



Fourth quarter results 2022



Contents

Highlights 4 th quarter 2022	3
Key figures	3
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 first quarter 2023	8
Condensed consolidated interim statement of profit or loss (unaudited)	9
Condensed consolidated statement of comprehensive income (unaudited)	10
Condensed consolidated interim statement of financial position (unaudited)	11
Condensed consolidated interim statement of cash flows (unaudited)	11
Condensed consolidated interim statement of changes in equity (unaudited)	13
Notes to the condensed consolidated interim financial statements	14
Note 1 General information, basis for preparation and judgements, estimates and assumptions	14
Note 2 Operating segments	14
Note 3 Changes in composition of the group	16
Note 4 Fixed assets	16
Note 5 Right-of-use assets	17
Note 6 Intangible assets	18
Note 7 Inventories	19
Note 8 Other items	20
Note 9 Finance income and expenses	20
Note 10 Interest-bearing assets and liabilities	20
Note 11 Cash flow hedging	21
Note 12 Number of shares	22
Appendix - Alternative performance measures (APMs)	23

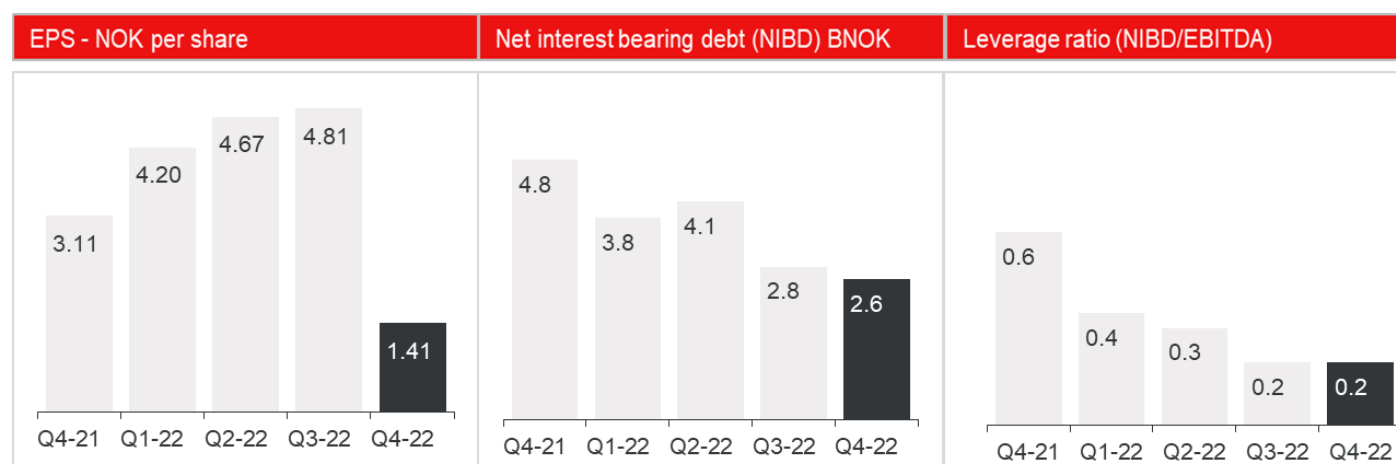
Highlights 4th quarter 2022

- Elkem delivered a good result for the fourth quarter, based on strong performance from Silicon Products and Carbon Solutions.
- The market conditions have generally been weak, particularly in China, severely impacting the Silicones division.
- Elkem's business model is robust against turbulent markets, based on a diversified product portfolio and balanced geographical positions.
- In December, Elkem was awarded double A- scores from CDP for the company's efforts on climate and forests.
- Earnings per share (EPS) was NOK 15.09 in 2022. The board has proposed a dividend of NOK 6.00 per share, equivalent to 40% of profit for the year.

Key figures

<i>(NOK million, except where specified)</i>	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	10,404	10,397	45,898	33,717	33,717
EBITDA	1,787	3,059	12,887	7,791	7,791
EBITDA margin (%)	17 %	29 %	28 %	23 %	23 %
EBIT	1,229	2,586	10,861	5,899	5,899
Profit (loss) for the period ⁽¹⁾	894	1,964	9,561	4,628	4,628
Earning per share (EPS) <i>(NOK per share)</i>	1.41	3.11	15.09	7.49	7.49
Equity ratio (%)	55 %	47 %	55 %	47 %	47 %
Net interest-bearing debt (NIBD)	2,615	4,827	2,615	4,827	4,827
Cash flow from operations	1,575	714	9,514	4,100	4,100
ROCE - annualised (%)	23 %	44 %	41 %	27 %	27 %

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



Fourth quarter 2022 concludes a record year for Elkem

In the fourth quarter 2022, Elkem delivered a good result, based on strong performance from the Silicon Products division and the Carbon Solutions division. The quarter concludes a strong year for Elkem with an all-time high operating revenue and result. The board has proposed a dividend of NOK 6.00 per share, equivalent to 40% of the profit for the year, in line with Elkem's dividend policy.

Elkem's total operating income for the fourth quarter 2022 was NOK 10,404 million, which was in line with the corresponding quarter in 2021. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,787 million in the quarter, compared to NOK 3,059 million in the fourth quarter 2021. EBITDA for the full year amounted to NOK 12,887 million, an increase of 65% from the previous record year 2021.

