, and employee representatives.

Efforts to improve environmental footprint

Emissions-to-air

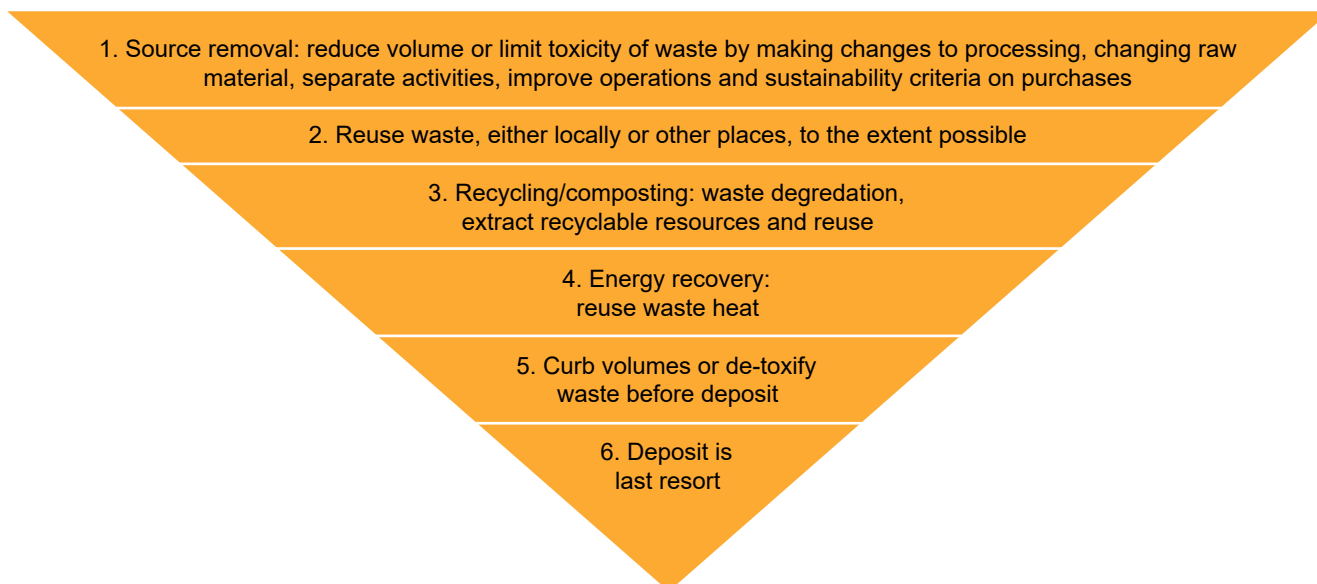
Alcoa Lista's and Mosjøen's respective emission permits regulate the operations' emissions to air. Both operations' emission permits were recently renewed. The renewed permits subject new elements to regulation and monitoring, most notably dust. Alcoa and the environmental authorities share the aim of keeping emission to air as low as possible and to minimize impacts on the local environment and its people. In 2022 Alcoa and Hydro will jointly apply for research funding to extend our efforts and ensure that monitoring and reducing emissions, and to make the result of our efforts available for broader research.

Noise is another local emission source. Keeping this to a minimum is an absolute necessity for Alcoa Mosjøen as the smelter is located in the middle of the city, close to residential areas. Efforts to further limit noise is a continuous operation in both smelters.

Waste treatment

Waste is an unwanted byproduct of aluminium production. Alcoa makes concerted efforts to reduce, remove or reuse waste products. All raw materials and resources are to be used as long and as many times as possible before they are deposited to landfills or recycled. Alcoa uses a step-wise approach for waste handling. The first step is to reduce waste from the source, while the second step is to use waste in an environmentally friendly way. A more detailed explanation of the process can be illustrated as follows:

Figure 3: Alcoa's work method for waste handling



Alcoa Norway has taken part in numerous research projects for better waste processing, e.g. used cathode liners and dross³ from casthouses. These research projects bring together several aluminium companies and research environments. In addition, Alcoa Norway has participated in the Eyde Initiative's mapping of Norwegian process industry's waste streams aiming to find new sustainable ways of applying resources contained in hazardous waste.

Put together there are three categories of waste from production targeted for better and more reuse:

- 1) polluting refractory/carbon materials,
- 2) polluting dust from filter processes and
- 3) polluted metal. All categories contain valuable materials. Their common challenge is that separation and extraction of these metals is exceptionally difficult.

The amount of waste and waste processing at Alcoa's Norwegian smelters is presented in the table below. A relatively sizable share of hazardous waste is recycled at both smelters.

Table 2: Waste and waste processing at Alcoa's Norwegian smelters in 2021, tons

	Energy recovery	Material recycling	Deposits
Lista			
Hazardous waste	380	2.190	6.393
Ordinary/non-hazardous waste	193	2.437	221
Total	573	4.557	6.614
Mosjøen			
Hazardous waste	82	7.648	5.400
Ordinary/non-hazardous waste	506	1.913	4.285
Total	587	9.561	9.685

A more detailed description of waste processing efforts in Alcoa's Norwegian smelters is presented below⁴.

Norwegian processing of bi-products from the aluminium industry (NoBAI)

Residual metal from aluminium production, also known as «pot pads», is aluminium left over at the bottom of the pots after the pots are closed for maintenance/repairs. Since leftover metal is contaminated by electrolytes, recycling is difficult. Currently, residual metal is shipped abroad for recycling. This is resource-consuming and not particularly sustainable.

NoBAI is a collaborative research project between Alcoa, Hydro, Real Alloy and Sintef intending to improve processing of dross and pot pads from pot room production. Efforts in 2021 involved making dross and pot pads better suited for internal metal recovery.

This work will continue in 2022. One ongoing process is to better understand dross formation and thereby reducing the amount of dross. Attempts to recycle pot pads will be made, and, in turn, qualify and approve this recycling process. Qualification involves establishing best industry practice, sharing learning and experience and quality assure treatment, transport, storage and processing of recycling of pot pads and similar by-products, making our entire value chain sustainable.

NodeSPoI – reduce deposits of Spent Pot Lining

Spent Pot Lining (SPL) is carbon and refractory materials left over in «exhausted» (spent) pots. This is hazardous

waste normally deposited in closed sites. Alcoa wants to minimize the amount of SPL by constructing and operating pots in ways to make them last as long as possible. This effectively minimizes the amount of waste per produced ton of aluminium.

The pot lining will eventually be worn down and need to be replaced, but some of the waste can be used as input to other industrial processes. Especially the part containing carbon can be used as an energy source in cement production, as a raw material in steel production and as an energy source in the production of rockwool, purity permitting.

In 2021 Alcoa started a pilot project that will, if successful, enable us to make recycled SPL pure enough to be used in either manufacture of graphite or manufacture of anodes. The pilot project, funded by the Norwegian Research Council, is done in partnership with Hydro, REEL Norway AS and Sintef. It involves purification of the waste product parts containing carbon. Small-scale attempts in 2019-2020 gave promising results, while purification proved more difficult to achieve when the attempts were scaled up in 2021. The pilot project recently received a proposal from Sintef on alternative processes to be tested in 2022. Going forward, Alcoa will contribute by supplying test materials and process experience. If the work shows promising results there is good reason to believe an industrial pilot will be started.

³ Dross is a waste product removed from the surface of molten metal in casting. It is a blend of aluminium, alumina oxides and oxides from other alloys.

⁴ For a more comprehensive description of Alcoa's global, see our Sustainability Report 2020 -Sustainability-Report.pdf (alcoa.com).

