



Second quarter and half year results 2022



Contents

Highlights 2 nd quarter 2022	3
Key figures	3
Another record result	4
Financial review	5
Group results	5
Cash flow	6
Financial position	6
Segments	7
Silicones	7
Silicon Products	7
Carbon Solutions	8
Outlook for the third quarter 2022	8
Declaration by the Board of Directors	9
Condensed consolidated interim statement of profit or loss (unaudited)	10
Condensed consolidated statement of comprehensive income (unaudited)	11
Condensed consolidated interim statement of financial position (unaudited)	12
Condensed consolidated interim statement of cash flows (unaudited)	13
Condensed consolidated interim statement of changes in equity (unaudited)	14
Notes to the condensed consolidated interim financial statements	15
Note 1 General information, basis for preparation and judgements, estimates and assumptions	15
Note 2 Operating segments	15
Note 3 Changes in composition of the group	17
Note 4 Fixed assets	18
Note 5 Right-of-use assets	19
Note 6 Intangible assets	21
Note 7 Inventories	22
Note 8 Other items	22
Note 9 Finance income and expenses	23
Note 10 Interest-bearing assets and liabilities	23
Note 11 Cash flow hedging	24
Note 12 Number of shares	24
Note 13 Held for sale	25
Appendix - Alternative performance measures (APMs)	26

Highlights 2nd quarter 2022

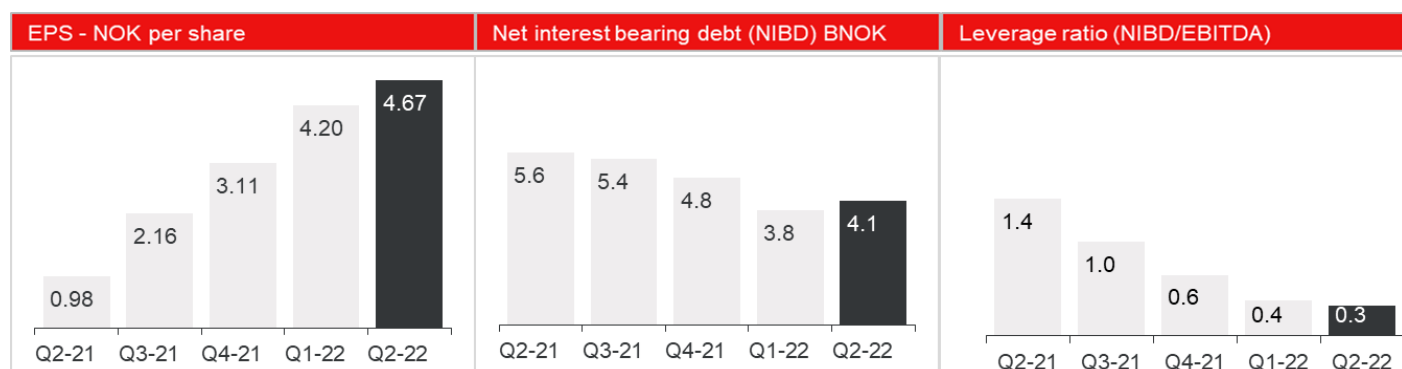
- Elkem has delivered the 7th consecutive quarter with improved EBITDA results, again reaching a new all-time high.
- Continued strong demand in all major business segments.
- Elkem successfully refinanced and increased its bank facilities in 2Q-2022 with the intention to include sustainability performance targets.
- Larry Zhang has been appointed SVP Silicones. Zhang was employed in 2016 and has extensive experience from Elkem Silicones APAC.

Earnings per share (EPS) of NOK 4.67 in 2Q-2022 and NOK 8.87 YTD-2022, providing for attractive dividend yield.

Key figures

<i>(NOK million, except where specified)</i>	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	12,326	7,332	24,201	14,525	33,717
EBITDA	3,924	1,371	7,798	2,602	7,791
EBITDA margin (%)	32 %	19 %	32 %	18 %	23 %
EBIT	3,428	841	6,827	1,646	5,899
Profit (loss) for the period ⁽¹⁾	2,962	609	5,621	1,293	4,628
Earning per share (EPS) <i>(NOK per share)</i>	4.67	0.98	8.87	2.15	7.49
Equity ratio (%)	52 %	46 %	52 %	46 %	47 %
Net interest-bearing debt (NIBD)	4,051	5,630	4,051	5,630	4,827
Cash flow from operations	2,809	911	5,606	1,500	4,100
ROCE - annualised (%)	50 %	16 %	51 %	16 %	27 %

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



Another record result

In the second quarter 2022, Elkem delivered the 7th consecutive quarter with improved EBITDA results, again reaching a new all-time high. The results were particularly driven by strong performance for the Silicon Products division. In addition, the Carbon Solutions division posted their best quarterly result ever. Elkem has continued to see strong demand in all major business segments. The outlook for the third quarter 2022 is good.

Elkem's total operating income for the second quarter 2022 was NOK 12,326 million, which was all-time high and up 68% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 3,924 million in the quarter, compared to NOK 1,371 million in the second quarter 2021. Earnings per share (EPS) was NOK 4.67 in the quarter and NOK 8.87 year-to-date, providing for an attractive dividend yield for 2022.

Elkem has continued to benefit from strong competitive positions, based on its integrated business model, operational excellence, favourable energy costs and access to critical raw materials. Based on these factors, the Silicon Products and Carbon Solutions divisions have delivered another strong quarter based on high quality products that our customers rely on. The Silicones division has been impacted by Covid restrictions in China and a delayed start-up after maintenance work in France. The Covid restrictions in China have resulted in reduced demand for silicones, which combined with new upstream capacity additions, have resulted in increased stock levels and a subsequent price decline. The delayed start-up in France had an estimated negative EBITDA impact of NOK 100 million in the quarter.

Elkem's strategy is centred around its integrated value chain with focus on product specialisation and strong cost positions, with a strong ESG profile. In June, Elkem acquired KeyVest Belgium S.A. enabling further growth within specialised silicon products, and improved service level and processing capabilities. The company also commissioned two climate-friendly ships for North Sea operation, enabling the use of green methanol as fuel, featuring high safety standards and backed by a strong business case.

Access to renewable power at competitive terms is a key requirement for sustainable upstream production of silicon and ferrosilicon. In the quarter, Elkem has entered into new 7-year power contracts in Norway starting from 2027 at an aggregate volume of 2.5 TWh. Elkem has now hedged approximately 80% of its power consumption in Norway until 2026 at competitive rates. In the quarter, CEO Helge Aasen was appointed as chair of a new industry association in The Federation of Norwegian Industries, which will work to secure competitive framework conditions for power-intensive businesses also in the longer term.

Elkem continues to develop Vianode and prepare to make an investment decision together with Hydro and Altor as partners. Completion of the transaction is pending approval from competition authorities. Total investments in the first-phase plant and preparations for a potential full-scale plant are estimated at around NOK 2 billion.

In the second quarter, Elkem signed a new loan facilities agreement of EUR 1,000 million. The loan agreement consists of a revolving credit facility (RCF) of EUR 500 million and a term loan of EUR 500 million. The loan facilities have a maturity of 5 years, with two one-year extension options for the RCF at the discretion of each lender. The loan facilities are for general corporate purposes and refinancing of Elkem's bank facilities maturing in February 2023. Elkem may request that the facility agreement be amended to include certain sustainability features based on proposed sustainability performance targets.