Earnings per share (EPS) was NOK 1.41 in the quarter and NOK 15.09 year-to-date. The board has proposed a dividend of NOK 6.00 per share. The dividend for 2022 amounts to 40% of profit for the year and provides for a dividend yield of 17% based on the year's average share price.

The Silicon Products and Carbon Solutions divisions have delivered another strong quarter, based on high sales prices and favourable cost positions. The result for the Silicones division was however weak, severely impacted by the Covid situation in China. In addition, the Silicones division's result was impacted by inventory write downs and extraordinary maintenance costs amounting to approximately NOK 175 million.

The result for the fourth quarter demonstrates the strength of Elkem's diversified product portfolio and balanced geographical market positions. Elkem's dual play strategy is based on balanced geographic growth across the value chain. This has helped to stabilise the earnings in the quarter, as the weak market sentiment in China has been offset by more favourable conditions in other markets.

As part of the company's dual-play growth strategy, Elkem has decided to invest around NOK 200 million to increase its production capacity in Brazil. The investment is based on well-known technology and constitutes an expansion of a running Elkem facility, thereby further improving productivity and profitability. The increased production of high-quality products will be supplied to a major customer on a long-term contract. The expansion is expected to generate additional sales in excess of NOK 300 million per year from 2024.

In line with the company's green leadership strategy, Elkem was awarded double A- scores from CDP for the company's efforts on climate and forests. The company achieved a B score on water security. In the fourth quarter, Elkem also closed final terms on its first sustainability linked loan agreement, linking the margins on the facilities to key sustainability goals.

In December, Elkem placed EUR 200 million in the Schuldschein market on 4 and 6-year tenors. EUR 52 million was disbursed in December 2022, while EUR 148 million was disbursed in January 2023. The net proceeds were partly used to refinance maturing Schuldschein loans and has further improved Elkem's maturity profile.

The group's equity as at 31 December 2022 amounted to NOK 28,773 million, which gave a ratio of equity to total assets of 55%. Net interest-bearing debt was NOK 2,615 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.2x. Elkem had cash and cash equivalents of NOK 9,255 million as at 31 December 2022 and undrawn credit lines of more than NOK 5,000 million.

Market sentiment is impacted by macroeconomic uncertainty and lower growth in key sectors. The silicones market in China is weak going into the first quarter but expected to improve after Chinese New Year. In addition, Silicones could be negatively impacted by strikes in France. The overall market sentiment for Silicon Products is weak, but significant capacity curtailments seem to balance the market at current level. The reference prices for silicon and ferrosilicon are somewhat down from the fourth quarter 2022. Carbon Solutions has seen lower demand due to closures in steel, but markets are expected to be stable in the first quarter.

Financial review

Group results

KEY FIGURES	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	10,404	10,397	45,898	33,717	33,717
EBITDA	1,787	3,059	12,887	7,791	7,791
EBIT	1,229	2,586	10,861	5,899	5,899
Other items	168	-85	1,554	-114	-114
Net financial items	-208	28	-161	6	6
Profit (loss) before income tax	1,178	2,538	12,236	5,827	5,827
Tax	-254	-564	-2,594	-1,163	-1,163
Profit (loss) for the period	924	1,974	9,642	4,664	4,664

Quarter

Elkem group had total operating income of NOK 10,404 million in 4Q-2022, which was in line with NOK 10,397 million in 4Q-2021. Silicon Products and Carbon Solutions delivered strong operating income driven by high sales prices, while Silicones had a reduction, mainly due to lower sales prices.

The group's EBITDA for 4Q-2022 was NOK 1,787 million, which was down 42% from NOK 3,059 million in the corresponding quarter last year. The reduction was due to lower results for Silicones due to challenging market conditions in the fourth quarter, particularly in China. In addition, the EBITDA for the Silicones division was impacted by inventory write downs and extraordinary maintenance costs which amounted to NOK 175 million. Silicon Products and Carbon Solutions delivered another strong quarter. Gain of NOK 40 million from discontinuation of power hedging in Norway, of which NOK 32 million was in Silicon Products and NOK 8 million in Carbon Solutions, was not included in the EBITDA.

EBIT for 4Q-2022 was NOK 1,229 million, down from NOK 2,586 million in 4Q-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 168 million in 4Q-2022, mainly consisting of gain on power and currency derivatives NOK 333 million, offset by a currency loss on working capital items of NOK -185 million. Various other items amounted to NOK 20 million.

Net financial items were NOK -208 million in 4Q-2022, compared to NOK 28 million in 4Q-2021. Net interest expenses amounted to NOK -73 million, which was an increase compared to NOK -40 million in the corresponding quarter last year, mainly due to higher interest expenses. Losses on foreign exchange amounted to NOK -129 million, compared to gains of NOK 73 million in 4Q-2021. The foreign exchange losses in 4Q-2022 were mainly explained by negative translation effects on shareholder loans in CNY and USD. Other financial expenses amounted to NOK -6 million.

Profit before income tax was NOK 1,178 million in 4Q-2022 compared to NOK 2,538 million in 4Q-2021.

Tax expenses in the quarter was NOK -254 million, giving a tax rate for the quarter of 22%.