Badeland – prevent deposits of bath materials

Electrolyte bath (cryolite) is another bi-product from the electrolysis process in the pot rooms. Alumina oxide contains sodium oxide, a pollutant, that reacts with aluminium fluoride (NaO), an additive which, if in surplus in the electrolysis bath, makes aluminium production more energy efficient. In Alcoa's multiple alumina refineries, efforts are being made to reduce different types of emissions. Removing all NaO, however, will be detrimental for both output and energy consumption in aluminium production, so these types of emissions will not be removed altogether.

With help from the Norwegian Research Council (NRC) and in partnership with Hydro and Noralf, Alcoa initiated the Badeland project in 2020. The idea is turn recycled electrolyte bath into aluminium fluoride by removing sodium. It started with several lab-tests in 2021. Results so far indicate that it is possible, but that numerous practical challenges must be resolved and that it is going to be more complex than assumed at first. Ambitions for 2022 include designing a pilot facility to prove that an industrial process is possible.

Recycling refractory materials

In 2021 Alcoa recycled 1,800 tons of refractory materials back to manufacturers. 1,300 tons were deposited to landfills. Projects that improve sorting of materials in the dismantling process will make recycling more available. The dismantling process in the anode plant will be improved in 2022. Assembly techniques of outer walls in calcination furnaces has been changed to make them recyclable. These outer walls make up about 1/3 of the calcination furnace and a sizable share of what today is deposited to landfills.

Better sorting and recycling of dust

Dust is the third biggest source of waste. Making it recyclable is a significant and complex issue. Different types of dust from different materials blend together and contaminate one another. Alcoa's aim is prevent contamination. In the period 2023-2025 we will make changes to and modernize anode assembly in Mosjøen, processing dust in a more refined way than we do now. The target is that at least 70% of dust will be recycled.

Land use and biodiversity

Landfills

Both Lista and Mosjøen are responsible for operating their now decommissioned landfills. Operations are subject to regulations from the Norwegian Environment Agency. Supervision is done frequently. Both smelters are restoring the landfills to their natural origin to the extent possible, assessing how diversity of species can be improved. In Mosjøen, the local high school has been asked to suggest

what species to introduce, map what is already there and surveil the area together with Alcoa.

The Environment Agency has recently surveyed the two now closed landfills in the Alcoa Lista area. No irregularities were found.

In 2020, Alcoa Lista and the State Administrator collaborated to revitalize three areas on Alcoa's property around the industrial area. The revitalization includes restoration of endangered natural elements coastal moor and dune sands by removing alien flora such as sitka spruce, mountain/shrub pine, rugosa rose and broom in the Einarsneset bird and plant protection area; and to recreate biotopes for insects and amphibians in dune land in an unprotected area near Røyrtjønn nature reserve. The work continued in 2021.

Energy consumption and energy efficiency

Primary aluminium production is energy intensive. Keeping Lista and Mosjøen competitive requires perpetual efforts to continue to improve energy and resource efficiency. Alcoa Norway is ISO 50001-certified, verifying that Alcoa's efforts are ambitious and robust. The recently presented EU taxonomy framework also targets this part of our operations. Use of electricity for the potrooms makes up most of Alcoa Norway's energy consumption. Other forms of energy use include chemical energy from petroleum coke and pitch to make anodes used in the electrolysis process, and LNG for calcination of anodes and as fuel source for furnaces in the casthouses.

Mosjøen induction furnace

Alcoa Mosjøen's induction furnace was installed in autumn 2021. It replaces LNG consumption in the casthouse with electricity from renewable sources. Emissions will be reduced by approximately 4,400 tonnes of CO₂-equivalents per year, roughly the same as annual emissions from 1,000 private vehicles with combustion engines. The induction furnace is co-financed by MMG, our customer and partner. Recycling scrap metal consumes just 5% of the energy needed to make primary aluminium. This form of closed-circuit recycling allows for alloyed metal to be recycled back to metal of similar quality.

AGATHE – purification technology enabling energy saving and recycling

In cooperation with Sintef and REEL Norway, Alcoa will pilot a new type of compact purification process (PIA TM) in Mosjøen in 2022. REEL will construct, test and certify the new technology when it is ready. Sintef's contribution includes knowledge-sharing, measuring and verification support.



HighEFF

HighEFF is a broad collaborative research project striving to develop a research centre for industrial energy efficiency. According to the Sintef Energy, the project's coordinator, HighEFF targets a reduction of industrial energy consumption by 20-30% and a reduction of emissions by 10%. Alcoa participates in the project.

In cooperation with researchers from Sintef, Alcoa has tested new ways of performing several tasks: dehydration using excess heat, energy mapping, pre-heating anodes using recycled heat and energy optimization of heat exchangers in raw gas processes. Excess heat from aluminium production has a low temperature compared to other industrial processes, but on the other hand there is a lot of it. For that reason, the HighEFF consortium has done case-studies for industries with the capability of making use of this excess heat. A workshop in 2022 is planned, where the intention is to bring together various stakeholders presumably capable of developing relevant supply chains.

Water consumption and emissions-to-water

In Alcoa's Norwegian operations, most water is used for cooling in casthouses. Access to water is exceptionally compared to aluminum production in many other countries. Alcoa still looks for ways to reduce water consumption. The Alcoa Corporation's specific target is a reduction of water consumption by, respectively, 5% in 2025 and 10% in 2030 compared to 2015 in areas where access to water

is limited. On top of that, all operations are required to accurately account for their water consumption, measure the quality of water going out and prevent any form of water contamination. All operations are moreover required to explore and apply ways to reuse water.

In Lista and Mosjøen, Alcoa has measured and analysed water and biota quality in, respectively, Husebybukta og Vefsnfjorden throughout 2021. All measurements and analyses were performed in line with approved environment agency standards.

Lista's efforts are primarily directed improving measurements of water consumption. Since the smelter does not have water meters on every single user-point, this is a challenge. Instead, consumption is calculated using the number of hours water pumps are in operation. Apart from the casthouse, one of the biggest users of water is the rectifier facility. One of the rectifiers has a water meter where a reduction valve was installed in 2021. Measurements show a drop in water consumption by 30%.

Alcoa Lista now wants to install meters on the entire rectifier facility as well as the compressor stations and the casthouse. Once these are in place, improvement efforts can be targeted with a much-improved accuracy. Plans for reducing water consumption at Lista will be added to Alcoa's Water Management procedure sometime in 2022. Alcoa Lista targets a drop in water consumption by 20% in 2022 compared to 2021.

Greenhouse gas emissions

The Alcoa Corporation has ambitious emission reduction targets both in the short and the long term. Short term targets include reducing the amount of CO₂-equivalent⁵ emissions by 25% in 2025 compared to emission levels in 2015. The corresponding target in 2030 is 50%, while our 2050 is to be complete emission-free. Targets include both direct emissions («Scope 1») and indirect emissions from electricity supply («Scope 2»). All emission targets are specific intensity target, i.e. measured in tonnes of CO₂ per tonne of produced aluminium. Any potential curtailment or termination of operations does not count as achieving any emission target.