The group's equity as at 30 June 2022 amounted to NOK 25,870 million, which gave a ratio of equity to total assets of 52%. Net interest-bearing debt was NOK 4,051 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.3x. Elkem had cash and cash equivalents of NOK 8,055 million as at 30 June 2022 and undrawn credit lines of more than NOK 5,000 million.

The market sentiment is impacted by macro-economic uncertainty, with inflation pressure and higher interest rates, but Elkem continues to see robust demand going into the third quarter. Silicones demand in China is expected to gradually improve as Covid-restrictions are eased. In EMEA and the US, prices and demand for specialties are expected to remain stable. Silicon Products will continue to benefit from good demand and high prices. Higher raw materials prices, particularly for reduction agents, will gradually impact the results. Carbon Solutions continues to benefit from strong markets, but the situation is more challenging in terms of logistics and raw material supply.

Financial review

Group results

KEY FIGURES	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	12,326	7,332	24,201	14,525	33,717
EBITDA	3,924	1,371	7,798	2,602	7,791
EBIT	3,428	841	6,827	1,646	5,899
Other items	334	18	311	-44	-114
Net financial items	10	-70	42	-13	6
Profit (loss) before income tax	3,773	789	7,174	1,614	5,827
Tax	-790	-171	-1,522	-304	-1,163
Profit (loss) for the period	2,982	618	5,652	1,309	4,664

Quarter

Elkem group had total operating income of NOK 12,326 million in 2Q-2022, which was up 68% from NOK 7,332 million in 2Q-2021. Silicon Products and Carbon Solutions both delivered all-time high operating income, mainly explained by high sales prices.

The group's EBITDA for 2Q-2022 was NOK 3,924 million, which was up 186% from NOK 1,371 million in the corresponding quarter last year. Increased EBITDA was particularly driven by Silicon Products. Carbon Solutions reported all-time high EBITDA. The EBITDA was mainly driven by higher sales prices, but partly countered by increased raw material costs.

EBIT for 2Q-2022 was NOK 3,428 million, up from NOK 841 million in 2Q-2021.

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 334 million in 2Q-2022, mainly related to a currency gain of NOK 314 million on working capital items, i.e. accounts receivables and bank deposits, due to weaker NOK. In addition, Elkem had a net fair value gain of NOK 21 million on acquisition and disposal of subsidiaries. Various other items amounted to NOK -1 million.

Net financial items were NOK 10 million in 2Q-2022, compared to NOK -70 million in 2Q-2021. Net interest expenses amounted to NOK -53 million, which was down from NOK -60 million in the corresponding quarter last year, mainly due to higher interest income. Gains on foreign exchange amounted to NOK 71 million, compared to NOK -6 million in 2Q-2021. The foreign exchange gains in 2Q-2022 was explained by positive translation effects on shareholder loans in CNY. Other financial expenses amounted to NOK -7 million.

Profit before income tax was NOK 3,773 million in 2Q-2022 compared to NOK 789 million in 2Q-2021.

Tax expenses in the quarter was NOK -790 million, giving a tax rate for the quarter of 21%.

Profit for the period was NOK 2,982 million, compared to NOK 618 million in 2Q-2021. Owners of the parent's share of profit was NOK 2,962 million, which gave earnings per share (EPS) of NOK 4.67 in 2Q-2022.

Year to date

The group's total operating income was NOK 24,201 million YTD-2022, which was up 67% compared to YTD-2021. EBITDA YTD-2022 amounted to NOK 7,798 million, which was up 200% from NOK 2,602 million YTD-2021. All divisions reported improved EBITDA YTD-2022 compared to YTD-2021, mainly explained by higher sales prices. Earnings per share (EPS) was NOK 8.87 YTD-2021.

Cash flow

CASH FLOW FROM OPERATIONS	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
<i>NOK million</i>					
Operating profit (loss) before other items	3,428	841	6,827	1,646	5,899
Amortisation, depreciation and impairment	496	531	972	955	1,892
Changes in working capital	-722	-113	-1,526	-508	-2,020
Reinvestments	-366	-339	-622	-598	-1,657
Equity accounted investments	-28	-9	-45	4	-15
Cash flow from operations	2,809	911	5,606	1,500	4,100
Other cash flow items	-3,231	854	-4,919	1,312	-316
Change in cash and cash equivalents	-422	1,764	688	2,812	3,784

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

Quarter

Cash flow from operations was NOK 2,809 million in 2Q-2022, compared to NOK 911 million in 2Q-2021. Increased cash flow from operations was explained by higher operating profit. The working capital increased by NOK 722 million, mainly due to higher inventories.

Reinvestments were NOK 366 million in 2Q-2022, which amounted to 74% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 497 million, up from NOK 213 million in 2Q-2021. The strategic investments were mainly related to the Silicones expansion projects.

Change in cash and cash equivalents was NOK -422 million in 2Q-2022. The negative movement was mainly explained by the dividend payment of NOK 1,900 million. Currency exchange differences was NOK 350 million. As at 30 June 2022 the total cash and cash equivalents amounted to NOK 8,055 million.

Year to date

Cash flow from operations amounted to NOK 5,606 million YTD-2022, up from NOK 1,500 million YTD-2021, mainly explained by higher operating profit. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2022 were NOK 622 million, which amounted to 64% of D&A. Strategic investments ex. M&A amounted to NOK 838 million.

Financial position

FINANCIAL POSITION	2Q 2022	2Q 2021	FY 2021
Total equity (NOK million)	25,870	16,045	19,874
Equity ratio (%)	52 %	46 %	47 %
EPS (NOK per share)	4.67	0.98	7.49
Net interest bearing debt (NOK million) ⁽¹⁾	4,051	5,630	4,827
Leverage ratio based on LTM EBITDA (ratio)	0.3	1.4	0.6

¹⁾ 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 30 June 2022 was NOK 25,870 million, up NOK 5,996 million from 31 December 2021. Profit for the period YTD-2022 was NOK 5,652 million. Other changes in equity were NOK 344 million, including the dividend distribution of NOK 1,900 million for 2021, and increased value of NOK 1,379 million mainly from of a power contract within the scope of IFRS 9 recognised through other comprehensive income (OCI).

The equity ratio as at 30 June 2022 was 52%. Compared to year-end 2021, the equity ratio was up from 47%.

Net-interest bearing debt as at 30 June 2022 was NOK 4,051 million, which was a reduction of NOK 777 million from 31 December 2021. The reduction was mainly explained by increase in cash and cash equivalents based on positive cash flow generation. The leverage ratio was 0.3x as at 30 June 2022.

Segments

Silicones

KEY FIGURES	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	5,211	3,588	10,444	7,311	17,429
EBITDA	743	573	1,563	1,160	3,672
EBITDA margin	14 %	16 %	15 %	16 %	21 %
Sales volume (thousand mt)	100	92	199	199	409

Quarter

The Silicones division had total operating income of NOK 5,211 million in 2Q-2022 up 45% from NOK 3,588 million in 2Q-2021. Increased operating income was driven by higher sales prices and higher sales volumes.