Profit for the period was NOK 924 million, compared to NOK 1,974 million in 4Q-2021. Owners of the parent's share of profit was NOK 894 million, which gave earnings per share (EPS) of NOK 1.41 in 4Q-2022.

Year to date

The group's total operating income was NOK 45,898 million YTD-2022, which was up 36% compared to YTD-2021. EBITDA YTD-2022 amounted to NOK 12,887 million, which was up 65% from NOK 7,791 million YTD-2021. The improvement was explained by the strong results for Silicon Products and Carbon Solutions and was mainly explained by higher sales prices. Earnings per share (EPS) was NOK 15.09 YTD-2022.

Cash flow

CASH FLOW FROM OPERATIONS	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
<i>NOK million</i>					
Operating profit (loss) before other items	1,229	2,586	10,861	5,899	5,899
Amortisation, depreciation and impairment	558	472	2,027	1,892	1,892
Changes in working capital	611	-1,654	-1,583	-2,020	-2,020
Reinvestments	-784	-673	-1,682	-1,657	-1,657
Equity accounted investments	-39	-18	-108	-15	-15
Cash flow from operations	1,575	714	9,514	4,100	4,100
Other cash flow items	-1,775	-892	-7,503	-316	-316
Change in cash and cash equivalents	-200	-178	2,011	3,784	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 1,575 million in 4Q-2022, compared to NOK 714 million in 4Q-2021. Lower operating profit was offset by positive changes in working capital compared to 4Q-2021 when the working capital increased by NOK 1,654 million. Reduced working capital in 4Q-2022 was explained by positive development in receivables and payables, partly offset by higher inventories.

Reinvestments were NOK 784 million in 4Q-2022, which amounted to 146% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 1,418 million, up from NOK 881 million in 4Q-2021. The strategic investments were mainly related to the Silicones expansion projects in China and France.

Change in cash and cash equivalents was NOK -200 million in 4Q-2022. Currency exchange differences were NOK -294 million. As at 31 December 2022, the total cash and cash equivalents amounted to NOK 9,255 million.

Year to date

Cash flow from operations amounted to NOK 9,514 million YTD-2022, up from NOK 4,100 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 1,682 million, which amounted to 84% of D&A. Strategic investments ex. M&A amounted to NOK 2,797 million.

Financial position

FINANCIAL POSITION	4Q 2022	4Q 2021	FY 2021
Total equity (NOK million)	28,773	19,874	19,874
Equity ratio (%)	55 %	47 %	47 %
EPS (NOK per share)	1.41	3.11	7.49
Net interest bearing debt (NOK million) ⁽¹⁾	2,615	4,827	4,827
Leverage ratio based on LTMEBITDA (ratio)	0.2	0.6	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 31 December 2022 was NOK 28,773 million, up NOK 19,874 million from 31 December 2021. Profit for the period YTD-2022 was NOK 9,642 million. Other changes in equity were NOK -743 million, including the dividend distribution of NOK 1,900 million for 2021, and effects recognised through other comprehensive income (OCI).

The equity ratio as at 31 December 2022 was 55%. Compared to year-end 2021, the equity ratio was up from 47%. Adjusted for the proposed dividend for 2022, the equity would be NOK 24,937 million giving an equity ratio of 51%.

Net-interest bearing debt as at 31 December 2022 was NOK 2,615 million, which was a reduction of NOK 2,212 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 0.2x as at 31 December 2022. Adjusted for the proposed dividend for 2022, the net-interest bearing debt would be NOK 6,451 million giving a leverage ratio of 0.5x.

Segments

Silicones

KEY FIGURES	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,144	5,269	19,288	17,429	17,429
EBITDA	-52	1,344	2,022	3,672	3,672
EBITDA margin	-1 %	26 %	10 %	21 %	21 %
Sales volume (thousand mt)	97	99	394	409	409

Quarter

The Silicones division had total operating income of NOK 4,144 million in 4Q-2022 down 21% from NOK 5,269 million in 4Q-2021. Lower operating income was mainly due to lower sales prices, particularly for commodities in China.

EBITDA for 4Q-2022 was NOK -52 million, clearly down from the fourth quarter last year. Reduced EBITDA was mainly explained by lower sales prices and higher raw material costs. In addition, inventory write downs and extraordinary maintenance costs negatively impacted EBITDA by NOK 175 million.

The demand decreased towards the end of the year due to de-stocking effects and Covid in China. Specialties are holding up well.

Year to date

The Silicones division reported total operating income of NOK 19,288 million YTD-2022, which was 11% higher than YTD-2021. The EBITDA was NOK 2,022 million YTD-2022, down 45% from NOK 3,672 million YTD-2021. Lower result YTD-2022 was mainly explained by lower sales prices for commodities and higher raw materials costs.

Silicon Products

KEY FIGURES	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	5,562	4,735	24,457	14,783	14,783
EBITDA	1,592	1,646	10,192	3,702	3,702
EBITDA margin	29 %	35 %	42 %	25 %	25 %
Sales volume (thousand mt) ¹⁾	119	125	490	502	502

1) Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 5,562 million in 4Q-2022, which was up 17% from NOK 4,735 million in 4Q-2021. Increased operating income was explained by higher sales prices for silicon and foundry alloys, partly countered by lower ferrosilicon prices and lower sales volumes.

