



Second quarter results 2021



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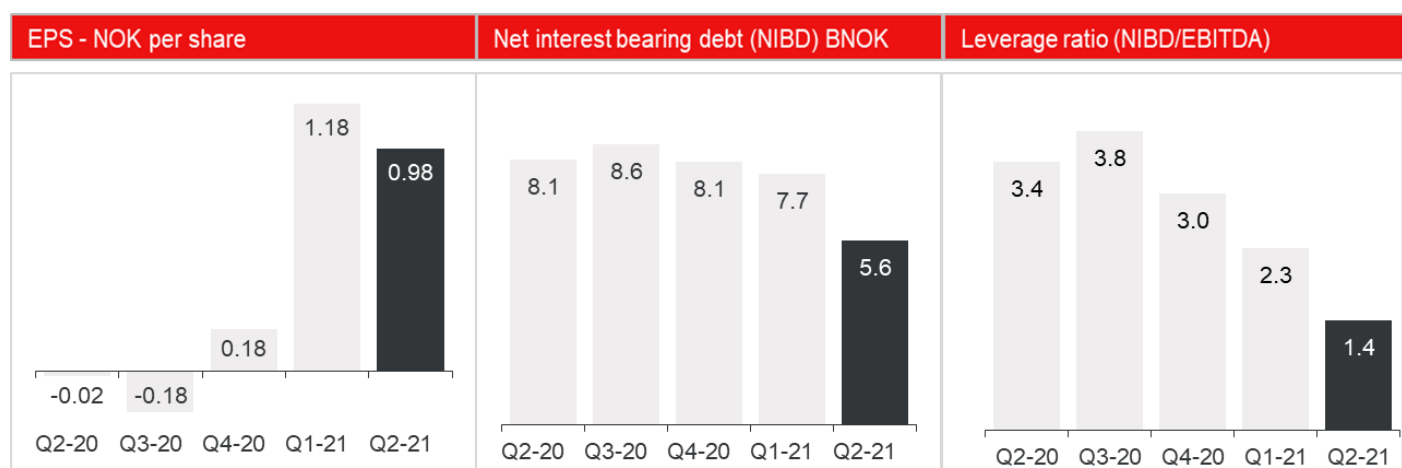
Highlights 2nd quarter 2021

- Elkem is delivering another strong quarterly result, despite the planned maintenance stops for Silicones both in China and France.
- Market conditions have been good in all major regions in the second quarter.
- The strategic expansion of the Silicones plant in China has started and the battery pilot plant has commenced production.
- The financial position is strong and the capital increase in April provides an excellent platform for further growth.
- CEO Michael Koenig resigned from Elkem with effect from 30 June. Former CEO Helge Aasen will act as the interim CEO.
- The market outlook is good with strong demand and attractive conditions.

Key figures

<i>(NOK million, except where specified)</i>	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	7,332	5,879	14,525	11,677	24,691
EBITDA	1,371	644	2,602	1,234	2,684
EBITDA margin (%)	19 %	11 %	18 %	11 %	11 %
EBIT	841	212	1,646	409	957
Profit (loss) for the period ⁽¹⁾	609	-13	1,293	238	239
Earning per share (EPS) <i>(NOK per share)</i>	0.98	-0.02	2.15	0.41	0.41
Equity ratio (%)	46 %	39 %	46 %	39 %	41 %
Net interest-bearing debt (NIBD)	5,630	8,122	5,630	8,122	8,058
Cash flow from operations	911	363	1,500	275	1,522
ROCE - annualised (%)	18 %	4 %	18 %	4 %	5 %

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



Strong quarterly result and good market conditions

In the second quarter of 2021, Elkem delivered all-time high operating income for the third consecutive quarter and another strong quarterly result. Market conditions are good in all of Elkem's main markets with strong demand and high prices. The group's financial position is strong and the capital increase in April provides an excellent platform for further growth.

Elkem's total operating income for the second quarter 2021 was NOK 7,332 million, which was all-time high for the third consecutive quarter and up 25% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,371 million in the quarter, which was more than doubled compared to second quarter 2020. Earnings per share (EPS) was NOK 0.98 in the quarter, and NOK 2.15 YTD-2021.

Market conditions are strong across all Elkem's three divisions. The Silicones division has seen good demand and high prices during the second quarter 2021. The result has improved significantly against second quarter last year, despite higher raw material costs and scheduled maintenance stops both in China and France. Silicon Products also see good demand from steel and automotive. That combined with low supply has resulted in a tight market balance and increased market prices for silicon and ferrosilicon. The market for carbon products was good. Demand is still high but also here raw material costs are up.

CEO Michael Koenig handed in his resignation and left Elkem with effect from 30 June 2021. The board has initiated the process to find Elkem's new CEO. Helge Aasen will act as the interim CEO. Elkem's strategy remains firm. In the interim period the board and management will focus on implementation of the ongoing strategic projects, including silicones expansions and the battery materials project.

The announced expansion of Silicones Xinghuo has started and the cornerstone for the project was laid in April 2021. The project is scheduled to be completed within three years and will strengthen Elkem's position in the fastest growing markets in Asia Pacific. The project is an integral part of Elkem's growth and specialisation strategy and will improve profitability and environmental performance.

The pilot plant for battery materials in Kristiansand has started operations and qualification processes with prospective customers have reached advanced levels. A fast-track option is being considered to address the strong demand from customers and shorten time to market. On that basis the exact timing of the financial investment decision is pending.

The group's equity as at 30 June 2021 amounted to NOK 16,045 million, which gave a ratio of equity to total assets of 46%. Net interest-bearing debt was NOK 5,630 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.4 times. The net interest-bearing debt and leverage ratio has been significantly reduced due to the capital increase in April and the improvements in results. Elkem had cash and cash equivalents of NOK 5,998 million as at 30 June 2021 and undrawn credit lines of around NOK 3,900 million.

