



# First quarter results 2023



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## Highlights 1<sup>st</sup> quarter 2023

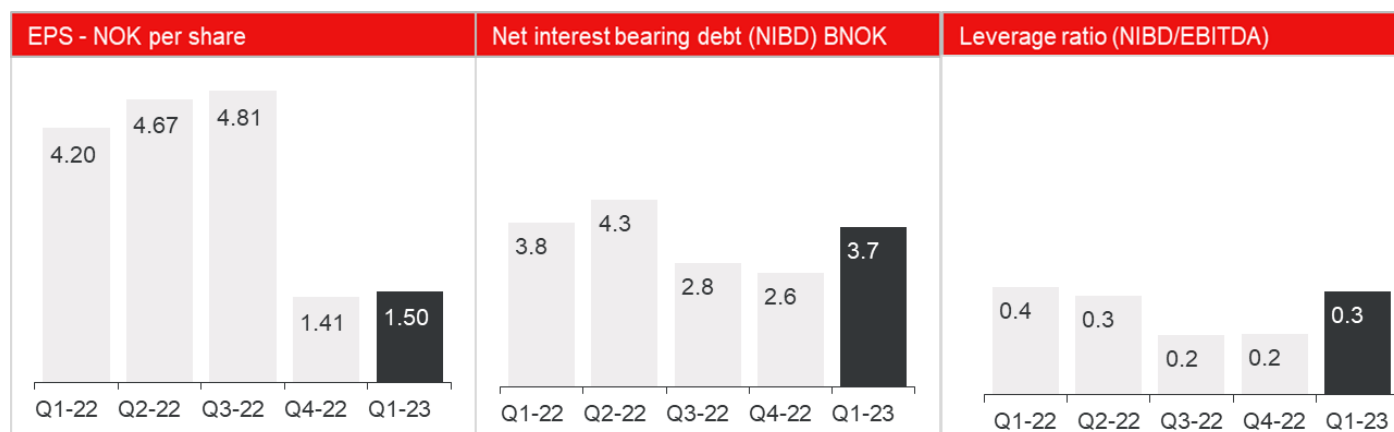
- Elkem delivered an EBITDA of NOK 1,565 million (16% margin) in the first quarter 2023.
- Strong results for Silicon Products and Carbon Solutions, based on superior cost and markets positions.
- Weak results for the Silicones division due to challenging markets. Actions taken to optimise costs, production and investments.
- Given the market situation, Elkem will move forward planned maintenance and temporarily reduce production at Silicon Products' Thamshavn and Rana plants.
- In the first quarter, Elkem signed new long-term power agreements for the Salten, Rana and Bremanger plants at competitive terms.

## Key figures

<i>(NOK million, except where specified)</i>	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
Total operating income	<b>9,934</b>	11,876	<b>9,934</b>	11,876	45,898
EBITDA	<b>1,565</b>	3,875	<b>1,565</b>	3,875	12,925
EBITDA margin (%)	<b>16 %</b>	33 %	<b>16 %</b>	33 %	28 %
EBIT <sup>(1)</sup>	<b>1,025</b>	3,399	<b>1,025</b>	3,399	10,898
Profit (loss) for the period <sup>(2)</sup>	<b>952</b>	2,658	<b>952</b>	2,658	9,561
Earning per share (EPS) <i>(NOK per share)</i>	<b>1.50</b>	4.20	<b>1.50</b>	4.20	15.09
Equity ratio (%)	<b>53 %</b>	51 %	<b>53 %</b>	51 %	55 %
Net interest-bearing debt (NIBD)	<b>3,670</b>	3,756	<b>3,670</b>	3,756	2,615
Cash flow from operations	<b>637</b>	2,798	<b>637</b>	2,798	9,551
ROCE - annualised (%)	<b>13 %</b>	53 %	<b>13 %</b>	53 %	41 %

(1) Operating profit before other items and hedge adjustments

(2) Owners of the parent's share of profit (loss)



## Good result, but impacted by more challenging markets

**In the first quarter 2023, Elkem delivered a good result, based on strong performance from the Silicon Products division and the Carbon Solutions division. The result for the Silicones division was weak, impacted by more challenging market conditions.**

Elkem's total operating income for the first quarter 2023 was NOK 9,934 million, which was down from the corresponding quarter in 2022, due to lower sales prices for silicones, silicon and ferrosilicon. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,565 million in the quarter, compared NOK 3,875 million in an exceptionally strong first quarter last year. Earnings per share (EPS) was NOK 1.50.

The Silicon Products and Carbon Solutions divisions have delivered another strong quarter, based on superior cost and market positions. The two divisions have generated strong EBITDA margins despite weak market conditions. The result for the Silicones division was, however, weak due to a poor macroeconomic sentiment combined with overcapacity in China, which have negatively impacted demand and sales prices.

Given the market situation, Elkem has made the decision to move forward planned maintenance and temporarily reduce the production at the Silicon Products' Thamshavn and Rana plants. Elkem will invest around NOK 200 million in maintenance and improvement at the two smelters, which will enable lower production costs once stronger market conditions return. Each plant will have one furnace out for approximately two months.

Elkem is well-positioned with long-term power contracts in Norway, having secured more than 80 per cent of the electricity supply at competitive rates until 2026. However, Elkem is continuously evaluating its contract portfolio, as access to electricity at internationally competitive rates are crucial to maintain a strong cost position. In the first quarter, Elkem signed new long-term power agreements, securing additional competitive access to power to the group's plants in Salten, Rana and Bremanger.

The new contracts secure added predictability for Elkem's plants with an aggregate volume of 520 GWh per year up to 2035. Elkem uses approximately 81 per cent renewable electricity in its operations globally, with long-term renewable power agreements also in Iceland, Canada and Paraguay.

The group's equity as at 31 March 2023 amounted to NOK 29,861 million, which gave a ratio of equity to total assets of 53%. Net interest-bearing debt was NOK 3,670 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.3x. Elkem had cash and cash equivalents of NOK 11,138 million as at 31 March 2023 and undrawn credit lines of more than NOK 6,000 million.

The market sentiment is still weak going into the second quarter, but Elkem benefits from strong market positions and robust financials. Elkem is accelerating planned maintenance work, positioning for expected demand recovery and improved market conditions. Silicones markets remain challenging, due to weak sentiment in EU and US, and overcapacity in China. Maintenance stop in China in May and June will impact the sales in APAC. The markets for Silicon Products are expected to be stable but weak. The maintenance stops at Thamshavn and Rana are expected to have modest impact on the results. Raw material costs are coming down, particularly for reduction agents. Carbon Solutions could be impacted by lower demand, but performance expected to remain at a good level.

# Financial review

## Group results

KEY FIGURES	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	9,934	11,876	9,934	11,876	45,898
EBITDA	1,565	3,875	1,565	3,875	12,925
EBIT	1,025	3,399	1,025	3,399	10,898
Other items	553	87	553	87	2,151
Net financial items	-109	32	-109	32	-161
Profit (loss) before income tax	1,385	3,401	1,385	3,401	12,236
Tax	-403	-732	-403	-732	-2,594
Profit (loss) for the period	983	2,670	983	2,670	9,642

### Quarter and year to date

Elkem group had total operating income of NOK 9,934 million in 1Q-2023, which was down 16% from NOK 11,876 million in 1Q-2022. Carbon Solutions increased its operating revenue by 53% compared to the corresponding quarter last year due to higher sales prices. This was however, more than offset by lower operating income from Silicones and Silicon Products, both down by 20% due to lower sales prices.