The EBITDA for Silicon Products was NOK 1,592 million in 4Q-2022, down 3% from fourth quarter last year. Lower EBITDA was mainly explained by higher raw material costs and lower sales volumes. Gain of NOK 32 million from discontinuation of power hedging related to the closed furnaces at Thamshavn and Rana, was not included in the fourth quarter EBITDA.

Sales volumes were stable despite weak market sentiment.

Year to date

The Silicon Products division reported total operating income of NOK 24,457 million YTD-2022, which was 65% higher than YTD-2021. The division reported an EBITDA of NOK 10,192 million, up 175% from NOK 3,702 million YTD-2021, driven by high sales prices.

Carbon Solutions

KEY FIGURES	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	1,056	624	3,761	2,176	2,176
EBITDA	301	129	1,139	508	508
EBITDA margin	29 %	21 %	30 %	23 %	23 %
Sales volume (thousand mt)	70	78	302	294	294

Quarter

Carbon Solutions reported total operating income of NOK 1,056 million in 4Q-2022, up 69% from NOK 624 million in 4Q-2021. Operating income was close to all-time high, mainly explained by continued high sales prices.

The EBITDA for 4Q-2022 amounted to NOK 301 million, up 133% from NOK 129 million in the corresponding quarter last year. The good performance was explained by higher sales prices, but partly offset by higher raw material costs and lower volumes.

Sales volumes were down due to weaker markets for aluminium in Europe and ferroalloys in general

Year to date

Carbon Solutions reported total operating income of NOK 3,761 million YTD-2022, which was 73% higher than YTD-2021. EBITDA YTD-2022 was NOK 1,139 million, up 124% from NOK 508 million YTD-2021. The improvement was mainly due to higher sales prices and higher sales volumes.

Outlook for the first quarter 2023

The market sentiment is impacted by macroeconomic uncertainty and lower growth in key sectors. The silicones market in China is weak going into the first quarter but expected to improve after Chinese New Year. In addition, Silicones could be negatively impacted by strikes in France. The overall market sentiment for Silicon Products is weak, but significant capacity curtailments seem to balance the market at current level. The reference prices for silicon and ferrosilicon are somewhat down from the fourth quarter 2022. Carbon Solutions has seen lower demand due to closures in steel, but markets expected to be stable in the first quarter.

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Fourth quarter		Year to date	
	2022	2021	2022	2021
Profit (loss) for the period	924	1,974	9,642	4,664
Remeasurement of defined benefit pension plans	146	67	146	69
Tax effects on remeasurements of defined benefit pension plans	(33)	(10)	(33)	(10)
Change in fair value of equity instruments	(6)	2	(4)	3
Total items that will not be reclassified to profit or loss	106	59	109	62
Currency translation differences	(1,092)	168	765	358
Hedging of net investment in foreign operations	14	45	(142)	130
Tax effects hedging of net investment in foreign operations	(3)	(10)	31	(29)
Cash flow hedges	(506)	138	568	697
Tax effects on cash flow hedges	112	(30)	(125)	(153)
Share of other comprehensive income (loss) from equity accounted companies	7	4	28	13
Total items that may be reclassified to profit or loss	(1,468)	315	1,125	1,016
Other comprehensive income, net of tax	(1,362)	374	1,234	1,078
Total comprehensive income	(438)	2,348	10,876	5,742
Attributable to:				
Non-controlling interests' share of comprehensive income	24	9	86	36
Owners of the parent's share of comprehensive income	(462)	2,339	10,790	5,706
Total comprehensive income	(438)	2,348	10,876	5,742

Condensed consolidated interim statement of financial position (unaudited)

Amounts in NOK million	Note	31 December 2022	31 December 2021
ASSETS			
Property, plant and equipment	4	19,520	15,722
Right-of-use assets	5	779	1,017
Other intangible assets	6	1,385	1,602
Goodwill	6	984	941
Deferred tax assets		151	48
Equity accounted investments		1,039	241
Derivatives	11	1,562	304
Other assets		716	478
Total non-current assets		26,136	20,353
Inventories	7	10,325	7,716
Trade receivables		4,248	4,297
Derivatives	11	711	283
Other assets		1,698	1,551
Restricted deposits	10	408	609
Cash and cash equivalents	10	9,255	7,040
Total current assets		26,645	21,497
TOTAL ASSETS		52,781	41,850
EQUITY AND LIABILITIES			
Paid-in capital	12	6,228	8,097
Retained earnings		22,412	11,692
Non-controlling interests		134	86
Total equity		28,773	19,874
Interest-bearing liabilities	10	10,331	8,409
Deferred tax liabilities		1,123	505
Employee benefit obligations		489	611
Derivatives	11	-	18
Provisions and other liabilities		232	182
Total non-current liabilities		12,175	9,724
Trade payables		5,335	4,614
Income tax payables		1,903	914
Interest-bearing liabilities	10	204	1,972
Bills payable	10	1,742	2,096
Employee benefit obligations		994	976
Derivatives	11	109	23
Provisions and other liabilities		1,545	1,657
Total current liabilities		11,832	12,252
TOTAL EQUITY AND LIABILITIES		52,781	41,850

Condensed consolidated interim statement of cash flows (unaudited)