The market sentiment is strong across all divisions. The market momentum for silicones is strong and prices are at high levels in China and expected to increase in Europe and the US. However, the high price level in China are not seen as sustainable. Market prices for silicon- and ferrosilicon-based products are stable at a high level due to tight market conditions. However, slower demand is expected in the third quarter due to holiday effects. Carbon products continue to benefit from strong steel and ferroalloys markets, but raw material costs are increasing. General cost increases and constraints in global logistics and raw material supply are a concern going forward.

Financial review

Group results

KEY FIGURES	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	7,332	5,879	14,525	11,677	24,691
EBITDA	1,371	644	2,602	1,234	2,684
EBIT	841	212	1,646	409	957
Other items	18	-107	-44	22	-130
Net financial items	-70	-93	-13	-26	-229
Profit (loss) before income tax	789	16	1,614	380	584
Tax	-171	-16	-304	-119	-306
Profit (loss) for the period	618	-0	1,309	261	278

Quarter

Elkem group had total operating income of NOK 7,332 million in 2Q-2021, which was up 25% from NOK 5,879 million in 2Q-2020. Increased operating income was mainly driven by the Silicones and Silicon Product divisions, and mainly explained by higher sales prices.

The group's EBITDA for 2Q-2021 was NOK 1,371 million, which was up 113% from NOK 644 million in the corresponding quarter last year. Silicones and Silicon Products reported significantly stronger EBITDA compared to 2Q-2020 due higher sales prices and positive sales mix effects. The EBITDA for Carbon Solutions was in line with 2Q-2020. The EBITDA for all divisions has been negatively impacted by currency.

EBIT for 2Q-2021 was NOK 841 million, up NOK 629 million compared to 2Q-2020.

Other items include fair value changes commodity contracts, gains (losses) on embedded derivatives, currency forward contracts and other income and expenses. Other items amounted to NOK 18 million in 2Q-2021 which mainly consisted of positive currency effects MNOK 16 from working capital items and positive effects on interest element in embedded derivatives in power contracts MNOK 7. This was partly offset by other and change in fair value of commodity contracts.

Net financial items were NOK -70 million in 2Q-2021, compared to NOK -93 million in 2Q-2020. Net interest expenses amounted to NOK -60 million, which was NOK 7 million more than the corresponding quarter last year. Losses on foreign exchange amounted to NOK -6 million, compared to losses of NOK -34 million in 2Q-2020. The foreign exchange losses in 2Q-2021 was mainly explained by negative translation effects on loans in EUR partly offset by positive translation effects on group loans in CNY. Other financial expenses amounted to NOK -4 million.

Profit before income tax was NOK 789 million in 2Q-2021 compared to NOK 16 million in 2Q-2020.

Tax expenses in the quarter was NOK -171 million, giving a tax rate for the quarter of 22%.

Profit for the period was NOK 618 million, compared to NOK -0 million in 2Q-2020. Owners of the parent's share of profit was NOK 609 million, which gave earnings per share of NOK 0.98 in 2Q-2021.

Year to date

The group's total operating income was NOK 14,525 million YTD-2021, which was up 24% compared to YTD-2020. EBITDA YTD-2021 amounted to NOK 2,602 million, which was up 111% from NOK 1,234 million YTD-2020. All divisions reported improved EBITDA YTD-2021 compared to YTD-2020, mainly explained by higher sales prices and higher sales volumes. Earnings per share (EPS) was NOK 2.15 YTD-2021.

Cash flow

CASH FLOW FROM OPERATIONS	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
<i>NOK million</i>					
Operating profit (loss) before other items	841	212	1,646	409	957
Amortisation, depreciation and impairment	531	432	955	825	1,727
Changes in working capital	-113	40	-508	-401	232
Reinvestments	-339	-307	-598	-560	-1,387
Equity accounted investments	-9	-14	4	3	-7
Cash flow from operations	911	363	1,500	275	1,522
Other cash flow items	854	-1,104	1,312	-992	-2,839
Change in cash and cash equivalents	1,764	-741	2,812	-717	-1,317

¹⁾ Elkem's internal cash flow measure is defined and described in the APM appendix to the report.

Quarter

Cash flow from operations was NOK 911 million in 2Q-2021, compared to NOK 363 million in 2Q-2020. The increase was mainly explained by higher operating profit.

Reinvestments were NOK 339 million in 2Q-2021, which amounted to 73% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 213 million, up from NOK 192 million in 2Q-2020. The strategic investments were primarily related to silicones specialisation projects, silicon furnace upgrades and the battery materials project.

Elkem raised new equity of NOK 1,862 million in April 2021. This has resulted in positive effects in other cash flow items. Change in cash and cash equivalents was NOK 1,764 million in 2Q-2021. Currency exchange differences was NOK 50 million. As at 30 June 2021 the total cash and cash equivalents amounted to NOK 5,998 million.

Year to date

Cash flow from operations amounted to NOK 1,500 million YTD-2021, up from NOK 275 million YTD-2020, mainly explained by higher operating profit. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2020 were NOK 598 million, which amounted to 67% of D&A. Strategic investments ex. M&A amounted to NOK 396 million.

Financial position

FINANCIAL POSITION	2Q 2021	2Q 2020	FY 2020
Total equity (NOK million)	16,045	12,752	12,635
Equity ratio (%)	46 %	39 %	41 %
EPS (NOK per share)	0.98	-0.02	0.41
Net interest bearing debt (NOK million) ⁽¹⁾	5,630	8,122	8,058
Leverage ratio based on LTM EBITDA (ratio)	1.4	3.4	3.0

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 2021 was NOK 16,045 million, up NOK 3,410 million from 31 December 2020. Elkem has raised new equity of NOK 1,901 million in 2021. Profit for the period YTD-2021 was NOK 1,309 million. Other changes in equity was NOK 199 million.

