

Nordural Grundartangi ehf.

Financial Statements

2022

Nordural Grundartangi ehf.

Grundartanga

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Norðurál Grundartangi ehf.

Opinion

We have audited the Financial Statements of Norðurál Grundartangi ehf. for the year ended December 31, 2022 which comprise, the Income Statement, the Balance Sheet, the Cash Flow Statement for the year then ended, and the Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of Norðurál Grundartangi ehf. as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance the Icelandic Financial Statement Act.

Our opinion in this report on the Financial Statements is consistent with the content of the additional report that has been submitted to the audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

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 consolidated Financial Statements section of our report. We are independent of Norðurál Grundartangi ehf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU .

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in our audit
Revaluation of Property, plant and equipment	
Last year the company changed its accounting policy for property, plant and equipment to revaluation method. The value of property, plant and equipment is currently dependent on management's assessment of the underlying operating value in the coming years. As property, plant and equipment are highly specialized and the company's largest asset, we consider their valuation to be a key audit matter in our audit.	Our audit focused on management's valuation of property, plant and equipment at the end of 2022. In our audit, we, together with a valuation expert, reviewed the valuation methodology and the management's main assumptions for the valuation, including: - The projections that the fair value measurement is based upon. - Assessment of the weighted average cost of capital (WACC) and the assumptions of the calculations.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)

Key Audit Matters	How the matter was addressed in our audit
Revaluation of Property, plant and equipment	
<p>The revaluation amounted to marginally higher amounts than initially recognized last year. As the change was deemed immaterial it was not recognized. Value of the revaluation at year-end is USD 445.5 million with revaluation reserve which affects equity through revaluation reserve, which is as a restricted account, taking into account the tax effect booked on the income tax liability.</p> <p>Regarding the assessment of the value of property, plant and equipment, we refer to Note 7 on property, plant and equipment, Note 12 on equity and Note 2 on significant accounting policies.</p>	<p>We assessed whether the valuation calculations were prepared in accordance with the accounting rules in Iceland and we also assessed whether the notes regarding the valuation in the Financial Statement were appropriate.</p> <p>In addition we have evaluated the company's internal controls regarding the revaluation of property, plant and equipment.</p>
Inventory	
<p>The value of inventory is USD 139.3 and the company's second largest asset, we consider the valuation to be a key audit matter in our audit.</p> <p>Inventory is valued at either lower of cost or net realizable value whereas cost is comprises of direct materials and where applicable direct labor costs and overhead cost. As there are complexities and different valuation method based on nature of inventory we have evaluated inventory as key audit matter in our audit.</p> <p>Regarding the assessment of the value of inventory, we refer to Note 9 on inventory and Note 2 on significant accounting policies.</p>	<p>Our audit focused on management's valuation of inventory at the end of 2022. In our audit, we reviewed the valuation methodology and the management's main assumptions for the valuation, including:</p> <ul style="list-style-type: none"> - The projections that the net realizable value is based upon. - Assessment of the methodology of measuring cost and where applicable direct labor cost and overhead cost. <p>We assessed whether the valuation calculations were prepared in accordance with the underlying account method and rules in Iceland.</p> <p>In addition we have evaluated the company's internal controls regarding the valuation of inventory including existence of inventory.</p>

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the endorsement by the Board of Directors and Managing Director, statement of corporate governance

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon, except the confirmation regarding report of the Board of Directors as stated below.

INDEPENDENT AUDITOR'S REPORT

Other information (continued)

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Furthermore, in accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying report of the Board of Directors includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the Financial Statements.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the Financial Statements in accordance with the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the Managing Director 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, the Board of Directors and the Managing Director are responsible for assessing Norðurál Grundartangi ehf.'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 the Board of Directors and the Managing Director 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 Statement as a whole is 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Statement.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

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

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the Financial Statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition to our work as the auditors of Norðurál Grundartangi ehf., Deloitte has provided the firm with permitted additional services such as translation services on Financial Statements and limited consultation on accounting matters. Deloitte has in place internal procedures in order to ensure its independence before acceptance of additional services. Deloitte has confirmed in writing to the Audit Committee that we are independent of Norðurál Grundartangi ehf.

Deloitte was appointed auditor of Norðurál Grundartangi ehf. by the general meeting of shareholders on March 30th 2022. Deloitte have been elected since the general meeting 2004.

Kópavogur, March 28, 2023

Deloitte ehf.

Páll Daði Ásgeirsson

Páll Daði Ásgeirsson

State Authorized Public Accountant

Report by the Board of Directors and Managing Director

Nordural Grundartangi ehf. (Nordural) operates an aluminum smelter at Grundartangi, Iceland and produces high quality aluminum in a responsible, safe, and efficient manner. Quality control protocols are subject to regular review in a process of continuous improvement. All staff is encouraged to participate in maintaining and improving the quality of our operations at all levels.

Nordural is certified by the Aluminum Stewardship Initiative (ASI) for responsible production, sourcing, and stewardship of aluminum. The ASI Performance Standard defines environmental, social and governance principles and criteria, with the aim to address sustainability issues in the aluminum value chain. Quality systems are ISO 9001 certified. Environmental and safety systems are certified according to ISO 14001 and ISO 45001 standards. Production processes, environmental and safety standards are under continuous review. Nordural has implemented the Equal Pay Standard ÍST85:2012 and received Certification with PwC Gold standard.

Production for the year 2022 was 306,267 metric tons, around 9,000 metric tons decrease in production from previous year, largely due to power curtailment during the year 2022. Average number of employee positions in year 2022 was 604 compared to 576 in previous year.

The operating revenue of Nordural amounted to USD 1,040 million (2021: USD 791 million) and increased by 32% from the preceding year due to higher market prices of LME and premium prices, offset partly by unfavorable sales volume. Operating profit before financial items and depreciation amounted to USD 120 million (2021: USD 95 million). Nordural's profit for the year ended December 31, 2022, amounted to USD 219 million (2021: USD 79 million). According to the Balance Sheet the Company's assets amount to USD 1,365 million (2021: 1,170 million), the year's end book value of equity was USD 950 million (2021: USD 801 million) and the Company's equity ratio was 70% (2021: 68%).

Our operating results depend on the market for primary aluminum which can be volatile and subject to many factors beyond our control. The overall price of primary aluminum consists of three components: (i) the base commodity price, which is based on quoted prices on the LME; plus (ii) European Duty Paid premium for metal sold into Europe; plus (iii) any value-added product premium. Each of these three components has its own drivers of variability. The price of aluminum is influenced by a several factors, including global supply-demand balance, inventory levels, speculative activities by market participants, production activities by global producers, political and economic conditions, as well as raw material and other production costs in major production regions. These factors can be highly speculative and difficult to predict which can lead to significant volatility in the price of aluminum.