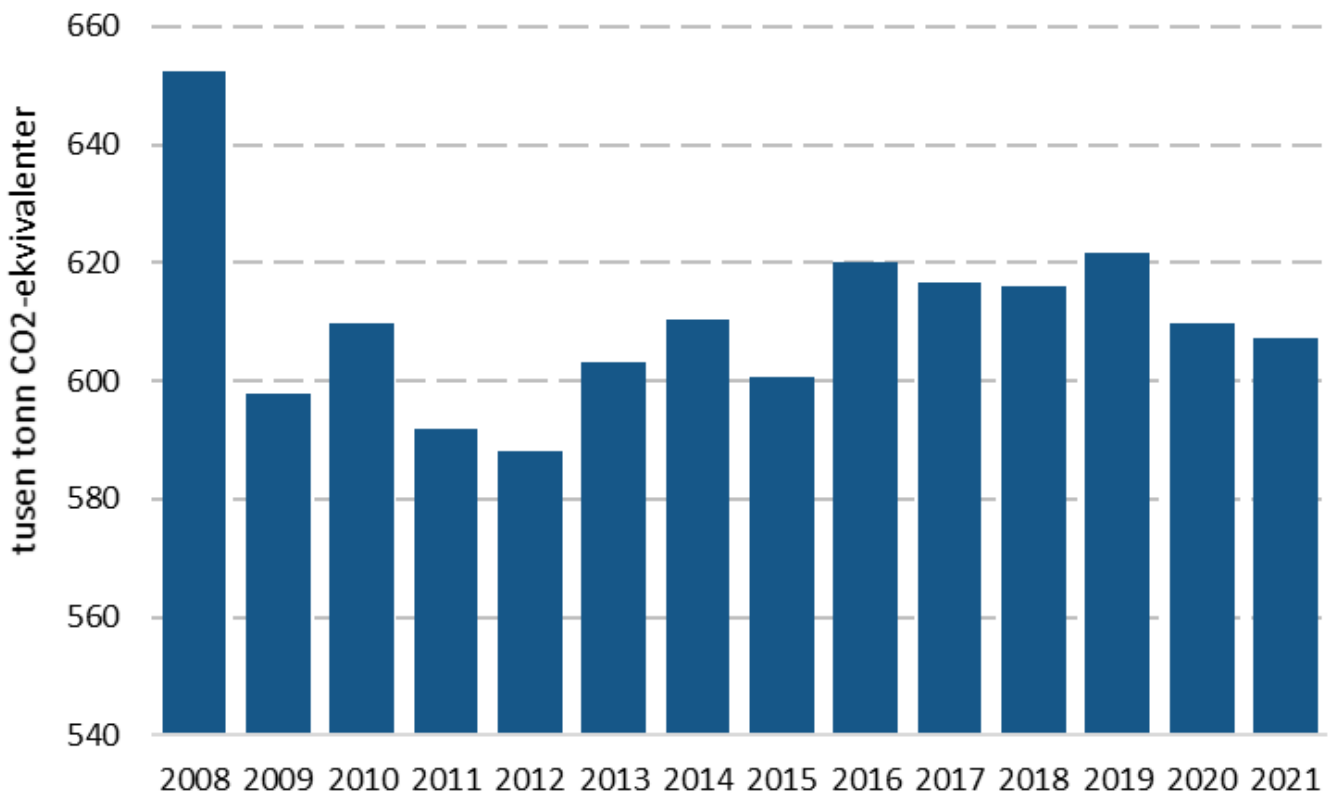
The way in which Alcoa aspires to achieve emission reduction targets is presented in the company technology roadmap, presented to investors and other stakeholders in November 2021. The roadmap details Alcoa's plans for a complete transition of all parts of the value chain, with the result being production of aluminium without any Scope

1 or Scope 2 emissions. It consists of a set of innovative technologies that will fundamentally transform the way in which aluminium is produced:

- Zero Scope 2 emissions; in the long term, all Alcoa operations will be supplied with electricity generated from renewable sources
- Refinery of the future providing solutions to direct refinery emissions using «Mechanical Vapour Recompression (MVR)»-technology and electric calcination
- Elysis™; use of inert anodes instead of carbon-based anodes, allowing production of primary aluminium without any CO₂ emissions
- Astraea™, innovative remelting technology creating high purity aluminium from post-consumer scrap

Norwegian emissions have been relatively stable for the last fifteen years. During this period, Lista's and Mosjøen's combined CO₂-equivalent emissions has for the most part hovered between 600,000 and 620,000 tons per year. Variations are mostly due to normal operating variations and varying chemical characteristics of raw materials. Emission figures are presented below.

Figure 4: Emissions from Alcoa's Norwegian operations, thousand tons CO₂-equivalents



Scope 1 emissions in 2021 from the two Norwegian smelters totaled respectively 172,475 tons CO₂-equivalents from Lista and 420,705 tons of CO₂-equivalents from Mosjøen. Most emissions come from use of carbon anodes in the pot rooms. Smaller shares come from use of liquified natural gas and propane. Natural gas consumption at Lista was 197 TJ LNG and 7 TJ propane, Corresponding gas use in Mosjøen was 1038 TJ and 7 TJ propane.

Going forward, Alcoa Norway's emission levels will first and foremost depend on the Alcoa Corporation's ELYSIS development and roll-out. Exactly how this roll-out will be is currently a matter of uncertainty.

A transition like deploying ELYSIS could take several years to achieve. For that reason, Alcoa continuously explores what developments could work as temporary carbon sinks

⁵ CO₂-equivalents comprise CO₂, perfluorocarbons (PFCs), methane and nitrous oxides.

until ELYSIS is in place. In 2021, Alcoa Mosjøen signed two letters of intent with, respectively, Bergen Carbon Solutions (BCS) and Gen2Energy. The former agreement involves giving BCS access to parts of Alcoa's CO₂-emissions, which BCS, in turn and if applicable, will use in its production of carbon fiber. Parts of Alcoa's CO₂-emissions would with this type of arrangement be part of a carbon capture and use (CCU) value chain. Our agreement with Gen2Energy, a green hydrogen producer, encourages Alcoa to identify which, if any, parts of our operations could be eligible for use of hydrogen.

The EU Commission's climate legislation is an important driver for Alcoa's decarbonization efforts. In 2021, the EU Emission Trading Scheme (EU ETS) entered its fourth trading phase which lasts up to 2030. Throughout this trading period, total emissions from installations covered by the ETS must fall each year all the way up to 2030, when the emission allowances released to the market account for 61% lower emissions than emission levels in 2005. This will have an impact on ETS emission allowance prices and subsequently Alcoa's emission costs.

Higher allowance prices affect Alcoa's emission costs in two ways. The first is a direct impact. Both Lista and Mosjøen must cover annual emissions by surrendering a corresponding number of allowances. Most allowances are handed to our operations without costs, but a share of allowances must be bought in the market. The higher the emission allowance prices, the more extensive the costs of doing so. The other impact is indirect in that it runs through the power price. Power producers are not exposed to competition from outside the EU and can therefore pass through their emission costs on to wholesale electricity prices. When allowance prices increase, so does the electricity price. This goes for Norway too even though the country has virtually no CO₂-emitting electricity generation. Indirect emission costs are therefore costs that power-intensive industries pay for someone else's emissions.

A climate policy that incurs serious emission costs for industry is unique to the EU. This makes the EU's climate policy a competitive disadvantage for Alcoa Norway and it's EU-based peers. Cases where EU-based aluminium industry shuts down or curtails, and where the «lost» metal is covered by incremental production increases outside the EU in places with no climate policies, is referred to as carbon leakage.

The EU recognizes the risk of carbon leakages and has introduced measures to mitigate this risk. Mitigation of the risk coming from high direct emission costs is done through grandfathering, or handing out for free, emission allowances for industrial sectors deemed to be at risk of carbon leakage. Mitigation of indirect emission costs is done through carbon compensation, where parts of the pass-through effect emission allowance prices have on electricity

prices is reimbursed. The regulation for free allowances is part of Norwegian law, while Norwegian policymakers are still in the process of implementing the carbon compensation framework for the fourth ETS trading period, 2021-2030. Carbon compensation is exceptionally important for Norwegian industry companies which, unlike their European counterparts, have very high indirect emission costs.