EBITDA for 2Q-2022 was NOK 743 million, up 30% from the second quarter last year. Improved EBITDA was explained by higher sales prices, but negatively impacted by high raw material costs. The result was also negatively impacted by a delayed start-up after maintenance work in France. This had an estimated EBITDA effect of NOK 100 million.

The sales volumes in the quarter were strong, and the division has seen good demand in all regions, particularly for specialties in the US and Europe.

Year to date

The Silicones division reported total operating income of NOK 10,444 million YTD-2022, which was 43% higher than YTD-2021. The EBITDA was NOK 1,563 million YTD-2022, up 35% from NOK 1,160 million YTD-2021. Improved result YTD-2022 was explained by higher sales prices but countered by higher raw materials costs.

Silicon Products

KEY FIGURES	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	6,517	3,355	12,948	6,491	14,783
EBITDA	2,965	672	6,238	1,198	3,702
EBITDA margin	45 %	20 %	48 %	18 %	25 %
Sales volume (thousand mt) ¹⁾	125	123	255	255	502

1) Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 6,517 million in 2Q-2022, which was up 94% from NOK 3,355 million in 2Q-2021. The increase in operating income was driven by high sales prices.

The EBITDA for Silicon Products was NOK 2,965 million in 2Q-2022, up 341% from second quarter last year. Strong EBITDA was explained by higher sales prices and good operations.

The division continued to see robust demand, benefitting from strong market positions, good production performance and raw material positions.

Year to date

The Silicon Products division reported total operating income of NOK 12,948 million YTD-2022, which was 99% higher than YTD-2021. The division reported an EBITDA of NOK 6,238 million, up 421% from NOK 1,198 million YTD-2021.

Carbon Solutions

KEY FIGURES	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	906	506	1,633	992	2,176
EBITDA	268	118	462	239	508
EBITDA margin	30 %	23 %	28 %	24 %	23 %
Sales volume (thousand mt)	78	73	157	143	294

Quarter

Carbon Solutions reported total operating income of NOK 906 million in 2Q-2022, up 79% from NOK 506 million in 2Q-2021. The operating income reached all-time high in the quarter, explained by high sales prices and higher sales volumes. The increase in sales prices has mainly been driven by higher raw material costs.

The EBITDA for 2Q-2022 amounted to NOK 268 million, up 127% from NOK 118 million in the corresponding quarter last year. The EBITDA reached all-time high in 2Q-2022 due to higher sales prices and higher sales volumes. This was partly countered by higher raw material costs.

The sales volumes were higher than the corresponding quarter last year, mainly due to good underlying market for steel and ferroalloys.

Year to date

Carbon Solutions reported total operating income of NOK 1,633 million YTD-2022, which was 65% higher than YTD-2021. EBITDA YTD-2022 was NOK 462 million, up 93% from NOK 239 million YTD-2021. The improvement was mainly due to higher sales prices and higher sales volumes.

Outlook for the third quarter 2022

The market sentiment is impacted by macro-economic uncertainty, with inflation pressure and higher interest rates, but Elkem continues to see robust demand going into the third quarter. Silicones demand in China is expected to gradually improve as Covid-restrictions are eased. In EMEA and the US, prices and demand for specialties are expected to remain stable. Silicon Products will continue to benefit from good demand and high prices. Higher raw materials prices, particularly for reduction agents, will gradually impact the results. Carbon Solutions continues to benefit from strong markets, but the situation is more challenging in terms of logistics and raw material supply.

Declaration by the Board of Directors

We confirm, to the best of our knowledge, that the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2022 have been prepared in conformity with IAS 34 Interim Reporting and that the information in the financial statements provides a fair view of the enterprise and the group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Elkem ASA

Oslo, 18 July 2022

Zhigang Hao
Chair of the board

Dag Jakob Opedal
Deputy chair

Yougen Ge
Board member

Olivier Tillette de Clermont-Tonnerre
Board member

Nathalie Brunelle
Board member

Marianne E. Johnsen
Board member

Grace Tang
Board member

Johnny Wu
Board member

Terje Andre Hanssen
Board member

Marianne Færøyvik
Board member

Thomas Eggan
Board member

Helge Aasen
CEO

Condensed consolidated interim statement of profit or loss (unaudited)

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2022	2021	2022	2021	2021
Revenue	2	12,106	7,167	23,789	14,200	33,083
Other operating income	2	188	156	356	309	586
Share of profit (loss) from equity accounted companies	2	33	9	57	16	49
Total operating income		12,326	7,332	24,201	14,525	33,717
Raw materials and energy for production		(5,438)	(3,595)	(10,820)	(7,101)	(15,861)
Employee benefit expenses		(1,231)	(1,113)	(2,452)	(2,185)	(4,530)
Other operating expenses		(1,733)	(1,253)	(3,131)	(2,637)	(5,536)
Amortisation and depreciation	4,5,6	(491)	(467)	(966)	(887)	(1,816)
Impairment losses	4,5,6	(5)	(63)	(5)	(68)	(76)
Operating profit (loss) before other items		3,428	841	6,827	1,646	5,899
Other items	8	334	18	311	(44)	(114)
Operating profit (loss)		3,762	859	7,138	1,602	5,785
Share of profit (loss) from equity accounted financial investments		-	(0)	(6)	25	37
Finance income	9	14	10	27	15	40
Foreign exchange gains (losses)	9	71	(6)	149	117	241
Finance expenses	9	(74)	(73)	(134)	(144)	(276)
Profit (loss) before income tax		3,773	789	7,174	1,614	5,827
Income tax (expenses) benefits		(790)	(171)	(1,522)	(304)	(1,163)
Profit (loss) for the period		2,982	618	5,652	1,309	4,664
Attributable to:						
Non-controlling interests' share of profit (loss)		20	9	31	17	36
Owners of the parent's share of profit (loss)		2,962	609	5,621	1,293	4,628
Earnings per share						
Basic earnings per share in NOK		4.67	0.98	8.87	2.15	7.49
Diluted earnings per share in NOK		4.65	0.97	8.83	2.13	7.44
Weighted average number of outstanding shares (million)	12	634	623	633	603	618
Weighted average number of outstanding shares diluted (million)	12	637	627	637	606	622

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Profit (loss) for the period	2,982	618	5,652	1,309	4,664
Remeasurement of defined benefit pension plans	-	-	-	2	69
Tax effects on remeasurements of defined benefit pension plans	-	-	-	(0)	(10)
Change in fair value of equity instruments	3	2	3	2	3
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-	-
Total items that will not be reclassified to profit or loss	3	2	3	3	62
Currency translation differences	1,315	264	1,213	58	358
Hedging of net investment in foreign operations	(171)	(50)	(93)	81	130
Tax effects hedging of net investment in foreign operations	38	11	21	(18)	(29)
Cash flow hedges	977	12	1,379	284	697
Tax effects on cash flow hedges	(215)	(3)	(303)	(62)	(153)
Share of other comprehensive income (loss) from equity accounted companies	-	1	20	7	13
Total items that may be reclassified to profit or loss	1,943	235	2,236	350	1,016
Other comprehensive income, net of tax	1,946	237	2,239	353	1,078
Total comprehensive income	4,928	855	7,890	1,662	5,742
Attributable to:					
Non-controlling interests' share of comprehensive income	28	10	38	17	36
Owners of the parent's share of comprehensive income	4,900	845	7,852	1,646	5,706
Total comprehensive income	4,928	855	7,890	1,662	5,742