A deterioration in global economic conditions or a regional or worldwide financial downturn may also adversely affect future demand and prices for aluminum. Geopolitical uncertainty of any kind (including an outbreak or escalation of a regional conflict, such as the current situation in Ukraine), major public health issues (such as an outbreak of a pandemic or epidemic like COVID-19) or other unexpected events have the potential to negatively impact business confidence, potentially resulting in reduced global or regional demand for aluminum and increased price volatility. Such events may also impact prices by causing disruptions in our operations, supply chain, or workforce.

Declines in aluminum prices could cause us to curtail production at our operations or take other actions to reduce our cost of production, including deferring certain capital expenditures and maintenance costs and implementing workforce reductions. Any deferred costs achieved through such curtailments and other cost cutting measures could ultimately result in higher capital expenditures and maintenance costs than would have been incurred had such costs not been deferred and increase the costs to restore production capacity if market forces warrant. These factors may have a material adverse effect on our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

Report by the Board of Directors and Managing Director

Electrical power represents one of the largest components of our cost of goods sold. As a result, the availability of electricity at competitive prices is critical to the profitability of our operations. Disruptions in the supply of electrical power to our facilities could have a material adverse effect on our business, financial condition or results of operation.

Labor, taxes, and certain other costs are denominated in Icelandic Krona while majority of our income is in USD. These items are all related to the entity's normal course of business. Unfavorable changes in these factors could have material adverse effect on our business.

During 2021, we announced plans for construction of a new Billet Casthouse at Grundartangi. The Grundartangi Casthouse project began in late 2021 and is expected to continue through the second half of 2023. The Grundartangi Casthouse project will be fully funded through the Casthouse Credit Facility. The project is progressing and is expected to be completed on-time and on-budget.

Nordural is owned by a foreign parent company Century Aluminum. The foreign ownership shapes to a certain extent the corporate governance of the Company. The parent company has issued internal corporate governance guidelines accessible on the parent company's website which applies to Nordural. Century Aluminum is a publicly traded company listed on the NASDAQ Stock Exchange (NASDAQ) under the symbol "CENX" and as such, it must adhere to strict rules on corporate governance in connection therewith as evidenced by its internal corporate governance guidelines. Nordural in term follows these internal corporate guidelines and all applicable mandatory Icelandic laws and regulations relating to corporate governance of Nordural. Further information on corporate governance and non-financial information is included in appendix to the Financial Statements.

The sole shareholder of Nordural Grundartangi ehf. is Nordural ehf. as it was at the beginning of the year.

Statement by the Board of Directors and the Managing Director

The Financial Statements of Nordural Grundartangi ehf. are prepared in accordance with generally accepted accounting principles in Iceland.

The Board of Directors recommends that dividend will be paid to the shareholders in the amount of USD 100,000,000. As regards to changes in the equity of the Entity, the board refers to the Notes attached to the Financial Statements.

It is the opinion of the Board of Directors and the Managing Director of Nordural Grundartangi ehf. that these Financial Statements present all the information necessary to show the financial position of the Company as of December 31, 2022, and the operating results and cash flows for the year then ended.

Reykjavik, 28 March 2023

Board of Directors

John DeZee

Gunnar Guðlaugsson

Michelle Harrison

Sigrún Helgadóttir

Managing Director

Gunnar Guðlaugsson

Income Statement 1 January to 31 December 2022

		2022	2021
		1.1.-31.12	1.1.-31.12
Operating revenue		1,040,140	790,800
Production, selling and administrative expenses		(920,639)	(695,857)
Depreciation and amortization	7	<u>(31,644)</u>	<u>(36,035)</u>
Operating profit		<u>87,856</u>	<u>58,907</u>
Share of gain (loss) of subsidiary	11	1,235	(54)
Interest income		4,195	2,494
Derivative contracts	16	180,414	41,196
Finance costs	5	(4,371)	(4,535)
Exchange rate gain (loss)		<u>3,976</u>	<u>1,097</u>
Profit before taxes		<u>273,305</u>	<u>99,105</u>
Income tax	6	(53,961)	(19,701)
Profit for the year		<u><u>219,344</u></u>	<u><u>79,404</u></u>

Balance Sheet at 31 December 2022

Assets		31.12.2022	31.12.2021
Non-current assets			
Property, plant and equipment	7	852,486	837,104
Non-Current loans due from related party	10	29,036	0
Derivative financial assets	16	1,794	7,009
Investment in subsidiaries	11	74,982	73,748
Other long term assets		540	0
		<u>958,839</u>	<u>917,861</u>
Current assets			
Inventories	9	139,321	120,448
Trade receivables	8	16,901	4,325
Current loans due from related party	10	74,589	56,825
Derivative financial assets	16	122,296	30,174
Other receivables	8	13,915	26,843
Cash and cash equivalents	8	39,257	13,926
		<u>406,279</u>	<u>252,542</u>
Assets		<u>1,365,118</u>	<u>1,170,403</u>
Equity and liabilities			
Equity			
	12		
Share capital		146,988	146,988
Share premium		117,964	117,964
Other reserves		45,035	40,830
Revaluation reserves		356,415	369,360
Retained earnings		282,543	124,459
Accumulated other comprehensive income		1,395	1,544
Total equity		<u>950,340</u>	<u>801,145</u>
Long-term liabilities			
Derivative financial liabilities	16	3	5,693
Non-Current loans and borrowings	15	54,596	9,636
Lease liabilities	18	643	264
Deferred tax liabilities	13	175,214	159,766
		<u>230,456</u>	<u>175,359</u>
Current liabilities			
Trade and other payables	14	77,527	95,707
Current tax liabilities	6,13	36,529	18,382
Current maturities of lease liabilities	18	558	457
Derivative financial liabilities	16	8,171	10,231
Current loans and borrowings	15	53,445	60,080
Other current liabilities		8,093	9,042
		<u>184,322</u>	<u>193,899</u>
Liabilities		<u>414,778</u>	<u>369,258</u>
Total equity and liabilities		<u>1,365,118</u>	<u>1,170,403</u>

Statement of Cash Flows January 1st to December 31st 2022

	Notes	2022 1.1-31.12	2021 1.1-31.12
Operating activities			
Profit for the year		219,344	79,404
Adjustments to reconcile profit for the period to net cash provided by operating activities			
Depreciation and amortization		31,644	36,035
Income tax	6	53,961	19,701
Share of loss (gain) of subsidiaries	11	(1,235)	54
Net finance cost		(3,800)	945
Derivative contracts	16	<u>(180,414)</u>	<u>(41,196)</u>
		119,500	94,943
Changes in:			
Inventories, changes		(18,873)	(28,133)
Receivables, changes		353	(14,404)
Short term liabilities, changes		<u>(19,129)</u>	<u>45,823</u>
Cash provided by operating activities		81,852	98,229
Interest received		2,493	1,169
Interest paid		(4,567)	(4,662)
Proceeds from derivative contracts		85,757	15,824
Income tax paid		<u>(18,382)</u>	<u>(3,133)</u>
Net cash provided by operating activities		<u>147,152</u>	<u>107,427</u>
Investing activities			
Investment in fixed assets	7	(44,169)	(15,908)
Proceeds from sale of fixed assets	7	3	10
Loans due from related party		(46,500)	(55,500)
Investment in subsidiaries	11	<u>0</u>	<u>(73,655)</u>
Cash used in investing activities		<u>(90,666)</u>	<u>(145,053)</u>
Financing activities			
Dividend paid		(70,000)	(15,000)
Related parties, payments		(9,480)	(10,401)
Loans from financial institutions		48,965	5,000
Payments of lease liabilities		<u>(642)</u>	<u>(138)</u>
Cash used in financing activities		<u>(31,156)</u>	<u>(20,539)</u>
Net increase (decrease) in cash and cash equivalents		25,331	(58,165)
Cash and cash equivalents at the beginning of the year		<u>13,926</u>	<u>72,091</u>
Cash and cash equivalents at the end of the year		<u><u>39,257</u></u>	<u><u>13,926</u></u>