The ETS is just one of many components in an ever-expanding EU climate policy. In 2019, the new EU Commission launched the European Green Deal, a powerful and ambitious policy package which in turn led to the more specific work-package called Fit-for-55. Against this backdrop, the EU introduced ever more stringent and ambitious climate targets and political measures to ensure compliance. One such new policy is the Carbon Border Adjustment Mechanism (CBAM). This mechanism is effectively a toll on emission levels of selected imported industrial products. The fee is the going ETS price. Primary aluminium is one of the products covered by CBAM. The legislation is still being developed, but when introduced it will have two effects on Alcoa's Norwegian operations:

- Free allowances will gradually be phased out, meaning a larger share of emission allowances must be bought in the market. This raises emission costs. It may also result in the gradual or sudden phase-out of carbon compensation, but this is uncertain.
- Tolling fees on imported aluminium means that market premiums of aluminium traded in the EU should increase, raising the sales value of Alcoa's products.

CBAM is currently undergoing political processing in the EU. The trilogue, i.e., political negotiations between the Parliament, the Council and the Commission, is due to start early autumn 2022. It is broadly expected that the scheme will start in early 2023, though the first years of the scheme will be a testing phase. Most likely, the mechanism will start having real effect for producers of CBAM-covered material in early 2026.

PFC – reducing emissions of CO₂-equivalents

Perfluorocarbons is a very potent greenhouse gas with 9 000-16 000 times the effect of CO₂. Atmospheric concentrations of PFCs are increasing. The aluminium industry is a source of PFC-emissions. PFC-emissions are subject to ETS reporting and trading on the same terms as CO₂, and so feature in our climate reporting. In cooperation with Hydro, NILU and a consortium of aluminium producers, Alcoa is working to develop more accurate to measure and verify PFC emissions. This work is done for the International Aluminium Institute (IAI). Additionally, we are studying the correlation between production and PFC emissions in a highly detailed way. We expect PFC emissions to fall as a result of our efforts. Measurements to be performed in 2022 at both Lista and Mosjøen.

Aluminium Stewardship Initiative og andre sertifiseringer

Both Lista and Mosjøen are certified in accordance with the Aluminium Stewardship Initiative's (ASI) Performance Standard. ASI certification means that the plants perform a set of workstreams with high quality, including leadership, environmental management, and social responsibility. The certification confirms that Alcoa's aluminium production in Norway is operated in a way that diligently safeguards the environment. We manage our resources according to strict environmental requirements and, as far as possible, minimize all types of emissions while taking biological diversity into account.

All aluminium produced in Alcoa's Norwegian smelters is certified as per the ASI Chain of Custody-standard which complements Alcoa's Sustana™ certification. Alcoa's Sustana™-products include the Ecolum™ standard, for which both Lista and Mosjøen qualify with a carbon footprint of less than 2,5 tons CO2 per ton aluminium. This is 75% below the global average. Alcoa Mosjøen also qualifies for the Ecodura™ standard for aluminium castings, which requires that at least 50% of the end-product comes from recycled metal.

In January 2021, Alcoa Lista received an updated pollution permit from the Norwegian Environment Agency in accordance with the Pollution Control Act, as required by Best Available Technology reference document (BREF/BAT) regulations. A similar Environment Agency process was initiated for Mosjøen in February 2021.

Alcoa Lista was recertified in accordance with ISO 50001, in addition to undergoing annual revisions of ISO 14001 and 9001 without deviation.

Alcoa Foundation

In 2021, Alcoa Foundation continued collaborating with The Researcher Factory ("Forskerfabrikken") to promote Science, Technology, Engineering, and Mathematics (STEM) subjects. Forskerfabrikken aims to motivate children and youth to pursue science careers and to solve tomorrow's climate and environment challenges. We also organized five science summer schools attended by 146 children from the 5th to 7th grade. The children's responses were very positive. Other collaborations that continued during 2021 were "Young Entrepreneurship" and "Bellona Young".

"Young Entrepreneurship" hosted innovation camps for pupils in lower secondary and upper secondary school with aided facilitation from local labour and business sectors. The intention is to train pupils in creativity and innovation, with an added focus on climate change and the environment. Thus, with added motivation from Bellona, young people will be more motivated and engaged to meet the environmental and climate challenges.

Alcoa employees are encouraged to contribute to their communities through voluntary work. In Mosjøen, employees participated in 9 voluntary activities for various local organisations in 2021. For covid pandemic-related reasons, our staff was only able to make use of the autumn months, affecting the number of voluntary activities that were carried out. Now those pandemic restrictions are fading, employees are back to pre-pandemic participation levels.

The Alcoa Foundation's total contribution to the local communities was NOK 1,7 million in 2021

Development and prospects

The LME price averaged USD 2,800/t in January 2022. Since then, it has increased to about USD 3,300/t. Product premiums are still high. Demand growth was positive in the first quarter, though somewhat held back by a weaker outlook in the automotive industry. Both demand and the price of aluminium will have a positive result impact in 2022 compared with the previous year. The impact from the situation in Russia and Ukraine remains uncertain.

The top priorities for Alcoa Corporation are 1) reduce complexity, 2) drive returns, and 3) advance sustainably. We are focused on being a low-cost producer, improving margins, and investing wisely. Renewed focus on the Alcoa Business System and continued progress in our automation projects are important initiatives to achieve our targets. Improving process knowledge, safety, and environment will continue unabated.

Allocation of profit

The partners in Alcoa Norway ANS have decided to transfer the 2021 profit, NOK 2 595 million, to the owners' equity.

Mosjøen, 25. May 2022

for Alcoa Norway ANS



Grethe Hindersland
Managing Director

for Norsk Alcoa AS and Norsk Alcoa Smelting AS



Henrik Tveten



Grethe Hindersland




Alcoa

Aida Bermudez

Comprehensive income

Amounts in NOK million	Note	2021	2020
Sales primary		9,682	7,015
Other sales		97	56
Sales	1,3	9,779	7,070
Raw materials and energy	1	(5,636)	(4,159)
Salaries, wages and related costs	4	(705)	(665)
Depreciation and write-downs	19, 20	(414)	398
Other operating costs	5	(999)	(911)
Other gains and losses	6	560	(121)
Operating costs		(7,193)	(6,254)
Income from operations		2,586	817
Intercompany interest income	21	72	83
Intercompany interest expenses	21	(50)	(60)
Foreign exchange gains/ (-) loss		0	2
Other financial income/ (-)expenses		(13)	(17)
Net financial items		9	8
Net profit		2,595	825
Other comprehensive income			
Cash flow hedges	1	0	0
Remeasurement net pension liabilities		0	(1)
Total comprehensive income for the year		2,595	824

Balance sheet

Amounts in NOK million	Note	31/12/2021	31/12/2020
ASSETS			
Tangible assets	19,20	2,998	3,012
Total fixed assets		2,998	3,012
Long term receivables	16	30	30
Other long-term receivables		30	30
Inventories	9	1,241	750
Accounts receivable	7	1,032	753
Short term receivables	8	7,046	4,593
Short term financial derivatives	1	18	
Cash and short term deposits		1	3
Total current assets		9,338	6,099
Total assets		12,367	9,110
EQUITY AND LIABILITIES			
Company capital	14	6,455	4,325
Owners equity		6,455	4,325
Pension Liabilities	15	6	6
Other long term accruals	17	110	83
Accrued liabilities		116	88
Long term debt	18	2,300	2,300
Long term financial derivatives	1	249	790
Other long-term liabilities		2,549	3,090
Accounts payable	11	930	884
Other current payables	12	2,291	696
Short term financial derivatives	1	26	28
Current liabilities		3,247	1,608
Total equity and liabilities		12,367	9,110