Condensed consolidated interim statement of financial position (unaudited)

Amounts in NOK million	Note	30 June 2022	30 June 2021	31 December 2021
ASSETS				
Property, plant and equipment	4	17,792	14,106	15,722
Right-of-use assets	5	770	874	1,017
Other intangible assets	6	1,421	1,475	1,602
Goodwill	6	1,002	923	941
Deferred tax assets		106	89	48
Investments in equity accounted companies		243	206	241
Derivatives	11	1,449	145	304
Other assets		561	384	478
Total non-current assets		23,343	18,201	20,353
Inventories	7	8,951	5,527	7,716
Trade receivables		5,369	3,408	4,297
Derivatives	11	735	132	283
Other assets		2,082	1,470	1,551
Restricted deposits	9	492	395	609
Cash and cash equivalents	9	8,055	5,998	7,040
Total current assets		25,684	16,928	21,497
Assets classified as held-for sale	13	705	-	-
TOTAL ASSETS		49,732	35,130	41,850
EQUITY AND LIABILITIES				
Paid-in capital	12	6,217	8,110	8,097
Retained earnings		19,529	7,852	11,692
Non-controlling interests		124	83	86
Total equity		25,870	16,045	19,874
Interest-bearing liabilities	10	9,274	8,411	8,409
Deferred tax liabilities		902	403	505
Employee benefit obligations		612	672	611
Derivatives	11	62	138	18
Provisions and other liabilities		168	294	182
Total non-current liabilities		11,018	9,919	9,724
Trade payables		4,642	3,458	4,614
Income tax payables		1,994	261	914
Interest-bearing liabilities	10	1,637	2,333	1,972
Bills payable	10	1,687	1,278	2,096
Employee benefit obligations		872	722	976
Derivatives	11	156	42	23
Provisions and other liabilities		1,553	1,071	1,657
Total current liabilities		12,540	9,166	12,252
Liability classified as held-for sale	13	304	-	-
TOTAL EQUITY AND LIABILITIES		49,732	35,130	41,850

Condensed consolidated interim statement of cash flows (unaudited)

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2022	2021	2022	2021	2021
Operating profit (loss)		3,762	859	7,138	1,602	5,785
Amortisation, depreciation and impairment	4,5,6	496	531	972	955	1,892
Changes in working capital		(722)	(113)	(1,526)	(508)	(2,020)
Equity accounted companies		(28)	(9)	(45)	4	(15)
Changes fair value of derivatives		(14)	(6)	(120)	37	(9)
Changes in provisions, bills receivables and other		(570)	(103)	(708)	118	(88)
Interest payments received		14	6	27	11	34
Interest payments made		(118)	(72)	(163)	(127)	(242)
Income taxes paid		(253)	(38)	(497)	(292)	(423)
Cash flow from operating activities		2,568	1,053	5,078	1,800	4,913
Investments in property, plant and equipment and intangible assets	4,5,6	(833)	(511)	(1,744)	(1,127)	(3,128)
Acquisition of subsidiaries, net of cash acquired	3	(24)	-	(108)	-	-
Payment of contingent consideration related to acquisitions (IFRS 3)		(176)	(78)	(176)	(78)	(78)
Other investments / sales		19	(40)	32	(39)	21
Cash flow from investing activities		(1,015)	(629)	(1,996)	(1,244)	(3,185)
Dividends paid to non-controlling interests		-	(28)	-	(42)	(58)
Dividends paid to owners		(1,900)	(96)	(1,900)	(96)	(96)
Capital increase		-	1,862	-	1,901	1,900
Net sale (purchase) of treasury shares		12	8	20	(28)	(278)
Net changes in bills payable and restricted deposits		(536)	37	(372)	136	709
Payment of lease liabilities		(34)	(21)	(58)	(53)	(118)
New interest-bearing loans and borrowings		5,156	382	5,438	1,926	3,177
Payment of interest-bearing loans and borrowings		(4,673)	(803)	(5,521)	(1,488)	(3,180)
Cash flow from financing activities		(1,975)	1,340	(2,394)	2,255	2,056
Change in cash and cash equivalents		(422)	1,764	688	2,812	3,784
Currency exchange differences		350	50	328	32	101
Cash and cash equivalents opening balance		8,127	4,183	7,040	3,154	3,154
Cash and cash equivalents closing balance		8,055	5,998	8,055	5,998	7,040

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
Closing balance 31 December 2021	8,097	11,692	19,789	86	19,874
Adjustment accounting policy	-	(31)	(31)	-	(31)
Opening balance 1 January 2022	8,097	11,661	19,758	86	19,843
Profit (loss) for the period	-	5,621	5,621	31	5,652
Other comprehensive income	-	2,232	2,232	7	2,239
Total comprehensive income	-	7,852	7,852	38	7,890
Share-based payment	16	-	16	-	16
Net movement treasury shares (note 12)	5	16	20	-	20
Dividends to equity holders	(1,900)	-	(1,900)	-	(1,900)
Closing balance 30 June 2022	6,217	19,529	25,746	124	25,870

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interest	Total
Opening balance 1 January 2021	6,296	6,232	12,527	108	12,635
Profit (loss) for the period	-	1,293	1,293	17	1,309
Other comprehensive income	-	353	353	(0)	353
Total comprehensive income	-	1,646	1,646	17	1,662
Share-based payment	13	-	13	-	13
Capital increase (note 12)	1,901	-	1,901	-	1,901
Net movement treasury shares (note 12)	(3)	(25)	(28)	-	(28)
Dividends to equity holders	(96)	-	(96)	(42)	(138)
Closing balance 30 June 2021	8,110	7,852	15,963	83	16,045

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Opening balance 1 January 2021	6,296	6,232	12,527	108	12,635
Profit (loss) for the period	-	4,628	4,628	36	4,664
Other comprehensive income	-	1,079	1,079	(0)	1,078
Total comprehensive income	-	5,706	5,706	36	5,742
Share-based payment	28	-	28	-	28
Capital increase (note 12)	1,900	-	1,900	-	1,900
Net movement treasury shares (note 12)	(32)	(246)	(278)	-	(278)
Dividends to equity holders	(96)	-	(96)	(58)	(154)
Closing balance 31 December 2021	8,097	11,692	19,789	86	19,874

Notes to the condensed consolidated interim financial statements

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 second quarter of 2022 were approved at the meeting of the board of directors on 18 July 2022.

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 2021. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2021.

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.

Accounting policy change

The IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 "Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)", confirming that a cloud computing customer should expense the costs of configuring or customising a supplier's application software in a Software as a Service arrangement. From 1.1.2022 Elkem has applied this policy for costs related to the implementation of cloud computing. Following the accounting policy change NOK 31 million is adjusted towards opening balance of equity in second quarter of 2022. Due to materiality comparable figures are not restated.

Held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

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 2021 (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 and battery projects.
- **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.

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments performance are evaluated based on EBITDA and operating profit (loss) before other items (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, impairment loss and amortisation and depreciation. Elkem's definition of EBITDA may be different from other companies.