Notes

1. General information

Nordural Grundartangi ehf. ("Company" or "Nordural Grundartangi") is owned by Nordural ehf. The Company operates an aluminum smelter at Grundartangi, Iceland. Nordural ehf. is ultimately owned by Century Aluminum Company, a U.S. based holding company. Nordural Grundartangi ehf. is part of consolidated financial information for Century Aluminum Company which are published on its company website.

The Company has an Operating license for the production of up to 350,000 metric tons per year ("MTPY") of aluminum. This license was issued by the National Planning Agency in December 2015. The license is valid until December 2031.

Production in 2022 was 306,267 MT of hot metal (Casted 308,976 MT) compared to production of 315,182 MT of hot metal in 2021 (Casted 316,721 MT). Reduction in hot metal production from 2021 is largely due to power curtailment during the first quarter in the year 2022.

2. Accounting Policies

Basis of preparation

The Financial Statements of Nordural Grundartangi for the year 2022 are prepared according to generally accepted accounting principles in Iceland. Cost method is used in the Financial Statements. The Financial Statements are prepared in United States dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise stated.

The principal accounting policies adopted are set out below.

Estimates and decisions

For the Annual Report, the Management, in accordance with laws on Financial Statements, needs to make decisions, estimates and draw conclusions which affect assets and liabilities at the reporting date, information in the notes and Income Statement. All conclusions and estimates are based on knowledge and experience and other relevant factors. Those factors make up the basis that can not be ascertained by any other means.

Risk management and derivatives

As a global producer of primary aluminum, our operating results and cash flows from operations are subject to risk of fluctuations in the market prices of primary aluminum, raw materials and power. We may from time to time enter into financial contracts to manage our exposure to such risk. We value our derivative and hedging instruments using quoted market prices and other significant unobservable inputs. We recognize changes in fair value and settlements of derivative instruments in net gain (loss) on forward and derivative contracts in the Income Statement of operations as they occur.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. Profit or loss is moved from Equity to the Income Statement in the same period(s) as the probable transactions affect the Income Statement.

Notes

2. Accounting Policies (continued)

Revenue recognition

Revenues from production are recognized when earned as required by generally accepted accounting principles. Revenues are recognized when title and ownership of the products passes to customers in accordance with contract terms. Interest income is accrued over time, by reference to the principal amount and at the interest rate applicable.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising from currency fluctuations are included in net profit or loss for the period.

Taxation

Income tax is calculated and recognised in the Financial Statements. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Company's tax rate in 2022 was 20%.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax basis used for calculation of taxable profit, and is accounted for using the balance sheet liability method. The difference is due to different assumptions in calculation of income tax.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Company is jointly taxed with its parent company.

Property, plant and equipment

Assets are recognised as property, plant and equipment when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the assets can be measured reliably. Property, plant and equipment are either recognised at amortised cost or at their revalued amounts. Under the cost method, property, plant and equipment are recognised at original cost less accumulated depreciation and impairment. The cost of property, plant and equipment consists of the purchase price and all direct costs of bringing the property into a revenue-generating state. According to the revaluation method, assets are recognised at the fair value at the valuation date, less any accumulated depreciation and impairment.

Any revaluation increase, less income tax effects, is recognised as revaluation reserve among equity. Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset's revaluation reserve is transferred directly to retained earnings.

The depreciable amount of the asset is allocated on a fixed annual percentage of the historical cost over its useful life, less residual value.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Notes

2. Accounting Policies (continued)

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses on cash generating units reduces first goodwill, and after that to reduce other assets. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment loss on goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost or net realisable value, after taking obsolete and defective goods into consideration. Cost comprises of direct materials and, where applicable, direct labor costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Accounts receivable are valued at nominal value. Accounts receivable in currencies other than USD have been recorded at the exchange rate prevailing at the balance sheet date.

Loans due to and from related parties and borrowing costs

Loans due to related parties are initially recognised at fair value plus all related transaction costs. After initial recognition loans due to related parties are recognised at amortised cost using the effective interest method.

Trade payables

Trade payables are valued at nominal value and accounts payable in other currencies have been recorded at the exchange rates prevailing at the balance sheet date.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation.

Notes

3. Salaries and other employee expenses

Salaries and salary-related expenses paid by the Company are specified as follows:

	2022	2021
Salaries	49,262	48,828
Pension fund	7,481	7,416
Salary-related expenses	4,928	4,031
Other employee expenses	719	746
	<u>62,390</u>	<u>61,021</u>
Average number of positions	604	576

Information about management salaries is included in the Notes to the Financial Statements of Nordural ehf.

4. Fees to Auditors

	2022	2021
Deloitte - audit.....	427	320
PWC - other services.....	4	18
	<u>431</u>	<u>338</u>

5. Finance costs

	2022	2021
Interest to related parties	1,738	3,478
Lease interest expenses	58	52
Other finance costs.....	2,575	1,006
	<u>4,371</u>	<u>4,535</u>

6. Income tax

	2022	2021
Current tax liabilities	36,529	18,382
Changes in deferred tax liabilities	17,432	1,319
	<u>53,961</u>	<u>19,701</u>

Notes

7. Property, plant and equipment

	Leased assets	Real estates and related rights	Machinery and equipment	Construction in progress	Total
Cost or valuation					
At beginning of the year.....	2,394	467,276	1,014,692	17,192	1,501,554
Reclassified.....	0	0	12,288	(12,288)	0
Additions.....	1,180	0	0	46,032	47,212
Disposals.....	0	(11,482)	(1,024)	0	(12,506)
At end of the year.....	<u>3,574</u>	<u>455,794</u>	<u>1,025,956</u>	<u>50,936</u>	<u>1,536,261</u>
Accumulated depreciation					
At beginning of the year.....	1,708	127,334	535,409	0	664,450
Charge for the year.....	695	15,884	15,252	0	31,830
Disposals.....	0	(11,482)	(1,024)	0	(12,506)
At end of the year.....	<u>2,403</u>	<u>131,736</u>	<u>549,636</u>	<u>0</u>	<u>683,775</u>
Carrying Amount					
At beginning of the year.....	686	339,942	479,284	17,192	837,104
At end of the year.....	<u>1,171</u>	<u>324,058</u>	<u>476,320</u>	<u>50,936</u>	<u>852,486</u>
Carrying Amount without revaluation					
At beginning of the year.....	686	147,098	210,428	17,192	375,404
At end of the year.....	<u>1,171</u>	<u>140,141</u>	<u>214,719</u>	<u>50,936</u>	<u>406,968</u>