The group's EBITDA for 1Q-2023 was NOK 1,565 million, down 60% from NOK 3,875 million in the corresponding quarter last year. The first and second quarter in 2022 were exceptionally strong, due to very high sales prices following a challenging energy situation in EU and China. The reduction in EBITDA was mainly due to lower sales prices for Silicones and Silicon Products. Carbon Solutions reported close to record high EBITDA due higher sales prices. Both Silicon Products and Carbon Solutions reported strong results in first quarter 2023 due to superior cost and market positions.

EBIT is operating profit before other items and hedge adjustments. EBIT for 1Q-2023 was NOK 1,025 million, down from NOK 3,399 million in 1Q-2022.

Other items include fair value changes from commodity contracts, gains (losses) on embedded derivatives in power contracts, value changes from currency forward contracts and other income and expenses. Other items amounted to NOK 553 million in 1Q-2023, mainly consisting of gain on power and currency derivatives NOK 175 million, and currency gain on working capital items of NOK 377 million.

Net financial items were NOK -109 million in 1Q-2023, compared to NOK 32 million in 1Q-2022. Net interest expenses amounted to NOK -97 million, which was an increase compared to NOK -41 million in the corresponding quarter last year, mainly due to higher interest expenses, partly offset by higher interest income. Losses on foreign exchange amounted to NOK -7 million, compared to gains of NOK 78 million in 1Q-2022. The foreign exchange losses in 1Q-2023 were mainly explained by negative translation effects on loans in EUR and CNY. This was partly offset by gains on shareholder loans to subsidiaries. Other financial expenses amounted to NOK -5 million.

Profit before income tax was NOK 1,385 million in 1Q-2023 compared to NOK 3,401 million in 1Q-2022.

Tax expenses in the quarter was NOK -403 million, giving a tax rate for the quarter of 29%. The tax rate is higher than normal due to the weak results in Silicones, where tax losses have not been capitalised as deferred tax assets.

Profit for the period was NOK 983 million, compared to NOK 2,670 million in 1Q-2022. Owners of the parent's share of profit was NOK 952 million, which gave earnings per share (EPS) of NOK 1.50 in 1Q-2023.

## Cash flow

<b>CASH FLOW FROM OPERATIONS</b>	<b>1Q 2023</b>	<b>1Q 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>	<b>FY 2022</b>
<i>NOK million</i>					
EBIT	1,025	3,399	1,025	3,399	10,898
Amortisation, depreciation and impairment	540	476	540	476	2,027
Changes in working capital	-606	-804	-606	-804	-1,583
Reinvestments	-330	-256	-330	-256	-1,682
Equity accounted investments	7	-17	7	-17	-108
<b>Cash flow from operations</b>	<b>637</b>	<b>2,798</b>	<b>637</b>	<b>2,798</b>	<b>9,551</b>
Other cash flow items	934	-1,688	934	-1,688	-7,540
<b>Change in cash and cash equivalents</b>	<b>1,571</b>	<b>1,110</b>	<b>1,571</b>	<b>1,110</b>	<b>2,011</b>

Elkem's internal cash flow measure is defined and described in the APM appendix to the report.

### Quarter and year to date

Cash flow from operations was NOK 637 million in 1Q-2023, compared to NOK 2,798 million in 1Q-2022. The reduction in cash flow from operations was mainly explained by lower EBIT. Working capital increased by NOK 606 million, mainly explained by higher trade receivables and a reduction of trade payables.

Reinvestments were NOK 330 million in 1Q-2023, which amounted to 61% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 761 million, up from NOK 341 million in 1Q-2022. The strategic investments were mainly related to the Silicones expansion and specialisation projects in China and France.

Change in cash and cash equivalents was NOK 1,571 million in 1Q-2023. Currency exchange differences were NOK 312 million. As at 31 March 2023, the total cash and cash equivalents amounted to NOK 11,138 million.

## Financial position

<b>FINANCIAL POSITION</b>	<b>1Q 2023</b>	<b>1Q 2022</b>	<b>FY 2022</b>
Total equity (NOK million)	29,861	22,853	28,773
Equity ratio (%)	53 %	51 %	55 %
EPS (NOK per share)	1.50	4.20	15.09
Net interest bearing debt (NOK million) <sup>(1)</sup>	3,670	3,756	2,615
Leverage ratio based on LTM EBITDA (ratio)	0.3	0.4	0.2

<sup>1)</sup> Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

### Quarter and year to date

Elkem's equity as at 31 March 2023 was NOK 29,861 million, up NOK 1,088 million from 31 December 2022. Profit for the period YTD-2023 was NOK 983 million. Other changes in equity were NOK 105 million, mainly consisting of effects recognised through other comprehensive income (OCI).

The equity ratio as at 31 March 2023 was 53%. Compared to year-end 2022, the equity ratio down from 55%, partly due to higher assets values and the weakening of the Norwegian currency. Adjusted for the proposed dividend for 2022, the equity would be NOK 26,025 million giving an equity ratio of 49%.

Net-interest bearing debt as at 31 March 2023 was NOK 3,670 million, which was an increase of NOK 1,055 million from 31 December 2022. The increase was mainly explained high investments and translation effects due to weaker NOK. The leverage ratio was 0.3x as at 31 March 2023. Adjusted for the proposed dividend for 2022, the net-interest bearing debt would be NOK 7,507 million giving a leverage ratio of 0.7x.

## Segments

### Silicones

KEY FIGURES	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,190	5,234	4,190	5,234	19,288
EBITDA	-30	821	-30	821	2,022
EBITDA margin	-1 %	16 %	-1 %	16 %	10 %
Sales volume (thousand mt)	99	99	99	99	394

#### Quarter and year to date

The Silicones division had total operating income of NOK 4,190 million in 1Q-2023 down 20% from NOK 5,234 million in 1Q-2022. Lower operating income was mainly explained by lower sales prices, particularly in China, due to slow demand and overcapacity.

EBITDA for 1Q-2023 was NOK -30 million, clearly down from the first quarter last year. Reduced EBITDA was mainly explained by lower sales prices. Measures are now being implemented to reduce cost, adjust production and postpone investments.

The demand has been slow in all regions, but some improvement in China after Chinese New Year. The construction segment was particularly weak.

### Silicon Products

KEY FIGURES	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	5,134	6,433	5,134	6,433	24,489
EBITDA	1,257	3,274	1,257	3,274	10,226
EBITDA margin	24 %	51 %	24 %	51 %	42 %
Sales volume (thousand mt) <sup>1)</sup>	120	141	120	141	522

1) Excluding Microsilica and quartz

#### Quarter and year to date

Silicon Products had total operating income of NOK 5,134 million in 1Q-2023, which was down 20% from NOK 6,433 million in 1Q-2022. Lower operating income was explained by lower sales prices and lower sales volumes, primarily for silicon and externally sourced material.

The EBITDA for Silicon Products was NOK 1,257 million in 1Q-2023, down 62% from first quarter last year. Lower EBITDA was explained by lower sales prices and lower sales volumes. Margins were still at attractive levels due to strong market positions and supported by weak NOK.

The sales volumes were down due to slow demand and destocking effects. It should be noted that historic sales volumes have been restated. The main change is that externally sourced materials have been included, i.e. not only Elkem's own production.