The equity ratio as at 30 June 2021 was 46%. Compared to year-end 2020, the equity ratio was up from 41%.

Net-interest bearing debt as at 30 June 2021 was NOK 5,630 million, which was down NOK 2,428 million from 31 December 2020. The reduction was mainly explained by increase in cash and cash equivalents due to capital increases. Translation effects from a stronger NOK and positive cash flow have also contributed to lower debt levels. The leverage ratio was 1.4 times as at 30 June 2021.

Segments

Silicones

KEY FIGURES	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,588	3,124	7,311	5,647	12,800
EBITDA	573	231	1,160	421	1,326
EBITDA margin	16 %	7 %	16 %	7 %	10 %
Sales volume (thousand mt)	92	95	199	165	372

Quarter

The Silicones division had total operating income of NOK 3,588 million in 2Q-2021 up 15% from NOK 3,124 million in 2Q-2020. Increased operating income was explained by higher sales prices.

EBITDA for 2Q-2021 was NOK 573 million, up 148% from 2Q-2020. The significant EBITDA improvement was mainly explained by higher sales prices, but partly offset by higher raw material costs and currency effects. The EBITDA was positively impacted by sales mix effects and other operating expenses. The result in 2Q-2021 was impacted by the planned maintenance stops in China and France which have resulted in lower sales volumes.

Improved performance in 2Q-2021 against 2Q-2020 reflects strong market conditions following market recovery from Covid-19 effects.

Year to date

The Silicones division reported total operating income of NOK 7,311 million YTD-2021, which was 29% higher than YTD-2020. The EBITDA was NOK 1,160 million YTD-2021, up 176% from NOK 421 million YTD-2020. Improved result YTD-2021 was explained by higher sales prices and higher sales volumes.

Silicon Products

KEY FIGURES	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,355	2,499	6,491	5,444	10,804
EBITDA	672	368	1,198	743	1,221
EBITDA margin	20 %	15 %	18 %	14 %	11 %
Sales volume (thousand mt) ¹⁾	123	105	255	229	479

1) Excluding Microsilica and quartz

Quarter

The Silicon Products division had total operating income of NOK 3,355 million in 2Q-2021, which was up 34% from NOK 2,499 million in 2Q-2020. Higher operating income was mainly explained by higher sales prices and higher sales volumes, partly offset by effects of stronger NOK.

The EBITDA for Silicon Products was NOK 672 million in 2Q-2021, up 83% from NOK 368 million in 2Q-2020. Improved EBITDA was mainly explained by higher sales prices and higher sales volumes. The EBITDA for 2Q-2021 was also positively impacted by sales mix effects. The EBITDA for 2Q-2020 included a one-off gain of MNOK 61 from arbitration.

Stable sales volumes for the division reflect good operations and strong markets.

Year to date

The Silicon Products division reported total operating income of NOK 6,491 million YTD-2021, which was 19% higher than YTD-2020. The division reported an EBITDA of NOK 1,198 million, up 61% from NOK 743 million YTD-2020.

Carbon Solutions

KEY FIGURES	2Q 2021	2Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	506	481	992	956	1,870
EBITDA	118	120	239	222	438
EBITDA margin	23 %	25 %	24 %	23 %	23 %
Sales volume (thousand mt)	73	64	143	129	256

Quarter

The Carbon Solutions division reported total operating income of NOK 506 million in 2Q-2021, up 5% from 2Q-2020. Higher sales volumes in the quarter were partly offset by currency impact.

EBITDA for 2Q-2021 was NOK 118 million, down 2% from NOK 120 million in the corresponding quarter last year. Improved EBITDA was explained by higher sales volumes and better product mix. Lower EBITDA and the reduction in EBITDA margin were mainly explained by currency. Raw material costs are rising.

The sales volume in 2Q-2021 was higher than the corresponding quarter last year reflecting strong a recovery in the market.

Year to date

Carbon Solutions reported total operating income of NOK 992 million YTD-2021, which was 4% higher than YTD-2020. EBITDA YTD-2021 was NOK 239 million, up 8% from NOK 222 million YTD-2020. The improvement was mainly due to higher sales volumes and better sales mix.

Outlook for the third quarter

The market sentiment is strong across all divisions. The market momentum for silicones is strong and prices are at high levels in China and expected to increase in Europe and the US. However, the high price level in China are not seen as sustainable. Market prices for silicon- and ferrosilicon-based products are stable at a high level due to tight market conditions. However, slower demand is expected in the third quarter due to holiday effects. Carbon products continue to benefit from strong steel and ferroalloys markets, but raw material costs are increasing. General cost increases and constraints in global logistics and raw material supply are a concern going forward.

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 2021 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, 15 July 2021