Amounts in NOK million	Note	Fourth quarter		Year to date	
		2022	2021	2022	2021
Operating profit (loss)		1,397	2,501	12,414	5,785
Amortisation, depreciation and impairment	4,5,6	558	472	2,027	1,892
Changes in working capital		611	(1,654)	(1,583)	(2,020)
Equity accounted companies		(39)	(18)	(108)	(15)
Changes fair value of derivatives		(312)	(52)	(1,139)	(9)
Changes in provisions, bills receivables and other		426	447	(697)	(88)
Interest payments received		25	18	66	34
Interest payments made		(100)	(61)	(319)	(242)
Income taxes paid		(711)	(125)	(1,345)	(423)
Cash flow from operating activities		1,854	1,529	9,314	4,913
Investments in property, plant and equipment and intangible assets	4,5,6	(1,327)	(1,104)	(4,058)	(3,128)
Acquisition of subsidiaries, net of cash acquired	3	-	-	(108)	-
Disposal of subsidiaries, net of cash	3	-	-	151	-
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	(176)	(78)
Acquisition/capital contribution of/to joint ventures		(158)	-	(292)	-
Other investments / sales		57	98	79	21
Cash flow from investing activities		(1,428)	(1,006)	(4,404)	(3,185)
Dividends paid to non-controlling interests		-	(16)	(38)	(58)
Dividends paid to owners		-	-	(1,900)	(96)
Capital increase		-	(1)	-	1,900
Net sale (purchase) of treasury shares		26	23	(38)	(278)
Net changes in bills payable and restricted deposits		173	622	(218)	709
Payment of lease liabilities		(32)	(31)	(116)	(118)
New interest-bearing loans and borrowings		916	0	6,648	3,177
Payment of interest-bearing loans and borrowings		(1,711)	(1,298)	(7,237)	(3,180)
Cash flow from financing activities		(627)	(701)	(2,899)	2,056
Change in cash and cash equivalents		(200)	(178)	2,011	3,784
Currency exchange differences		(294)	42	205	101
Cash and cash equivalents opening balance		9,750	7,176	7,040	3,154
Cash and cash equivalents closing balance		9,255	7,040	9,255	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	-	(24)	(24)	-	(24)
Opening balance 1 January 2022	8,097	11,668	19,764	86	19,850
Profit (loss) for the period	-	9,561	9,561	80	9,642
Other comprehensive income	-	1,228	1,228	6	1,234
Total comprehensive income	-	10,790	10,790	86	10,876
Share-based payment	24	-	24	-	24
Net movement treasury shares (note 12)	7	(46)	(38)	-	(38)
Dividends to equity holders	(1,900)	-	(1,900)	(38)	(1,938)
Closing balance 31 December 2022	6,228	22,412	28,639	134	28,773

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

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 fourth quarter of 2022 were approved at the meeting of the board of directors on 7 February 2023.

Basis for preparation

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

Elkem's interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements in Elkem's Annual Report for 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 January 2022 Elkem has applied this policy for costs related to the implementation of cloud computing. Following the accounting policy change NOK 24 million is adjusted towards opening balance of equity in second quarter of 2022. Due to materiality comparable figures are not restated.

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 (The battery technology company Vianode was de-consolidated in the third quarter and is now classified as a joint venture).
- **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.

Fourth quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	4,014	5,166	932	(44)	-	10,069
Other revenue	46	10	5	51	-	112
Other operating income	52	124	4	7	-	188
Share of profit from equity accounted companies	-	(0)	(0)	36	-	35
Total operating income from external customers	4,113	5,300	940	50	-	10,404
Operating income from other segments	30	261	116	81	(488)	-
Total operating income	4,144	5,562	1,056	131	(488)	10,404
Operating expenses	(4,196)	(3,970)	(754)	(233)	536	(8,617)
EBITDA	(52)	1,592	301	(102)	48	1,787
Operating profit (loss) before other items (EBIT)	(405)	1,432	270	(116)	48	1,229

Fourth quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	5,187	4,394	549	14	-	10,142
Other revenue	30	30	7	27	-	94
Other operating income	31	89	1	21	-	142
Share of profit from equity accounted companies	-	(1)	-	19	-	18
Total operating income from external customers	5,247	4,512	557	81	-	10,397
Operating income from other segments	22	223	67	59	(371)	-
Total operating income	5,269	4,735	624	140	(371)	10,397
Operating expenses	(3,926)	(3,089)	(495)	(161)	332	(7,338)
EBITDA	1,344	1,646	129	(21)	(39)	3,059
Operating profit (loss) before other items (EBIT)	1,055	1,496	107	(32)	(39)	2,586

Year to date 31 December 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	18,994	22,361	3,393	(87)	-	44,660
Other revenue	66	72	21	199	-	358
Other operating income	150	542	5	48	-	746
Share of profit from equity accounted companies	-	(0)	(0)	135	-	135
Total operating income from external customers	19,210	22,974	3,419	295	-	45,898
Operating income from other segments	78	1,483	342	386	(2,289)	-
Total operating income	19,288	24,457	3,761	681	(2,289)	45,898
Operating expenses	(17,266)	(14,265)	(2,622)	(890)	2,032	(33,011)
EBITDA	2,022	10,192	1,139	(209)	(257)	12,887
Operating profit (loss) before other items (EBIT)	743	9,598	1,036	(259)	(257)	10,861

Year to date 31 December 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	-	(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 1,180 million, financed through a NOK 350 million grant from Enova, external debt and some equity. The book value of Elkem's 50% share was NOK 47 million as 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 has been 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 book value of production facility and related inventory amounts to around NOK 30 million.