Mosjøen, 25. May 2022


for Alcoa Norway ANS



Grethe Hindersland
Managing Director

for Norsk Alcoa AS and Norsk Alcoa Smelting AS


Henrik Tveten


Grethe Hindersland

Cash flow Statement

Amounts in NOK million	Note	2021	2020
Net profit		2,595	825
(Gain)/Loss on sale of tangible assets		(16)	
Depreciation fixed assets	20	385	398
Write-down retired assets	20	8	
Change in working capital		(725)	96
Change in accruals		(503)	(207)
Net cash flow from operating activities		1,745	1,112
Investments in tangible fixed assets	20	(374)	(296)
Long term receivable	16	(30)	
Other current receivables Alcoa Group	8	(1,241)	(251)
Sale of property	20	18	
Net cash flow from investing activities		(1,627)	(547)
Net cash flow before financing activities		118	565
Intercompany debt	12	(46)	4
Distributed cash to owners	14	(465)	0
Net cash flow from financing		(511)	4
Net change in liquid reserves		(393)	569
Liquid reserves 1 January		918	349
Liquid reserves 31 December		525	918
Cash and short term deposits		1	3
Group bank account	8	524	915
Undrawn portion of credit facilities	10	0	0
Liquid reserve including credit facilities 31 December		525	918



ACCOUNTING PRINCIPLES

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and regulations relating to IFRS adopted by the Ministry of Finance 21 January 2008. This essentially means that the recognition and measurement follow international accounting standards (IFRS) and the presentation and disclosures are in accordance with Norwegian Accounting Act and generally accepted accounting principles in Norway.

The Company has adopted the following simplifications of recognition and valuation rules in IFRS:

- IFRS 1 D6 on the continuation of the cost of investments in subsidiaries, associated companies and joint ventures.
- IFRS 5 is not applied.
- IAS 10.12-13, IAS18.30 and IFRIC 17.10 are waived so that dividends and group contributions are recognized in the financial statements according to the Norwegian Accounting Act.
- IAS 9 are waived so that the contracts for the purchase of physical power to use in the company's own production is not accounted for as investment contracts in the company accounts.
- Financial assets and liabilities designated at fair value under IFRS 9 have been expanded to include financial instruments in which the criteria are met in overhead accounts.

Corporate accounts are based on the principles of historical cost accounting, with the exception of the following accounting records:

- Financial instruments at fair value, financial instruments available for sale are carried at fair value.

All amounts are in million Norwegian kroner, unless otherwise indicated.

ACCRUAL, CLASSIFICATION AND VALUATION PRINCIPLES

Assessments of the individual items in the financial statements are based on the current IFRS standards.

The accounts are primarily based on a historical cost basis except for derivative financial instruments which are carried at fair value. Fixed assets are recorded at the lower of book value and fair value. Fair value is measured as the highest of the assets value in use and sales value less cost to sell.

Provisions are made when there is an actual liability, it is likely that it will be paid and the cost can be estimated reliably. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period the changes occur, if they apply the current or previous periods. If the change applies future periods, the revision affects both current and future periods.

Classification of balance sheet items as current or non-current is based on a 12 months period. Items that have a lifespan of more than 12 months are long term, while other items are current. This applies to both assets and liabilities.

REVENUES

Revenue is the expected remuneration from sale of goods and is recognized as income after a pattern that reflects the transfer of control over goods or services to the customer, that is, revenue from sale of goods is recognized when title is transferred to the buyer, that is according to the agreed delivery terms. Revenue related to sale of services is accounted in accordance with the degree of completion. Revenues are net of VAT, discounts and bonuses.

MAINTENANCE COSTS

Ongoing maintenance costs are expensed as incurred. Recurring maintenance jobs (periodic maintenance), replacements and upgrades of assets are classified as investments and recognized in the balance sheet.

RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred, while expenditure on development is capitalized if the criteria according to IAS 38 are met.

ENVIRONMENTAL COSTS

Imposed environmental investments that are essential for continued operations is treated as an investment and capitalized. Estimates for the costs of repairing damage to the environment resulting from construction of new facilities are included in the cost price and depreciated with the actual plant. Costs of repairing damage to the environment arising out of production are expenses as incurred.

PENSION COSTS AND COMMITMENTS

Pensions are accounted for in accordance with IAS 19. Pension costs and pension liabilities for defined benefit plans are calculated according to linear service charges based on assumptions about discount rates, future salary increases, pensions and social security benefits, and actuarial assumptions regarding mortality, voluntary retirement etc. The discount ratio is based on long term covered bonds at the balance date adjusted for expected duration of pension liabilities. Changes in liabilities due to changes in pension plans are recognized in full when determined and publicized. Changes in liabilities due to changes in assumptions (actuarial gains and losses) are recognized directly in OCI with a finite amount.

CURRENCY

The company's functional and presentation currency is Norwegian Krone (NOK). Transactions in foreign currencies are recorded at the rate on the transaction date, while monetary items in foreign currencies are remeasured to the end of period currency rate on the balance sheet date. Foreign exchange gain/losses, including translation differences are recognized as financial items. For hedge accounting, see derivatives.

DERIVATIVES

The company uses derivative financial instruments to hedge the exposure of currency and price risk relating to finished goods, raw materials and other major purchases. Derivatives are recognized initially at cost and are valued in the following periods at fair value and recorded as assets or liabilities. Gains and losses resulting from sale or changes in fair value are recognized in profit and loss if the derivatives are not part of a hedging portfolio that meets the criteria for hedge accounting. Gains and losses on derivatives that are

part of a hedging relationship are recorded simultaneously and classified consistently with the transaction that is hedged. This means the effects related to hedging of future transactions (cash flow hedge) is recognized temporarily in equity and recognized in the income only when the hedged transaction is realized. Gains and losses on derivatives treated as fair value hedges are recorded in profit and loss and offset wholly or partly changes in value of the hedged item.

RECEIVABLES

Accounts receivable and other receivables are recorded at nominal value less provision for doubtful debts. Provisions for losses are based on an individual assessment of each receivable.

INVENTORIES

Inventories are valued at the lower of average historical cost and net realizable value. Net realizable value is measured as expected selling price minus selling costs. For raw materials and work in progress net realizable value is calculated to net sales value of finished goods reduced for the remaining production costs. The cost of manufactured products includes direct materials and wages, plus a proportionate share of overhead cost based on normal operating capacity.

FIXED ASSETS AND DEPRECIATION

Fixed assets are valued at historical cost less depreciation. Depreciation is calculated on the basis of cost less any residual value and is distributed linearly over the estimated useful life of each asset. Cost includes direct planning and project costs, and interest incurred during construction. Depreciation starts when the asset is ready for use and is revised annually.

LEASING

IFRS 16 regulates the recognition, measurement, presentation and disclosure requirements relating to leases and requires that leases be capitalized in the accounts of the lessee in the form of a lease obligation (obligation to pay rent) and an asset that represents the lessee's right to use the underlying asset. This is as accounting of financial leases under IAS 17. The standard allows leases that are

short term (up to 12 months) or where underlying assets have a low value (must be made a material valuation) to be expensed. At initial recognition, the liability is measured as the present value of future lease payments during the lease term. The right to use the asset is measured at cost. In retrospect, the usage right is depreciated and interest expense on the liability is expensed under finance costs. The lease payments ("installments") reduce the carrying amount of the lease.

CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

INCOME TAX

Income tax liability is borne by the owners and is not recognized in the company's income statement or balance sheet. The tax disclosure informs about the company's tax position of which the owners are liable.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS1 Presentations of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produce that are not an output of the entity's ordinary activities.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions. Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.