### Carbon Solutions

KEY FIGURES	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	1,113	727	1,113	727	3,752
EBITDA	374	194	374	194	1,166
EBITDA margin	34 %	27 %	34 %	27 %	31 %
Sales volume (thousand mt )	72	78	72	78	302

#### Quarter and year to date

Carbon Solutions reported total operating income of NOK 1,113 million in 1Q-2023, up 53% from NOK 727 million in 1Q-2022. The operating income was all-time high, explained by higher sales prices and weak NOK.

The EBITDA for 1Q-2023 amounted to NOK 374 million, up 93% from NOK 194 million in the corresponding quarter last year. Higher EBITDA was mainly explained by higher sales prices, partly countered by higher raw material costs.

Sales volumes were lower than first quarter last year, due to weaker silicon and ferroalloys market, and weaker aluminium market in EU.

## **Outlook for the second quarter 2023**

The market sentiment is still weak going into the second quarter, but Elkem benefits from strong market positions and robust financials. Elkem is accelerating planned maintenance work, positioning for expected demand recovery and improved market conditions. Silicones markets remain challenging, due to weak sentiment in EU and US, and overcapacity in China. Maintenance stop in China in May and June will impact the sales in APAC. The markets for Silicon Products are expected to be stable but weak. The maintenance stops at Thamshavn and Rana are expected to have modest impact on the results. Raw material costs are coming down, particularly for reduction agents. Carbon Solutions could be impacted by lower demand, but performance expected to remain at a good level.



## Condensed consolidated interim statement of profit or loss (unaudited)

Amounts in NOK million	Note	First quarter		Year to date		Year
		2023	2022	2023	2022	2022
Revenue	2	9,654	11,683	9,654	11,683	45,018
Other operating income	2	257	168	257	168	746
Share of profit (loss) from equity accounted companies	2	24	25	24	25	135
<b>Total operating income</b>		<b>9,934</b>	<b>11,876</b>	<b>9,934</b>	<b>11,876</b>	<b>45,898</b>
Raw materials and energy for production		(5,338)	(5,491)	(5,338)	(5,491)	(21,976)
Employee benefit expenses		(1,350)	(1,221)	(1,350)	(1,221)	(4,918)
Other operating expenses		(1,741)	(1,399)	(1,741)	(1,399)	(6,714)
Amortisation and depreciation	3	(538)	(475)	(538)	(475)	(1,999)
Impairment losses	3	(2)	(1)	(2)	(1)	(28)
Other items	4	553	87	553	87	2,151
<b>Operating profit (loss)</b>		<b>1,518</b>	<b>3,376</b>	<b>1,518</b>	<b>3,376</b>	<b>12,414</b>
Share of profit (loss) from equity accounted financial investments		(24)	(6)	(24)	(6)	(17)
Finance income	5	44	13	44	13	67
Foreign exchange gains (losses)	5	(7)	78	(7)	78	85
Finance expenses	5	(146)	(59)	(146)	(59)	(313)
<b>Profit (loss) before income tax</b>		<b>1,385</b>	<b>3,401</b>	<b>1,385</b>	<b>3,401</b>	<b>12,236</b>
Income tax (expenses) benefits		(403)	(732)	(403)	(732)	(2,594)
<b>Profit (loss) for the period</b>		<b>983</b>	<b>2,670</b>	<b>983</b>	<b>2,670</b>	<b>9,642</b>
<b>Attributable to:</b>						
Non-controlling interests' share of profit (loss)		30	11	30	11	80
Owners of the parent's share of profit (loss)		952	2,658	952	2,658	9,561
<b>Earnings per share</b>		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
Basic earnings per share in NOK		1.50	4.20	1.50	4.20	15.09
Diluted earnings per share in NOK		1.49	4.18	1.49	4.18	15.04
Weighted average number of outstanding shares (million)	8	635	633	635	633	634
Weighted average number of outstanding shares diluted (million)	8	637	636	637	636	636

## Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
Profit (loss) for the period	983	2,670	983	2,670	9,642
Remeasurement of defined benefit pension plans	-	-	-	-	146
Tax effects on remeasurements of defined benefit pension plans	-	-	-	-	(33)
Change in fair value of equity instruments	0	-	0	-	(4)
<b>Total items that will not be reclassified to profit or loss</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>109</b>
Currency translation differences	1,270	(102)	1,270	(102)	765
Hedging of net investment in foreign operations	(242)	77	(242)	77	(142)
Tax effects hedging of net investment in foreign operations	53	(17)	53	(17)	31
Cash flow hedges	(1,280)	402	(1,280)	402	568
Tax effects on cash flow hedges	281	(88)	281	(88)	(125)
Share of other comprehensive income (loss) from equity accounted companies	6	20	6	20	28
<b>Total items that may be reclassified to profit or loss</b>	<b>88</b>	<b>293</b>	<b>88</b>	<b>293</b>	<b>1,125</b>
<b>Other comprehensive income, net of tax</b>	<b>88</b>	<b>293</b>	<b>88</b>	<b>293</b>	<b>1,234</b>
<b>Total comprehensive income</b>	<b>1,071</b>	<b>2,962</b>	<b>1,071</b>	<b>2,962</b>	<b>10,876</b>
<b>Attributable to:</b>					
Non-controlling interests' share of comprehensive income	37	10	37	10	86
Owners of the parent's share of comprehensive income	1,034	2,952	1,034	2,952	10,790
<b>Total comprehensive income</b>	<b>1,071</b>	<b>2,962</b>	<b>1,071</b>	<b>2,962</b>	<b>10,876</b>

## Condensed consolidated interim statement of financial position (unaudited)

Amounts in NOK million	Note	31 March 2023	31 March 2022	31 December 2022
<b>ASSETS</b>				
Property, plant and equipment	3	21,135	16,585	19,520
Right-of-use assets	3	825	1,001	779
Other intangible assets	3	1,451	1,661	1,385
Goodwill	3	1,039	934	984
Deferred tax assets		162	99	151
Investments in equity accounted companies		1,024	210	1,039
Derivatives	7	1,106	582	1,562
Other assets		687	502	716
<b>Total non-current assets</b>		<b>27,431</b>	<b>21,574</b>	<b>26,136</b>
Inventories		10,688	7,855	10,325
Trade receivables		4,392	4,742	4,248
Derivatives	7	512	401	711
Other assets		2,227	1,702	1,698
Restricted deposits	6	475	649	408
Cash and cash equivalents	6	11,138	8,127	9,255
<b>Total current assets</b>		<b>29,431</b>	<b>23,477</b>	<b>26,645</b>
<b>TOTAL ASSETS</b>		<b>56,862</b>	<b>45,051</b>	<b>52,781</b>
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital	8	6,237	8,107	6,228
Retained earnings		23,474	14,651	22,412
Non-controlling interests		150	96	134
<b>Total equity</b>		<b>29,861</b>	<b>22,853</b>	<b>28,773</b>
Interest-bearing liabilities	6	12,936	8,508	10,331
Deferred tax liabilities		864	668	1,123
Employee benefit obligations		522	599	489
Derivatives	7	244	0	-
Provisions and other liabilities		245	186	232
<b>Total non-current liabilities</b>		<b>14,810</b>	<b>9,961</b>	<b>12,175</b>
Trade payables		5,340	4,290	5,335
Income tax payables		1,733	1,438	1,903
Interest-bearing liabilities	6	247	1,763	204
Bills payable	6	2,101	2,262	1,742
Employee benefit obligations		882	844	994
Derivatives	7	368	11	109
Provisions and other liabilities		1,520	1,629	1,545
<b>Total current liabilities</b>		<b>12,190</b>	<b>12,237</b>	<b>11,832</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,862</b>	<b>45,051</b>	<b>52,781</b>