	Year-to-date 2022
Net cash outflow	
Cash transferred on acquisitions	(156)
Cash and cash equivalents of the acquirees	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 combination:

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

	Carrying amount	Excess value	Fair value
Non-current assets	831	124	955
Current assets	100	-	100
Non-current liabilities	(737)	(28)	(765)
Current liabilities	(65)	-	(65)
Total identifiable net assets	128	97	225
Elimination of pre-existing relationships	-	-	58
Gain from bargain purchase			(5)
Total recognised	128	97	278

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

For KeyVest the excess value from the provisional purchase price allocation was allocated to customer contracts. Further, a gain on acquisition of NOK 5 million was recognised in Other items.

Loss of control

On 6 April Elkem, Hydro and Altor (Altor Fund V) announced a partnership with the intention to accelerate the growth of Elkem ASA's subsidiary Vianode AS, a producer of sustainable battery materials. The final regulatory approvals for the transaction were received on the 14th of September upon which Elkem lost control of Vianode. Elkem has recognised a gain of NOK 149 million in the third quarter resulting from the loss of control. The entire gain is attributable to the fair value measurement of Elkem's retained investment in Vianode. Following the transaction Elkem will classify the remaining investment as a joint venture and measure the investment using the equity method of accounting. The value of the investment on initial recognition was NOK 576 million.

Note 4 Fixed assets

		Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
31 December 2022	Land					
Cost						
Opening balance	217	8,064	23,043	866	2,819	35,009
Additions	1	13	34	5	4,091	4,143
Transferred to/from CiP	2	475	1,271	181	(1,929)	-
Reclassification	-	1	1	(6)	(40)	(43)
Business combinations	1	185	749	0	7	942
Disposal of subsidiaries	-	-	-	-	(29)	(29)
Disposals	(0)	(10)	(384)	(9)	(12)	(415)
Exchange differences	13	229	691	40	116	1,088
Closing balance	233	8,957	25,406	1,078	5,022	40,696
Accumulated depreciation						
Opening balance		(2,999)	(13,085)	(430)		(16,514)
Addition		(263)	(1,293)	(137)		(1,693)
Reclassification		0	(1)	1		0
Disposals		8	306	6		321
Exchange differences		(68)	(365)	(20)		(453)
Closing balance		(3,322)	(14,437)	(580)		(18,339)
Impairment losses						
Opening balance	(11)	(419)	(2,315)	(1)	(28)	(2,774)
Addition	-	(10)	(13)	(0)	(5)	(28)
Reclassification	-	6	(6)	(0)	-	(0)
Disposals	-	0	44	0	4	48
Exchange differences	(1)	(13)	(68)	(0)	(1)	(82)
Closing balance	(11)	(435)	(2,358)	(1)	(30)	(2,836)
Carrying amount						
Closing balance	222	5,200	8,610	497	4,991	19,520

		Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
31 December 2021	Land					
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

			Machinery, equipment and motor vehicles	Office and other equipment	
31 December 2022	Land	Plant and buildings			Total
Cost					
Opening balance	432	730	138	11	1,310
Additions/lease modifications	4	105	21	0	131
Disposal of subsidiaries	(118)	(145)	-	-	(264)
Disposals	(0)	(46)	(15)	(9)	(71)
Exchange differences	9	15	7	1	31
Closing balance	326	659	150	2	1,138
Accumulated depreciation					
Opening balance	(66)	(143)	(75)	(5)	(288)
Additions/lease modifications	(8)	(79)	(32)	(1)	(119)
Reclassification	(3)	(7)	-	-	(10)
Disposal of subsidiaries	8	10	-	-	18
Disposals	0	32	15	5	53
Exchange differences	(2)	(6)	(4)	(0)	(12)
Closing balance	(70)	(191)	(96)	(1)	(359)
Impairment losses					
Opening balance	-	(1)	-	(4)	(5)
Disposals	-	1	-	4	5
Exchange differences	-	(0)	-	(0)	(0)
Closing balance	-	(0)	-	-	0
Carrying amount					
Closing balance	256	468	55	1	779

			Machinery, equipment and motor vehicles	Office and other equipment	
31 December 2021	Land	Plant and buildings			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

31 December 2022	Goodwill	Land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
Cost								
Opening balance	941	103	828	567	775	335	568	3,175
Additions	-	-	-	24	1	0	310	335
Transferred to/from CiP	-	-	-	5	58	-	(63)	-
Reclassification	-	-	3	43	-	(1)	7	53
Business combinations	-	-	0	-	-	6	-	6
Disposal of subsidiaries	-	-	-	-	-	-	(460)	(460)
Disposals	-	-	-	(30)	-	-	(3)	(33)
Exchange differences	43	5	36	18	46	11	18	134
Closing balance	984	108	868	627	880	350	377	3,209
Accumulated depreciation								
Opening balance		(55)	(513)	(398)	(519)	(87)		(1,572)
Addition		(2)	(41)	(54)	(57)	(33)		(186)
Reclassification		-	-	(1)	-	1		(0)
Disposals		-	-	8	-	-		8
Exchange differences		(3)	(26)	(12)	(30)	(3)		(74)
Closing balance		(59)	(579)	(457)	(606)	(122)		(1,824)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Addition	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	984	48	288	170	273	228	377	1,385