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

Second quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	5,161	6,081	817	(22)	-	12,037
Other revenue	8	20	6	34	-	69
Other operating income	28	144	1	14	-	188
Share of profit from equity accounted companies	-	-	-	33	-	33
Total operating income from external customers	5,198	6,245	824	59	-	12,326
Operating income from other segments	13	273	82	101	(469)	-
Total operating income	5,211	6,517	906	161	(469)	12,326
Operating expenses	(4,468)	(3,552)	(638)	(175)	431	(8,402)
EBITDA	743	2,965	268	(15)	(38)	3,924
Operating profit (loss) before other items (EBIT)	431	2,819	242	(27)	(38)	3,428

Second quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,538	3,060	443	30	-	7,071
Other revenue	5	25	4	63	-	96
Other operating income	28	120	2	6	-	156
Share of profit from equity accounted companies	-	-	-	9	-	9
Total operating income from external customers	3,570	3,205	450	107	-	7,332
Operating income from other segments	17	150	56	142	(365)	-
Total operating income	3,588	3,355	506	249	(365)	7,332
Operating expenses	(3,015)	(2,683)	(388)	(237)	362	(5,961)
EBITDA	573	672	118	11	(3)	1,371
Operating profit (loss) before other items (EBIT)	267	538	37	2	(3)	841

Year to date 30 June 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	10,346	11,833	1,480	(23)	-	23,636
Other revenue	14	42	11	85	-	152
Other operating income	57	279	2	18	-	356
Share of profit from equity accounted companies	0	-	-	57	-	57
Total operating income from external customers	10,417	12,154	1,493	137	-	24,201
Operating income from other segments	27	794	139	210	(1,170)	-
Total operating income	10,444	12,948	1,633	347	(1,170)	24,201
Operating expenses	(8,881)	(6,710)	(1,171)	(438)	796	(16,403)
EBITDA	1,563	6,238	462	(91)	(374)	7,798
Operating profit (loss) before other items (EBIT)	953	5,948	414	(114)	(374)	6,827

Year to date 30 June 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	7,216	5,905	870	39	-	14,029
Other revenue	10	41	8	112	-	171
Other operating income	58	236	3	12	-	309
Share of profit from equity accounted companies	-	-	-	16	-	16
Total operating income from external customers	7,283	6,182	880	180	-	14,525
Operating income from other segments	28	309	112	243	(691)	-
Total operating income	7,311	6,491	992	423	(691)	14,525
Operating expenses	(6,151)	(5,293)	(753)	(430)	703	(11,924)
EBITDA	1,160	1,198	239	(7)	12	2,602
Operating profit (loss) before other items (EBIT)	599	932	137	(32)	12	1,646

Year 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	17,206	13,557	1,917	64	-	32,743
Other revenue	43	96	21	179	-	340
Other operating income	117	422	5	41	-	586
Share of profit from equity accounted companies	0	(1)	-	51	-	49
Total operating income from external customers	17,366	14,074	1,943	335	-	33,717
Operating income from other segments	63	710	234	398	(1,404)	-
Total operating income	17,429	14,783	2,176	733	(1,404)	33,717
Operating expenses	(13,758)	(11,081)	(1,669)	(777)	1,358	(25,926)
EBITDA	3,672	3,702	508	(44)	(46)	7,791
Operating profit (loss) before other items (EBIT)	2,528	3,154	360	(97)	(46)	5,899

Note 3 Changes in composition of the group

31 January 2022 Elkem increased its ownership in Salten Energigjenvinning AS (SEAS) from 50% to 100% by acquisition from Kvitebjørn Energi AS. Salten Energigjenvinning AS operates the Elkem Salten energy recovery plant. The investment in the energy recovery plant further strengthens Elkem's efforts to ensure environmentally friendly silicon and ferrosilicon production with the lowest possible emissions and lowest possible use of resources.

The energy recovery plant has been built in partnership between Elkem and Kvitebjørn Energi. The total investment in the energy recovery plant has amounted to around NOK 1,163 million, financed through a NOK 350 million grant from Enova, significant external debt and some equity. The book value of Elkem's 50% share was NOK 47 million at 31 January 2022. The difference between the fair value and the book value of the 50% share results in a fair value gain of NOK 75 million. This gain is partially offset by a loss on pre-existing relationships of NOK 58 million and a loss of NOK 13 million related to the cash flow reserve from an interest rate hedge in SEAS which will be reclassified from other comprehensive income to other items in profit and loss as a result of the transaction (see note 8).

20 June 2022 Elkem acquired KeyVest Belgium S.A, a specialist company in the sourcing of materials and production of metal powders to the refractory industry and other segments including advanced ceramics. With the acquisition of KeyVest Elkem will enable further growth by providing additional specialised products to our current customers, improve service level and processing capabilities and grow in adjacent segments. The acquisition will expand Elkem's product portfolio and create a platform for further growth. The production facility and related inventory amounts to around NOK 30 million.

	Year-to-date 2022
Net cash outflow	
Cash transferred on acquisition	(156)
Cash and cash equivalents of the acquiree	48
Acquisition of subsidiaries, net of cash acquired	(108)

The table below summarise the total consideration and the provisional amounts recognised for assets acquired and liabilities assumed after the business combinations:

Consideration	
Cash transferred on acquisition	156
Fair value of 50% pre-transaction ownership in SEAS	122
Total consideration	278

	Carrying amount	Excess value	Fair value
Non-current assets	832	119	951
Current assets	97	-	97
Non-current liabilities	(737)	(26)	(764)
Current liabilities	(63)	-	(63)
Total identifiable net assets	127	93	220
Elimination of pre-existing relationships	-	-	58
Total recognised	127	93	278

In the provisional purchase price allocation, the full excess value was allocated to property, plant and equipment, less deferred tax.

Note 4 Fixed assets

	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
30 June 2022						
Cost						
Opening balance	217	8,064	23,043	866	2,819	35,009
Additions	2	2	8	6	1,274	1,291
Transferred to/from CiP	-	68	462	44	(574)	-
Reclassification	-	0	1	(0)	(76)	(75)
Business combinations	1	186	749	0	7	943
Classified as held-for sale	-	-	-	-	(24)	(24)
Disposals	-	(3)	(166)	(1)	(7)	(178)
Exchange differences	11	374	1,022	49	176	1,631
Closing balance	229	8,690	25,119	964	3,594	38,596
Accumulated depreciation						
Opening balance		(2,999)	(13,085)	(430)		(16,514)
Addition		(125)	(632)	(68)		(825)
Reclassification		(0)	-	0		0
Disposals		2	110	1		114
Exchange differences		(103)	(529)	(22)		(655)
Closing balance		(3,225)	(14,136)	(519)		(17,880)
Impairment losses						
Opening balance	(11)	(419)	(2,315)	(1)	(28)	(2,774)
Addition ¹⁾	-	(3)	(1)	(0)	(1)	(5)
Disposals	-	0	31	0	1	32
Exchange differences	(0)	(28)	(148)	(0)	(2)	(178)
Closing balance	(11)	(449)	(2,432)	(1)	(31)	(2,925)
Carrying amount						
Closing balance	218	5,015	8,551	444	3,563	17,792