Depreciation and amortization:

	31.12.2022	31.12.2021
Depreciation of property, plant and equipment	31,830	36,221
Amortization of gain on forward contracts	(186)	(186)
	<u>31,644</u>	<u>36,035</u>

In 2021 the Company changed its accounting policy for plant, equipment, tools, and land and apply the revaluation model as allowed under the Icelandic Financial Statements Act. Revaluation to fair value was carried out as of December 31, 2021 and an increase in the total carrying amount of the aforementioned assets in the total amount of ISK 461.7 million was recognized. The revaluation was allocated on a pro-rata basis to the individual assets in the revalued class of assets.

According to the Icelandic Financial Statements Act a revaluation is to be carried out annually. At the year-end 2022 revaluation of carrying amounts 31.12.2022 of its tangible assets was carried out by independent professional valuation experts, based on value in use to determine whether there is any indication that those assets have suffered an impairment loss.

Results of the revaluation for the Company tangible assets in year-end was marginal higher than its carrying amount, and therefore no increase in revaluation was recognized as they are considered immaterial.

Notes

7. Property, plant and equipment (continued)

The revaluation was carried out by independent professional valuation experts based on value in use. Following are the key assumptions used in calculation of value in use:

Weighted average cost of capital is estimated 12.2%. Production capacity is assumed 316,020 tons in 2023 and to increase to maximum capacity of 318,000 tons of hot metal in 2026 of which 60,000 tons casted in PFA. Revenue is based on forward aluminum contracts. The forward curve is expected to increase over the forecast period and revenue increases as a result. Compound annual growth over the forecast period from 2023 to 2030 is estimated 1.3%. Future growth is estimated 2.0% which is in line with long-term inflation expectations in the United States, as the company's revenue is in USD.

Operation costs consist mainly of cost of alumina, power, carbon and labor. Alumina cost is assumed to be a proportion of LME in line with proportions of LME in previous years. Five of the six power supply contracts the company has with energy providers will expire over the next seven years. Therefore, the forecast period is extended to be renewed of these contracts. The contracts are assumed to be renewed on terms of fixed price of USD and expected to increase in line with inflation in USD. Carbon cost is expected to follow forward price of the corresponding products. Labor cost is extrapolated based on long-term inflation and wage index expectation in Iceland.

Sensitivity of fair value assessment

The fair value estimation is subject to estimation uncertainty since some of the assumptions are not directly or indirectly based on market information. A change in key inputs applied in determination of fair value, i.e., alumina price as a percentage of LME, future growth rate, WACC and EBITDA margin would have had the following effects on the fair value estimation as of December 31, 2022:

	Increase	Decrease
Increase/(Decrease) in future growth of 1.0%-point	20,069	(16,476)
Increase/(Decrease) in WACC of 1.0%-point	(50,620)	60,378
Increase/(Decrease) in alumina price as a % of LME of 1.0%-point	(98,420)	98,420
Increase/(Decrease) in EBITDA margin of 1.0%-point	77,594	(77,594)

8. Other financial assets

Trade receivables	31.12.2022	31.12.2021
Trade receivables	15,395	299
Trade receivables from related party	1,506	4,026
	<u>16,901</u>	<u>4,325</u>
Other receivables	31.12.2022	31.12.2021
Value added tax	6,301	5,611
Prepaid expenses	7,503	6,607
Capital income tax	58	71
Other receivables	53	14,554
	<u>13,915</u>	<u>26,843</u>

Notes

8. Other financial assets (continued)

Cash and cash equivalents

The Company's cash and cash equivalent consists of bank balances.

	31.12.2022	31.12.2021
Bank balances in USD	34,052	12,739
Bank balances in other currencies	5,205	1,188
	<u>39,257</u>	<u>13,926</u>

9. Inventories

	31.12.2022	31.12.2021
Aluminum finished goods	14,364	10,214
Aluminum in pots	19,033	23,829
Anodes	32,243	10,885
Alumina	35,214	39,874
Other materials	16,998	15,540
Operational supplies	21,469	20,105
	<u>139,321</u>	<u>120,448</u>

10. Loans due from related parties

Non-current loans due from related parties are specified as follows:

	31.12.2022	31.12.2021
Loans due from related parties	103,626	56,825
Current maturities of loans due from related parties and current loans	(74,589)	(56,825)
	<u>29,036</u>	<u>0</u>

Non-Current loan due from related party is due in twenty even semiannual payments with first payment 2023 and last payment 2032. Interest payments are due semiannual each year with first payment in November 2022. Weighted average interest rates on non-current loans due from related parties are 440 bps + LIBOR.

11. Investments in subsidiaries

	Proportion of ownership	Book value 31.12.2022	Gain (Loss) 2022	2021
Shares in subsidiaries				
Century Vlissingen Aluminum B.V.	100.00%	74,930	4,205	0
Klafi ehf, Grundartanga, Transport Company	50.00%	52	(41)	(54)
Balance at January 1			73,748	146
Acquired during the year			0	73,655
Goodwill Amortization			(2,930)	0
Gain (loss) for the year			4,165	(54)
At December 31			<u>74,982</u>	<u>73,748</u>

Notes

11. Investments in subsidiaries (continued)

Investments in subsidiaries are divided as follows:

	2022	2021
Share in subsidiaries equity	48,609	44,444
Goodwill	26,373	29,304
Investment subsidiaries	74,982	73,748

12. Equity

Share capital is specified as follows:

	Share capital	Share premium	Other reserves	Revaluation reserve	Retained earnings	Accumulated OCI
Equity 1.1.2021	146,988	117,964	40,830	0	60,056	1,692
Currency options, net of tax						(149)
Revaluation of fixed assets				369,360		
Dividends paid					(15,000)	
Profit for the year					79,404	
Equity 31.12.2021	146,988	117,964	40,830	369,360	124,459	1,544
Currency options, net of tax						(149)
Legal reserve for the share of earnings of affiliates			4,205		(4,205)	
Dissolution of revaluation of property, plant and equipment ..				(12,945)	12,945	
Paid dividend					(70,000)	
Profit for the year					219,344	
Equity 31.12.2022	146,988	117,964	45,035	356,415	282,543	1,395

The Company's share capital according to its Articles of Association amounts to USD 163.320 million. Each share has the nominal value of one USD. One vote is attached to each share in the Company. The Company holds treasury shares in the nominal value of USD 16.332 million, recognised as decrease in equity.