Zhigang Hao
Chair of the board

Dag Jakob Opedal
Deputy chair

Yougen Ge
Board member

Olivier Tillette de Clermont-Tonnerre
Board member

Anja-Isabel Dotzenrath
Board member

Marianne E. Johnsen
Board member

Grace Tang
Board member

Terje Andre Hanssen
Board member

Marianne Færøyvik
Board member

Knut Sande
Board member

Helge Aasen
CEO

Condensed consolidated interim statement of profit or loss

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2021	2020	2021	2020	2020
Revenue	2	7,167	5,697	14,200	11,369	24,025
Other operating income	2	156	168	309	291	631
Share of profit (loss) from equity accounted companies	2	9	14	16	17	35
Total operating income		7,332	5,879	14,525	11,677	24,691
Raw materials and energy for production		(3,595)	(3,101)	(7,101)	(6,023)	(12,858)
Employee benefit expenses		(1,113)	(1,004)	(2,185)	(2,025)	(4,028)
Other operating expenses		(1,253)	(1,129)	(2,637)	(2,395)	(5,121)
Amortisation and depreciation	3,4,5	(467)	(426)	(887)	(819)	(1,710)
Impairment losses	3,4,5	(63)	(6)	(68)	(6)	(17)
Operating profit (loss) before other items		841	212	1,646	409	957
Other items	7	18	(107)	(44)	22	(130)
Operating profit (loss)		859	104	1,602	431	827
Share of profit (loss) from equity accounted financial investments		(0)	5	25	(25)	(15)
Finance income	8	10	13	15	22	31
Foreign exchange gains (losses)	8	(6)	(34)	117	95	17
Finance expenses	8	(73)	(72)	(144)	(143)	(278)
Profit (loss) before income tax		789	16	1,614	380	584
Income tax (expenses) benefits		(171)	(16)	(304)	(119)	(306)
Profit (loss) for the period		618	(0)	1,309	261	278
Attributable to:						
Non-controlling interests' share of profit (loss)		9	13	17	23	39
Owners of the parent's share of profit (loss)		609	(13)	1,293	238	239

Earnings per share		Second quarter		Year to date		Year
		2021	2020	2021	2020	2020
Basic earnings per share in NOK		0.98	(0.02)	2.15	0.41	0.41
Diluted earnings per share in NOK		0.97	(0.02)	2.13	0.41	0.41
Weighted average number of outstanding shares (million)	11	623	581	603	581	581
Weighted average number of outstanding shares diluted (million)	11	627	581	606	581	581

Condensed consolidated interim statement of comprehensive income

Amounts in NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Profit (loss) for the period	618	(0)	1,309	261	278
Remeasurement of defined benefit pension plans	-	-	2	-	(55)
Tax effects on remeasurements of defined benefit pension plans	-	-	(0)	-	13
Change in fair value of equity instruments	2	1	2	(0)	7
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-	-
Total items that will not be reclassified to profit or loss	2	1	3	(0)	(35)
Currency translation differences	264	(810)	58	746	47
Hedging of net investment in foreign operations	(50)	162	81	(291)	(168)
Tax effects hedging of net investment in foreign operations	11	(36)	(18)	64	37
Cash flow hedges	12	708	284	(792)	(148)
Tax effects on cash flow hedges	(3)	(156)	(62)	174	33
Share of other comprehensive income (loss) from equity accounted companies	1	(2)	7	(11)	(11)
Total items that may be reclassified to profit or loss	235	(133)	350	(109)	(211)
Other comprehensive income, net of tax	237	(132)	353	(109)	(245)
Total comprehensive income	855	(132)	1,662	152	32
Attributable to:					
Non-controlling interests' share of comprehensive income	10	7	17	32	40
Owners of the parent's share of comprehensive income	845	(139)	1,646	119	(8)
Total comprehensive income	855	(132)	1,662	152	32

Condensed consolidated interim statement of financial position

Amounts in NOK million	Note	30 June 2021	30 June 2020	31 December 2020
ASSETS				
Property, plant and equipment	3	14,106	14,299	14,131
Right-of-use assets	4	874	759	875
Goodwill	5	923	1,429	919
Other intangible assets	5	1,475	867	1,319
Deferred tax assets		89	131	96
Investments in equity accounted companies		206	130	183
Derivatives	10	145	69	59
Other assets		384	334	432
Total non-current assets		18,201	18,018	18,015
Inventories		5,527	6,115	5,241
Trade receivables		3,408	2,588	2,796
Derivatives	10	132	55	148
Other assets		1,470	1,267	1,212
Restricted deposits	9	395	431	322
Cash and cash equivalents	9	5,998	3,900	3,154
Total current assets		16,928	14,355	12,873
TOTAL ASSETS		35,130	32,373	30,888
EQUITY AND LIABILITIES				
Paid-in capital	11	8,110	6,281	6,296
Retained earnings		7,852	6,359	6,232
Non-controlling interests		83	112	108
Total equity		16,045	12,752	12,635
Interest-bearing liabilities	9	8,411	9,480	7,189
Deferred tax liabilities		403	90	336
Employee benefit obligations		672	642	679
Derivatives	10	138	486	252
Provisions and other liabilities		294	456	326
Total non-current liabilities		9,919	11,153	8,782
Trade payables		3,458	3,176	3,157
Income tax payables		261	47	65
Interest-bearing liabilities	9	2,333	1,609	3,292
Bills payable	9	1,278	1,363	1,053
Employee benefit obligations		722	663	740
Derivatives	10	42	378	101
Provisions and other liabilities		1,071	1,232	1,064
Total current liabilities		9,166	8,468	9,471
TOTAL EQUITY AND LIABILITIES		35,130	32,373	30,888