	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
30 June 2021						
Cost						
Opening balance	184	7,474	21,720	582	1,799	31,759
Additions	-	2	12	1	839	854
Transferred from CiP	19	273	398	19	(710)	-
Reclassification	-	-	(4)	4	(115)	(115)
Business combinations	-	-	-	-	-	-
Disposals	-	(0)	(45)	(3)	(2)	(51)
Exchange differences	(4)	47	67	(5)	4	109
Closing balance	199	7,796	22,149	598	1,814	32,556
Accumulated depreciation						
Opening balance		(2,738)	(11,929)	(377)		(15,043)
Addition		(119)	(595)	(32)		(746)
Reclassification		-	0	(0)		-
Disposals		0	30	3		33
Exchange differences		(8)	(17)	4		(21)
Closing balance		(2,865)	(12,510)	(402)		(15,777)
Impairment losses						
Opening balance	(11)	(384)	(2,162)	(0)	(26)	(2,584)
Addition	-	(9)	(46)	(1)	(3)	(59)
Disposals	-	-	10	0	2	12
Exchange differences	0	(6)	(35)	(0)	(0)	(42)
Closing balance	(11)	(400)	(2,234)	(1)	(27)	(2,674)
Carrying amount						
Closing balance	188	4,530	7,405	196	1,787	14,106

31 December 2021	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	184	7,474	21,720	582	1,799	31,759
Additions	17	55	67	132	2,762	3,033
Transferred to/from CiP	21	344	1,122	186	(1,674)	-
Reclassification	-	7	1	(14)	(105)	(110)
Disposals	(0)	(21)	(290)	(12)	(6)	(328)
Exchange differences	(5)	205	423	(8)	42	656
Closing balance	217	8,064	23,043	866	2,819	35,009
Accumulated depreciation						
Opening balance		(2,738)	(11,929)	(377)		(15,043)
Addition		(236)	(1,211)	(76)		(1,523)
Reclassification		(6)	(2)	9		1
Disposals		17	228	10		255
Exchange differences		(37)	(171)	4		(203)
Closing balance		(2,999)	(13,085)	(430)		(16,514)
Impairment losses						
Opening balance	(11)	(384)	(2,162)	(0)	(26)	(2,584)
Addition	-	(9)	(54)	(1)	(3)	(67)
Reclassification	-	-	(0)	0	-	-
Disposals	-	0	35	0	2	38
Exchange differences	0	(25)	(134)	(0)	(2)	(160)
Closing balance	(11)	(419)	(2,315)	(1)	(28)	(2,774)
Carrying amount						
Closing balance	206	4,646	7,644	435	2,790	15,722

Note 5 Right-of-use assets

30 June 2022	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	432	730	138	11	1,310
Additions/lease modifications	1	38	7	0	46
Classified as held-for sale	(118)	(145)	-	-	(264)
Disposals	-	(25)	(5)	-	(31)
Exchange differences	20	20	4	1	45
Closing balance	335	617	143	11	1,106
Accumulated depreciation					
Opening balance	(66)	(143)	(75)	(5)	(288)
Additions/lease modifications	1	(40)	(15)	(1)	(55)
Reclassification	(6)	-	-	-	(6)
Classified as held-for sale	7	8	-	-	15
Disposals	-	13	5	-	19
Exchange differences	(4)	(7)	(3)	(0)	(14)
Closing balance	(69)	(169)	(88)	(6)	(331)
Impairment losses					
Opening balance	-	(1)	-	(4)	(5)
Exchange differences	-	(0)	-	(0)	(0)
Closing balance	-	(1)	-	(4)	(5)
Carrying amount					
Closing balance	266	447	56	1	770

See note 4 Fixed assets for information about impairment losses

30 June 2021	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	415	529	134	10	1,087
Additions/lease modifications	-	48	11	1	60
Reclassification	(0)	0	0	(0)	-
Disposals	-	(23)	(6)	-	(30)
Exchange differences	4	(0)	(3)	(0)	0
Closing balance	419	553	136	10	1,118
Accumulated depreciation					
Opening balance	(51)	(105)	(53)	(3)	(212)
Addition	(4)	(32)	(16)	(1)	(53)
Reclassification	-	(0)	-	0	-
Disposals	-	22	6	-	28
Exchange differences	(3)	0	1	0	(1)
Closing balance	(58)	(115)	(61)	(4)	(239)
Impairment losses					
Opening balance	-	-	-	-	-
Addition	-	(1)	-	(4)	(5)
Exchange differences	-	(0)	-	(0)	(0)
Closing balance	-	(1)	-	(4)	(5)
Carrying amount					
Closing balance	361	437	74	2	874

31 December 2021	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	415	529	134	10	1,087
Additions/lease modifications	0	239	18	2	260
Reclassification	(0)	0	0	(1)	-
Business combinations	-	-	-	-	-
Disposals	-	(41)	(10)	-	(51)
Exchange differences	17	2	(5)	(0)	14
Closing balance	432	730	138	11	1,310
Accumulated depreciation					
Opening balance	(51)	(105)	(53)	(3)	(212)
Additions/lease modifications	(4)	(77)	(34)	(2)	(116)
Reclassification	(7)	(0)	0	0	(7)
Disposals	-	40	9	-	49
Exchange differences	(3)	(1)	2	0	(2)
Closing balance	(66)	(143)	(75)	(5)	(288)
Impairment losses					
Opening balance	-	-	-	-	-
Addition	-	(1)	-	(4)	(5)
Exchange differences	-	(0)	-	(0)	(0)
Closing balance	-	(1)	-	(4)	(5)
Carrying amount					
Closing balance	366	586	62	2	1,017

Note 6 Intangible assets

			Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
30 June 2022	Goodwill	Land use rights						
Cost								
Opening balance	941	103	828	567	775	335	568	3,175
Additions	-	-	0	7	-	-	162	169
Transferred to/from CiP	-	-	-	0	42	-	(43)	-
Reclassification	-	-	0	18	-	(1)	65	82
Business combinations	-	-	0	-	-	-	-	0
Classified as held-for sale	-	-	-	-	-	-	(422)	(422)
Disposals	-	-	-	(0)	-	-	-	(0)
Exchange differences	61	3	38	21	33	19	25	140
Closing balance	1,002	106	867	613	850	352	355	3,143
Accumulated depreciation								
Opening balance		(55)	(513)	(398)	(519)	(87)		(1,572)
Addition		(0)	(20)	(23)	(27)	(16)		(86)
Reclassification		-	-	(1)	-	1		(0)
Disposals		-	-	0	-	-		0
Exchange differences		(2)	(21)	(15)	(21)	(5)		(64)
Closing balance		(57)	(554)	(437)	(567)	(107)		(1,721)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Addition	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	1,002	49	313	175	283	246	355	1,421
		Leasehold land and land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
30 June 2021	Goodwill							
Cost								
Opening balance	919	108	836	469	714	322	305	2,753
Additions	-	-	-	5	-	-	135	140
Transferred to/from CiP	-	-	-	0	74	-	(74)	-
Reclassification	-	-	2	62	-	-	51	115
Business combinations	-	-	-	-	-	-	-	-
Disposals	-	-	-	(7)	-	(0)	-	(7)
Exchange differences	3	(3)	(14)	0	(16)	2	(2)	(33)
Closing balance	923	105	823	530	772	325	415	2,968
Accumulated depreciation								
Opening balance		(56)	(487)	(349)	(486)	(55)		(1,433)
Addition		(0)	(13)	(27)	(33)	(15)		(88)
Re-classification		-	-	-	-	-		-
Disposals		-	-	3	-	0		3
Exchange differences		2	11	0	13	0		26
Closing balance		(54)	(488)	(373)	(507)	(70)		(1,493)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Addition	-	-	-	(4)	-	-	-	(4)
Disposals	-	-	-	4	-	-	-	4
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	923	49	335	157	265	255	415	1,475