## Condensed consolidated interim statement of cash flows (unaudited)

Amounts in NOK million	Note	First quarter		Year to date		Year
		2023	2022	2023	2022	2022
Operating profit (loss)		1,518	3,376	1,518	3,376	12,414
Amortisation, depreciation and impairment	3	540	476	540	476	2,027
Changes in working capital		(606)	(804)	(606)	(804)	(1,583)
Equity accounted companies		7	(17)	7	(17)	(108)
Changes fair value of derivatives		(117)	(106)	(117)	(106)	(1,139)
Changes in provisions, bills receivables and other		9	(138)	9	(138)	(697)
Interest payments received		44	13	44	13	66
Interest payments made		(116)	(45)	(116)	(45)	(319)
Income taxes paid		(570)	(244)	(570)	(244)	(1,345)
<b>Cash flow from operating activities</b>		<b>709</b>	<b>2,510</b>	<b>709</b>	<b>2,510</b>	<b>9,314</b>
Investments in property, plant and equipment and intangible assets	3	(1,224)	(911)	(1,224)	(911)	(4,058)
Acquisition of subsidiaries, net of cash acquired		-	(84)	-	(84)	(108)
Disposal of subsidiaries, net of cash		-	-	-	-	151
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	-	-	(176)
Acquisition/capital contribution of/to joint ventures		-	-	-	-	(292)
Other investments / sales		3	14	3	14	79
<b>Cash flow from investing activities</b>		<b>(1,221)</b>	<b>(981)</b>	<b>(1,221)</b>	<b>(981)</b>	<b>(4,404)</b>
Dividends paid to non-controlling interests		(21)	-	(21)	-	(38)
Dividends paid to owners		-	-	-	-	(1,900)
Net sale (purchase) of treasury shares	8	35	8	35	8	(38)
Net changes in bills payable and restricted deposits		224	164	224	164	(218)
Payment of lease liabilities		(30)	(24)	(30)	(24)	(116)
New interest-bearing loans and borrowings		1,886	282	1,886	282	6,648
Payment of interest-bearing loans and borrowings		(11)	(849)	(11)	(849)	(7,237)
<b>Cash flow from financing activities</b>		<b>2,083</b>	<b>(419)</b>	<b>2,083</b>	<b>(419)</b>	<b>(2,899)</b>
<b>Change in cash and cash equivalents</b>		<b>1,571</b>	<b>1,110</b>	<b>1,571</b>	<b>1,110</b>	<b>2,011</b>
Currency exchange differences		312	(22)	312	(22)	205
<b>Cash and cash equivalents opening balance</b>		<b>9,255</b>	<b>7,040</b>	<b>9,255</b>	<b>7,040</b>	<b>7,040</b>
<b>Cash and cash equivalents closing balance</b>		<b>11,138</b>	<b>8,127</b>	<b>11,138</b>	<b>8,127</b>	<b>9,255</b>

## Condensed consolidated interim statement of changes in equity (unaudited)

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
<b>Closing balance 31 December 2022</b>	6,228	22,412	28,639	134	28,773
Profit (loss) for the period	-	952	952	30	983
Other comprehensive income	-	81	81	7	88
<b>Total comprehensive income</b>	-	1,034	1,034	37	1,071
Share-based payments	3	-	3	-	3
Net movement treasury shares (note 8)	7	29	35	-	35
Dividends to equity holders	-	-	-	(21)	(21)
<b>Closing balance 31 March 2023</b>	6,237	23,474	29,711	150	29,861

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interest	Total
<b>Opening balance 1 January 2022</b>	8,097	11,692	19,789	86	19,874
Profit (loss) for the period	-	2,658	2,658	11	2,670
Other comprehensive income	-	294	294	(1)	293
<b>Total comprehensive income</b>	-	2,952	2,952	10	2,962
Share-based payments	8	-	8	-	8
Net movement treasury shares (note 8)	2	6	8	-	8
<b>Closing balance 31 March 2022</b>	8,107	14,651	22,758	96	22,853

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
<b>Closing balance 31 December 2021</b>	8,097	11,692	19,789	86	19,874
Adjustment accounting policy	-	(24)	(24)	-	(24)
<b>Opening balance 1 January 2022</b>	8,097	11,668	19,764	86	19,850
Profit (loss) for the period	-	9,561	9,561	80	9,642
Other comprehensive income	-	1,228	1,228	6	1,234
<b>Total comprehensive income</b>	-	10,790	10,790	86	10,876
Share-based payments	24	-	24	-	24
Net movement treasury shares (note 8)	7	(46)	(38)	-	(38)
Dividends to equity holders	(1,900)	-	(1,900)	(38)	(1,938)
<b>Closing balance 31 December 2022</b>	6,228	22,412	28,639	134	28,773

# Notes to the condensed consolidated interim financial statements

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## Note 1 General information, basis for preparation and judgements, estimates and assumptions

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the first quarter of 2023 were approved at the meeting of the board of directors on 27 April 2023.

### Basis for preparation

The condensed consolidated interim financial statements comprise Elkem ASA and its subsidiaries (Elkem/the Group) and the Group's investments in associates and interests in joint arrangements.

Elkem's interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements in Elkem's Annual Report for 2022. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2022. Presentation of realised hedge ineffectiveness was changed from raw materials and energy for production to other items in the statement of profit and loss in the 2022 Annual report. Comparable figures are restated. See note 34 Changes in accounting policies in the 2022 Annual report for further information.

The interim financial statements are unaudited. The presentation currency of Elkem is NOK (Norwegian krone). All financial information is presented in NOK million, unless otherwise stated. One or more columns included in the interim report may not add up to the total due to rounding.

### Judgements, estimates and assumptions

The preparation of consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions each reporting period.

The main judgements, estimates and assumptions are described in the annual consolidated financial statements for 2022 (note 3).

## Note 2 Operating segments

Elkem has three reportable segments; Silicones, Silicon Products and Carbon Solutions.

- **The Silicones division** produces and sells a range of silicone-based products across various sub-sectors including release coatings, engineering elastomers, healthcare products, specialty fluids, emulsions and resins.
- **The Silicon Products division** produces various grades of metallurgical silicon, ferrosilicon, foundry alloys and microsilica for use in a wide range of end applications.
- **The Carbon Solutions division** produces carbon electrode materials, lining materials and specialty carbon products for metallurgical processes for the production of a range of metals.
- **Other** comprise Elkem group management and centralised functions within finance, logistics, power purchase, technology, digital office and strategic projects such as biocarbon.
- **Eliminations** comprise intersegment sales and profit. Transactions between operating segments are conducted on an arm's length basis in a manner similar to transactions with third parties.

From the first quarter of 2023, Elkem changed its internal reporting to management, impacting the composition of Elkem's operating and reportable segments. Elkem Distribution Center that handles parts of the logistics for Silicon Products division has previously been included in the segment Other. From 1 January 2023 the entity has been included in the segment Silicon Products. Comparable figures are restated.

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments' performance are evaluated based on EBITDA and EBIT. EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.

EBIT is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness. Elkem's definition of EBITDA and EBIT may be different from other companies.