Condensed consolidated interim statement of cash flows

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2021	2020	2021	2020	2020
Operating profit (loss)		859	104	1,602	431	827
Amortisation, depreciation and impairment	3,4,5	531	432	955	825	1,727
Changes in working capital		(113)	40	(508)	(401)	232
Equity accounted companies		(9)	(14)	4	3	(7)
Changes fair value of derivatives		(6)	(43)	37	(189)	(196)
Changes in provisions, bills receivables and other		(103)	(271)	118	403	(69)
Interest payments received		6	14	11	23	28
Interest payments made		(72)	(71)	(127)	(130)	(239)
Income taxes paid		(38)	(70)	(292)	(122)	(192)
Cash flow from operating activities		1,053	122	1,800	843	2,111
Investments in property, plant and equipment and intangible assets	3,4,5	(511)	(645)	(1,127)	(1,205)	(2,201)
Acquisition of subsidiaries, net of cash acquired		-	(775)	-	(775)	(1,032)
Payment of contingent consideration related to acquisitions (IFRS 3)		(78)	-	(78)	-	-
Acquisition/capital contribution of/to joint ventures		-	-	-	-	(40)
Other investments / sales		(40)	1	(39)	0	10
Cash flow from investing activities		(629)	(1,419)	(1,244)	(1,981)	(3,262)
Dividends paid to non-controlling interests		(28)	(17)	(42)	(17)	(29)
Dividends paid to owners		(96)	(349)	(96)	(349)	(349)
Capital increase		1,862	-	1,901	-	-
Net sale (purchase) of treasury shares		8	-	(28)	-	-
Net changes in bills payable and restricted deposits		37	181	136	271	113
Payment of lease liabilities		(21)	(26)	(53)	(52)	(104)
New interest-bearing loans and borrowings		382	1,192	1,926	1,618	1,636
Payment of interest-bearing loans and borrowings		(803)	(426)	(1,488)	(1,051)	(1,433)
Cash flow from financing activities		1,340	556	2,255	421	(166)
Change in cash and cash equivalents		1,764	(741)	2,812	(717)	(1,317)
Currency exchange differences		50	(103)	32	121	(24)
Cash and cash equivalents opening balance		4,183	4,744	3,154	4,496	4,496
Cash and cash equivalents closing balance		5,998	3,900	5,998	3,900	3,154

Condensed consolidated interim statement of changes in equity

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	-	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 11)	1,901	-	1,901	-	1,901
Net movement treasury shares (note 11)	(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 interest	Total
Opening balance 1 January 2020	6,616	6,240	12,855	96	12,952
Profit (loss) for the period	-	238	238	23	261
Other comprehensive income	-	(118)	(118)	9	(109)
Total comprehensive income	-	119	119	32	152
Share-based payment	14	-	14	-	14
Dividends to equity holders	(349)	-	(349)	(17)	(365)
Closing balance 30 June 2020	6,281	6,359	12,640	112	12,752

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Opening balance 1 January 2020	6,616	6,240	12,855	96	12,952
Profit (loss) for the period	-	239	239	39	278
Other comprehensive income	-	(247)	(247)	2	(245)
Total comprehensive income	-	(8)	(8)	40	32
Share-based payment	29	-	29	-	29
Dividends to equity holders	(349)	-	(349)	(29)	(378)
Closing balance 31 December 2020	6,296	6,232	12,527	108	12,635

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 2021 were approved at the meeting of the board of directors on 15 July 2021.

Following changes in Elkem's internal reporting to management the composition of Elkem's operating and reporting segments has changed as of the first quarter of 2021. Segment information for prior periods has been restated to align with the new segment presentation. For further information see Note 2 Operating segments to these Condensed interim financial statements.

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 2020. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2020.

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 2020 (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.

In the first quarter of 2021, Elkem changed its internal reporting to management, impacting the composition of Elkem's operating and reporting segments. To further streamline operations in China, Elkem Silicone Material (Lanzhou) Co., Ltd. (Yongdeng Silicon) is included in Silicones division from 1 January 2021, previously reported in Silicon Products division. Comparative 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 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 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

Second quarter 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,074	2,153	415	(72)		5,570
Other revenue	6	90	4	27		127
Other operating income	35	93	1	39		168
Share of profit from equity accounted companies	-	-	-	14		14
Total operating income from external customers	3,114	2,336	420	8		5,879
Operating income from other segments	9	163	61	124	(356)	-
Total operating income	3,124	2,499	481	132	(356)	5,879
Operating expenses	(2,892)	(2,130)	(361)	(190)	338	(5,235)
EBITDA	231	368	120	(58)	(18)	644
Operating profit (loss) before other items (EBIT)	(28)	230	96	(68)	(18)	212

*) 2020 figures have been restated, see text above and note 1

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 to date 30 June 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	5,557	4,872	829	(107)		11,151
Other revenue	13	109	7	90		218
Other operating income	60	174	3	54		291
Share of profit from equity accounted companies	-	-	-	17		17
Total operating income from external customers	5,630	5,155	839	54		11,677
Operating income from other segments	17	289	118	214	(638)	-
Total operating income	5,647	5,444	956	268	(638)	11,677
Operating expenses	(5,226)	(4,701)	(734)	(392)	611	(10,443)
EBITDA	421	743	222	(124)	(27)	1,234
Operating profit (loss) before other items (EBIT)	(73)	475	178	(144)	(27)	409

*) 2020 figures have been restated, see text above and note 1

Year 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	12,558	9,699	1,625	(217)		23,665
Other revenue	37	146	16	161		360
Other operating income	162	380	6	83		631
Share of profit from equity accounted companies	-	(1)	-	36		35
Total operating income from external customers	12,757	10,224	1,647	64		24,691
Operating income from other segments	43	580	223	412	(1,258)	-
Total operating income	12,800	10,804	1,870	476	(1,258)	24,691
Operating expenses	(11,474)	(9,582)	(1,432)	(743)	1,224	(22,007)
EBITDA	1,326	1,221	438	(267)	(34)	2,684
Operating profit (loss) before other items (EBIT)	269	685	349	(312)	(34)	957

*) 2020 figures have been restated, see text above and note 1

Note 3 Fixed assets

30 June 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	-	2	12	1	839	854
Transferred to/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 ¹⁾	-	(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

¹⁾ Elkem has decided to transfer the production at Elkem Carbon Malaysia to other Elkem Carbon Solutions production sites. An impairment of NOK 60 million has been performed in Q2 due to the transfer, of which NOK 55 million is impairment of fixed assets and NOK 5 million is impairment of right-of-use assets.