Other reserves consist of Statutory reserves 40.83 million (2021: 40.83 million) and Legal reserves for the share of earnings of affiliates 4.205 million (2021: 0) which cannot be paid out as dividend to shareholders. According to the Icelandic Companies Act, 25% of nominal value share capital must be held in as Statutory reserves.

The Company's fixed assets revaluation is recognized in revaluation reserve. The revaluation is dissolved in accordance with annual depreciation of the revaluation in the income statement. Dissolution of the revaluation is recognized in retained earnings.

Accumulated other comprehensive income comprise of a closed hedging activity that is being realized according to the lifetime of the underlying hedged asset.

Notes

13. Deferred tax liabilities

The changes in Deferred tax liabilities are as follows:

	<u>2022</u>	<u>2021</u>
At January 1,	159,766	66,660
Calculated tax for the year	53,961	19,701
Deferred tax due to currency options	(37)	(37)
Exchange rate difference	(2,002)	(540)
Income tax payable for next year	(36,529)	(18,382)
Revaluation of fixed assets	0	92,340
Other changes	55	23
At December 31,	<u>175,214</u>	<u>159,766</u>

The following are the major deferred tax liabilities recognised:

	<u>31.12.2022</u>	<u>31.12.2021</u>
Property, plant and equipment	149,059	153,206
Other items	26,155	6,560
	<u>175,214</u>	<u>159,766</u>

14. Trade and other payables

	<u>31.12.2022</u>	<u>31.12.2021</u>
Functional currency	35,148	51,608
Other currencies	5,470	6,680
Accruals	36,909	37,419
	<u>77,527</u>	<u>95,707</u>

Trade and other payables to affiliated companies amounted to USD 13.5 million in end of year 2022 (2021: 51.5 million)

Notes

15. Loans and borrowings

Non-current loans and borrowings are specified as follows:	31.12.2022	31.12.2021
Loans and borrowings	108,041	69,716
Current maturities of non-current liabilities and current liabilities	53,445	60,080
	<u>54,596</u>	<u>9,636</u>

Nordural Grundartangi loans agreements contains covenants on financial conditions and the Company meets all of its covenants on December 31, 2022.

The Company loans and borrowings from financial institutions are insured with pledges in trade receivables, inventories and in assets at Grundartangi smelter site and assets located at and within the smelter site.

Loans and borrowings due to related parties amounted to USD 8.6 million on December 31, 2022, (2021: USD 14.5 million). Interest rate is 10,0% in Icelandic kronas. Current maturities of loans and borrowings due to related parties amounts to USD 4.5 million. (2021: USD 10.2 million).

In 2021, in connection with the cashhouse project at Grundartangi, we entered into an eight-year Term Facility Agreement with Arion Bank hf, to provide for borrowings up to \$130.0 million. Under the eight-year Term Facility Agreement, repayments of principal amounts will be made in equal quarterly installments equal to 1.739% of the principal amount, the first payment occurring in second quarter 2024, with the remaining 60% of the principal amount to be paid no later than the termination date in January 2030. The eight-year Term Facility Agreement bears interest at a rate equal to USD LIBOR 3 month plus an applicable margin. As of December 31, 2022, there were \$50.0 million in borrowings outstanding under this Term Facility.

In September 2022 Nordural Grundartangi entered into a Term Facility Agreement with Arion Bank hf, to provide for borrowings up to €13.6 million. Under this Term Facility, repayments of principal amounts will be made in equal monthly installments, the first payment occurring in February 2023, with the remainder of the principal amount to be paid no later than the termination date in January 2024. Borrowings under this Term Facility will bear interest EUR EURIBOR 1 month plus an applicable margin. As of December 31, 2022, there were \$14.5 million (€13.6 million) in outstanding borrowings under this Term Facility.

In 2022 an amendment was made to our Revolving Credit Facility with Landbankinn hf, which expires November 2024, increasing the Credit Facility amount from USD 50.0 to USD 100.0 million. As of December 2022, USD 35.0 million were outstanding borrowings under this Credit Facility.

Notes

16. Derivatives

As of December 31, 2022, the Company had an open position of 28,500 tonnes related to LME forward financial sales contracts to fix the forward LME aluminum price. These contracts are expected to settle monthly through December 2024.

The Company has entered into financial contracts to hedge a portion of Grundartangi's exposure to the Nord Pool power market ("Nord Pool power price swaps"). The Nord Pool power price swaps are expected to settle monthly through December 2023. The Nord Pool power price swaps are settled in Euros, therefore the Company has entered into financial contracts to hedge the risk of fluctuations associated with the Euro ("FX swaps"). As of December 31, 2022, the Company had an open position related to the FX swaps of €32.7 million that will settle monthly through December 2023.

During the third quarter of 2022, the Company entered certain floating Nord Pool financial contracts to unwind a portion of fixed contract position as a result of the recent power agreement amendment, making the Company predominantly hedged against Nord Pool power price fluctuations during 2023. As of December 31, 2022, the Company had an open net position of 989,880 MWh related to the Nord Pool power price swaps. The pricing relationship between the fixed and floating contracts created a realized gain of \$16.0 million, which was recognized for the year ended December 31, 2022.

The Company has entered into forward contracts to hedge the risk of fluctuations associated with the Icelandic Krona (ISK) and Euro for contracts related to the construction of the Grundartangi casthouse denominated in these currencies ("casthouse currency hedges"). As of December 31, 2022, the Company had an open position related to the ISK casthouse swaps of \$42 million that will settle monthly through July 2023. As of December 31, 2022, the Company had an open position related to the Euro casthouse swaps of \$9.6 million that will settle monthly through February 2024.

The following table sets forth the Company's derivative assets and liabilities that were accounted for at fair value and not designated as cash flow hedges as of December 31, 2022 and 2021, respectively:

Asset Fair Value:	31.12.2022	31.12.2021
Commodity Contracts	124,090	37,183
Foreign exchange contracts	0	0
	<u>124,090</u>	<u>37,183</u>
Liability Fair Value:	31.12.2022	31.12.2021
Commodity Contracts	798	13,041
Foreign exchange contracts	7,375	2,882
	<u>8,173</u>	<u>15,924</u>

Commodity contracts reflect our outstanding LME forward financial sales contracts and Nord Pool power price swaps. Foreign exchange contracts reflect our outstanding FX swaps. At December 31, 2022, \$0.8 million (2021: USD 12.4 millions) of Liability Fair Value of Commodity Contracts are due to Glencore, affiliated company

Notes

16. Derivatives (continued)

The following table summarizes the net gain (loss) on forward and derivative contracts for the years ended December 31, 2022, 2021

	2022	2021
Commodity Contracts	189,517	53,626
Foreign exchange contracts	(9,103)	(12,430)
	<u>180,414</u>	<u>41,196</u>

For the year 2022, USD 4.3 million (2021: USD 28.7 millions loss) gain of Commodity contracts was with Glencore, affiliated company.

17. Related parties

Related parties are those parties which have considerable influence over the Company, directly or indirectly, including parent company, owners or their families, large investors, key employees and their families and parties that are controlled or dependent on the Company, i.e. affiliates and joint ventures. Business with related parties has been done on a similar basis as business with unrelated parties.