31 December 2021	Goodwill	Land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
Cost								
Opening balance	919	108	836	469	714	322	305	2,753
Additions	-	-	1	16	-	-	324	342
Transferred from CiP	-	-	2	6	80	-	(87)	-
Re-classification	-	-	8	81	-	-	29	118
Business combinations	-	-	-	-	-	-	-	-
Disposals	-	-	-	(9)	-	(0)	-	(9)
Exchange differences	22	(5)	(19)	4	(19)	12	(2)	(28)
Closing balance	941	103	828	567	775	335	568	3,175
Accumulated depreciation								
Opening balance		(56)	(487)	(349)	(486)	(55)		(1,433)
Addition		(1)	(41)	(50)	(53)	(31)		(177)
Re-classification		-	-	(1)	-	-		(1)
Disposals		-	-	5	-	0		5
Exchange differences		3	15	(3)	21	(1)		35
Closing balance		(55)	(513)	(398)	(519)	(87)		(1,572)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Addition	-	-	-	(4)	-	-	-	(4)
Disposals	-	-	-	4	-	-	-	4
Exchange differences	-	0	-	-	-	-	-	0
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	941	47	315	169	256	248	568	1,602

Note 7 Inventories

	30 June 2022	30 June 2021	31 December 2021
Raw materials	3,014	1,332	2,693
Semi-finished goods	411	275	302
Finished goods	4,859	3,339	4,135
Operating materials and spare parts	667	580	586
Total inventories	8,951	5,527	7,716
Provisions for write-down of inventories	(179)	(91)	(202)

Note 8 Other items

	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Change in fair value commodity contracts, interest element	(0)	(3)	(0)	2	(1)
Embedded EUR derivatives power contracts, interest element	39	7	59	(33)	3
Ineffectiveness on cash flow hedges	11	-	11	1	3
Net foreign exchange gains (losses) - forward currency contracts	(43)	1	(7)	10	14
Operating foreign exchange gains (losses)	314	16	252	(21)	20
Total other gains (losses)	321	22	316	(41)	39
Dividends from other shares	2	0	2	1	3
Change in fair value from other shares measured at fair value through profit or loss	(1)	2	0	1	2
Gains (losses) on acquisition and disposal of subsidiaries ¹⁾	21	-	4	-	-
Restructuring expenses	5	-	5	-	41
Dismantling and environmental expenses	-	-	-	-	(181)
Other	(14)	(6)	(16)	(6)	(17)
Total other income (expenses)	13	(4)	(5)	(4)	(153)
Total other items	334	18	311	(44)	(114)

¹⁾ Gain following the acquisition of the final 50% of the shares up to 100% ownership in Salten Energigjenvinning. Refer to note 3 for more information.

Note 9 Finance income and expenses

	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Interest income on loans and receivables	14	6	26	11	34
Other financial income	0	4	0	4	6
Total finance income	14	10	27	15	40
Foreign exchange gains (losses)	71	(6)	149	117	241
Interest expenses on interest-bearing liabilities measured at amortised cost	(51)	(51)	(92)	(102)	(206)
Interest expenses from other items measured at amortised cost	(9)	(10)	(16)	(15)	(23)
Interest expenses on lease liabilities	(9)	(6)	(17)	(13)	(26)
Capitalised interest expenses	2	1	3	1	5
Unwinding of discounted liabilities	(6)	(5)	(8)	(6)	(8)
Interest on net pension liabilities	(2)	(2)	(4)	(3)	(8)
Other financial expenses	0	(1)	(1)	(6)	(10)
Total finance expenses	(74)	(73)	(134)	(144)	(276)
Net Finance income (expenses)	10	(70)	42	(13)	6

Note 10 Interest-bearing assets and liabilities

	30 June 2022	30 June 2021	31 December 2021
Lease liabilities	446	562	685
Loans from external parties, other than bank	3,148	3,170	3,125
Bank financing	5,679	4,679	4,599
Total non-current interest-bearing debt	9,274	8,411	8,409
Lease liabilities	106	108	116
Loans from external parties, other than banks	1,307	1,658	1,264
Bank financing, current	214	547	572
Accrued interest	10	21	20
Total current interest-bearing debt	1,637	2,333	1,972
Bills payable, current	1,687	1,278	2,096
Restricted deposits bills payable, current	461	389	601
Net bills payable	1,226	889	1,494
Cash and cash equivalents	8,055	5,998	7,040
Other restricted deposits, current	31	5	8
Other restricted deposits, non-current	45	42	41
Receivables from related parties, non-current	1	1	1
Loans to external parties, non-current	8	8	8
Accrued interest income, current	1	1	1
Total other interest-bearing assets	8,141	6,055	7,099
Net interest-bearing assets (liabilities)	(3,996)	(5,578)	(4,776)

Pledges and guaranteed liabilities

The main part of Elkem's interest-bearing liabilities are neither pledged nor guaranteed.

The totals of liabilities that have pledged assets or guarantees related to them are stated below:

	30 June 2022	30 June 2021	31 December 2021
Pledged liabilities			
Pledged liabilities	104	74	79

Elkem ASA has signed a new credit facilities agreement of EUR 1,000,000,000 (the "Facilities Agreement"). The Facilities Agreement is unsecured and consists of a revolving credit facility in the amount of EUR 500,000,000 and a term loan facility in the amount of EUR 500,000,000. The Facilities Agreement matures in 5 years but the revolving credit facility thereunder is featured with two one-year extension options, at the discretion of each lender. The loan facility is unsecured, but the agreement contains financial covenants in line with Elkem's existing loan agreements.

Note 11 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 30 June 2022

	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
Purchase contracts							
Forward currency contracts	3,103	50	55	(56)	34	44	33
Embedded EUR derivatives	4,181	(82)	(220)	(44)	(42)	(39)	(96)
Power contracts ¹⁾	1,538	1,995	2,010	665	401	245	699
Warrants	3	3	-	-	-	-	-
Platinum contracts	2	(0)	(0)	(0)	-	-	-
Total derivatives		1,966	1,844	565	393	250	636
EUR loan designed as cash flow hedging instrument		83	(11)	(7)	(4)	-	-
Total			1,834	558	390	250	636

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

Realised effects hedge accounting, recycled from OCI	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Realised effects from forward currency contracts, Revenue	(4)	57	6	79	127
Realised effects from embedded derivatives EUR, Revenue	(6)	(7)	(10)	(16)	(31)
Realised effects from EUR loans, Revenue	(2)	(2)	(2)	(2)	(4)
Realised effects from power contracts, Raw materials and energy for production	185	44	384	75	315
Total realised hedging effects recycled from OCI	173	91	378	135	407

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 2021.