Notes to the accounts

1 FINANCIAL MARKET RISK - RISK FACTORS

In addition to the operative risk, Alcoa Norway is exposed to risk in the product and input factor markets, as well in foreign exchange.

Aluminium and alumina

From 1 March 2021 all exports from Alcoa Norway has been done through the Dutch Alcoa company Alcoa Nederland Holding B.V. The sales prices between the two entities reflect the sales prices to the end customers less a selling fee.

The alumina is supplied from Alcoa Corporation based on an internal index price.

Currency risk

Fluctuations in the value of Norwegian kroner against other currencies are important to Alcoa Norway's net income because the company exports the majority of its product to markets where the price is fixed in a foreign currency. Aluminium is quoted in USD in all markets, and changes in the USD exchange rates have an impact of the price realized in local currency. In addition, fluctuations in NOK also affects the prices of raw materials.

As a result of IFRS 9, all derivative contracts are recognised at fair value. When calculating the fair value, all derivative contracts are measured against the observed forward exchange rate on the balance sheet date day.

For fair value hedges, any changes in the value of derivative contracts are reported in the income statement.

The same applies to the currency element of the underlying hedged items.

Power

Beginning 2017 Alcoa Norway entered into several long-term power purchase agreements, which secured approximately 50% of the necessary power for the Norwegian smelters for the period 2020-2035. The remaining 50% is currently purchased under short-term contracts. Financial compensation of the indirect carbon emission costs passed through in the electricity bill is received in accordance with EU Commission Guidelines and the Norwegian compensation regime.

DERIVATIVES

All derivatives are booked at fair value. The original contract is measured against the relevant market rates at year-end.

Consequently, fair value is unrealised gain/loss on derivatives.

	Change Nominal value cash flow hedges	31.12.2021		31.12.2020	
		Fair value	Nominal value	Fair value	Nominal value
Fair value hedge					
Currency forwards, currency swaps		(78)	913	(13)	1,487
Other derivatives					
Power contracts		(179)	0	(804)	0
Total	0	(257)	913	(817)	1,487

Classification of financial assets and liabilities

31/12/2021	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized Cost	Financial instruments measured at fair value through OCI (derivatives used for hedging)	Total
Assets				
Receivables from customers (note 7)	0	1,032	0	1,032
Other current receivables (note 8)	0	7,046	0	7,046
Derivatives (note 1)	18	0	0	18
Cash and short term deposits	0	1	0	1
Total financial assets	18	8,079	0	8,098
Liabilities				
Payables to suppliers (note 11)	0	930	0	930
Other current payables (note 12)	0	2,291	0	2,291
Other long term liabilities (note 17 and 19)	0	116	0	116
Long term debt (note 18)	0	2,300	0	2,300
Derivatives (note 1)	275	0	0	275
Total financial liabilities	275	5,636	0	5,911

Classification of financial assets and liabilities

31/12/2020	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized Cost	Financial instruments measured at fair value through OCI (derivatives used for hedging)	Total
Assets				
Receivables from customers (note 7)	0	753	0	753
Other current receivables (note 8)	0	4,593	0	4,593
Derivatives (note 1)	0	0	0	0
Cash and short term deposits	0	3	0	3
Total financial assets	0	5,349	0	5,349
Liabilities				
Payables to suppliers (note 11)	0	884	0	884
Other current payables (note 12)	0	696	0	696
Other long term liabilities (note 17 and 19)	0	88	0	88
Long term debt (note 18)	0	2,300	0	2,300
Derivatives (note 1)	817	0	0	817
Total financial liabilities	817	3,968	0	4,786

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the following valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques, for which all inputs that either directly or indirectly have a significant effect on the recorded fair value, are observable.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value, but which are not based on observable market data.

As of 31.12.2021 the company held the following financial instruments measured at fair value:

Financial assets and liabilities measured at fair value	31/12/2021	Level 1	Level 2	Level 3
Currency forwards	(78)	(78)	0	0
Power contracts	(179)	(179)	0	0

During the reporting period ending 31 December 2021, there were no transfers between Level 1 and Level 2.

2 TAXES

Taxes have not been charged to these accounts since the tax liabilities rest with the owners.

The following figures from Alcoa Norway ANS are included in the calculation basis for the owner companies' tax accounts:

Tax basis	2021	2020
Profit before taxes	2,595	825
Permanent differences	2	6
Changes in temporary differences	(513)	184
Change temp. differences, no impact on P&L /recorded against equity*	0	0
Tax basis	2,085	1,015

Temporary differences

Inventory reserve	61	44
Other	(261)	(822)
Short-term items	(201)	(778)
Fixed assets reserve	338	410
Environmental accrual	(26)	(33)
Right of Use Assets	8	7
Other	(6)	(6)
Long-term items	314	379
Temporary differences	114	(399)

3 NET SALES BY MARKETS (%)

	2021	2020
Netherlands	80	0
Spain	13	91
Norway	3	4
Iceland	4	5
Total:	100	100

4 SALARIES, WAGES AND RELATED COSTS

	2021	2020
Salaries	588	546
Social security tax	56	41
Pension costs	28	27
Other	32	49
Total	705	664
Number of full-time equivalents at year-end	781	763

Remuneration Managing Director, 1000 NOK

	2021	2020
Total remuneration	1,316	2,128

Managing Director in 2021 has had a shared role and remuneration is allocated to Alcoa Norway ANS based on a distribution key.

Stock-based compensation benefits are provided to certain employees through the issue of shares/options in the listed ultimate parent entity Alcoa Corporation. Alcoa Norway ANS recognizes the compensation expenses according to IFRS 2 Share-based payment. Stock options under Alcoa's stock-based compensation plans have been granted at exercise prices that are not less than market prices at the dates of grant. Stock option features are as follows:

Grant date	Vesting	Term	Reload feature	Method of Settlement
2010 and forward	3 years (1/3 each year)	10 years	None	Equity

In addition to the stock options described above, Alcoa granted restricted share units (stock awards) that vest in three years from the date of grant. Many plan participants can choose whether to receive their award in form stock options, restricted share units or a combination of both. The choice is made before the grant is issued and is irrevocable.

The following table summarizes the total compensation expenses recognized for all options and restricted share units:

Compensation expenses reported in income before social security tax, NOK 1000:

	2021	2020
Stock option grants	34	82
Restricted share unit grants	889	1,014
Total compensation expense:	922	1,096
	Stock options	Restricted share units
Outstanding at December 31.12.2021 NOK 1000	386	3,496

5 OTHER OPERATING COSTS

	2021	2020
Travel- and entertainment costs	2	1
Expensed machinery, inventory and other materials	169	145
Repair and maintenance	126	101
Distribution costs	229	209
Other external services	274	254
Property tax	21	24
Other operating costs	179	177
	999	911

Expenses auditor, NOK 1000	2021	2020
Audit fees	661	673
Audit fees, US	270	0
Other authorization services	76	65
Tax consultancy	34	0
Auditors assistance	19	18
Total remuneration	1,060	756

All amounts excl. VAT

6 OTHER GAINS AND LOSSES

	2021	2020
Fair Value adjustments power contracts	560	(121)
	560	(121)

7 ACCOUNTS RECEIVABLE

	2021	2020
Receivables from external customers	44	38
Receivables from Alcoa customers	988	715
	1,032	753

8 CURRENT RECEIVABLES

	2021	2020
Other current receivables		
Alcoa group - Financial account	2,174	936
Other current receivables Alcoa Group	4,306	3,066
Other current receivables	566	592
	7,046	4,593

9 INVENTORIES

	2021	2020
Finished goods	147	113
Work in process	436	218
Raw materials	574	340
Operating materials	83	79
	1,241	750