30 June 2020	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	178	6,908	20,245	523	1,583	29,437
Additions	-	23	22	3	810	859
Transferred from CiP	-	117	519	17	(654)	-
Reclassification	-	10	(5)	(0)	(6)	(1)
Business combinations	-	83	30	0	-	113
Disposals	-	(0)	(44)	(3)	(2)	(50)
Exchange differences	16	405	1,228	30	79	1,758
Closing balance	194	7,546	21,996	571	1,809	32,116
Accumulated depreciation						
Opening balance	-	(2,494)	(10,837)	(338)	-	(13,668)
Addition	-	(118)	(563)	(20)	-	(701)
Reclassification	-	(0)	0	-	-	0
Disposals	-	0	34	3	-	37
Exchange differences	-	(82)	(586)	(22)	-	(690)
Closing balance	-	(2,693)	(11,952)	(376)	-	(15,022)
Impairment losses						
Opening balance	(11)	(378)	(2,103)	(0)	(75)	(2,567)
Addition	-	-	(1)	-	(5)	(6)
Disposals	-	-	4	-	-	4
Exchange differences	(1)	(34)	(186)	0	(7)	(228)
Closing balance	(12)	(412)	(2,286)	(0)	(86)	(2,796)
Carrying amount						
Closing balance	182	4,441	7,758	195	1,723	14,299

31 December 2020	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	178	6,908	20,245	523	1,583	29,437
Additions	0	16	28	4	1,963	2,011
Transferred to/from CiP	-	335	1,297	41	(1,673)	-
Reclassification	(0)	3	(35)	33	(21)	(21)
Business combinations	-	114	49	0	-	163
Disposals	-	(15)	(270)	(24)	(55)	(364)
Exchange differences	6	113	406	3	3	532
Closing balance	184	7,474	21,720	582	1,799	31,759
Accumulated depreciation						
Opening balance	-	(2,494)	(10,837)	(338)	-	(13,668)
Addition	-	(238)	(1,140)	(43)	-	(1,421)
Reclassification	-	(0)	16	(16)	-	-
Disposals	-	13	225	23	-	261
Exchange differences	-	(18)	(192)	(5)	-	(215)
Closing balance	-	(2,738)	(11,929)	(377)	-	(15,043)
Impairment losses						
Opening balance	(11)	(378)	(2,103)	(0)	(75)	(2,567)
Addition	-	(1)	(16)	-	(0)	(17)
Disposals	-	1	26	0	52	79
Exchange differences	(1)	(7)	(69)	(0)	(3)	(80)
Closing balance	(11)	(384)	(2,162)	(0)	(26)	(2,584)
Carrying amount						
Closing balance	172	4,352	7,629	205	1,773	14,131

Note 4 Right of use assets

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)	-
Business combinations	-	-	-	-	-
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)
Additions/lease modifications	(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

See note 4 Fixed assets for information about impairment losses

30 June 2020	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	239	357	99	8	702
Additions	0	151	24	1	176
Reclassification	-	3	0	-	3
Business combinations	27	-	-	-	27
Disposals	(0)	(7)	(15)	-	(22)
Exchange differences	19	16	10	1	46
Closing balance	285	520	117	10	932
Accumulated depreciation					
Opening balance	(42)	(52)	(27)	(1)	(123)
Addition	(3)	(33)	(16)	(1)	(52)
Reclassification	(0)	0	0	-	(0)
Disposals	0	6	4	-	10
Exchange differences	(4)	(3)	(2)	(0)	(8)
Closing balance	(49)	(82)	(41)	(2)	(173)
Carrying amount					
Closing balance	236	439	77	7	759

31 December 2020	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	239	357	99	8	702
Additions/lease modifications	123	197	47	2	369
Reclassification	-	-	-	-	-
Business combinations	52	-	-	-	52
Disposals	(1)	(25)	(17)	-	(43)
Exchange differences	2	(0)	5	(0)	7
Closing balance	415	529	134	10	1,087
Accumulated depreciation					
Opening balance	(42)	(52)	(27)	(1)	(123)
Additions/lease modifications	(8)	(70)	(36)	(2)	(115)
Reclassification	(1)	-	-	-	(1)
Disposals	1	13	10	-	24
Exchange differences	(1)	4	0	0	3
Closing balance	(51)	(105)	(53)	(3)	(212)
Carrying amount					
Closing balance	363	424	82	6	875

Note 5 Intangible assets

30 June 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	592	469	957	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	579	530	1,015	325	415	2,968
Accumulated depreciation								
Opening balance	-	(56)	(475)	(349)	(499)	(55)	-	(1,433)
Addition	-	(0)	(13)	(27)	(33)	(15)	-	(88)
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	3	-	0	-	3
Exchange differences	-	2	11	0	13	0	-	26
Closing balance	-	(54)	(476)	(373)	(519)	(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	103	157	496	255	415	1,475

30 June 2020	Goodwill	Leasehold land and land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
Cost								
Opening balance	466	101	557	421	663	92	152	1,987
Additions	-	-	2	7	0	0	83	92
Transferred to/from CiP	-	-	1	2	28	-	(31)	-
Reclassification	-	-	-	4	0	-	(6)	(2)
Business combinations	986	-	-	0	-	-	-	0
Disposals	-	-	-	(0)	-	-	-	(0)
Exchange differences	(24)	11	59	19	73	5	9	176
Closing balance	1,429	112	619	454	764	98	207	2,254
Accumulated depreciation								
Opening balance		(50)	(419)	(304)	(407)	(29)		(1,209)
Addition		(0)	(16)	(18)	(28)	(4)		(66)
Re-classification		-	-	(0)	0	-		-
Disposals		-	-	0	-	-		0
Exchange differences		(5)	(44)	(17)	(43)	(2)		(112)
Closing balance		(55)	(480)	(338)	(478)	(35)		(1,386)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	1,429	56	139	116	286	63	207	867