Related parties transactions in the year 2022:

	Purchases of goods and services	Sales of goods and services	Assets	Liabilities
Norðurál ehf., parent company	7,443	0	20,035	9,589
Century Aluminum Vlissingen B.V. subsidiary	185,576	19,450	33,469	7,987
Century Aluminum Company, ultimate parent	6,992	0	52,195	4,460
Glencore Int., affiliated company	168,926	684,053	0	40,918
Klafí ehf., subsidiary	1,433	0	0	0
	<u>370,371</u>	<u>703,503</u>	<u>105,699</u>	<u>62,954</u>

Related parties transactions in the year 2021:

	Purchases of goods and services	Sales of goods and services	Assets	Liabilities
Norðurál ehf., parent company	4,602	0	866	31,379
Century Aluminum Vlissingen B.V. subsidiary	89,032	6,924	616	7,231
Century Aluminum Company, ultimate parent	2,483	948	0	1,508
Glencore Int., affiliated company	113,876	494,364	0	11,437
Klafí ehf., subsidiary	1,358	0	0	0
	<u>211,352</u>	<u>502,237</u>	<u>1,482</u>	<u>51,555</u>

Notes

18. Leases

The company elected to apply IFRS 16 Leases from January 1, 2019. Under IFRS 16, distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and replaced by a model where the right-of-use asset and a corresponding liability have to be recognized for all leases by the lessees. The nature of recognised expenses related to operating leases will change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease.

Leased assets are factory site, warehouses and car leases. Leases are generally 24-36 months except for the factory site which is long term.

Right-of-use assets are specified as follows:

	2022	2021
Right-of-use assets beginning of the year	686	866
Depreciation	(695)	(595)
Additions to right-of-use assets	1,180	415
Right-of-use assets end of year	1,171	686

Effects of leases in Income statement is divided as follows:

	2022	2021
Interest payment of lease liabilities	58	52
Depreciation	695	595

Lease liabilities are specified as follows:

Payments next year	558	457
Payments after year one	643	264
Net investment in leases end of year	1,201	721

19. Insurance

Nordural Grundartangi has purchased commercial property and business interruption insurance intended to compensate for temporary breakdown of operations. The property insurance amount is USD 250 million.

Notes

20. Commitments and Contingencies

Power contracts

Nordural Grundartangi ehf. has power purchase agreements for approximately 546 MW with HS Orka hf, Landsvirkjun and Orkuveita Reykjavíkur to provide power to its Grundartangi smelter. These power purchase agreements expire on various dates from end of 2026 through 2036 (subject to extension). Each power purchase agreement contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement.

Sale and Raw Material Contracts

Nordural Grundartangi has a sales contracts to be delivered through the years 2023 to 2029 with Glencore International and through for 2023 and 2024 with Concord Resources Limited for all aluminum produced each year. Under these contracts Nordural Grundartangi receives price based on the LME primary aluminum plus an applicable premium.

Nordural Grundartangi has a contract for the supply of anodes with Century Aluminum Vlissingen B.V. The contract is effective through 2027 and can be extended. During the term of the agreement, Century Aluminum Vlissingen B.V. shall supply to Nordural the annual quantity of anodes in accordance with the written production schedule agreed to by the parties.

Nordural Grundartangi has a short-term contracts with various suppliers for key raw materials required for its aluminum production. Key raw material including Alumina, Cathodes, and Fluoride.

Corporate Governance Statement

Nordural Grundartangi ehf. is owned by Nordural ehf. which is owned by a foreign parent company Century Aluminum. The foreign ownership shapes to a certain extent the corporate governance of the Company. The parent company has issued internal corporate governance guidelines accessible on the parent company's website which applies to Nordural. Century Aluminum is a publicly traded company listed on the NASDAQ Stock Exchange (NASDAQ) under the symbol "CENX" and as such, it must adhere to strict rules on corporate governance in connection therewith as evidenced by its internal corporate governance guidelines. Nordural in term follows these internal corporate guidelines and all applicable mandatory Icelandic laws and regulations relating to corporate governance of Nordural.

Laws, rules and regulations

The following are some of the most important laws applicable to Nordural's operations:

Act on Annual Accounts

Act on Private Limited Companies

Act on Pollution Prevention

The Competition Law

Act on Data Protection and the Processing of Personal Data

Act on Measures against Money Laundering and Terrorist Financing

The above mentioned laws are accessible on www.althingi.is.

The Company furthermore operates in accordance with an operating licence accessible on www.ust.is.

Internal controls and risk management

The Board of Directors holds the ultimate responsibility for an effective internal control system. The management of Nordural is responsible for implementing and maintaining adequate internal controls.

The internal control system is designed with the purpose of providing reasonable assurance that financial reporting is in accordance with accepted accounting standards. The management of Nordural assess the effectiveness of the internal control system which is based on "Internal Control – Integrated Framework" issued by COSO and on Sarbanes Oxley Act from 2002 for listed US companies as part of consolidated Financial Statements of Century Aluminum. The design and effectiveness of the internal control system has been audited by Deloitte.

An effective risk management framework has been implemented and Nordural has defined its major risks as: Business risk, financial risk, operational risk and environmental risk. The Board of Directors and Nordural's management regularly receive risk reports addressing the major risks Nordural is exposed to.

The Board's major objective with regard to an effective internal control and risk management system is to contribute to Nordural reaching its goals concerning its purpose, obligations, earnings, reliability of financial information and compliance with laws, rules and regulations.

Nordural has not appointed a compliance officer but there is a compliance department in the parent company. Internal audit is supervised by Century Internal Audit Department additionally to be outsourced to EY and conducted yearly on a consolidated basis.

Sustainability and ethical standards

Nordural emphasizes that its operations are in cohesion with the environment. Nordural constantly strives towards minimizing its effects on the environment and the responsible usage of energy and raw materials. Nordural contributes to increased environmental awareness and the involvement of its employees in reformations. Nordural is in compliance with all requirements stipulated in its operating licence, laws and rules regarding environmental issues.

A Code of Ethics is accessible on the website of Nordural.

Corporate Governance Statement (continued)

Composition and activities of the Board of Directors

The Board of Directors holds supreme authority in Nordural's matters between shareholders' meetings.

The Board of Directors shall ensure that Nordural's organization and operations are in a good state. The Board shall also promote the development and long-term performance of Nordural and monitor its daily operations.

The Board is composed of four individuals, two males and two females. None of the board members is considered independent of Nordural or the shareholder since they are all employees of the group. Formal rules of procedures were approved by the Board of Directors in 2021.

The Board of Directors is composed of the following individuals;

John DeZee, Chairman of the Board, is born in 1963. He received his B.A. from Whitman College and his J.D. from the University of California at Berkeley Law School. He joined Century in 2008 as Associate General Counsel. After taking on roles of increasing responsibility, John DeZee was promoted to Executive Vice President, General Counsel and Secretary in May 2021. He started his legal career at Paul Hastings in Los Angeles and served as in-house counsel at James Hardie Building Products just prior to joining Century. He was elected to the Board of Nordural during the May 2021 board meetings.