Elkem's financing and taxes are managed on a group basis and are not allocated to operating segments.

	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
<b>First quarter 2023</b>						
Revenue from sale of goods	4,064	4,544	1,000	(93)	-	9,515
Other revenue	10	33	5	90	-	138
Other operating income	32	221	2	3	-	257
Share of profit from equity accounted companies	-	-	-	24	-	24
<b>Total operating income from external customers</b>	<b>4,106</b>	<b>4,798</b>	<b>1,007</b>	<b>23</b>	<b>-</b>	<b>9,934</b>
Operating income from other segments	84	336	107	93	(619)	-
<b>Total operating income</b>	<b>4,190</b>	<b>5,134</b>	<b>1,113</b>	<b>116</b>	<b>(619)</b>	<b>9,934</b>
Operating expenses	(4,220)	(3,877)	(739)	(230)	697	(8,369)
<b>EBITDA</b>	<b>(30)</b>	<b>1,257</b>	<b>374</b>	<b>(114)</b>	<b>78</b>	<b>1,565</b>
<b>EBIT</b>	<b>(371)</b>	<b>1,098</b>	<b>347</b>	<b>(126)</b>	<b>78</b>	<b>1,025</b>

	Silicones	Silicon Products <sup>1)</sup>	Carbon Solutions	Other <sup>1)</sup>	Eliminations	Total
<b>First quarter 2022</b>						
Revenue from sale of goods	5,185	5,753	663	(1)	-	11,599
Other revenue	6	21	5	51	-	84
Other operating income	29	135	1	4	-	168
Share of profit from equity accounted companies	-	-	-	25	-	25
<b>Total operating income from external customers</b>	<b>5,220</b>	<b>5,909</b>	<b>669</b>	<b>78</b>	<b>-</b>	<b>11,876</b>
Operating income from other segments	14	524	58	102	(698)	-
<b>Total operating income</b>	<b>5,234</b>	<b>6,433</b>	<b>727</b>	<b>180</b>	<b>(698)</b>	<b>11,876</b>
Operating expenses	(4,413)	(3,159)	(533)	(259)	362	(8,001)
<b>EBITDA</b>	<b>821</b>	<b>3,274</b>	<b>194</b>	<b>(79)</b>	<b>(336)</b>	<b>3,875</b>
<b>EBIT</b>	<b>522</b>	<b>3,131</b>	<b>172</b>	<b>(90)</b>	<b>(336)</b>	<b>3,399</b>

	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
<b>Year to date 31 March 2023</b>						
Revenue from sale of goods	4,064	4,544	1,000	(93)	-	9,515
Other revenue	10	33	5	90	-	138
Other operating income	32	221	2	3	-	257
Share of profit from equity accounted companies	-	-	-	24	-	24
<b>Total operating income from external customers</b>	<b>4,106</b>	<b>4,798</b>	<b>1,007</b>	<b>23</b>	<b>-</b>	<b>9,934</b>
Operating income from other segments	84	336	107	93	(619)	0
<b>Total operating income</b>	<b>4,190</b>	<b>5,134</b>	<b>1,113</b>	<b>116</b>	<b>(619)</b>	<b>9,934</b>
Operating expenses	(4,220)	(3,877)	(739)	(230)	697	(8,369)
<b>EBITDA</b>	<b>(30)</b>	<b>1,257</b>	<b>374</b>	<b>(114)</b>	<b>78</b>	<b>1,565</b>
<b>EBIT</b>	<b>(371)</b>	<b>1,098</b>	<b>347</b>	<b>(126)</b>	<b>78</b>	<b>1,025</b>

	Silicones	Silicon Products <sup>1)</sup>	Carbon Solutions	Other <sup>1)</sup>	Eliminations	Total
<b>Year to date 31 March 2022</b>						
Revenue from sale of goods	5,185	5,753	663	(1)	-	11,599
Other revenue	6	21	5	51	-	84
Other operating income	29	135	1	4	-	168
Share of profit from equity accounted companies	-	-	-	25	-	25
<b>Total operating income from external customers</b>	<b>5,220</b>	<b>5,909</b>	<b>669</b>	<b>78</b>	<b>-</b>	<b>11,876</b>
Operating income from other segments	14	524	58	102	(698)	-
<b>Total operating income</b>	<b>5,234</b>	<b>6,433</b>	<b>727</b>	<b>180</b>	<b>(698)</b>	<b>11,876</b>
Operating expenses	(4,413)	(3,159)	(533)	(259)	362	(8,001)
<b>EBITDA</b>	<b>821</b>	<b>3,274</b>	<b>194</b>	<b>(79)</b>	<b>(336)</b>	<b>3,875</b>
<b>EBIT</b>	<b>522</b>	<b>3,131</b>	<b>172</b>	<b>(90)</b>	<b>(336)</b>	<b>3,399</b>

Year 2022	Silicones	Silicon Products <sup>1)</sup>	Carbon Solutions	Other <sup>1)</sup>	Eliminations	Total
Revenue from sale of goods	18,994	22,361	3,393	(87)	-	44,660
Other revenue	66	72	21	199	-	358
Other operating income	150	542	5	48	-	746
Share of profit from equity accounted companies	-	(0)	(0)	135	-	135
<b>Total operating income from external customers</b>	<b>19,210</b>	<b>22,974</b>	<b>3,419</b>	<b>295</b>	<b>-</b>	<b>45,898</b>
Operating income from other segments	78	1,515	333	392	(2,319)	-
<b>Total operating income</b>	<b>19,288</b>	<b>24,489</b>	<b>3,752</b>	<b>688</b>	<b>(2,319)</b>	<b>45,898</b>
Operating expenses	(17,266)	(14,263)	(2,586)	(920)	2,062	(32,973)
<b>EBITDA</b>	<b>2,022</b>	<b>10,226</b>	<b>1,166</b>	<b>(233)</b>	<b>(257)</b>	<b>12,925</b>
<b>EBIT</b>	<b>743</b>	<b>9,632</b>	<b>1,063</b>	<b>(283)</b>	<b>(257)</b>	<b>10,898</b>

<sup>1)</sup> 2022 figures have been restated, see text above

### Note 3 Right of use assets, fixed and intangible assets

31 March 2023	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
<b>Cost</b>				
Opening balance	40,696	1,138	3,209	984
Additions	1,076	56	15	-
Reclassifications	(7)	-	7	-
Disposals	(5)	(53)	(0)	-
Currency translation differences	2,012	55	222	55
Closing balance	43,771	1,196	3,453	1,039
<b>Accumulated depreciation</b>				
Opening balance	(18,339)	(359)	(1,824)	
Addition	(458)	(31)	(48)	
Disposals	2	41	0	
Currency translation differences	(823)	(22)	(129)	
Closing balance	(19,619)	(371)	(2,001)	
<b>Impairment losses</b>				
Opening balance	(2,836)	0	(1)	-
Addition	(2)	-	-	-
Disposals	0	-	-	-
Currency translation differences	(179)	-	(0)	-
Closing balance	(3,018)	0	(1)	-
<b>Net book value 31 March 2023</b>	<b>21,135</b>	<b>825</b>	<b>1,451</b>	<b>1,039</b>