10 INTEREST BEARING CREDIT FACILITIES

	2021	2020
Bank overdraft facilities	0	0
Other credit facilities	0	1,300
	0	1,300

The NOK 1.300.000.000 multicurrency revolving facility agreement entered into in 2019 was terminated in October 2021

11 ACCOUNTS PAYABLE

	2021	2020
Payables to suppliers	790	734
Intercompany current payables Alcoa	140	150
	930	884

12 CURRENT PAYABLES

	2021	2020
Other current payables Alcoa group - Financial account	1650	21
Other current payables Alcoa group	473	519
Value added tax, vacation pay and employee tax payables	136	135
Other current payables	32	21
	2,291	696

13 OWNERSHIP STRUCTURE

Company name:	2021	2020
Norsk Alcoa AS	78.53%	78.53%
Norsk Alcoa Smelting AS	21.47%	21.47%
	100.00%	100.00%

14 EQUITY

	Other compre- hensive income	Other equity	Total
Equity 01.01.2021	(6,126)	10,450	4,325
Net profit 2021	0	2,595	2,595
Dividend 2021	(465)	0	(465)
Equity 31.12. 2021	(6,591)	13,045	6,455

15 PENSION PLANS

The pension costs show the future pension entitlement earned by employees in the financial year. This may be in the form of an annual contribution to the employee pension plans (contribution plan) or the entitlement to a specified future pension (defined benefit plan) earned during the year.

Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employee's pension plans, and where the return on the pension plan assets will determine the amount of the future pension.

Defined benefit plans

Defined benefit plans comprise of a multi employer plan. The pension cost is booked similarly as a defined contribution cost. The pension cost is booked similarly as a defined contribution cost. The company have granted additional pensions for some of the pensioners. The defined benefit obligations relating to these pensioners are included in the balance sheet.

The company follows the IAS 19 requirements for pension. Hence the unfunded pension obligation is measured at fair value in the balance sheet and all accumulated gains and losses during year are recognised in Other Comprehensive Income.

The company's pension schemes are in accordance with Norwegian pension law.

Changes in net pension liabilities through the year	2021	2020
Net pension liability ending balance previous year	6	6
Change in accounting principle IAS 19	0	0
Net pension liability opening balance	6	6
Net pension cost for the year	0	0
Contributions	(1)	(1)
Remeasurements loss (gain)	1	1
Net pension liability 31.12.	6	6

Components of net periodic pension cost incl payroll tax	2021	2020
Current service cost (incl. social tax)	0	0
Interest cost on pension liability	0	0
Net periodic pension cost	0	0
Defined contribution plan	28	23
Multi-employer plan - New early retirement scheme	11	10
Pension cost, total	39	33

The net total of pension liability	2021	2020
Gross pension liability /funded and unfunded plans (PBO)	6	6
Pension fund (fair value)	0	0
Net pension liability /-fund	6	6
Unrecognised actuarial gains and losses	0	0
Net pension liability /-fund	6	6

Economic assumptions:	2021	2020
Discount rate	1.50%	1.50%
Assumed salary increase	2.50%	2.00%
Assumed pension increase	1.50%	1.50%
Assumed adjustment in National Insurance base rate (G)	2.25%	1.75%

The company's pension scheme covers 1327 full- and part time employees and 83 retirees as of 31.12.2021

16 MORTGAGES AND GUARANTEES

	2021	2020
Assets pledged as security:		
Fixed assets	2,998	3,012
Inventory	1,241	750
Trade debtors	8,128	5,349
Total	12,367	9,110

Assets are pledged as security for USD 1 500 million Revolver Credit Agreement where Alcoa Nederland Holding B.V. is the borrower Alcoa Norway is a subsidiary guarantor of all Alcoa bonds.

Guarantee liabilities	83	126
Restricted account	30	0

17 LONG TERM ACCRUAL

In Mosjøen the plant has received a new permit for the operation of the landfill in Store Åsnevdal until 2030. Cost of closing this landfill was capitalized in 2018 and there is a corresponding long term liability of NOK million 21 that payments will be booked against.

At Lista NOK 3 million has been accrued for obligations related landfill closure.

At year-end 2021 NOK 35 million received as prepayment for future deliveries to one major customer has been booked as other deferred credits. The balance will be reduced with deliveries in a 5-year agreement that started late 2021.

In addition Alcoa Norway has NOK 5 million stock option liabilities towards the employees and NOK 47 million in long term leasing liabilities booked, see also note 19.

18 LONG TERM DEBT

Intercompany long term debt as of 31.12.2021 is NOK 2.300.000.000 with expiration date 14 July 2027. Interest on the Loan is equal to the NIBOR + 1,62%.

19 LEASES

This note provides information for leases where the Company is a lessee of objects in categories machine, vehicle, building, structure and land. The Company follow the exception in IFRS16 for short term lease (less 12 months) and low value lease (less USD 5000). Hence such lease is not booked to balance sheet.

The balance sheet shows the following amounts relating to leases:

Right of use assets	2021	2020
Building and fixed structures	12	12
Machine / vehicle	49	33
Property and land	40	32
Other	2	2
	103	78

Lease liabilities	2021	2020
Current	14	10
Non-current	47	44
	61	55

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2021	2020
Building and fixed structures	2	2
Machine / vehicle	11	8
Property and land	6	3
Other	1	1
	19	14

Interest Expense	2021	2020
Building and fixed structures	0	0
Machine / vehicle	1	1
Property and land	2	2
Other	0	0
	4	3

Two contracts are considered substantial with annual payment above 1 MNOK and duration above 5 years.

Category	Description	Annual lease MNOK	Duration	Extension right
Property and land	Kolo Veidekke	2	31/12/2026	25 years
Property and land	Main Land	1	31/12/2057	99 years

Estimated rent payment all lease:

Due date:	1 year	2-5 years	> 5 years	Total
Nominal value	16	32	37	85
Net present value	16	29	22	67

20 FIXED ASSETS

Cost price and net book value	Machinery	Buildings & structures	Land and depletable asset	Construction work in progress	Software	Total
Cost price:						
Balance 01.01	7,698	2,729	77	240	36	10,780
Additions	344	39	0	(11)	1	374
Retirements	(114)	(7)	0	0	0	(121)
Balance 31.12	7,929	2,761	77	229	38	11,033
Depreciation and Write-down:						
Balance 01.01	(5,908)	(1,867)	(19)	0	(36)	(7,830)
Retirements	114	7	0	0	0	121
Ordinary depreciation	(329)	(54)	(0)	0	(1)	(385)
Write-down	(8)	(1)	0	0	0	(10)
Balance 31.12	(6,132)	(1,916)	(19)	0	(37)	(8,104)
Net book value:						
Balance 01.01	1,790	861	58	240	1	2,950
Balance 31.12	1,797	844	58	229	1	2,929
Economic life	5-20 years	25-50 years	0-20 years	-	5 years	
Depreciation method	Linear	Linear	Linear	-	Linear	

Investments in and sales of fixed assets	2021		2020	
	Inv.	Sale	Inv.	Sale
Machinery and equipment	344	0	298	1
Buildings	39	18	20	0
Other fixed property	0	0	0	0
Constr. work in progress	(11)	0	(22)	0
Software	1	0	0	0
Total	374	18	296	1

21 RELATED PARTIES TRANSACTIONS

	2021	2020
Net sales primary	9,419	5,394
Other net sales & cost recharge	54	58
Raw materials	2,062	1,807
Other operating cost	159	118
Interest income	50	60
Interest cost	72	83

22 MAJOR OCCURENCES AFTER 31.12.2021

There are no known events after the balance sheet date.
Possible impacts from the situation in Russia and Ukraine are uncertain.