31 December 2020	Goodwill	Leasehold land and land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
Cost								
Opening balance	466	101	557	421	663	92	152	1,987
Additions	-	-	2	17	-	0	188	207
Transferred from CiP	-	-	-	6	29	0	(35)	-
Re-classification	-	-	0	22	0	0	(0)	22
Business combinations	506	-	-	0	257	253	-	510
Disposals	-	-	-	(2)	(4)	-	(1)	(7)
Exchange differences	(53)	6	33	5	12	(23)	0	33
Closing balance	919	108	592	469	957	322	305	2,753
Accumulated depreciation								
Opening balance		(50)	(419)	(304)	(407)	(29)		(1,209)
Addition		(3)	(32)	(42)	(72)	(26)		(174)
Re-classification		-	-	-	-	-		-
Disposals		-	-	2	2	-		4
Exchange differences		(3)	(24)	(6)	(21)	0		(54)
Closing balance		(56)	(475)	(349)	(499)	(55)		(1,433)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	919	51	117	120	459	268	305	1,319

Note 6 Inventories

	30 June 2021	30 June 2020	31 December 2020
Raw materials	1,332	1,401	1,192
Semi-finished goods	275	414	406
Finished goods	3,339	3,761	3,088
Operating materials and spare parts	580	539	555
Total inventories	5,527	6,115	5,241
Provisions for write-down of inventories	(91)	(139)	(115)

Note 7 Other items

	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Change in fair value commodity contracts ¹⁾	(3)	60	2	(25)	(144)
Embedded EUR derivatives power contracts, interest element	7	(51)	(33)	163	234
Ineffectiveness on cash flow hedges	-	(1)	1	(1)	(12)
Net foreign exchange gains (losses) - forward currency contracts	1	18	10	30	49
Operating foreign exchange gains (losses)	16	(120)	(21)	71	(83)
Total other gains / (losses)	22	(95)	(41)	237	44
Dividends from other shares	0	1	1	1	1
Change in fair value from other shares measured at fair value through profit or loss	2	0	1	(1)	0
Gains (losses) on disposal of subsidiaries	-	0	-	0	-
Restructuring expenses	-	-	-	(199)	(158)
Other	(6)	(14)	(6)	(17)	(18)
Total other income / (expenses)	(4)	(13)	(4)	(215)	(174)
Total other items	18	(107)	(44)	22	(130)

¹⁾ In 2021 the fair value changes mainly relates to Elkem's platinum contracts. In previous periods the fair value changes mainly relates to changes of the 30-øring power contract, see note 25 Financial assets and liabilities to the consolidated financial statements for the year ended 31 December 2020. Due to changes in the price structure of the 30-øringen contract from 2021, the contract is designated as a hedging instrument from 1 January 2021. This mean that fair value changes from 1 January 2021 is recognised as raw materials and energy for production in statement of profit or loss in the same period(s) as the hedged objects affects the profit or loss.

Note 8 Finance income and expenses

	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Interest income on loans and receivables	6	13	11	22	27
Other financial income	4	0	4	1	4
Total finance income	10	13	15	22	31
Foreign exchange gains (losses)	(6)	(34)	117	95	17
Interest expenses on interest-bearing liabilities measured at amortised cost	(51)	(56)	(102)	(114)	(221)
Interest expenses from other items measured at amortised cost	(10)	(6)	(15)	(11)	(22)
Interest expenses on lease liabilities	(6)	(4)	(13)	(9)	(17)
Capitalised interest expenses	1	-	1	-	4
Unwinding of discounted liabilities	(5)	(3)	(6)	(3)	(10)
Interest on net pension liabilities	(2)	(2)	(3)	(4)	(7)
Other financial expenses	(1)	(1)	(6)	(2)	(4)
Total finance expenses	(73)	(72)	(144)	(143)	(278)
Net Finance income (expenses)	(70)	(93)	(13)	(26)	(229)

Note 9 Interest-bearing assets and liabilities

	30 June 2021	30 June 2020	31 December 2020
Lease liabilities	562	451	566
Loans from external parties, other than bank	3,170	4,164	1,996
Bank financing	4,679	4,866	4,627
Total non-current interest-bearing debt	8,411	9,480	7,189
Lease liabilities	108	92	97
Loans from external parties, other than banks	1,658	375	2,407
Bank financing, current	547	1,121	762
Accrued interest	21	21	27
Total current interest-bearing debt	2,333	1,609	3,292
Bills payable, current	1,278	1,363	1,053
Restricted deposits bills payable, current	389	423	315
Net bills payable	889	940	737
Cash and cash equivalents	5,998	3,900	3,154
Other restricted deposits, current	5	7	6
Other restricted deposits, non-current	42	41	39
Receivables from related parties	1	1	1
Loans to external parties	8	8	8
Accrued interest income	1	1	1
Total other interest-bearing assets	6,055	3,958	3,209
Net interest-bearing assets / (liabilities)	(5,578)	(8,072)	(8,009)

Note 10 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. The power contracts 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 2021

	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	2,703	192	169	62	20	24	63
Embedded EUR derivatives	4,096	(132)	(197)	(32)	(33)	(31)	(101)
Power contracts ¹⁾	2,169	29	85	61	17	9	(2)
Platinum contracts	25	8	-	-	-	-	-
Total derivatives		96	58	91	4	2	(40)
EUR loan designed as cash flow hedging instrument		136	(15)	(6)	(6)	(3)	-
Total			42	85	(2)	(1)	(40)

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

	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Realised effects hedge accounting, recycled from OCI					
Realised effects from forward currency contracts, Revenue	57	(60)	79	(98)	(164)
Realised effects from embedded derivatives EUR, Revenue	(7)	(13)	(16)	(24)	(45)
Realised effects from EUR loans, Revenue	(2)	(6)	(2)	(6)	(11)
Realised effects from power contracts, Raw materials and energy for production	44	(115)	75	(215)	(450)
Total realised hedging effects recycled from OCI	91	(194)	135	(342)	(670)

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 2020.