31 March 2022	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
<b>Cost</b>				
Opening balance	35,009	1,310	3,175	941
Additions	532	30	65	-
Reclassifications	(52)	-	55	-
Disposals	(82)	(21)	(0)	-
Currency translation differences	(228)	(7)	(51)	(8)
Closing balance	36,090	1,311	3,243	934
<b>Accumulated depreciation</b>				
Opening balance	(16,514)	(288)	(1,572)	
Addition	(406)	(27)	(43)	
Reclassifications	-	(3)	-	
Disposals	54	10	0	
Currency translation differences	101	3	33	
Closing balance	(16,764)	(306)	(1,581)	
<b>Impairment losses</b>				
Opening balance	(2,774)	(5)	(1)	-
Addition	(1)	-	-	-
Disposals	15	-	-	-
Currency translation differences	19	0	0	-
Closing balance	(2,740)	(5)	(1)	-
<b>Net book value 31 March 2022</b>	<b>16,585</b>	<b>1,001</b>	<b>1,661</b>	<b>934</b>

31 December 2022	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
<b>Cost</b>				
Opening balance	35,009	1,310	3,175	941
Additions	4,143	131	335	-
Reclassifications	(43)	-	53	-
Business combinations	942	-	6	-
Disposal of subsidiaries	(29)	(264)	(460)	-
Disposals	(415)	(71)	(33)	-
Currency translation differences	1,088	31	134	43
Closing balance	40,696	1,138	3,209	984
<b>Accumulated depreciation</b>				
Opening balance	(16,514)	(288)	(1,572)	
Additions	(1,693)	(119)	(186)	
Reclassifications	0	(10)	(0)	
Disposals of subsidiaries	-	18	-	
Disposals	321	53	8	
Currency translation differences	(453)	(12)	(74)	
Closing balance	(18,339)	(359)	(1,824)	
<b>Impairment losses</b>				
Opening balance	(2,774)	(5)	(1)	-
Addition	(28)	-	-	-
Reclassification	(0)	-	-	-
Disposals	48	5	-	-
Currency translation differences	(82)	(0)	(0)	-
Closing balance	(2,836)	0	(1)	-
<b>Net book value 31 December 2022</b>	<b>19,520</b>	<b>779</b>	<b>1,385</b>	<b>984</b>

## Note 4 Other items

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
Change in fair value commodity contracts, interest element	0	(0)	0	(0)	(2)
Embedded EUR derivatives power contracts, interest element	107	20	107	20	218
Ineffectiveness and discontinuation on commodity cash flow hedges	107	110	107	110	1,471
Ineffectiveness on currency cash flow hedges	-	0	-	0	-
Net gains (losses), forward currency contracts	(39)	36	(39)	36	9
Operating foreign exchange gains (losses)	377	(61)	377	(61)	387
<b>Total other gains (losses)</b>	<b>553</b>	<b>105</b>	<b>553</b>	<b>105</b>	<b>2,084</b>
Dividends from other shares	0	0	0	0	4
Change in fair value from other shares measured at fair value through profit or loss	1	1	1	1	1
Gains (losses) on acquisition and disposal of subsidiaries <sup>1)</sup>	-	(17)	-	(17)	159
Restructuring expenses	-	-	-	3	26
Dismantling and environmental expenses	-	-	-	-	(72)
Other	(1)	(2)	(1)	(5)	(50)
<b>Total other income (expenses)</b>	<b>(0)</b>	<b>(18)</b>	<b>(0)</b>	<b>(18)</b>	<b>67</b>
<b>Total other items</b>	<b>553</b>	<b>87</b>	<b>553</b>	<b>87</b>	<b>2,151</b>

1) Gain following the acquisition of the final 50% of the shares up to 100% ownership in Salten Energigjenvinning and from the loss of control in Vianode in 2022. Refer to note 4 Composition of the group in Elkem's Annual report for 2022 for more information.

The ineffectiveness on cash flow hedges relate to Elkem's hedges of future power purchase. The ineffectiveness is caused by significant differences between prices in the different price areas in the Norwegian power market. As a consequence, the fair value of some of the hedging instruments are higher than the present value of the hedge objects. The difference between the two is the recognised ineffectiveness. Discontinuation on commodity cash flow hedges relates to curtailment of production.

## Note 5 Finance income and expenses

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
Interest income on loans and receivables	44	13	44	13	65
Other financial income	0	0	0	0	1
<b>Total finance income</b>	<b>44</b>	<b>13</b>	<b>44</b>	<b>13</b>	<b>67</b>
Foreign exchange gains (losses)	(7)	78	(7)	78	85
Interest expenses on interest-bearing liabilities measured at amortised cost	(124)	(41)	(124)	(41)	(229)
Interest expenses from other items measured at amortised cost	(22)	(7)	(22)	(7)	(50)
Interest expenses on lease liabilities	(6)	(8)	(6)	(8)	(30)
Capitalised interest expenses	11	2	11	2	20
Unwinding of discounted liabilities	(1)	(2)	(1)	(2)	(10)
Interest on net pension liabilities	(3)	(2)	(3)	(2)	(9)
Other financial expenses	(0)	(1)	(0)	(1)	(5)
<b>Total finance expenses</b>	<b>(146)</b>	<b>(59)</b>	<b>(146)</b>	<b>(59)</b>	<b>(313)</b>
<b>Net Finance income (expenses)</b>	<b>(109)</b>	<b>32</b>	<b>(109)</b>	<b>32</b>	<b>(161)</b>

## Note 6 Interest-bearing assets and liabilities

	31 March 2023	31 March 2022	31 December 2022
Lease liabilities	492	672	475
Loans from external parties, other than bank	5,483	3,108	3,697
Bank financing	6,961	4,727	6,160
<b>Total non-current interest-bearing debt</b>	<b>12,936</b>	<b>8,508</b>	<b>10,331</b>
Lease liabilities	119	120	103
Loans from external parties, other than banks	10	1,228	10
Bank financing, current	72	388	74
Accrued interest	45	25	17
<b>Total current interest-bearing debt</b>	<b>247</b>	<b>1,763</b>	<b>204</b>
Bills payable, current	2,101	2,262	1,742
Restricted deposits bills payable, current	439	616	395
<b>Net bills payable</b>	<b>1,662</b>	<b>1,646</b>	<b>1,347</b>
Cash and cash equivalents	11,138	8,127	9,255
Other restricted deposits, current	37	33	12
Other restricted deposits, non-current	48	44	46
Receivables from related parties, non-current	1	1	1
Loans to external parties, non-current	8	8	8
Accrued interest income, current	0	0	0
<b>Total other interest-bearing assets</b>	<b>11,232</b>	<b>8,214</b>	<b>9,323</b>
<b>Net interest-bearing assets (liabilities)</b>	<b>(3,613)</b>	<b>(3,703)</b>	<b>(2,559)</b>

Elkem ASA has placed a series of unsecured floating rate loans in the Schuldschein market. Total size of the transaction amounts to EUR 200 million where of EUR 52 million was drawn in December 2022 and EUR 148 million in January 2023. In addition, Elkem Silicones Xinghuo has financed parts of its upgrade of property, plant and equipment with a unsecured term loan of CNY 200 million.

## Note 7 Cash flow hedging

### Hedge Accounting

Elkem is applying hedge accounting for parts of its forward currency contracts, certain parts of EUR loans, for embedded EUR derivatives in power contracts and for certain power contracts. Forward currency contracts and embedded derivatives are designated in a cash flow hedge to hedge currency fluctuations in highly probable future sales, mainly in USD and EUR. Power contracts are designated as hedging instruments in a cash flow hedge of price fluctuations for highly probable future purchases. Hence, the effective part of change in fair value of the hedging instruments is booked against OCI and booked as an adjustment to revenue and energy for production respectively, when realised.