Auditor's Report



To the Partnership Meeting of Alcoa Norway ANS

Independent Auditor's Report

Opinion

We have audited the financial statements of Alcoa Norway ANS (the Company), which comprise the balance sheet as at 31 December 2021, statement of comprehensive income and cash flow statement for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

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

Other Information

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

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

Independent Auditor's Report - Alcoa Norway ANS



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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Mosjøen, 1 June 2022
PricewaterhouseCoopers AS

Silja Eriksen
State Authorised Public Accountant

(This document is signed electronically)

Note: This translation from Norwegian has been prepared for information purposes only.

10 years summary

Income Statement

NOK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net operating revenues	9,779	7,070	7,461	7,791	7,430	6,110	6,261	5,967	5,112	5,162
Cost of goods sold	(6,779)	(5,856)	(7,259)	(6,244)	(5,761)	(4,669)	(5,549)	(5,072)	(4,800)	(3,567)
Depreciation	(414)	(398)	(406)	(390)	(382)	(393)	(396)	(418)	(413)	(413)
Income from operations	2,586	817	(204)	1,157	1,287	1,048	316	477	(101)	1,182
Net financial items	9	8	1	(9)	(47)	(61)	3	11	11	9
Net income	2,595	825	(203)	1,147	1,240	987	318	489	(91)	1,191

Balance sheet

Intangible assets	-	-	-	4	3	1	1	3		
Fixed assets	2,998	3,012	3,101	3,202	3,364	3,563	3,767	4,000	4,251	4,566
Long-term receivables	30	-	-	8	48	34	390	703	1,025	1
Current assets	9,338	6,099	5,025	4,747	3,654	2,030	1,861	2,919	1,790	1,843
Total assets	12,367	9,110	8,126	7,949	7,026	5,642	5,662	7,313	6,747	7,435
Equity	6,455	4,325	3,494	3,666	2,948	2,235	2,123	6,198	5,800	6,472
Long-term liabilities	2,549	3,178	3,041	2,695	2,386	30	107	19	98	170
Current liabilities	3,247	1,608	1,591	1,588	1,691	3,377	3,432	1,096	849	793

Cash flow/liquidity

Net cash flow from operations	1,745	1,112	921	986	1,690	1,209	1,347	1,071	584	866
Capital expenditures	(374)	(296)	(252)	(235)	(187)	(192)	(144)	(170)	(86)	(81)
Other investments/receivables	(1,253)	(251)	(349)	(675)	(1,346)	(301)	(140)	1,015		
Net cash flow before financing	118	565	320	76	156	715	1,063	901	497	786
Dividend	(465)	-	-	(400)	(481)	(850)	(4,400)	-	(800)	(800)
Net debt	(46)	4	25	53	431	-	2,300			
Liquid reserves	525	918	349	5	276	170	305	1,342	440	803

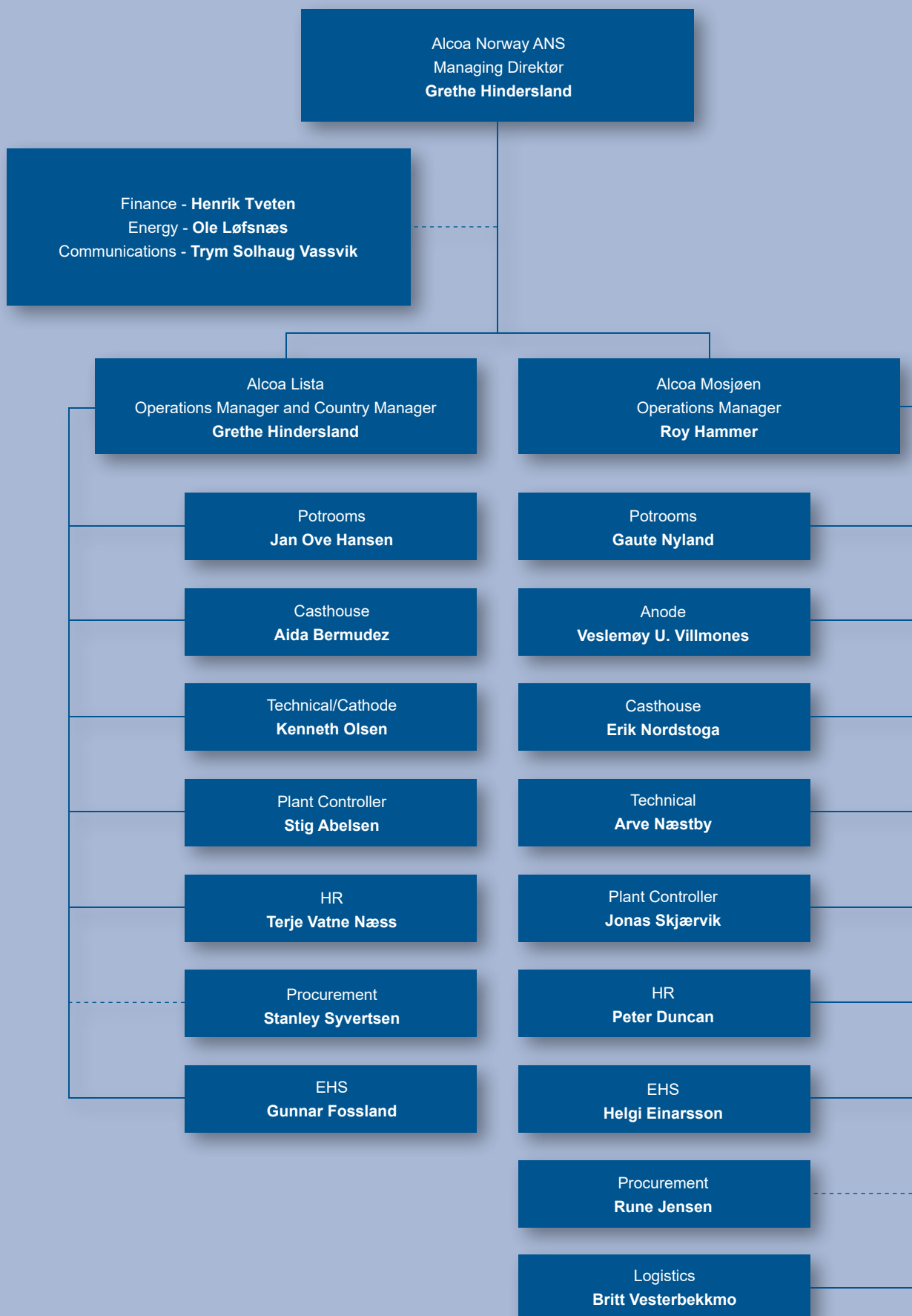
Profitability

Net operating margin %	26	12	(3)	15	17	17	5	8	(2)	23
Return on assets %	24	9	(3)	15	20	19	5	7	(1)	16

Other data

Primary aluminium capacity 1000 tons	294	294	294	292	292	292	290	290	290	286
Primary aluminium shipments 1000 tons	374	359	374	369	369	360	335	361	345	336
Sales outside Norway %	97	96	97	97	98	98	97	97	97	98
Average LME 3 USD/ton	2,488	1,731	1,811	2,116	1,979	1,609	1,682	1,893	1,888	2,050
Currency rate NOK/USD	8.60	9.40	8.80	8.13	8.25	8.40	8.07	6.30	5.88	5.82
Employees at year-end Nos.	781	763	757	744	731	725	722	726	728	737
Lost workday injuries Nos./mill. Work hours	2.1	1.8	1.4	0.7	0.8	0.7	-	-	1.6	-

Organization





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