Note 11 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
As at 1 January 2021	581,310,344	-	581,310,344
Capital increase on 15 February 2021	1,675,000		1,675,000
Capital increase on 30 April 2021	56,456,034		56,456,034
Increase treasury shares	-	1,000,000	-
Sale of treasury shares	337,500	-	337,500
As at 30 June 2021	638,778,878	662,500	639,441,378

	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
<i>Numbers are in million shares</i>					
Weighted average number of shares outstanding	623,456,183	581,310,344	602,511,398	581,310,344	581,310,344
Effects of dilution from share-based payment	3,749,556	-	3,657,164	-	94,282
Weighted average number of outstanding shares diluted	627,205,740	581,310,344	606,168,562	581,310,344	581,404,626

In the annual general meeting held on 27 April 2021, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 291,492,672. 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 2022, but not later than 30 June 2022. 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 2021, the board of directors was granted an authorisation to increase the company's share capital with an amount up to NOK 291,492,672 - corresponding to 10 per cent of the current share capital. The authorisation is valid until the annual general meeting in 2022, but not later than 30 June 2022. 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 2021, 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 2022, but not later than 30 June 2022. The authorisation does not cover capital increases against contribution in kind or capital increases in connection with mergers.

The share capital was increased with the issuance of 1 675 000 new shares on 15 February 2021 with proceeds of NOK 39 million. On 30 April 2021 the share capital was increased by issuing 56 456 034 new shares raising proceeds of NOK 1,891 million. At 30 June 2021, Elkem share capital are NOK 3 197 206 890, comprising in total 639 441 378 shares, each with a nominal value of NOK 5. Net expenses after tax related to the capital increases amount to NOK 29 million resulting in total share capital increase of NOK 1,901 million.

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 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

Second quarter 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						(0)
Income tax (expense) benefit						16
Finance expenses						72
Foreign exchange gains (losses)						34
Finance income						(13)
Share of profit from equity accounted financial investments						(5)
Other items						107
EBIT	(28)	230	96	(68)	(18)	212
Impairment losses						6
Amortisations and depreciations						426
EBITDA	231	368	120	(58)	(18)	644

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 to date 30 June 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						261
Income tax (expense) benefit						119
Finance expenses						143
Foreign exchange gains (losses)						(95)
Finance income						(22)
Share of profit from equity accounted financial investments						25
Other items						(22)
EBIT	(73)	475	178	(144)	(27)	409
Impairment losses						6
Amortisations and depreciations						819
EBITDA	421	743	222	(124)	(27)	1,234

Year 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						278
Income tax (expense) benefit						306
Finance expenses						278
Foreign exchange gains (losses)						(17)
Finance income						(31)
Share of profit from equity accounted financial investments						15
Other items						130
EBIT	269	685	349	(312)	(34)	957
Impairment losses						17
Amortisations and depreciations						1,710
EBITDA	1,326	1,221	438	(267)	(34)	2,684

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
	2021	2020	2021	2020	2020
Reinvestments	(339)	(307)	(598)	(560)	(1,387)
Strategic investments	(213)	(192)	(396)	(392)	(835)
Periodisations ¹⁾	41	(146)	(133)	(253)	22
Investments in property, plant and equipment and intangible assets	(511)	(645)	(1,127)	(1,205)	(2,201)

¹⁾ Periodisations reflect the difference between payment date and accounting date of the investment.

	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Cash flow from operating activities	1,053	122	1,800	843	2,111
Income taxes paid	38	70	292	122	192
Interest payments made	72	71	127	130	239
Interest payments received	(6)	(14)	(11)	(23)	(28)
Changes in provisions, bills receivables and other	103	271	(118)	(403)	69
Changes in fair value commodity contracts	6	43	(37)	189	196
Other items	(18)	107	44	(22)	130
Reinvestments	(339)	(307)	(598)	(560)	(1,387)
Cash flow from operations	911	363	1,500	275	1,522

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, 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 CAPEX payables. 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, 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 2021	30 June 2020	31 December 2020
Inventories	5,527	6,115	5,241
Trade receivables	3,408	2,588	2,796
Bills receivable	(881)	(704)	(920)
Accounts receivable	2,526	1,884	1,875
Other assets, current	1,470	1,267	1,212
Other receivables to related parties interest-free	(2)	(0)	(0)
Grants receivables	(295)	(394)	(525)
Tax receivables	(279)	(156)	(105)
Assets at fair value through profit or loss	(45)	-	-
Accrued interest	(1)	(1)	(1)
Other current assets included in working capital	848	715	581
Trade payables	3,458	3,176	3,157
Trade payables related to purchase of non-current assets	(158)	(134)	(448)
Accounts payable included in working capital	3,300	3,042	2,709
Employee benefit obligations	722	663	740
Provisions and other liabilities, current	1,071	1,232	1,064
Provisions, contingent considerations and contract obligations	(243)	(577)	(287)
Liabilities to related parties	(28)	(70)	(64)
Other current liabilities included in working capital	801	586	713
Working capital	4,079	4,423	3,536
Property, plant and equipment	14,106	14,299	14,131
Right-of-use assets	874	759	875
Investments equity accounted companies	206	130	183
Grants payable	(15)	(16)	(15)
Trade payables and prepayments related to purchase of non-current assets	(153)	(125)	(381)
Capital employed	19,096	19,470	18,329

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 2021	30 June 2020	31 December 2020
Net interest-bearing assets / (liabilities)	(5,578)	(8,072)	(8,009)
Other restricted deposits, non-current	(42)	(41)	(39)
Receivables from related parties	(1)	(1)	(1)
Loans to external parties	(8)	(8)	(8)
Accrued interest income	(1)	(1)	(1)
Net interest-bearing debt	(5,630)	(8,122)	(8,058)
EBITDA (LTM)	4,052	2,391	2,684
Leverage ratio	1.4	3.4	3.0