### Derivatives as at 31 March 2023

	Nominal value	Fair value	Hereof recognised in OCI	Effects to be recycled from OCI			
				Within 1 year	Within 2 years	Within 3 years	Within 4 years or more
<b>Purchase contracts</b>							
Forward currency contracts	3,518	(93)	(90)	(154)	29	35	-
Embedded EUR derivatives	6,670	(322)	(703)	(117)	(115)	(111)	(360)
Power contracts <sup>1)</sup>	1,383	1,418	549	146	124	95	183
Warrants	3	3	-	-	-	-	-
Platinum contracts	4	1	1	1	-	-	-
<b>Total derivatives</b>		<b>1,006</b>	<b>(244)</b>	<b>(125)</b>	<b>38</b>	<b>19</b>	<b>(177)</b>
EUR loan designed as cash flow hedging instrument		61	(13)	(13)	0	-	-
<b>Total</b>			<b>257</b>	<b>(137)</b>	<b>38</b>	<b>19</b>	<b>(177)</b>

<sup>1)</sup> Hedge accounting is applied for some of the contracts / part of contracts.

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
<b>Realised effects hedge accounting, recycled from OCI</b>					
Realised effects from forward currency contracts, Revenue	(62)	10	(62)	10	(14)
Realised effects from embedded derivatives EUR, Revenue	(24)	(3)	(24)	(3)	(29)
Realised effects from EUR loans, Revenue	-	-	-	-	(5)
Realised effects from power contracts, Raw materials and energy for production	57	90	57	90	377
Realised effects hedge discontinuation, Other items	16	-	16	-	38
Realised effects Salten Energigjenvinning, Business combination	-	-	-	-	58
<b>Total realised hedging effects recycled from OCI</b>	<b>(14)</b>	<b>96</b>	<b>(14)</b>	<b>96</b>	<b>424</b>

See note 25 Financial assets and liabilities, note 26 Hedging and note 27 Financial risk to the consolidated financial statements for the year ended 31 December 2022.

## Note 8 Number of shares

The development in share capital and other paid-in equity is set out in the Condensed consolidated interim statement of changes in equity.

	Shares outstanding	Treasury shares	Total issued shares
<i>Numbers are whole numbers</i>			
Opening balance at 1 January 2023	634,476,985	4,964,393	639,441,378
Increase treasury shares			-
Sale of treasury shares	1,363,303	(1,363,303)	-
<b>Closing balance 31 March 2023</b>	<b>635,840,288</b>	<b>3,601,090</b>	<b>639,441,378</b>

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
<i>Numbers are whole numbers</i>					
Weighted average number of shares outstanding	635,137,895	633,245,400	635,137,895	633,245,400	633,563,574
Effects of dilution from share-based payment	1,826,689	2,840,351	1,826,689	2,840,351	2,025,138
<b>Weighted average number of outstanding shares diluted</b>	<b>636,964,584</b>	<b>636,085,751</b>	<b>636,964,584</b>	<b>636,085,751</b>	<b>635,588,712</b>

In the annual general meeting held on 27 April 2022, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 319,720,689. The maximum amount that can be paid for each share is NOK 150 and the minimum is NOK 1. The authorisation is valid until the annual general meeting in 2023, but not later than 30 June 2023. The authorisation can be used to acquire shares as the board of directors deems appropriate, provided however, that acquisition of shares shall not be by subscription.

In the annual general meeting held on 27 April 2022, the board of directors was granted an authorisation to increase the company's share capital with an amount up to NOK 319,720,689 - corresponding to 10 per cent of the current share capital. The authorisation is valid until the annual general meeting in 2023, but not later than 30 June 2023. The authorisation can be used to cover share capital increases against contribution in kind and in connection with mergers.

In the annual general meeting held on 27 April 2022, the board of directors was granted an authorisation to increase the share capital by up to NOK 40,000,000 to be used in connection with the issuance of new shares under share incentive scheme. The authorisation is valid until the annual general meeting in 2023, but not later than 30 June 2023. The authorisation does not cover capital increases against contribution in kind or capital increases in connection with mergers.

## Appendix - Alternative performance measures (APMs)

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). Elkem uses EBITDA and EBITDA margin to measure operating performance at the group and segment level. In particular, Management regards EBIT and EBITDA as useful performance measures at segment level because income tax, finance expenses, foreign exchange gains (losses), finance income, other items are managed on a group basis and are not allocated to each segment. Elkem uses Cash flow from operations to measure the segments cash flow performance, this measure is excluding items that are managed on a group level. Elkem uses ROCE, or return on capital employed as measures of the development of the group's return on capital. Elkem relies on these measures as part of its capital allocation strategy. Elkem uses net interest bearing debt less non-current interest-bearing assets / EBITDA as leverage ratio for measuring the group's financial flexibility and ability for step-change growth and acquisitions.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and should not be considered as a substitute for measures of performance in accordance with IFRS. Because companies calculate the APMs presented herein differently, Elkem's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

### Elkem's financial APMs, EBITDA and EBIT

- EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.
- EBITDA margin is defined as EBITDA divided by total operating income.
- EBIT, also referred to as operating profit (loss) before other items and hedge adjustments, is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.

Below is a reconciliation of EBIT and EBITDA

First quarter 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						983
Income tax (expense) benefit						403
Finance expenses						146
Foreign exchange gains (losses)						7
Finance income						(44)
Share of profit from equity accounted financial investments						24
Other items						(553)
Hedge adjustments						59
<b>EBIT</b>	<b>(371)</b>	<b>1,098</b>	<b>347</b>	<b>(126)</b>	<b>78</b>	<b>1,025</b>
Impairment losses						2
Amortisations and depreciations						538
<b>EBITDA</b>	<b>(30)</b>	<b>1,257</b>	<b>374</b>	<b>(114)</b>	<b>78</b>	<b>1,565</b>

First quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						2,670
Income tax (expense) benefit						732
Finance expenses						59
Foreign exchange gains (losses)						(78)
Finance income						(13)
Share of profit from equity accounted financial investments						6
Other items						(87)
Hedge adjustments						110
<b>EBIT</b>	<b>522</b>	<b>3,131</b>	<b>172</b>	<b>(90)</b>	<b>(336)</b>	<b>3,399</b>
Impairment losses						1
Amortisations and depreciations						475
<b>EBITDA</b>	<b>821</b>	<b>3,274</b>	<b>194</b>	<b>(79)</b>	<b>(336)</b>	<b>3,875</b>

Year to date 31 March 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						983
Income tax (expense) benefit						403
Finance expenses						146
Foreign exchange gains (losses)						7
Finance income						(44)
Share of profit from equity accounted financial investments						24
Other items						(553)
Hedge adjustments						59
<b>EBIT</b>	<b>(371)</b>	<b>1,098</b>	<b>347</b>	<b>(126)</b>	<b>78</b>	<b>1,025</b>
Impairment losses						2
Amortisations and depreciations						538
<b>EBITDA</b>	<b>(30)</b>	<b>1,257</b>	<b>374</b>	<b>(114)</b>	<b>78</b>	<b>1,565</b>