Gunnar Guðlaugsson, Director, is born in 1960. He has a Master's degree in electrical engineering, Diploma in business and operations and a journeyman's examination in electrical trades. He is the Executive Vice President of Global Operations and Managing Director of Nordural since 2021. He was plant manager of Nordural Grundartangi from 2009, manager for various departments of ISAL from 2000 and an engineer at ISAL from 2008. He has done various engineering work since 1994.

Michelle Harrison, Director, is born in 1975. She is a graduate of the University of California at Santa Barbara and a Certified Public Accountant. She joined Century in 2000. She was promoted to Vice President and Treasurer in 2007 and to Senior Vice President, Finance and Treasurer in March 2014. Prior to joining Century she worked as an auditor for Deloitte & Touche.

Sigrún Helgadóttir, Director, is born in 1968. She has a Cand.oecon. degree in business from the University of Iceland and an MBA degree from the Norwegian School of Management (BI). She has been plant manager of Nordural at Grundartangi from 2021, but previously as a managing director of HR and Procurement. Previously, she was an employee of Kaupþing, the Stock Exchange in Oslo and the Icelandic Stock Exchange (now Nasdaq Iceland).

The Board of Directors held a total of 4 board meetings in 2022. The meetings were attended by all board members, the Manager of Finance, and a representative of Century Legal Department and Company's Legal Counsel. Foreign board members and the representative of Century Legal Department attended the meetings through phone. The Board of Directors has not performed a performance assessment of its work and procedures.

Sub-committees of the Board of Directors

The Board of Directors appointed an audit committee in 2021. The members of the audit committee are: Jóhann Geir Harðarson, Fríða Aðalgeirsdóttir and Sigrún Helgadóttir. The audit committee held a total of 5 audit committee meetings in 2022.

Corporate Governance Statement (continued)

Executives

The Managing Director carries out the daily operations of Nordural in accordance with the policies and instructions of the Board of Directors. The Managing Director shall, among other things, regularly provide the Board of Directors with accurate information on the Nordural's finances, structure, development and operations. The Managing Director shall at all times conduct his/her work with integrity and Nordural's interests at the forefront.

Gunnar Guðlaugsson is the Managing Director of Nordural Grundartangi.

Communication with the shareholder

The Board of Directors is responsible for communication with and providing information to the shareholder.

Communication with the shareholder takes place at the Annual General Meeting, other shareholders' meetings and specific information meetings as needed.

The Board of Directors shall receive information regarding all questions and propositions from the shareholder and supervise Nordural's reactions to them.

Information on infringements of laws and regulations that the appropriate supervisory or ruling body has determined

Nordural was not subject to sentences by the courts of fines from relevant public authorities in 2022.

Non-Financial Information

About Nordural Grundartangi

Nordural Grundartangi ehf. (Nordural) operates an aluminum smelter at Grundartangi, Iceland and produces premium quality aluminum and aluminum alloys. The Company's operating license is for an annual output of 350,000 metric tons of pure aluminum, in accordance with the strictest standards for environmental and social responsibility, and employee safety.

Nordural production for the year 2022 was 306,267 metric tons, around 9,000 metric tons reduction in production from previous year. The company is expanding its production capacity and intends to continue those efforts in the coming years.

Nordural is a member of the European Union's greenhouse gas emission trading system, commonly known as ETS. Its aim is to reduce emissions from the production processes of major industrial concerns in Europe. The trading system functions as an economic incentive for industrial concerns to reduce emissions. In that the concerns members must pay for all excess emissions beyond allocated allowances. In relation to CO₂ and waste from sources outside the ETS, Nordural has set targets for 40% reduction by 2030, compared to 2015.

Nordural is certified by the Aluminum Stewardship Initiative (ASI) for responsible production, sourcing and stewardship of aluminum. The ASI Performance Standard defines environmental, social and governance principles and criteria, with the aim to address sustainability issues in the aluminum value chain. Quality systems are ISO 9001 certified. Environmental and safety systems are certified according to ISO 14001 and ISO 45001 standards. Production processes, environmental and safety standards are under continuous review. Nordural has implemented the Equal Pay Standard ÍST85:2012 and received Certification with PwC Gold standard.

Nordural produces aluminum according to customer needs in a responsible, safe and competitive manner. Emphasis is placed on employees' quality awareness and participation in continuous improvement. Nordural is a responsible member of the community and complies with the laws and regulations of the company. The quality management system is regularly reviewed and improved. Nordural quality objectives are: Satisfied customers, efficient production and outstanding products.

Further information on Nordural including Nordural sustainability report is accessible at the Company's website. www.nordural.is

Environment

Aluminum production inevitably leads to considerable emissions of CO₂. At Nordural, we work hard to achieve the lowest emissions in the world.

CO₂ emissions directly linked to the production processes fall under the scope of ETS and Nordural has achieved considerable success in limiting emissions that fall under the system. Thus, localized emissions generated by Nordural's aluminum production amounted to 1.67 tons of CO₂ equivalents per produced ton in 2022 compared to 2.1 tons per produced tons in 2006. In comparison, the estimated global average emissions per produced tons amount to around 18 tons.

Climate Action Plan

Nordural's Climate Action Plan consists of 10 specific actions which will guide the way to reach the goal of a 40% reduction in greenhouse gas emissions and general wastes by 2030. The plan identifies the main types of emissions generated by the company's activities that are outside the scope of the ETS system. The plan is in accordance with the Paris Agreement commitments which Nordural has signed.

Non-Financial Information (continued)

Nordural's Action Plan for reducing emissions was done with The Greenhouse Gas Protocol methods for detecting emissions, an international system designed to standardize carbon accounting. The main focus is on assessing direct emissions from Nordural's operations, i.e. by mobile equipment and refrigerants while emissions from the employees' work-related plane trips and their carpooling in Nordural's cars as well as emissions from the disposal of general waste were also assessed. While the Action Plan thus calculates emissions from five elements of Nordural's operation, the actions put forward also cover other elements.

Environmental monitoring

Environmental monitoring entails research and monitoring of more than 100 environmental factors in and surrounding the area of Grundartangi. The purpose is to ensure that the operations of Nordural Grundartangi are not harmful to the environment. The environmental monitoring is conducted by independent parties. Nordural met or exceeded all other requirements in the operational license and regulations, including total fluoride emission.

Green accounting

Nordural keeps and publishes its audited Green Accounting on an annual basis and delivers this report to the Environment Agency of Iceland in accordance with applicable law and regulation No. 851/2002. The aim of Green Accounting is to improve our Nordural plant's ability to identify opportunities to increase efficiency, improve processes, reduce waste, and increase general awareness of environmental issues throughout the manufacturing process.