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

	31 December 2022	31 December 2021
Raw materials	3,310	2,693
Semi-finished goods	361	302
Finished goods	5,893	4,135
Operating materials and spare parts	761	586
Total inventories	10,325	7,716
Provisions for write-down of inventories	(226)	(202)

Note 8 Other items

	Fourth quarter		Year to date	
	2022	2021	2022	2021
Change in fair value commodity contracts, interest element	0	(1)	(2)	(1)
Embedded EUR derivatives power contracts, interest element	78	53	218	3
Ineffectiveness on cash flow hedges	211	1	874	3
Net foreign exchange gains (losses) - forward currency contracts	44	6	9	14
Operating foreign exchange gains (losses)	(185)	3	387	20
Total other gains (losses)	148	62	1,486	39
Dividends from other shares	2	1	4	3
Change in fair value from other shares measured at fair value through profit or loss	1	0	1	2
Gains (losses) on acquisition and disposal of subsidiaries ¹⁾	5	-	159	-
Restructuring expenses	21	43	26	41
Dismantling and environmental expenses	(3)	(181)	(72)	(181)
Other	(6)	(10)	(50)	(18)
Total other income (expenses)	20	(147)	67	(153)
Total other items	168	(85)	1,554	(114)

1) Gain following the acquisition of the final 50% of the shares up to 100% ownership in Salten Energigjenvinning, the acquisition of KeyVest and from the loss of control in Vianode. Refer to note 3 Changes in the composition of the group for more information.

The ineffectiveness on cash flow hedges relates to Elkem's hedges of future power purchase. The ineffectiveness is caused by the extraordinary developments in the Norwegian power market with significant differences in prices between the different price areas. Consequently, the cumulative change in fair value of some of the hedging instruments are higher than the cumulative changes in the present value of the hedge objects from the inception of the hedge. The difference between the two is recognised as ineffectiveness.

Note 9 Finance income and expenses

	Fourth quarter		Year to date	
	2022	2021	2022	2021
Interest income on loans and receivables	25	18	65	34
Other financial income	0	0	1	6
Total finance income	26	18	67	40
Foreign exchange gains (losses)	(129)	73	85	241
Interest expenses on interest-bearing liabilities measured at amortised cost	(83)	(51)	(229)	(206)
Interest expenses from other items measured at amortised cost	(22)	(4)	(50)	(23)
Interest expenses on lease liabilities	(8)	(5)	(30)	(26)
Capitalised interest expenses	15	2	20	5
Unwinding of discounted liabilities	(1)	0	(10)	(8)
Interest on net pension liabilities	(2)	(3)	(9)	(8)
Other financial expenses	(3)	(3)	(5)	(10)
Total finance expenses	(105)	(64)	(313)	(276)
Net Finance income (expenses)	(208)	28	(161)	6

Note 10 Interest-bearing assets and liabilities

	31 December 2022	31 December 2021
Lease liabilities	475	685
Loans from external parties, other than bank	3,697	3,125
Bank financing	6,160	4,599
Total non-current interest-bearing debt	10,331	8,409
Lease liabilities	103	116
Loans from external parties, other than banks	10	1,264
Bank financing, current	74	572
Accrued interest	17	20
Total current interest-bearing debt	204	1,972
Bills payable, current	1,742	2,096
Restricted deposits bills payable, current	395	601
Net bills payable	1,347	1,494
Cash and cash equivalents	9,255	7,040
Other restricted deposits, current	12	8
Other restricted deposits, non-current	46	41
Receivables from related parties, non-current	1	1
Loans to external parties, non-current	8	8
Accrued interest income, current	0	1
Total other interest-bearing assets	9,323	7,099
Net interest-bearing assets (liabilities)	(2,559)	(4,776)

Pledges and guaranteed liabilities

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

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

Pledged liabilities	31 December 2022	31 December 2021
Pledged liabilities	125	79

In December, Elkem placed EUR 200 million in the Schuldschein market on 4 and 6-year tenors. EUR 52 million was disbursed in December 2022, while EUR 148 million was disbursed in January 2023. In addition, Elkem Silicones Xinghuo has financed parts of its upgrade of property, plant and equipment with a unsecured term loan of CNY 650 million.

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 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.