Note 12 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 2022	633,037,606	6,403,772	639,441,378
Sale of treasury shares	948,772	- 948,772	-
Closing balance 30 June 2022	633,986,378	5,455,000	639,441,378

	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
<i>Numbers are whole numbers</i>					
Weighted average number of shares outstanding	633,723,021	623,456,183	633,483,672	602,511,398	618,160,299
Effects of dilution from share-based payment	3,657,972	3,749,557	3,066,337	3,657,164	3,876,305
Weighted average number of outstanding shares diluted	637,380,993	627,205,740	636,550,009	606,168,562	622,036,604

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.

Note 13 Held for sale

The assets and liabilities related to Vianode AS, a 100% owned subsidiary of Elkem ASA, are classified as held for sale based on the announced partnership between Elkem ASA, Hydro and Altor (Altor Fund V) to together accelerate the growth of Elkem ASA's subsidiary Vianode AS.

The final outcome of the transaction will be that Hydro and Altor each will have 30% ownership in Vianode, while Elkem will retain a 40% ownership.

The transaction is subject to formal approval by all parties and regulatory approvals, including competition authorities.

Held for sale	30 June 2022
Property, plant and equipment	24
Right of use assets	249
Other intangible assets	422
Deferred tax assets	0
Other non-current assets	5
Inventories	2
Accounts receivable	-
Other current assets	3
Total assets as held for sale	705
Non-current interest-bearing liabilities	221
Deferred tax liabilities	2
Employee benefit obligations	1
Accounts payable	34
Income tax payables	(2)
Interest bearing current liabilities	19
Employee benefit obligations	17
Provisions and other current liabilities	12
Total liability as held-for-sale	304

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, impairment loss and amortisation and depreciation.
- EBITDA margin is defined as EBITDA divided by total operating income.
- EBIT, also referred to as operating profit (loss) before other items 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.

Below is a reconciliation of EBIT and EBITDA

Second quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						2,982
Income tax (expense) benefit						790
Finance expenses						74
Foreign exchange gains (losses)						(71)
Finance income						(14)
Share of profit from equity accounted financial investments						-
Other items						(334)
EBIT	431	2,819	242	(27)	(38)	3,428
Impairment losses						5
Amortisations and depreciations						491
EBITDA	743	2,965	268	(15)	(38)	3,924

Second quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						618
Income tax (expense) benefit						171
Finance expenses						73
Foreign exchange gains (losses)						6
Finance income						(10)
Share of profit from equity accounted financial investments						0
Other items						(18)
EBIT	267	538	37	2	(3)	841
Impairment losses						63
Amortisations and depreciations						467
EBITDA	573	672	118	11	(3)	1,371

Year to date 30 June 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						5,652
Income tax (expense) benefit						1,522
Finance expenses						134
Foreign exchange gains (losses)						(149)
Finance income						(27)
Share of profit from equity accounted financial investments						6
Other items						(311)
EBIT	953	5,948	414	(114)	(374)	6,827
Impairment losses						5
Amortisations and depreciations						966
EBITDA	1,563	6,238	462	(91)	(374)	7,798

Year to date 30 June 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						1,309
Income tax (expense) benefit						304
Finance expenses						144
Foreign exchange gains (losses)						(117)
Finance income						(15)
Share of profit from equity accounted financial investments						(25)
Other items						44
EBIT	599	932	137	(32)	12	1,646
Impairment losses						68
Amortisations and depreciations						887
EBITDA	1,160	1,198	239	(7)	12	2,602

Year 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						4,664
Income tax (expense) benefit						1,163
Finance expenses						276
Foreign exchange gains (losses)						(241)
Finance income						(40)
Share of profit from equity accounted financial investments						(37)
Other items						114
EBIT	599	932	137	(32)	12	5,899
Impairment losses						76
Amortisations and depreciations						1,816
EBITDA	1,160	1,198	239	(7)	12	7,791

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.

	30 June 2022	30 June 2021	31 December 2021
Net interest-bearing assets (liabilities)	(3,996)	(5,578)	(4,776)
Other restricted deposits, non-current	(45)	(42)	(41)
Receivables from related parties, non-current	(1)	(1)	(1)
Loans to external parties, non-current	(8)	(8)	(8)
Accrued interest income, current	(1)	(1)	(1)
Net interest-bearing debt	(4,051)	(5,630)	(4,827)
EBITDA (LTM)	12,988	4,052	7,791
Leverage ratio	0.3	1.4	0.6

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) and including reinvestments.
- 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.

	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Reinvestments	(366)	(339)	(622)	(598)	(1,657)
Strategic investments	(497)	(213)	(838)	(396)	(1,717)
Periodisation ¹⁾	29	41	(285)	(133)	245
Investments in property, plant and equipment and intangible assets	(833)	(511)	(1,744)	(1,127)	(3,128)

¹⁾ Periodisation reflects the difference between payment date and accounting date of the investment.

	Second quarter		Year to date		Year
	2022	2021	2022	2021	2021
Cash flow from operating activities	2,568	1,053	5,078	1,800	4,913
Income taxes paid	253	38	497	292	423
Interest payments made	118	72	163	127	242
Interest payments received	(14)	(6)	(27)	(11)	(34)
Changes in provisions, bills receivables and other	570	103	708	(118)	88
Changes in fair value commodity contracts	14	6	120	(37)	9
Other items	(334)	(18)	(311)	44	114
Reinvestments	(366)	(339)	(622)	(598)	(1,657)
Cash flow from operations	2,809	911	5,606	1,500	4,100

Elkem's financial APMs, ROCE

- ROCE, Return on capital employed, is defined as EBIT divided by the average capital employed, where capital employed comprises working capital, property, plant and equipment, right-of-use assets, goodwill, other intangible assets, investments equity accounted companies and trade payables and prepayments related to purchase of non-current assets.
- Working capital is defined as accounts receivable, inventory, other current assets, accounts payable, 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, goodwill, other intangible assets, investments equity accounted companies, 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

	30 June 2022	30 June 2021	31 December 2021
Inventories	8,951	5,527	7,716
Trade receivables	5,369	3,408	4,297
Bills receivable	(1,092)	(881)	(990)
Accounts receivable	4,276	2,526	3,307
Other assets, current	2,082	1,470	1,551
Other receivables from related parties interest-free	(5)	(2)	(1)
Grants receivables	(757)	(295)	(493)
Tax receivables	(303)	(279)	(237)
Assets at fair value through profit or loss	(15)	(45)	(14)
Accrued interest	(1)	(1)	(1)
Other current assets included in working capital	1,001	849	806
Trade payables	4,642	3,458	4,614
Trade payables related to purchase of non-current assets	(337)	(158)	(605)
Accounts payable included in working capital	4,305	3,300	4,008
Employee benefit obligations	872	722	976
Provisions and other liabilities, current	1,553	1,071	1,657
Provisions, contingent considerations and contract obligations	(171)	(243)	(454)
Liabilities to related parties	(31)	(28)	(32)
Other current liabilities included in working capital	1,351	801	1,172
Working capital	7,701	4,079	5,673
Property, plant and equipment	17,792	14,106	15,722
Right-of-use assets	770	874	1,017
Other intangible assets	1,421	1,475	1,602
Goodwill	1,002	923	941
Investments equity accounted companies	243	206	241
Grants payable	(17)	(15)	(15)
Trade payables- and prepayments related to purchase of non-current assets	(307)	(153)	(581)
Capital employed	28,605	21,493	24,599