ASI

Nordural Grundartangi ehf is certified by the ASI Performance Certification. The ASI standard sets out 59 criteria under the three sustainability pillars of Governance, Environment and Social, which address issues such as biodiversity, Indigenous Peoples rights, and greenhouse gas emissions. An independent, third-party audit of the Nordural's facility is carried out by DNV GL on an annual basis.

Innovation

Nordural is participating in an international project, "CarbFix", examining if it can become a viable option, both technically and financially to capture CO₂ from the smelter's exhaust, dissolve it in water under pressure then pump it down to a depth of 500 or 800 meters, where CO₂ binds permanently to the bedrock in the form of rocks.

Nordural's experienced employees have valuable knowledge. Nordural considers sharing such resources with the academic community as well as the tech and innovation industry to be a part of its social responsibility. By contributing to a dynamic cooperation in this field Nordural can support the adaption of new technologies or methods in aluminum production that result in a more efficient operation and possibly in reducing greenhouse gas emissions.

Natur-Al™

In 2019 Nordural Grundartangi ehf. announced its line of low-carbon aluminum products, Natur-Al™ aluminum, with one of the lowest CO₂ footprints in the world. The entire production process was analyzed and the environmental impact of all links in the production chain was assessed and documented. There we see in black and white where and how procurement can be altered, and the production process designed to minimize the environmental impact. The result is Natur-Al™, which is a registered trademark on both sides of the Atlantic.

Non-Financial Information (continued)

Aluminum under the Natur-Al™ brand has a carbon footprint of less than 4 tons of carbon dioxide equivalent per ton of aluminum, and everything is taken into account - the acquisition of bauxite and the processing of aluminum oxide for aluminum production and transport all the way to the buyer. Total carbon dioxide emissions from Natur-Al™ production are less than a quarter of the world's average aluminum production, which is about 18 tons per ton of aluminum. The life cycle analysis was performed by an independent party and we can offer our customers data needed to analyze the carbon footprint of consumer products made from Natur-Al™ aluminum.

Environmental policy

Nordural emphasizes that its operations are conducted in harmony with the environment. We strive to minimize the environmental impact as well as promoting responsible use of energy and raw materials. Nordural promotes increased environmental awareness and staff participation in reforms. Nordural meets the requirements in operating licenses, laws and regulations on environmental issues. Environmental goals are: Minimizing emission, employee know the environmental impact of the operation and responsible recycling and disposal.

Social impact

As the largest workplace in the western region, and one of the largest workplaces in Iceland, Nordural plays a pivotal social role – not only as the principal source of income for thousands of people, but also more generally for the economic, environmental and social well-being of the region as a whole. We take our responsibilities seriously, as well as our commitment to operate well within the framework set by law and regulations. Nordural is of key importance to the local economy, in particular, the town of Akranes and its surroundings. The residence of our employees has varied somewhat over the years and seems to be influenced by a variety of external factors, from housing costs to the general state of the economy. Local residency at the end of 2022 was about 70% of the workforce which is historically fairly high.

Community Projects

Nordural supports various kinds of community projects. We are proud sponsors of the ÍA soccer team in Akranes and Valur Sport Club in Reykjavik, focusing on the younger players. Each summer Nordural soccer tournament for 5-8-year old kids, is held in Akranes.

Employees

Average number of employee positions in year 2022 were 604 compared to 576 in year 2021. We have managed to keep employee turnover at modest levels with ambitious programs of compensation and benefits, workplace safety and comfort and opportunities for career development and growth. The average length of employment at Nordural's is around 8 years.

Approximately 85% of Nordural Grundartangi ehf. employees are represented by five labor unions, governed by a labor agreement that establishes wages and work rules for covered employees. The current agreement is effective through December 31, 2024. To attract talent in Iceland, we work with colleges and universities to invite students to attend plant tours at Nordural that showcase our production processes. We offer internships to give hands-on experience to students interested in craftsmanship. At Nordural, we also operate our own Heavy Industry School with a curriculum that awards points towards the Icelandic school system. The school provides between 15 to 20 students at a time with the opportunity to further their education.

We emphasize equal rights of employees to careers, wages and rights, regardless of gender, sexual orientation, religion or origin. Nordural is responsible for its activities and business with respect for human rights. Nordural is committed to continuous reform and complies with human rights and equality laws and regulations. Human rights and equality goals are: Prevention of bullying, harassment and other violence, promote gender equality and equal pay for comparable jobs.

Non-Financial Information (continued)

Health and safety

In recent years, Nordural has engaged in a safety culture transformation, with an emphasis on front line management's responsibility. We have implemented intensive training in hazard identification, leadership skills, and incident investigation, all of which have helped to increase personal knowledge and commitment and standards as well as improving work practices and habits. We strive for zero injuries and accidents, to foster systems and processes aimed to continuously improve our health and safety performance, and to integrate risk management into all aspects of our operations.

Safety and health policy: Safety and health are a priority at Nordural. Employees are familiar with risks and safe working methods and that no task should be undertaken in unsafe conditions. Emphasis is placed on active involvement of staff when it comes to prevention and improvement. Nordural complies with health and safety laws and regulations. Safety and health goals are: Accident - free workplace, employee health protection, employee participation in prevention.

Equality

We aim to improve our male/female ratio, but our employees are still dominantly male. In 2017 13.3% of Nordural's employees were female, but in 2022 the number was 25.0%. We will continue on this path. As one would expect, the proportion of males is highest in the manufacturing section of the company, where four out of every five employees are male. One-third of our managers and specialists are female and at top level management the two genders are represented 50/50. Nordural has an Equal Pay Certification and a Workplace Equality Program.

Transparency

Nordural is one of the largest energy user in Iceland, buying approximately quarter of all energy produced. In November 2020 Nordural requested permission from energy suppliers to lift confidentiality of energy contracts. Three of Nordural's four long-term energy contracts are now available on our website. This is an important step in increasing transparency in the Icelandic electricity market, which we believe is beneficial for both buyers and sellers of electricity, but not least for the Icelandic public.

Business Ethics

Nordural parent company, Century Aluminum Company, and its subsidiaries are committed to ethical behavior and comply with the laws around the world. US and international laws and regulations prohibit corrupt business practices, e.g. abnormal facilities and misrepresentations in accounting and other data. The purpose of the policy is to establish standards and procedures that employees are required to adhere to in order to ensure compliance with the law and ensure the good reputation of a company that conducts honorable business.

Code of conduct

Century Aluminum Company and all related companies are committed to complying with the strictest standards of honesty, ethics and integrity in business. The management signs of code of ethics which sets out clear guidelines for combating dishonesty and immorality in conduct and promoting that all of the company's operations meet these requirements.

Employees may not allow, offer, promise or provide payments in cash or other valuables, directly or through a third party, to a public official or employee of a private sector company, nor to a spouse, cohabitant, child or other relative of any such party for the purpose of having influence or reward for the actions or decision making of such parties or to obtain improper benefits. In the same way, employees and their immediate family may not demand, accept or receive payments or other valuable directly or through third parties in excess of normal business practice.