	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	3,325	60	30	(57)	33	46	7
Embedded EUR derivatives	4,243	20	(263)	(56)	(51)	(49)	(108)
Power contracts	1,372	2,080	1,263	340	241	197	484
Warrants	3	3	-	-	-	-	-
Platinum contracts	7	1	1	1	-	-	-
Total derivatives		2,164	1,031	229	223	195	384
EUR loan designed as cash flow hedging instrument		56	(8)	(8)	-	-	-
Total			1,023	221	223	195	384

	Fourth quarter		Year to date	
	2022	2021	2022	2021
Realised effects hedge accounting, recycled from OCI				
Realised effects from forward currency contracts, Revenue	(19)	32	(14)	127
Realised effects from embedded derivatives EUR, Revenue	(11)	(5)	(29)	(31)
Realised effects from EUR loans, Revenue	(3)	(2)	(5)	(4)
Realised effects from power contracts, Raw materials and energy for production	183	158	1,012	315
Total realised hedging effects recycled from OCI	149	183	963	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
Increase treasury shares	- 5,000,000	5,000,000	-
Sale of treasury shares	6,439,379	- 6,439,379	-
Closing balance 31 December 2022	634,476,985	4,964,393	639,441,378

	Fourth quarter		Year to date	
	2022	2021	2022	2021
<i>Numbers are whole numbers</i>				
Weighted average number of shares outstanding	634,034,725	631,611,175	633,563,574	618,160,299
Effects of dilution from share-based payment	1,775,946	2,976,303	2,025,138	3,876,305
Weighted average number of outstanding shares diluted	635,810,671	634,587,478	635,588,712	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.

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:

Fourth quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						924
Income tax (expense) benefit						254
Finance expenses						105
Foreign exchange gains (losses)						129
Finance income						(26)
Share of profit from equity accounted financial investments						11
Other items						(168)
EBIT	(405)	1,432	270	(116)	48	1,229
Impairment losses						19
Amortisations and depreciations						538
EBITDA	(52)	1,592	301	(102)	48	1,787
Fourth quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						1,974
Income tax (expense) benefit						564
Finance expenses						64
Foreign exchange gains (losses)						(73)
Finance income						(18)
Share of profit from equity accounted financial investments						(9)
Other items						85
EBIT	1,055	1,496	107	(32)	(39)	2,586
Impairment losses						8
Amortisations and depreciations						465
EBITDA	1,344	1,646	129	(21)	(39)	3,059

Year to date 31 December 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						9,642
Income tax (expense) benefit						2,594
Finance expenses						313
Foreign exchange gains (losses)						(85)
Finance income						(67)
Share of profit from equity accounted financial investments						17
Other items						(1,554)
EBIT	743	9,598	1,036	(259)	(257)	10,861
Impairment losses						28
Amortisations and depreciations						1,999
EBITDA	2,022	10,192	1,139	(209)	(257)	12,887

Year to date 31 December 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	2,528	3,154	360	(97)	(46)	5,899
Impairment losses						76
Amortisations and depreciations						1,816
EBITDA	3,672	3,702	508	(44)	(46)	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.

	31 December 2022	31 December 2021
Net interest-bearing assets (liabilities)	(2,559)	(4,776)
Other restricted deposits, non-current	(46)	(41)
Receivables from related parties, non-current	(1)	(1)
Loans to external parties, non-current	(8)	(8)
Accrued interest income, current	(0)	(1)
Net interest-bearing debt	(2,615)	(4,827)
EBITDA (LTM)	12,887	7,791
Leverage ratio	0.2	0.6

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

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

Working capital bridge from statutory accounts to company definition

	31 December 2022	31 December 2021
Inventories	10,325	7,716
Trade receivables	4,248	4,297
Bills receivable	(1,086)	(990)
Accounts receivable	3,162	3,307
Other assets, current	1,698	1,551
Other receivables from related parties interest-free	(7)	(1)
Grants receivables	(620)	(493)
Tax receivables	(338)	(237)
Assets at fair value through profit or loss	-	(14)
Accrued interest	(0)	(1)
Other current assets included in working capital	733	806
Trade payables	5,335	4,614
Trade payables related to purchase of non-current assets	(1,117)	(605)
Accounts payable included in working capital	4,219	4,008
Employee benefit obligations	994	976
Provisions and other liabilities, current	1,545	1,657
Provisions, contingent considerations and contract obligations	(144)	(454)
Liabilities to related parties	(30)	(32)
Other current liabilities included in working capital	1,371	1,172
Working capital	7,637	5,673
Property, plant and equipment	19,520	15,722
Right-of-use assets	779	1,017
Other intangible assets	1,385	1,602
Goodwill	984	941
Equity accounted investments	1,039	241
Grants payable	(16)	(15)
Trade payables- and prepayments related to purchase of non-current assets	(1,018)	(581)
Capital employed	30,310	24,599

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.

	Fourth quarter		Year to date	
	2022	2021	2022	2021
Reinvestments	(784)	(673)	(1,682)	(1,657)
Strategic investments	(1,418)	(881)	(2,797)	(1,717)
Periodisation ¹⁾	876	450	421	245
Investments in property, plant and equipment and intangible assets	(1,327)	(1,104)	(4,058)	(3,128)

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

	Fourth quarter		Year to date	
	2022	2021	2022	2021
Cash flow from operating activities	1,854	1,529	9,314	4,913
Income taxes paid	711	125	1,345	423
Interest payments made	100	61	319	242
Interest payments received	(25)	(18)	(66)	(34)
Changes in provisions, bills receivables and other	(426)	(447)	697	88
Changes in fair value commodity contracts	312	52	1,139	9
Other items	(168)	85	(1,554)	114
Reinvestments	(784)	(673)	(1,682)	(1,657)
Cash flow from operations	1,575	714	9,514	4,100