Year to date 31 March 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						2,670
Income tax (expense) benefit						732
Finance expenses						59
Foreign exchange gains (losses)						(78)
Finance income						(13)
Share of profit from equity accounted financial investments						6
Other items						(87)
Hedge adjustments						110
<b>EBIT</b>	<b>522</b>	<b>3,131</b>	<b>172</b>	<b>(90)</b>	<b>(336)</b>	<b>3,399</b>
Impairment losses						1
Amortisations and depreciations						475
<b>EBITDA</b>	<b>821</b>	<b>3,274</b>	<b>194</b>	<b>(79)</b>	<b>(336)</b>	<b>3,875</b>

Year 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						9,642
Income tax (expense) benefit						2,594
Finance expenses						313
Foreign exchange gains (losses)						(85)
Finance income						(67)
Share of profit from equity accounted financial investments						17
Other items						(2,151)
Hedge adjustments						635
<b>EBIT</b>	<b>522</b>	<b>3,131</b>	<b>172</b>	<b>(90)</b>	<b>(336)</b>	<b>10,898</b>
Impairment losses						28
Amortisations and depreciations						1,999
<b>EBITDA</b>	<b>821</b>	<b>3,274</b>	<b>194</b>	<b>(79)</b>	<b>(336)</b>	<b>12,925</b>

#### Elkem's financial APMs, Leverage ratio

- Net interest-bearing debt that is used to measured leverage ratio is excluding non-current other restricted deposits, receivables from related parties, loans to external parties and accrued interest income. These assets are not easily available to be used to finance the group's operations. Below a calculation of Elkem's leverage ratio.

	31 March 2023	31 March 2022	31 December 2021
Net interest-bearing assets (liabilities)	(3,613)	(3,703)	(2,559)
Other restricted deposits, non-current	(48)	(44)	(46)
Receivables from related parties, non-current	(1)	(1)	(1)
Loans to external parties, non-current	(8)	(8)	(8)
Accrued interest income, current	(0)	(0)	(0)
<b>Net interest-bearing debt</b>	<b>(3,670)</b>	<b>(3,756)</b>	<b>(2,615)</b>
<b>EBITDA (LTM)</b>	<b>10,616</b>	<b>10,435</b>	<b>12,925</b>
<b>Leverage ratio</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>

## Elkem's financial APMs, ROCE

ROCE, Return on capital employed, is defined as EBIT divided by the average capital employed.

- Working capital is defined as accounts receivable, inventory, other current assets, accounts payable, current employee benefit obligations and other current liabilities. Accounts receivable are defined as trade receivables less bills receivable. Other current assets are defined as other current assets less current receivables to related parties, current interest-bearing receivables, tax receivables, grants receivable, assets at fair value through profit or loss and accrued interest income. Accounts payable are defined as trade payables less trade payables related to purchase of non-current assets. Other current liabilities are defined as provisions and other current liabilities less current provisions, contingent considerations, contract obligations and liabilities to related parties.
- Capital employed consists of working capital as defined above, property, plant and equipment, right-of-use assets, other intangible assets, goodwill, equity accounted investments, grants payable, trade payables and prepayments related to purchase of non-current assets.
- Average capital employed is defined as the average of the opening and ending balance of capital employed for the relevant reporting period.

Below is a reconciliation of working capital and capital employed, which are used to calculate ROCE:

### Working capital bridge from statutory accounts to company definition

	31 March 2023	31 March 2022	31 December 2021
<b>Inventories</b>	<b>10,688</b>	<b>7,855</b>	<b>10,325</b>
Trade receivables	4,392	4,742	4,248
Bills receivable	(884)	(832)	(1,086)
<b>Accounts receivable</b>	<b>3,508</b>	<b>3,910</b>	<b>3,162</b>
Other assets, current	2,227	1,702	1,698
Other receivables from related parties interest-free	(5)	(5)	(7)
Grants receivables	(849)	(624)	(620)
Tax receivables	(381)	(260)	(338)
Assets at fair value through profit or loss	-	(14)	-
Accrued interest	(0)	(0)	(0)
<b>Other current assets included in working capital</b>	<b>991</b>	<b>799</b>	<b>733</b>
Trade payables	5,340	4,290	5,335
Trade payables related to purchase of non-current assets	(1,012)	(291)	(1,117)
<b>Accounts payable included in working capital</b>	<b>4,327</b>	<b>3,999</b>	<b>4,219</b>
<b>Employee benefit obligations</b>	<b>882</b>	<b>844</b>	<b>994</b>
Provisions and other liabilities, current	1,520	1,629	1,545
Provisions, contingent considerations and contract obligations	(155)	(319)	(144)
Liabilities to related parties	(19)	(30)	(30)
<b>Other current liabilities included in working capital</b>	<b>1,347</b>	<b>1,280</b>	<b>1,371</b>
<b>Working capital</b>	<b>8,631</b>	<b>6,441</b>	<b>7,637</b>
<b>Property, plant and equipment</b>	<b>21,135</b>	<b>16,585</b>	<b>19,520</b>
<b>Right-of-use assets</b>	<b>825</b>	<b>1,001</b>	<b>779</b>
<b>Other intangible assets</b>	<b>1,451</b>	<b>1,661</b>	<b>1,385</b>
<b>Goodwill</b>	<b>1,039</b>	<b>934</b>	<b>984</b>
<b>Investments equity accounted companies</b>	<b>1,024</b>	<b>210</b>	<b>1,039</b>
<b>Grants payable</b>	<b>(17)</b>	<b>(15)</b>	<b>(16)</b>
<b>Trade payables- and prepayments related to purchase of non-current assets</b>	<b>(948)</b>	<b>(271)</b>	<b>(1,018)</b>
<b>Capital employed</b>	<b>33,140</b>	<b>26,546</b>	<b>30,310</b>

### Elkem's financial APMs, Cash flow from operations

- Cash flow from operations is defined as cash flow from operating activities, less income taxes paid, interest payments made, interest payments received, changes in provision, pension obligations and other, changes in fair value commodity contracts, other items (from the statement of profit or loss) excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.
- Reinvestments generally consist of maintenance capital expenditure to maintain existing activities or that involve investments designed to improve health, safety or the environment.
- Strategic investments generally consist of investments which result in capacity increases at Elkem's existing plants or that involve an investment made to meet demand in a new geographic or product area.

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
Reinvestments	(330)	(256)	(330)	(256)	(1,682)
Strategic investments	(761)	(341)	(761)	(341)	(2,797)
Periodisation <sup>1)</sup>	(133)	(314)	(133)	(314)	421
<b>Investments in property, plant and equipment and intangible assets</b>	<b>(1,224)</b>	<b>(911)</b>	<b>(1,224)</b>	<b>(911)</b>	<b>(4,058)</b>

<sup>1)</sup> Periodisation reflects the difference between payment date and accounting date of the investment.

	First quarter		Year to date		Year
	2023	2022	2023	2022	2022
Cash flow from operating activities	709	2,510	709	2,510	9,314
Income taxes paid	570	244	570	244	1,345
Interest payments made	116	45	116	45	319
Interest payments received	(44)	(13)	(44)	(13)	(66)
Changes in provisions, bills receivables and other	(9)	138	(9)	138	697
Changes in fair value commodity contracts	117	106	117	106	1,139
Other items	(553)	(87)	(553)	(87)	(2,151)
Hedge adjustments	59	110	59	110	635
Reinvestments	(330)	(256)	(330)	(256)	(1,682)
<b>Cash flow from operations</b>	<b>637</b>	<b>2,798</b>	<b>637</b>	<b>2,798</b>	<b>9,551</b>